

U.S.\$ 750,000,000



Comisión Federal de Electricidad

(a Decentralized Public Entity of the Federal Government of the United Mexican States)

5.750% Notes due 2042

We made an offer of U.S.\$ 750,000,000 aggregate principal amount of our 5.750% notes due 2042. The notes will mature on February 14, 2042. Interest on the notes began to accrue on February 14, 2012 and will be payable on February 14 and August 14 of each year, beginning on August 14, 2012.

The notes rank equally in right of payment with all of our other unsecured and unsubordinated public external indebtedness.

We may redeem the notes, in whole or in part, at any time by paying the greater of 100% of the principal amount of the notes and the applicable “make-whole” premium amount, plus, in each case, accrued interest to the redemption date. In the event of certain changes in the applicable rate of Mexican withholding tax, we may redeem the notes, in whole but not in part, at a price equal to 100% of their principal amount, plus accrued interest to the redemption date. In addition, upon the occurrence of certain fundamental changes in our ownership or business, we will be required to offer to purchase the notes at a price equal to 100% of their principal amount, plus accrued interest to the purchase date. See “Description of the Notes—Redemption and Purchase.”

The notes contain provisions, commonly known as “collective action clauses,” under which we may amend or obtain waivers of the payment provisions of the notes and certain other terms with the consent of holders of 75% of the aggregate principal amount of the outstanding notes. See “Description of the Notes—Defaults, Remedies and Waiver of Defaults” and “Description of the Notes—Modification and Waiver.”

Investing in the notes involves risks. See “Risk Factors” beginning on page 11.

ISSUE PRICE: 98.330%, PLUS ACCRUED INTEREST, IF ANY, FROM FEBRUARY 14, 2012

THE INFORMATION CONTAINED IN THIS LISTING MEMORANDUM IS EXCLUSIVELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE COMISIÓN NACIONAL BANCARIA Y DE VALORES (MEXICAN BANKING AND SECURITIES COMMISSION, THE “CNBV”). THE NOTES HAVE NOT BEEN NOR WILL OTHERWISE BE REGISTERED WITH THE REGISTRO NACIONAL DE VALORES (MEXICAN NATIONAL SECURITIES REGISTRY) MAINTAINED BY THE CNBV AND THEREFORE THE NOTES MAY NOT BE PUBLICLY OFFERED OR SOLD NOR BE THE SUBJECT OF BROKERAGE ACTIVITIES IN MEXICO, EXCEPT THAT THE NOTES MAY BE OFFERED IN MEXICO TO INSTITUTIONAL AND QUALIFIED INVESTORS, PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN ARTICLE 8 OF THE LEY DEL MERCADO DE VALORES (MEXICAN SECURITIES MARKET LAW). AS REQUIRED UNDER THE MEXICAN SECURITIES MARKET LAW, WE WILL NOTIFY THE CNBV OF THE OFFERING OF THE NOTES OUTSIDE OF MEXICO, SUCH NOTICE WILL BE DELIVERED TO THE CNBV TO COMPLY WITH A LEGAL REQUIREMENT AND FOR INFORMATION PURPOSES ONLY, AND THE DELIVERY OF SUCH NOTICE TO, AND THE RECEIPT OF SUCH NOTICE BY, THE CNBV, DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH HEREIN. THIS LISTING MEMORANDUM MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO. THE ACQUISITION OF THE NOTES BY AN INVESTOR OF MEXICAN NATIONALITY WILL BE MADE UNDER ITS OWN RESPONSIBILITY.

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF market of such exchange. The Euro MTF market of the Luxembourg Stock Exchange is not a regulated market for the purposes of the Law on Prospectuses for Securities or Directive 2003/71/EC. This listing memorandum can only be used for the purposes for which it has been published. This listing memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on prospectuses for securities.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction, and are being offered only (1) to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (2) outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. For certain restrictions on the transfer of the notes, see “Transfer Restrictions.”

The initial purchasers delivered the notes to purchasers on February 14, 2012 in book-entry form through the facilities of The Depository Trust Company for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

Joint Lead Managers and Joint Bookrunners

BBVA

BNP PARIBAS

Citigroup

March 5, 2012

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You should carefully review the entire listing memorandum before making an investment decision. We have not authorized anyone to provide you with different information. We are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. This listing memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this listing memorandum nor any sale made under it implies that there has been no change in our affairs or that the information in this listing memorandum is correct as of any date after the date of this listing memorandum.

In connection with this offering, one of the initial purchasers acting as stabilizing manager, or any agent acting on their behalf, may over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on the stabilizing manager, or any agent acting on its behalf, to do this. Any stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see "Plan of Distribution."

This listing memorandum has been prepared by us solely for use in connection with the placement of the notes. We and the initial purchasers reserve the right to reject any offer to purchase for any reason.

Neither the Securities and Exchange Commission (the "SEC"), the CNBV, any state securities commission nor any other regulatory authority has approved or disapproved the notes; nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this listing memorandum. Any representation to the contrary is a criminal offense.

You must:

- comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this listing memorandum and the purchase, offer or sale of the notes, and
- obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; and neither we nor the initial purchasers shall have any responsibility therefor.

See “Transfer Restrictions” for information on transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this listing memorandum;
- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained in this listing memorandum and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

In making an investment decision, you must rely on your own examination of us and the terms of this listing, including the merits and risks involved.

The notes may not be transferred or resold, except as permitted under the indenture governing the notes, the Securities Act and applicable U.S. state securities laws. You may be required to bear the financial risks of this investment for an indefinite period of time.

We have taken reasonable care to ensure that the information contained in this listing memorandum is true and correct in all material respects and is not misleading in any material respect as of the date of this listing memorandum, and that there has been no omission of information that, in the context of the issuance of the notes, would make any statement of material fact in this listing memorandum misleading in any material respect, in light of the circumstances existing as of the date of this listing memorandum. We accept responsibility accordingly.

The initial purchasers are not making any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this listing memorandum. You should not rely upon the information set forth in this listing memorandum, as a promise or representation, whether as to the past or the future. The initial purchasers have not independently verified any of that information and assume no responsibility for its accuracy or completeness.

None of us, the initial purchasers, nor any of our and their respective representatives, is making any representation to you regarding the legality of an investment in the notes. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the notes. You must comply with all laws applicable in any place in which you buy, offer or sell the notes or possess or distribute this listing memorandum, and you must obtain all applicable consents and approvals. None of us and the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an *organismo descentralizado de la Administración Pública Federal* (decentralized public entity of the Mexican federal government). Accordingly, holders of notes may not be able to obtain a judgment in a U.S. court against us unless the U.S. court determines that we are not entitled to sovereign immunity with respect to that action. We have irrevocably submitted to the jurisdiction of the federal courts located in the Borough of Manhattan in The City of New York and, to the extent permitted by law, have waived immunity from the jurisdiction of these courts in connection with any action based upon the notes brought by any holder of notes. We have, however, reserved the right to plead immunity under the U.S. Foreign Sovereign Immunities Act of 1976 (the “Foreign Sovereign Immunities Act”) in actions brought against us under the U.S. federal securities laws or any state securities laws. Unless we waive our immunity against such actions, a U.S. court judgment could be obtained against us only if a U.S. court were to determine that we are not entitled to sovereign immunity under the Foreign Sovereign Immunities Act with respect to that action.

Our directors and officers, as well as certain experts named in this listing memorandum, reside outside the United States, and all or a substantial portion of their assets and our assets are located outside of the United States. As a result, it may not be possible for holders of the notes to effect service of process outside the United Mexican States (“Mexico”) upon us, our directors or officers or those experts, or to enforce against such parties judgments of courts located outside Mexico predicated upon civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States.

As a decentralized public entity of the Mexican federal government (the “Mexican government”), we are not subject to the *Ley de Concursos Mercantiles* (Commercial Bankruptcy Act) and thus cannot be declared bankrupt (*concurso mercantil*). Under applicable Mexican law, we may be liquidated and dissolved by the Mexican government if we cease to fulfill the purpose for which we were created or if our operations cease to benefit the Mexican economy or public interest. In the event that we are liquidated and dissolved by the Mexican government, it is uncertain whether or to what extent the rights of holders of the notes would be honored.

Under the *Ley General de Bienes Nacionales* (National Assets General Act), the assets that we use to provide electric energy to Mexico are considered assets for the public service and, therefore, cannot be attached. As a result, a Mexican court would not recognize an attachment order against such assets. In addition, Article 4 of the *Código Federal de Procedimientos Civiles* (Federal Code of Civil Procedure of Mexico, the “Code of Civil Procedure”) does not allow attachment prior to judgment or attachment in aid of execution upon a judgment by Mexican courts upon any of our assets. As a result, the ability to enforce judgments against us in the courts of Mexico may be limited. We also do not know whether Mexican courts would enforce judgments of U.S. courts based on the civil liability provisions of the U.S. federal securities laws. Therefore, even if a U.S. judgment against us were obtained, a holder of notes may not be able to obtain a judgment in Mexico that is based on that U.S. judgment. Moreover, a holder of notes may not be able to enforce a judgment against our property in the United States except under the limited circumstances specified in the Foreign Sovereign Immunities Act. Finally, if an action were to be brought in Mexico seeking to enforce our obligations under the notes, satisfaction of those obligations may be made in pesos, pursuant to the laws of Mexico, at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by *Banco de México* every business day in Mexico based on an average of wholesale foreign exchange market quotes and is published the following business banking day in the Official Gazette and on *Banco de México*’s website (www.banxico.org.mx). See “Exchange Rates.”

WHERE YOU CAN FIND MORE INFORMATION

We prepare annual audited financial statements in both Spanish and English, and quarterly summary financial information in Spanish. This information is available on our website (www.cfe.gob.mx). In addition, we are required to file certain annual, quarterly and special reports and other information with the *Bolsa Mexicana de Valores, S.A.B. de C.V.* (the “BMV”) with respect to our debt securities sold in the Mexican market. You may inspect and copy these reports and other information at: Paseo de la Reforma No. 255, Colonia Cuauhtémoc, Delegación Cuauhtémoc, México D.F., C.P. 54124. Our BMV filings are available to you on the BMV’s website (www.bmv.com.mx).

We are not including the information provided on, or linked to or from, our website, the BMV’s website or *Banco de México’s* website (www.banxico.org.mx) as part of, and are not incorporating such information by reference in, this listing memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This listing memorandum includes our audited financial statements (i) as of and for the years ended December 31, 2010 and 2009 and (ii) as of and for the years ended December 31, 2009 and 2008, each as audited by Castillo Miranda y Compañía, S.C., the Mexican member firm of BDO International Ltd. (“BDO Mexico”), and our unaudited financial statements as of September 30, 2011 and for the nine-month periods ended September 30, 2011 and 2010, which have been subject to the “limited review” procedures of BDO Mexico (together, the “financial statements”). These financial statements are expressed in Mexican pesos and have been prepared in accordance with *Normas de Información Financiera* (Mexican Financial Reporting Standards) issued by the *Consejo Mexicano para la Investigación de Normas de Información Financiera* (Mexican Board for Research and Development of Financial Reporting Standards, or “CINIF”), which we refer to as “MFRS.” MFRS differ in certain significant respects from accounting principles generally accepted in the United States (“U.S. GAAP”) and International Financial Reporting Standards (“IFRS”), as adopted by the International Accounting Standards Board. See Annex A – “Summary of Significant Differences between MFRS and U.S. GAAP.”

Unless the context otherwise requires, references in this listing memorandum to “CFE,” “we,” “us” and “our” refer to *Comisión Federal de Electricidad*.

Commencing with the year ended December 31, 2011, our financial statements will be audited by Gossler, S.C. – Crowe Horwath Gossler, as successor to BDO Mexico, as a result of our auditor rotation policy.

Significant Changes to Financial Presentation

Effective January 1, 2008, we ceased to recognize the effects of inflation on our financial information. Through December 31, 2007, inflation accounting had extensive effects on the presentation of our financial statements. In our financial information for 2008, inflation adjustments for prior periods have not been removed from equity and the re-expressed amounts for non-monetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods, as required by MFRS.

Effective January 1, 2012, we adopted IFRS in place of MFRS in accordance with the applicable regulations of the CNBV. Adoption of IFRS may result in significant differences in the accounting presentation of our financial position and results of operations. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Significant Accounting Policies—Transition to IFRS” for a description of some of the effects this transition may have on our financial position and results of operations.

Currency Information

References in this listing memorandum to “U.S.\$” and “dollars” are to U.S. dollars and to “Ps.,” “Mexican pesos” and “pesos” are to Mexican pesos. See “Exchange Rates” for certain historical Mexican peso/U.S. dollar exchange rates.

This listing memorandum contains translations of certain peso amounts into dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such dollar amounts or could be converted into dollars at the rate indicated. Unless otherwise indicated, dollar equivalent information for amounts in pesos is based upon the rate published by *Banco de México* for September 30, 2011, which was Ps. 13.7994 per U.S.\$ 1.00.

Rounding

Certain figures included in this listing memorandum have been rounded for ease of presentation. Percentage figures included in this listing memorandum have been calculated on the basis of such amounts prior to rounding, not on the basis of rounded figures. For this reason, percentage amounts in this listing memorandum may vary from those obtained by performing the same calculations using the figures in our financial statements. Certain

numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

FORWARD-LOOKING STATEMENTS

This listing memorandum contains words, such as “believe,” “expect” and “anticipate” and similar expressions that identify forward-looking statements, which reflect our views about future events and financial performance. Examples of such forward-looking statements include projections or statements as to the following:

- Our future operating revenues, net income (loss), capital expenditures, indebtedness levels or other financial items or ratios;
- Our plans, objectives or goals;
- Our future financial performance;
- The future economic performance of Mexico;
- Interest rates, currency exchange rates and foreign securities markets;
- Availability and cost of external financing for our operations, which have been affected by the stress experienced by the global financial markets; and
- Future impact of regulations in the Mexican electricity sector.

Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control, including, but not limited to, effects on us from increases in fuel oil or natural gas prices, changes in interest rates or access to sources of financing on competitive terms, significant economic or political developments in Mexico, particularly developments affecting the electricity sector, and changes in our regulatory environment. Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

TECHNICAL TERMS RELATING TO THE ELECTRICITY INDUSTRY

“capacity” means the installed capacity an electric system must have to meet peak hour demand plus a reserve sufficient to cover unplanned outages. Some of our installed capacity is idle during periods when there is lower demand for energy output and, during those periods, some of the potential output is not generated. Capacity is generally measured in megawatts.

“demand” means, for an integrated electric system, the amount of power demanded by consumers of energy at any point in time, including energy lost during transmission and distribution to consumers. It is often expressed in kilowatts.

“distribution” means the part of the electric power system that takes power from a bulk power sub-station to customer switches. It includes distribution sub-stations, circuits that extend from distribution sub-stations to every distribution transformer, metering equipment and customer location.

“generation” means the production of electricity in the large quantities required to supply electric power systems in generating stations, or power plants. Generation of electricity is achieved by converting the heat of fuel (*e.g.*, coal, gas or uranium), the hydraulic energy of water, or other forms of energy (*e.g.*, wind or solar) into electric energy. A generating station or facility may consist of several independent generating units.

“GW” means gigawatt. One gigawatt equals one billion watts, one million kilowatts or one thousand megawatts.

“GWh” means gigawatt-hour, or one million kilowatt-hours. The GWh is often used to measure the annual energy output from large power generators.

“GVA” means gigavolt-amperes. The capacity of our transmission network is normally measured in terms of gigavolt-amperes, where one GVA is one billion volt-amperes.

“kW” or “kilowatt” means one thousand watts.

“kWh” means kilowatt-hour—the standard unit of energy used in the electric utility industry to measure consumption. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour.

“MVA” means megavolt-amperes. The capacity of larger transformers is normally measured in terms of megavolt-amperes, where one MVA is one million volt-amperes.

“MW” or “megawatt” means one million watts.

“MWh” means megawatt-hour, or one thousand kilowatt-hours.

“reserve” means, in the electricity industry, the generating capacity that is accessible on short notice to meet unplanned increases in demand for electricity or losses of generation capacity.

“sub-station” means an assembly of equipment through which electrical energy delivered by transmission circuits is passed in order to convert it to voltages suitable for use by consumers.

“thermal” means a type of electric generating station in which the source of energy for the prime mover is heat.

“transmission line” means an electrical connection between two points on a power system for the purpose of transferring high voltage electrical energy between the points. Generally, a transmission line consists of large wires, or conductors, held aloft by towers.

“TW” means terawatt. One terawatt equals one trillion watts, one billion kilowatts, one million megawatts or one thousand gigawatts.

“volt-ampere” means the unit used to measure the apparent power in an electrical circuit.

“voltage” means the energy level of electrons flowing in an electric current. A high voltage line carries electrons that are at a high energy level, and can transmit more power than a low voltage line with the same current flowing in it.

SUMMARY

This summary highlights selected information from this listing memorandum and does not contain all of the information that may be important to you. You should carefully read this entire listing memorandum, including the risk factors and financial statements.

Comisión Federal de Electricidad

We are the national electricity company of Mexico and are 100% owned by the Mexican government. We have the exclusive right to transmit and distribute electricity in Mexico, and we generate most of the electricity consumed in Mexico. As of September 30, 2011, we provided electricity to 35.2 million customer accounts, which we estimate represented 97.8% of the Mexican population. Our customer base has grown by more than one million new customer accounts each year for the past six years.

We generate over 90% of the electricity consumed in Mexico, including electricity generated by *productores externos de energía* (independent power producers, or “IPPs”). The remaining electricity generation in Mexico is attributable to *Petróleos Mexicanos*, the Mexican state-owned petroleum company, and its subsidiaries (collectively, “PEMEX”) and certain private sector participants, each of whom generate small amounts of electricity, the use of which, under Mexican law, is restricted to either self-supply or sale to us. Under the *Constitución Política de los Estados Unidos Mexicanos* (the Political Constitution of the United Mexican States, the “Mexican Constitution”) and the *Ley del Servicio Público de Energía Eléctrica* (Law of the Electric Energy Public Service) and the regulations relating thereto (collectively, the “Electricity Law”), we have the exclusive right to transmit and distribute electricity in Mexico. As a result, we have a monopoly over electrical transmission and distribution throughout Mexico, including with respect to the distribution of electricity within Mexico City and surrounding areas, which was the responsibility of *Luz y Fuerza del Centro* (“LFC”) until its dissolution in October 2009 by presidential decree.

The Mexican government determines, on an annual basis, our electricity rates and our operating costs, in each case based on our anticipated electricity generation capabilities and long-term marginal costs, as well as other variables, including the category and location of our customers and the time of day that the electricity is expected to be consumed. The Mexican government may set some or all of our electricity rates at levels below our operating costs in order to maintain the affordability of electricity, in particular, for our residential (other than high-consumption residential) and agricultural customers, which accounted for approximately 19.6% of our revenues for the nine months ended September 30, 2011. As a result, we rely on non-cash subsidies from the Mexican government to compensate for any shortfall. To mitigate our exposure to rising fuel prices, the electricity rates charged to our industrial, commercial and high-consumption residential customers, which accounted for approximately 72.9% of our revenues for the nine months ended September 30, 2011, adjust on a monthly basis pursuant to a formula that accounts for changes in fuel costs. In addition, to mitigate our exposure to inflation, we adjust on a monthly basis the electricity rates charged to our residential (except for high-consumption residential), agricultural and public lighting customers and for the pumping of drinking and sewage water, which accounted for 27.1% of our revenues for the nine months ended September 30, 2011. The adjustments are in a fixed amount determined by the Mexican government.

We continually invest in electricity generation, transmission and distribution infrastructure in order to address Mexico’s growing electricity demand. In 2010, we invested Ps. 48,970.8 million in new electricity generation, transmission and distribution infrastructure. Our financing and investment plans are updated annually and require the approval of the Mexican Congress.

The majority of our electricity generation activities are undertaken through thermal and hydroelectric power plants. A small percentage of our electricity generation comes from other sources, including nuclear, geothermal, coal and wind-powered plants. As of September 30, 2011, we operated 210 electricity generation plants (including 22 electricity generation plants operated by IPPs) and a 50,295 kilometer (31,252 mile) transmission network, and our installed capacity was 51,180 MW (including 11,907 MW of the installed capacity of IPPs). Since 1992, IPPs have been permitted under Mexican law to build and operate electricity generation plants in Mexico and sell the generated power to us.

As of December 31, 2010, CFE owned a national fiber optic network that measures 34,590 kilometers (21,493 miles) in length. In order to maximize the use of this fiber optic network, and because it has the capacity to provide services to third parties, CFE obtained in November 2006 a concession from the *Secretaría de Comunicaciones y Transportes* (Ministry of Communications and Transportations, or “SCT”) in order to provide

fiber optic services in 71 regions within Mexico for an initial term of 15 years, which term may be renewed. As of December 31, 2010, CFE had entered into 90 contracts for fiber optic services with 54 companies. As of September 30, 2011, less than 1% of our revenues were attributable to fiber optic services.

We were created on August 7, 1937 by presidential decree, and then converted by the Mexican Congress in 1949 into an *organismo descentralizado de la Administración Pública Federal* (decentralized public entity of the Mexican government). Since 1975, under Article Nine of the Electricity Law, we have been responsible for the overall planning, development and operation of the Mexican electricity system. Our activities are supervised by the *Secretaría de Energía* (“Ministry of Energy”), and the Minister of Energy serves as the chairman of our *Junta de Gobierno* (“Board of Directors”).

As of September 30, 2011, our total debt (including obligations in respect of PIDIREGAS projects, as defined below) was Ps. 198,100.9 million (U.S.\$ 14,355.8 million) and our total equity was Ps. 322,630.3 million (U.S.\$ 23,380.0 million), resulting in a debt-to-equity ratio of 0.61x. We had the largest equity book value of any company in Mexico as of September 30, 2011. Our total assets of Ps. 926,367.1 million (U.S.\$ 67,131.0 million) as of September 30, 2011 were the fourth largest of any company in Mexico. Our revenues from the sale of electricity and net loss for the nine months ended September 30, 2011 were Ps. 214,881.8 million (U.S.\$ 15,571.8 million) and Ps. 13,729.8 million (U.S.\$ 995.0 million), respectively. Our revenues from the sale of electricity and net income for 2010 were Ps. 254,417.3 million (U.S.\$ 18,436.8 million) and Ps. 809.1 million (U.S.\$ 58.6 million), respectively.

Business Strategy

We seek to continue to increase production and to maximize our overall performance to respond to Mexico’s increasing energy demand through the following strategies:

Continue to Enhance Electricity Generation Capacity and Transmission and Distribution Networks

We intend to continue to expand our electricity generation, transmission and distribution capacity through the continued implementation of our investment and works program, known as *Programa de Obras e Inversiones del Sector Eléctrico* (Program of Works and Investments in the Electricity Sector, or “POISE”). This program, and the projects that we plan through POISE, are updated on an annual basis. Our current program includes projects that are scheduled to be initiated and completed between 2012 and 2025 and which are expected to require Ps. 1,199.1 billion (U.S.\$ 86.8 billion) in capital expenditures. We plan these projects with the goal of increasing our electricity output at a rate that will correspond with the anticipated increase in electricity demand in Mexico, which we estimate based on a forecast of the average rate growth of Mexico’s gross domestic product (“GDP”) for the next 14 years. In particular, through POISE, we expect to increase our net electricity generation capacity by an estimated 27,000 MW over the next 14 years. We expect that our total capital expenditures relating to POISE for the period from 2012 to 2025 will be allocated as follows: 51% for the expansion of our electricity generation capacity; 16% for the improvement of our transmission network; 20% for the improvement of our distribution network; 12% for maintenance of our electricity generation facilities; and 1% for other capital investments. We estimate that 41% of our total projected investment amount through 2025 will be financed by us pursuant to POISE, and that the remainder will be financed by the private investment programs described below. The next update of POISE is scheduled to be completed in February 2012, although we do not expect this update to result in significant modifications to the current program.

Promote Private Investment to Fund Expansion Needs

We intend to continue to develop our private capital investment program, *Proyectos de Impacto Diferido en el Registro del Gasto* (Projects with Deferred Impact in Expense Recognition or “PIDIREGAS”). Under the PIDIREGAS initiative, we have begun, and expect to continue, to increase our use of IPPs and our *Programa de Obras Públicas Financiad*as (Financed Public Works Program, or “OPFs”), in the development of our electricity generation and transmission capacity.

Our program of contracting with IPPs allows private companies to bid and to operate electricity generation plants in Mexico and sell the generated power to CFE. Under the program, CFE enters into a long-term (25 year) agreement under which the IPP is responsible for the construction, operation and maintenance of the electricity generation facility during the life of the agreement and CFE is obligated to purchase the electricity produced by that facility. The use of IPPs helps CFE meet electricity generation demands without the cost of construction. The IPP program also allows CFE to obtain competitive prices for the purchased electricity via an international bidding

process, under which CFE awards projects to bidders that offer the lowest KW/h price for the sale of electricity to CFE. As of September 30, 2011, a total of 34 IPP projects had been authorized, 24 of which relate to IPP generation facilities that are currently operational. We estimate that, by 2015, we will have entered into contracts for all 34 authorized IPP projects.

The OPF program addresses our infrastructure needs with respect to the transmission and distribution of electrical energy, and for generation projects that cannot be structured using IPPs. CFE enters into relatively short-term (1-2 years) agreements under which a private company, which CFE selects in an international public bidding process, is responsible for the construction of a project, but not for its ongoing operation and maintenance. Bidders that are selected for OPF agreements receive a total payment upon the completion of the project. The main advantage of this program is that we avoid risks relating to the development of the project that may arise during the construction stage, such as cost escalation and failure of the completed project to meet technical specifications. As with IPPs, we are able to secure competitive prices for the OPFs as a result of an international bidding process. As of September 30, 2011, a total of 238 OPF projects had been authorized, which include 175 facilities that are currently operational. We estimate that, by 2016, we will have entered into contracts for approximately 63 additional OPFs.

Further Modernize Equipment and Technology to Improve Delivery of our Services

Modernization of our equipment and technology, including the replacement of aging transmission and distribution substations and power lines, is integral to providing reliable electricity service to our customers. We intend to dedicate a significant portion of our financial and human resources to ensuring that our transmission and distribution networks employ current technology and are in good working condition. In addition, we intend to further develop our “smart grid” technology, which will include a two-way digital communication system between our customers and us through which we will be able to monitor the electricity needs of our customers in real time and, accordingly, greatly improve the efficiency with which we provide electricity. The implementation of smart-grid technology will also help reduce the quantity of electricity that is used in Mexico but not paid for (*i.e.*, “non-technical losses”). As a result of POISE, we expect that our investments in new technology, including smart-grid technology, will save us approximately 30 TWh of electricity by 2025.

We seek to limit electricity service interruptions. Much of our equipment is installed outdoors and is subject to the varying weather conditions and natural disasters that affect Mexico from time to time. As a result, this equipment, including, in particular, our transmission towers and utility poles, often incurs weather-related damage, which in certain instances causes electricity service interruptions for our customers. We maintain a well-trained staff of technicians that repair damaged equipment immediately upon our receipt of notice of any such damage. Between 2000 and 2010, transmission failure rates decreased by 37% with respect to our 400 KV transmission network and by 35% with respect to our 230 KV transmission network, and the duration of service interruptions resulting from failures in our distribution network decreased by 48%. We continually assess the quality and speed of these repairs, and we expect that our dedication to delivering fast and effective repair services will continue into the future.

Expand our Focus on Clean Energy

We rely, and expect to continue to rely, on the use of cleaner burning fuels, such as natural gas, in our generation activities (as compared to fuels that emit comparatively higher levels of contaminants into the environment, such as fuel oil). As of September 30, 2011, natural gas accounted for approximately 46% of our hydrocarbon-based electricity generation, while fuel oil accounted for approximately 27%. Our goal is to maintain or improve this allocation between fuel types in the future; however, our actual allocation will depend in part on the global supply of such fuels and pricing considerations. In addition, we rely, and expect to continue to rely, on clean generation technology, such as hydroelectric, geo-thermal and wind-driven power generation, each of which use renewable primary sources of energy. As of September 30, 2011, 23% of our generation capacity came from clean energy sources. As a result of POISE, we expect that clean energy sources will account for approximately 25% of our total installed capacity by the end of 2012, and 35% by the end of 2025.

Diversify our Financing Sources

In the past, our financings have been principally limited to public and private financing transactions in the Mexican loan and bond markets and certain private financings in the United States, Europe and Japan. Following our debut offering in the international bond market in May 2011, we intend to continue to broaden our access to

capital in this market, as exemplified by this listing. We believe that the further development of this financing option will improve our liquidity and debt maturity profile and help fund our investment activities.

Our principal executive and registered office is located at Comisión Federal de Electricidad, Paseo de la Reforma 164, Col. Juárez, 06600 México D.F. Our facsimile number at that address is (5255) 5230-9092.

THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing throughout this listing memorandum.

Issuer	Comisión Federal de Electricidad.
Notes Offered	U.S.\$ 750,000,000 aggregate principal amount of 5.750% notes due 2042.
Issue Date	February 14, 2012.
Issue Price	98.330% of the principal amount of the notes, plus accrued interest, if any, from February 14, 2012.
Maturity Date	February 14, 2042.
Interest Rate	The notes will bear interest at the rate of 5.750% per annum from February 14, 2012. Interest on the notes will be based upon a 360-day year consisting of twelve 30-day months.
Interest Payment Dates	Interest on the notes will be payable semi-annually on February 14 and August 14 of each year, beginning on August 14, 2012.
Ranking	The notes are our unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated public external indebtedness.
Payments of Additional Amounts	We are required by Mexican law to deduct Mexican withholding taxes from payments of interest to investors who are not residents of Mexico for tax purposes as described under “Taxation—Mexican Tax Considerations.” We will pay additional amounts in respect of those payments of interest so that the amount holders receive after Mexican withholding tax will equal the amount that they would have received if no such Mexican withholding taxes had been applicable, subject to some limitations and exceptions as described under “Description of the Notes—Additional Amounts.”
Negative Covenants	The indenture governing the notes contains certain negative covenants relating to us, including: • a negative pledge, under which we will agree to a limitation on our ability to incur certain liens securing public external indebtedness; and • a limitation on fundamental changes, under which we will agree not to engage in certain mergers, consolidations or sales of assets. These covenants are subject to significant qualifications and exceptions. See “Description of the Notes—Negative Covenants.”
Optional Redemption	We may redeem the notes, in whole or in part, at any time by paying the greater of 100% of the principal amount of the notes and a “make-whole” amount, plus, in each case, accrued interest to the redemption date, as described under “Description of the Notes—Redemption and Purchase—Optional “Make-Whole” Redemption.”

Tax Redemption	We may redeem the notes, in whole but not in part, at a price equal to 100% of their principal amount plus accrued interest to the redemption date, upon notice, if we are obligated to pay any additional amounts under the notes in excess of those attributable to a Mexican withholding tax rate of 4.9% as a result of certain changes in Mexican tax laws applicable to payments under the notes. See “Description of the Notes—Redemption and Purchase—Redemption for Taxation Reasons.”
Purchase at the Option of Holders	Upon the occurrence of certain fundamental changes in our ownership or business (including, among others, if we cease to be a decentralized public entity of, or majority-owned by, the Mexican government), we will be required to offer to purchase the notes, at a price equal to 100% of their principal amount, plus accrued interest to the purchase date. See “Description of the Notes—Redemption and Purchase—Purchase at the Option of Holders.”
Further Issuances	We may, from time to time without the consent of holders of the notes, issue additional notes on the same terms and conditions as the notes, which additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the notes offered hereby.
Collective Action Clauses	The notes contain “collective action” provisions, under which we may amend or obtain waivers of the payment provisions of the notes and certain other terms with the consent of holders of 75% of the aggregate principal amount of the outstanding notes. See “Description of the Notes—Defaults, Remedies and Waiver of Defaults” and “Description of the Notes—Modification and Waiver.”
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act and are subject to transfer restrictions. See “Transfer Restrictions.”
Form and Denomination	The notes were issued in fully registered book-entry form, with a minimum denomination of U.S.\$ 200,000 and integral multiples of U.S.\$ 1,000 in excess thereof. The notes sold in the United States in reliance on Rule 144A are evidenced by a note in global form (collectively, the “Restricted global note”), which has been deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”). The notes sold outside of the United States in reliance on Regulation S will be evidenced by a note in global form (collectively, the “Regulation S global note”), which has been deposited with a custodian for, and registered in the name of a nominee of, DTC. Transfer of beneficial interests between the Restricted global note and the Regulation S global note will be subject to certain certification requirements.
Use of Proceeds	We intend to use the net proceeds from the offering of the notes to prepay a portion of the loans outstanding under our U.S.\$ 2 billion syndicated term loan agreement, and to increase our working capital. See “Use of Proceeds” for more information about our syndicated term loan agreement.
Listing	Application has been made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market.
Trustee, Registrar, Principal Paying Agent and Transfer Agent	Deutsche Bank Trust Company Americas.
Luxembourg Paying Agent ...	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent ..	Deutsche Bank Luxembourg S.A.

Governing Law The indenture and the notes are governed by the laws of the State of New York, except that matters relating to the authorization, execution and delivery of the indenture and the notes by us will be governed by the laws of Mexico.

Risk Factors Prospective purchasers of the notes should consider carefully all of the information set forth in this listing memorandum and, in particular, the information set forth under “Risk Factors” in this listing memorandum, before making an investment in the notes.

SUMMARY FINANCIAL AND OPERATING DATA

The summary financial data set forth below has been derived from our audited financial statements as of and for the years ended December 31, 2010 and 2009, our audited financial statements as of and for the years ended December 31, 2009 and 2008 and our unaudited financial statements as of September 30, 2011 and for the nine-month periods ended September 30, 2011 and 2010. The data should be read in conjunction with, and are qualified in their entirety by reference to, our financial statements included elsewhere in this listing memorandum. Our financial statements are expressed in pesos and have been prepared in accordance with MFRS, which differ in certain significant respects from U.S. GAAP and IFRS. See Annex A – “Summary of Significant Differences between MFRS and U.S. GAAP.” We have not prepared or included in this listing memorandum a quantitative reconciliation to U.S. GAAP of our financial statements or other financial information presented herein. We cannot assure you that such reconciliation would not identify material quantitative differences between such financial statements or financial information prepared on the basis of MFRS and as prepared on the basis of U.S. GAAP.

Effective January 1, 2008, we ceased to recognize the effects of inflation on our financial information. Through December 31, 2007, inflation accounting had extensive effects on the presentation of our financial statements. In our financial information for 2008, inflation adjustments for prior periods have not been removed from stockholders’ equity and the re-expressed amounts for non-monetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods, as required by MFRS.

	As of and for Nine Months Ended September 30,			As of and for Year Ended December 31,			
	2011	2011	2010	2010	2010	2009	2008
	(in thousands of dollars, except for ratios, percentages and GWh) ⁽¹⁾	(in thousands of pesos, except for ratios, percentages and GWh)		(in thousands of dollars, except for ratios, percentages and GWh)	(in thousands of pesos, except for ratios, percentages and GWh)		
	(Unaudited)						
Income Statement Data							
Revenues from energy sales	U.S.\$ 15,571,823	Ps. 214,881,819	Ps. 192,850,207	U.S.\$ 18,436,841	Ps. 254,417,339	Ps. 220,034,258	Ps. 269,682,377
Total operating costs and expenses	16,950,250	233,903,281	214,851,708	21,127,185	291,542,473	259,852,519	287,328,702
Operating income (loss)	(1,378,427)	(19,021,462)	(22,001,501)	(2,690,344)	(37,125,134)	(39,818,261)	(17,646,325)
Other revenues, net	14,116	194,785	2,084,240	129,578	1,788,104	475,599	379,130
Income tax on distributable surplus	(70,363)	(970,965)	(722,177)	(83,396)	(1,150,824)	(962,997)	(901,062)
Subsidy to consumers ⁽²⁾	4,691,619	64,741,529	65,874,107	6,938,015	95,740,445	98,339,370	77,011,831
Non-tax charge ⁽³⁾	(3,113,843)	(42,969,169)	(41,811,665)	(4,039,950)	(55,748,887)	(55,484,574)	(55,767,440)
Net result of the subsidy and non-tax charge	1,577,776	21,772,360	24,062,442	2,898,065	39,991,558	42,854,796	21,244,391
Comprehensive result of financing	(1,138,060)	(15,704,541)	(2,520,990)	(195,272)	(2,694,637)	(1,363,768)	(22,586,488)
Net income (loss)	U.S.\$ (994,958)	Ps. (13,729,823)	Ps. 902,014	U.S.\$ 58,631	Ps. 809,067	Ps. 1,185,369	Ps. (19,510,354)
Balance Sheet Data							
Plants, installation and equipment, net	U.S.\$ 49,748,771	Ps. 686,503,195		U.S.\$ 48,640,252	Ps. 671,206,294	Ps. 649,444,856	Ps. 640,744,343
Current assets	13,680,088	188,777,013		8,967,762	123,749,731	110,597,251	123,332,206
Derivative financial instruments	1,292,844	17,840,472		1,250,390	17,254,628	17,692,020	7,406,804
Long-term loans to workers	468,495	6,464,962		429,655	5,928,981	5,372,106	4,812,660
Other assets	1,940,774	26,781,503		1,671,278	23,062,639	19,937,599	8,498,556
Total assets	U.S.\$ 67,130,972	Ps. 926,367,145		U.S.\$ 60,959,337	Ps. 841,202,273	Ps. 803,043,832	Ps. 784,794,569
Employee benefits and other ⁽⁴⁾	21,257,053	293,334,573		19,205,262	265,021,097	226,182,229	193,052,140
Short-term debt and leases ⁽⁵⁾	1,724,672	23,799,442		1,786,618	24,654,260	24,067,364	19,183,350
Other current liabilities ⁽⁶⁾	5,946,984	82,064,820		3,757,321	51,848,768	49,856,775	41,131,398
Long-term debt and leases ⁽⁷⁾	12,754,199	176,000,295		8,658,662	119,484,340	98,913,028	100,734,686
Derivative financial instruments	1,258,039	17,360,180		1,270,185	17,527,795	16,789,080	7,806,067
Other long-term liabilities	810,000	11,177,514		725,340	10,009,251	6,532,950	6,769,150
Total equity	23,380,025	322,630,321		25,555,949	352,656,762	380,702,406	416,117,778
Total liabilities and equity	U.S.\$ 67,130,972	Ps. 926,367,145		U.S.\$ 60,959,337	Ps. 841,202,273	Ps. 803,043,832	Ps. 784,794,569
Other Financial and Operating Information							
Operating EBITDA ⁽⁸⁾	U.S.\$ 1,977,974	Ps. 27,294,859	Ps. 23,405,477	U.S.\$ 1,910,223	Ps. 26,359,932	Ps. 17,936,673	Ps. 39,446,837
Ratio of operating EBITDA to net interest expense	5.3x	5.3x	7.8x	6.0x	6.0x	4.8x	10.9x
Ratio of debt to operating EBITDA	N/A	N/A	N/A	5.4x	5.4x	6.9x	3.0x
Ratio of debt to equity	61.4%	61.4%	30.9%	40.5%	40.5%	32.3%	28.8%
Capital expenditures	U.S.\$ 2,613,990	Ps. 36,071,497	Ps. 34,271,595	U.S.\$ 3,548,762	Ps. 48,970,791	Ps. 30,303,904	Ps. 28,316,819
GWh sold		152,534	141,201		187,893	189,964	200,928

N/A = Not applicable.

- (1) Translations into dollars of amounts in pesos have been made at the peso/dollar exchange rate as of September 30, 2011 of Ps. 13.7994 = U.S.\$ 1.00, as published by Banco de México. Such translations should not be construed as a representation that the peso amounts have been or could be converted into dollar amounts at the foregoing or any other rate.
- (2) Represents non-cash transfers that the Mexican government provides to us to compensate for the subsidized rates of electricity that we charge certain of our customers. For the year ended December 31, 2010, subsidy to consumers includes Ps. 5,804.3 million received in cash. See Note 19 to our audited financial statements as of and for the years ended December 31, 2010 and 2009.
- (3) Represents a non-cash charge from the Mexican government for the use of our assets. The charge is calculated as a percentage of our net fixed assets. The percentage is determined on an annual basis by the Mexican government; the percentage was 9% for 2010 and will be 9% for 2011.

- (4) Represents employee benefits plus provision for labor lawsuits upon retirement and other contingencies.
- (5) Represents current portion of documented debt plus current portion of the lease of plants, installation, equipment and PIDIREGAS.
- (6) Represents liabilities derived from suppliers and contractors plus taxes and fees payables plus other accounts payable and accrued liabilities plus deposits from users and contractors.
- (7) Represents long-term documented debt plus long-term leases of plants, installation, equipment and PIDIREGAS.
- (8) Operating EBITDA equals operating income before depreciation and labor obligations. Operating EBITDA and the ratios of operating EBITDA to net interest expense, debt to EBITDA and debt to capitalization are presented in this listing memorandum because we believe that they are widely accepted as financial indicators of our ability to internally fund capital expenditures and service or incur debt. Operating EBITDA and such ratios should not be considered as indicators of our financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies.

Reconciliation of our operating EBITDA to operating income is as follows:

	For Nine Months Ended September 30,			For Year Ended December 31,			
	2011	2011	2010	2010	2010	2009	2008
	(in thousands of dollars)	(in thousands of pesos)		(in thousands of dollars)	(in thousands of pesos)		
Operating income	U.S.\$ (1,378,426)	Ps. (19,021,462)	Ps. (22,001,501)	U.S.\$ (2,690,344)	Ps. (37,125,134)	Ps. (39,818,261)	Ps. (17,646,325)
Depreciation	1,505,471	20,774,596	20,350,438	1,971,778	27,209,353	26,641,175	26,160,722
Labor obligations ^(A)	1,850,929	25,541,725	25,056,540	2,628,789	36,275,713	31,113,759	30,932,440
Operating EBITDA	U.S.\$ 1,977,974	Ps. 27,294,859	Ps. 23,405,477	U.S.\$ 1,910,223	Ps. 26,359,932	Ps. 17,936,673	Ps. 39,446,837

- (A) Represents our reserve for pension and seniority premiums in respect of our defined benefits plan, as determined by an independent actuarial study on an annual basis, which is established for employees that were employed prior to the inception of our defined contribution plan on August 18, 2008.

RISK FACTORS

An investment in the notes is subject to the risks described below. You should carefully review the following risk factors, together with the other information contained in this listing memorandum, before deciding whether this investment is suited to your particular circumstances. Any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could, in turn, affect our ability to repay our indebtedness, including the notes. The trading price of the notes could decline due to any of these risks, and investors may lose all or part of their investment. The risks described below are those known to us and what we currently believe may materially affect us. Additional risks not presently known to us or that we currently consider immaterial may also impair our business.

Risk Factors Related to Mexico

Economic and political conditions and government policies in Mexico may have a material impact on CFE's operations and financial performance

Our operations and assets are located in Mexico and our revenues, therefore, are indirectly related to economic conditions in Mexico, including, among other factors, changes in its GDP, per capita disposable income and unemployment rates. In addition, the Mexican economy has experienced high levels of inflation and high interest rates in recent years. In 2008, 2009, 2010 and 2011, inflation in Mexico, as measured by the change in the national consumer price index, was 6.5%, 3.6%, 4.4% and 3.8%, respectively, and, the average annualized interest rate on 28-day *Certificados de la Tesorería de la Federación* (Treasury bills, or “Cetes”) during 2008, 2009, 2010 and 2011 was 7.7%, 5.4%, 4.4% and 4.2%, respectively. Further increases in inflation and interest rates may adversely affect our results of operations by increasing our operating costs, in particular the cost of labor, and our financing costs.

GDP growth in Mexico was hampered during the second half of 2008 and the first half of 2009 by the decrease in external demand resulting from the global financial crisis as well as the Influenza A/H1N1 outbreak during the second quarter of 2009, which temporarily affected economic activity in several sectors. Mexican GDP growth recovered during the second half of 2009 and in 2010, driven largely by the increase in external demand that followed the fiscal and monetary stimulus programs implemented in many advanced economies and in some emerging market countries, as well as the several measures taken to stabilize the operation of the international financial system. However, we cannot be certain that these programs will continue to address effectively the effects of the global financial crisis, nor can we be certain whether the recovery of economic growth in Mexico will continue. A worsening of global economic conditions or the occurrence of any new external or domestic crisis could result in increased unemployment rates, decreased per capita income and increased costs of financing, among other things, any of which could adversely affect our results of operations and financial condition.

Political events in Mexico may also significantly affect Mexican economic policy and, consequently, our operations. On December 1, 2006, Felipe de Jesús Calderón Hinojosa, a member of the *Partido Acción Nacional* (National Action Party), formally assumed office for a six-year term as the President of Mexico. Currently, no political party holds a simple majority of either house of the Mexican Congress. A general election for President of Mexico, as well as for members of the Senate and Chamber of Deputies, is scheduled for July 1, 2012. We cannot assure you that developments relating to this election will not have an adverse effect on our business, results of operations and financial condition.

Changes in exchange rates or in Mexico's exchange controls may adversely affect CFE's ability to service its foreign currency-denominated indebtedness

The Mexican government does not currently restrict the ability of Mexican companies or individuals to convert pesos into dollars or other currencies, and Mexico has not had a fixed exchange rate control policy since 1982. However, in the future, the Mexican government could impose a restrictive exchange control policy, as it has done in the past. We cannot provide assurances that the Mexican government will maintain its current policies with regard to the peso or that the peso's value will not fluctuate significantly in the future.

The peso has been subject to significant devaluations against the dollar in the past and may be subject to significant fluctuations in the future. Mexican government policies affecting the value of the peso could prevent us from paying our foreign currency obligations. During 2008, the value of the peso (in dollar terms) depreciated

21.1%, and during 2009 and 2010, the value of the peso (in dollar terms) appreciated by 5.9% and 5.8%, respectively. During the nine months ended September 30, 2011, the value of the peso (in dollar terms) depreciated by 10.4%.

The depreciation of the peso against the dollar caused us to recognize substantial unrealized foreign exchange losses for the year ended December 31, 2008 and the nine months ended September 30, 2011. Future depreciation of the peso against the U.S. dollar and/or volatility in the financial markets could adversely affect our operational and financial results. In particular, a depreciation in the value of the peso relative to the dollar could increase our costs, because our main raw materials are fossil fuels, whose prices are referenced to the dollar. In addition, a substantial portion of our debt is denominated in dollars, and we may incur additional indebtedness denominated in dollars or other foreign currencies in the future. Declines in the value of the peso relative to the dollar or other foreign currencies would increase our interest costs in pesos and may result in foreign exchange losses.

Regulatory developments in Mexico could have a negative impact on our results of operations and financial condition

We operate in an industry that is heavily regulated by the Mexican government. As a result, our results of operations are closely linked to certain factors that are in the exclusive control of the Mexican government, such as the determination of electricity rates throughout Mexico. Consequently, a change in applicable law, regulations or policies in Mexico, if adverse to us, could have a negative impact on our business, financial condition and results of operations.

Risk Factors Related to CFE

The Mexican government controls CFE and could limit CFE's ability to satisfy its external debt obligations

The primary source of funds for us to make payments under the notes is our results of operations and cash flows. The Mexican government does not guarantee our obligations and has no obligation to pay the principal or interest on the notes in the event that our cash flows and/or assets are not sufficient to make any such payments.

We are subject to supervision and strict regulation by the Mexican government, and, under such regulation, the Minister of Energy acts as chairman of our board. Our activities are monitored by the Ministry of Energy, and our budget and financing plan must be submitted to and approved by the Ministry of Energy and by the Ministry of Finance. In addition, as a decentralized public entity of the Mexican government, our financing and investment plans are included in the overall public sector financing plans and expenditure budget, which require the approval of the Mexican Congress. As a result, our financing and payment capacity is directly aligned with that of the Mexican government.

The Mexican government's agreements with international creditors may affect our external debt obligations, including the notes. In certain past debt restructurings of the Mexican government, our external indebtedness was treated on the same terms as the debt of the Mexican government and other public sector entities. In addition, Mexico has in the past entered into agreements with official bilateral creditors to reschedule public sector external debt.

Payments that we make on our debt must be approved annually by the Mexican government

Provision for the payment of amounts under our indebtedness (including the notes) must be included in our budget for each fiscal year, which must be approved by the Ministry of Finance and, as part of the overall Mexican public sector budget, the Mexican Congress on a yearly basis. We cannot assure you that, for each fiscal year during the term of the notes, the Ministry of Finance and the Mexican Congress will approve the provision for the payment of our indebtedness that we include in our proposed budget or that such provision will be sufficient to meet our obligations under the notes.

Our operating costs are not fully covered by our electricity rates, which are set by the Mexican government; and, as a result, we rely on non-cash transfers from the Mexican government to compensate us for increases in operating costs

The Mexican government may set some or all of our electricity rates at levels below our operating costs in order to maintain the affordability of electricity, in particular with respect to our residential and agricultural customers. When this occurs, the Mexican government compensates us for any shortfall with non-cash transfers that are recorded in our income statement. In 2008, 2009 and 2010, we recorded non-cash transfers from the Mexican government in the amounts of Ps. 77,011.8 million, Ps. 98,339.4 million and Ps. 89,936.1 million (U.S.\$ 6,517.4 million), respectively, and, in 2010, we also received cash transfers from the Mexican government in the amount of Ps. 5,804.3 million (U.S.\$ 420.6 million). For the nine months ended September 30, 2011, we received a non-cash transfer from the Mexican government in the amount of Ps. 64,741.5 million (U.S.\$ 4,691.6 million). If the Mexican government ceases to provide us with non-cash transfers, our business, financial condition and results of operations may be adversely affected.

The non-cash transfers are offset in whole or in part by non-tax charges in amounts that are calculated as a percentage of our net fixed assets (9% as of December 31, 2010). In 2008, 2009 and 2010, we recorded non-cash charges in our income statement in respect of non-tax charges in the amounts of Ps. 55,767.4 million, Ps. 55,484.6 million and Ps. 55,748.9 million (U.S.\$ 4,040.0 million), respectively. For the nine months ended September 30, 2011, we recorded non-cash charges in respect of non-tax charges in the amount of Ps. 42,969.2 million (U.S.\$ 3,113.8 million). As a result, for each of these years, and for the first nine months of 2011, the non-cash transfer that we received exceeded the non-tax charges that we were charged, and therefore, while the net balance of these two items had a positive effect on our income statement, they had a negative effect on our cash flow. We cannot guarantee that this negative effect on our cash flow will not continue. In the event that we continue to experience negative cash flow as a result of these items, we are permitted to request that the Mexican government increase the rates that we are permitted to charge our customers. However, if this request is not granted, or if the increase in rates is not sufficient to cover the shortfall between our revenues and expenses, our results of operations may be negatively affected. For more information relating to our non-cash transfers and non-tax charges, see “Comisión Federal de Electricidad—Pricing Strategy, Subsidy and Non-Tax Charges.”

Any significant increase in fuel prices could adversely affect our results of operations and financial condition

Our operations require substantial amounts of fuel (natural gas, fuel oil, coal and diesel), since 76.4% of our installed capacity for generation (including IPPs) as of September 30, 2011 was derived from thermal power plants that depend substantially on the use of fuel. We purchase substantially all of our fuel oil from PEMEX at spot prices pursuant to a fuel oil supply contract. We currently purchase natural gas from PEMEX and two other suppliers in Mexico (Semptra LNG Marketing Mexico, S. de R.L. de C.V. and Gas Del Litoral S.A.) at indexed prices pursuant to long-term (10-year) contracts awarded pursuant to an international bidding process. As of September 30, 2011, fuel oil and natural gas accounted for approximately 27% and 46%, respectively, of the primary materials that we consume on an annual basis for the generation of electricity. As of September 30, 2011, approximately 5.1% of our installed capacity (excluding IPPs) relied on the use of coal, which we purchase pursuant to three-year contracts with various foreign suppliers that we select through international bidding processes. A small percentage of our generating plants use diesel fuel, which we purchase from PEMEX at prices regulated by the Mexican government.

Any variation in fuel prices could affect our results of operations and financial condition, since an increase in fuel prices has a direct impact on our net operating cost. To mitigate our exposure to rising fuel prices, the electricity rates that we charge our industrial, commercial and high-consumption residential customers, which accounted for more than 72.9% of our revenues from electricity sales for the nine months ended September 30, 2011, adjust on a monthly basis pursuant to a formula that accounts for changes in fuel costs. However, in the future, we may not be able to successfully reduce our exposure to the volatility of fuel prices and their impact on our results of operations and financial condition.

CFE has substantial debt that could adversely affect its results of operations and financial condition

We have incurred and, pursuant to our capital expenditures program, will continue to incur substantial amounts of indebtedness. Neither the indenture governing the notes nor any of our loan agreements or the other documents governing our indebtedness contain covenants restricting the incurrence of indebtedness by us. However, because we are subject to the budgetary control of the Mexican government, we cannot exceed limits on net indebtedness established for us, which are reevaluated annually by the Mexican Congress based on our expected revenues.

Our ability to repay our indebtedness depends primarily on our results of operations and cash flow. If our operating revenues and cash flows are significantly affected by any factor, including, for example, serious technical failures in the functioning of our generation facilities, or increases in fuel prices or labor costs, we may have difficulties making payments as they come due on our indebtedness, including the notes.

The occurrence of certain events could result in an obligation to prepay, or accelerate, our indebtedness

We have incurred indebtedness in Mexico and in the international markets that is subject to certain conditions that, if not met by us, could give rise to an obligation to prepay or an event of default under such indebtedness. For example, a mandatory prepayment event or an event of default under our indebtedness may occur if (i) we cease to be a decentralized public entity of the Mexican government, (ii) the Mexican government ceases to be our majority owner, (iii) we cease to be a public-sector entity authorized to generate, transmit and distribute electricity in Mexico or (iv) our share of the electricity market in Mexico were to be substantially reduced (unless the Mexican government were to formally assume or guarantee all of our obligations in writing or by official decree). We would have an obligation to offer to repurchase the notes early if the events described above were to occur, but we cannot assure you that we would have the resources available to do so if such an event were to occur. Moreover, if a mandatory prepayment event or an event of default under our indebtedness were to occur and our repayment obligations are accelerated, our business, financial condition and results of operations could be adversely affected.

We may suffer from a significant interruption of service, which could adversely affect our results of operations and financial condition

Although we conduct a comprehensive maintenance program, we may not be able to prevent service interruptions due to technical failures. Much of our equipment is installed outdoors and is subject to the varying weather conditions that affect Mexico from time to time. As a result, this equipment, including, in particular, our transmission towers and utility poles, often incurs weather-related damage as well as wear-and-tear from aging, which in certain instances causes electricity service interruptions for our customers. Furthermore, we may suffer from significant and prolonged interruptions of service in any one or more of our facilities due to natural disasters (e.g., hurricanes, earthquakes, flooding and/or tsunamis), accidents, sabotage, terrorist acts or failure of our technical systems or emergency maintenance plans, which could adversely affect our business, financial condition and results of operations. We currently do not hold insurance policies for business interruptions and we cannot assure you that we will do so in the future.

Additionally, as demand for electricity in Mexico increases in the future, our ability to maintain the quality of our service and avoid service interruptions may depend in part on our ability to expand our labor force accordingly. However, any expansion of our labor force is subject to the authorization of the Mexican government. We cannot assure you that we will be able to obtain such authorization.

We are subject to environmental risks and possible claims and lawsuits inherent to the generation, transmission, and distribution of electricity

There are environmental risks inherent to the generation, transmission, and distribution of electricity, and accordingly, we are subject to claims and lawsuits for damages arising from our operations. In particular, we are subject to environmental risks relating to the operation of our nuclear generation plant. Although we monitor the emissions of all our generation plants on a daily basis, we are subject to environmental audits ordered and performed by the *Procuraduría Federal de Protección al Ambiente* (Federal Environmental Protection Agency), which is part of the *Secretaría del Medio Ambiente y Recursos Naturales* (Ministry of Environment and Natural Resources), without prior notice, which could subject us to fines or remedial action. Furthermore, our nuclear facility is also subject to the regulation of the International Nuclear Regulators Association (“INRA”) and certain other international organizations. Our nuclear facility currently has a safety rating of “two” out of “five” on a five-point scale used by international regulators of nuclear facilities to measure safety, including INRA, where “one” is the rating given to the world’s safest plants. This rating is based in part on certain deficiencies in the qualifications and size of the personnel that manage our nuclear facility as compared to the personnel that would be required to obtain the highest safety rating.

We maintain general liability and environmental risk insurance as well as civil liability insurance for the operation of our nuclear plant; however, such coverage may not be adequate or available to protect us in the event of

a claim or our coverage could be canceled or otherwise terminated. A major claim for damages could have a material impact on our business, financial condition, results of operations or prospects.

Natural disasters, such as hurricanes, earthquakes, or massive rain storms could adversely affect our operations, in particular the supply of energy to the affected regions. Although we have contingency plans in place and insurance against some or all of the risks that we face, we cannot assure you that we will be able to respond to the effects of natural disasters in an effective manner and that our insurance coverage will be adequate.

Unfavorable hydrologic conditions may adversely affect our operations

Our operations depend, to a certain extent, on adequate flows and supplies of water, 21.9% of our total generation capacity is from hydroelectric sources. The energy-generating capacity of our hydroelectric plants depends on hydrologic conditions and on the amount of rain in our areas of operations. If hydrologic conditions are not favorable, and if alternative sources of generation are not available to us at a low cost, our financial performance may be negatively affected.

The Mexican government could privatize CFE or open the electricity sector to further private sector participation, which could adversely affect our business and financial performance

Pursuant to articles 25, 27 and 28 of the Mexican Constitution and articles 1 and 7 of the Electricity Law, the Mexican government has the exclusive authority to generate, transmit, transform, distribute and supply electric energy through public-sector entities. In 2009, the Mexican government liquidated LFC, the former public-sector entity that supplied electricity to the Mexico City metropolitan area (the Federal District of Mexico City and surrounding areas). As a result, CFE is the sole public-sector entity operating in the electricity sector and is responsible for the transmission and distribution of electric energy to all of Mexico. The 1992 amendments to the Electricity Law permit private sector investment in the generation of electricity, limited to the following forms: generation of independent electricity, self-supply and co-generation. However, the law does not permit the transmission and distribution of electric energy by any entity other than CFE.

If reforms to the current legislation in Mexico were to permit the unrestricted private participation in the generation of energy, and if the Mexican government did not grant us the ability to compete under similar conditions, our operations could be adversely affected. Moreover, we would have an obligation to offer to repurchase the notes early in the event that we cease to generate, transmit and distribute at least 60% of the electricity generated, transmitted and distributed in Mexico and certain of our other financing agreements have similar provisions. We cannot assure you that we would have the resources available to repurchase the notes early if such an event were to occur.

We may not be successful in implementing our business strategies

As part of our overall business strategy, and in connection with POISE, we plan to undertake new, or expand ongoing, projects such as improving our clean energy generation capabilities, increasing the use throughout Mexico of energy-efficient appliances and light fixtures and further developing “smart grid” technology to improve the operational efficiency of our electricity transmission and distribution network.

Because of inherent uncertainties affecting these strategic initiatives, we are exposed to a number of risks and challenges, including, among others, the following:

- new and expanded business activities may require additional and unanticipated capital expenditures and increased regulatory compliance costs;
- new and expanded business activities may result in lower profits than we currently anticipate and there can be no guarantee that such activities will become profitable at the levels we desire or at all; and
- we may need to hire new personnel and/or retrain existing personnel to oversee and operate the relevant new business activities.

Labor unrest, employee benefits obligations and labor-related lawsuits may adversely affect our business, financial condition and results of operations

As of September 30, 2011, approximately 76.9% of our employees were members of the *Sindicato Único de Trabajadores Electricistas de la República Mexicana* (Sole Union for Electrical Workers of the Mexican Republic, or “SUTERM”). Historically, our relationship with SUTERM has been cordial and respectful despite our differing interests. Every two years, we renegotiate the terms of our *contrato colectivo* (collective bargaining agreement) with SUTERM, while wages are reviewed on an annual basis. We cannot guarantee the future stability of our relationship with SUTERM, and any labor related conflict with SUTERM may adversely affect our business, results of operations and financial condition.

In addition, as of September 30, 2011, we recorded a liability of Ps. 289,321.8 million on our balance sheet in respect of our future employee benefits obligations, which represented approximately 47.9% of our total liabilities. Any inability of CFE to meet these obligations at any time in the future may result in labor unrest, which could adversely affect our business, financial condition and results of operations.

As of September 30, 2011, we had 10,492 labor-related lawsuits filed against us by current and past employees. As of September 30, 2011, we had established a provision of Ps. 4,012.8 million for our estimated liability in respect of these lawsuits, which provision is based on the trend of labor-related lawsuits resolved in the last five years. Although we have established reserves that we believe are sufficient to cover the risks associated with these lawsuits, we cannot guarantee that the assumptions underlying the establishment of our reserves will prove to be accurate, nor can we assure you that we will not become the subject of a further lawsuits that may have an adverse affect on our business, results of operations and financial condition.

Our consolidated financial statements are prepared in accordance with MFRS, which differ in significant respects from U.S. GAAP, and we publish less financial information in English than U.S. public companies

Our consolidated financial statements are prepared in accordance with MFRS, which differ in certain significant respects from U.S. GAAP. See Annex A – “Summary of Significant Differences between MFRS and U.S. GAAP.” We translate our annual audited financial statements into English. Although we prepare quarterly unaudited interim financial statements in Spanish in accordance with MFRS, we do not translate these financial statements into English. As a result, there is less and different publicly available information about CFE in English than for comparable U.S. public and other international companies.

Adoption of IFRS may affect our financial performance as currently presented

In accordance with the applicable regulations of the CNBV, we will be reporting our financial information under IFRS for the year ending December 31, 2012, with an official IFRS adoption date of December 31, 2012 and a transition date to IFRS of January 1, 2012. We expect to report financial information for the three months ended March 31, 2012 under IFRS. We have not yet completed our evaluation of the effects of the adoption of IFRS on our financial position and results of operation, but we currently expect that the adoption of IFRS will result in a significant increase in our liabilities in respect of future employee retirement benefit obligations, and a corresponding reduction in our equity. In addition, we are considering (1) whether our contractual obligations to purchase electricity from IPPs will be accounted for as financial leases under IFRS and (2) the accounting treatment of the shortfall between (x) the non-cash transfers that the Mexican government provides to us to compensate for the subsidized rates of electricity we charge certain of our customers and (y) the non-cash amounts that the Mexican government charges us for the use of our assets. Changes in the accounting treatment of these items could have negative effects on our net income (loss) and liabilities. See “Presentation of Financial and Other Information-Significant Changes in MFRS.” We cannot assure you that our financial condition and performance, when presented under IFRS, will not be materially and adversely affected.

Risk Factors Related to the Notes

An active trading market for the notes may fail to develop, which could adversely affect the market prices and liquidity of the notes

There is no established trading market for the notes. Application has been made to have the notes listed on the Luxembourg Stock Exchange’s Official List and traded on the Euro MTF market. We may delist the notes. A

trading market for the notes may not develop, or if a market for the notes were to develop, the notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes. If an active market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be adversely affected.

The notes are subject to certain transfer restrictions

The notes have not been and will not be registered under the Securities Act or any state securities laws, and we are not required to make and currently do not plan on making any such registration in the immediate future. The notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of an investment in the notes for an indefinite period of time. See “Transfer Restrictions” for a full explanation of these restrictions.

Our credit ratings do not reflect all risks of investing in the notes

Our credit ratings are an assessment by the rating agencies of our ability to pay our debts as they mature. Consequently, actual or anticipated changes in our credit ratings generally affect the market value of the notes. The ratings do not constitute a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time by the rating agency. Our credit rating from each rating agency should be evaluated independently of ratings by any other rating agencies.

We are not subject to bankruptcy laws in Mexico, and our assets cannot be attached by creditors

As a decentralized public entity of the Mexican government, we are not subject to the *Ley de Concursos Mercantiles* (Commercial Bankruptcy Act), and thus, we cannot be declared bankrupt (*concurso mercantil*). Under applicable Mexican law, we may be liquidated and dissolved by the Mexican government if we cease to fulfill the purpose for which we were created or if our operations cease to benefit the Mexican economy or public interest. In the event that we are liquidated and dissolved by the Mexican government, it is uncertain whether or to what extent the rights of holders of the notes would be honored.

Under the *Ley General de Bienes Nacionales* (National Assets General Act), the assets that we use to provide electric energy to Mexico are considered assets for the public service and, therefore, cannot be attached. As a result, a Mexican court would not recognize an attachment order against such assets. In addition, Article 4 of the Code of Civil Procedure does not allow attachment prior to judgment or attachment in aid of execution upon a judgment by Mexican courts upon any of our assets. As a result, the ability to enforce judgments against us in the courts of Mexico may be limited.

We have irrevocably submitted to the jurisdiction of the federal courts located in the Borough of Manhattan in The City of New York and, to the extent permitted by law, have waived immunity from the jurisdiction of these courts in connection with any action based upon the notes brought by any holder of notes. However, a holder of notes would not be able to enforce that judgment against our property in the United States except under the limited circumstances specified in the Foreign Sovereign Immunities Act. Moreover, most of our assets are located in Mexico, not in the United States. Therefore, even if a U.S. judgment against us were obtained, and an action to enforce that judgment were to be brought in Mexico, or an action seeking to enforce our obligations under the notes were brought against us in Mexico, satisfaction of those obligations may be made in pesos, pursuant to the laws of Mexico, at the rate of exchange in effect on the date on which payment is made. This rate of exchange is currently determined by *Banco de México* every business day in Mexico, based on an average of wholesale foreign exchange market quotes, and is published the following business banking day in the Official Gazette and on *Banco de México*'s website (www.banxico.org.mx). See “Exchange Rates.”

Holders of the notes may not be able to enforce civil liabilities against us or our directors and officers

We are a decentralized public entity of the Mexican government. Accordingly, holders of notes may not be able to obtain a judgment in a U.S. court against us unless the U.S. court determines that we are not entitled to sovereign immunity with respect to that action. While we have irrevocably submitted to the jurisdiction of the federal courts located in the Borough of Manhattan in The City of New York and, to the extent permitted by law, have waived immunity from the jurisdiction of these courts in connection with any action based upon the notes brought by any holder of notes, we have reserved the right to plead immunity under the Foreign Sovereign Immunities Act in actions brought against us under the U.S. federal securities laws or any state securities laws. Unless we waive our immunity against such actions, a U.S. court judgment could be obtained against us only if a U.S. court were to determine that we are not entitled to sovereign immunity under the Foreign Sovereign Immunities Act with respect to that action.

Our directors and officers, as well as certain experts named in this listing memorandum, reside outside the United States, and all or a substantial portion of their assets and our assets are located outside of the United States. As a result, it may not be possible for holders of the notes to effect service of process outside Mexico upon us, our directors or officers or those experts, or to enforce against such parties judgments of courts located outside Mexico predicated upon civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States.

USE OF PROCEEDS

The net proceeds from the sale of the notes, after payment of the initial purchasers' commissions and estimated transaction expenses payable by us were U.S.\$ 735.5 million. We intend to use the net proceeds from the listing of the notes to prepay a portion of the loans outstanding under our December 1, 2010 credit agreement among CFE, BBVA Bancomer S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as administrative agent, and a syndicate of banks (the "syndicated credit agreement"), and to increase our working capital.

As of the date of this listing memorandum, we currently have U.S.\$ 2 billion in loans outstanding under the syndicated credit agreement which we entered into in December 2010 and which is scheduled to mature on June 9, 2014. Loans under the syndicated credit agreement bear interest at the London interbank offered rate, reset periodically, for the relevant interest period plus a margin of 1.30% per annum. Each of the initial purchasers or its affiliates is a lender under the syndicated credit agreement and will therefore receive a portion of the net proceeds from the sale of the notes upon any prepayment of the syndicated credit agreement.

EXCHANGE RATES

Mexico has a free market for foreign exchange, and the Mexican government allows the peso to float freely against the dollar. There can be no assurance, however, that the Mexican government will maintain its current policies with respect to the peso or that the peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the period-end, average, high and low exchange rates between the peso and the dollar based on the exchange rates published by *Banco de México*. These exchange rates are currently determined by *Banco de México* every business day in Mexico based on an average of wholesale foreign exchange market quotes and published the following business banking day in the Official Gazette and on *Banco de México's* website (www.banxico.org.mx). The rates shown below are stated in pesos that have not been restated in constant currency units. No representation is made that the peso amounts referred to in this listing memorandum could have been or could be converted into dollars at any particular rate or at all.

Year ended December 31,	End of Period	Exchange Rate		
		Average ⁽¹⁾	High	Low
2006	10.812	10.903	11.481	10.430
2007	10.916	10.927	11.268	10.664
2008	13.833	11.144	13.918	9.918
2009	13.066	13.498	15.365	12.597
2010	12.350	12.629	13.182	12.158
2011	13.948	12.430	14.244	11.502
Monthly (2011-2012)				
July	11.743	11.673	11.788	11.574
August	12.348	12.232	12.495	11.751
September	13.799	13.045	13.892	12.262
October	13.180	13.435	13.971	13.113
November	13.610	13.699	14.244	13.386
December	13.948	13.769	13.990	13.479
January	13.001	13.418	13.934	12.933
February	12.789	12.783	12.890	12.647
March (through March 5)	12.834	12.794	12.834	12.772

⁽¹⁾ The average of the exchange rate for pesos on the last day of each full month during the relevant period.
Source: Banco de México.

The exchange rate published by *Banco de México* on March 5, 2012 was 12.834 pesos per dollar.

CAPITALIZATION

The following table sets forth our consolidated capitalization under MFRS (1) on an actual basis as of September 30, 2011 and (2) as adjusted to reflect the issuance and sale of the notes, but not the use of proceeds therefrom.

		As of September 30, 2011			
		Actual (in thousands of Mexican pesos)	Actual (in thousands of dollars) ⁽¹⁾	As Adjusted for this Offering (in thousands of Mexican pesos)	As Adjusted for this Offering (in thousands of dollars) ⁽¹⁾
Debt					
Current portion of documented debt ..	Ps.	10,746,581	U.S.\$ 778,772	Ps.	10,746,581
Current portion of the lease of plants, installation, equipment and PIDIREGAS.....		11,354,071	822,794		11,354,071
Total short-term debt		22,100,652	1,601,566		22,100,652
Long-term documented debt		108,509,489	7,863,348		108,509,489
5.750% Notes due 2042 offered hereby		—	—		10,349,550
Long-term leases of plants, installation, equipment and PIDIREGAS		67,490,806	4,890,851		67,490,806
Total long-term debt		176,000,295	12,754,199		186,349,845
Total debt	Ps.	198,100,947	U.S.\$ 14,355,765	Ps.	208,450,497
Equity					
Accumulated equity	Ps.	352,656,762	U.S.\$ 25,555,949	Ps.	352,656,762
Subsidy to customers not covered by the Mexican government		(21,772,360)	(1,577,776)		(21,772,360)
Contributions received and others.....		5,475,742	396,810		5,475,742
Net income for the year.....		(13,729,823)	(994,958)		(13,729,823)
Total equity		322,630,321	23,380,025		322,630,321
Total capitalization (total debt and equity)	Ps.	520,731,268	U.S.\$ 37,735,790	Ps.	531,080,818
					U.S.\$ 38,485,790

⁽¹⁾ Peso amounts have been translated into dollars, solely for the convenience of the reader, at the peso/dollar exchange rate as of September 30, 2011 of Ps. 13.7994 = U.S.\$ 1.00 as published by *Banco de México*.

Since September 30, 2011, we have incurred an additional Ps. 4,135.1 million (U.S.\$ 299.7 million) of indebtedness through issuances of short-term debt securities in the Mexican bond markets. There have been no other material changes in our capitalization since September 30, 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on and should be read in conjunction with our audited and unaudited financial statements and related notes thereto included elsewhere in this listing memorandum and should also be read in conjunction with "Presentation of Financial Information," "Summary—Summary Financial and Operating Data," and other financial information contained in this listing memorandum.

We prepare our financial statements in accordance with MFRS, which require our management to make certain estimates and assumptions to determine the valuation of certain items included in our financial statements and to make the appropriate disclosures therein. Although actual results may differ from such estimates, our management believes that the estimates and assumptions used were adequate under the circumstances.

Significant Accounting Policies

Our significant accounting policies are described in Note 3 to the audited financial statements as of and for the years ended December 31, 2010 and 2009 included herein. The accounting policies that we follow are in accordance with MFRS, which require our management and accounting personnel to make estimates and assumptions as the basis for calculating certain items required to be disclosed in our financial statements. For example, based on the requirements of MFRS and the knowledge and experience of our management and accounting personnel, we have established criteria for the determination of the useful lives and depreciation and amortization rates of our fixed assets and the appropriate rates of recovery for accounts receivable. While actual results may differ from those and any other estimates reflected in the financial information provided in this listing memorandum and our audited financial statements, we believe that all such estimates and assumptions were appropriate and in compliance with our accounting policies and MFRS. We assess the validity of our estimates and assumptions on a continual basis.

The following is a summary of the significant accounting policies that we follow in preparing our financial information, including the audited financial statements included herein:

a. *Recognition of the effects of inflation*

As of January 1, 2008, *Norma de Información Financiera* ("accounting rule") B-10 "Effects of inflation" became effective, allowing for the discontinuation of inflation accounting for so long as the Mexican economy remains "non-inflationary." Because the accumulated inflation for the three previous years was lower than 26%, as of December 31, 2010, Mexico's economy was considered to be non-inflationary. Pursuant to this accounting rule, we are not required to restate the value of inventories or use the indexation to inflation method in accounting for fixed assets. Furthermore, under this accounting rule, we are required to reclassify the amounts under the previous items "results from non-monetary assets" and "results from accumulated monetary position" under the "accumulated results" item.

b. *Cash and temporary investments*

This item includes cash, deposits and short-term investments, which are valued at their market value and any yields generated are recognized in results as they are accrued. Temporary investments refer to easily realizable investments with very short-term maturities that are valued at fair value.

c. *Inventory of materials for operations and cost of consumptions*

The inventories of materials for operations and the consumption of such materials are recorded originally at their acquisition cost; however, monthly final balances are recorded at their average cost.

d. *Plants, installations and equipment*

Plants, installations and equipment are recorded at their cost of acquisition and/or construction, which includes administrative costs directly related to the construction and installation of these assets, costs of retirement

and seniority premiums for full-time construction workers and depreciation of the equipment used in the construction and installation of the assets.

Prior to January 1, 2008, fixed assets acquired under the PIDIREGAS programs were restated based on fluctuations in the exchange rate of the contracting currency, which was meant to reflect their real cost.

Between January 1, 1997 and December 31, 2007, plants, installations and equipment values were restated pursuant to the historical cost adjustment method, which was based on changes in the general price level as a result of inflation (as reflected in changes in the national consumer price index), using as the base value either the replacement values determined at the close of the year 1996 for assets that we owned at that time, or the costs of acquisition and/or construction for those assets that we acquired from that date until December 31, 2007.

Prior to January 1, 1997, plants, installations and equipment were restated at replacement values based on the capital pricing indexes of the electricity industry, which were created by CFE-employed experts, except for construction in progress, which continued to be restated pursuant to this method until December 31, 1998.

The depreciation of operating plants, installations and equipment is calculated by the straight-line method as of the initial operating date of the assets, considering depreciation rates based on the respective useful lives of the assets, which are determined by CFE-employed specialists as follows:

	Annual rate %
Geothermal power stations	From 2 to 3.70
Steam generating power stations	From 1.33 to 2.86
Hydroelectric power stations.....	From 1.25 to 2.50
Internal combustion power stations.....	From 1.33 to 3.03
Turbogas and combined-cycle power stations.....	From 1.33 to 3.03
Nuclear power station.....	From 1.33 to 2.86
Substations	From 1.33 to 2.56
Transmission lines.....	From 1.33 to 2.86
Distribution networks.....	From 1.67 to 3.33

The real property and assets used for offices and general services are depreciated in accordance with the rates authorized in the *Ley del Impuesto sobre la Renta* (Income Tax Law, the “Mexican Income Tax Law”).

e. *PIDIREGAS and capital leases*

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

Upon our receipt of a completed project that we deem acceptable under the standards set forth in the contract, CFE records the asset in the PIDIREGAS fixed asset account and the corresponding total liabilities in accordance with our accounting policies relating to the characterization of liabilities.

The assets acquired through the PIDIREGAS scheme, as well as the related liabilities, are recorded at the contracted value of the respective projects.

f. *Impairment of long-lived assets in use*

We revise the book value of long-lived assets if we believe that the recorded value of such assets might not be recoverable. In the event that we dispose of such assets, we record the sale at the higher of the present value of the future cash flows or the net selling price. The indicators of impairment that are considered for these purposes are, among others, (i) losses from operations or negative cash flows during a given period, (ii) a history or projection of losses relating to such assets, which in percentage terms, in relation to our revenues, are substantially higher than those from previous years, (iii) the effects of obsolescence, (iv) competition and (v) other economic and legal factors.

g. *Derivative financial instruments*

We value all derivatives in the balance sheet at fair value or market value ("mark to market"). When we designate derivatives as hedging derivatives, the recognition of fair value depends on whether the hedging derivative is a fair value or cash flow derivative.

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

We use mainly interest rate and foreign currency swaps and foreign currency forward contracts to manage our exposure to exchange rate and foreign currency fluctuations. We document all of our hedging relationships, in which documentation we describe our objectives and strategies of risk management relating to our hedging transactions. As a matter of policy, we refrain from carrying out speculative transactions involving derivative financial instruments.

Certain derivative financial instruments that were entered into for hedging purposes have been designated as trading securities for accounting purposes. The fluctuation in fair value of such derivatives is recognized in results within the comprehensive result of financing.

In the case of financial derivative instruments for hedging purposes, the effectiveness of such derivatives is not evaluated and measured if certain requirements are met. Pursuant to MFRS Bulletin C-10, "Derivative financial instruments and hedging operations", "[i]f the critical characteristics of the hedging instrument and of the primary position are equal (e.g., the notional amount, reference rates for payment and collection and the related bases, the effective term of the agreement, the date of price determination and payment, the dates of formal designation and liquidation, among others), then the changes in the fair value or in the cash flows attributable to the risk being hedged will be covered throughout the duration of the risk, and therefore, it will not be necessary to evaluate and measure the effectiveness of such hedge."

h. *Other long-term liabilities*

Pursuant to Mexican and international law, once the operations at a nuclear power plant conclude in accordance with the terms of its license, such facility must be dismantled for safety and environmental protection reasons.

Our policy is to conduct a technical-economic study on our Laguna Verde nuclear power station, which must be periodically updated (every five years) and include the estimated cost for the future dismantling of such facility. This study takes into account the energy output of this facility, which we amortize uniformly over the useful life of the facility and which, based on the provisions of MFRS Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments" we compare with the present values of such output.

During 2010, we performed the update of the technical-economic study, supported with studies on the dismantling of similar plants prepared by international companies, for the purpose of determining the necessary funds to carry out the dismantling of our nuclear power station. As a result of such restatement, we determined that the proper reserve for this contingency was the peso equivalent of U.S.\$ 809.6 million. The charge of the peso equivalent of U.S.\$ 312.0 million against the original reserve is due to the inclusion of additional costs related to the cooling, transportation and storage of radioactive waste material. These expenses will be amortized over the remaining useful life of the power station.

i. *Employee benefits*

Given the need to align MFRS with IFRS in anticipation of the future adoption of IFRS in Mexico, in July 2007, the accounting rule D-3 "Employee benefits" was issued, effective as of January 1, 2008.

This accounting rule replaced the previous Bulletin D-3 “labor obligations.” The most relevant change arising from this new rule is the elimination of the requirement to recognize certain labor obligations as liabilities on our balance sheet. Instead, employee benefits are now recognized as an intangible asset and, if appropriate, are included in another item such as stockholders’ equity.

The new accounting rule relating to employee benefits establishes a maximum limit of five years for the amortization of unamortized contributions, which will require charges to results significantly higher than those which had been recorded using the previous method, which permitted the amortization of such amounts over the remaining working life of the relevant employee.

In accordance with this accounting rule, liabilities for employee retirement benefits (seniority premiums and pensions) and for termination of the employment relationship, which are calculated by independent actuaries based on the projected unit credit method using nominal interest rates, are recorded as they are accrued. We estimate that the present value of the accrued benefits asset is sufficient to cover the pension and retirement plan of defined benefits for employees hired prior to August 19, 2008.

A defined pension and contribution retirement plan was established for employees hired on or after August 19, 2008, which is funded by contributions made by CFE and our employees to individual retirement accounts established for each such employee. As a result, these employees will not cause us to incur any additional liabilities for pensions and indemnities payable upon retirement.

j. *Recognition of revenues*

Revenues are recognized during the period in which our electricity services are rendered to our customers.

k. *Information by segments*

As a public-sector entity, CFE, in accordance with accounting rule B-5, differentiates and discloses its information by segments, which is presented in the same form as that used by CFE’s management to evaluate each of our activities.

l. *Electricity sold that is currently being billed*

The electricity that has been delivered and is currently subject to our billing process is considered as revenue for the year and its amount is estimated based on the actual invoices issued during the immediately preceding two-month period.

m. *Transactions in foreign currency*

Transactions in foreign currency are recorded at the exchange rate in effect on the date that they are completed. Monetary assets and liabilities in foreign currency are valued in Mexican pesos at the exchange rate in effect at the date of the financial statements. Exchange fluctuations are recorded in results within comprehensive results of financing.

n. *Transactions with the federal, state and municipal governments*

The principal transactions that are performed with the Mexican government and the state and municipal governments and their respective accounting treatment are as follows:

With the Mexican government:

Government non-tax charges - In accordance with Article 46 of the Electricity Law, in effect as of December 23, 1992, we are obligated to pay a non-tax charge to the Mexican government for the assets that we use to render the public electricity service. The non-tax charge is determined annually based on the profitability rates established for Mexican public-sector entities in each year. For the years ended December 31, 2010 and 2011, the rate was 9%, which was ratified by

the Ministry of Finance. Such rate is applied to the value of our net fixed assets in operation from the immediately preceding year, and the resulting amount is charged to our results for the year.

Consumer subsidy to supplement deficit rates - These refer to the resources that the Mexican government provides to users of our electricity service by means of various subsidized rates on electricity sales. A significant part of these transfers are virtual transactions, because in accordance with the current Electricity Law, they are credited against the non-tax charge payable by us to the Mexican government. This subsidy is credited to our results for the year.

Equity impairment - The annual expense for the non-tax charge is compared against the subsidy granted by the Mexican government to supplement deficit electricity rates. Prior to 2000, a net liability had been generated in favor of the Mexican government, which was capitalized as part of equity at the close of each year. However, since December 31, 2000, the amount of the non-tax charge has been lower than that of the subsidy, and as a result, our Board of Directors has authorized decreases in the Mexican government's equity in CFE in the amount of the difference between these items.

With state and municipal governments:

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

o. *Comprehensive result of financing*

The comprehensive result of financing includes all financial revenue or expense items, such as interest, exchange rate gain or loss, as they occur or as they are accrued.

p. *Comprehensive (loss) income*

The comprehensive (loss) income that is presented in the statement of changes in equity is comprised of the loss for the year, plus other items that represent a gain or loss from the same period, which in accordance with applicable accounting rules are presented directly in equity without affecting the statement of income. For more information, see Note 21 to our audited financial statements as of and for the years ended December 31, 2009 and 2010 included herein.

q. *Liabilities, provisions, contingent assets and liabilities, and commitments*

In 1974, the Commission of Accounting Principles issued Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments," in order to respond to certain financial reporting requirements.

In light of the increasingly global economy, it is necessary to have accounting principles that allow for the presentation of financial information on a comparable basis to other internationally accepted accounting principles. As a result, in 2002, Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments" as well as the *Norma Internacional de Contabilidad* (International Accounting Standard) "Provisions, contingent obligations and contingent assets" were amended, which resulted in the new Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments."

In 2010, the CINIF published the MFRS C-9, "Liabilities, provisions, contingent assets and liabilities and commitments," which is substantially similar to the international accounting standard mentioned above.

As a result of the foregoing, we value, record and present in our financial statements, our liabilities, contingent assets and liabilities, and commitments in accordance with MFRS C-9. For more information, see Note 15 to our audited financial statements as of and for the years ended December 31, 2010 and 2009 included herein.

r. *Transition to IFRS*

In accordance with the applicable regulations of the CNBV, we will be reporting our financial information under IFRS for the year ending December 31, 2012, with an official IFRS adoption date of December 31, 2012 and a transition date to IFRS of January 1, 2012. We expect to report financial information for the three months ended March 31, 2012 under IFRS.

Adoption of IFRS may result in significant differences in the accounting presentation of our financial position and results of operations. Although we have not yet completed our evaluation of the effects of the adoption of IFRS on our financial position and results of operations, we have to date identified three principal areas in which the transition to IFRS may have significant effects on us:

- We expect that our liabilities for employee retirement benefits will increase by a substantial amount, which will have a corresponding negative effect on our equity.
- We are considering whether, under IFRS, some or all of our contractual obligations to purchase electricity from IPPs (as defined below) should be accounted for as financial leases. Our future obligations to IPPs are not currently shown as liabilities on our balance sheet, but are instead reflected as a memorandum item on our balance sheet and described in the notes to our financial statements. If we were to account for these obligations as financial leases, then a portion of our future obligations to IPPs would be recorded as liabilities on our balance sheet, resulting in a substantial increase in our liabilities. Correspondingly, our assets would also increase by a substantial amount if our obligations to IPPs were accounted for as financial leases.
- We are considering the proper accounting treatment under IFRS of the shortfall between (1) the non-cash transfers that the Mexican government provides to us to compensate for the subsidized rates of electricity we charge certain of our customers and (2) the non-cash amounts that the Mexican government charges us for the use of our assets. A change in the accounting treatment of this shortfall could have a negative effect on our net income.

Factors affecting our revenues and expenses

Our revenues and expenses are principally affected by economic conditions in Mexico, changes in the price of fuel oil and natural gas, fluctuations in the prevailing interest rates and changes in foreign exchange rates.

Economic conditions in Mexico

Because our operations, facilities and customers are located in Mexico, we are affected by general economic conditions in the country. In particular, the general performance of the Mexican economy affects demand for electricity, and inflation primarily affects our business by leading to increases in wages and other operating costs, while at the same time reducing our net income if electricity prices do not increase at the same pace as inflation.

Mexico's GDP grew by 1.2% in real terms during 2008, decreased by 6.1% in real terms during 2009, grew by 5.4% in real terms during 2010 and grew by 4.0% in real terms during the nine months ended September 30, 2011. GDP growth was hampered during the second half of 2008 and the first half of 2009 by the decrease in external demand resulting from the global financial crisis as well as the Influenza A/H1N1 outbreak during the second quarter of 2009, which temporarily affected economic activity in several sectors. Mexican GDP growth recovered during the second half of 2009 and in 2010 and the first nine months of 2011, driven largely by the increase in external demand that followed the fiscal and monetary stimulus programs implemented in many advanced economies and in some emerging market countries, as well as the several measures taken to stabilize the operation of the international financial system.

The following table sets forth the year-over-year changes in Mexico of various economic indicators, including GDP, the national consumer price index, the national producer price index, merchandise export growth and interest rates, as well as a comparison of these changes to the changes in the demand for electricity in Mexico for the years indicated. For further information on Mexico, see "United Mexican States."

**Selected Economic Indicators for Years Ended December 31, 2006 through 2010
and for Nine Months Ended September 30, 2011**

	2006	2007	2008	2009	2010	2011 ¹
Real GDP (% change).....	5.2	3.3	1.2	(6.1)	5.4	4.0
National consumer price index (% change)	4.1	3.8	6.5	3.6	4.4	3.8
National producer price index (% change)	5.3	3.5	7.7	3.2	3.7	5.7
Merchandise export growth	16.7	8.8	7.2	(21.1)	29.9	19.7
Interest rates (average percentage based on 28-day <i>Cetes</i>)	7.2	7.2	7.7	5.4	4.4	4.2
Change in Electricity Demand in Mexico (% change)	0.9	3.6	3.4	(0.3)	N/A	N/A

⁽¹⁾ As of and for the nine months ended September 30, 2011, except for inflation and interest rate, which are for the full year.

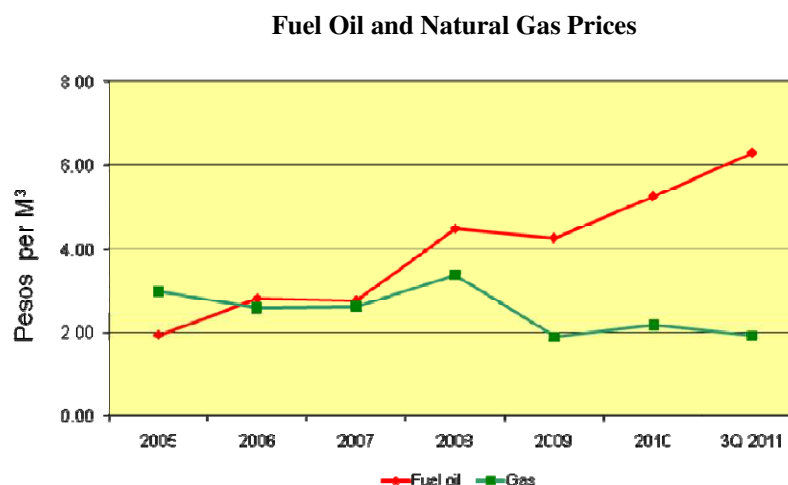
Sources: CFE, for change in electricity demand; Ministry of Finance and Public Credit for all other figures.

Changes in the prices of electricity, fuel oil and natural gas

Our margins are substantially dependent on the prices that we charge for electricity and that we are required to pay for the fuel that powers our generation activities. As of September 30, 2011, fuel oil represented 27% of the various primary sources on which we rely for our generation activities, and natural gas represented 46%. Although several of our generating plants can use either fuel oil or natural gas, our generation plants are generally limited to the use of a single fuel type. As a result, our ability to change fuel sources in the event of a price increase is limited. Our budget for expenditures, which includes the cost of fuel oil and natural gas, takes into account forecasted prices of fuel for the coming year, and it must be approved on an annual basis by the Mexican Congress. If our aggregate fuel costs exceed our annual budget, we must submit a request to the Ministry of Finance to increase our rates.

The prices we pay for fuel oil and natural gas have been and may continue to be affected by, among other factors, the availability of fuel oil and natural gas in Mexico, our ability to enter into agreements with local companies producing or transporting fuel oil and natural gas, the prices established by the Mexican government for these products and international supply and demand. For further discussion on our purchasing of fuel oil and natural gas, see “Risk Factors—Risks Factors Related to CFE—Any significant increase in fuel prices could adversely affect our results of operations and financial condition.”

The following graph shows the change in the prices of fuel oil and natural gas, each measured in pesos per cubic meter, between 2005 and the third quarter of 2011.



Source: CFE.

The electricity rates we charge to customers are set annually by the Ministry of Energy and the Ministry of Economy and approved by the Ministry of Finance in consultation with us. Electricity rates also reflect our anticipated production and long-term marginal costs, as well as other variables including the category and location of the consumer and the time of day that the electricity is consumed. For more information on pricing, see “Comisión Federal de Electricidad—Pricing Strategy, Subsidies and Non-Tax Charges.”

Changes in interest rates

As of September 30, 2011, we had approximately Ps. 198,101 million (U.S.\$ 14,356 million) of total indebtedness, of which approximately Ps. 118,258 million (U.S.\$ 8,570 million) accrued interest at floating interest rates. If the interest rates applicable to our floating rate debt increase, we will incur a corresponding increase in our interest expense, which may reduce our net income. We have entered into interest rate swaps covering approximately 4.2% of our floating rate peso-denominated debt and 6.2% of our floating rate foreign-currency denominated debt.

Changes in exchange rates

We have incurred indebtedness in several currencies, with the most substantial portion being denominated in dollars (representing 42.6% of our total indebtedness as of September 30, 2011). If the peso depreciates against the dollar, we may need to apply a higher percentage of our revenues to the servicing of our dollar-denominated debt, which may reduce our net income. We have entered into hedging transactions to minimize our exposure to foreign exchange risk with respect to a portion of our dollar-denominated debt, which is discussed in more detail under “—Derivatives and Hedging—Foreign Exchange Rate Risk,” but the majority of our dollar-denominated debt is not swapped into pesos.

Employee benefits

As of September 30, 2011, approximately 79.6% of our employees were members of the SUTERM. Historically, our relationship with SUTERM has been cordial and respectful despite our differing interests. Every two years, we renegotiate the terms of our *contrato colectivo* (collective bargaining agreement) with SUTERM, while wages are reviewed on an annual basis.

In 2008, as a result of our collective bargaining negotiations with SUTERM, we entered into a new “defined contribution” employee benefits program, wherein we have agreed to establish individual retirement accounts for each employee that we hire after August 18, 2008. As currently set forth in the collective bargaining agreement with SUTERM, employees subject to the defined contribution plan are required to contribute 5% of their monthly salary into their individual retirement account, and we provide a corresponding contribution in the amount of 7.5% of each employee’s monthly salary (although these percentages are subject to change in accordance with terms of the collective bargaining agreement). This new program replaces our previous “defined benefits” plan, which entitled our employees to certain retirement benefits, including pension and health insurance, which were allocated to our retired employees in amounts that corresponded, in large part, to their years of service and seniority level at CFE. The new defined contribution plan does not apply retroactively to our employees that were employed as of or prior to August 18, 2008, nor does it apply to temporary employees. As of September 30, 2011, our obligations in respect of employee benefits for employees that were employed as of or prior to August 18, 2008 represented approximately 47.9% of our total liabilities. See “Risk Factors—Risks Related to CFE—Labor unrest, employee benefits obligations and labor-related lawsuits may adversely affect our business, financial condition and results of operations.”

Results of Operations

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

Revenues from Electricity Sales

During the nine months ended September 30, 2011, we reported revenues from electricity sales of Ps. 214,881.8 million (U.S.\$ 15,571.8 million), which represented an 11.4% increase as compared to our revenues from electricity sales of Ps. 192,850.2 million for the same period in 2010. Our revenues from electricity sales

increased as a result of an 8.0% increase in the volume of electricity sold. This increase was primarily the result of more dynamic economic activity in Mexico as a result of the recovery from the global economic and financial crisis.

The average price per GWh of our electricity sales increased by 4.4%, from Ps. 1.325 per GWh in the nine months ended September 30, 2010 to Ps. 1.383 per GWh for the same period in 2011, mainly due to an increase in the average price of electricity charged to our industrial customers, which is our largest customer segment (representing 57.2% of our total revenues for the nine months ended September 30, 2011). This increase in prices was attributable to an increase in the price of fuel oil and natural gas. During the nine months ended September 30, 2011, we sold 152,534 GWh of electricity, an 8.0% increase as compared to the same period in 2010, reflecting the recovery of economic activity in 2011. Of this total, 151,700 GWh, or 99.5%, were sold directly to customers and 834 GWh, or 0.5%, was exported (mainly to Central America).

Revenues from electricity sales attributable to direct sales of electricity to each of our customer types in the first nine months of 2011 as compared to the same period in 2010 are set forth in the following table.

	Nine Months Ended September 30,		
	2011	2010	% Change
Customer Type	(in millions of pesos)		
Residential	Ps. 44,640.2	Ps. 40,097.2	11.3
Commercial.....	26,701.9	24,594.7	8.6
Agricultural.....	4,504.1	3,372.8	33.5
Industrial.....	122,870.5	108,058.2	13.7
Services.....	11,203.6	10,164.1	10.2
Total⁽¹⁾	Ps. 209,920.3	Ps. 186,287.0	12.7

⁽¹⁾ Totals do not reflect electricity that has been (i) exported or (ii) sold domestically but for which the billing process has not been completed; however, such amounts are reflected in revenues from electricity sales set forth in the financial statements.
Source: CFE.

Total Operating Costs and Expenses

Our costs of generating, transmitting and distributing electricity (collectively, “exploitation costs”) increased by 10.0% in the nine months ended September 30, 2011 as compared to the same period in 2010, mainly due to higher prices of natural gas and fuel oil and by an increase in labor costs resulting from hiring approximately 13,000 new employees to service our customers in Mexico City and the surrounding areas (which were LFC’s customers prior to its dissolution in October of 2009). Our total operating costs, which include exploitation costs, depreciation, administrative expenses and costs related to our reserve for pension and seniority premiums, or “labor obligation costs,” increased by 8.9% in the nine months ended September 30, 2011 as compared to the same period in 2010. This was due primarily to higher salaries as a result of the collective bargaining negotiations with SUTERM.

The following table sets forth our costs and expenses for the nine months ended September 30, 2011 as compared to the same period in 2010.

Total Operating Costs and Expenses

	Nine Months Ended September 30,		% Change
	2011	2010	
	(in millions of pesos)		
Labor costs	Ps. 27,019	Ps. 22,341	20.9
Fuel	125,297	112,139	11.7
Maintenance and services.....	8,174	10,150	(19.5)
Maintenance materials	5,465	6,144	(11.1)
Taxes and duties.....	3,461	2,781	24.5
Other	2,132	2,433	(12.4)
Complementary account ⁽¹⁾	(2,180)	(1,960)	11.2
Total generation, transmission and distribution costs	169,368	154,028	10.0
Depreciation	20,775	20,350	2.1
Administrative expenses	4,337	3,906	11.0
Labor obligation costs (Actuarial).....	39,423	36,568	7.8
Total operating costs and expenses....	Ps. 233,903	Ps. 214,852	8.9

⁽¹⁾ Includes the value of electricity provided to CFE employees as part of their compensation.

Source: CFE.

Operating Loss

Our net operating loss decreased from Ps. 22,001.5 million in the nine months ended September 30, 2010 to Ps. 19,021.5 million (U.S.\$ 1,378.4 million) for the same period in 2011, representing a decrease of 13.5% in the nine months ended September 30, 2011. Consequently, net operating margin improved from negative 11.4% for the nine months ended September 30, 2010 to negative 8.9% for the nine months ended September 30, 2011, mainly driven by higher revenues from the sale of electricity despite an increase in our total operating costs and expenses.

The following table sets forth our non-operating revenues, costs and expenses for the nine months ended September 30, 2011 as compared to the same period for 2010.

Non-Operating Revenues, Costs and Expenses

	Nine Months Ended September 30,		% Change
	2011	2010	
	(in millions of pesos)		
Other revenues, net	Ps. 194.8	Ps. 2,084.2	(90.7)
Income tax on distributable surplus.....	(971.0)	(722.2)	34.5
Subsidy to consumers	64,741.5	65,874.1	(1.7)
Non-tax charge.....	(42,969.2)	(41,811.7)	2.8
Comprehensive result of financing:			
Interest payable, net	(6,696.8)	(4,411.0)	51.8
Foreign exchange gain (loss), net	(9,007.7)	1,890.0	(376.6)
	(15,704.5)	(2,521.0)	522.9
Non-operating income	Ps. 5,291.6	Ps. 22,903.4	(76.9)

Source: CFE.

Other Revenues, Net

Other revenues, net, reflects miscellaneous revenues, such as rental payments from telecommunications companies for their use of CFE's transmission towers and distribution poles, and miscellaneous expenses, such as expenses relating to abandoned projects. Other revenues, net decreased significantly from Ps. 2,084.2 million for the nine months ended September 30, 2010 to Ps. 194.8 million for the same period in 2011, due mainly to asset write-offs in 2011, including with respect to turbo generators at the Laguna Verde nuclear power station, amounting to Ps. 1,135.2 million.

Income Tax on Distributable Surplus

Under the Mexican Income Tax Law, we are only required to pay income tax on distributable surplus payments to third parties. Our income tax on distributable surplus increased by 34.5%, from Ps. 722.2 million for the nine months ended September 30, 2010 to Ps. 971.0 million for the same period in 2011, due to an increase in payments to third parties.

Net Result of the Subsidy and Non-Tax Charge

The Mexican government sets electricity prices at rates that are insufficient to cover our operating costs. To compensate us for the shortfall, the Mexican government provides us with a subsidy in the form of a non-cash transfer. Total subsidies from the Mexican government to compensate for the effect of insufficient electricity rates decreased from Ps. 65,874.1 million for the nine months ended September 30, 2010 to Ps. 64,741.5 million (U.S.\$ 4,691.6 million) for the same period in 2011, representing a decrease of 1.7%. This decrease was driven by lower operating losses, which resulted from a higher volume of electricity sales during the same period. The non-tax charge payable to the Mexican government increased from Ps. 41,811.7 million in the nine months ended September 30, 2010 to Ps. 42,969.2 million (U.S.\$ 3,113.8 million) for the same period in 2011, representing an increase of 2.8%, as a result of higher net fixed assets in operation at the end of 2010 as compared to 2009.

The amount by which subsidies exceeded the non-tax charge payable to the Mexican government declined by 9.5%, from Ps. 24,062.4 million in the nine months ended September 30, 2010 to Ps. 21,772.3 million (U.S.\$ 1,577.8 million) for the same period in 2011. In accordance with our accounting policies, described above under "—Significant Accounting Policies," this difference of Ps. 21,772.3 million (U.S.\$ 1,577.8 million) between subsidies and non-tax charges was deducted from equity.

Comprehensive Financing Cost

Under MFRS, comprehensive financing cost reflects interest income (including gains and losses on certain derivative instruments), interest expense and foreign exchange gain or loss. Our comprehensive financing cost increased from Ps. 2,521.0 million for the nine months ended September 30, 2010 to Ps. 15,704.5 million (U.S.\$ 1,138.1 million) for the same period in 2011. The increase in comprehensive financing cost was due primarily to a significant increase in foreign exchange losses, which increased from a gain of Ps. 1,890.0 million for the nine months ended September 30, 2010 to a loss of Ps. 9,007.7 million (U.S.\$ 652.8 million) for the same period in 2011, and a 51.8% increase in net interest expense. These increases were driven by a 55.2% increase in our total debt (including our obligations in respect of PIDIREGAS), which increased from Ps. 109,419.5 million as of September 30, 2010 to Ps. 198,100.9 million (U.S.\$ 14,355.8 million) as of September 30, 2011, and a 10.4% depreciation of the peso against the dollar.

Net Income (Loss)

Net income (loss) decreased from income of Ps. 902.0 million for the nine months ended September 30, 2010 to a loss of Ps. 13,729.8 (U.S.\$ 995.0 million) for the same period in 2011. This decrease in net income (loss) resulted primarily from an increase in comprehensive financing cost and a decrease in other revenues, net, which were partially offset by a decrease in our operating loss.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenues from Electricity Sales

During 2010, we reported revenues from electricity sales of Ps. 254.4 billion (U.S.\$ 18.4 billion), which represented a 15.6% increase as compared to our revenues from electricity sales of Ps. 220.0 billion for 2009. Our revenues from electricity sales increased as a result of higher electricity prices.

The average price per GWh of our electricity sales increased by 15.8% from Ps. 1.138 per GWh in 2009 to Ps. 1.318 per GWh in 2010, mainly due to tariff adjustments in connection with the increase in fuel prices. During 2010, we sold 187,893 GWh of electricity, a 1.1% decrease as compared to 2009 due to an increase in the amount of electricity that was used by consumers, but not paid for (“non-technical losses”). We experienced these non-technical losses largely within Mexico City and the surrounding areas mainly because it has been more difficult to collect payments directly from customers in Mexico City and the surrounding areas than it was to collect from LFC prior to its dissolution in October of 2009. Of our total sales for 2010, 186,638 GWh (or 99.3%) were sold directly to customers, and 1,255 GWh, or 0.7%, was exported (mainly to Central America).

The percentage of our revenues from electricity sales attributable to direct sales of electricity to each of our customer types in 2010 as compared to 2009 (excluding revenues that derive from (i) exports and (ii) domestic sales for which the billing process is still ongoing), was as follows: industrial customers (55.8% in 2010 as compared to 45.7% in 2009), residential customers (21.2% in 2010 as compared to 20.2% in 2009); commercial customers (12.9% in 2010 as compared to 10.6% in 2009), agricultural customers (1.6% in 2010 as compared to 1.7% in 2009) and service customers (5.4% in 2010 as compared to 4.9% in 2009). The increases in our direct sales to customers, mainly industrial customers, are largely the result of the increased economic activity in Mexico during 2010.

The following table sets forth our revenues from electricity sales attributable to direct sales of electricity to each of our customer types in 2009 and 2010.

	Year Ended December 31,		% Change
	2010	2009	
Customer Type	(in millions of pesos)		
Residential	Ps. 53,910	Ps. 44,465	21.2
Commercial.....	32,855	23,423	40.3
Agricultural.....	4,132	3,696	11.8
Industrial ⁽¹⁾	141,942	133,316	6.5
Services.....	13,796	10,697	29.0
Total⁽²⁾	Ps. 246,635	Ps. 215,597	14.4

⁽¹⁾ Revenues attributable to direct sales to industrial customers in 2009 include revenues attributable to sales to LFC, which were Ps. 32,858 million in 2009. As a result of the dissolution of LFC in October of 2009, none of our revenue in 2010 is attributable to sales to LFC.

⁽²⁾ Totals do not reflect electricity that has been (i) exported or (ii) sold domestically but for which the billing process has not been completed; however, such amounts are reflected in revenues from electricity sales set forth in the financial statements.

Source: CFE.

Total Operating Costs and Expenses

Our exploitation costs increased by 13.8% in 2010 as compared to 2009, mainly due to higher prices of natural gas and fuel oil and increased production of electricity as a result of the recovery of economic activity in Mexico. Our total operating costs, which include exploitation costs, depreciation, administrative expenses and labor obligation costs increased by 12.2% in 2010 as compared to 2009, due primarily to the increase in our exploitation costs and a 12.7% increase in labor obligation costs as a result of an increase in the actuarial estimate of our liability for pension and seniority premiums in respect of our defined benefits plan.

The following table sets forth our costs and expenses for 2010 as compared to 2009.

Total Operating Costs and Expenses

	Year Ended December 31,		% Change
	2010	2009	
	(in millions of pesos)		
Labor costs.....	Ps. 31,003	Ps. 26,618	16.5
Fuel.....	143,111	133,530	7.2
Maintenance and services.....	16,234	11,003	47.5
Maintenance materials.....	8,544	6,220	37.4
Taxes and duties	4,198	3,575	17.4
Other	5,411	2,362	129.1
Complementary account ⁽¹⁾	(2,587)	(2,337)	10.7
Total generation, transmission and distribution costs	Ps. 205,914	Ps. 180,971	13.8
Depreciation	27,209	26,641	2.1
Administrative expenses.....	5,883	5,605	5.0
Labor obligation costs (Actuarial)	52,536	46,636	12.7
Total operating costs and expenses.....	Ps. 291,542	Ps. 259,853	12.2

⁽¹⁾ Includes the value of electricity provided to CFE employees as part of their compensation.
Source: CFE.

Operating Loss

Our net operating loss decreased from Ps. 39,818.3 million in 2009 to Ps. 37,125.1 million (U.S.\$ 2,690.3 million) in 2010, representing a decrease of 6.8% in 2010. This decrease was primarily the result of an increase in our revenues from the sale of electricity, partially offset by an increase in the cost of energy, mainly natural gas and fuel oil, as well as the incurrence of operating costs and maintenance costs relating to our operations in Mexico City and the surrounding areas.

The following table sets forth our non-operating revenues, costs and expenses for 2010 as compared to 2009.

Non-Operating Revenues, Costs and Expenses

	Year Ended December 31,		% Change
	2010	2009	
	(in millions of pesos)		
Other revenues, net.....	Ps. 1,788.1	Ps. 475.6	276.0
Income tax on distributable surplus.....	(1,150.8)	(963.0)	19.5
Subsidy to consumers	89,936.1	98,339.4	(8.5)
Non-tax charge	(55,748.9)	(55,484.6)	0.5
Received in cash	5,804.3	-	-
Comprehensive result of financing:			
Interest payable, net.....	(5,593.3)	(3,979.6)	40.5
Foreign exchange gain, net ...	2,898.7	2,616.0	10.8
	(2,694.6)	(1,363.8)	97.6
Non-operating income	Ps. 37,934.2	Ps. 41,003.8	(7.5)

Source: CFE.

Other Revenues, Net

Other revenues, net, reflects miscellaneous revenues, such as rental payments from telecommunications companies for their use of CFE's transmission towers and distribution poles, and miscellaneous expenses, such as expenses relating to abandoned projects. Other revenues, net, increased significantly from Ps. 475.6 million in 2009 to Ps. 1,788.1 million in 2010.

Income Tax on Distributable Surplus

Under the Mexican Income Tax Law, we are only required to pay income tax on distributable surplus payments to third parties. Our income tax on distributable surplus increased 19.5% from Ps. 963.0 million in 2009 to Ps. 1,150.8 million in 2010, due to an increase in payments to third parties.

Net Result of the Subsidy and Non-Tax Charge

The Mexican government sets electricity prices at rates that are insufficient to cover our operating costs. To compensate us for the shortfall, the Mexican government provides us with a subsidy in the form of a non-cash transfer. Total subsidies from the Mexican government to compensate for the effect of insufficient electricity rates decreased from Ps. 98,339.4 million for the year ended December 31, 2009 to Ps. 89,936.1 million (U.S.\$ 6,517.4 million) for the year ended December 31, 2010 as a result of higher tariffs charged. The non-tax charge payable to the Mexican Government remained relatively stable, reflecting a small increase of 0.5% from Ps. 55,484.6 million in 2009 to Ps. 55,748.9 million (U.S.\$ 4,040.0 million) in 2010 in line with the increase in net fixed assets. The stability of the non-tax charge, which is linked to CFE's net asset value, demonstrates CFE's reliance on PIDIREGAS for the development of new projects.

The amount by which subsidies exceeded the non-tax charge declined by 20.2%, from Ps. 42,854.8 million in 2009 to Ps. 34,187.3 million (U.S.\$ 2,477.4 million) in 2010, which was largely the result of an increase in our revenues from sales of electricity and the decrease in our operating loss. In accordance with our accounting policies, which are described above under "—Significant Accounting Policies," this difference of Ps. 34,187.3 million (U.S.\$ 2,477.4 million) between subsidies and the non-tax charge was deducted from the Mexican Government's equity in CFE.

Comprehensive Financing Cost

Under MFRS, comprehensive financing cost reflects interest income (including gains and losses on certain derivative instruments), interest expense and foreign exchange gain or loss. Our comprehensive financing cost increased 97.6% from a net cost of Ps. 1,363.8 million in 2009 to a net cost of Ps. 2,694.6 million (U.S.\$ 195.3 million) in 2010. The increase in comprehensive financing cost was due primarily to a 40.5% increase in net interest expense from Ps. 3,979.7 million in 2009 to Ps. 5,593.3 million (U.S.\$ 405.3 million) caused by an increase in our total debt in 2010, which was partially offset by a 10.8% increase in net foreign exchange gain from Ps. 2,616.0 million in 2009 to Ps. 2,898.7 million (U.S.\$ 210.1 million) in 2010. The foreign exchange gain was due to the appreciation of the peso against the dollar.

Received in Cash

In 2010, we received a cash refund from the Mexican government in the amount of Ps. 5,804.3 million (U.S.\$ 420.6 million) as a result of legislation enacted by the Mexican Congress in 2010 that required the Mexican government to distribute a portion of the Mexican government's annual profits from the sale of fuel oil (which it earned through the operations of PEMEX), to CFE and certain other companies. We did not receive a cash refund in 2009 because this legislation was not in effect.

Net Income

Net income decreased by 31.7%, from Ps. 1,185.4 million in 2009 to Ps. 809.0 million (U.S.\$ 58.6 million) in 2010. This decrease in net income resulted primarily from the decrease in subsidies from the Mexican

Government and higher expenses relating to debt service, partially offset by a decrease in our operating loss and the receipt of the cash refund from the Mexican government described under “—Received in Cash.”

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenues from Electricity Sales

During 2009, we reported revenues from electricity sales of Ps. 220.0 billion, which represented an 18.4% decrease in our revenues from electricity sales of Ps. 269.7 billion for 2008. Our revenues from electricity sales decreased as a result of both lower electricity prices and lower sales volume.

The average price per GWh of our electricity sales decreased by 13.8% from Ps. 1.337 per GWh in 2008 to Ps. 1.152 per GWh in 2009, mainly due to lower sales to industrial customers driven by a decrease in economic activity. Electricity rates charged to industrial customers are not subsidized by the Mexican government, and therefore a decrease in sales to industrial customers causes a decrease in the average price of electricity. During 2009, we sold 189,964 GWh of electricity, a 5.5% decrease over the previous year, resulting primarily from the decrease in economic activity in Mexico as a result of the global financial crisis. Of this total, 189,137 GWh (or 99.6%) were sold directly to customers, and 827 GWh (or 0.4%) was exported (mainly to Central America).

The percentage of our revenues from electricity sales attributable to direct sales of electricity to each of our customer types in 2009 as compared to 2008 (excluding revenues that derive from (i) exports and (ii) domestic sales for which the billing process is still ongoing) was as follows: industrial customers (60.6% in 2009 as compared to 68.6% in 2008), residential customers (20.2% in 2009 as compared to 15.6% in 2008); commercial customers (10.6% in 2009 as compared to 9.1% in 2008), agriculture customers (1.7% in 2009 as compared to 1.5% in 2008) and service customers (4.9% in 2009 as compared to 3.2% in 2008).

The following table sets forth our revenues from electricity sales attributable to direct sales of electricity to each of our customer types in 2008 and 2009.

	Year Ended December 31,		% Change
	2009	2008	
	(in millions of pesos)		
Customer Type			
Residential.....	Ps. 44,465	Ps. 41,948	6.0
Commercial.....	23,423	24,647	(5.0)
Agricultural.....	3,696	3,984	(7.2)
Industrial ⁽¹⁾	133,316	184,963	(27.9)
Services.....	10,697	8,632	23.9
Total⁽²⁾.....	Ps. 215,597	Ps. 264,174	(18.4)

⁽¹⁾ Revenues attributable to direct sales to industrial customers in 2008 and 2009 include revenues attributable to sales to LFC, which were Ps. 60,749 million and Ps. 32,858 million in 2009.

⁽²⁾ Totals do not reflect electricity that has been (i) exported or (ii) sold domestically but for which the billing process has not been completed; however, such amounts are reflected in revenues from electricity sales set forth in the financial statements.

Source: CFE

Total Operating Costs and Expenses

During 2009, our exploitation costs decreased by 14.9%, mainly due to lower natural gas and fuel oil expenses caused by lower sales volumes. Our total operating costs, which include exploitation costs, depreciation, administrative expenses and labor obligation costs, decreased by 9.6% as compared to 2008, due primarily to lower exploitation costs due to lower generation as a result of the global financial crisis. This decrease was partially offset by increased administrative expenses (which increased by 9.3% in 2009 as compared to 2008) due to the expansion of our administrative staff driven by our takeover of LFC's former customers in Mexico City and the surrounding areas after LFC's dissolution in October of 2009 and increased labor obligation costs (which increased by 8.2% in 2009 as compared to 2008) as a result of an increase in the actuarial estimate of our liability for pension and seniority premiums in respect of our defined benefits plan.

The following table sets forth our costs and expenses for 2009 as compared to 2008.

Total Operating Costs and Expenses

	Year Ended December 31,		% Change
	2009	2008	
	(in millions of pesos)		
Labor costs	Ps. 26,618	Ps. 24,598	8.2
Fuel	133,530	165,616	(19.4)
Maintenance and services	11,003	9,164	20.1
Maintenance materials	6,220	6,354	(2.1)
Taxes and duties	3,575	3,354	6.6
Other	2,362	3,849	(38.6)
Complementary account ⁽¹⁾	(2,337)	-	-
Total generation, transmission and distribution costs	Ps. 180,971	Ps. 212,935	(15.0)
Depreciation	26,641	26,161	1.8
Administrative expenses	5,605	5,126	9.3
Labor obligation costs (actuarial)	46,636	43,107	8.2
Total operating costs and expenses	Ps. 259,853	Ps. 287,329	(9.6)

⁽¹⁾ Includes the value of electricity provided to CFE employees as part of their compensation.
Source: CFE.

Operating Loss

Our net operating loss increased from Ps. 17,646.3 million in 2008 to Ps. 39,818.3 million in 2009, representing an increase of 125.6%. This increase was primarily the result of the decrease in our revenues from electricity sales and the increase in our labor obligation costs, partially offset by a decrease in our exploitation costs due to a decrease in our electricity sales.

The following table sets forth our non-operating revenues, costs and expenses for 2009 as compared to 2008.

Non-Operating Revenues, Costs and Expenses

	Year Ended December 31,		% Change
	2009	2008	
	(in millions of pesos)		
Other revenues, net	Ps. 475.6	Ps. 379.1	25.5
Income tax on distributable surplus	(963.0)	(901.1)	6.9
Subsidy to consumers	98,339.4	77,011.8	27.7
Non-tax charge	(55,484.6)	(55,767.4)	(0.5)
Comprehensive result of financing:			
Interest payable, net	(4,983.4)	(4,564.6)	9.2
Foreign exchange gain, net ..	2,616.0	(17,762.3)	N/A
Income (loss) in financial instruments	1,003.8	(259.5)	N/A
	(1,363.8)	(22,586.5)	(94.0)
Non-operating income (expense)	Ps. 41,003.8	Ps.(1,864.1)	N/A

Source: CFE.

Other Revenues, Net

Other revenues, net, reflects miscellaneous revenues, such as rental payments from telecommunications companies for their use of CFE's transmission towers and distribution poles, and miscellaneous expenses, such as expenses relating to abandoned projects. Other revenues, net increased by 25.5%, from Ps. 379.1 million in 2008 to Ps. 475.6 million in 2009.

Income Tax on Distributable Surplus

Under the Mexican Income Tax Law, we are only required to pay income tax on distributable surplus payments to third parties. Our income tax on distributable surplus increased by 6.9%, from Ps. 901.1 million in 2008 to Ps. 963.0 million in 2009, due to a small increase in payments to third parties.

Net Result of the Subsidy and Non-Tax Charge

The Mexican government sets electricity prices at rates that are insufficient to cover our operating costs. To compensate us for the shortfall, the Mexican government provides us with a subsidy in the form of a non-cash transfer. Total subsidies from the Mexican government to compensate for the effect of insufficient electricity rates increased from Ps. 77,011.8 million in 2008 to Ps. 98,339.4 million in 2009, representing an increase of 27.7%, mainly due to higher operating losses driven by lower sales to industrial customers. The non-tax charge payable to the Mexican Government remained relatively stable, reflecting a small decrease of 0.5% from Ps. 55,767.4 million in 2008 to Ps. 55,484.6 million in 2009. The stability of the non-tax charge, which is linked to CFE's net asset value, demonstrates CFE's reliance on PIDIREGAS for the development of new projects.

The amount by which subsidies exceeded the non-tax charge payable to the Mexican government increased by 101.7%, from Ps. 21,244.4 million in 2008 to Ps. 42,854.8 million in 2009. In accordance with our accounting policies, which are described above under "—Significant Accounting Policies," this difference of Ps. 42,854.8 million between subsidies and the non-tax charge was deducted from equity.

Comprehensive Financing Cost

Under MFRS, comprehensive financing cost reflects interest income (including gains and losses on certain derivative instruments), interest expense, and foreign exchange gain or loss. Our comprehensive financing cost decreased by 94.0%, from a cost of Ps. 22,586.5 million in 2008 to a cost of Ps. 1,363.8 million in 2009. The decrease in comprehensive financing cost was due primarily to a substantial increase in foreign exchange gain, net from a loss of Ps. 17,762.3 million in 2008 to a gain of Ps. 2,616.0 million in 2009 that resulted primarily from the appreciation of the peso against the dollar and additionally from an increase in income in financial instruments from a loss of Ps. 259.5 million in 2008 to a gain of Ps. 1,003.6 million in 2009, reflecting the change in the value of our derivative financial instruments from a net liability to a net asset as a result of the appreciation in the peso against the dollar between 2008 and 2009.

Net Income

Net income increased by 106.1%, from a loss of Ps. 19,510.4 million in 2008 to a gain of Ps. 1,185.4 million in 2009. This increase in net income resulted primarily from a substantial increase in foreign exchange gain due to a 5.9% appreciation of the peso against the dollar in 2009, as compared to a 21.1% depreciation of the peso against the dollar in 2008.

Liquidity and Capital Resources

We have experienced, and expect to continue to experience, substantial liquidity and capital resource requirements, principally in order to finance the construction and maintenance of our electrical generation facilities, transmission and distribution sub-stations and power-line networks and to service our outstanding debt. In the past, we have generally met our liquidity and capital resource requirements primarily from cash flow generated by our operating activities and borrowings. For the year ended December 31, 2010, our cash flow provided by operating activities was Ps. 11,544.3 million (U.S.\$ 836.6 million) and our cash flow from financing activities was Ps. 32,184.2 million (U.S.\$ 2,332.3 million). For the nine months ended September 30, 2011, our cash flow provided by operating activities was Ps. 30,698.4 million (U.S.\$ 2,224.6 million) and our cash flow from financing

activities was Ps. 61,852.2 million (U.S.\$ 4,482.4 million), as compared to cash flow provided by operating activities of Ps. 37,522.2 million and cash flow from financing activities of Ps. 13,693.9 million during the same period of 2010.

We had working capital of Ps. 48,630.3 million (U.S.\$ 3,524.1 million) as of December 31, 2010. We had working capital of Ps. 84,611.5 million (U.S.\$ 6,131.5 million) as of September 30, 2011. We believe that our working capital, which will include a portion of the proceeds from the offering of the notes as described above under “Use of Proceeds,” will be sufficient to cover our current requirements.

The following table sets forth the maturity composition of our short- and long-term debt as of September 30, 2011.

	Total	Payments Due by December 31 of Each Year (as of September 30, 2011)				2015 and beyond
		2011	2012	2013	2014	
		(in millions of pesos)				
Total debt.....	Ps. 198,101	Ps. 10,213	Ps. 21,065	Ps. 18,071	Ps. 64,365	Ps. 84,387

We have a total amount of Ps. 21,065 million (U.S.\$ 1,527 million) in debt that will come due in 2012, some of which may be refinanced with the proceeds of newly issued debt.

We had total indebtedness (including obligations in respect of PIDIREGAS) of Ps. 142,755 million (U.S.\$ 10,345 million) at December 31, 2010 compared to total indebtedness (including obligations in respect of PIDIREGAS) of Ps. 122,968 million at December 31, 2009, representing an increase of 16.1%.

We had total indebtedness (including obligations in respect of PIDIREGAS) of Ps. 198,101 million (U.S.\$ 14,356 million) at September 30, 2011 compared to total indebtedness (including obligations in respect of PIDIREGAS) of Ps. 142,755 million at December 31, 2010, representing an increase of 38.8%.

The major categories of our indebtedness are as follows:

	Total Indebtedness			
	As of December 31,			As of
	2008	2009	2010	September 30,
	(in millions of pesos)			2011
Domestic Debt				
Bank Loans	Ps. 182	Ps. 54	Ps. 14,500	Ps. 32,049
Export Credit Agency Loans.....	1,038	15,544	2,243	-
Bonds (<i>Certificados Bursatiles</i>).....	-	-	14,000	29,000
External Debt				
Bank Loans	24,648	23,507	27,156	29,353
Export Credit Agency Loans.....	20,140	14,313	8,186	8,345
Bonds	3,222	6,516	6,061	20,509
PIDIREGAS Obligations				
Domestic	32,512	35,607	46,337	48,575
External.....	37,129	26,484	24,273	30,270
Capital Leases				
Domestic	-	-	-	-
External	1,046	943	-	-
Total Domestic Debt	Ps. 1,220	Ps. 15,598	Ps. 30,743	Ps. 61,049
Total External Debt	Ps. 48,010	Ps. 44,336	Ps. 41,403	Ps. 58,207
Total Debt, PIDIREGAS Obligations and Capital Leases	Ps. 119,917	Ps. 122,968	Ps. 142,756	Ps. 198,101

Source: CFE.

For a breakdown of our indebtedness by currency, see Note 10 to our unaudited financial statements as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010.

At December 31, 2010, 47.8% of our total indebtedness was denominated in dollars, 42.3% was denominated in Mexican pesos and the remainder was denominated in other currencies. Our currency hedging practices are described under “—Derivatives and Hedging.”

At December 31, 2010, 46.8% of our debt obligations bore interest at floating rates. The weighted average cost of all borrowed funds as of December 31, 2010 (including interest and reimbursement of certain lenders for Mexican taxes withheld, but excluding fees and the effect of interest-rate swaps) was approximately 4.6%, compared to approximately 5.2% at December 31, 2009. The inclusion of fees and the effect of interest-rate swaps in the calculation of weighted average cost of all borrowed funds at December 31, 2010 would increase such cost by 0.5% to approximately 5.1%, compared to approximately 5.6% at December 31, 2009. Such cost does not include the effect of exchange rate variations. We have not pledged any assets as security for our debt.

As of December 31, 2010, we had no outstanding financial leases.

Other Long-Term Commitments

In addition to our indebtedness discussed above, under the terms of our 24 long-term contracts with IPPs, which are discussed below under “—Capital Expenditures and Investment,” and certain contracts with third party suppliers of natural gas and coal, as of December 31, 2010 we had committed to making future expenditures in the amount of Ps. 185.0 billion (U.S.\$ 13.4 billion). With respect to our contracts with IPPs, we have also agreed to make certain contingency payments to the investors, which can be triggered by certain *force majeure* events, and which payments could total up to Ps. 72.0 billion (U.S.\$ 5.2 billion). Because these commitments consist of future expenditures that have not yet accrued, they are not recorded as liabilities on our balance sheet as of December 31, 2010, but rather they are reflected in the memorandum accounts included therein. For more details on these and any other commitments that we have made, see Note 23 to our audited financial statements as of and for the years ended December 31, 2009 and 2010 included herein.

Capital Expenditures and Investment

Since 2006, CFE has steadily increased in its installed capacity. We estimate that with our current installed capacity and the new projects that are currently under construction, we can satisfy the demand for electricity in Mexico for the next four years.

The following table illustrates the growth in our installed capacity since 2006 as well as the change in our generation of electricity.

	Installed Capacity as of December 31,	Generation For Year Ended December 31,
	(MW)	(TWh)
2006	47,857	221.9
2007	49,854	228.5
2008	49,931	231.4
2009	50,384	230.6
2010	51,611	238.8
2011*	51,180	194.7

*As of and for the nine months ended September 30, 2011.
Source: CFE.

In order to meet the projected growth in demand over the medium-term, we have developed POISE, which we update annually, with the next update scheduled to be completed in February 2012. We expect to make investments totaling Ps. 372,418 million (U.S.\$ 26,988 million) during the 2012-2016 period, including Ps. 90,359 million (U.S.\$ 6,548 million) in 2012. Under POISE, we plan to expand our total installed capacity (including IPPs) by year-end 2016 to over 58,000 MW, which would represent a net increase of 13.7% over our installed capacity as

of September 30, 2011. POISE is financed through our own capital resources and private investment. We expect to finance approximately 46% of our 2012-2016 capital expenditures with our own resources.

During 2012, we have several OPF projects that will start operation. Among the most important of these projects are the “La Yesca” hydroelectric plant and the conversion of our “Manzanillo” plant from fuel oil to natural gas. These two projects will require approximately U.S.\$ 2 billion in capital expenditures in 2012. See “—Recent Developments with respect to PIDIREGAS.”

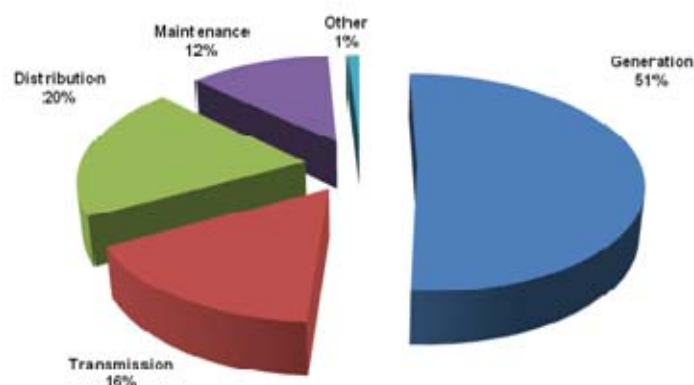
The following table sets forth our projected capital expenditures based on POISE for the 2012-2016 period.

	Capital Investments¹ (in millions of pesos)					
	2012	2013	2014	2015	2016	Total
Generation	Ps. 47,069	Ps. 22,419	Ps. 21,108	Ps. 35,120	Ps. 35,508	Ps. 161,224
Transmission	12,088	13,647	13,857	14,966	12,159	66,717
Distribution	22,083	22,049	19,531	16,291	16,781	96,735
Maintenance	8,675	8,864	9,192	9,175	9,492	45,398
Subtotal	89,915	66,979	63,688	75,552	73,940	370,074
Other investments	444	457	471	485	500	2,344
Total	Ps. 90,359	Ps. 67,436	Ps. 64,159	Ps. 76,037	Ps. 74,440	Ps. 372,418
Total (in millions of dollars)	U.S.\$6,548	U.S.\$4,887	U.S.\$4,649	U.S.\$5,510	U.S.\$5,394	U.S.\$26,988

¹ The amount of the annual capital expenditures under POISE that CFE finances from its own liquidity must be approved by the Ministry of Finance each year. CFE seeks authorization from the Mexican Congress to solicit private investment through PIDIREGAS projects to finance the remaining amount of the annual investment requirements under POISE.

Source: CFE

The total projected investment under POISE for the 2012-2025 period is distributed as follows:



Source: POISE.

Long-Term Productive Infrastructure Projects (PIDIREGAS)

An important component of our capital expenditures are PIDIREGAS. Because of federal budgetary constraints, in 1996, the Mexican government sought private sector participation in the building and financing of PIDIREGAS in the electricity sector. The Mexican government approves the designation of certain infrastructure

projects as PIDIREGAS. This designation means that these projects are treated as off-balance sheet items for annual Mexican government budgetary purposes, until delivery of the completed project to us or until our payment obligations begin under the contract, and are excluded from across-the-board Mexican government budget reductions.

The *Ley General de Deuda Pública* (General Law of Public Debt) and the *Ley Federal de Presupuesto y Responsabilidad Hacendaria* (Federal Law of Budget and Fiscal Accountability) define the PIDIREGAS legal framework. Article 18 of the General Law of Public Debt outlines the treatment of financial obligations under PIDIREGAS, defining as a direct liability the amounts payable under a financing during the current and immediately following fiscal years, and the remaining amounts as a contingent liability until its full payment. Article 32 of the Federal Law of Budget and Fiscal Accountability grants PIDIREGAS preferential and priority treatment for inclusion in the Mexican government's budget in future years, until the full payment of a project's costs. The distinction between PIDIREGAS and non-PIDIREGAS expenditures on the budget of the Mexican government (which includes the expenditures of the various decentralized public entities, such as CFE) is important in that, due to the private financing of PIDIREGAS projects during the planning and construction stages, they are immune from across-the-board budget cuts by the Mexican Congress, while non-PIDIREGAS investments are not.

PIDIREGAS have three stages:

- The Mexican government identifies a project as a PIDIREGAS and authorizes expenditures related to their development by the private sector;
- Private sector companies, in cooperation with us, build and deliver the project to us; and
- We, with the Mexican government's authorization, pay all amounts owing to contractors and make final payments to receive delivery of the completed project and then record as a liability the full principal amount of all indebtedness incurred to finance the project.

Compliance with the Mexican government's financial reporting standards and the Guidelines for the Accounting Treatment of Investments in Long-Term Productive Infrastructure Projects (Technical Release NIF-09-B, the "Technical Release"), which outlines the accounting and budgetary treatment applicable to PIDIREGAS, is mandatory during the construction period and after delivery of the PIDIREGAS. In accordance with MFRS (including the Technical Release), all of the accounts related to PIDIREGAS are incorporated into our financial statements. The expenditures and liabilities relating to our PIDIREGAS projects are also included in our financial statements in accordance with MFRS Bulletin B-8, "Consolidated and Combined Financial Statements and Valuation of Permanent Investments in Stocks."

There are two types of PIDIREGAS projects: conditional investment (IPPs) and direct investment (OPFs). These two primary private investment programs address the two central needs of CFE: generation and transmission.

Productores Externos de Energía (Independent Power Producer Program). The IPP program allows private companies to bid to operate a generation plant in Mexico and sell the generated power to CFE. Under the program, CFE enters into a long-term agreement (25 years) under which the private producer is responsible for the construction, operation and maintenance of the generation facility during the life of the contract and CFE is obligated to purchase the electricity produced by that facility. The IPP program helps CFE meet generation demands without the costs of construction and maintenance. The IPP program also allows CFE to obtain competitive prices for the purchased energy through an international bidding process.

Obra Pública Financiada (Financed Public Works Program). The OPF program addresses our infrastructure needs with respect to the transmission and distribution of electrical energy and for generation projects that cannot be structured as IPPs. CFE enters into relatively short-term agreements (1-2 years) under which a private company is responsible for the construction of a project, but not for its ongoing operation and maintenance. International bidders place their bids to receive a total payment upon the completion of the project involved. The main advantage of this program is that we avoid risks related to the development of the project that may arise during the construction stage, such as risks relating to cost escalation and failure of the completed project to meet the technical specifications. As with IPPs, we are able to secure competitive prices for the OPFs as a result of an international bidding process.

The following chart sets forth a comparison of IPPs and OPFs.

IPP Program	OPF Program
• Used for generation projects, excluding hydroelectric plants. • Projects are awarded through international bids to bidder who offers lowest KW/h price for the sale of electricity to CFE. • Winning bidder becomes fully responsible for the financing and construction of the plant. • CFE and the bidder sign an agreement for commitment of electrical power generation and purchase of associated electrical power by CFE for a 25-year term commencing upon commercial operation of the plant. • Bidder remains the sole owner of the project assets and plant operator.	• Generally used for transmission lines and substations. • Projects are awarded through international public bid to bidder that offers the lowest project development price. • Winning bidder becomes fully responsible for the construction of the project under a “turnkey” contract and the financing of the project during the construction stage. • At the end of construction and upon acceptance of the work by CFE, the ownership of the project is transferred to CFE and CFE pays the bidder the full contract price.

Recent Developments with respect to PIDIREGAS

In 2011, we completed a substantial renovation of our two nuclear power generating units of our Laguna Verde facility as the result of an investment of approximately Ps. 7,300 million (U.S.\$ 529 million), which was financed as an OPF under PIDIREGAS. As a result of both renovations, the installed capacity of Laguna Verde will increase by a total of 270 MW to approximately 1,635 MW. Although the investment is completed, the new capacity has not been reflected in CFE’s total capacity because we are waiting for an independent certification to do so.

In 2012, we expect to complete construction of “La Yesca,” a hydroelectric power generation plant located approximately 100 kilometers from Guadalajara, Jalisco, along the Santiago River, which is being built under PIDIREGAS as an OPF. Total investment in La Yesca is expected to be approximately U.S.\$ 1,100.0 million, and this plant is expected to have an installed capacity of 750MW. Furthermore, in 2012, as part of our strategy to increase our use of clean-burning fuels such as natural gas, we expect to complete our conversion of the “Manzanillo” generation facility from a fuel oil-based generation facility to a natural gas-based generation facility and begin use of the “LG Manzanillo” regasification facility.

In 2013, we expect to complete construction of “Norte II,” a combined-cycle power generation plant that is expected to have an installed capacity of 435 MW. Norte II is being built under PIDIREGAS as an IPP, and therefore, we are not incurring capital expenditures in respect of the construction.

Derivatives and Hedging

Foreign Exchange Rate Risk

A substantial part of our indebtedness is denominated in U.S. dollars (42.6% as of September 30, 2011), and we have very limited assets and revenues denominated in dollars. As a result, we are exposed to the risk of depreciation of the peso. As of September 30, 2011, our dollar-denominated indebtedness amounted to Ps. 84,348.7 million (U.S.\$ 6,112.5 million).

To offset the foreign exchange rate risk, we enter into derivative financial instruments with large financial institutions to minimize the impact of fluctuations in exchange rates on our indebtedness. These derivative

instruments typically consist of cross-currency swaps in which we pay peso amounts based on peso interest rates and receive dollar amounts based on dollar interest rates. As of September 30, 2011, we had outstanding cross-currency swaps covering foreign currency liabilities of Ps. 12,112.3 million (U.S.\$ 877.7 million).

In addition, we have also entered into derivative financial instruments to offset the foreign exchange rate risk of our indebtedness denominated in Japanese Yen, which as of September 30, 2011, amounted to Ps. 3,718.6 million (U.S.\$ 269.5 million) or 1.9% of our total indebtedness. These derivative financial instruments consist of a series of foreign currency forward purchase contracts under which we have agreed to purchase Japanese Yen at a fixed dollar exchange rate during the established transaction term. We have also purchased call options for the purchase of Japanese Yen at the end of this transaction term if the Japanese Yen/dollar exchange rate has fallen below the rate agreed to in the forward purchase contracts. The mark-to-market value of these transactions is an asset of Ps. 671.9 million (U.S.\$ 48.7 million) as of September 30, 2011. For further information relating to our derivative and hedging transactions, see Note 9 to our audited financial statements as of and for the years ended December 31, 2010 and 2009.

Interest Rate Risk

A substantial part of our indebtedness bears interest at variable rates (60.5% as of September 30, 2011). As a result, we are exposed to risks from changing interest rates.

We enter into derivative financial instruments with large financial institutions to minimize the impact of fluctuations in variable interest rates on our indebtedness. The types of derivative instruments we have typically entered into in recent periods include interest-rate swaps (in which we generally pay amounts based on fixed interest rates and receive amounts based on variable interest rates). The general effect of these swaps is to replace an obligation to pay variable-rate interest on our debt with an obligation to pay fixed-rate interest. As of September 30, 2011, the aggregate notional amount of our peso-denominated variable rate to fixed rate interest-rate swaps was Ps. 6,772.8 million (U.S.\$ 490.8 million).

The fair value of our derivative instruments was a liability of Ps. 390.9 million (U.S.\$ 28.3 million) as of September 30, 2011.

Our use of derivatives varies from time to time, depending on our judgment about our level of exposure to exchange rate and interest rate risks, and the costs of derivative instruments. The aggregate notional amount of our interest-rate swaps may be greater or less than the principal amount of our debt, and we may discontinue hedging at any time. We review and change our derivatives positions regularly, and our derivatives policies change from time to time. Under MFRS, we account for our interest rate swaps on a fair value basis. See Note 9 to our audited financial statements as of and for the years ended December 31, 2010 and 2009.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, operating results, liquidity or capital resources.

COMISIÓN FEDERAL DE ELECTRICIDAD

Overview

We are the national electricity company of Mexico and are 100% owned by the Mexican government. We have the exclusive right to transmit and distribute electricity in Mexico, and we generate most of the electricity consumed in Mexico. As of September 30, 2011, we provided electricity to 35.2 million customer accounts, which we estimate represented 97.8% of the Mexican population. Our customer base has grown by more than one million new customer accounts each year for the past six years.

We were created on August 7, 1937 by presidential decree, and then converted by the Mexican Congress in 1949 into a decentralized public entity of the Mexican government. Since 1975, under the Electricity Law, we have been responsible for the overall planning, development and operation of the Mexican electricity system. Our activities are supervised by the Ministry of Energy, and the Minister of Energy serves as the chairman of our Board of Directors.

We generate over 90% of the electricity consumed in Mexico, including electricity generated by IPPs. The remaining electricity generation in Mexico is attributable to PEMEX and certain private sector participants, each of whom generate small amounts of electricity, the use of which, under Mexican law, is restricted to either self-supply or sale to us. Under the Mexican Constitution and the Electricity Law, we have the exclusive right to transmit and distribute electricity in Mexico. As a result, we have a monopoly over electrical transmission and distribution throughout Mexico, including with respect to the distribution of electricity within Mexico City and surrounding areas, which was the responsibility of LFC until its dissolution in October 2009 by presidential decree.

The Mexican government determines, on an annual basis, our electricity rates and our operating costs, in each case based on our anticipated electricity generation capabilities and long-term marginal costs, as well as other variables, including the category and location of our customers and the time of day that the electricity is expected to be consumed. The Mexican government may set some or all of our electricity rates at levels below our operating costs in order to maintain the affordability of electricity, in particular, for our residential (other than high-consumption residential) and agricultural customers, which accounted for approximately 19.6% of our revenues for the nine months ended September 30, 2011. As a result, we rely on non-cash subsidies from the Mexican government to compensate for any shortfall. To mitigate our exposure to rising fuel prices, the electricity rates charged to our industrial, commercial and high-consumption residential customers, which accounted for approximately 72.9% of our revenues for the nine months ended September 30, 2011, adjust on a monthly basis pursuant to a formula that accounts for changes in fuel costs. In addition, to mitigate our exposure to inflation, we adjust on a monthly basis the electricity rates charged to our residential (except for high-consumption residential), agricultural and public lighting customers and for the pumping of drinking and sewage water, which accounted for 27.1% of our revenues for the nine months ended September 30, 2011. The adjustments are in a fixed amount determined by the Mexican government.

We continually invest in electricity generation, transmission and distribution infrastructure in order to address Mexico's growing electricity demand. In 2010, we invested Ps. 48,970.8 million in new electricity generation, transmission and distribution infrastructure. Our financing and investment plans are updated annually and require the approval of the Mexican Congress.

Our service area is divided into 16 regions, and extends to some of the most remote regions of Mexico.



Source: CFE.

The majority of our electricity generation activities are undertaken through thermal and hydroelectric power plants. A small percentage of our electricity generation comes from other sources, including nuclear, geothermal, coal and wind-powered plants. As of September 30, 2011, we operated 210 electricity generation plants (including 22 electricity generation plants operated by IPPs) and a 50,295 kilometer (31,252 mile) transmission network, and our installed capacity was 51,180 MW (including 11,907 MW of the installed capacity of IPPs). Since 1992, IPPs have been permitted under Mexican law to build and operate electricity generation plants in Mexico and sell the generated power to us.

As of September 30, 2011, we employed 95,770 workers (including temporary employees), approximately 79.6% of which are members of SUTERM. The rest of our employees are not unionized.

As the main supplier of electricity in Mexico, our future operating and financial performance will continue to be linked to various developments in Mexico, including its economy, GDP, population growth, inflation, industrial production, among other indicators that drive demand for electricity. Fuel oil and natural gas prices, which are generally indexed to dollar-denominated international prices, represent another important factor in determining our financial performance and results.

In response to the global economic crisis of the past two years, the Mexican government has implemented policies to strengthen the Mexican economy. The Mexican government has engaged in “monetary easing,” a monetary policy designed to boost the money supply by decreasing interest rates. It has also enacted a series of tax reforms, including the imposition of a higher value-added tax on the sale of goods and services. Additionally, through measures such as the dissolution of LFC in October 2009, the Mexican government has sought to improve the efficiency with which it provides public services, such as electricity. See “—Luz y Fuerza del Centro.” These and other initiatives should help increase productivity growth in Mexico over the medium term, although the Mexican economy and our operations remain subject to adverse domestic and international economic, political and social developments. See “Risk Factors—Risk Factors Related to Mexico.”

Business Strategy

We seek to continue to increase production and to maximize our overall performance to respond to Mexico's increasing energy demand through the following strategies:

Continue to Enhance Electricity Generation Capacity and Transmission and Distribution Networks

We intend to continue to expand our electricity generation, transmission and distribution capacity through the continued implementation of POISE. This program, and the projects that we plan through POISE, are updated on an annual basis. Our current program includes projects that are scheduled to be initiated and completed between 2012 and 2025 and which are expected to require Ps. 1,199.1 billion (U.S.\$ 86.8 billion) in capital expenditures. We plan these projects with the goal of increasing our electricity output at a rate that will correspond with the anticipated increase in electricity demand in Mexico, which we estimate based on a forecast of the average rate growth of Mexico's GDP for the next 14 years. In particular, through POISE, we expect to increase our net electricity generation capacity by an estimated 27,000 MW over the next 14 years. We expect that our total capital expenditures relating to POISE for the period from 2012 to 2025 will be allocated as follows: 51% for the expansion of our electricity generation capacity; 16% for the improvement of our transmission network; 20% for the improvement of our distribution network; 12% for maintenance of our electricity generation facilities; and 1% for other capital investments. We estimate that 41% of our total projected investment amount through 2025 will be financed by us pursuant to POISE, and that the remainder will be financed by the private investment programs described below. The next update of POISE is scheduled to be completed in February 2012, although we do not expect this update to result in significant modifications to the current program.

Promote Private Investment to Fund Expansion Needs

We intend to continue to develop PIDIREGAS. Under the PIDIREGAS initiative, we expect to continue to increase our use of IPPs and OPFs in the development of our electricity generation and transmission capacity.

Our program of contracting with IPPs allows private companies to bid and to operate electricity generation plants in Mexico and sell the generated power to CFE. Under the program, CFE enters into a long-term (25 year) agreement under which the IPP is responsible for the construction, operation and maintenance of the electricity generation facility during the life of the agreement and CFE is obligated to purchase the electricity produced by that facility. The use of IPPs helps CFE meet electricity generation demands without the cost of construction. The IPP program also allows CFE to obtain competitive prices for the purchased electricity via an international bidding process, under which CFE awards projects to bidders that offer the lowest KW/h price for the sale of electricity to CFE. As of September 30, 2011, a total of 34 IPP projects had been authorized, 24 of which relate to IPP generation facilities that are currently operational. We estimate that, by 2015, we will have entered into contracts for all 34 authorized IPP projects.

The OPF program addresses our infrastructure needs with respect to the transmission and distribution of electrical energy, and for generation projects that cannot be structured using IPPs. CFE enters into relatively short-term (1-2 years) agreements under which a private company, which CFE selects through an international public bidding process, is responsible for the construction of a project, but not for its ongoing operation and maintenance. Bidders that are selected for OPF agreements receive a total payment upon the completion of the project. The main advantage of this program is that we avoid risks relating to the development of the project that may arise during the construction stage, such as cost escalation and failure of the completed project to meet technical specifications. As with IPPs, we are able to secure competitive prices for the OPFs as a result of an international bidding process. As of September 30, 2011, a total of 238 OPF projects had been authorized, which include 175 facilities that are currently operational. We estimate that, by 2016, we will have entered into contracts for approximately 63 additional OPFs.

Further Modernize Equipment and Technology to Improve Delivery of our Services

Modernization of our equipment and technology, including the replacement of aging transmission and distribution substations and power lines, is integral to providing reliable electricity service to our customers. We intend to dedicate a significant portion of our financial and human resources to ensuring that our transmission and distribution networks employ current technology and are in good working condition. In addition, we intend to further develop our "smart grid" technology, which will include a two-way digital communication system between

our customers and us through which we will be able to monitor the electricity needs of our customers in real time and, accordingly, greatly improve the efficiency with which we provide electricity. The implementation of smart-grid technology will also help reduce the quantity of electricity that is used in Mexico but not paid for (*i.e.*, “non-technical losses”). As a result of POISE, we expect that our investments in new technology, including smart-grid technology, will save us approximately 30 TWh of electricity by 2025.

We seek to limit electricity service interruptions. Much of our equipment is installed outdoors and is subject to the varying weather conditions and natural disasters that affect Mexico from time to time. As a result, this equipment, including, in particular, our transmission towers and utility poles, often incurs weather-related damage, which in certain instances causes electricity service interruptions for our customers. We maintain a well-trained staff of technicians that repair damaged equipment immediately upon our receipt of notice of any such damage. Between 2000 and 2010, transmission failure rates decreased by 37% with respect to our 400 KV transmission network and by 35% with respect to our 230 KV transmission network, and the duration of service interruptions resulting from failures in our distribution network decreased by 48%. We continually assess the quality and speed of these repairs, and we expect that our dedication to delivering fast and effective repair services will continue into the future.

Expand our Focus on Clean Energy

We rely, and expect to continue to rely, on the use of cleaner burning fuels, such as natural gas, in our generation activities (as compared to fuels that emit comparatively higher levels of contaminants into the environment, such as fuel oil). As of September 30, 2011, natural gas accounted for approximately 46% of our hydrocarbon-based electricity generation, while fuel oil accounted for approximately 27%. Our goal is to maintain or improve this allocation between fuel types in the future; however, our actual allocation will depend in part on the global supply of such fuels and pricing considerations. In addition, we rely, and expect to continue to rely, on clean generation technology, such as hydroelectric, geo-thermal and wind-driven power generation, each of which use renewable primary sources of energy. As of September 30, 2011, 23% of our generation capacity came from clean energy sources. As a result of POISE, we expect that clean energy sources will account for approximately 25% of our total installed capacity by the end of 2012, and 35% by the end of 2025.

Diversify our Financing Sources

In the past, our financings have been principally limited to public and private financing transactions in the Mexican loan and bond markets and certain private financings in the United States, Europe and Japan. Following our debut offering in the international bond market in May 2011, we intend to continue to broaden our access to capital in this market, as exemplified by this listing. We believe that the further development of this financing option will improve our liquidity and debt maturity profile and help fund our investment activities.

Luz y Fuerza del Centro

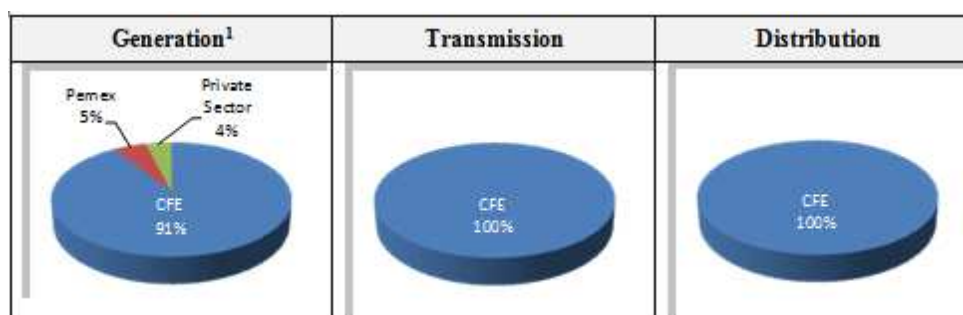
LFC, which was the utility previously responsible for the transmission and distribution of electricity in Mexico City and the surrounding areas, was dissolved by presidential decree in October 2009. LFC was also involved in small-scale electric power generation, amounting to 1,174 MW as of October 2009. Pursuant to the terms of LFC’s dissolution, the assets of LFC were transferred to the *Servicio de Administración y Enajenación de Bienes* (Asset Management and Divestiture Service, or “SAE”), a decentralized entity of the Mexican government that is operated by the Ministry of Finance. As of the date of the dissolution, LFC’s legal, commercial and financial obligations were assumed by SAE and the distribution of electricity within Mexico City and the surrounding areas was assumed by us. In order to carry out these new responsibilities, we have entered into a lease arrangement with SAE, which provides us with access to certain of LFC’s former assets and enables us to service LFC’s former customers.

As a result of LFC’s dissolution, we obtained approximately six million additional customer accounts. However, the increase in our customer base had little effect on our overall sales volume because the volume of our sales to these new customers is substantially similar to the volume of our previous sales to LFC. We have also incurred significant labor and maintenance costs in connection with absorbing the operations of LFC; these costs have exceeded any additional revenues that we have earned as a result of selling electricity directly to end users in the Mexico City metropolitan area. However, during 2011 and 2012, we expect that our revenues associated with

these new operations will increase, and our associated costs will decrease, to levels such that, when considered together with subsidies we receive from the Mexican government, we will no longer operate at a loss in this region.

Our Operations

Our business is divided into three main areas: generation, transmission and distribution. The following charts indicate a breakdown of our market share in Mexico in each of these three areas as of September 30, 2011:



⁽¹⁾ Generation market share of CFE reflects the combined market share of CFE and the IPPs.

Source: CFE.

Generation

As of September 30, 2011, our installed capacity was 51,180 MW, which includes the installed capacity of IPPs. Of our total installed capacity, 76.7% corresponds to our own generation units, while the remaining 23.3% corresponds to 22 generation plants operated by IPPs. Since 2000, the proportion of our installed capacity represented by IPPs has increased each year due to the Mexican's government's policy of promoting private participation and investment in the electricity sector.

The following table sets forth the change in our installed capacity for the periods listed.

Installed Capacity

Installed Capacity	As of December 31,					As of
	2006	2007	2008	2009	2010	September 30, 2011
Installed Capacity (MW)						
CFE	37,470	38,397	38,474	38,927	39,704	39,273
IPPs	10,387	11,457	11,457	11,457	11,907	11,907
Total	47,857	49,854	49,931	50,384	51,611	51,180
Generation (TWh)						
CFE	162	158	157	154	160	131
IPPs	59	71	74	77	79	64
Total	221	229	231	231	239	195

Source: CFE.

We generate a substantial majority (85.7% in 2010) of our electricity at our hydrocarbon-based and hydroelectric power plants and a small percentage of our electricity from other sources, such as nuclear, geothermal, coal-fired and wind-powered plants. As of September 30, 2011, our installed capacity, excluding IPPs, consisted of 23,124 MW from our thermal power plants consuming hydrocarbons, 11,211 MW from hydroelectric power plants, 2,600 MW from coal-fired power plants, 1,365 MW from nuclear power plants, 887 MW from geothermal power plants and 87 MW from wind-driven power plants. IPPs also contributed to our total installed capacity with 11,907

MW, all from combined cycle thermal units. Since most of our power is generated by thermal power plants consuming hydrocarbons (mainly fuel oil and natural gas), our generation cost is highly sensitive to international fuel prices.

During 2010, CFE generated 238.8 TWh of electricity, representing a 3.6% increase over the 230.6 TWh we generated in 2009. Of this total, 32.8% was generated by IPPs and the remainder was generated from facilities owned by CFE.

The table below sets forth the installed capacity as of September 30, 2011 of the various sources of energy on which we rely.

Installed Capacity by Source as of September 30, 2011

Type	Capacity (MW)	% of Total
Fuel oil and natural gas	23,124	45.2%
Coal-fired	2,600	5.1%
Nuclear power	1,365	2.7%
Geothermal	887	1.7%
Total thermal	27,975	54.7%
Hydroelectric	11,211	21.9%
Eolic (wind-driven)	87	0.2%
IPPs	11,907	23.2%
Total CFE, including IPPs	51,180	100.0%

Source: CFE.

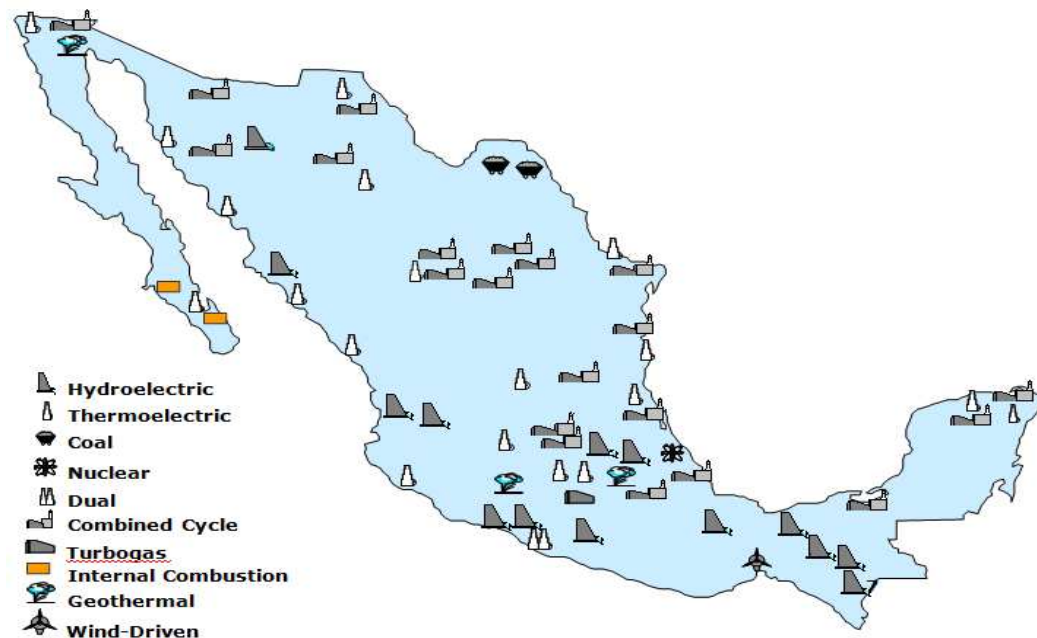
Our electricity generation capacity as of September 30, 2011 consists of 210 plants with 768 active units (including IPPs) throughout Mexico as follows:

Generation Capacity by Source as of September 30, 2011

Type	Plants	Active Units
Hydroelectric	64	166
Thermal	26	76
Geothermal	7	38
Turbogas	44	69
IPPs (thermal)	22	74
Coal-fired	2	8
Nuclear power	1	2
Wind-driven	2	105
Diesel	9	69
Dual	1	7
Former LFC	32	154
Total	210	768

Source: CFE.

As of September 30, 2011, our generation plants and generation units were located throughout Mexico, as illustrated in the map below.



Source: CFE.

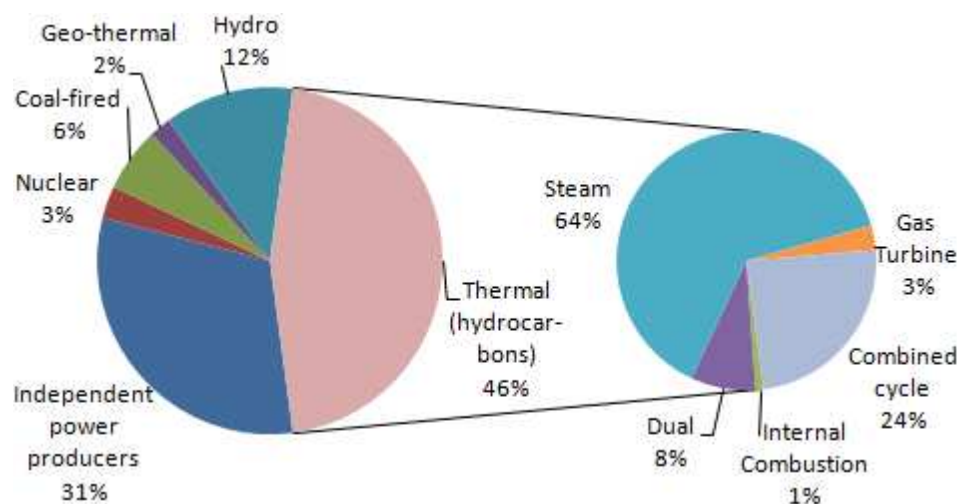
Thermal Power Generation

Thermal power generation that uses hydrocarbons as the primary source of energy can be classified according to the type of technology used to power the rotation of an electrical generator's turbines. The technology used by our hydrocarbon-based thermal power plants can be categorized as follows:

- Steam (fuel oil, natural gas and diesel);
- Gas turbine (natural gas or diesel);
- Dual (fuel oil and coal);
- Combined cycle; and
- Internal combustion.

The graph below illustrates the distribution of CFE's hydrocarbon-based thermal power generation among the various production processes.

Thermal Power Generation (194.7 TWh) for Nine Months Ended September 30, 2011



Source: CFE.

As of September 30, 2011, 77.9% of CFE's installed capacity (including IPPs) consisted of thermal power plants (including coal-fired, geothermal and nuclear). Thermal power plants generated 162,509 GWh for the nine months ended September 30, 2011, representing 83.5% of the total energy generated by CFE and IPPs for the year. As of September 30, 2011, our thermal power plants (together with those operated by the IPPs) had an 88.9% "availability factor," which is measured by dividing the number of hours that a power plant is capable of power production by the total hours in a year.

We purchase substantially all of our fuel oil from PEMEX at spot prices pursuant to a fuel oil supply contract. We currently purchase natural gas from PEMEX and two other suppliers in Mexico (Semptra LNG Marketing Mexico, S. de R.L. de C.V. and Gas Del Litoral S.A.) at indexed prices pursuant to long-term (10-year) contracts awarded pursuant to an international bidding process. Fuel oil and natural gas account for approximately 27.4% and 46.2%, respectively, of the primary materials that we consume on an annual basis for the generation of electricity. Approximately 5.1% of our installed capacity relies on the use of coal, which we purchase pursuant to three-year contracts with various foreign suppliers that we select through international bidding processes. A small percentage of our generating plants use diesel fuel, which we purchase from PEMEX at prices regulated by the Mexican government.

Nuclear Power Generation

CFE operates Mexico's only nuclear power plant, Laguna Verde. The Laguna Verde plant is located on the coast of the Gulf of Mexico in the municipality of Alto Lucero in the state of Veracruz. The plant is a strategic facility due to its high power generation capacity, low operating cost and frequency and voltage regulation capacity. Laguna Verde is comprised of two power generating units, each with a 682.44 MW capacity. The nuclear reactor contained in each power generating unit is a "Boiling Water" (BWR-5) reactor equipped with direct cycle Mark II containment. Since operations at Laguna Verde began in 1990, Unit 1 has generated more than 97,600 GWh, with an 80.7% availability factor, while Unit 2 has generated more than 80,340 GWh, with an availability factor of 83.6%. In 2011, we completed a substantial renovation of both generating units as a result of an investment of approximately Ps. 7,300 million (U.S.\$ 529 million), which was financed as an OPF under PIDIREGAS. As a result of the renovations, the installed capacity of Laguna Verde will increase by a total of 270 MW to approximately 1,635 MW, once the renovations receive the necessary certifications.

The two units of the Laguna Verde plant together account for 2.7% of our total installed capacity (including IPPs) as of September 30, 2011 and represented 3.4% of our total generation for the nine months ended September 30, 2011. Laguna Verde's operations are subject to regulation and oversight by both national and international nuclear regulatory bodies. Laguna Verde has operated in compliance with ISO-14000 international standards for environmental management since 1999 based on its quality and safety standards. See "Risk Factors—Risks Factors

Related to CFE—We are subject to environmental risks and possible claims and lawsuits inherent to the generation, transmission, and distribution of electricity.”

Hydroelectric Power Generation

CFE’s largest hydroelectric generating plant is Manuel Moreno Torres, which has 2,400 MW of installed capacity and is located in Chicoasén, Chiapas. The plant utilizes the water flow from the Grijalva River to power its turbines. The second and third largest plants are C.H. Malpaso, which has 1,080 MW of installed capacity and is located in Tecpatán, Chiapas, and C.H. Infiernillo, which has 1,120 MW of installed capacity and is located in La Unión, Guerrero. During 2010, our hydroelectric power plants had overall an 88.6% availability factor. In addition, during the nine months ended September 30, 2011, our hydroelectric power plants generated 32,237 GWh, and had a total capacity of 11,211 MW, or 21.9% of CFE’s total installed capacity.

Recently, the community of Cacahuatpec, in the State of Guerrero, approved the construction of “La Parota,” a hydroelectric power plant on the Papagayo River, a project to be led by CFE. La Parota is expected to provide electricity and potable water supply to Acapulco for 50 years. However, due to opposition in several other communities affected by the La Parota project, the project has been temporarily delayed pending the outcome of the legal proceeding in connection with the disputed project. In response to the suspension, CFE is prioritizing its work on the La Yesca project, another hydroelectric project under construction in the State of Nayarit, which is expected to have a capacity of 750 MW when it is completed at the end of 2012.

Coal-Fired Power Generation

CFE has two coal-fired power generation plants located just south of the U.S. border in the State of Coahuila. These two plants comprise of eight generation units, which together with the Petacalco plants were responsible for approximately 5.1% of CFE’s total installed capacity as of September 30, 2011. We purchase coal pursuant to three-year contracts with various foreign suppliers that we select through international bidding processes.

Geo-thermal Power Generation

Our geo-thermal energy production has an installed capacity of 887 MW as of September 30, 2011, which represents 2.3% of the total electricity generated in the country. Our largest geo-thermal power station is *Cerro Prieto*, which generates 46.4% of the electricity distributed in the state of Baja California, Mexico. Geo-thermal energy is the only renewable source other than hydroelectric power that currently contributes significantly to the total mix of the electricity we generate.

Wind-Driven Power Generation

CFE’s main wind-driven power plant is the La Venta power plant. This plant is located at La Venta, 30 km northeast of the city of Juchitán, Oaxaca. La Venta was the first wind-driven power plant in Mexico and in Latin America, with an effective installed capacity of 87 MW as of September 30, 2011. As of September 30, 2011, wind-driven plants contributed to less than one percent of CFE’s installed capacity.

Recent Trends in Power Generation

We rely, and expect to continue to rely, on the use of cleaner burning fuels, such as natural gas, in our generation activities (as compared to fuels that emit comparatively higher levels of contaminants into the environment, such as fuel oil). As of September 30, 2011, natural gas accounted for approximately 46% of our hydrocarbon-based electricity generation capacity, while fuel oil accounted for approximately 27%. It is our goal to maintain or improve this allocation between fuel types in the future; however, our actual allocation will depend in part on the global supply of such fuels and pricing considerations. In addition, we also rely, and expect to continue to rely, on clean generation technology, such as hydroelectric, geo-thermal and wind-driven power generation, each of which use renewable primary sources of energy. As a result of POISE, we expect that clean energy sources will account for approximately 25% of our total installed capacity by the end of 2012, and 35% by the end of 2025.

Transformation, Transmission and Distribution

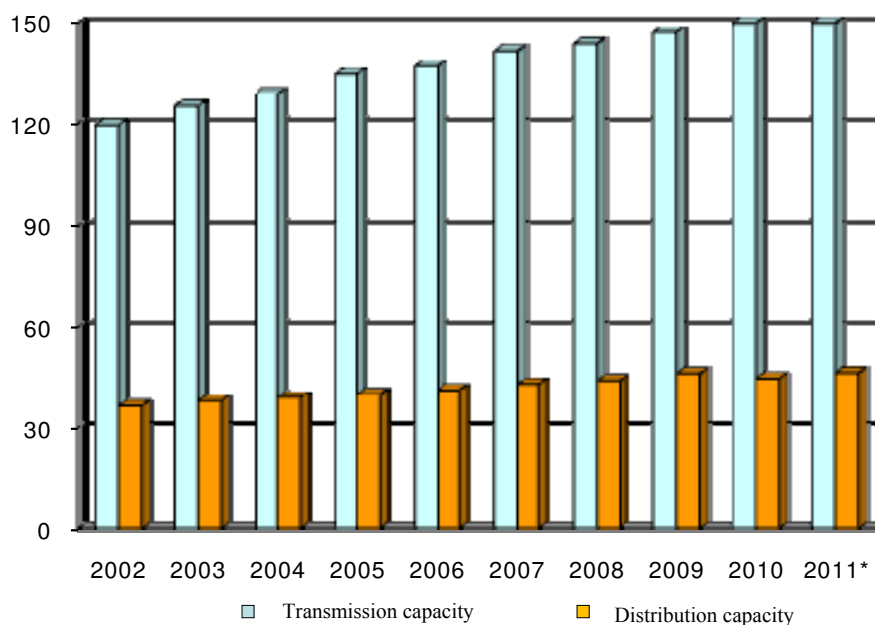
Electric power is generated in our facilities, as well as by IPPs, and made available to consumers after being transformed, transmitted and distributed. Transformation is the process by which the current and voltage of electricity is converted to a form suitable for transmission or distribution. This process is carried out by our network of electrical transmission and distribution substations, which has grown in size and capacity in parallel with the growth of our transmission and distribution networks. As of September 30, 2011, CFE's transformation capacity was 202.3 GVA, of which 77.3% related to transmission sub-stations and 22.7% related to distribution sub-stations.

Transmission is the process by which electrical power is carried from electrical generators to distribution substations. Our transmission network consists of a network of power lines with capacities ranging from 161 to 400 kV. As of September 30, 2011, the transmission network was 50,295 kilometers (31,252 miles) long.

Our distribution network, which is responsible for delivering electricity to our customers throughout Mexico, is comprised of sub-transmission lines with voltage levels of 138, 115, 85 and 69 kV and a web of distribution lines with voltage levels of 34.5, 23, 13.8, 6.6, 4.16 and 2.4 kV.

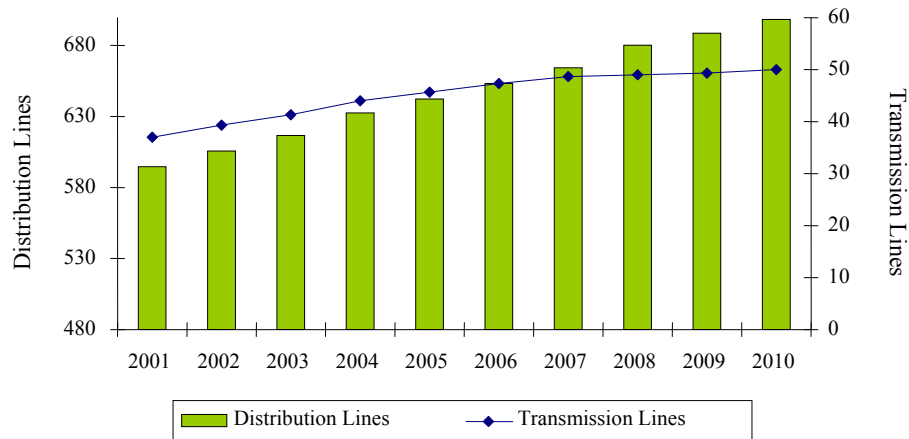
As of September 30, 2011, CFE had a total of 705,500 kilometers (438,382 miles) of sub-transmission and distribution lines. Including transmission, sub-transmission and distribution lines, our transmission and distribution network is 755,795 kilometers (469,634 miles) long.

**Capacity of Transmission and Distribution Substations
(GVA)**



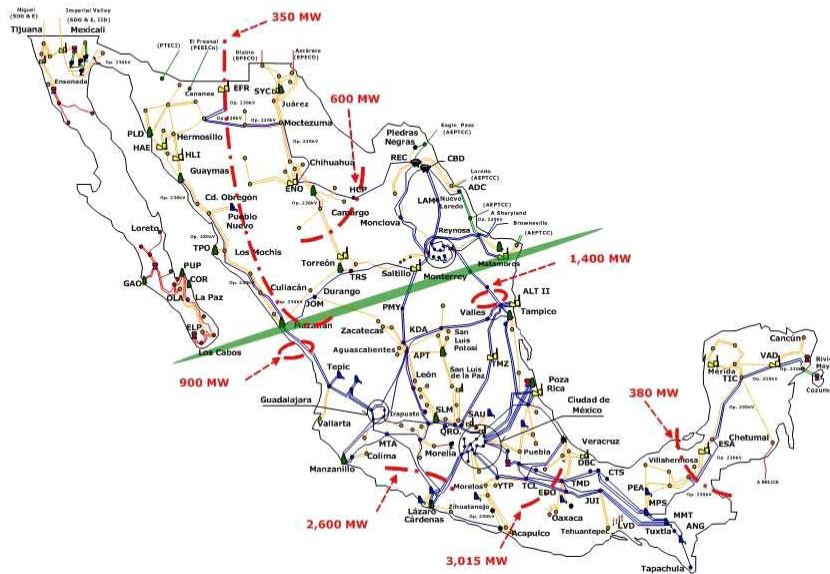
*As of September 30, 2011.
Source: CFE.

Length of Transmission and Distribution Lines (thousands of kilometers)



Source: CFE.

The following map shows the geographic distribution of our transmission and sub-transmission network.



Source: CFE.

Fiber Optic Network

As of September 30, 2011, CFE had a total of 34,590 kilometers (21,493 miles) of a national fiber optic network, which is comprised of an intermodal network of 27,586 kilometers (17,141 miles) and an access network and local access of 7,003 kilometers (4,351 miles), developed to increase the safety and reliability of the electricity network. This fiber optic network facilitates the application of long-term solutions for technical and administrative

communications involving voice, data and video, among others, gradually replacing the telecommunications services currently provided by third parties.

In order to maximize the use of our fiber optic network, and given that we have the capacity to provide services to third parties, we obtained in November 2006 a concession from SCT in order to provide a public telecommunications network in 71 regions within Mexico for an initial term of 15 years, which term may be renewed. To achieve an adequate operation of the fiber optic network, our Board of Directors authorized modifications in our internal structure to create two additional units, the Fiber Optics Unit, engaged in the operation and maintenance of the fiber optic network, and the CFE Telecom Unit, engaged in the marketing of services authorized by the SCT.

During 2010 and 2011, we focused on increasing the quality and efficiency of our fiber optic network, and as a result, increased our fiber optic customer base among independent telecommunication operators and institutional customers. As of September 30, 2011, CFE had entered into 90 contracts with 62 companies.

Service Quality

During the past several years, the Mexican government has implemented various programs in an effort to modernize CFE. Currently, through the Program for Corporate Transformation developed by our *Dirección de Modernización y Cambio* (Department of Modernization and Change), all of our operational units are evaluated by simulating their performance under a competitive environment. This practice allows us to identify our strengths and weaknesses, and to set benchmarks for productivity, competitiveness and technology programs, including the reduction of energy losses, the establishment of quality indicators and the implementation of pricing and maintenance programs. Our energy savings programs consist of efforts to promote replacement of high-consumption appliances and air conditioning units as well as internal programs for energy savings in generation plants and the creation of incentives for customers to use energy-friendly equipment.

Our quality indicators show a steady improvement over the past years. Increases in service quality are due to our commitment and effective measures undertaken by management to transform CFE into a world class company. Since 2004 all of our processes and work centers are certified under the ISO 9000 rules. CFE has been awarded the *Premio Nacional de Calidad* (National Quality Award) eight times, which award is given by the Mexican government for continued improvement in quality indicators. We have also been awarded the *Premio Iberoamericano de la Calidad* (Iberoamerican Quality Award) on four occasions, the *Reconocimiento Innova* (Innova Award) and the *Premio Intragob* (Intragob Award).

The following table sets forth the primary indicators on which we rely to evaluate the quality of the services we provide.

Service Indicators	2006	2007	2008	2009	2010	2011*
Service Quality						
Connection lead-time for new user (days)	1.3	1.0	1.0	1.8	1.0	0.8
Fulfillment of service commitments (%)	92.0	94.4	94.9	96.2	97.2	96.3
Receipt of non-conforming electricity (for every 1,000 users per month)	5.0	5.4	5.2	4.5	4.5	4.5
Quality of Electric Power Supply						
Outage time per user (minutes per year)	79	84	79	71	60	35
Population with access to electric power (%)	97.0	97.3	97.3	96.8	97.8	97.8
Operation and Productivity						
Gross generation (TWh), including IPPs	162.5	157.5	157.2	154.1	163.1	130.7
Users per operations worker	372	381	392	402	417.9	414.9
Collection accuracy (%)	101.4	99.7	99.5	99.8	99.2	N/A
ISO 9001 certified work centers	472	471	466	467	447	452

*Through September 30, 2011.

Source: CFE.

Client Base and Demand

Since CFE's inception in 1937, Mexico's population has quintupled in size, growing to over 112 million inhabitants at December 31, 2010. This population growth has been accompanied by a significant increase in the demand for electric energy. As the sole provider of electricity to the Mexican public (aside from LFC, which was dissolved in 2009), we have responded to this increase in electricity demand by increasing our generation, transmission and distribution capabilities (including by taking over the operation, but not the ownership, of LFC's former transmission and distribution facilities in the Mexico City metropolitan area). The following table sets forth CFE's response to population growth in Mexico during the last 40 years.

	As of December 31,					
	1970	1980	1990	2000	2010	2011*
Population of Mexico (millions of people)	48.2	66.8	81.8	97.5	112.3	112.3
Number of CFE customer accounts (millions)	4.88	6.84	11.95	18.68	34.2	35.2
Total installed capacity of CFE (MW)	5,401	13,692	24,442	35,869	51,611	51,180

*As of September 30, 2011.

Source: CFE.

At the current rate of population growth, we estimate a compound annual growth rate in electricity demand of 3.7%, in consumption of 3.6% and in sales of 4.5%, for the period of 2011-2025. We provide electricity to over 100 million people in Mexico, and as of September 30, 2011, we had 35.2 million customer accounts. During the past six years (2007-2011), our client base has grown by 4.4% per year. We classify our customers into five categories: residential, commercial, agricultural, service and large industry. As of September 30, 2011, CFE's customer base consisted of 88.4% residential accounts and 10.0% commercial accounts, with the remainder of our accounts attributed to agricultural, industrial and service-related customers. The following table sets forth a customer breakdown per sector as of December 31, 2006 through 2010 and as of September 30, 2011.

	As of December 31,					
Customer breakdown by Sector	2006	2007	2008	2009	2010	2011*
Sector	Percentage of Customers					
Residential	88.0%	88.0%	88.1%	88.2%	88.3%	88.4%
Commercial	10.0%	10.2%	10.1%	10.0%	9.9%	10.0%
Agricultural	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%
Industrial	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
Services	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%

*As of September 30, 2011.

Source: CFE.

For the nine months ended September 30, 2011, 99.5% of our total electricity sales (by volume of KWh) were direct sales to customers in Mexico and the remaining 0.5% represented exports, mainly to Central America. Although the residential sector represented 88.4% of our customer base as of September 30, 2011, it constituted only 25.6% of our sales volume during the nine months then ended. Inversely, the industrial sector represented less than one percent of our customer base, but as of September 30, 2011, it accounted for 58.1% of our sales volume. The following table sets forth the percentage of our sales attributable to each sector that we service for the years ended December 31, 2006 through 2010 and for the nine months ended September 30, 2011.

Year Ended December 31,						
Sales breakdown by Sector	2006	2007	2008	2009	2010	Nine months ended September 30, 2011
Sectors	Percentage of Sales Volume (in KWh)					
Residential	24.7%	24.8%	25.3%	26.8%	25.5%	24.2%
High-consumption residential	1.4%	1.4%	1.3%	1.1%	1.5%	1.4%
Commercial	6.5%	6.3%	6.3%	6.4%	6.0%	6.7%
Agricultural	5.4%	5.2%	5.2%	6.1%	5.5%	5.6%
Industrial	58.8%	59.1%	58.5%	55.7%	57.8%	58.1%
Services	3.2%	3.2%	3.4%	4.0%	3.8%	4.0%

Source: CFE.

Pricing Strategy, Subsidies and Non-Tax Charges

The rates that we charge for electricity and our budget for operating costs are determined annually by the Mexican government based on our anticipated generation capabilities and long-term marginal costs, as well as other variables including the category and location of our customers and the time of day that the electricity is expected to be consumed. The Mexican government may set some or all of our electricity rates at levels below our operating costs in order to maintain the affordability of electricity, in particular with respect to our residential and agricultural customers. As a result, we rely on subsidies in the form of non-cash transfers from the Mexican government to compensate for any shortfall. During the summer months, the Mexican government increases the portion of these subsidies that relate to our residential customers located in regions of Mexico that experience extreme heat. This seasonal adjustment is designed to mitigate the financial burden arising from higher demand for electricity, in particular because of the increased use of air conditioners in these regions.

The non-cash transfers that we receive are offset by non-tax charges in amounts that are measured as a percentage (9% for 2009, 2010 and 2011) of our net fixed assets as of the end of the immediate preceding year. The following table sets forth the subsidies we received and the non-tax charges we incurred during 2008, 2009 and 2010, as well as the balance of such amounts, which has been applied to our results of operations for each respective year.

	Year Ended December 31,			
	2008	2009	2010	2010
	(in millions of pesos)			(in millions of dollars)
Subsidies	Ps. 77,012	Ps. 98,339	Ps. 89,936	U.S.\$ 6,517
Non-tax charges.....	(55,767)	(55,485)	(55,749)	(4,040)
Balance	Ps. 21,244	Ps. 42,854	Ps. 34,187	U.S.\$ 2,477

Source: CFE.

To mitigate our exposure to rising fuel prices, the electricity rates that we charge our industrial, commercial and high-consumption residential customers, which account for approximately 72.9% of our revenues, adjust on a monthly basis pursuant to a formula that accounts for changes in fuel costs. The formula, which is set forth below, provides us with a weighted average of the monthly changes in prices of each of the five hydrocarbon-based fuels on which we rely. We then either increase or decrease the electricity rates for our industrial, commercial and high-consumption residential customers from the previous month by the weighted average determined from this formula.

$$ICC_m = \sum_{c=1}^5 \alpha_c \times P_{c,m}$$

where,

ICC = fuel costs index

m = month subject to price adjustment

α = the multiplier used for each fuel (as set forth below)

Fuel oil	= 0.0713
Natural Gas	= 1.0975
Diesel	= 0.0022
Imported Coal	= 0.1939
Domestic Coal	= 0.2547

c = each of the five fuels subject to monthly adjustment

$P_{c,m}$ = price for each fuel (excluding value added tax) for the month immediately preceding the period subject to adjustment

Furthermore, to mitigate our exposure to inflation, the electricity rates charged to our residential (except for high-consumption residential), agricultural and public lighting customers and for the pumping of drinking and sewage water, which are not subject to the adjustment for fuel prices, adjust on a monthly basis by a fixed amount determined by the Ministry of Finance.

The following table sets forth, for the years indicated, (i) the annual average price of electricity that we charge our customers (measured in pesos per kWh) and (ii) the percentage change in the annual average price of electricity that we charge our customers.

Historic Price Trends		
Year	Annual Average Price of Electricity Ps/kWh	Percentage Change in Annual Average Price (as compared to the immediately preceding year)
2006	1.10	7.3%
2007	1.13	2.7%
2008	1.31	15.9%
2009	1.14	(13%)
2010	1.32	15.8%
2011*	1.40	6.1%

*Through September 30, 2011.

Source: CFE.

Billing and Collection

Our billing and collection practices are governed by the *Manual de Disposiciones Relativas al Suministro y Venta de Energía Eléctrica Destinada al Servicio Público* (Rules for the Distribution and Sale of Electricity to the Public, the “Billing Rules”). Under the Billing Rules, customers have 10 calendar days to pay for electricity bills after receipt of the corresponding invoice. However, if we deliver an invoice late, the applicable payment period is extended accordingly.

We may suspend the supply of electricity to a customer pursuant to article 26 of the Electricity Law if any of the following occurs: (i) late payment; (ii) tampering with measurement or control installations; (iii) non-compliance of our installations with technical regulations; (iv) violations of electricity supply contracts with respect to the use of electricity; (v) consumption of electricity without a contract; and (vi) connection to our service without our previous authorization. Upon the occurrence of any of the above, we may proceed to cancel service without judicial intervention. If any of the events described under (i), (iii) or (iv) above occur, we are required to notify customers before suspending their service.

We may terminate the supply of electricity pursuant to article 34 of the Electricity Law if any of the following occurs: (i) upon request by a customer; (ii) upon a change in a customer's business that result in tariff adjustments; (iii) upon the change in the owner or lessee of a property or business, and (iv) upon the failure to cure any payment default during the 15 days after service is suspended.

We may agree to modify the terms of payment when customers are unable to pay amounts owed to us but have agreed to such amounts. Among the modifications that we may agree to are: (i) the payment of 25% of the aggregate amount owed to us upon execution of an agreement modifying the terms of payment; (ii) the establishment of a monthly payment plan; (iii) the charging of interest on amounts owed (at a rate of the *Tasa Interbancaria de Equilibrio* (TIE) plus a margin approved by us); and (iv) the acceleration of the aggregate amount owed to us upon the failure to make a monthly payment.

Labor

As of September 30, 2011, we had 95,770 employees (including temporary employees), as compared to 93,329 employees as of December 31, 2010. As of September 30, 2011, approximately 79.6% of our employees were unionized under the SUTERM labor union and the remainder were not unionized. SUTERM leaders currently support our private investment initiatives on the condition we remain a decentralized public entity of the Mexican government. We have never experienced a labor-related work stoppage or strike, and we consider our overall relationship with our unionized employees to be stable. The average tenure of our full-time employees (union and non-union) is 15 years.

The following table sets forth the breakdown of our labor force between unionized and non-unionized employees for the years indicated.

Employees*	As of December 31,					As of
	2006	2007	2008	2009	2010	September 30, 2011
Non-unionized employees	16,627	16,591	16,603	16,575	19,084	19,515
Unionized employees	62,801	61,919	63,058	63,909	74,245	76,255
Total active employees	79,428	78,510	79,661	80,484	93,329	95,770

*Includes temporary employees.

Source: CFE.

The increase in our labor force between 2009 and 2010 (approximately 16%) was the result of our increased labor needs in Mexico City and the surrounding areas. See “—Luz y Fuerza del Centro.” Upon the dissolution of LFC in October of 2009, we hired approximately 12,845 employees, a portion of which were former employees of LFC, either as temporary or full-time workers, to support our new customers in Mexico City and the surrounding areas.

In 2008, as a result of our collective bargaining negotiations with SUTERM, we entered into a new “defined contribution” employee benefits program, wherein we have agreed to establish individual retirement accounts for each employee that we hire after August 18, 2008. As currently set forth in the collective bargaining agreement with SUTERM, employees subject to the defined contribution plan are required to contribute 5% of their monthly salary into their individual retirement account, and we provide a corresponding contribution in the amount of 7.5% of each employee's monthly salary (although these percentages are subject to change in accordance with terms of the collective bargaining agreement). This new program replaces our previous defined benefits plan, which entitled our employees to certain retirement benefits, including a pension and health insurance, which were allocated to our retired employees in amounts that corresponded, in large part, to their years of service and seniority level at CFE. The new defined contribution plan does not apply retroactively to our employees that were employed as of or prior to August 18, 2008, nor does it apply to temporary employees. As of September 30, 2011, our obligations in respect of employee benefits for employees that were employed as of or prior to August 18, 2008 represented approximately 47.9% of our total liabilities. See “Risk Factors—Risk Factors Related to CFE—Labor unrest may adversely affect our business, financial condition and results of operations.”

Environmental and Sustainability Matters

We are subject to a broad range of environmental laws and regulations, including the *Ley General del Equilibrio Ecológico y la Protección al Ambiente* (General Law of Ecological Balance and Environmental Protection), which is the principal environmental law in Mexico. These laws and regulations impose stringent environmental protection standards regarding, among other things, water usage, air and noise emissions, contamination control, wastewater discharges, the use and handling of hazardous waste or materials and waste disposal practices. These standards expose us to the risk of environmental costs and liabilities; however, we believe that we are in substantial compliance with all environmental laws applicable to us.

In addition to environmental laws and regulations applicable to our operations, Article 36 of the Electricity Law, as amended in June 2011, requires that we utilize the electricity production technologies that result in the lowest cost to us, on both a short-term and a long-term basis, after considering the environmental effects of each technology. We are also required to use the electricity production technologies that offer optimum stability, quality and safety of the public service we provide. This mandate is consistent with our longer-term strategy to focus on clean energy as we expand our generation capacity.

To maintain compliance with and mitigate our risk under the Mexican environmental legal and regulatory framework, we maintain an environmental policy program known as the Institutional Program for the *Programa Institucional para la Competitividad y la Sustentabilidad de la Comisión Federal de Electricidad* (Competitiveness and Sustainability of the Comisión Federal de Electricidad, or “PICS”), designed primarily to reduce the environmental impact and increase the efficiency of our operations, increase the use of alternative fuels and promote energy savings programs. To satisfy these objectives, PICS focuses on plant modernizations, emissions controls, the construction of water treatment plants and programs to promote the use of clean energy and increase the efficiency of fossil fuel-based plants, each of which are consistent with the Mexican government’s *Programa Especial de Cambio Climático 2009-2012* (Special Climate Change Program for 2009-2012). Furthermore, PICS requires each participant in the bidding processes relating to the construction, maintenance and operation of power plants to prove their ability to perform these activities in compliance with all existing environmental rules and regulations and with CFE’s standards, which in some cases are more stringent than those in applicable environmental laws. Additionally, it requires winning bidders to perform an environmental impact study sanctioned by the *Procuraduría Federal de Protección al Ambiente* (Federal Environmental Protection Agency), which is part of the *Secretaría del Medio Ambiente y Recursos Naturales* (Ministry of Environment and Natural Resources).

A substantial majority of our plants were awarded a *Certificado de Industria Limpia* (Clean Industry Certificate), certifying that their operations are in full compliance with applicable environmental laws. We expect that all of our plants currently under construction will be awarded with a Clean Industry Certificate. Additionally, certain of our operations and processes in our different power plants have obtained ISO-9001, ISO 14000 and ISO 18000 certifications for environmental management systems.

We also maintain general and specific environmental liabilities insurance coverage, including insurance coverage for liabilities arising from nuclear accidents in compliance with Mexican rules and regulations and international conventions to which Mexico is a party.

General Regulatory Framework

As provided in articles 25, 27 and 28 of the Mexican Constitution, the generation, transmission and distribution of electricity, including electricity generated by nuclear power plants, are each considered activities of strategic concern to the Mexican government, and are therefore reserved exclusively to public-sector entities in which the Mexican government holds 100% of the equity and control rights. As a result, the ownership interests and control rights of CFE are held exclusively by the Mexican government. Because we are a public-sector entity, the Mexican government’s ownership interests in CFE is not represented by any shares of capital stock, but rather is granted by the Mexican Constitution and the Electricity Law. Therefore, as of September 30, 2011, we had no authorized or outstanding shares of capital stock. Similarly, we have not issued any debt securities that are convertible or exchangeable into shares of capital stock or warrants to acquire shares of capital stock.

The generation, transmission, and distribution of electricity in Mexico are regulated by the Electricity Law in effect since December 1975. According to Article 4 of the Electricity Law, we have the exclusive responsibility

for the planning and development of Mexico's electric power system, the generation, transformation and distribution of electric power and the financing and construction of required projects and facilities to fulfill our operations.

As a result of the 1992 amendments to Article 3 of the Electricity Law, private investment is allowed in the generation of electric power through independent generation, generation for self-consumption, co-generation and small-scale generation. See “—Private Participation in the Electricity Sector.” Transmission and distribution of electric power, however, remain exclusive activities of the Mexican government, through CFE.

As a decentralized public entity, we are subject to the existing legislation and regulations applicable to all decentralized public entities of the Mexican government. This regulation is contained in and derived from the *Ley Orgánica de la Administración Pública Federal* (Federal Public Administration Organic Law), which provides the general guidelines for public centralized and decentralized entities. Furthermore, our organization, operation and corporate governance are regulated by the Electricity Law and the *Ley Federal de Entidades Paraestatales* (Federal Public Sector Enterprises Law). Under the *Ley General de Bienes Nacionales* (National Property General Law), our assets used for the supply of electrical power are considered public property and thus are not subject to the general rights of creditors to attachment or foreclosure.

The establishment of our Board of Directors and the powers, attributions and responsibilities of this body and those of our *Director General* (General Director) are contained in the Electricity Law. Several *Secretarios de Estado* (cabinet ministers) are members of CFE's Board of Directors. Our access to financing is regulated by the *Ley General de Deuda Pública* (General Law of Public Debt, or “LGDP”). Under the LGDP, we require the Ministry of Finance's approval of any external indebtedness we incur. New internal indebtedness must be authorized by our Board of Directors, and we must inform the Ministry of Finance of this indebtedness. PIDIREGAS financings are also regulated by the LGDP and as such are subject to the Ministry of Finance approval. Any indebtedness (internal or external) we incur must be registered with the *Registro de las Obligaciones Financieras* (Financial Obligations Registry) maintained by the Ministry of Finance.

Our activities are also subject to Mexico's environmental laws and regulations. See “Comisión Federal de Electricidad—Environmental and Sustainability Matters” for a discussion of the environmental legal framework and our compliance efforts relating thereto.

We are not subject to the *Ley de Concursos Mercantiles* (Commercial Bankruptcy Act) and thus cannot be declared bankrupt (*concurso mercantil*). Under applicable Mexican law, we may be liquidated and dissolved when we cease to fulfill the purpose for which we were created or if our operations cease to be convenient for Mexican public finance or public interest. In such event, our liquidation and dissolution would be carried out pursuant to law or presidential decree, which would address the applicable rules and the manner in which our outstanding obligations would be met.

Under applicable laws and regulations, our annual budget must be authorized by our Board of Directors and then submitted to the Ministry of Finance for inclusion in the *Presupuesto de Egresos de la Federación* (“Federal Budget”) for the relevant fiscal year. The Federal Budget includes, among other items, provision for the payment of our operating costs and expenses and the payment of amounts due under our indebtedness. The provision must be approved by the Mexican Congress on a yearly basis.

Private Participation in the Electricity Sector

As of the date of this listing memorandum, the generation of electricity is the only sector of the Mexican electricity industry in which the private sector is permitted to participate. Most of the private sector participation in the generation of electricity occurs through IPPs.

Under the Electricity Law, IPPs are permitted to build, finance, operate and maintain electricity generation plants, provided that the plants meet certain quality and technical standards promulgated by the Ministry of Energy in Mexico. The electricity generated by IPPs must, under the Electricity Law, be sold to CFE under long-term generation agreements at fixed prices. As of September 30, 2011, CFE was under contract to purchase electricity from 22 IPPs.

Under the Electricity Law, private companies may also make the following investments in the electricity generation sector:

- *Self-supply* – the generation of electrical energy by a private company in quantities limited to its own consumption requirements;
- *Co-generation* – the simultaneous production of electrical energy and heat, where the resulting heat is captured and used for heating purposes;
- *Independent production for export* – the generation of electrical energy by a private producer that has obtained a permit from the *Comisión Reguladora de Energía* (Energy Commission Regulator, or “CRE”), which energy must be used exclusively for export;
- *Minor production* – the self-supply of small rural communities or remote areas lacking in sufficient electrical energy services from us, with a maximum total capacity of 1 MW;
- *Importation* – the CRE may grant permits to private companies that allow them to acquire electrical energy from foreign generation plants pursuant to agreements entered into directly between the foreign supplier and such private companies.

Litigation

Legal and Administrative Proceedings

In the ordinary course of our business, we are party to various labor-related lawsuits filed against us by current and past employees. As of September 30, 2011, we had established a provision of Ps. 4,012.8 million for our estimated liability in respect of these lawsuits, which provision is based on the trend of labor-related lawsuits resolved in the last five years. We do not believe that the resolution of these lawsuits will have a material adverse effect on our financial condition or results of operations.

Furthermore, in the ordinary course of our business, we are party to various criminal, tax, civil, commercial, administrative and agricultural lawsuits and arbitration proceedings. We believe that some of these proceedings may be relevant; however, given the different stages of such proceedings, we are not yet able to assess whether they would have a material adverse effect on our financial condition or results of operations.

For more information on our legal and administrative proceedings, see Note 15 to our audited financial statements as of and for the years ended December 31, 2010 and 2009 included herein.

Other Investigations

On May 10, 2011, the president and vice president of Lindsey Manufacturing, a U.S. company that manufactures emergency equipment for utilities, were found guilty by a federal jury of bribing certain former officers of CFE in violation of the U.S. Foreign Corrupt Practices Act (“FCPA”). On December 1, 2011, the U.S. District Court for the Central District of California vacated the convictions and dismissed the case on grounds of prosecutorial misconduct. The U.S. Department of Justice (the “DOJ”) has appealed the District Court’s dismissal.

At trial, the DOJ claimed that the defendants retained the services of two sales agencies in Mexico that had close ties to senior officers of CFE, and that the defendants agreed to pay the director of these two sales agencies a 30% commission on sales to CFE, knowing that all or a portion of the money would be used to pay bribes to CFE officers in return for manufacturing contracts. According to the indictment, the former CFE officers implicated by the indictment allegedly accepted a variety of cash payments and other gifts.

Each of the former CFE officers has resigned from CFE as a result of the allegations, and they are each currently the subject of an investigation in Mexico by the *Secretaría de la Función Pública* (“Ministry of Public Function”), a Mexican government agency that is independent of CFE.

On November 2010, CFE filed a civil claim against Lindsey Manufacturing before the Fifth Civil Court of Mexico D.F. for U.S.\$ 5.8 million in damages sustained by CFE from the actions alleged in the U.S. civil proceeding. The defendant has not yet answered the claim before the Mexican courts.

CFE officers have also been implicated in FCPA litigation in the U.S. District Court for the Southern District of Texas. On November 23, 2009, the former general manager of a Texas-based subsidiary of ABB Ltd, a Swiss company, was arrested for certain FCPA violations, including the payment of bribes to former CFE officers, and he was later indicted by the DOJ. The trial is currently ongoing. Each of the former CFE officers has resigned from CFE as a result of the allegations, and they are each currently the subject of an investigation in Mexico by the Ministry of Public Function.

UNITED MEXICAN STATES

The information in this section with regard to Mexico has been included due to CFE's relationship with the Mexican government and has been reviewed by the Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit).

Form of Government

The President is the chief of the executive branch of the Mexican government. On September 5, 2006, the *Tribunal Electoral del Poder Judicial de la Federación* (the federal electoral court) officially validated the results of the presidential election held in Mexico on July 2, 2006 and declared Felipe de Jesús Calderón Hinojosa, a member of the *Partido Acción Nacional* (National Action Party, "PAN"), President-elect. President Calderón took office on December 1, 2006 and his term expires on November 30, 2012. The Mexican Constitution limits the President to one six-year term and does not allow reelection for any additional terms. The next presidential election will occur on July 1, 2012.

The *Partido Revolucionario Institucional* (Institutional Revolutionary Party, "PRI") was the dominant political party in Mexico for more than seven decades. From 1929 to 1994, the PRI won all presidential elections, and from 1929 until July 1997, the PRI held a majority of the seats in both chambers of the Mexican Congress. Until 1989, the PRI also won all of the state gubernatorial elections. However, in July 2000, the candidate of the *Alianza por el Cambio* (Alliance for Change), a coalition between the PAN, the oldest opposition party in Mexico, and the *Partido Verde Ecologista de México* (Ecological Green Party of Mexico), won the presidential election. The PAN currently holds eight state governorships, the *Partido de la Revolución Democrática* (Democratic Revolution Party, "PRD") holds three state governorships and the governorship of the Federal District, the *Coalición Por el Bien de Todos* (Coalition for the Wellbeing of Everyone), an alliance formed by PRD, the *Partido del Trabajo* (Labor Party) and the *Convergencia* (Convergence Party), holds one state governorship. The PRI holds the remaining 19 of 31 state governorships.

Legislative authority is vested in the Mexican Congress, which is composed of the *Cámara de Senadores* (Senate) and the *Cámara de Diputados* (Chamber of Representatives). Senators serve a six-year term, deputies serve a three-year term and neither may serve consecutive terms in the same chamber. The Senate is composed of 128 members, 96 of whom are elected directly while the other 32 are elected through a system of proportional representation. The Chamber of Representatives is composed of 500 members, 300 of whom are elected directly by national electoral districts and 200 of whom are elected through a system of proportional representation that allocates those seats to political party representatives based on the proportion of the votes cast for those parties that receive at least 2.0% of the national vote. The Mexican Constitution provides that the President may veto bills and that the Mexican Congress may override such vetoes with a two-thirds majority vote of each chamber.

In the congressional election held on July 5, 2009, the seats in the Chamber of Representatives were up for election. The members of the Senate were elected on July 2, 2006. The following table provides the current distribution of congressional seats, reflecting certain post-election changes in the party affiliations of certain Senators and Representatives.

Party Representation in the Mexican Congress

	Senate		Chamber of Representatives	
	Seats	% of Total	Seats	% of Total
National Action Party	50	39.1%	142	28.4%
Institutional Revolutionary Party	33	25.8	239	47.9
Democratic Revolution Party	24	18.8	68	13.8
Ecological Green Party of Mexico	7	5.5	23	4.6
Convergence Party	5	3.9	6	1.2
Labor Party	5	3.9	13	2.6
New Alliance	0	0.0	7	1.4
Unaffiliated	4	3.1	1	0.2
Total	128	100.0%	500	100.0%

Note: Numbers may not total due to rounding.

Source: Senate and Chamber of Representatives.

The Economy

Program for Growth and Employment

The *Programa para Impulsar el Crecimiento y el Empleo* ("Program for the Promotion of Growth and Employment"), announced on October 8, 2008, was intended to mitigate the impact of the deterioration of the international economic environment on the Mexican economy. In creating this program, the Mexican government expected that the extreme contraction of liquidity in the international financial markets and equity, debt and foreign exchange market volatility, as well as the economic recessions experienced by Mexico's trading partners, were likely to have adverse effects on the Mexican economy, including:

- a decrease in exports, remittances, tourism revenues and foreign direct investment inflows;
- reduced availability of credit, as financial intermediaries adopted more conservative lending policies, thereby diminishing access to foreign credit; and
- lower oil prices, leading to decreased public sector revenues.

The specific goals of the Program for the Promotion of Growth and Employment were to:

- compensate for the expected lower government revenues, which would ordinarily require a reduction in programmable expenditures;
- stimulate economic activity and create jobs through a variety of infrastructure projects aimed at specific sectors such as education, housing and highways;
- increase the availability of financing and credit, for financing infrastructure and for supporting small- and medium-sized firms, through the Mexican development banks; and
- foster long-term economic growth.

Gross Domestic Product

According to preliminary figures, Mexico's GDP decreased by 6.1% in real terms during 2009, as compared to 2008. Global economic activity began to recover beginning in the second half of 2009, after a deep contraction observed in the previous six months. The recovery was driven by fiscal and monetary stimulus programs implemented in many advanced economies and in some emerging market countries, as well as the several measures taken to stabilize the operation of the international financial system. During 2009, the public administration sector increased by 4.6%; the utilities sector increased by 2.0%; the information sector increased by 0.8%; the health care and social assistance sector increased by 0.8% and the education services sector increased by

0.5%, each in real terms as compared to 2008. In contrast, the wholesale and retail trade sector decreased by 14.1%; the manufacturing sector decreased by 9.8%; the management of companies and enterprises sector decreased by 8.1%; the accommodation and food services sector decreased by 7.7%; the finance and insurance sector decreased by 6.6%; the transportation and warehousing sector decreased by 6.5%; the construction sector decreased by 6.4%; the professional, scientific and technical services sector decreased by 5.1%; the administrative support, waste management and remediation services sector decreased by 4.8%; the arts, entertainment and recreation sector decreased by 4.6%; the mining sector decreased by 2.4%; the agriculture, forestry, fishing and hunting sector decreased by 2.0%; the real estate, rental and leasing sector decreased by 1.0% and the other services (except public administration) sector decreased by 0.7%, each in real terms as compared to 2008.

According to preliminary figures, Mexico's GDP increased by 5.4% in real terms during 2010, as compared with 2009, as a result of the positive impact of increased external demand on the manufacturing and services sectors. The agriculture, forestry, fishing and hunting sector grew by 3.3%; the mining sector grew by 2.2%; the utilities sector grew by 2.4%; the construction sector remained unchanged; the manufacturing sector grew by 9.9%; the wholesale and retail trade sector grew by 13.3%; the transportation and warehousing sector grew by 6.4%; the information sector grew by 5.6%; the finance and insurance sector grew by 2.7%; the real estate, rental and leasing sector grew by 1.7%; management of companies and enterprises grew by 2.0%; administrative and support and waste management and remediation services grew by 1.4%; education services grew by 3.0%; arts, entertainment and recreation grew by 1.9%; accommodation and food services grew by 3.8%; other services (except public administration) grew by 0.6%; and public administration grew by 4.4%, each in real terms as compared to 2009. However, professional, scientific and technical services decreased by 3.0% and health care and social assistance decreased by 1.7%, each in real terms as compared to 2009.

According to preliminary figures, GDP grew by 4.0% in real terms during the first nine months of 2011, as compared to the same period of 2010. The utilities sector grew by 6.8%; the construction sector grew by 4.8%; the manufacturing sector grew by 5.6%; the wholesale and retail trade sector grew by 8.3%; the transportation and warehousing sector grew by 3.5%; the information sector grew by 7.0%; the finance and insurance sector grew by 3.7%; the real estate, rental and leasing sector grew by 2.0%; professional, scientific and technical services grew by 5.4%; management of companies and enterprises grew by 5.0%; administrative and support and waste management and remediation services grew by 4.3%; education services grew by 1.5%; health care and social assistance grew by 1.9%; arts, entertainment and recreation grew by 6.4%; accommodation and food services grew by 2.0%; and other services (except public administration) grew by 4.0%, each in real terms as compared to the first nine months of 2010. However, the agriculture, forestry, fishing and hunting sector decreased by 0.1%; the mining sector decreased by 3.1%; and public administration decreased by 1.6%, each in real terms as compared to the first nine months of 2010.

The following table sets forth the change in Mexico's real GDP by sector for the periods indicated.

Real GDP Growth by Sector (% change against prior year)⁽¹⁾

	2006	2007	2008	2009	2010	First Nine Months of 2011 ⁽²⁾
GDP (constant 2003 prices)	5.2%	3.3%	1.2%	(6.1)%	5.4%	4.0%
Primary Activities:						
Agriculture, forestry, fishing and hunting	6.3	2.3	1.2	(2.2)	3.3	(0.1)
Secondary Activities:						
Mining	1.4	(0.2)	(1.7)	(2.9)	2.2	(3.1)
Utilities	12.2	3.7	(2.3)	2.0	2.4	6.8
Construction	7.8	4.4	3.1	(7.3)	0.0	4.8
Manufacturing	5.9	1.7	(0.7)	(9.8)	9.9	5.6
Tertiary activities:						
Wholesale and retail trade	6.5	5.0	0.9	(14.1)	13.3	8.3
Transportation and warehousing	5.8	3.7	0.0	(6.5)	6.4	3.5
Information	10.7	11.6	8.0	0.8	5.6	7.0
Finance and insurance	16.3	13.9	12.8	(4.5)	2.7	3.7
Real estate, rental and leasing	4.1	3.1	3.0	(1.6)	1.7	2.0
Professional, scientific and technical services	3.0	3.1	3.0	(5.1)	(3.0)	5.4
Management of companies and enterprises	20.1	(3.0)	14.0	(8.1)	2.0	5.0
Administrative support, waste management and remediation services	3.7	3.1	1.6	(4.8)	1.4	4.3
Education services	0.1	1.9	0.8	0.5	3.0	1.5
Health care and social assistance	7.8	2.5	(1.5)	0.8	(1.7)	1.9
Arts, entertainment and recreation	2.3	3.1	1.5	(4.6)	1.9	6.4
Accommodation and food services	1.6	2.6	0.9	(7.7)	3.8	2.0
Other services (except public administration)	3.3	3.9	0.7	(1.1)	0.6	4.0
Public administration	0.1	1.7	1.1	4.8	4.4	(1.6)

Note: Numbers may not total due to rounding.

(1) Preliminary. These figures are subject to periodic revision.

(2) First nine months of 2011 as compared to the same period of 2010.

Source: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Prices and Wages

Consumer inflation (as measured by the change in the national consumer price index, or “NCPI”) during 2009 was 3.6%, 0.3 percentage points higher than inflation as estimated in the budget for that year and 3.0 percentage points lower than during 2008. Inflation in 2009 followed a downward trend, due to relatively low economic activity and an environment characterized by the absence of demand pressures.

Consumer inflation for the year ended December 31, 2010 was 4.4%, 1.1 percentage points higher than inflation as estimated in the budget for that year and 0.8 percentage points higher than during 2009. Inflation in 2010 was higher than the amount estimated in the budget for that year due to (1) the appreciation of the Mexican peso against the U.S. dollar; (2) a positive output gap (which occurs when the growth of aggregate demand exceeds the growth of aggregate supply); and (3) moderate wage increases, among other factors.

Consumer inflation for the year ended December 31, 2011 was 3.8%, 0.6 percentage points lower than during 2010.

Interest Rates

During 2009, interest rates on 28-day *Cetes* averaged 5.4% and interest rates on 91-day *Cetes* averaged 5.5%, as compared to average rates on 28-day *Cetes* of 7.7% and on 91-day *Cetes* of 7.9% during 2008. These

decreases in interest rates were primarily due to several reductions by *Banco de México* of the minimum overnight funding rate during the first seven months of 2009.

During 2010, interest rates on 28-day *Cetes* averaged 4.4% and interest rates on 91-day *Cetes* averaged 4.6%, as compared to average rates on 28-day *Cetes* of 5.4% and on 91-day *Cetes* of 5.5% during 2009.

During 2011, interest rates on 28-day *Cetes* averaged 4.2% and interest rates on 91-day *Cetes* averaged 4.4%, as compared to average rates on 28-day *Cetes* of 4.4% and on 91-day *Cetes* of 4.6% during 2010. On January 12, 2012, the 28-day *Cetes* rate was 4.3% and the 91-day *Cetes* rate was 4.4%.

Financial System

2010 and 2011 Monetary Programs

Consistent with Mexico's monetary program for 2010, Mexico's monetary program for 2011 has as its principal objective the achievement of an inflation rate not higher than 3.0% (+/-1.0%) by the end of 2011. Mexico's monetary programs for 2010 and 2011 were comprised of the following elements:

- the announcement of an explicit, multi-year plan to control inflation;
- a systematic analysis of the economy and inflationary pressures;
- a description of the instruments used by *Banco de México* to achieve its objectives; and
- a policy of communication that promotes transparency, credibility and effective monetary policy.

During 2010, the M1 money supply (i.e., the sum of bills and coins held by the public, plus checking accounts denominated in local currency and foreign currency, plus interest-bearing deposits denominated in pesos and operated by debit cards, plus savings and loan deposits) increased by 8.8% in real terms, as compared with growth of 5.1% in real terms in 2009. This increase in growth was driven by a 6.9% increase in the amount of bills and coins held by the public and a 16.1% increase in checking account deposits denominated in pesos.

As of November 30, 2011, the M1 money supply was 12.6% greater in real terms, as compared to the level as of November 30, 2010. The amount of bills and coins held by the public as of November 30, 2011 was 7.0% greater in real terms than as of November 30, 2010, while the aggregate amount of checking account deposits denominated in pesos as of November 30, 2011 was 18.3% greater in real terms than as of November 30, 2010.

Financial savings, defined as the difference between the monetary aggregate M4 and bills and coins held by the public, increased by 8.2% in real terms in 2010, as compared to 2.7% real growth in 2009. This growth was attributable to an increase in savings generated by non-residents of 83.4% and an increase in savings generated by Mexican residents of 3.2% in real terms in 2010.

As of November 30, 2011, financial savings were 11.5% greater in real terms than financial savings as of November 30, 2010. Savings generated by Mexican residents increased by 7.4% and savings generated by non-residents increased by 48.4%, in each case in real terms and as compared to their respective levels as of November 30, 2010.

As of December 31, 2010, the monetary base totaled Ps. 693.4 billion, a 9.7% increase in nominal terms from the level of Ps. 632.0 billion as of December 31, 2009. The net domestic credit of *Banco de México* registered a negative balance of Ps. 796.2 billion as of December 31, 2010, as compared to a negative balance of Ps. 672.9 billion as of the end of 2009. The 18.3% increase in the negative balance was primarily due to an increase in the net international assets of *Banco de México* that exceeded the increase in the monetary base during the year.

As of December 31, 2011, the monetary base totaled Ps. 763.5 billion, a 10.1% nominal increase from the level of Ps. 693.4 billion as of December 31, 2010. As of January 12, 2012, the monetary base totaled Ps. 744.0 billion, a 2.6% nominal decrease from the level of Ps. 763.5 billion at December 31, 2011.

The minimum overnight funding rate, which is *Banco de México's* primary monetary policy instrument, was reduced from 8.25% to 7.75% on January 16, 2009, to 7.50% on February 20, 2009, to 6.75% on March 20, 2009, to 6.00% on April 17, 2009, to 5.25% on May 15, 2009, to 4.75% on June 19, 2009 and to 4.50% on July 17, 2009. As of January 15, 2012, the minimum overnight funding rate remained at 4.50%.

Banking Supervision and Support

As of December 31, 2010, the total amount of past-due loans of commercial banks (excluding banks under government intervention and those in special situations) was Ps. 49.7 billion, as compared with Ps. 60.6 billion as of December 31, 2009. As of December 31, 2010, the total loan portfolio of the banking system was 3.4% greater in real terms than the total loan portfolio as of December 31, 2009. The past-due loan ratio of commercial banks was 2.3% as of December 31, 2010, as compared to a ratio of 3.1% as of December 31, 2009. The amount of loan loss reserves created by commercial banks (excluding banks under government intervention and those in special situations) totaled Ps. 99.4 billion as of December 31, 2010, as compared to Ps. 105.3 billion as of December 31, 2009. As a result, commercial banks had reserves covering 200.2% of their past-due loans as of December 31, 2010, exceeding the minimum reserve level of 45% required by the applicable accounting criteria.

As of September 30, 2011, the total amount of past-due loans of commercial banks was Ps. 68.4 billion, as compared to Ps. 49.7 billion as of December 31, 2010. As of September 30, 2011, the total loan portfolio of the banking system was 9.4% higher in real terms than the total loan portfolio as of December 31, 2010. The past-due loan ratio of commercial banks was 2.9% as of September 30, 2011, as compared to a ratio of 2.3% as of December 31, 2010. The amount of loan loss reserves held by commercial banks totaled Ps. 113.7 billion as of September 30, 2011, as compared to Ps. 99.4 billion as of December 31, 2010. At this level, commercial banks had reserves covering 166.3% of their past-due loans as of September 30, 2011, exceeding the minimum reserve level of 45%.

The Securities Market

The BMV is the only authorized stock exchange involved in the listing and trading of equity and debt securities in Mexico. Upon the consummation of the initial public offering of its shares on June 18, 2008, the BMV was transformed from a *sociedad anónima de capital variable* (private company) to a *sociedad anónima bursátil de capital variable* (public company). In connection with the initial public offering of shares, certain of the former stockholders of the BMV (banks and brokerage houses) created a control trust into which they deposited more than 50% of the issued and outstanding shares of the BMV, for purposes of voting such shares in the future as a single block. Both debt and equity securities are listed and traded on the BMV, including stocks and bonds of private sector corporations, equity certificates or shares issued by banks, commercial paper, bankers' acceptances, certificates of deposit, Mexican government debt and special hedging instruments linked to the dollar. Currently, institutional investors are the most active participants in the BMV, although retail investors also play a role in the market. The Mexican equity market is one of Latin America's largest in terms of market capitalization, but it remains relatively small and illiquid compared to major world markets.

The BMV publishes the *Índice de Precios y Cotizaciones* (Stock Market Index, "IPC") based on a group of the 35 most actively traded shares. As of December 31, 2010, the IPC stood at 38,550.8 points, representing a 20.0% nominal increase from the level of 32,120.5 points as of December 31, 2009. As of December 30, 2011, the IPC stood at 37,077.52 points, representing a 3.8% nominal decrease from the level as of December 31, 2010. As of January 16, 2012, the IPC stood at 36,916.16 points, representing a 0.4% nominal decrease from the level as of December 30, 2011.

External Sector of the Economy

Foreign Trade

During 2010, Mexico registered a trade deficit of U.S.\$ 3.0 billion, as compared with a trade deficit of U.S.\$ 4.7 billion for 2009. Merchandise exports increased by 29.9% during 2010, to U.S.\$ 298.5 billion, as compared to U.S.\$ 229.7 billion for 2009. During 2010, petroleum exports increased by 35.2% and non-petroleum exports increased by 29.1%, each as compared with the petroleum and non-petroleum export totals, respectively, during 2009. Exports of manufactured goods, which represented 82.3% of total merchandise exports, increased by 29.5% during 2010, as compared with exports of manufactured goods during 2009.

During 2010, total imports increased by 28.6% to U.S.\$ 301.5 billion, as compared to U.S.\$ 234.4 billion for 2009. During 2010, imports of intermediate goods increased by 34.5%, imports of capital goods decreased by 1.3% and imports of consumer goods increased by 26.2%, each as compared with 2009.

According to preliminary figures, during the first 11 months of 2011, Mexico registered a trade deficit of U.S.\$ 1.2 billion, as compared with a trade deficit of U.S.\$ 2.8 billion for the same period of 2010. Merchandise exports increased by 18.1% during the first 11 months of 2011 to U.S.\$ 320.5 billion, as compared to U.S.\$ 271.5 billion for the same period of 2010. During the first 11 months of 2011, petroleum exports increased by 38.0%, while non-petroleum exports increased by 14.9%, each as compared with the petroleum and non-petroleum export totals, respectively, in the same period of 2010. Exports of manufactured goods, which represented 79.8% of total merchandise exports, increased by 14.1% during the first 11 months of 2011, as compared with exports of manufactured goods during the same period of 2010.

According to preliminary figures, during the first 11 months of 2011, total imports increased by 17.3%, to U.S.\$ 321.7 billion, as compared to U.S.\$ 274.4 billion for the same period of 2010. During the first 11 months of 2011, imports of intermediate goods increased by 15.6%, imports of capital goods increased by 15.9% and imports of consumer goods increased by 27.8%, in each case as compared to the same period of 2010.

Balance of International Payments

During 2010, Mexico's current account registered a deficit of 0.5% of GDP, or U.S.\$ 5.7 billion, as compared to a deficit of U.S.\$ 6.4 billion in 2009. The capital account registered a U.S.\$ 36.7 billion surplus in 2010, as compared with a U.S.\$ 19.2 billion surplus registered in 2009, primarily due to increased foreign investment inflows to Mexico, which resulted from: (i) increased liquidity in the international financial markets; and (ii) the inclusion of Mexican government long-term bonds in the Citigroup World Government Bonds Index (WGBI) in October 2010, which led to increased foreign investment in the Mexican government's peso-denominated debt securities. Net foreign investment in Mexico as recorded in the balance of payments totaled U.S.\$ 43.4 billion during 2010, as compared to U.S.\$ 23.2 billion during 2009. Net foreign investment in Mexico was composed of foreign direct investment totaling U.S.\$ 19.6 billion and net foreign portfolio investment in-flows (including securities placed abroad) totaling U.S.\$ 23.8 billion during 2010, as compared to U.S.\$ 15.6 billion of foreign direct investment and U.S.\$ 7.6 billion of net portfolio investment during 2009.

According to preliminary figures, during the first nine months of 2011, Mexico's current account registered a deficit of 0.6% of GDP, or U.S.\$ 6.5 billion, as compared to a deficit of U.S.\$ 2.2 billion, or 0.2% of GDP, for the same period of 2010. The capital account registered a surplus of U.S.\$ 32.8 billion in the first nine months of 2011, as compared to a surplus of U.S.\$ 24.9 billion in the same period of 2010. Foreign investment in Mexico totaled U.S.\$ 33.8 billion during the first nine months of 2011, as compared to U.S.\$ 28.4 billion during the first nine months of 2010, and was composed of direct foreign investment inflows totaling U.S.\$ 13.4 billion and net foreign portfolio investment inflows (including securities placed abroad) totaling U.S.\$ 20.4 billion.

Foreign Direct Investment in Mexico

According to preliminary figures, during the year ended December 31, 2010, foreign direct investment in Mexico recorded with the *Registro Nacional de Inversiones Extranjeras* (National Foreign Investments Registry) totaled approximately U.S.\$ 19.6 billion, as compared with U.S.\$ 15.6 billion during 2009. Total accumulated foreign direct investment in Mexico registered with the National Foreign Investment Registry during the 2006-2010 period amounted to approximately U.S.\$ 110.1 billion. Of the total foreign direct investment accumulated during the 2006-2010 period, excluding securities, 43.6% was directed to manufacturing, 16.7% to financial services, 10.6% to real estate and rental services, 7.8% to mining, 7.6% to commerce, 3.8% to construction, 2.6% to mass media, 0.7% to transportation, 0.6% to electricity and water, 0.2% to agriculture, livestock, fishing and forestry, and 5.7% to other services. By country of origin, during 2010, 43.4% came from the United States (not including Puerto Rico), 19.3% from the Netherlands, 14.1% from Spain, 6.1% from Canada, 3.3% from the United Kingdom, 2.0% from Germany, 1.4% from Luxembourg, 1.5% from Switzerland, (0.4)% from Japan, 0.5% from Singapore and 8.7% from other countries.

Exchange Controls and Foreign Exchange Rates

Since December 22, 1994, the Mexican government has maintained a floating exchange rate policy, with *Banco de México* intervening in the foreign exchange market from time to time to minimize volatility and ensure an orderly market, as described below. The Mexican government has also promoted market-based mechanisms for stabilizing the exchange rate, such as over-the-counter forward and options contracts between banks and their clients in Mexico, and authorization of peso futures trading on the Chicago Mercantile Exchange. In addition, since October 1996, *Banco de México* has permitted foreign financial institutions to open peso-denominated accounts and to borrow and lend pesos (subject to general restrictions on conducting banking activities in Mexico).

During 2011, the average peso/dollar exchange rate was Ps. 12.4354 = U.S.\$ 1.00. The peso/U.S. dollar exchange rate announced by *Banco de México* on January 16, 2012 (which took effect on the second business day thereafter) was Ps. 13.5401 = U.S.\$ 1.00.

On February 22, 2010, the *Comisión de Cambios* (Foreign Exchange Commission) announced that it would conduct auctions of options, which would allow the holder of the option to sell dollars to *Banco de México*. This system is designed to allow Mexico to gradually accumulate international reserves without affecting the exchange rate.

Pursuant to the new auction policy and commencing in February 2010, *Banco de México* began conducting an auction on the last business day of each month, in which participating financial institutions can purchase options to sell dollars to *Banco de México*. These options remained exercisable on any day of the month immediately following the auction. The holders of these options were able to sell dollars to *Banco de México* at the *tipo de cambio interbancario de referencia* (reference interbank exchange rate, "FIX") as determined by *Banco de México* on the business day immediately prior to the exercise of the option, so long as the applicable rate did not exceed the observed average of the FIX over the 20 business days preceding the exercise date. The amount of options available for auction each month was U.S.\$ 600 million. On November 29, 2011, the Foreign Exchange Commission announced that, effective immediately, it was suspending temporarily this auction mechanism. From February 26, 2010 to November 30, 2011, *Banco de México* auctioned an aggregate of U.S.\$ 12.6 billion in options through this mechanism, and, as of November 30, 2011, *Banco de México* had purchased an aggregate of U.S.\$ 9.1 billion from holders upon the exercise of these options.

On November 29, 2011, the Foreign Exchange Commission announced that it was reactivating the policy under which *Banco de México* will conduct an auction of U.S.\$ 400 million on any day during which the depreciation of the peso exceeds 2%, as compared to the previous day's exchange rate, in order to maintain an orderly exchange market.

As of December 31, 2010, Mexico's international reserves totaled U.S.\$ 113.6 billion, an increase of U.S.\$ 22.8 billion as compared to international reserves as of December 31, 2009. The net international assets of *Banco de México* totaled U.S.\$ 120.6 billion as of December 31, 2010, an increase of U.S.\$ 20.8 billion as compared to net international assets as of December 31, 2009.

As of December 30, 2011, Mexico's international reserves totaled U.S.\$ 142.5 billion, an increase of U.S.\$ 28.9 billion as compared to international reserves as of December 31, 2010. As of December 31, 2011, the net international assets of *Banco de México* totaled U.S.\$ 149.2 billion, an increase of U.S.\$ 28.6 billion as compared to net international assets as of December 31, 2010.

As of January 6, 2012, Mexico's international reserves totaled U.S.\$ 144.1 billion, an increase of U.S.\$ 1.7 billion as compared to international reserves as of December 30, 2011. As of January 6, 2012, the net international assets of *Banco de México* totaled U.S.\$ 151.1 billion, an increase of U.S.\$ 1.8 billion as compared to net international assets as of December 31, 2011.

Public Finance

Fiscal Policy

A rational allocation of public expenditure and the augmentation of revenue have been important components of the Mexican government's economic stabilization strategy, which has two fundamental objectives: (1) to reduce the poverty rate and (2) to increase the rate of economic growth and employment.

The Mexican government's principal fiscal policy objectives in order to promote economic growth and employment opportunity are to:

- reduce the costs and risks associated with investment in Mexico;
- improve the ability of Mexican businesses to compete in global markets; and
- reduce the costs of goods and services to the consumer.

To achieve these objectives, the Mexican government plans to:

- strengthen the rule of law and improve public security;
- simplify the administration of the Mexican tax system and facilitate the consistent application of the various tax laws;
- improve the efficiency of the public sector through enhanced coordination among government entities and increased transparency of public spending, in order to permit increased spending on social development and infrastructure;
- further develop the Mexican equity and debt markets;
- improve the pension system for public sector workers;
- consolidate macroeconomic stability through fiscal discipline and the effective use of petroleum resources, as well as the utilization of transparent and efficient budgetary procedures;
- improve the regulation (or pursue deregulation) of various sectors of the economy, as appropriate; and
- continue trade liberalization policies.

The *Programa Nacional de Financiamiento al Desarrollo 2008-2012* (National Program to Finance Development 2008-2012, "PRONAFIDE"), announced on May 27, 2008, establishes Mexican government fiscal policy goals consistent with those described above, including increased spending on social and economic development and greater investment in infrastructure, while maintaining a stable and responsible approach to public finances. To this end, the PRONAFIDE has outlined the following specific objectives:

- to strengthen the framework of fiscal responsibility to ensure a responsible and efficient fiscal policy, including a balanced budget and a prudent management of debt, each of which are core components of Mexico's development strategy, with the goals of reducing the historical balance of the public sector borrowing requirement and strengthening the mechanisms to carry out counter-cyclical policies;
- to continue to simplify the Mexican taxation system, seeking additional mechanisms to facilitate compliance with tax obligations and reduce tax evasion, in order to improve tax collection;
- to ensure the proper implementation of public finance reforms, in particular the *Impuesto Empresarial a Tasa Única* (Flat Rate Business Tax), in order to increase non-oil tax revenues and reduce the volatility of total government revenues;

- to improve the allocation and use of expenditures by evaluating their results, based on greater transparency and accountability, including the implementation of an evaluation system for expenditure programs, integrating the Mexican government's accounting systems at all three levels of government and giving priority in the allocation of expenditures to sectors and programs that produce better results; and
- to promote the development of local financial markets and achieve savings in the financial costs of the public sector through the active management of public debt, while maintaining a level of risk consistent with the natural evolution of public finances and the development of local financial markets.

2011 Budget and Fiscal Results

On September 8, 2010, the President of Mexico submitted the proposed *Ley de Ingresos de la Federación para el Ejercicio Fiscal de 2011* (Federal Revenue Law for 2011, the "2011 Revenue Law") and the *Presupuesto de Egresos de la Federación para el Ejercicio Fiscal de 2011* (Federal Expenditure Budget for 2011, the "2011 Expenditure Budget") to the Mexican Congress for approval. The Revenue Law and the Expenditure Budget were approved on October 20, 2010 and November 15, 2010, respectively (together, the "2011 Budget").

The 2011 Budget, as approved by the Mexican Congress, provided for a public sector budget deficit, excluding physical investment by PEMEX, of Ps. 70.2 billion, or 0.5% of GDP. Including physical investment by PEMEX, the 2011 Budget provided for a public sector budget deficit of 2.5% of GDP.

According to preliminary figures, during the first nine months of 2011, the public sector balance registered a deficit of Ps. 179.0 billion in nominal pesos, as compared to a deficit of Ps. 176.8 billion in nominal pesos during the same period of 2010. Excluding physical investments by PEMEX, the public sector balance registered a deficit of Ps. 29.8 billion during the first nine months of 2011, as compared to a deficit of Ps. 8.2 billion during the same period of 2010.

In the first nine months of 2011, public sector budgetary revenues totaled Ps. 2,306.5 billion in nominal pesos, a 6.4% increase in real terms as compared to the same period of 2010. This increase is mainly explained by a 13.5% increase in oil revenues and a 3.0% increase in non-oil tax revenues, each in real terms as compared to the first nine months of 2010.

According to preliminary figures, during the first nine months of 2011, crude oil revenues increased by 13.5% in real annual terms as compared to the same period of 2010, primarily as a result of a 39.3% increase in the price of crude oil exports, which was partially offset by a 1.0% decrease in crude oil production. Non-oil tax revenues increased by 3.0% in real terms, mainly due to various fiscal reforms that came into effect during 2010 and the overall economic recovery.

According to preliminary figures, during the first nine months of 2011, net public sector budgetary expenditures increased by 5.9% in real terms as compared to the same period of 2010. During the first nine months of 2011, public sector financing costs increased by 0.2% in real terms as compared to the same period of 2010, mainly as a result of the depreciation of the Mexican peso against the U.S. dollar on average during the first nine months of 2011.

As of September 30, 2011, the *Fondo de Estabilización de los Ingresos Petroleros* (Oil Revenues Stabilization Fund) totaled Ps. 8.3 billion, the *Fondo de Estabilización de los Ingresos de las Entidades Federativas* (Federal Entities Revenue Stabilization Fund) totaled Ps. 7.7 billion, the *Fondo de Estabilización para la Inversión en Infraestructura de Petróleos Mexicanos* (PEMEX Infrastructure Investment Stabilization Fund) totaled Ps. 1.3 billion and the *Fondo de Apoyo para la Reestructura de Pensiones* (Fund to Support Pension Restructuring) totaled Ps. 26.7 billion.

2012 Budget

On September 8, 2011, the President of Mexico submitted the proposed *Ley de Ingresos de la Federación para el Ejercicio Fiscal de 2012* (Federal Revenue Law for 2012, the "2012 Revenue Law") and the *Presupuesto de Egresos de la Federación para el Ejercicio Fiscal de 2012* (Federal Expenditure Budget for 2012, the "2012

Expenditure Budget”) to the Mexican Congress for approval. The 2012 Revenue Law and the 2012 Expenditure Budget were approved on October 27, 2011 and November 15, 2011, and were published in the Official Gazette on November 16, 2011 and December 12, 2011 respectively (together, the “2012 Budget”).

The 2012 Budget, as approved by the Mexican Congress, provides for a public sector budget deficit, excluding physical investment by PEMEX, of Ps. 95.2 billion, or 0.4% of GDP. Including physical investment by PEMEX, the 2012 Budget provides for a public sector budget deficit of 2.4% of GDP.

The 2012 Budget, as approved by the Mexican Congress, contemplates public sector budgetary revenues totaling Ps. 3,310.5 billion, a 4.7% increase in real terms as compared to public sector budgetary revenues estimated for the *Ley de Ingresos de la Federación para el Ejercicio Fiscal de 2011* (the Federal Revenue Law for 2011). The Mexican government estimates that expenditures will total Ps. 3,405.7 billion during 2012 (excluding estimated physical investment expenditures by PEMEX totaling Ps. 301.2 billion), a 4.4% increase in real terms as compared to the amount approved in the *Presupuesto de Egresos de la Federación para el Ejercicio Fiscal de 2011* (the Federal Expenditure Budget for 2011 and, together with the Federal Revenue Law for 2011, the 2011 Budget).

The 2012 Budget authorizes the Mexican government to increase expenditures for social development by 6.4%, national security by 9.4% and science, technology and innovation by 18.6%, each as compared to the amounts budgeted for 2011.

The preliminary results for 2010 and the first nine months of 2011, as well as the budget assumptions and targets for the 2011 Budget and the 2012 Budget, are presented below.

**2010 and the First Nine Months of 2011 Results;
2011 Budget and 2012 Budget Assumptions and Targets**

	2010 Results⁽¹⁾	2011 Budget⁽⁵⁾	First Nine Months of 2011 Results⁽²⁾	2012 Budget⁽⁶⁾
Real GDP growth (%)	5.4%	3.8%	4.0%	3.3%
Increase in the national consumer price index (%)	3.6%	3.0%	1.2%	3.0%
Average export price of Mexican oil mix (U.S.\$/barrel)	U.S.\$ 72.33	U.S.\$ 65.40	U.S.\$ 99.87 ⁽³⁾	U.S.\$ 84.90
Current account deficit as % of GDP	0.5%	n.a.	0.6%	n.a.
Average exchange rate (Ps./U.S.\$1.00)	12.6	12.9	13.0	12.8
Average rate on 28-day <i>Cetes</i> (%)	4.4%	5.0%	4.2%	4.6
Public sector balance as % of GDP ⁽⁴⁾	(0.8%)	(0.5%)	(0.2%)	(0.4%)
Primary balance as % of GDP ⁽⁴⁾	1.2%	n.a.	0.0%	n.a.

Note: n.a. = not available.

(1) Preliminary. This note only applies to real GDP growth and figures expressed as a percentage of GDP, which are subject to periodic revision.

(2) Preliminary.

(3) The Mexican government entered into agreements to hedge oil prices in order to isolate the 2011 Budget from the effect of reductions in the price of oil with respect to the level that was assumed in the Federal Revenue Law for 2011. Therefore, the approved expenditures level should not be affected if a lower Mexican oil mix price than the one assumed in the 2011 Budget is observed.

(4) Excluding physical investments by PEMEX.

(5) 2011 Budget figures represent budgetary estimates, based on the economic assumptions contained in the *Criterios Generales de Política Económica 2011* (General Economic Policy Guidelines for 2011) published in September 2010 and in the *Programa Económico 2011* (Economic Program for 2011) published in November 2010, as modified by the 2011 Budget adopted by the Mexican Congress.

(6) 2012 Budget figures represent budgetary estimates, based on the economic assumptions contained in the *Criterios Generales de Política Económica 2012* (General Economic Policy Guidelines for 2012) published in September 2011 and in the *Programa Económico 2012* (Economic Program for 2012) published in November 2011, as modified by the 2012 Budget adopted by the Mexican Congress.

Source: Ministry of Finance and Public Credit.

Public Debt

Internal Public Debt

Internal debt of the Mexican government includes only the internal portion of indebtedness incurred directly by the Mexican government, *Banco de México*'s general account balance (which was positive as of December 31, 2010, indicating monies owed to the Mexican government) and the assets of the *Fondo del Sistema de Ahorro Para el Retiro* (Retirement Savings System Fund). Net internal debt includes *Cetes* and other securities sold to the public in primary auctions, but does not include debt allocated to *Banco de México* for its use in *Regulación Monetaria* (regulating liquidity). See footnote 1 to the table captioned "Internal Debt of the Mexican Government" below. Internal debt does not include the debt of the *Instituto para la Protección al Ahorro Bancario* (Bank Savings Protection Institute, "IPAB") or the debt of budget-controlled or administratively controlled agencies.

Over the last decade, the Mexican government has pursued an internal debt strategy aimed at lengthening the average maturity of its debt in order to reduce its refinancing risk. To further this goal, the Mexican government has in recent years introduced new instruments of longer maturities. In the last quarter of 1999, the Mexican government offered for the first time 10-year securities denominated in *Unidades de Inversión* ("UDIs") as well as 30-year UDI-indexed bonds, and subsequently began offering three-year, five-year, seven-year, 10-year, 20-year and 30-year fixed-rate peso-denominated bonds. Since the first quarter of 2008, 20-year UDI-denominated bonds are no longer offered.

Through the issuance of these securities, the Mexican government has established a long-dated benchmark yield curve. The issuance of these instruments has also encouraged:

- increased use of long-term fixed rate contracts;
- the issuance of long-term peso-denominated securities by Mexican companies;
- the development of long-term financial hedging products in Mexico; and
- the potential to direct long-term savings toward the financing of long-term investment projects.

According to preliminary figures, as of December 31, 2010, the net internal debt of the Mexican government totaled Ps. 2,808.9 billion, as compared to Ps. 2,471.3 billion outstanding as of December 31, 2009. As of December 31, 2010, the gross internal debt of the Mexican government totaled Ps. 2,888.3 billion, as compared to Ps. 2,702.8 billion of gross internal debt as of December 31, 2009. Of the total gross internal debt of the Mexican government as of December 31, 2010, Ps. 294.4 billion represented short-term debt and Ps. 2,593.9 billion represented long-term debt, as compared to Ps. 388.6 billion of short-term debt and Ps. 2,314.2 billion of long-term debt as of December 31, 2009. For purposes of this "Public Debt" section, public sector debt consists of the long-term indebtedness incurred directly by the Mexican government, the long-term indebtedness incurred by budget-controlled agencies, the long-term indebtedness incurred directly or guaranteed by administratively controlled agencies (including, but not limited to, national development banks) and the short-term debt of the public sector. It does not include private sector debt guaranteed by the Mexican government, unless and until the Mexican government is called upon to make payment under its guaranty. Also for purposes of this "Public Debt" section, long-term debt is defined as all debt with maturities of one year or more from the date of issue, while short-term debt is defined as all debt with maturities of less than one year from the date of issue.

The Mexican government's financing costs on internal debt totaled Ps. 180.1 billion during 2010, or 1.4% of GDP, a 3.9% increase as compared to 2009. During 2010, the average maturity of the Mexican government's internal debt increased by 0.86 years, from 6.34 years as of December 31, 2009 to 7.20 years as of December 31, 2010.

As of December 31, 2010, the gross internal debt of the public sector including PIDIREGAS obligations totaled Ps. 3,080.9 billion, as compared to Ps. 2,887.9 billion outstanding as of December 31, 2009.

According to preliminary figures, as of September 30, 2011, the net internal debt of the Mexican government totaled Ps. 2,998.1 billion (including liabilities associated with the public sector pension reform law of

Ps. 169.7 billion), a 6.7% increase in nominal terms as compared to the Ps. 2,808.9 billion outstanding as of December 31, 2010. As of September 30, 2011, according to preliminary figures, the gross internal debt of the Mexican government totaled Ps. 3,187.1 billion, a 10.3% increase in nominal terms as compared to the Ps. 2,888.3 billion of gross internal debt outstanding as of December 31, 2010. Of the total gross internal debt of the Mexican government as of September 30, 2011, Ps. 307.3 billion represented short-term debt and Ps. 2,879.9 billion represented long-term debt, as compared to Ps. 294.4 billion of short-term debt and Ps. 2,593.9 billion of long-term debt as of December 31, 2010. The Mexican government's financing costs on internal debt totaled Ps. 104.1 billion during the first nine months of 2011, an increase of 5.8% as compared to the same period of 2010.

During the first nine months of 2011, the average maturity of the Mexican government's internal debt increased by 0.29 years, from 7.20 years as of December 31, 2010 to 7.49 years as of September 30, 2011.

As of September 30, 2011, the gross internal debt of the public sector including the recognition of PIDIREGAS totaled Ps. 3,417.1 billion, as compared to Ps. 3,080.9 billion outstanding as of December 31, 2010.

The following table summarizes the net internal public debt of the Mexican government as of each of the dates indicated.

Internal Debt of the Mexican Government⁽¹⁾

	As of December 31,										As of September 30,	
	2006		2007		2008		2009 ⁽²⁾		2010 ⁽²⁾		2011	
	(in billions of pesos, except percentages)											
Gross Debt												
Mexican Government												
Securities	Ps. 1,569.9	93.9%	Ps. 1,795.8	94.7%	Ps. 2,021.2	84.2%	Ps.2,379.3	88.0%	Ps. 2,553.9	88.4%	Ps.2,830.9	88.8%
<i>Cetes</i>	346.0	20.7	340.5	18.0	357.1	14.9	498.8	18.5	394.0	13.6	400.0	12.6
Floating Rate Bonds.....	359.6	21.5	325.0	17.1	243.6	10.1	243.5	9.0	183.1	6.3	199.8	6.3
Inflation-Linked Bonds....	155.3	9.3	235.3	12.4	334.9	13.9	430.6	15.9	530.1	18.4	603.4	18.9
Fixed Rate Bonds.....	709.0	42.4	895.1	47.2	1,085.6	45.2	1,206.5	44.6	1,446.8	50.1	1,627.7	51.1
Other	102.9	6.1	100.6	5.3	380.1	15.8	323.4	12.0	334.4	11.6	356.2	11.2
Total Gross Debt	Ps. 1,672.8	100.0%	Ps. 1,896.3	100.0%	Ps. 2,401.3	100.0%	Ps. 2,702.8	100.0%	2,888.3	100.0%	3,187.1	100.0%
Net Debt												
Financial Assets ⁽³⁾	(125.7)		(107.9)		(68.6)		(231.4)		(79.4)		(189.0)	
Total Net Debt	Ps. 1,547.1		Ps. 1,788.3		Ps. 2,332.7		Ps. 2,471.3		Ps. 2,808.9		Ps. 2,998.1	
Gross Internal Debt/GDP		15.6%		16.1%		19.8%		21.4%		20.9%		n.a.
Net Internal Debt/GDP		14.4%		15.2%		19.2%		19.6%		20.3%		n.a.

Note: Numbers may not total due to rounding.

n.a. = not available.

- (1) Internal debt figures do not include securities sold by *Banco de México* in open-market operations pursuant to *Regulación Monetaria*, which amounted to approximately Ps. 699.2 billion as of September 30, 2011. *Regulación Monetaria* does not increase the Mexican government's overall level of internal debt, because *Banco de México* must reimburse the Mexican government for any allocated debt that *Banco de México* sells into the secondary market and that is presented to the Mexican government for payment. If *Banco de México* undertakes extensive sales of allocated debt in the secondary market, however, *Regulación Monetaria* can result in the level of outstanding internal debt being higher than the Mexican government's figure for net internal debt.
- (2) Preliminary.
- (3) Includes the net balance denominated in pesos of the *Cuenta General de la Tesorería de la Federación* (General Account of the Federal Treasury) with *Banco de México*.

Source: Ministry of Finance and Public Credit.

External Public Debt

The total external debt of the public sector consists of the external portion of the long-term indebtedness incurred directly by the Mexican government, the external long-term indebtedness incurred by budget-controlled agencies, the external long-term indebtedness incurred directly or guaranteed by administratively controlled agencies (including but not limited to national development banks) and the short-term external debt of the public sector. Private sector debt guaranteed by the Mexican government is not included, unless and until the Mexican government is called upon to make payment under the applicable guaranty. External public debt does not include, among other things, repurchase obligations of *Banco de México* with the International Monetary Fund ("IMF") or the debt of the IPAB.

According to preliminary figures, as of December 31, 2010, outstanding public sector gross external debt totaled U.S.\$ 110.4 billion, as compared to U.S.\$ 96.4 billion as of December 31, 2009. Of this amount, U.S.\$ 108.1 billion represented long-term debt and U.S.\$ 2.3 billion represented short-term debt.

According to preliminary figures, as of December 31, 2010, commercial banks held approximately 19.9% of Mexico's total public sector external debt; multilateral and bilateral creditors (excluding the IMF) held approximately 22.2%; bondholders (including commercial banks holding bonds issued in debt exchange transactions) held approximately 57.6%; and other creditors held the remaining 0.3%.

According to preliminary figures, as of September 30, 2011, outstanding public sector gross external debt totaled U.S.\$ 113.5 billion, as compared to U.S.\$ 110.4 billion as of December 31, 2010. Of this amount, U.S.\$ 110.2 billion represented long-term debt and U.S.\$ 3.3 billion represented short-term debt.

According to preliminary figures, total public debt (gross external debt plus net internal debt) as of September 30, 2011 represented approximately 31.9% of nominal GDP, 1.4 percentage point higher than as of December 31, 2010.

According to preliminary figures, as of September 30, 2011, commercial banks held approximately 17.5% of Mexico's total public sector external debt; multilateral and bilateral creditors (excluding the IMF) held approximately 22.0%; bondholders (including commercial banks holding bonds issued in debt exchange transactions) held approximately 60.1%; and other creditors held the remaining 0.3%.

The following tables set forth a summary of the external public debt of Mexico, as well as a breakdown of such debt by currency.

Summary of External Public Debt⁽¹⁾ By Type

	Long-Term Direct Debt of the Mexican Government	Long-Term Debt of Budget- Controlled Agencies	Other Long- Term Public Debt ⁽²⁾	Total Long- Term Debt	Total Short- Term Debt	Total Long- and Short- Term Debt
	(in millions of U.S. dollars)					
As of December 31,						
2006	U.S.\$ 39,330	U.S.\$ 7,046	U.S.\$ 7,545	U.S.\$ 53,921	U.S.\$ 845	U.S.\$ 54,766
2007	40,114	7,745	6,576	54,435	920	55,355
2008	39,997	9,782	5,885	55,664	1,275	56,939
2009	47,350	41,048	6,202	94,600	1,754	96,354
2010 ⁽⁴⁾	56,168	45,536	6,385	108,089	2,339	110,428
As of September 30, 2011 ⁽⁴⁾	58,910	45,811	5,438	110,159	3,310	113,469

By Currency⁽³⁾

	As of December 31,										As of September 30,	
	2006		2007		2008		2009		2010		2011 ⁽⁴⁾	
	(in millions of U.S. dollars, except for percentages)											
U.S. dollars	50,760	92.7%	44,309	80.0%	47,851	84.0%	77,919	80.9%	90,882	82.3%	93,860	82.7%
Japanese yen	1,006	1.8	1,157	2.1	1,095	1.9	4,541	4.7	6,864	6.2	6,854	6.0
Pounds sterling	91	0.2	1,040	1.9	687	1.2	1,981	2.1	1,920	1.7	1,909	1.7
Swiss francs	175	0.3	423	0.8	410	0.7	716	0.7	953	0.9	963	0.9
Others	2,734	5.0	8,426	15.2	6,896	12.1	11,197	11.6	9,809	8.9	9,883	8.7
Total	54,766	100.0%	55,355	100.0%	56,939	100.0%	96,354	100.0%	110,428	100.0%	113,469	100.0%

Note: Numbers may not total due to rounding.

- (1) External debt denominated in foreign currencies other than U.S. dollars has been translated into dollars at exchange rates as of each of the dates indicated. External public debt does not include (a) repurchase obligations of *Banco de México* with the IMF (none of these were outstanding as of September 30, 2011), (b) external borrowings by the public sector after September 30, 2011 or (c) loans from the Commodity Credit Corporation to public sector Mexican banks. External debt is presented herein on a "gross" basis, and includes external obligations of the public sector at their full outstanding face or principal amount. For certain informational and statistical purposes, Mexico sometimes reports its external public sector debt on a "net" or "economic" basis, which is calculated as the gross debt net of certain financial assets held abroad. These financial assets include Mexican public sector external debt that is held by public sector entities but that has not been cancelled.
- (2) Includes debt of development banks and other administratively controlled agencies whose finances are consolidated with those of the Mexican government.
- (3) Adjusted to reflect the effect of currency swaps.
- (4) Preliminary.

Source: Ministry of Finance and Public Credit.

MANAGEMENT

Our Board of Directors consists of nine members. The President of Mexico appoints six members, including the Minister of Energy, who serves as the chairman of the Board of Directors. The President of Mexico also appoints the Director General of CFE. The SUTERM selects the remaining three directors from among our union member employees. Alternative directors are authorized to serve on the Board of Directors in place of members who are unable to attend meetings or otherwise participate in the activities of the Board of Directors. The members of the Board of Directors are not appointed for a specific term. The members of the Board of Directors, except for the members appointed by SUTERM, serve at the discretion of the President of Mexico. The following charts set forth the current membership of our Board of Directors and the management structure:

Board of Directors of CFE as of September 30, 2011

Member	Title	Year of appointment
Jordy Hernán Herrera Flores	Minister of Energy	2011
José Antonio Meade Kuribreña	Minister of Finance and Public Credit	2011
Jesús Heriberto Félix Guerra	Minister of Social Development	2009
Juan Rafael Elvira Quesada	Minister of Environment and Natural Resources	2006
Bruno Francisco Ferrari García de Alba	Minister of Economy	2010
Juan José Suárez Coppel	Director General of PEMEX	2009
Víctor Fuentes del Villar	General Secretary of SUTERM	2005
Lisandro Lizama Garma	Press Secretary of SUTERM	2005
Mario Ernesto González Núñez	Secretary of Statistics, Promotion and Control of SUTERM	2005

For purposes of this offering, all Directors are domiciled at Paseo de la Reforma 164, Col. Juárez, 06600 México D.F.

Biographical Information of our Board of Directors

Jordy Hernán Herrera Flores. Mr. Herrera is an economist, having earned his undergraduate degree from the *Universidad Iberoamericana*. Mr. Herrera has served as General Director of Pemex Gas y Petroquímica Básica; Undersecretary of Energy Planning and Technological Development of the Ministry of Energy; Director General of the Investments Promotion Unit of the Ministry of Energy; and Private Secretary of the Ministry of Energy, among others. In September 2011, he was appointed Minister of Energy by President Felipe Calderón.

José Antonio Meade Kuribreña. Mr. Meade is an economist, having earned his undergraduate degree, with honors, from the *Instituto Tecnológico Autónomo de México* (“ITAM”). He is also a lawyer, having earned his law degree from the *Universidad Nacional Autónoma de México* (“UNAM”). He also obtained a doctoral degree in economics from Yale University. Mr. Meade’s teaching experience includes serving as professor of Economics at ITAM. He has published several articles on microeconomics and the economic analysis of law. Mr. Meade has served as General Director of Financial Planning at the *Comisión Nacional del Sistema de Ahorro para el Retiro* (“CON SAR”), Adjunct Secretary of Savings’ Protection at the *Instituto de Protección al Ahorro Bancario* (“IPAB”), General Director of Financial Institutions and Savings at the Ministry of Finance, General Director at *Banco Nacional de Crédito Rural* and General Director of *Financiera Rural*. Mr. Meade served as Undersecretary of Finance and Public Credit of the Ministry of Finance from August 2010 to January 2011, when he was appointed Minister of Energy. In September 2011, Mr. Meade was appointed Minister of Finance and Public Credit by President Felipe Calderón.

Jesús Heriberto Félix Guerra. Mr. Félix is an economist, having earned his undergraduate degree from the *Instituto Tecnológico y de Estudios Superiores de Monterrey*. In the private sector, Mr. Félix owns industrial and services companies and was the President of the *Cámara Nacional de la Industria de Transformación* (CANACINTRA) in Culiacán, Sinaloa, and a member of the *Consejo Sinaloense de Hombres de Negocios*. In the public sector, Mr. Félix has served as Secretary of Economic Development for the State of Sinaloa, Senator for the State of Sinaloa and Undersecretary of Small and Medium Enterprises at the Ministry of Finance. In 2004, Mr.

Félix ran for Governor for the State of Sinaloa and lost the election by only 1.2% of the votes. In December 2009, he was appointed Secretary of Social Development by President Felipe Calderón.

Juan Rafael Elvira Quesada. Mr. Elvira is an agricultural engineer, having earned his undergraduate degree from the UNAM. He also obtained a master's degree in Agricultural Engineering and Agricultural Mechanization from the Cranfield Institute of Technology in Bedfordshire, United Kingdom. Mr. Elvira has served as President of the *Barranca del Cupatitzio* National Park Trust, Municipal President of Uruapan, Michoacán and Delegate for the *Procuraduría Federal de Protección al Ambiente* in Michoacán. In 2003, Mr. Elvira was appointed General Director of the Primary Sector and Renewable Natural Resources of the Ministry of Environment and Natural Resources ("SEMARNAT"); in 2004, he was appointed Undersecretary of Environmental Promotion and Regulations at SEMARNAT; and in 2005, he was appointed Assistant Attorney of Industrial Inspection at the Office of the Federal Attorney for Environmental Protection. In December 2006, he was appointed Secretary of Environment and Natural Resources by President Felipe Calderón.

Bruno Francisco Ferrari García de Alba. Mr. Ferrari is a lawyer, having earned his degree from the *Escuela Libre de Derecho*. He is also a lawyer specialized in Canon Law, having earned his degree from the *Centro Académico Romano de la Santa Cruz* (CARSC), in Rome, Italy. He also obtained a master's degree in Marriage and Family Sciences from the *Pontificia Universidad Lateranense*, in Rome, Italy, and a PHD in Law from the CARSC. Mr. Ferrari has taken several business courses at the University of Michigan, Kellogg School of Management, Stanford University, Harvard University, INSEAD and The Wharton School of the University of Pennsylvania. He served as General Director of ProMéxico from January 2008 to July 2010 and in July 2010, he was appointed Secretary of Economy by President Felipe Calderón.

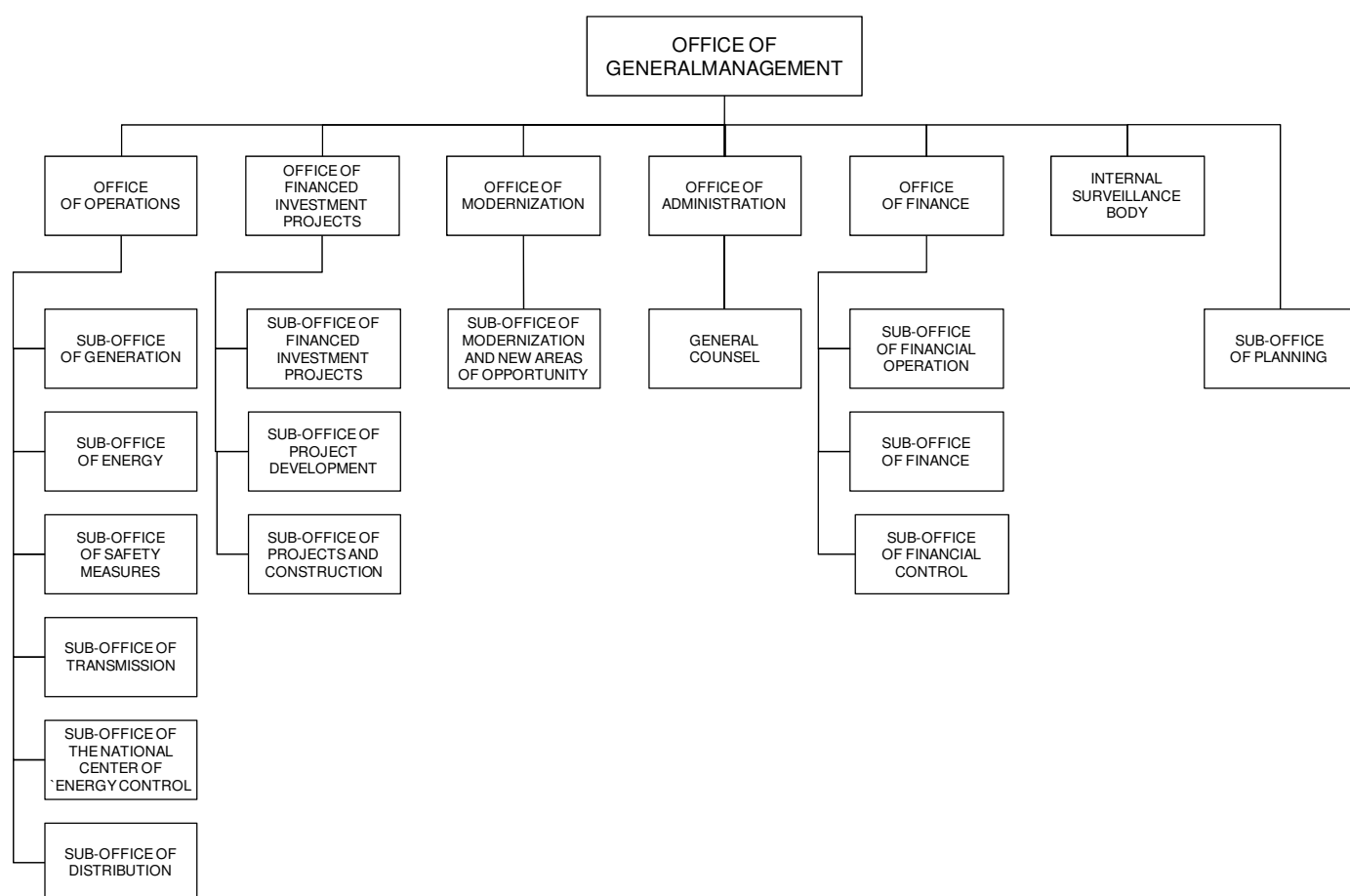
Juan José Suárez Coppel. Mr. Coppel is a doctor in economics, having earned his Ph.D. in Monetary Economics and International Commerce from the University of Chicago. Mr. Coppel's teaching experience includes serving as professor at ITAM, the *Universidad de Barcelona* and Brown University in Providence, Rhode Island. In the private sector, Mr. Coppel has served as Assistant Director for Derivatives at *Banco Nacional de México* (BANAMEX), Corporate Treasurer of Grupo Televisa and Chief Financial Officer of *Grupo Modelo*. In the public sector, Mr. Coppel has served as Chief Advisor to the former Mexican Secretary of Finance, Francisco Gil Díaz, and Corporate Director of Finance at PEMEX during the presidency of Vicente Fox.

Víctor Fuentes del Villar. In 2005, Mr. Fuentes was appointed as General Secretary of SUTERM and reappointed in 2007. Prior to this position, Mr. Fuentes served as Labor Secretary of SUTERM and worked at CFE.

Lisandro Lizama Garma. Mr. Lizama is the regional coordinator of the Peninsular Division of SUTERM. Prior to joining the Board of Directors, Mr. Lizama worked at CFE for 54 years.

Mario Ernesto González Núñez. Mr. González is the Secretary of Political Action of SUTERM.

Management Structure of CFE as of September 30, 2011



Source: CFE.

Senior Management of CFE as of September 30, 2011

Officer	Title	Year of appointment
Antonio Vivanco Casamadrid	General Director	2011
Francisco Santoyo Vargas	Director of Finance	2001
Luis Carlos Hernández Ayala	Director of Operations	2011
Dr. Alejandro Somuano Ventura	Director of Administration	2011
Francisco Acosta Arredondo	Director of Modernization and Structural Change	2011
Eugenio Laris Alanís	Director of Financed Investment Projects	1999

For purposes of this offering, all Senior Managers are domiciled at Paseo de la Reforma 164, Col. Juárez, 06600 México D.F.

Biographical Information of our Senior Management

Antonio Vivanco Casamadrid, General Director. Mr. Vivanco is an economist, having earned his undergraduate degree from ITAM. He also obtained a master's degree in Business Administration (MBA) and a master's degree in Public Policy (MPP), both from Harvard University. Mr. Vivanco's teaching experience includes serving as an adjunct professor at ITAM, the Universidad Panamericana (UP) and CIDE. In the private sector, Mr. Vivanco has served as a strategic administration consultant (McKinsey & Co. and Mercer Management Consulting)

and, during 2004 and 2005, he served as Vice President of Business Development with the multinational company SABRE. In the public sector, Mr. Vivanco has served as Director of Economic and Housing Studies at the Ministry of Finance, with the responsibility of designing and carrying out modernization programs for the housing financing sector. Upon the election of Mr. Felipe Calderón as President-Elect, Mr. Vivanco was included in the transition team in the area of Public Policy. In December 2006, he became Technical Secretary of the Social Cabinet, and later, in November 2007, he was appointed Technical Secretary of the Infrastructure and Tourism Cabinet, and in January 2008, he was named Coordinator of Advisors to the Presidency of the Republic. In March 2011, Mr. Vivanco was appointed as General Director of CFE by President Felipe Calderón.

Francisco Santoyo Vargas, Director of Finance. Mr. Santoyo received his law degree from the *Escuela Libre de Derecho*. Most of his career has developed in the public sector, but he has also held private sector positions that include serving as President and founder of Santoyo Consulting, the Strategic Planning Center, and the Corporate Integral Strategy Center. In the public sector, Mr. Santoyo has held many positions within INFONAVIT, including Secretary of the Administration Advisory and the Surveillance Commission (1973-1976) and General Coordinator of the Federal District and Mexico and Assistant General Director of Finance (1993-1997). During 1977, Mr. Santoyo served as Coordinator of the Integration Unit for the Ministry of Programming and Budget. Between 1978 and 1986, he served in the Ministry of Finance as Secretary of the Assessment Commission of External Finance of the Public Sector, Manager of Assessments of the Sub-Ministry of Finance and Public Credit, Director of National Credit Institutions and General Director of Development Banking. Mr. Santoyo has been Director of Finance of CFE since January 2001.

Luis Carlos Hernández Ayala, Director of Operations. Mr. Hernández is an industrial engineer, having earned his undergraduate degree from the *Instituto Tecnológico de Durango* in 1976. In 1997, Mr. Hernández obtained a Diploma in management development from the *Instituto Tecnológico de Estudios Superiores de Monterrey*. Mr. Hernández has a Master's degree in quality management from Universidad Autónoma de Tamaulipas (UAT) obtained in 1998. Since February 2010, he has been pursuing a doctoral degree on global systems from San Diego University. He joined CFE in 1978. In 2007, Mr. Hernández was appointed Sub-Director of Generation at CFE, and since September 30, 2011, he has served as Director of Operations of CFE.

Dr. Alejandro Somuano Ventura, Director of Administration. Dr. Somuano is an economist, having earned his undergraduate degree from ITAM. He also obtained a doctoral degree in philosophy of economics from the University of Texas in Austin. In the private sector, Dr. Somuano has held positions including: Consultant at McKinsey & Co. (1998), Executive Director at CINTRA, S.A. (2005-2006), Planning Executive Director at Aeroméxico (2006-2008) and Executive Director of Aeroméxico Mantenimiento (2008-2009). In the public sector he has held the following positions: Sub-Director of Mergers and Acquisitions of the Federal Economic Antitrust Commission (*Comisión Federal de Competencia Económica*) (1993-1994), Sub-Director of Antidumping and Safeguards at the Commerce and Industrial Promotion Secretary (*Secretaría de Comercio y Fomento Industrial*) (1995), Director of Fiscal Policy at the Mexican Ministry of Finance and Public Credit (2001-2003), Planning and Control Director at the Federal Mortgage Society (*Sociedad Hipotecaria Federal*) (2003-2004), member of the Personnel Unit of the Mexican Social Welfare Institute (*Instituto Mexicano del Seguro Social*) (2009-2011) and, since June 2011, Dr. Somuano has served as the Director of Administration of CFE.

Francisco Acosta Arredondo, Director of Modernization and Structural Change. Mr. Arredondo is an economist, having earned his undergraduate degree from ITAM. He also obtained a master's degree in Public Policy from Harvard University. Mr. Arredondo has served, among others, as Sub-Director of Development of New Products at the Federal Mortgage Society (*Sociedad Hipotecaria Federal*), IT and Telecommunications Coordinator for the Asia-Pacific Economic Coordination; adviser for the Harvard Institute for International Development and for the Organization for Economic Co-operation and Development; and in the last six years, he has served as the General Director of Generation, Conduction and Transformation of Electricity at the Ministry of Energy, and, since April 2011, Mr. Arredondo has served as Director of Modernization and Structural Change.

Eugenio Laris Alanís, Director of Financed Investment Projects. Mr. Laris is a civil engineer. He graduated from the School of Engineering at the UNAM where he also completed his postgraduate studies in land mechanics. He also studied in Switzerland and France focusing on dam design. Mr. Laris has served as President of the School of Civil Engineers of Mexico (1996-1998) and the Mexican Hydraulic Association (1975-1976), and held the position of Vice President of the National Chamber of the Construction Industry (1978-1981). In the public sector, Mr. Laris has held the position of General Director of Large Irrigation Projects for the Ministry of Hydraulic Resources (1959-1971), Secretary of Urban Development and Public Works for the Mexican government (1981-

1986), Assistant Secretary of Public Sector Transformation Industry for the Ministry of Energy, Mining and Industry (1986-1988), and General Director of Altos Hornos de México (1988-1991). In the private sector, Mr. Alanís was the founder, General Director (1971-1973), and President (1973-1981) of the IPESA Group. He also served as President of the Central Promoter of CENPRO Projects (1991-1994) and Vice President of Hydraulic Infrastructure of Tribasa Group (1994-1998). Mr. Laris has been Director of Financed Investments Projects at CFE since November 1999.

DESCRIPTION OF THE NOTES

This section of the listing memorandum summarizes the material terms of the base indenture and the supplemental indenture (together, the “indenture”) and the notes. It does not, however, describe every aspect of the indenture or the notes. Upon request, we will provide you with a copy of the indenture.

See “—Certain Definitions” for certain defined terms used in this “Description of the Notes” section. References to “holders” mean those who have notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes issued in book-entry form through DTC or in notes registered in street name. Owners of beneficial interests in the notes should refer to “Form of Notes, Clearing and Settlement.”

General

Indenture

The notes were issued under a base indenture dated as of May 19, 2011 and a supplemental indenture, dated as of February 14, 2012. The base indenture and the supplemental indenture are agreements among us, Deutsche Bank Trust Company Americas, as trustee, and Deutsche Bank Luxembourg S.A., as Luxembourg paying agent. The trustee can enforce your rights against us if we default in respect of the notes. There are some limitations on the extent to which the trustee acts on your behalf, which we describe under “—Defaults, Remedies and Waiver of Defaults.” The trustee also performs administrative duties for us, such as making interest payments and sending notices to holders of notes.

Principal and Interest

The aggregate principal amount of the notes is U.S.\$ 750 million. The notes will mature at par on February 14, 2042.

The notes will bear interest at a rate of 5.750% per year from February 14, 2012. Interest on the notes will be payable semi-annually on February 14 and August 14 of each year, beginning on August 14, 2012, to the holders in whose names the notes are registered at the close of business on the February 8 or August 8 immediately preceding the related interest payment date.

We pay interest on the notes on the interest payment dates stated above and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. We will compute interest on the notes on the basis of a 360-day year of twelve 30-day months.

Ranking of the Notes

The notes constitute our direct, unsecured and unsubordinated general obligations and will rank equally in priority of payment with all of our present and future unsecured and unsubordinated Public External Indebtedness. The notes will not be secured by any of our assets or properties. As a result, by owning the notes, you will be one of our unsecured creditors. As of September 30, 2011, we had Ps. 58,207 million (U.S.\$ 4,218 million) of Public External Indebtedness outstanding, none of which constituted secured indebtedness.

As of the date of this listing memorandum, we do not have any Subsidiaries. In the event that we create one or more Subsidiaries in the future, any Subsidiary or Subsidiaries (1) to which we transfer all or substantially all of our assets or (2) which incurs any Public External Indebtedness or provides a guarantee of any of our Public External Indebtedness must become a guarantor (each such Subsidiary, a “Subsidiary Guarantor”) of the notes as set forth under “—Affirmative Covenants—Future Subsidiary Guarantees.” The payment obligations of each Subsidiary Guarantor, if any, under its guarantee will constitute direct, unsecured and unsubordinated general obligations of such Subsidiary Guarantor and will at all times rank equally with all present and future unsecured and unsubordinated Public External Indebtedness of such Subsidiary Guarantor.

Stated Maturity and Maturity

The day on which the principal amount of the notes is scheduled to become due is called the “stated maturity” of the principal. The principal may become due before the stated maturity by reason of redemption, purchase or acceleration after a default. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the “maturity” of the principal.

We also use the term “maturity” to refer to the dates when interest payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the “maturity” of that installment. When we refer to the “stated maturity” or the “maturity” of the notes without specifying a particular payment, we mean the stated maturity or maturity, as the case may be, of the principal.

Form and Denominations

The notes were issued only in fully registered book-entry form without coupons and in denominations of U.S.\$ 200,000 and integral multiples of U.S.\$ 1,000 in excess thereof.

The notes were issued in the form of global notes. Except in limited circumstances, the notes will not be issued in physical, certificated form. See “Form of Notes, Clearing and Settlement.”

Further Issues

We reserve the right, from time to time without the consent of holders of the notes, to issue additional notes on terms and conditions identical to those of the notes, which additional notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the notes; *provided* that any notes so issued with the same CUSIP as the notes issued pursuant to this listing memorandum are issued either as a part of a qualified reopening for U.S. federal income tax purposes or with no more than *de minimis* original issue discount for U.S. federal income tax purposes.

Payment Provisions

Payments on the Notes

For interest due on the interest payment dates, we will pay the interest to the holder in whose name the note is registered at the close of business on the regular record date relating to the interest payment date. For interest due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the note. For principal due on the notes at maturity, we will pay the amount to the holders of the notes against surrender of the notes at the proper place of payment.

The regular record dates relating to the interest payment dates for the notes are February 8 for the February 14 interest payment date and August 8 for the August 14 interest payment date. For the purpose of determining the holder at the close of business on a regular record date, the close of business will mean 5:00 p.m. (New York City time) on that day.

Payments on Global Notes. For notes issued in global form, we will make payments on the notes in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in a global note. An indirect holder’s right to receive those payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Notes. For notes issued in certificated form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at the holder’s address shown on the registrar’s records as of the close of business on the regular record date and we will make all other payments by check to a paying agent as described below, against surrender of the note. If we issue notes in certificated form, holders of notes in certificated form will be able to receive payments of principal and interest on their notes at the office of our paying agent maintained in New York City or any other paying agent that we appoint, including, for so long as any notes are listed on the Luxembourg Stock Exchange, our paying agent in Luxembourg.

Alternatively, if a holder holds a face amount of the notes of at least U.S.\$ 5.0 million and the holder asks us to do so, we will pay any amount that becomes due on such notes by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give a paying agent appropriate wire transfer instructions at least 10 business days before the requested wire payment is due. In the case of interest payments due on interest payment dates, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the notes are surrendered to a paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Payment When Offices Are Closed

If any payment is due on the notes on a day that is not a business day, we will make the payment on the day that is the next business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. Postponement of this kind will not result in a default under the notes, the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day.

“Business day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City or Mexico City generally are authorized or obligated by law, regulation or executive order to close. In the case of notes in certificated form, the term “business day” also means a day on which banking institutions generally are open for business in the location of each office of a paying agent, but only with respect to a payment to be made at the office of such paying agent, and each office of a transfer agent, but only with respect to any actions to occur at that office.

Paying Agents

If we issue notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time, provided that if any notes are issued in certificated form, so long as such notes are outstanding, we will maintain a paying agent in New York City and, to the extent permitted by law, maintain an additional paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive. In addition, if any notes are issued in certificated form, we will, for so long as any notes are listed on the Luxembourg Stock Exchange, maintain a paying agent in Luxembourg. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as our principal paying agent, and Deutsche Bank Luxembourg S.A., as our Luxembourg paying agent. We must notify you of changes in the paying agents as described under “—Notices.”

Unclaimed Payments, Prescription

All money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or anyone else. The right to receive each payment of principal of and interest on the notes will become void at the end of six years after the due date thereof.

Redemption and Purchase

We are not permitted to redeem the notes, and you will not be entitled to require us to purchase your notes from you, before their stated maturity, except as set forth below. The notes are not entitled to the benefit of any sinking fund, meaning that we will not deposit money on a regular basis into any separate account to repay the notes.

Optional “Make-Whole” Redemption

We have the right at our option to redeem any of the notes in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days’, but not more than 60 days’ notice to the holders of the notes, at a

redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points (the “Make-Whole Amount”), plus in each case accrued and unpaid interest on the principal amount of the notes to the date of redemption.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

“Comparable Treasury Price” means, with respect to any redemption date (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (ii) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by us.

“Reference Treasury Dealer” means (a) each of BNP Paribas Securities Corp. and Citigroup Global Markets Inc. (or their respective affiliates that are primary U.S. government securities dealers in New York City (each, a “Primary Treasury Dealer”)) and their respective successors and (b) two other Primary Treasury Dealer selected by us in good faith; *provided, however*, that if any of the foregoing ceases to be a Primary Treasury Dealer, we will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the third business day preceding such redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). Before 10:00 a.m. (New York City time) on the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate and in accordance with DTC’s procedures.

Redemption for Taxation Reasons

The notes may be redeemed at our option in whole, but not in part, at any time, at a price equal to 100% of the outstanding principal amount thereof (the “Tax Redemption Price”), plus accrued interest thereon to the date fixed for redemption (the “Tax Redemption Date”), on giving not less than 30 nor more than 60 days’ notice to the holders (which notice shall be irrevocable), if:

- (a) we certify to the trustee immediately prior to the giving of such notice that we have or will become obligated to pay Additional Amounts (as defined under “—Additional Amounts”) in excess of the Additional Amounts that we would be obligated to pay if payments (including payments of interest) on the notes were subject to a tax at a rate of 4.9%, as a result of any change in, or amendment to, or lapse of, the laws, rules or regulations of Mexico or any political subdivision or any taxing authority thereof or therein affecting taxation, or any change in, or amendment to, an official interpretation or application of such laws, rules or regulations, which change or amendment becomes effective on or after the date of issuance of the notes; and

- (b) prior to the publication of any notice of redemption, we deliver to the trustee (i) a certificate signed by an authorized officer of ours stating that the obligation referred to in (a) cannot be avoided by us, taking reasonable measures available to us and (ii) an opinion of independent Mexican legal counsel of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change, amendment or lapse, and the trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent described in (a), in which event it shall be conclusive and binding on the holders of the notes; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obligated but for such redemption to pay such Additional Amounts were a payment in respect of such notes then due and, at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

On the Tax Redemption Date fixed by us, the Tax Redemption Price will become due and payable and we will be obligated to pay the Tax Redemption Price, together with accrued interest on the notes to the Tax Redemption Date. If the notes are to be redeemed pursuant to the provisions described under this caption, then the notes will cease to bear interest on and after the Tax Redemption Date; *provided* that the Tax Redemption Price and such accrued interest is duly paid or made available to a paying agent for payment to the holders. All notes redeemed by us under this provision will be cancelled.

Purchase at the Option of Holders

If at any time prior to maturity, we cease to:

- (a) be a decentralized public entity of the Mexican government;
- (b) be majority-owned by the Mexican government;
- (c) be a public entity created and appointed pursuant to the Mexican Constitution or Mexican Federal laws with the right to generate, transmit, distribute and supply electricity in Mexico; or
- (d) at any time, generate, transmit and distribute at least 60% of the electricity generated, transmitted and distributed, in each case within Mexico (unless, in the case of this clause (d), the Mexican government shall have assumed or guaranteed our obligations under the notes and the indenture)

(in each case, an “Optional Purchase Event”), then we will give the holders and the trustee written notice thereof not less than 60 days prior to the occurrence of such Optional Purchase Event or, if it is not possible to give 60 days’ notice, then we will give holders notice in a lesser number of days, but in no event less than 30 days, as shall be practicable given the circumstances. Such notice will contain a written, irrevocable offer (an “Optional Purchase Offer”) by us to purchase, on the date specified in such Optional Purchase Offer (the “Optional Purchase Date”), the notes held by each holder in full, and not in part, at a price equal to the 100% of the outstanding principal amount thereof (the “Optional Purchase Price”) plus accrued interest thereon to the Optional Purchase Date. The Optional Purchase Date will be (i) not less than 30 days and not more than 60 days after the date of such notice and (ii) not later than the date of such Optional Purchase Event. The Optional Purchase Price with respect to the notes of holders accepting such Optional Purchase Offer will become due and payable on the Optional Purchase Date, upon presentation and surrender of such notes.

On the Optional Purchase Date, there will become due and payable and we will be obligated to purchase and pay the Optional Purchase Price, plus accrued and unpaid interest to the Optional Purchase Date, with respect to each note for which the holder has validly and timely elected to have us purchase that holder’s notes. Any note to be purchased as provided under this provision will cease to bear interest on and after the Optional Purchase Date; *provided* that the Optional Purchase Price and such accrued interest is duly paid or made available to a paying agent for payment to the holders entitled thereto. All notes purchased by us under this provision will be cancelled.

Purchases of Notes

We may at any time purchase notes at any price in the open market, in privately negotiated transactions or otherwise. We may not resell any notes that we purchase, unless we register the resale under the Securities Act.

Affirmative Covenants

The following affirmative covenants apply to us for so long as any note remains outstanding. These covenants do not limit our ability to incur debt nor do they require us to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Delivery of Financial Statements

We will deliver to the trustee, and the trustee will make available to the holders, as soon as available, but not later than 180 days after the end of each of our fiscal years, a copy in the English language of our audited balance sheet as at the end of such year and the related statements of results of operations, changes in equity and changes in cash flows and notes thereto for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of an independent public accounting firm of recognized standing in Mexico, which opinion (a) will state that such financial statements present fairly our financial position as at such dates and the results of our operations, changes in equity and changes in cash flows for the respective periods then ended in accordance with Mexican FRS, and (b) will not be qualified or limited because of a restricted or limited examination by such accounting firm of any material portion of our records.

We will deliver to the trustee, and the trustee will make available to the holders, as soon as available, but not later than 90 days after the end of each of our fiscal quarters, a copy in the English language of our unaudited condensed balance sheet and unaudited condensed statement of results of operations as at the end of such quarter.

If we are not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, at any time when the notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we will furnish to any holder of notes, or to any prospective purchaser designated by such holder, financial and other information described in Rule 144A(d)(4) with respect to us to the extent required to permit such holder to comply with Rule 144A in connection with any resale of notes held by such holder.

If any of our officers becomes aware that a Default or Event of Default or an event that with notice or the lapse of time would be an Event of Default has occurred and is continuing, as the case may be, we will also file an officer’s certificate with the trustee describing the details thereof and the action that we are taking or propose to take with respect thereto.

Maintenance of Government Approvals

We will obtain and maintain in full force and effect any actions, orders, authorizations, consents, approvals, licenses, rulings, permits, certifications, exemptions, filings or registrations by or with any governmental authority that may be necessary under the laws of Mexico (each, a “Governmental Approval”) for the performance by us of our obligations under the indenture and the notes or for the validity or enforceability thereof and duly take all necessary and appropriate governmental and administrative action in Mexico in order to make all payments to be made thereunder as required by the indenture and the notes.

Compliance with Applicable Laws and Governmental Approvals

We will comply in all material respects with all applicable laws and all applicable Governmental Approvals, except where any failure (individually or in the aggregate) to comply could not reasonably be expected to have a material adverse effect on our ability to perform our obligations under the indenture and the notes or where the necessity of compliance with which is contested in good faith.

Performance of Obligations

We will (a) perform all of our covenants and comply with all of our other obligations contained in the indenture and the notes and (b) pay, discharge or otherwise satisfy on or before maturity all of our other material payment obligations except where (i) the amount or validity thereof is being contested in good faith and by appropriate proceedings and adequate reserves are or will be maintained with respect thereto in conformity with Mexican FRS or (ii) the failure to pay, discharge or otherwise satisfy such obligation would not have a material adverse effect on our ability to perform our obligations under the indenture and the notes.

Future Subsidiary Guarantees

We will cause any Subsidiary or Subsidiaries:

- (1) to which we transfer all or substantially all of our assets or
- (2) which incurs any Public External Indebtedness or provides a guarantee of any of our Public External Indebtedness

to promptly become a Subsidiary Guarantor by executing a supplemental indenture to the indenture providing for a full and unconditional guarantee of the notes, and providing the trustee with an officer's certificate and opinion of counsel.

Notwithstanding that the provisions of the indenture or the notes do not so provide, any Subsidiary Guarantor, by execution of such supplemental indenture, will also become subject to all of the covenants set forth under "—Affirmative Covenants" and "—Negative Covenants," will be included in each Event of Default set forth under "—Defaults, Remedies and Waiver of Defaults," will be subject to the obligations set forth under "—Additional Amounts" and will have a related right of tax redemption as set forth under "—Redemption and Purchase—Redemption for Taxation Reasons," in each case as if such Subsidiary Guarantor were referenced therein. In addition, any Subsidiary Guarantor will be deemed to be referenced in clause (d) under "—Redemption and Purchase—Purchase at the Option of Holders."

Each Subsidiary Guarantor will be released and relieved of its obligations under its guarantee if it ceases to be a Subsidiary of ours.

Negative Covenants

The following negative covenants apply to us for so long as any note remains outstanding. These covenants do not limit our ability to incur debt nor do they require us to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Negative Pledge

We will not create or permit to subsist any mortgage, pledge, hypothecation or other charge or encumbrance, including without limitation any equivalent thereof created or arising under the laws of Mexico (a "Lien"), upon the whole or any part of our or its present or future revenues or assets to secure any of our Public External Indebtedness, unless the notes are secured equally and ratably with such Public External Indebtedness; *provided* that we may create or permit to subsist, if permitted under Mexican law:

- (a) any Lien on our property securing or providing for the payment of Public External Indebtedness incurred in connection with any Project Financing; *provided* that the properties to which any such Lien shall apply are (i) properties which are the subject of such Project Financing or (ii) revenues or claims which arise from the operation, failure to meet specifications, failure to complete, exploitation, sale or loss of or damage to such properties; and *provided, further*, that any such Liens shall be created within 365 days of the commencement of such Project Financing;
- (b) any Lien on our Accounts Receivable; *provided* that (i) the aggregate principal amount of the Public External Indebtedness secured by Liens referred to in this clause (b) will not exceed U.S.\$ 3,000.0 million (or its equivalent in other currencies) and (ii) the short-term portion of such Indebtedness will not exceed U.S.\$ 1,000.0 million (or its equivalent in other currencies); and
- (c) any Lien on our Available Assets not permitted by any other paragraph of this "Negative Pledge" provision; *provided* that, after giving effect to any such Lien, the aggregate amount of Public External Indebtedness secured by Liens referred to in this clause (c) will not exceed U.S.\$ 500.0 million (or its equivalent in other currencies).

Merger, Consolidation or Sale of Assets

We will not:

- (a) consolidate or merge with or into any other Person; or
- (b) in a single transaction or a series of related transactions, sell, lease or otherwise transfer, directly or indirectly, all or substantially all of our assets to any other Person;

provided, however, that, without limitation of the rights of the holders described under “—Redemption and Purchase—Purchase at the Option of the Holders,” we may, if permitted under Mexican law:

- (i) merge with another Person if (x) we are the Person surviving such merger and (y) after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing;
- (ii) consolidate with or merge into another Person or sell, lease or otherwise transfer all or substantially all of our assets to another Person if (x) the Person formed by such consolidation or into which we are merged or the Person which acquires by sale, lease or transfer all or substantially all of our assets is a public entity of the Mexican government or a corporation, partnership or trust, organized and validly existing under the laws of Mexico, (y) such Person will expressly assume our obligations under the indenture and the notes and (z) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;
- (iii) terminate the corporate existence of any of our Subsidiaries if (x) such Subsidiary transfers all of our or its material assets to us or to another Subsidiary and (y) immediately after giving effect to such termination, no Default or Event of Default shall have occurred and be continuing; and
- (iv) sell, lease or otherwise transfer all or substantially all of our assets to one or more of our Subsidiaries if (x) each such Subsidiary becomes a Subsidiary Guarantor in accordance with the provisions set forth under “—Affirmative Covenants—Future Subsidiary Guarantors” and (y) immediately after giving effect to any reorganization or transfer, no Event of Default shall have occurred and be continuing.

Upon the occurrence of any event described in clause (ii) or (iv), we will execute and deliver, or cause any Person referred to in clause (ii) or (iv) above, as applicable, to execute and deliver, such instruments and documents as may be reasonably requested by the trustee (including legal opinions and certificates of our officers) to ensure compliance with the requirements described in this paragraph.

Defaults, Remedies and Waiver of Defaults

If any of the following events (each, an “Event of Default”) occurs and is continuing with respect to the notes, the trustee, if so requested in writing by the holders of not less than 25% in aggregate principal amount of the notes then Outstanding, will give notice to us that the notes are, and they will immediately become, due and payable at their outstanding principal amount together with accrued interest:

- (a) any payment of principal of the notes is not made when due or any payment of interest on the notes is not made within 30 days of the date it was due;
- (b) we fail to perform any material obligation contained in the notes or, insofar as it concerns the notes, the indenture (other than any obligation specified in any other Event of Default) and such failure continues for 60 days after written notice thereof has been given to us by the trustee or the holders of not less than a majority in aggregate principal amount of the notes then Outstanding;
- (c) we fail to make a payment of principal of or interest on any Public External Indebtedness of, or guaranteed by, us in an aggregate principal amount exceeding U.S.\$ 75.0 million or its equivalent when due and such failure continues for more than the period of grace, if any, originally applicable thereto;

- (d) one or more final judgments, order or decrees is rendered against us involving in the aggregate a liability in excess of U.S.\$ 75.0 million and such judgments, orders or decrees continues unsatisfied, unvacated, unstayed or not bonded for a period of 60 days;
- (e) an involuntary case or other proceeding is commenced against us seeking liquidation, reorganization or other relief with respect to us or our debts under any *concurso mercantil*, bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, *interventor*, *síndico*, custodian or other similar official of us or any substantial part of our property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days;
- (f) we commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to our company or our debts under any *concurso mercantil*, bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, *interventor*, *síndico*, custodian or other similar official of us or any substantial part of our property, or we consent to any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceeding commenced against us, or we make a general assignment for the benefit of creditors, or fail generally to pay our debts as they become due, or take any corporate action to authorize any of the foregoing;
- (g) a decree is issued or other proceedings are commenced by a governmental authority or agency of Mexico seeking dissolution, liquidation, reorganization or other relief with respect to us or our debts under applicable law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, *interventor*, *síndico*, custodian or other similar official of us or any substantial part of our property;
- (h) a general moratorium is agreed or declared in respect of any of our Public External Indebtedness, which moratorium does not expressly exclude the notes;
- (i) any action, condition or situation (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable us to lawfully perform our obligations under the indenture and the notes and (ii) to ensure that those obligations are legally binding and enforceable, is not taken, fulfilled or done within 30 days of its being so required;
- (j) it is or it becomes unlawful for us to perform or comply with one or more of our obligations under the indenture and the notes;
- (k) our payment obligations under the indenture and the notes fail to constitute our unconditional general obligations that rank in priority of payment at least *pari passu* with all of our other unsecured and unsubordinated Public External Indebtedness; or
- (l) any event occurs which under the laws of Mexico has an analogous effect to any of the events referred to in paragraphs (e) to (g) above.

After any such declaration of acceleration has been made, but before any judgment or decree by a court of competent jurisdiction for the payment of the money due, or any portion thereof, has been entered, the holders of a majority in principal amount of the notes then Outstanding, by written notice to us and the trustee, may rescind and annul such declaration of acceleration and its consequences if (i) a sum has been paid to or deposited with the trustee sufficient to pay all principal of and interest on the notes that have become due other than by such declaration of acceleration and all sums paid or advanced by the trustee and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel and (ii) all Events of Default, other than the non-payment of the principal of and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived as provided in the paragraph below.

The holders of a majority in principal amount of the notes then Outstanding may waive any past Default or Event of Default and its consequences; *provided* that the consent of the holders of 75% in principal amount of the notes then Outstanding is required to waive a Default or Event of Default described in paragraph (a) above. Upon any such waiver, such Default or Event of Default will cease to exist with respect to the notes for every purpose of

the indenture, but no such waiver will extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

No holder will have the right to institute any suit, action or proceeding at law or in equity or otherwise for the appointment of a receiver or for the enforcement of any other remedy under or upon the indenture, unless:

- (a) such holder previously has given written notice to the trustee of a continuing Event of Default;
- (b) the holders of a majority in aggregate principal amount of the Outstanding notes have requested the trustee in writing to institute such action, suit or proceeding and have offered the trustee an indemnity reasonably satisfactory to it;
- (c) the trustee has refused or neglected to institute any such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and
- (d) no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Outstanding notes.

It is understood and intended that no one or more of the holders will have any right in any manner whatever under the indenture or the notes to (i) obtain or seek to obtain priority or preference over any other such holder or (ii) enforce any right under the indenture, except in the manner therein provided and for the equal, ratable and common benefit of all the holders.

Additional Amounts

We will make payment of the principal of and interest on the notes without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Mexico, any political subdivision thereof or any taxing authority in Mexico ("Mexican Withholding Taxes"), unless such withholding or deduction is required by law or by the interpretation or administration thereof. If we are required to make any such withholding or deduction, we will pay such additional amounts ("Additional Amounts") as may be necessary in order to ensure that the net payment made in respect of the notes after such withholding or deduction for or on account of Mexican Withholding Taxes will not be less than the amount that would have been receivable in respect of the notes in the absence of such withholding or deduction; *provided* that the foregoing obligation to pay Additional Amounts will not apply to:

- (a) any Mexican Withholding Taxes that would not have been imposed or levied on a holder of notes but for the existence of any present or former connection between the holder of such notes and Mexico or any political subdivision or territory or possession thereof or area subject to its jurisdiction, including, without limitation, such holder (i) being or having been a citizen or resident thereof, (ii) maintaining or having maintained an office, permanent establishment or branch therein, or (iii) being or having been present or engaged in trade or business therein, except for a connection solely arising from the mere ownership of, or receipt of payment under, such notes;
- (b) any estate, inheritance, gift, sales, transfer, or personal property or similar tax, assessment or other governmental charge;
- (c) any Mexican Withholding Taxes that are imposed or levied by reason of the failure by the holder of such notes to comply with any certification, identification, information, documentation, declaration or other reporting requirement that is required or imposed by a statute, treaty, regulation, general rule or administrative practice as a precondition to exemption from, or reduction in the rate of, the imposition, withholding or deduction of any Mexican Withholding Taxes; *provided* that at least 60 days prior to (i) the first payment date with respect to which we apply this clause (c) and, (ii) in the event of a change in such certification, identification, information, documentation, declaration or other reporting requirement, the first payment date subsequent to such change, we have notified the trustee in writing that the holders of notes will be required to provide such certification, identification, information or documentation, declaration or other reporting;

- (d) any Mexican Withholding Taxes that would not have been so imposed but for the presentation by the holder of such note for payment on a date more than 20 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the holder of such note would have been entitled to the Additional Amounts on presenting such note on any date during such 20-day period;
- (e) any payment on such note to any holder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such note;
- (f) any withholding tax or deduction imposed on a payment (i) pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive or (ii) on a note that is presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant note to another paying agent in a Member State of the European Union; or
- (g) any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on a note.

All references in this “Description of the Notes” section to principal and interest in respect of notes will, unless the context otherwise requires, be deemed to mean and include all Additional Amounts, if any, payable in respect thereof as set forth in the first paragraph of this “Additional Amounts” section and in paragraphs (a) through (g) above.

We will also pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, registration or the making of payments in respect of the notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Mexico other than those resulting from, or required to be paid in connection with, the enforcement of the notes following the occurrence of any Default or Event of Default.

Notwithstanding the foregoing, the limitations on our obligation to pay Additional Amounts set forth in clause (c) above will not apply if the provision of the certification, identification, information, documentation, declaration or other evidence described in such clause (c) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note (taking into account any relevant differences between United States and Mexican law, regulation or administrative practice) than comparable information or other applicable reporting requirements imposed or provided for under U.S. federal income tax law (including the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, and a Protocol thereto, both signed on September 18, 1992, as amended by Additional Protocols signed on September 8, 1994 and November 26, 2002), regulations (including proposed regulations) and administrative practice. In addition, the limitations on our obligation to pay Additional Amounts set forth in clause (c) above will not apply if Article 195, Section II, paragraph a) of the Mexican Income Tax Law (or a substantially similar successor of such provision) is in effect, unless (i) the provision of the certification, identification, information, documentation, declaration or other evidence described in clause (c) is expressly required by statute, regulation, general rules or administrative practice in order to apply Article 195, Section II, paragraph a) (or a substantially similar successor of such provision), we cannot obtain such certification, identification, information, documentation, declaration or other evidence, or satisfy any other reporting requirements, on our own through reasonable diligence and we otherwise would meet the requirements for application of Article 195, Section II, paragraph a) (or such successor of such provision) or (ii) in the case of a holder or beneficial owner of a note that is a pension fund or other tax-exempt organization, such holder or beneficial owner would be subject to Mexican Withholding Taxes at a rate less than that provided by Article 195, Section II, paragraph a) if the information, documentation or other evidence required under clause (c) above were provided. In addition, clause (c) above will not be construed to require that a non-Mexican pension or retirement fund, a non-Mexican tax-exempt organization or a non-Mexican financial institution or any other holder or beneficial owner of a note register with the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) or the Mexican Tax Revenue

Service (*Servicio de Administración Tributaria*) for the purpose of establishing eligibility for an exemption from or reduction of Mexican Withholding Taxes.

We will provide the trustee with a duly certified or authenticated copy of an original receipt evidencing the payment of Mexican Withholding Taxes that we have withheld or deducted in respect of any payments made under or with respect to the notes. We will make copies of such documentation available to the holders of the notes upon request.

In the event that Additional Amounts actually paid with respect to any notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of Mexican Withholding Taxes in excess of the appropriate rate applicable to the holder of such notes, and, as a result thereof, such holder is entitled to make a claim for a refund or credit of such excess, then such holder will, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Modification and Waiver

We and the trustee may modify, amend, supplement or waive the terms of the notes or the indenture with (1) the written consent of the holders of not less than a majority in aggregate principal amount of the then Outstanding notes or (2) the affirmative vote at a meeting of holders that is properly called and held in accordance with the terms of the indenture of the lesser of (x) the holders of not less than a majority in aggregate principal amount of the then Outstanding notes and (y) the holders of not less than 66 $\frac{2}{3}$ % of the then Outstanding notes that are present at such meeting; *provided, however*, that no such modification, amendment, supplement or waiver that constitutes a Reserved Matter may be effected, adopted or approved without the consent of the holders of not less than 75% in aggregate principal amount of the then Outstanding notes. The consent of holders to a Reserved Matter may take the form of a written consent or an affirmative vote at a meeting of holders that is properly called and held in accordance the terms of the indenture.

A “Reserved Matter” is any action that would:

- (1) change the due date for any payment of principal of or premium, if any, or interest on the notes;
- (2) reduce the principal amount of the notes, the portion of the principal amount that is payable upon acceleration of the maturity of the notes, the interest rate on the notes or the premium, if any, payable upon redemption of the notes;
- (3) shorten the period during which we are not permitted to redeem the notes or permit us to redeem the notes prior to maturity, if, prior to such action, we are not permitted to do so except as permitted in each case under “—Redemption and Purchase—Redemption for Tax Reasons” above;
- (4) change the coin or currency in which, or the required places at which, any principal of or premium, if any, or interest on the notes is payable;
- (5) modify any guarantee of the notes in any manner adverse to the holder of any of the notes;
- (6) change our obligation to pay Additional Amounts (including the limitations thereon) with respect to the notes;
- (7) reduce the percentage of the principal amount of the notes, the vote or consent of the holders of which is necessary to modify, amend or supplement the indenture or the notes or to take other action provided therein;
- (8) modify the provisions in the indenture or the notes relating to waiver of compliance with certain provisions thereof or waiver of certain defaults, or change the quorum requirements for a meeting of holders of the notes, in each case except to increase any related percentage or to provide that modifications or waivers of certain other provisions of the indenture are Reserved Matters;

- (9) change the governing law with respect to the indenture or the notes;
- (10) change the submission to jurisdiction of New York courts, the obligation to appoint and maintain an Authorized Agent in the Borough of Manhattan, New York City or the waiver of immunity provisions in the indenture;
- (11) amend the Events of Default in connection with an exchange offer for the notes;
- (12) change the ranking of the notes; or
- (13) change the definition of “Outstanding” with respect to the notes.

Notwithstanding the foregoing, we and the trustee may, without the vote or consent of any holder of the notes, modify or amend the indenture or the notes for the purpose of:

- (1) adding to our covenants for the benefit of the holders of the notes;
- (2) surrendering any right or power conferred upon us;
- (3) securing the notes pursuant to the requirements of the indenture or otherwise;
- (4) curing any ambiguity or curing, correcting or supplementing any defective provision of the indenture or the notes;
- (5) amending the indenture or the notes in any manner which we and the trustee may determine and that, as certified by an officer’s certificate delivered by us, will not adversely affect the rights of any holder of the notes in any material respect;
- (6) reflecting the succession of another Person to us and the successor corporation’s assumption of our covenants and obligations under the notes and the indenture in accordance with the provisions described under “—Negative Covenants—Merger, Consolidate or Sale of Assets”;
- (7) providing, if permitted under Mexican law, for the guarantee of the notes by any Subsidiary Guarantor and related revisions to the indenture to reflect the terms of the covenant described under “—Affirmative Covenants—Future Subsidiary Guarantors”; or
- (8) providing for a successor trustee or co-trustee in accordance with the provisions of the indenture.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment, modification, supplement or waiver. It is sufficient if the consent approves the substance of the proposed amendment, modification, supplement or waiver. After an amendment, modification, supplement or waiver under the indenture becomes effective, we will mail to the holders a notice briefly describing the amendment, modification, supplement or waiver. However, the failure to give this notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, modification, supplement or waiver.

Meetings of Holders of Notes

The indenture has provisions for calling a meeting of the holders of the notes. Under the indenture, the trustee may call a meeting of the holders of the notes at any time. We or the holders of at least 10% in principal amount of the Outstanding notes may also request a meeting of the holders of the notes by sending a written request to the trustee detailing the proposed action to be taken at the meeting.

At any meeting of holders of the notes to act on a matter that is not a Reserved Matter, a quorum exists if the holders of a majority of the aggregate principal amount of the Outstanding notes are present or represented. At any meeting of holders of the notes to act on a matter that is a Reserved Matter, a quorum exists if the holders of 75% of the aggregate principal amount of the Outstanding notes are present or represented.

Any meeting of holders that has properly been called and that has a quorum can be adjourned from time to time by those who are entitled to vote a majority of the aggregate principal amount of the Outstanding notes represented at the meeting. The adjourned meeting may be held without further notice.

Any resolution passed, or decision made, at a meeting of holders that has been properly held in accordance with the indenture is binding on all holders of the notes.

Defeasance

We may, at our option, elect to terminate (1) all of our obligations with respect to the notes (“legal defeasance”), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the notes, the replacement of mutilated, destroyed, lost or stolen notes and the maintenance of agencies with respect to the notes or (2) our obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default (“covenant defeasance”) in respect of the notes. In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee money or U.S. government obligations, or any combination thereof, in such amounts as will be sufficient to pay the principal, premium, if any, and interest (including additional amounts) in respect of the notes then outstanding on the maturity date of the notes, and comply with certain other conditions, including, without limitation, the delivery of an officer’s certificate stating our election and an opinion of counsel as to specified tax and other matters.

If we elect either legal defeasance or covenant defeasance with respect to the notes, we must so elect it with respect to all of the notes.

Certain Definitions

The following are certain defined terms used in the indenture and in the notes.

“Accounts Receivable” means, as to any Person, amounts payable to such Person in respect of the sale, lease or other provision of goods, energy, services or the like, whether or not yet earned by performance.

“Available Assets” means, as to any Person, assets of such Person consisting of cash on hand or on deposit in banks, certificates of deposit and bankers’ acceptances, debt securities and intangible assets (other than equity securities and Accounts Receivable).

“Default” means any event or circumstance that, with the giving of notice, the lapse of time, or both, would (if not cured, waived or otherwise remedied during such time) constitute an Event of Default.

“Mexican FRS” means *Normas de Información Financiera* (Mexican Financial Reporting Standards) issued by the *Consejo Mexicano para la Investigación de Normas de Información Financiera* or, as and to the extent adopted by us for the presentation of our financial statements, International Financial Reporting Standards, as in effect in Mexico from time to time.

“Outstanding” means, as of any date of determination, all notes authenticated by the trustee and delivered under the indenture, *except*:

- (i) notes which have been cancelled by the trustee or delivered to the trustee for cancellation as of such date of determination;
- (ii) notes as of such date of determination, or portions thereof, for whose payment or redemption moneys in the necessary amount has been deposited with the trustee or any paying agent (other than us) in trust or set aside and segregated in trust by us (if we act as our own paying agent) for the benefit of the holders of such notes; *provided* that if such notes are to be redeemed, notice of such redemption has been duly given pursuant to the indenture or provision for such notice satisfactory to the trustee has been made; and

- (iii) notes which, as of such date of determination, have been lost, destroyed or wrongfully taken pursuant to the terms of the indenture or in exchange for or in lieu of which other notes have been authenticated and delivered pursuant to the indenture;

provided that in determining whether the holders of the requisite principal amount of Outstanding notes have given any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement under the indenture, whether a quorum is present at a meeting of holders of Outstanding notes or the number of votes entitled to be cast by each holder of a note in respect of such note at any such meeting notes owned, directly or indirectly, by Mexico or any public sector instrumentality of Mexico (including us or any of our Subsidiaries) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement, only notes that a responsible officer of the trustee actually knows to be so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee certifies to the trustee the pledgee's right so to act with respect to such notes and certifies that the pledgee is not us or our Subsidiary. As used in this definition, "public sector instrumentality" means *Banco de México*, any department, ministry or agency of the Mexican government or any corporation, trust, financial institution or other entity owned or controlled by the Mexican government or any of the foregoing, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the Board of Directors or other Persons performing similar functions in lieu of, or in addition to, the Board of Directors of a corporation, trust, financial institution or other entity.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having a separate legal personality.

"Project Financing" means any financing of the acquisition, construction or development of any properties in connection with a project if the Person or Persons providing such financing expressly agree to look to the properties financed and the revenues to be generated by the operation of, loss of or damage to, such properties as the principal source of repayment for the moneys advanced (with limited recourse, if any, to us) and have been provided with a feasibility study prepared by competent independent experts on the basis of which it was reasonable to conclude that such project would generate sufficient foreign currency income to repay substantially all of the principal of and interest on all Public External Indebtedness incurred in connection therewith.

"Public External Indebtedness" means, with respect to any Person, any Public Indebtedness of such Person that is payable by its terms or at the option of its holder in any currency other than the currency of Mexico (other than any such Public Indebtedness that is originally issued or incurred within Mexico).

"Public Indebtedness" means, with respect to any Person, any payment obligation, including any contingent liability, of such Person arising from bonds, debentures, notes or other securities that (a) are, or were intended at the time of issuance to be, quoted, listed or traded on any securities exchange or other securities market or were issued in a private placement to institutional investors (including, without limitation, securities issued pursuant to Section 4(2) of, or eligible for resale pursuant to Rule 144A under, the Securities Act (or any successor law or regulation of similar effect)) and (b) have an original maturity of more than one year or are combined with a commitment so that the original maturity of one year or less may be extended at our option to a period in excess of one year.

"Subsidiary" means, in relation to any entity, any other entity (whether or not now existing) which is controlled directly or indirectly, or more than 50% of whose issued equity share capital (or equivalent) is then held or beneficially owned by, the first Person and/or any one or more of the first Person's Subsidiaries, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

Agents

We may appoint one or more transfer agents, at whose designated offices any notes in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity. Initially, we have appointed the trustee, at its corporate office in New York City, as agent for these purposes (the "transfer agent").

We may also choose to act as our own transfer agent. We must notify you of changes in the transfer agents as described under “—Notices.” If we issue notes in certificated form, holders of notes in certificated form will be able to transfer their notes, in whole or in part, by surrendering the notes, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in New York City. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

As long as we issue notes in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee’s records, and will be deemed given when mailed. From and after the date the notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, we will also publish all notices to the holders either in a newspaper with general circulation in Luxembourg, which is expected to be the *Luxemburger Wort*, or on the website of the Luxembourg Stock Exchange at www.bourse.lu or, if we determine that this is not practicable, in another manner permitted by the rules of the Luxembourg Stock Exchange.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Governing Law

The indenture and the notes are governed by, and will be construed in accordance with, the laws of the State of New York, United States of America, except that matters relating to the authorization, execution and delivery of the indenture and the notes by us are governed by the laws of Mexico.

Consent to Service, Jurisdiction and Waiver of Immunity

In the indenture, we irrevocably designated, appointed and empowered the Consul General of Mexico (New York office), presently located at 27 East 39th Street, New York, New York 10016 (the “Authorized Agent”) as our authorized agent to accept and acknowledge on our behalf service of any and all process which may be served in any suit, action or proceeding arising out of or based upon the notes or the indenture that may be instituted by the trustee or any holder in any U.S. federal or New York state court in the Borough of Manhattan, The City of New York. We consented to process being served in any such action or proceeding by service of process upon the Authorized Agent. We and the trustee each irrevocably submitted to the jurisdiction of any such court in respect of any such action or proceeding and irrevocably waived any objection which we or the trustee may now or hereafter have to the laying of venue of any such action or proceeding in any such court.

To the extent that we have or hereafter may acquire any immunity from jurisdiction of any of the courts referred to above or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to ourselves or our property, in each case in respect of any action, claim or proceeding brought in respect of the indenture or the notes, we irrevocably waived such immunity in respect of our obligations under the indenture and the notes to the fullest extent permitted by law, except that (a) under Article 4 of the *Código Federal de Procedimientos Civiles* (Federal Code of Civil Procedure of Mexico) and Articles 1, 4 and 7 (and related articles) of the *Ley del Servicio Público de Energía Eléctrica* (Electricity Law), attachment prior to judgment, attachment in aid of execution will not be ordered by Mexican courts against our property and are not waived by us, and (b) the generation, transmission, processing, distribution and supply of electric energy as a public service, as well as the undertaking of any construction, installation and works required for the planning, operation and maintenance of the national electric system, are reserved to the Mexican government, through us (and to that extent the assets related thereto are subject to immunity and are not waived by us). Without limiting the generality of the foregoing, we agreed that the waivers set forth in this paragraph will have force and effect to the fullest extent permitted under the U.S. Foreign Immunities Act of 1976, as amended, and are irrevocable for purposes of such Act; *provided, however*, that we reserved the right to plead immunity under such Act in actions brought against us under the U.S. federal securities laws or any state securities laws.

Currency Indemnity

Our obligations under the notes will be discharged only to the extent that the relevant holder is able to purchase U.S. dollars with any other currency paid to that holder in accordance with any judgment or otherwise. If the holder cannot purchase U.S. dollars in the amount originally to be paid, we have agreed to pay the difference. The holder, however, agrees that, if the amount of U.S. dollars purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us. The holder will not be obligated to make this reimbursement if we are in default in respect of our obligations under the notes.

Our Relationship with the Trustee

Deutsche Bank Trust Company Americas is initially serving as the trustee for the notes. Deutsche Bank Trust Company Americas may have other business relationships with us from time to time.

TAXATION

The following summary of certain Mexican federal and U.S. federal income tax considerations is based on the advice of our in-house counsel, with respect to Mexican federal taxes, and on the advice of Cleary Gottlieb Steen & Hamilton LLP, New York, New York, with respect to U.S. federal income taxes. This summary contains a description of certain Mexican federal and U.S. federal income tax consequences of the purchase, ownership and disposition of the notes, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, municipality, locality or taxing jurisdiction other than the federal laws of the United States and Mexico.

This summary is based on the federal tax laws of Mexico and the United States as in effect on the date of this listing memorandum (including the Tax Treaty described below), as well as on rules and regulations of Mexico and regulations, rulings and decisions of the United States available on or before such date and now in effect. All of the foregoing are subject to change, which change could apply retroactively and could affect the continued validity of this summary.

The United States and Mexico entered into a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, and a Protocol thereto, both signed on September 18, 1992 and amended by additional Protocols signed on September 8, 1994 and November 26, 2002 (the “Tax Treaty”). This summary describes the provisions of the Tax Treaty that may affect the taxation of certain U.S. holders of notes. The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters.

Mexico has also entered into tax treaties with various other countries (most of which are in effect) and is negotiating tax treaties with various other countries. These tax treaties may have effects on holders of notes. This summary does not discuss the consequences (if any) of such treaties.

Prospective purchasers of notes should consult their own tax advisors as to the Mexican, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Mexican Tax Considerations

This summary of certain Mexican federal tax considerations refers only to prospective holders of notes that are not residents of Mexico for Mexican tax purposes and that will not hold the notes or a beneficial interest therein through a permanent establishment for tax purposes in Mexico (any such non-resident holder a “Foreign Holder”). For purposes of Mexican taxation, an individual is a resident of Mexico if he/she has established his/her domicile in Mexico, unless he/she has a place of residence in another country as well, in which case such individual will be considered a resident of Mexico for tax purposes, if such individual has his/her center of vital interest in Mexico; an individual would be deemed to maintain his/her center of vital interest in Mexico if, among other things, (i) more than 50% of his/her total income for the calendar year results from Mexican sources, or (ii) his/her principal center of professional activities is located in Mexico. A legal entity is a resident of Mexico if it maintains the main place of its management in Mexico or has established its effective management in Mexico. A Mexican national is presumed to be a resident of Mexico unless such person can demonstrate the contrary. If a legal entity or individual has a permanent establishment for tax purposes in Mexico, such legal entity or individual shall be required to pay taxes in Mexico on income attributable to such permanent establishment in accordance with Mexican federal tax law.

Taxation of Interest and Principal

Under existing Mexican laws and regulations, payments of principal under the notes, made by CFE to a Foreign Holder, will not be subject to any taxes or duties imposed or levied by or on behalf of Mexico.

Pursuant to the Mexican Income Tax Law, payments of interest (or amounts deemed to be interest) made by CFE in respect of the notes to Foreign Holders will be subject to a Mexican withholding tax imposed at a rate of 4.9% if, as expected: (i) the notes are placed outside of Mexico by a bank or broker dealer in a country with which Mexico has a valid tax treaty in effect, (ii) notice relating to the listing of the notes is given to the CNBV as required

under the Securities Market Law and evidence of such notice is timely filed with the Ministry of Finance, (iii) CFE timely files with the Ministry of Finance (a) certain information related to the notes and this listing memorandum and (b) information representing that no party related to CFE, directly or indirectly, is the effective beneficiary of five percent (5%) or more of the aggregate amount of each such interest payment, and (iv) CFE maintains records that evidence compliance with (iii)(b) above. If these requirements are not satisfied, the applicable withholding tax rate will be higher.

Under the Tax Treaty, the Mexican withholding tax rate is 4.9% for certain holders that are residents of the United States (within the meaning of the Tax Treaty) under certain circumstances contemplated therein.

Payments of interest made by CFE in respect of the notes to a non-Mexican pension or retirement fund will be exempt from Mexican withholding taxes; *provided* that any such fund: (i) is duly established pursuant to the laws of its country of origin and is the effective beneficiary of the interest paid, (ii) is exempt from income tax in respect of such payments in such country, and (iii) is registered with the Ministry of Finance for that purpose.

Additional Amounts

CFE has agreed, subject to specified exceptions and limitations, to pay Additional Amounts to the holders of the notes in respect of the Mexican withholding taxes mentioned above. If CFE pays Additional Amounts in respect of such Mexican withholding taxes, any refunds received with respect to such Additional Amounts will be for the account of CFE. See “Description of the Notes—Additional Amounts.”

Holders or beneficial owners of notes may be requested to provide certain information or documentation necessary to enable CFE to establish the appropriate Mexican withholding tax rate applicable to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided on a timely basis, the obligation of CFE to pay Additional Amounts will be limited. See “Description of the Notes—Additional Amounts.”

Taxation of Disposition

Capital gains resulting from the sale or other disposition of the notes by a Foreign Holder to another Foreign Holder will not be subject to Mexican income or other similar taxes.

Transfer and Other Taxes

There are no Mexican stamp, registration, or similar taxes payable by a Foreign Holder in connection with the purchase, ownership or disposition of the notes. A Foreign Holder of notes will not be liable for Mexican estate, gift, inheritance or similar tax with respect to the notes.

United States Tax Considerations

TO ENSURE COMPLIANCE WITH UNITED STATES INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS LISTING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON AND CANNOT BE RELIED UPON BY PROSPECTIVE HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED BY CFE IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain United States federal income tax considerations that may be relevant to a beneficial owner of the notes that is an individual citizen or resident of the United States or a domestic corporation or otherwise subject to United States federal income tax on a net income basis in respect of the notes (a “U.S. Holder”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor’s decision to invest in the notes.

In addition, except as noted below, this summary deals only with investors that are U.S. Holders who acquire the notes in the United States as part of the initial offering of the notes (and at their initial offering price), who will own the notes as capital assets, and whose functional currency is the U.S. dollar. It does not address U.S. federal income tax considerations applicable to investors who may be subject to special tax rules, including but not limited to banks, financial institutions, tax-exempt entities, partnerships or other pass-through entities (or persons that hold the notes through such entities), traders in securities that elect to use the mark-to-market method of accounting for their securities, persons subject to the alternate minimum tax, regulated investment companies, real estate investment trusts, insurance companies, dealers in securities or currencies, certain short-term holders of the notes, or persons that hedge their exposure in the notes or will hold the notes as a position in a “straddle” or “conversion” transaction or as part of a “synthetic security” or other integrated financial transaction for U.S. federal income tax purposes. U.S. Holders should be aware that the U.S. federal income tax consequences of holding the notes may be materially different for investors described in the previous sentence.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect or available on the date of this listing memorandum. All of the foregoing are subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

Payments of Interest and Additional Amounts

Payments of the gross amount of interest (i.e., including amounts withheld in respect of Mexican withholding taxes) and Additional Amounts (as defined in “Description of the Notes — Additional Amounts) with respect to a note will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. Holder’s method of tax accounting.

The Mexican withholding tax that is imposed on interest will be treated as a foreign income tax eligible, subject to generally applicable limitations and conditions under U.S. tax law, for credit against a U.S. Holder’s federal income tax liability or, at the U.S. Holder’s election, for deduction in computing the holder’s taxable income. Interest and Additional Amounts paid on the notes generally will constitute foreign source “passive category income.” A U.S. Holder may be denied a foreign tax credit for foreign taxes imposed with respect to the notes where such holder does not meet a minimum holding period requirement during which it is not protected from risk of loss. The calculation and availability of foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules that depend on a U.S. Holder’s particular circumstances. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits and the treatment of Additional Amounts.

Disposition of Notes

A U.S. Holder’s tax basis in a note generally will equal its cost for that note. A U.S. Holder generally will recognize gain or loss on the sale, redemption or other disposition of the notes in an amount equal to the difference between the amount realized on such sale, redemption or other disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as ordinary income to the extent not previously included in income) and the U.S. Holder’s adjusted tax basis in the notes. Gain or loss realized by a U.S. Holder on such sale, redemption or other disposition generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the notes have been held by such holder for more than one year. Long-term capital gains of individuals are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss realized by a U.S. Holder on the sale or other disposition of a note generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Accordingly, if Mexican tax is imposed on the sale or other disposition of the notes, such tax generally will not be available as a credit for the U.S. Holder against U.S. federal income tax unless such holder has other income from foreign sources, in the appropriate category, for purposes of the foreign tax credit rules.

Information Reporting and Back-up Withholding

The paying agent may be required to file information returns with the U.S. Internal Revenue Service (the “IRS”) with respect to payments made to certain U.S. Holders on the notes. A U.S. Holder may be subject to backup withholding on the payments that the U.S. Holder receives on the notes unless such U.S. Holder (i) is a

corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number on an IRS Form W-9 (or applicable successor form), certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under these rules will generally be allowed as a credit against such U.S. Holder's federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is furnished to the IRS.

Non-U.S. Holders

A holder or beneficial owner of notes (other than a partnership) that is not a U.S. Holder (a "Non-U.S. Holder") generally will not be subject to U.S. federal income or withholding tax on interest received on the notes unless the interest is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment). In addition, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on gain realized on the sale of notes unless (i) the gain is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment) or (ii) in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met. Although Non-U.S. Holders generally are exempt from backup withholding and information reporting, a Non-U.S. Holder may, in certain circumstances, be required to comply with certification procedures to prove entitlement to this exemption.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

Under Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), each Member State of the European Union, or EU, is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State; however, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead apply a withholding system in relation to such payments. Under such withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The current rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following the conclusion of agreements by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, one of those countries or territories.

A proposal for amendments to the Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. No Additional Amounts will be payable with respect to a note where withholding or deduction is imposed or levied on a payment pursuant to the Savings Directive or any other EU directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive. If any notes are issued in certificated form, the Issuer will, to the extent permitted by law, maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any such directive or law. Holders should consult their tax advisors regarding the implications of the Savings Directive in their particular circumstances.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The notes were issued in the form of one or more registered notes in global form, without interest coupons (the “global notes”), as follows:

- notes sold to qualified institutional buyers under Rule 144A are represented by a Restricted global note; and
- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S are represented by a Regulation S global note.

Upon issuance, each of the global notes were deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note are limited to persons who have accounts with DTC (“DTC participants”), including Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”), or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- DTC credited portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in each global note are and will be shown on, and transfer of ownership of those interests have been and will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the Regulation S global note were initially credited within DTC to Euroclear and Clearstream on behalf of the owners of such interests.

Investors may hold their interests in the global notes directly through DTC, Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems.

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under “Transfer Restrictions.”

Exchanges Between the Global Notes

Beneficial interests in one global note may generally be exchanged for interests in another global note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which global note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and

may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law;
- a “banking organization” within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Securities Exchange Act of 1934, as amended.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the notes represented by a global note will be made by the trustee to DTC’s nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC’s procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as

depositories for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositories that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depository for the global notes and a successor depository is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934, as amended, and a successor depository is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the indenture occur, including the occurrence and continuance of an event of default with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note will be registered in the names, and issued in any approved denominations, requested by the depository and will bear a legend indicating the transfer restrictions of that particular global note.

For information concerning paying agents and transfer agents for any notes in certificated form, see “Description of the Notes—Payment Provisions—Paying Agents” and “Description of the Notes—Agents.”

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchasers:

(1) You acknowledge that:

- the notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and, if applicable, in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing the notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person and you are purchasing notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained or incorporated by reference in this listing memorandum. You represent that you are relying only on this listing memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.

(4) If you are a purchaser of notes pursuant to Rule 144A, you represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act.

(5) You agree, and each subsequent holder of the notes by its acceptance of the notes will agree, that the notes may be offered, sold or otherwise transferred only:

- (i) to a person who the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A;
- (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; or
- (iii) pursuant to an exemption from registration under the Securities Act (if available).

As a condition to registration of transfer of the notes pursuant to the exemption referred to in clause (iii) above, we or the trustee may require delivery of any documents or other evidence that we or the trustee each, in our

or its discretion, deems necessary or appropriate to evidence compliance with such exemption, and, in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

You also acknowledge that:

- the above restrictions on resale are expected to apply from the issue date until the date that is one year (in the case of Restricted global notes) or 40 days (in the case of Regulation S global notes) after the later of the issue date and the last date that we or any of our affiliates was the owner of the notes or any predecessor of the notes (the “resale restriction period”), and will not apply after the applicable resale restriction period ends;
- each Restricted global note will contain a legend substantially to the following effect:

NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL NOTE PURSUANT TO CLAUSE (3) ABOVE, COMISIÓN FEDERAL DE ELECTRICIDAD OR THE TRUSTEE MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT IT, IN ITS DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH THE EXEMPTION REFERRED TO IN CLAUSE (3). THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF COMISIÓN FEDERAL DE ELECTRICIDAD.

- each Regulation S global note will contain a legend substantially to the following effect:

NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS THIS GLOBAL NOTE IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF COMISIÓN FEDERAL DE ELECTRICIDAD.

The resale restriction period may be extended, in our discretion, in the event of one or more issuances of additional notes, as described under “Description of the Notes—Further Issuances.” The above legend (including the restrictions on resale specified therein) may be removed solely in our discretion and at our direction.

(6) You understand that the notes will be represented by one or more Restricted global notes and one or more Regulation S global notes, and that certification requirements may apply before an interest in one global note may be transferred to a person who takes delivery in the form of an interest in the other global note. See “Form of Notes, Clearing and Settlement—Exchanges Between Global Notes.”

(7) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those

accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
Banco Bilbao Vizcaya Argentaria, S.A.	U.S.\$ 250,000,000
BNP Paribas Securities Corp.	250,000,000
Citigroup Global Markets Inc.	250,000,000
Total	<u>U.S.\$ 750,000,000</u>

Banco Bilbao Vizcaya Argentaria, S.A. is domiciled at Via de los Poblados s/n, Madrid 28033, Spain; BNP Paribas Securities Corp. is domiciled at 787 Seventh Avenue, New York, New York 10019, U.S.A., and Citigroup Global Markets Inc. is domiciled at 388 Greenwich Street, New York, New York 10013, U.S.A.

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement, if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers have advised us that they propose initially to offer the notes at the offering price set forth on the cover page of this listing memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Not Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

The information contained in this listing memorandum is exclusively our responsibility and has not been reviewed or authorized by the CNBV. The notes have not been nor will otherwise be registered with the *Registro Nacional de Valores* (Mexican National Securities Registry) maintained by the CNBV and therefore the notes may not be publicly offered or sold nor be the subject of brokerage activities in Mexico, except that the notes may be offered in Mexico to institutional and qualified investors, pursuant to the private placement exemption set forth in Article 8 of the *Ley del Mercado de Valores* (Mexican Securities Market Law). As required under the Mexican Securities Market Law, we have notified the CNBV of the offering of the notes outside of Mexico, such notice has been delivered to the CNBV to comply with a legal requirement and for information purposes only, and the delivery of such notice to, and the receipt of such notice by, the CNBV, does not imply any certification as to the investment quality of the notes, our

solvency, liquidity or credit quality or the accuracy or completeness of the information set forth herein. This listing memorandum may not be publicly distributed in Mexico. The acquisition of the notes by an investor of Mexican nationality will be made under its own responsibility.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system other than the Euro MTF market. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Sales Outside the United States

The notes may be offered and sold in the United States and certain jurisdictions outside the United States in which such offer and sale is permitted.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of notes which are the subject of the offering contemplated by this listing memorandum to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representative or representatives nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of notes shall require us or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of the foregoing sentence, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State; and “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each initial purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended, or the “FSMA”) received by it in connection with the issue or sale of any notes included in this offering in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes included in this offering in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This listing memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this listing memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1 A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (2) where no consideration is given for the transfer or (3) by operation of law.

Switzerland

This listing memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this listing memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Chile

The notes will not be registered under Law 18,045, as amended, of Chile with the Chilean Securities Commission and, accordingly, they cannot and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean Law.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Some of the initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us for which they received or will receive customary fees and expenses. Affiliates of Deutsche Bank Securities Inc. are lenders under two of our loan agreements.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

Banco Bilbao Vizcaya Argentaria, S.A., one of the initial purchasers, is not a broker-dealer registered with the SEC. Banco Bilbao Vizcaya Argentaria, S.A. will only make sales of notes in the United States, or to nationals or residents of the United States, through one or more U.S. registered broker-dealers in compliance with applicable securities laws.

Settlement

Delivery of the notes was made to investors on February 14, 2012.

LEGAL MATTERS

The validity of the notes was passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York. The validity of the notes was passed upon for the initial purchasers by Simpson Thacher & Bartlett LLP, New York, New York. Certain matters of Mexican law relating to the notes was passed upon for the initial purchasers by White & Case, S.C., Mexico.

White & Case, S.C. from time to time represents CFE in the issuance of *certificados bursátiles* (bonds) in the Mexican capital markets.

INDEPENDENT ACCOUNTANTS

As stated in the reports included herein of Castillo Miranda y Compañía, S.C., the Mexican member firm of BDO International Ltd. (“BDO Mexico”), our independent auditors, our financial statements (i) as of and for the years ended December 31, 2010 and 2009 and (ii) as of and for the years ended December 31, 2009 and 2008, have been audited by BDO Mexico and our unaudited financial statements as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 have been subject to the “limited review” procedures of BDO Mexico. You should read carefully BDO Mexico’s audit and limited review reports appearing elsewhere in this listing memorandum.

LISTING AND GENERAL INFORMATION

1. We have applied to have the notes admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market.

2. The notes have been accepted for clearance through DTC, Euroclear and Clearstream. The CUSIP numbers, ISIN numbers and Common Codes for the notes are as follows:

	<u>CUSIP Number</u>	<u>ISIN Number</u>	<u>Common Code</u>
Restricted Global Note.....	200447 AC4	US200447AC45	074646883
Regulation S Global Note	P30179 AK4	USP30179AK43	074646891

3. We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes, including the authorization of the issuance of the notes by the Ministry of Finance. Resolutions of our Board of Directors, dated February 3, 2012, authorized the total net indebtedness of CFE for 2012.

4. Except as disclosed in this listing memorandum, there are no pending actions, suits or proceedings against or affecting us or any of our properties, which, if determined adversely to us would individually or in the aggregate have an adverse effect on our financial condition or would adversely affect our ability to perform our obligations under the notes or which are otherwise material in the context of the issue of the notes, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.

5. Except as disclosed in this listing memorandum, since December 31, 2010, there has been no change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition.

6. Castillo Miranda y Compañía, S.C., the Mexican member firm of BDO International Ltd., independent registered public accounting firm, has agreed to the inclusion of its reports in this listing memorandum in the form and context in which it is included.

7. For so long as any of the notes are outstanding and admitted for listing on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, copies of the following items in English will be available free of charge from Deutsche Bank Luxembourg S.A., our Luxembourg listing agent, at its office at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg:

- our audited financial statements as of and for the years ended December 31, 2010 and 2009;
- our audited financial statements as of and for the years ended December 31, 2009 and 2008;
- our unaudited financial statements as of and for the nine-month periods ended September 30, 2011, 2011 and 2010,
- our audited consolidated financial statements as of future dates and for future years; and
- any related notes to these items.

For as long as any of the notes are outstanding and admitted for listing on the Official List of on the Luxembourg Stock Exchange and trading on the Euro MTF market, copies of our current annual financial statements and unaudited financial information may be obtained from our Luxembourg listing agent at its office listed above.

During the same period, the indenture, our by-laws and a copy of the Electricity Law which provides for the regulatory framework of CFE will be available free of charge at the offices of our Luxembourg listing agent and the trustee.

We currently publish unaudited financial statements in Spanish only, on a quarterly basis. These financial statements are available on our website (www.cfe.gob.mx). Information on our website is not a part of this listing memorandum.

8. CFE was created on August 7, 1937 by presidential decree then converted by the Mexican Congress in 1949 into an *organismo descentralizado de la Administración Pública Federal* (decentralized public entity of the Mexican government). Our principal executive office is located at Comisión Federal de Electricidad, Paseo de la Reforma 164, Col. Juárez, 06600 México D.F. Our facsimile number at that address is (5255) 5230-9092.

9. The trustee for the notes is Deutsche Bank Trust Company Americas, having its office at 60 Wall Street, New York, New York, 10005, United States. The terms and conditions of our appointment of Deutsche Bank Trust Company Americas as trustee, including the terms and conditions under which Deutsche Bank Trust Company Americas may be replaced as trustee, are contained in the indenture available for inspection at the offices of Deutsche Bank Trust Company Americas and Deutsche Bank Luxembourg S.A.

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**COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY
OF THE MEXICAN FEDERAL GOVERNMENT)
FINANCIAL STATEMENTS AS OF SEPTEMBER 30,
2011 AND DECEMBER 31, 2010 AND FOR THE
NINE MONTH PERIODS ENDED SEPTEMBER 30,
2011 AND 2010 AND INDEPENDENT
AUDITORS' LIMITED REVIEW REPORT**

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

**Financial statements as of September 30, 2011 and December 31, 2010
and for the nine-month periods ended September 30, 2011 and 2010
and independent auditors' limited review report**

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

We have reviewed the accompanying statement of financial position of Comisión Federal de Electricidad (A Decentralized Public Entity of the Federal Government) as of September 30, 2011 and December 31, 2010 and the statements of income, of changes in equity and cash flows for the nine-month periods ended September 30, 2011 and 2010. The entity's management is responsible for the fair preparation and presentation of this interim financial information in accordance with Mexican Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Our review was conducted in accordance with the Rule 9020 for Review Works, review of interim financial reporting information performed by the independent auditor of the entity, issued by Instituto Mexicano de Contadores Públicos, A. C. An interim financial information review consists of performing investigations mainly with the personnel responsible for financial and accounting matters and for applying analytical procedures and other review procedures. A review is substantially smaller in scope than an audit performed in accordance with auditing standards generally accepted in Mexico and, therefore, it does not allow to be certain of knowing all important matters that may be identified in an audit. Therefore, we do not express an audit opinion.

Based on our review, we were not aware of any situation that may draw our attention to consider that the accompanying interim financial information does not present fairly in all material respects the financial position of Comisión Federal de Electricidad (A Decentralized Public Entity of the Federal Government) as of September 30, 2011 and December 31, 2010 and results of its operations, the changes in equity and the cash flows statements for the nine-month periods ended September 30, 2011 and 2010, in accordance with Mexican Financial Reporting Standards.

CASTILLO MIRANDA Y COMPAÑÍA, S. C.

C.P.A. Luis R. Michel Domínguez

Mexico City,
December 23, 2011

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

General balance sheets
As of September 30, 2011 and December 31, 2010
(Figures expressed in thousands of Pesos)

	Notes	September 30, 2011	December 31, 2010		Notes
Assets				Liabilities	
Current:				Short-term	
Cash and temporary investments	3-b and 4	<u>Ps 76,658,388</u>	<u>Ps 25,019,937</u>	Current portion of documented debt	10
Accounts and notes receivable: Consumers and other debtors, net	5	<u>86,147,245</u>	<u>72,428,049</u>	Current portion of the lease of plants, installations, equipment and PIDIREGAS	3-e and 1
Materials for operations, net	3-c and 7	<u>25,971,380</u>	<u>26,301,745</u>	Suppliers and contractors	12
Total current assets		188,777,013	123,749,731	Taxes and fees payable	
Long-term loans to workers		6,464,962	5,928,981	Other accounts payable and accrued liabilities	
Plants, installations and equipment, net	3-a, 3-d, 3-f and 8	686,503,195	671,206,294	Deposits from users and contractors	
Derivative financial instruments	3-g and 9	17,840,472	17,254,628	Total short-term liabilities	
Other assets		26,781,503	23,062,639	Revenues realizable	
				Documented debt	10
				Derivative financial instruments	3-g and 1
				Lease of plants, installations, equipment and PIDIREGAS	3-e and 1
				Other long-term liabilities	3-h and 1
				Employee benefits	3-i and 1
				Provision for labor lawsuits upon retirement	3-q and 1
				Total liabilities	
				Equity	
				Accumulated equity	16
				Subsidy to consumers not covered by the Federal Government	3-n and 1
				Contributions received and others	
				Net (loss) income for the period	
				Total equity	
Total assets		<u>Ps 926,367,145</u>	<u>Ps 841,202,273</u>	Total liabilities and equity	

Memorandum accounts (Note 24)

	September 30, 2011	December 31, 2010
Assets	<u>Ps 390,255,402</u>	<u>Ps 365,737,182</u>
Liabilities	<u>Ps (390,255,402)</u>	<u>Ps (365,737,182)</u>

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

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

Statements of income
For the nine-month periods ended September 30, 2011 and 2010
(Figures expressed in thousands of Pesos)

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
Revenues from energy sales	3-j, 3-k, 25-c and 25-d	Ps 214,881,819	Ps 192,850,207
Costs and expenses:			
Exploitation		(169,368,449)	(154,026,991)
Depreciation		(20,774,596)	(20,350,438)
Administrative expenses		(4,337,417)	(3,906,308)
Estimated actuarial cost for the period due to labor obligations		<u>(39,422,819)</u>	<u>(36,567,971)</u>
Total operating costs and expenses		<u>(233,903,281)</u>	<u>(214,851,708)</u>
Operating loss		<u>(19,021,462)</u>	<u>(22,001,501)</u>
Other revenues, net	17	<u>194,785</u>	<u>2,084,240</u>
Income tax on distributable surplus	18	<u>(970,965)</u>	<u>(722,177)</u>
Subsidy to consumers	3-n and 19	64,741,529	65,874,107
Non-tax charge	3-n and 19	<u>(42,969,169)</u>	<u>(41,811,665)</u>
Net result of the subsidy and non-tax charge		<u>21,772,360</u>	<u>24,062,442</u>
Comprehensive result of financing:	3-o and 20		
Interest payable, net		(6,696,798)	(4,411,024)
Foreign exchange (loss) gain, net		<u>(9,007,743)</u>	<u>1,890,034</u>
		<u>(15,704,541)</u>	<u>(2,520,990)</u>
Net (loss) income for the period		<u>Ps (13,729,823)</u>	<u>Ps 902,014</u>

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

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

Statements of changes in equity
For the nine-month periods ended September 30, 2011 and 2010
(Figures expressed in thousands of Pesos)

	<u>Accumulated equity</u>	<u>Contributions received</u>	<u>Net (loss) income for the period</u>	<u>Total</u>
Balances as of December 31, 2009	Ps 373,663,707	Ps 5,853,330	Ps 1,185,369	Ps 380,702,406
Transfers of balances from the previous year, approved by the Governing Board	7,038,699	(5,853,330)	(1,185,369)	-
Contributions received in 2010 from State and Municipal governments and others	-	4,663,830	-	4,663,830
Subsidy to consumers not covered by the Federal Government (Notes 3-n and 19)	(24,062,442)	-	-	(24,062,442)
Comprehensive loss (Notes 3-p and 21)	<u>(2,833,404)</u>	<u>-</u>	<u>902,014</u>	<u>(1,931,390)</u>
Balances as of September 30, 2010	<u>Ps 353,806,560</u>	<u>Ps 4,663,830</u>	<u>Ps 902,014</u>	<u>Ps 359,372,404</u>
Balances as of December 31, 2010	Ps 344,251,134	Ps 7,596,561	Ps 809,067	Ps 352,656,762
Transfers of balances from the previous year, approved by the Governing Board	8,405,628	(7,596,561)	(809,067)	-
Contributions received in 2010 from State and Municipal Governments and others	-	4,646,122	-	4,646,122
Subsidy to consumers not covered by the Federal Government (Notes 3-n and 19)	(21,772,360)	-	-	(21,772,360)
Comprehensive loss (Note 21)	<u>829,620</u>	<u>-</u>	<u>(13,729,823)</u>	<u>(12,900,203)</u>
Balances as of September 30, 2011	<u>Ps 331,714,022</u>	<u>Ps 4,646,122</u>	<u>Ps (13,729,823)</u>	<u>Ps 322,630,321</u>

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

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

Cash flow statement
For the nine-month periods ended September 30, 2011 and 2010
(Figures expressed in thousands of Pesos)

	<u>2011</u>	<u>2010</u>
Operating activities		
Net (loss) income for the period	Ps (13,729,823)	Ps 902,014
Charges (credits) to results that do not involve cash movements:		
Subsidy to consumers not covered by the Federal Government	(21,772,360)	(24,062,442)
Net cost for of the period for employee benefits	25,541,725	25,056,540
Depreciation of plants, installations and equipment	20,774,596	20,350,438
Reserves and allowances	<u>1,478,145</u>	<u>244,684</u>
	12,292,283	22,491,234
Interest payable on debt and equipment leases	838,659	184,807
Income tax on distributable surplus	970,965	722,177
Accounts receivable	(14,155,843)	(23,635,458)
Materials for operations	457,483	842,144
Suppliers and contractors	21,287,125	38,807,361
Foreign exchange fluctuations:		
Debt	6,812,607	(1,396,667)
Leases and PIDIREGAS	3,298,576	(689,527)
Others	<u>(1,103,440)</u>	<u>196,160</u>
Net cash flows from operating activities	<u>30,698,415</u>	<u>37,522,231</u>
Investing activities		
Investment in plants, installations and equipment	24,532,053	11,994,047
Investment in PIDIREGAS	11,539,444	22,177,548
Other cash applications	<u>4,840,689</u>	<u>98,801</u>
Net cash flows used in investing activities	<u>40,912,186</u>	<u>34,270,396</u>
Financing activities		
Contracting of debt	44,923,318	2,152,910
Financing paid, debt	(4,625,504)	(9,121,814)
Contracting of PIDIREGAS	14,952,079	15,195,964
Financing paid, PIDIREGAS	(9,626,574)	(8,928,257)
Contributions received from the Federal and State Governments and others	4,646,122	4,663,830
Other sources of financing	<u>11,582,781</u>	<u>9,731,282</u>
Net cash flows from financing activities	<u>61,852,222</u>	<u>13,693,915</u>
Net increase for the period	51,638,451	16,945,750
Cash and temporary investments at beginning of the period	<u>25,019,937</u>	<u>33,506,716</u>
Cash and temporary investments at end of the period	<u>Ps 76,658,388</u>	<u>Ps 50,452,466</u>

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

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

Notes to the financial statements
For the nine-month periods ended September 30, 2011 and 2010
(Figures expressed in thousands of Pesos, except as otherwise indicated)

1. Compliance with Financial Reporting Standards

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

The CINIF is an independent agency established in 2002, whose principal objective is to develop the NIF and carry out the required processes for their investigation, approval, issuance and distribution. It must also achieve convergence with International Financial Reporting Standards ("IFRS").

2. Activities of the Entity and establishment

Comisión Federal de Electricidad ("CFE" or the "Entity") is a Decentralized Public Entity of the Mexican Federal Government, of a technical, industrial and commercial nature with its own legal capacity and equity, created by Decree of the National Congress on August 14, 1937, published in the Federal Official Gazette ("DOF") on August 24, 1937 (which eliminated the Decree issued by the National Congress on December 29, 1933, published in the DOF on January 29, 1934). The purpose of the Entity is to render the public electricity service within the national territory, which consists of: generating, conducting, transforming, distributing and supplying electric power, as well as planning and performing all construction, installation and works required by the national electricity system in terms of planning, execution, operation and maintenance, with the applicable participation of independent energy producers, as set forth in the Electricity Public Service Law and related regulations. On February 28, 2006, the Entity amended certain of its bylaws to modify its corporate purpose and enable it to provide the telecommunications service pursuant to the Federal Telecommunications Law.

The presidential decree extinguishing the Public Decentralized Entity, Luz y Fuerza del Centro ("LFC") was issued on October 11, 2009, as a result of which responsibility for the provision of the public electric service has been the sole responsibility of CFE from October 11, 2009, which it used to share with LFC until October 10, 2009. LFC was responsible for the distribution and sale of all electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser degree, for some energy generation and transmission activities. About 95% of the energy distributed and marketed by LFC in its area of operations was purchased from CFE (See Note 6).

The rates applicable to the sale of electricity in the Mexican Republic are defined and authorized by the Mexican Federal Government, through the Deputy Ministry of Revenues of the Ministry of Finance and Public Credit (the "SHCP").

3. Summary of significant accounting policies

The significant accounting policies of CFE are as follows:

a. Recognition of the effects of inflation

As of January 1, 2008, NIF B-10, "Effects of inflation" went into effect, allowing for the discontinuation of inflation accounting (i.e., that, with the change from an inflationary economic environment to a non-inflationary environment the effects of inflation for the period which may exist in this type of environment should not be recognized). This accounting rule eliminates the possibility of using replacement values to restate the value of inventories and the specific indexation method for fixed assets, and establishes the reclassification of the realized result from holding nonmonetary assets and result from accumulated monetary position to accumulated results.

Because the accumulated inflation in the three previous years was lower than 26%, the economic environment is considered as non-inflationary and, consequently, the financial statements as of September 30, 2011 and December 31, 2010 do not recognize the effects of inflation for those years.

b. Cash and temporary investments

This item is represented by cash, deposits and short-term investments, which are valued at their market value and any income generated is recognized in results as it is accrued.

Temporary investments refer to liquid investments with very short-term maturities that are valued at fair value.

c. Inventory of materials for operations and cost of consumptions

The inventories of materials for operations and the related consumptions are recorded originally at their acquisition cost and the monthly final balances at their average cost.

d. Plants, installations and equipment

Plants, installations and equipment is recorded at cost of acquisition and/or construction, including the following items as part of the cost: administrative costs of corporate office related directly to the construction and installation of assets; costs of retirement and seniority premiums for full-time employees in the construction areas; and depreciation of the equipment used in the construction and installation of the assets.

Prior to January 1, 2008, fixed assets acquired under our long-term private capital investment program (Proyectos de Impacto Diferido en Registro de Gastos, or "PIDIREGAS") programs were restated based on the movement of the exchange rate of the contracting currency, which is equivalent to their specific cost.

From January 1, 1997 to December 31, 2007, plants, installations and equipment were restated by using the adjustment to the historical cost method based on changes in the general price level, applying inflation factors derived from the National Consumer Price Index ("NCPI"), and taking as the base the replacement values determined at December 31, 1996, and the costs of acquisition and/or construction for those acquired from that date until December 31, 2007.

Prior to January 1, 1997, plants, installations and equipment were restated at replacement values, by using capital pricing indexes of the electricity industry, determined by CFE-employed experts, except for construction in progress, which continued to be restated using this method up to December 31, 1998.

The depreciation of plants, installations and equipment is calculated by the straight-line method as of the initial operating date of the assets, considering depreciation rates based on useful lives, determined by CFE-employed specialist technicians, as follows:

	<u>Annual rate %</u>
Geothermal power stations	From 2 to 3.70
Steam generating power stations	From 1.33 to 2.86
Hydroelectric power stations	From 1.25 to 2.50
Internal combustion power stations	From 1.33 to 3.03
Turbogas and combined-cycle power stations	From 1.33 to 3.03
Nuclear power station	From 1.33 to 2.86
Substations	From 1.33 to 2.56
Transmission lines	From 1.33 to 2.86
Distribution networks	From 1.67 to 3.33

The real property and assets used for offices and general services are depreciated in accordance with the rates authorized in the Ley del Impuesto sobre la Renta (Mexican Income Tax Law).

e. Long-term productive infrastructure projects (PIDIREGAS) and capital leases

In 1996 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 projects under the contract, provided they are received to the satisfaction of CFE, the asset is recorded in the PIDIREGAS fixed asset account, and the corresponding future obligations are recorded as liabilities.

The assets acquired through the PIDIREGAS investment program, as well as the related obligation, are recorded at the contracted value of the respective projects.

f. Impairment of long-lived assets in use

The Entity revises the book value of long-lived assets in use when there is evidence of impairment that indicates that they might not be recoverable, taking into account the higher of the present value of the future cash flows or the net selling price in the event of their eventual disposal. Evidence of impairment considered for these purposes includes among others: the 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 from previous years, the effects of obsolescence, competition and other economic and legal factors.

g. Derivative financial instruments

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

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

The Entity uses mainly interest rate and foreign currency swaps and foreign currency forward contracts to manage its exposure to exchange rate and foreign currency fluctuations. CFE formally documents all hedging relationships, in which it describes the objectives and strategies of risk management to carry out transactions involving derivatives. The policy of the Entity is to refrain from carrying out speculative transactions involving derivative financial instruments.

Certain derivative financial instruments, although they were contracted for hedging purposes from an economic perspective, have not been designated as hedges for accounting purposes, but instead are designated as hedges for trading purposes. The fluctuation in fair value of such derivatives is recognized in results within the comprehensive result of financing.

Bulletin C-10, "Derivative financial instruments and hedging operations" establishes that: "If the critical characteristics of the hedging instrument and of the primary position are equal (the notional amount, reference rates for payment and collection and the related bases, the effective term of the agreement, the date of price determination and payment, the dates of formal designation and liquidation, among others), then the changes in the fair value or in the cash flows attributable to the risk being hedged, these will be compensated completely at the beginning, during and until the expiry of the coverage, for which reason it will not be necessary to evaluate and measure the effectiveness thereof". Due to the foregoing, in the case of the financial derivative instruments for hedging purposes and when said characteristics are met, the effectiveness of said derivatives is not evaluated and measured.

h. Other long-term liabilities

By law, once the operating service of a nuclear installation is concluded (due to the termination of licenses), it must be dismantled for safety and environmental protection reasons.

The policy of CFE is to conduct a technical-economic study, which must be updated every five years and include the estimated cost for dismantling a nuclear installation, based on the energy output of the Laguna Verde Nuclear Power Station, whose distribution is made uniformly over its useful life and which, based on the provisions of Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments" must be compared with the calculations at their present value.

During 2010, the Entity performed the update of the technical-economic study, supported with studies on the dismantling of similar plants prepared by international companies, for the purpose of determining the necessary funds to carry out the dismantling of the nuclear power station. As a result of such restatement, the reserve for costs relating to our nuclear facility was increased to Ps 11,171.9 million (809.6 million US dollars). The change over the previous reserve Ps 4,305.4 million (312.0 million US dollars) is due to the inclusion of costs related to cooling, transportation and storage of the radioactive waste material. These expenses will be amortized over the remaining useful life of the power station.

i. Employee benefits

In order to bring about convergence with IFRS, both in terms of technology and regulations, and to ensure that MFRS is more in line with international standards, in July 2007, NIF D-3, "Employee benefits" was issued, effective as of January 1, 2008.

NIF D-3, which replaces the previous Bulletin D-3 "Labor obligations", eliminates the recognition of labor obligations as an intangible asset and it also eliminates any corresponding adjustment to equity that would have occurred under Bulletin D-3.

NIF D-3 establishes a maximum limit of five years for the amortization of unamortized items, which will require charges to results significantly higher than those which had been recorded using the previous Bulletin, inasmuch as the latter required the amortization of such items during the remaining working life of the employees.

In accordance with NIF D-3, "Employee benefits" (seniority premiums and pensions) liabilities for termination of the employment relationship are recorded as they are accrued, and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates. Therefore, the liability being recognized is, equal to the present value of the estimated future obligation for these benefits at the estimated retirement date of the employees working at the Entity, hired on or before August 18, 2008, under the Entity's defined-benefit pension and retirement plan.

A defined contribution pension and retirement plan was established for employees hired on or after August 19, 2008 on the basis of contributions made by the Entity to individual accounts of each employee. For this reason, these employees do not have an impact on the labor liabilities for pensions and indemnities upon retirement.

j. Recognition of revenues

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

k. Information by segments

As a public-sector entity, CFE, in accordance with the terms of NIF B-5, "Financial information by segments" differentiates and discloses its information by segments, which are determined on the basis of the segments used by CFE's management to evaluate its activities.

l. Electricity sold that is being billed

The electricity that has been delivered and is in the process of being billed (i.e., not yet recorded as an account receivable) is considered as revenue for the period and its amount is estimated based on the actual invoices issued in the immediately preceding two month period.

m. Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in effect on the date they are performed. Monetary assets and liabilities in foreign currency are valued in Mexican pesos at the exchange rate in effect at the date of the financial statements. Exchange fluctuations are recorded in results within the comprehensive result of financing.

n. Transactions with the Federal, State and Municipal Governments

The principal transactions that are performed with the Federal Government and the State and Municipal Governments and their respective accounting treatment are as follows:

With the Federal Government:

Government non-tax charges - In accordance with Article 46 of the Electricity Public Service Law, in effect as of December 23, 1992, CFE is obligated to pay a non-tax charge to the Federal Government for the assets that it uses to render the public electricity service.

The government non-tax charge is determined annually based on the profitability rates established for state-owned companies in each year. For the year ended December 31, 2010, and the nine months ended September 30, 2011, the rate was 9%, which was ratified by the SHCP. Such rate is applied to the value of the net fixed assets in operation as of the end of the immediately preceding year, and the resulting proportional amount is charged to results during each period.

Consumer subsidy to supplement deficit rates - This refers to the resources which the Federal Government provides to users of the electricity service through CFE, by means of various subsidized rates for electricity sales. A significant part of these subsidies are virtual (non-cash) transactions, because in accordance with the current Electricity Public Service Law, they are credited against the non-tax charge payable by the Entity. This subsidy is credited in results on a monthly basis.

Equity impairment - The annual expense for the Federal Government charge is compared to the consumer subsidy to supplement deficit rates granted by the Federal Government. Through 1999, a net consumer liability was generated in favor of the Federal Government which was capitalized as part of CFE's equity at the close of each year. However, since 2000, the amount of the Federal Government non-tax charge has been less than that of the consumer subsidy and, accordingly, the Board of Directors of CFE has each year authorized a decrease of equity of the Entity in the amount of the difference between these items.

With State and Municipal Governments:

Contributions - The contributions received from the Federal Government and the State and Municipal Governments to provide electrification to rural settlements and low-income districts, as well as from private parties to extend the distribution network, are recorded as an increase in equity.

o. Comprehensive result of financing

The comprehensive result of financing includes all financial revenue or expense items, such as interest, exchange rate gain or loss, as they occur or as they are accrued.

p. Comprehensive loss

The comprehensive loss that is presented in the statement of changes in equity is comprised of the loss for the period, plus certain other items that represent a gain or loss from the same period, which in accordance with the NIF are presented directly in equity without affecting the statement of income (Note 21).

q. Liabilities, provisions, contingent assets and liabilities and commitments

In 1974, the Commission of Accounting Principles issued Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments", in order to address the financial reporting requirements of these items.

In 2002 Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments" were amended. Also amended was International Accounting Standard ("NIC") 37, "Provisions, contingent obligations and contingent assets", which resulted in Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments".

In 2010, the CINIF issued NIF C-9, "Liabilities, provisions, contingent assets and liabilities and commitments", which are substantially in line with NIC 37.

As a result of the foregoing, the Entity values, records and presents in its financial statements, its liabilities, contingent assets and liabilities and commitments according to the provisions in NIF C-9. (Notes 15, 23 and 24)

4. Cash and temporary investments

As of September 30, 2011 and December 31, 2010, cash and temporary investments were comprised of the following:

	September 30, 2011	December 31, 2010
Cash on hand and in banks	Ps 7,798,791	Ps 10,609,452
Temporary investments	<u>68,859,597</u>	<u>14,410,485</u>
	<u>Ps 76,658,388</u>	<u>Ps 25,019,937</u>

5. Accounts and notes receivable from consumers and other debtors

As of September 31, 2011 and December 31, 2010, these accounts and notes receivable were comprised of the following:

	September 30, 2011	December 31, 2010
Public consumers	Ps 53,665,551	Ps 39,435,379
Government consumers	13,618,549	8,951,014
Electricity sold that is being billed	<u>13,587,624</u>	<u>13,587,559</u>
	80,871,724	61,973,952
Allowance for doubtful accounts	<u>(7,356,464)</u>	<u>(6,919,818)</u>
	73,515,260	55,054,134
Other debtors	10,936,109	9,977,277
Value added tax	<u>1,695,876</u>	<u>7,396,638</u>
	<u>Ps 86,147,245</u>	<u>Ps 72,428,049</u>

6. Assets under gratuitous loan (*comodato*)

On October 11, 2009, a presidential decree was issued, through which LFC was dissolved. Until then, LFC was responsible for the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser extent, some power generation and transmission activities.

Through this decree, it was established that the Asset Management and Disposal Service (the "SAE") is responsible for the liquidation of LFC. At the express request of the Ministry of Energy, under the terms of the provisions in Article 2 of the above-mentioned decree, the SAE has made available to CFE the necessary assets to ensure the appropriate provision of the public electric power service in the above-mentioned geographical area. Those assets continue to be subject to the provision of the public electric power service according to the provisions in the Electricity Public Service Law.

In accordance with the above-mentioned decree, the SAE and CFE entered into an agreement whereby they agreed to take an inventory of the assets and appurtenant and associated rights necessary for the appropriate provision of the public electric power service in the above-mentioned geographic area. Furthermore, this agreement established that from the effectiveness of the above-mentioned decree, CFE was to take over the invoicing of the electric power service for the above-mentioned geographic area, which includes more than 6 million customers, and assume the relevant costs of distribution and marketing, in addition to the cost of generation of electric power.

The SAE and CFE ratified the gratuitous loan agreement on August 11, 2010 so that CFE continues to freely use assets for the provision of the public electric service in such geographical area.

The effective term of the gratuitous loan agreement is three years from October 11, 2009, and this term shall be automatically extended for an additional three-year period unless otherwise agreed upon by the parties.

For purposes of identification and valuation of the assets subject to the gratuitous loan agreement, the SAE retained the services of independent appraisers, obtaining an amount of Ps 106,496,000, which CFE has recorded in memorandum accounts. This amount covers both electric infrastructure and personal and real property.

7. Materials for operations

As of September 30, 2011 and December 31, 2010, materials for operations were comprised of the following:

	September 30, 2011	December 31, 2010
Spare parts and equipment	Ps 13,279,376	Ps 14,466,582
Fuels and lubricants	10,677,753	9,500,992
Nuclear fuel	<u>2,232,088</u>	<u>2,678,773</u>
	26,189,217	26,646,347
Estimate for obsolescence	<u>(217,837)</u>	<u>(344,602)</u>
	<u>Ps 25,971,380</u>	<u>Ps 26,301,745</u>

8. Plants, installations and equipment, net

The balances of plants, installations and equipment, net as of September 30, 2011 and December 31, 2010 were comprised of the following:

	September 30, 2011	December 31, 2010
Plants, installations and equipment in operation, net	Ps 645,489,553	Ps 636,580,288
Constructions in progress	29,028,074	22,329,097
Construction materials	<u>9,623,234</u>	<u>10,317,450</u>
	684,140,861	669,226,835
Debt certificates to be disbursed	928,272	545,397
Fixed assets not in use	<u>1,434,062</u>	<u>1,434,062</u>
	<u>Ps 686,503,195</u>	<u>Ps 671,206,294</u>

Plants, installations and equipment in operation - The balances of plants, installations and equipment as of September 30, 2011 and December 31, 2010, which include equipment leased under capitalized leases, were comprised of the following:

	September 30, 2011	December 31, 2010
Plants:		
Steam generating	Ps 274,980,422	Ps 274,892,885
Hydroelectric	163,891,425	163,709,737
Nuclear power	66,346,458	62,172,043
Turbogas and combined cycle	51,572,758	51,490,628
Geothermal	22,745,649	22,676,442
Internal combustion	5,615,553	5,589,402
Nonconventional installations	3,962,213	3,966,860
Transmission lines and transformation substations	354,004,337	341,542,563
Distribution networks	147,902,332	141,538,625
Land involved in the regularization process	506,314	563,308
Administrative buildings and others	94,414,917	94,376,081
	1,185,942,378	1,162,518,574
Less:		
Accumulated depreciation	(540,452,825)	(525,938,286)
	<u>Ps 645,489,553</u>	<u>Ps 636,580,288</u>

In the last few years, due to the reduction in its annual budgets, CFE has not fully complied with maintenance requirements. Consequently, the probable useful lives of certain plants may be affected. Notwithstanding the foregoing, the expenses incurred in this regard for the nine-month period ended September 30, 2011 and the year ended December 31, 2010 are estimated to be sufficient to enable the plants, installations and equipment to continue operating adequately.

Construction in progress - The balances of construction in progress as of September 30, 2011 and December 31, 2010, were comprised of the following:

	September 30, 2011	December 31, 2010
Plants:		
Geothermal	Ps 1,696,934	Ps 2,223,737
Steam generating	551,491	927,928
Hydroelectric	3,868,939	3,122,334
Internal combustion	97,570	208,531
Turbogas and combined cycle	691,746	692,383
Nuclear power plants	362,676	331,534
Lines, networks and substations	17,666,730	11,659,390
Offices and general facilities	1,866,923	1,030,190
Construction advances	2,225,065	2,133,070
Total	<u>Ps 29,028,074</u>	<u>Ps 22,329,097</u>

As of September 30, 2011 and December 31, 2010, the items capitalized in construction in progress, in accordance with the policy described in Note 3-d, amounted to Ps 2,718,036 and Ps 1,938,352, respectively (Ps 974,509 and Ps 1,265,057 for administrative expenses, and Ps 133,977 and Ps 82,375 for depreciation and Ps 1,609,550 and Ps 590,920 for the increase in the reserve for retirement and seniority premiums, as of September 30, 2011 and December 31, 2010, respectively).

Construction materials - The balances of construction materials as of September 30, 2011 and December 31, 2010, were comprised of the following:

	September 30, 2011	December 31, 2010
Replacement parts and equipment	Ps 9,623,000	Ps 8,779,558
Materials in the possession of third parties	85	1,537,743
Equipment in transit	<u>149</u>	<u>149</u>
	<u>Ps 9,623,234</u>	<u>Ps 10,317,450</u>

Fixed assets not in use - The balance of the fixed assets not in use as of September 30, 2011 and December 31, 2010 were comprised of the following:

	September 30, 2011	December 31, 2010
Miguel Alemán Hydroelectric System	<u>Ps 1,434,062</u>	<u>Ps 1,434,062</u>

9. Derivative financial instruments

a. The balances as of September 30, 2011 and December 31, 2010 of derivative financial instruments and interest were comprised of the following:

	September 30, 2011	December 31, 2010
For hedging purposes:		
Assets	<u>Ps 11,416,213</u>	<u>Ps 11,516,167</u>
Liabilities	<u>Ps 11,607,827</u>	<u>Ps 12,606,606</u>
For trading purposes:		
Assets	<u>Ps 6,424,259</u>	<u>Ps 5,738,461</u>
Liabilities	<u>Ps 5,752,353</u>	<u>Ps 4,921,189</u>
Total derivative financial instruments		
Assets	<u>Ps 17,840,472</u>	<u>Ps 17,254,628</u>
Liabilities	<u>Ps 17,360,180</u>	<u>Ps 17,527,795</u>

b. Financial instruments for trading purposes - On September 17, 2002, CFE placed in the Japanese market bonds in an aggregate principal amount of 32 billion Japanese yen at an annual interest rate of 3.83%, maturing in September 2032. Simultaneously, CFE carried out a hedge transaction for which it received the amount of 269,474,000 US dollars, which was equivalent to the 32 billion Japanese yen at the spot exchange rate in effect on the transaction date of 118.7499 Japanese yen per US dollar. The transaction consists of a series of foreign currency forwards which enable the Japanese yen/US dollar exchange rate to be set, during the established transaction term, at 54.0157 Japanese yen per US dollar. As a result of the transaction, CFE pays an interest rate equivalent to 8.42% annually in US dollars. The valuation effect of the foreign currency forwards is recorded in the comprehensive result of financing, and a loss (gain) on such cost offsets a loss (gain) in the underlying liability.

The final obligation of CFE is to pay the creditors Japanese yen based on the maturities, and it has the right to receive from the institution with which the hedge was contracted, Japanese yen 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>US dollars</u>	<u>Exchange rate</u>	<u>Mexican pesos (thousands of pesos)</u>
Amount to be received (assets)	32,000,000,000		Ps 0.1797	Ps 5,750,400
Amount to be paid (liabilities)		269,474,000	13.7994	<u>(3,718,580)</u>
Amount to be received, net				<u>Ps 2,031,820</u>

From March 17, 2003 until September 17, 2032, CFE is obligated to make semi-annual payments for the amount of 11,344,855.40 US dollars (equivalent to 612,800,000 Japanese yen). Consequently, the total sum which CFE is obligated to pay over the next 21 years is 476,483,926 US dollars and the total amount that it will receive will be 25,737,600,000 Japanese yen.

Furthermore, at the end of the hedge contract, the parties entered into a purchase contract for a European call option, in which CFE acquired the right to purchase Japanese yen at maturity, at market price, if the Japanese yen/US dollar exchange rate is quoted at below 118.7498608401 Japanese yen per US dollar and CFE may also sell a European call option, in which CFE sells the hedge against an appreciation of the Japanese yen/US dollar exchange rate above 27.8000033014 Japanese yen per US dollar.

In the event that CFE should decide to cancel the hedge (foreign currency forwards), early, an estimated extraordinary gain at September 30, 2011 of approximately 48,690,902 US dollars would be generated. This gain was estimated by J. Aron & Company (calculation agent), taking as its base the fair value of the hedge at the date of the estimate.

c. The derivative financial instruments for hedging purposes as of September 30, 2011 are detailed below:

Counterparty	Primary position	Object	Notional amount	Underlying	Market value	Hedging start date	Hedging ending
Credit Suisse	<u>Ps 1,301,289</u>	Change from floating rate to fixed rate	<u>Ps 1,236,224</u>	Interest rate CETES 182 + 0.85%	<u>Ps (11,199)</u>	April 5, 2004	September 23, 2011
Deutsche Bank	<u>Ps 1,606,668</u>	Change from floating rate to fixed rate	<u>Ps 1,526,335</u>	Interest rate CETES 182 + 0.85%	<u>Ps (15,338)</u>	April 5, 2004	September 23, 2011
Deutsche Bank	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate CETES 182 + 0.85%	<u>Ps (6,101)</u>	April 5, 2004	September 23, 2011
ING Bank	<u>Ps 2,281,491</u>	Change from floating rate to fixed rate	<u>Ps 2,167,417</u>	Interest rate CETES 182 + 0.85%	<u>Ps (20,163)</u>	April 5, 2004	September 23, 2011
Goldman Sachs	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate CETES 182 + 0.85%	<u>Ps (5,607)</u>	April 5, 2004	September 23, 2011
Goldman Sachs	<u>Ps 174,263</u>	Change from floating rate to fixed rate	<u>Ps 165,550</u>	Interest rate CETES 182 + 0.85%	<u>Ps (1,438)</u>	April 5, 2004	September 23, 2011
ING Bank	<u>Ps 1,000,000</u>	Change from floating rate to fixed rate	<u>Ps 850,000</u>	Interest rate CETES 182 + 0.65%	<u>Ps (19,550)</u>	November 21, 2005	May 21, 2014
ING Bank	<u>Ps 593,513</u>	Change from floating rate to fixed rate	<u>Ps 504,486</u>	Interest rate CETES 182 + 0.65%	<u>Ps (10,481)</u>	January 2, 2006	July 2, 2014
ING Bank	<u>Ps 569,363</u>	Change from floating rate to fixed rate	<u>Ps 540,895</u>	Interest rate CETES 91 + 0.79%	<u>Ps (12,638)</u>	December 16, 2005	March 6, 2015
Bancomer	<u>Ps 510,638</u>	Change from floating rate to fixed rate	<u>Ps 510,638</u>	Interest rate CETES 91 + 0.79%	<u>Ps (11,868)</u>	December 16, 2005	March 6, 2015
ING Bank	<u>Ps 894,954</u>	Change from floating rate to fixed rate	<u>Ps 850,206</u>	Interest rate CETES 91 + 0.79%	<u>Ps (19,214)</u>	December 16, 2005	March 6, 2015
Bancomer	<u>Ps 839,688</u>	Change from floating rate to fixed rate	<u>Ps 797,703</u>	Interest rate CETES 91 + 0.79%	<u>Ps (17,927)</u>	December 16, 2005	March 6, 2015
Santander Serfin	<u>Ps 1,072,519</u>	Change from floating rate to fixed rate	<u>Ps 1,018,623</u>	Interest rate CETES 91 + 0.79%	<u>Ps (23,624)</u>	February 17, 2006	March 6, 2015
ING Bank	<u>Ps 1,005,343</u>	Change from floating rate to fixed rate	<u>Ps 1,005,343</u>	Interest rate CETES 91 + 0.79%	<u>Ps (23,281)</u>	December 16, 2005	March 6, 2015
HSBC	<u>Ps 1,251,699</u>	Change from floating rate to fixed rate	<u>Ps 1,215,305</u>	Interest rate CETES 91 + 0.79%	<u>Ps (27,069)</u>	February 24, 2006	March 6, 2015
HSBC	<u>Ps 1,038,911</u>	Change from floating rate to fixed rate	<u>Ps 1,038,911</u>	Interest rate CETES 91 + 0.79%	<u>Ps (22,999)</u>	March 1, 2006	March 6, 2015
Banamex	<u>Ps 1,702,516</u>	Change from floating rate to fixed rate	<u>Ps 1,617,390</u>	Interest rate CETES 182 + 0.25%	<u>Ps (87,349)</u>	December 7, 2007	May 26, 2017
Banamex	<u>Ps 368,987</u>	Change from floating rate to fixed rate	<u>Ps 350,538</u>	Interest rate CETES 182 + 0.25%	<u>Ps (18,506)</u>	February 15, 2008	August 4, 2017
Bancomer	<u>Ps 1,314,758</u>	Change from floating rate to fixed rate	<u>Ps 1,249,020</u>	Interest rate CETES 91 + 0.50%	<u>Ps (55,929)</u>	December 6, 2007	February 23, 2010
Banamex	<u>Ps 787,092</u>	Change from floating rate to fixed rate	<u>Ps 787,092</u>	Interest rate CETES 91 + 0.45%	<u>Ps (37,616)</u>	April 24, 2008	January 11, 2010
Credit Suisse	<u>USD 16,788</u>	Change from US dollars to pesos	<u>USD 12,005</u>	Exchange rate USD/Mexican peso	<u>Ps 15,275</u>	January 24, 2005	July 24, 2021
Credit Suisse	<u>USD 10,750</u>	Change from US dollars to pesos	<u>USD 8,311</u>	Exchange rate USD/Mexican peso	<u>Ps 10,767</u>	February 2, 2005	February 2, 2021
Deutsche Bank	<u>USD 208,188</u>	Change from US dollars to pesos	<u>USD 171,323</u>	Exchange rate USD/Mexican peso	<u>Ps 207,745</u>	May 3, 2005	June 21, 2021
Goldman Sachs	<u>USD 49,296</u>	Change from US dollars to pesos	<u>USD 40,977</u>	Exchange rate USD/Mexican peso	<u>Ps 51,578</u>	March 26, 2005	March 26, 2022
Goldman Sachs	<u>USD 200,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 5,006</u>	December 15, 2008	December 15, 2011
Deutsche Bank	<u>USD 200,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate/fixed rate Mexican peso	<u>Ps (7,962)</u>	December 15, 2008	December 15, 2011
Goldman Sachs	<u>USD 105,450</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 96,662</u>	Exchange rate USD Libor rate/fixed rate Mexican peso	<u>Ps (61,846)</u>	June 15, 2009	December 15, 2011
Deutsche Bank	<u>USD 105,450</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 96,662</u>	Exchange rate USD Libor rate/fixed rate Mexican peso	<u>Ps (69,008)</u>	June 15, 2009	December 15, 2011
Deutsche Bank	<u>USD 255,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 233,750</u>	Exchange rate USD Libor rate/fixed rate Mexican peso	<u>Ps (94,586)</u>	June 15, 2009	December 15, 2011

Comments on the market value (mark to market)

The net value of the derivative financial instruments for hedging purposes (mark to market) as of September 30, 2011 was Ps 263,861 which is included in equity and was comprised of Ps 492,050 against CFE, included in the value of liabilities of the item of derivative financial instruments, and Ps 228,189 in favor of CFE, included in the value of assets of the item of derivative financial instruments, in each case under comprehensive loss.

Under the terms of the International Swaps and Derivatives Association (ISDA) agreements that CFE has entered into, CFE's counterparties are the calculation agents; they calculate and provide to CFE the mark to market every month. CFE monitors the mark to market and if there is any doubt or it observes an abnormality in the behavior of the mark to market, it requests a new valuation from the counterparty.

Due to the foregoing, the market value sent by the calculation agent or counterparty is only an indicative value, as the models used by the banks may differ from each other.

Discussion of the management of CFE's policies for the use of derivative financial instruments:

a. The objectives to carry out operations with derivatives

CFE may carry out any type of explicit financial hedging, either of interest rates and/or exchange rates, or strategies that may be necessary to mitigate the financial risk faced by the Entity.

b. Instruments used

CFE may purchase or sell one or more of the following types of instruments, individually or collectively, provided the transaction remains within the approved risk management limits and guidelines:

1. Futures, forwards and swaps
2. Acquisition of purchase options
3. Acquisition of sale options (puts)
4. Acquisition of collars or tunnels
5. Acquisition of equity futures

c. Implemented hedging or negotiation strategies

CFE cannot sell purchase options, sale options or any other open instrument that may expose it to unlimited risk and that is not fully offset by a corresponding opposite position.

d. Trading markets

National and foreign.

e. Eligible counterparties

Any bank or financial institution with which CFE has signed an ISDA agreement.

f. Policies for the appointment of calculation or valuation agents

The counterparty acts as the calculation agent for all ISDA agreements to which CFE is a party.

g. Main conditions or terms of the agreements

ISDA agreements are standardized agreements. The terms and conditions are substantially the same in all ISDA agreements. There are particularities only in the confirmations.

h. Collateral policies

In the event the market value of a specific derivative operation is higher than the maintenance level agreed upon in the ISDA agreements and the related credit support annex, the counterparty issues by fax or email a call for CFE to post collateral. As long as there is a deposit of collateral, the market value is reviewed by the calculation agent on a daily basis, so that the Entity is able to request the return of the collateral when the market value goes back to levels below the agreed maintenance level. This is considered a restricted asset in transactions with derivative financial instruments for CFE and receives the relevant accounting treatment.

As of September 30, 2011, CFE had not provided any collateral pursuant to margin calls.

i. Collateral and credit lines

The credit lines defined for collateral deposits are established in each of the ISDA agreements signed with each counterparty.

j. Authorization processes and levels required for each type of operation (simple hedging, partial hedging, speculation).

The limits to the extension of transactions and derivative financial instruments are established on the basis of the general conditions of the primary position and the underlying to be covered.

CFE may contract hedging transactions with financial derivatives, either of interest rates and/or exchange rates, when their conditions mirror the primary position and underlying to be hedged.

The Interinstitutional Delegate Committee of Financial Risks Associated with Financial Positions and the Price of Fossil Fuels ("CDIGR"), comprised of representatives of CFE, SHCP and Banco de México ("BANXICO") when acting at a regular meeting, are empowered to, authorize CFE:

1. To enter into financial derivatives with conditions different from those of the primary position and/or underlying to be hedged.
2. To liquidate positions.
3. To enter into any other operation with derivative financial instruments that may be convenient for CFE.

The CDIGR is also empowered to change, reduce or enlarge the Operating Guidelines of Financial Risk Management of CFE, in which case it must inform the Board of Directors of CFE and obtain its authorization.

k. Internal control procedures to manage market risk and liquidity exposure in financial instruments positions.

The CDIGR reviews CFE's internal controls related to market risk and derivatives and approves the Operating Guidelines of Risk Management.

Finally, there is a budget authorized by the SHCP to meet the commitments already contracted and to be contracted, related to derivative financial instruments.

10. Documented debt

The balances of the documented debt as of September 30, 2011 and December 31, 2010 were comprised of the following:

External debt	Type of credit	Weighted interest rate (as of September 30, 2011)	Maturities	September 30, 2011	
				Pesos	Foreign currency (Thousands of US dollars)
In US dollars: at the exchange rate per dollar of Ps 13.7994 as of September 30, 2011 and of Ps 12.3571 as of December 31, 2010	Banking Bilateral Bonds Revolving Syndicate Trust	- Fixed and variable - 1.67% Fixed and variable - 4.28% Variable - 1.20% Variable - 1.73% -	2011 Various until 2023 Various until 2036 Various until 2016 Various until 2014 2011	Ps - 5,040,774 16,790,420 881,685 27,598,800 -	Ps - 3,611,111 1,200,000 6,000,000 2,000,000 -
Total US dollars				50,311,679	3,611,111
In euros: at the exchange rate for euros of Ps 18.5354 as of September 30, 2011 and of Ps 16.5733 as of December 31, 2010	Bilateral Revolving	Fixed and variable - 2.22% Fixed - 3.92%	Various until 2024 Various until 2016	711,414 108,226	38,388 6,544
Total euros				819,640	44,932
In Swiss francs: at the exchange rate for Swiss franc of Ps 15.2514 as of September 30, 2011 and of Ps 13.2757 as of December 31, 2010	Bilateral Revolving Inversion	Variable - 0.50% Fixed - 1.61% Fixed 0.645% at 5.596%	Various until 2014 Various until 2016 Various until 2014	1,082,275 764,640 -	71,024 49,788 -
Total Swiss francs				1,846,915	120,812
In Swedish kronor: at the exchange rate for Swedish krona of Ps 2.0096 as of September 30, 2011 and of Ps 1.8392 as of December 31, 2010	Bilateral	Fixed - 2.31%	Various until 2015	32,205	16,092
Total Swedish kronor				32,205	16,092
In Japanese yen: at the exchange rate for Japanese yen of Ps 0.1797 as of September 30, 2011 and of Ps 0.1797 as of December 31, 2010	Bilateral Bond	Fixed - 1.95% 3.83%	Various until 2016 Various until 2032	1,478,158 5,750,400	8,225 32,000
Assets received for financial instruments, net (Note 9-b)				(2,031,820)	-
Total Japanese yen				5,196,738	40,225
Total external debt				Ps 58,207,177	4,094,160

Internal debt	Type of credit	Weighted interest rate (as of September 30, 2011)	Maturities	September 30, 2011	
				Pesos	Foreign currency (Thousands)
In US dollars: at the exchange rate per dollar of Ps 13.7994 as of September 30, 2011 and of Ps 12.3571 as of December 31, 2010	Multilateral	Annual cost of BID loans	Various until 2013	Ps 48,893	
Total US dollars				<u>48,893</u>	
Peso	Banking	Variable - 4.90%	Various until 2023	30,000,000	
	Revolving	Variable - 6.23%	Various until 2012	2,000,000	
	Stock exchange	Fixed and variable - 6.87%	Various until 2020	<u>29,000,000</u>	
Total pesos				<u>61,000,000</u>	
Total internal debt				<u>Ps 61,048,893</u>	
Summary					
Total external debt				Ps 58,207,177	
Total internal debt				<u>61,048,893</u>	
Total documented debt				<u>Ps 119,256,070</u>	
Total short term				Ps 10,746,581	
Total long term				<u>108,509,489</u>	
Total short and long term debt				<u>Ps 119,256,070</u>	

a. The short-term and long-term documented debt matures as follows:

Year that will end on December 31,	Amount
2011 (October-December)	Ps 8,125,794
2012	9,546,313
2013	6,427,748
2014	53,753,073
2015	1,070,749
2016	509,746
2017	319,069
Subsequent years	<u>39,503,578</u>
	<u>Ps 119,256,070</u>

b. Documented debt

On December 3, 2010, an issue of debt certificates (Certificados bursátiles) was made, in order to finance g Ps 14,000,000. This issue was placed in two tranches: the first one for a term of 10 years, in the amount of Ps 9,000,000, at a rate of 7.96%, and the second tranche for a term of 4 years, in the amount of Ps 5,000,000, paying an annual Equilibrium Interest Rate (TIIE) plus 0.26%.

On May 26, 2011 CFE carried out an issue in the international debt markets by placing US\$ 1,000 million of notes b of 4.875% and having a 4.976% yield to maturity, on the basis of a 10-year term.

The proceeds from the issue will be allocated to CFE's maintenance programs and to reinforce CFE's infrastructure in Mexico City.

11. Liabilities and PIDIREGAS

As of September 30, 2011 and December 31, 2010, the debt corresponding to the acquisition of plants, installed in accordance with Bulletin D-5, "Leases" (Note 3-d).

PIDIREGAS

Value of the lease (original amount)	Effective term of the agreement	Balances as of September 30, 2011				Balance	
		Peso		Foreign currency		Peso	Lo
		Short-term	Long-term	Short-term	Long-term	Short-term	Lo
External debt							
393.31 million US dollars	2011	Ps 86,786	Ps -	6,289	-	Ps 531,003	Ps
309.97 million US dollars	2012	-	-	-	-	391,831	
479.71 million US dollars	2013	510,041	322,905	36,961	23,400	211,180	
1,444.09 million US dollars	2014	971,828	3,373,289	70,425	244,452	1,148,026	
475.26 million US dollars	2015	452,264	1,492,580	32,774	108,163	446,311	
661.72 million US dollars	2016	674,165	2,980,958	48,855	216,021	594,206	
56.00 million US dollars	2017	71,318	273,574	5,168	19,825	63,863	
701.22 million US dollars	2019	171,754	1,836,821	12,446	133,109	140,643	
273.01 million US dollars	2020	376,742	2,825,562	27,301	204,760	337,365	
491.64 million US dollars	2029	376,904	6,306,537	27,313	457,014	-	
607.39 million US dollars	2036	281,001	6,884,543	20,363	498,901	251,634	
Total external debt		3,972,803	26,296,769	287,895	1,905,645	4,116,062	2

PIDIREGAS

Value of the lease (original amount)	Effective term of the agreement	Balances as of September 30, 2011				Balances as of September 30, 2011			
		Peso		Foreign currency		Peso		Foreign currency	
		Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Internal debt									
4,693.87 million pesos	2013	Ps 469,387	Ps 469,285	-	-	Ps 428,793	Ps 428,793	-	-
5,608.07 million pesos	2014	560,807	924,298	-	-	601,401	601,401	-	-
5,628.79 million pesos	2015	577,239	1,432,005	-	-	577,238	577,238	-	-
11,744.06 million pesos	2016	984,627	5,616,298	-	-	1,046,206	1,046,206	-	-
6,291.20 million pesos	2017	634,252	3,020,235	-	-	616,169	616,169	-	-
6,146.22 million pesos	2018	616,525	2,613,671	-	-	681,871	681,871	-	-
10,824.86 million pesos	2019	1,463,553	9,149,415	-	-	929,768	929,768	-	-
13,562.49 million pesos	2020	1,398,991	10,320,315	-	-	906,028	906,028	-	-
3,074.42 million pesos	2021	316,332	2,540,760	-	-	420,738	420,738	-	-
1,178.20 million pesos	2022	78,547	746,196	-	-	78,547	78,547	-	-
630.14 million pesos	2024	197,346	2,311,783	-	-	262,503	262,503	-	-
2,491.18 million pesos	2036	83,662	2,049,776	-	-	83,665	83,665	-	-
Total internal debt		7,381,268	41,194,037			6,632,927	6,632,927		
Total PIDIREGAS		Ps 11,354,071	Ps 67,490,806			Ps 10,748,989	Ps 10,748,989		
			Ps 78,844,877						

In accordance with the provisions in the General Public Debt Law, the financing obtained by CFE forms part of the financing of the SHCP. The SHCP authorizes the amounts of the indebtedness and the SHCP reviews the amount that CFE must pay each year to the SHCP for the contracting of financing for their inclusion in the Federal Expenditure Budget.

As of September 30, 2011 and December 31, 2010, the debts contracted for the acquisition of plants, installations and equipment through financial lease, were comprised of the following:

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)						
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency				
						Short-term	Long-term	Short-term	Long-term			
PIDIREGAS												
4 INTEGRAL GEOTHERMAL UNITS WITH A TOTAL CAPACITY OF 100 MW FOR C.G. CERRO PRIETO IV	103.34 million US dollars	71.32 million US dollars of interest	103.34 million US dollars	<u>Principal</u> Ps 1,226.49 million (88.88 million US dollars)	Until year 2015	Ps 55,750	Ps 143,735	4,040	10,416	Ps		
				<u>Interest</u> Ps 939.46 million (68.08 million US dollars)								
		5.66 million US dollars of other expenses		<u>Other expenses</u> Ps 71.48 million (5.18 million US dollars)								
1 COMBINED CYCLE TYPE MODULE, WITH A CAPACITY OF 423.3 MW, OF C.C.C. CHIHUAHUA	277.37 million US dollars	157.72 million US dollars of interest	277.37 million US dollars	<u>Principal</u> Ps 2,988.4 million (216.56 million US dollars)	Until year 2016	298,840	540,260	21,656	39,151			
				<u>Interest</u> Ps 2,023.41 million (146.63 million US dollars)								
		6.15 million US dollars of other expenses		<u>Other expenses</u> Ps 70.51 million (5.11 million US dollars)								
2 COMBINED CYCLE TYPE MODULES, WITH ACAPACITY OF 436.9 MW FOR BOTH, OF C.C.C. MONTERREY II	331.09 million US dollars	297.44 million US dollars of interest	331.09 million US dollars	<u>Principal</u> Ps 3,759.65 million (272.45 million US dollars)	Until year 2014	-	809,114	-	58,634			
				<u>Interest</u> Ps 3,723.22 million (269.81 million US dollars)								
		15.36 million US dollars of other expenses		<u>Other expenses</u> Ps 199.95 million (14.49 million US dollars)								
1 THERMOELECTRIC UNIT OF 39.7 MW, OF C. D. PUERTO SAN CARLOS II	61.27 million US dollars	29.11 million US dollars of interest	61.27 million US dollars	<u>Principal</u> Ps 781.46 million (56.63 million US dollars)	Until year 2011	63,984	-	4,637	-			
				<u>Interest</u> Ps 398.94 million (28.91 million US dollars)								
		1.10 million US dollars of other expenses		<u>Other expenses</u> Ps 14.90 million (1.08 million US dollars)								

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
1 COMBINED CYCLE TYPE MODULE, WITH A CAPACITY OF 497.6 MW, OF C.C.C. ROSARITO III	307.85 million US dollars	338.46 million US dollars of interest	307.85 million US dollars	<u>Principal</u> Ps 1,863.19 million (135.02 million US dollars)	Until year 2016	278,575	2,106,372	20,188	152,642
				<u>Interest</u> Ps 3,517.19 million (254.88 million US dollars)					
		37.88 million US dollars of other expenses		<u>Other expenses</u> Ps 393.56 million (28.52 million US dollars)					
COMBINED CYCLE MODULE MULTI-SHAFT TYPE WITH A NOMINAL GENERATING CAPACITY OF 168.6 MW EACH, FOR C.C.C. SAMALAYUCA II. M - 1. 2 AND 3.	701.22 million US dollars	578.47 million US dollars of interest	701.22 million US dollars	<u>Principal</u> Ps 7,667.77 million (555.66 million US dollars)	Until year 2019	171,753	1,836,820	12,446	133,109
				<u>Interest</u> Ps 6,848.78 million (496.31 million US dollars)					
		99.42 million US dollars of other expenses		<u>Other expenses</u> Ps 1,032.06 million (74.79 million US dollars)					
SE 212 AND 213 SF6 POWER DISTRIBUTION	175.18 million US dollars	162.86 million US dollars of interest	175.18 million US dollars	<u>Principal</u> Ps 1,087.53 million (78.81 million US dollars)	Until year 2014	1,027	1,328,823	74	96,296
				<u>Interest</u> Ps 1,994.01 million (144.50 million US dollars)					
		8.16 million US dollars of other expenses		<u>Other expenses</u> Ps 96.18 million (6.97 million US dollars)					
LT 214 AND 215 SURESTE PENINSULAR	132.67 million US dollars	123.63 million US dollars of interest	132.67 million US dollars	<u>Principal</u> Ps 1,257.68 million (91.14 million US dollars)	Until year 2015	119,875	453,241	8,687	32,845
				<u>Interest</u> Ps 1,579.48 million (114.46 million US dollars)					
		16.16 million US dollars of other expenses		<u>Other expenses</u> Ps 193.47 million (14.02 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 218 NOROESTE	50.66 million US dollars	34.36 million US dollars of interest	50.66 million US dollars	<u>Principal</u> Ps 548.25 million (39.73 million US dollars)	Until year 2015	29,453	121,362	2,134	8,795
				<u>Interest</u> Ps 437.72 million (31.72 million US dollars)					
		1.29 million US dollars of other expenses		<u>Other expenses</u> Ps 15.04 million Ps 1.09 million US dollars					
SE 221 OCCIDENTAL	72.51 million US dollars	52.22 million US dollars of interest	72.51 million US dollars	<u>Principal</u> Ps 649.95 million (47.10 million US dollars)	Until year 2014	67,850	282,736	4,917	20,489
				<u>Interest</u> Ps 660.03 million (47.83 million US dollars)					
		1.36 million US dollars of other expenses		<u>Other expenses</u> Ps 13.94 million (1.01 million US dollars)					
L.T. 301 CENTRO	44.54 million US dollars	16.81 million US dollars of interest	44.54 million US dollars	<u>Principal</u> Ps 614.63 million (44.54 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 231.97 million (16.81 million US dollars)					
		0.04 million US dollars of other expenses		<u>Other expenses</u> Ps 0.55 million (0.04 million US dollars)					
L.T. 302 SURESTE	41.16 million US dollars	18.73 million US dollars of interest	41.16 million US dollars	<u>Principal</u> Ps 550.46 million (39.89 million US dollars)	Until year 2011	17,540	-	1,271	-
				<u>Interest</u> Ps 257.63 million (18.67 million US dollars)					
		0.29 million US dollars of other expenses		<u>Other expenses</u> Ps 4.00 million (0.29 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 303 IXTAPA - PIE DE LA CUESTA	27.68 million US dollars	11.60 million US dollars of interest	27.68 million US dollars	<u>Principal</u> Ps 381.97 million (27.68 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 160.07 million (11.60 million US dollars)					
		0.06 million US dollars of other expenses		<u>Other expenses</u> Ps 0.83 million (0.06 million US dollars)					
L. T. 304 NOROESTE	28.22 million US dollars	14.05 million US dollars of interest	28.22 million US dollars	<u>Principal</u> Ps 389.42 million (28.22 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 193.88 million (14.05 million US dollars)					
		0.14 million US dollars of other expenses		<u>Other expenses</u> Ps 1.93 million (0.14 million US dollars)					
L. T. 305 CENTRO - ORIENTE	36.48 million US dollars	17.66 million US dollars of interest	36.48 million US dollars	<u>Principal</u> Ps 503.40 million (36.48 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 243.70 million (17.66 million US dollars)					
		0.02 million US dollars of other expenses		<u>Other expenses</u> Ps 0.28 million (0.02 million US dollars)					
L. T. 306 SURESTE	44.99 million US dollars	18.93 million US dollars of interest	44.99 million US dollars	<u>Principal</u> Ps 620.84 million (44.99 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 261.22 million (18.93 million US dollars)					
		0.11 million US dollars of other expenses		<u>Other expenses</u> Ps 1.52 million (0.11 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 307 NORESTE	24.34 million US dollars	12.47 million US dollars of interest	24.34 million US dollars	<u>Principal</u> Ps 335.88 million (24.34 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 172.08 million (12.47 million US dollars)					
		0.19 million US dollars of other expenses		<u>Other expenses</u> Ps 2.62 million (0.19 million US dollars)					
L. T. 308 NOROESTE	44.13 million US dollars	21.14 million US dollars of interest	44.13 million US dollars	<u>Principal</u> Ps 603.72 million (43.75 million US dollars)	Until year 2011	5,260	-	381	-
				<u>Interest</u> Ps 291.44 million (21.12 million US dollars)					
		0.52 million US dollars of other expenses		<u>Other expenses</u> Ps 7.18 million (0.52 million US dollars)					
C. G. LOS AZUFRES II AND GEOTHERMAL FIELD	53.90 million US dollars	15.70 million US dollars of interest	53.90 million US dollars	<u>Principal</u> Ps 587.85 million (42.60 million US dollars)	Until year 2014	73,037	82,852	5,293	6,004
				<u>Interest</u> Ps 205.61 million (14.90 million US dollars)					
C. H. MANUEL MORENO TORRES	76.50 million US dollars	26.39 million US dollars of interest	76.50 million US dollars	<u>Principal</u> Ps 624.56 million (45.26 million US dollars)	Until year 2016	96,752	334,324	7,011	24,227
				<u>Interest</u> Ps 298.34 million (21.62 million US dollars)					
		2.91 million US dollars of other expenses		<u>Other expenses</u> Ps 26.36 million (1.91 million US dollars)					
L. T. 406 RED ASOCIADA A TUXPAN II, III AND IV	121.94 million US dollars	43.95 million US dollars of interest	121.94 million US dollars	<u>Principal</u> Ps 1,495.16 million (108.35 million US dollars)	Until year 2014	79,534	107,895	5,764	7,819
				<u>Interest</u> Ps 592.41 million (42.93 million US dollars)					
		0.13 million US dollars of other expenses		<u>Other expenses</u> Ps 1.79 million (0.13 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 407 NETWORK ASSOCIATED TO ALTAMIRA II, III AND IV	297.60 million US dollars	117.79 million US dollars of interest	297.60 million US dollars	<u>Principal</u> Ps 3,762.82 million (272.68 million US dollars)	Until year 2014	257,264	86,678	18,643	6,281
				<u>Interest</u> Ps 1,604.18 million (116.25 million US dollars)					
		0.36 million US dollars of other expenses		<u>Other expenses</u> Ps 4.97 million (0.36 million US dollars)					
L.T. 408 NACÓZARI - NOGALES AREAS NOROESTE	44.63 million US dollars	15.39 million US dollars of interest	44.63 million US dollars	<u>Principal</u> Ps 539.14 million (39.07 million US dollars)	Until year 2013	47,197	29,448	3,420	2,134
				<u>Interest</u> Ps 206.99 million (15.00 million US dollars)					
L.T. 411 SISTEMA NACIONAL	85.68 million US dollars	28.07 million US dollars of interest	85.68 million US dollars	<u>Principal</u> Ps 1050.27 million (76.11 million US dollars)	Until year 2014	70,580	61,442	5,115	4,453
				<u>Interest</u> Ps 377.83 million (27.38 million US dollars)					
		0.03 million US dollars of other expenses		<u>Other expenses</u> Ps 0.41 million (0.03 million US dollars)					
L.T. 409 MANUEL MORENO TORRES	101.86 million US dollars	26.56 million US dollars of interest	101.86 million US dollars	<u>Principal</u> Ps 1,054.27 million (76.40 million US dollars)	Until year 2014	140,563	210,847	10,186	15,279
				<u>Interest</u> Ps 304.57 million (24.68 million US dollars)					
SE 401 OCCIDENTAL - CENTRAL	64.30 million US dollars	22.31 million US dollars of interest	64.30 million US dollars	<u>Principal</u> Ps 805.61 million (58.38 million US dollars)	Until year 2013	54,473	27,236	3,948	1,974
				<u>Interest</u> Ps 301.38 million (21.84 million US dollars)					
		0.04 million US dollars of other expenses		<u>Other expenses</u> Ps 0.41 million (0.03 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 402 ORIENTAL PENINSULAR	73.13 million US dollars	18.46 million US dollars of interest	73.13 million US dollars	<u>Principal</u> Ps 819.41 million (59.38 million US dollars)	Until year 2013	100,909	88,850	7,313	6,439
				<u>Interest</u> Ps 243.97 million (17.68 million US dollars)					
		0.01 million US dollars of other expenses		<u>Other expenses</u> Ps 0.14 million (0.01 million US dollars)					
S.E. 403 NORESTE	72.49 million US dollars	26.80 million US dollars of interest	72.49 million US dollars	<u>Principal</u> Ps 967.89 million (70.14 million US dollars)	Until year 2013	21,650	10,824	1,569	784
				<u>Interest</u> Ps 367.48 million (26.63 million US dollars)					
L.T. 404 NOROESTE - NORTE	40.50 million US dollars	15.06 million US dollars of interest	40.50 million US dollars	<u>Principal</u> Ps 558.88 million (40.50 million US dollars)	Until year 2011	-	-	-	-
				<u>Interest</u> Ps 207.82 million (15.06 million US dollars)					
SE 405 COMPENSACION ALTA TENSION	8.59 million US dollars	2.19 million US dollars of interest	8.59 million US dollars	<u>Principal</u> Ps 94.80 million (6.87 million US dollars)	Until year 2013	11,851	11,851	859	859
				<u>Interest</u> Ps 28.70 million (2.08 million US dollars)					
L.T. 410 SISTEMA NACIONAL	173.17 million US dollars	63.92 million US dollars of interest	173.17 million US dollars	<u>Principal</u> Ps 2,080.81 million (150.79 million US dollars)	Until year 2012	214,070	94,802	15,513	6,870
				<u>Interest</u> Ps 860.81 million (62.38 million US dollars)					
		0.14 million US dollars of other expenses		<u>Other expenses</u> Ps 1.52 million (0.11 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C. C. EL SAUZ CONVERSION DE TG a CC	56.86 million US dollars	15.65 million US dollars of interest	56.86 million US dollars	<u>Principal</u> Ps 490.43 million (35.54 million US dollars) <u>Interest</u> Ps 183.67 million (13.31 million US dollars)	Until year 2015	65,383	228,840	4,738	16,583
L.T. 414 NORTE - OCCIDENTAL	65.67 million US dollars	19.50 million US dollars of interest	65.67 million US dollars	<u>Principal</u> Ps 688.31 million (49.88 million US dollars) <u>Interest</u> Ps 252.12 million (18.27 million US dollars)	Until year 2014	90,623	127,351	6,567	9,229
L.T. 502 ORIENTAL - NORTE	3.80 million US dollars	1.16 million US dollars of interest	3.80 million US dollars	<u>Principal</u> Ps 31.46 million (2.28 million US dollars) <u>Interest</u> Ps 13.39 million (0.97 million US dollars)	Until year 2015	5,241	15,726	380	1,140
LT 506 SALTILLO - CAÑADA	57.78 million US dollars	15.25 million US dollars of interest	57.78 million US dollars	<u>Principal</u> Ps 597.93 million (43.33 million US dollars) <u>Interest</u> Ps 195.68 million (14.18 million US dollars)	Until year 2014	79,730	119,595	5,778	8,667
SE 412 COMPENSACION NORTE	22.00 million US dollars	5.42 million US dollars of interest	22.00 million US dollars	<u>Principal</u> Ps 242.87 million (17.60 million US dollars) <u>Interest</u> Ps 71.20 million (5.16 million US dollars)	Until year 2013	30,355	30,355	2,200	2,200
SE 413 NOROESTE - OCCIDENTAL	23.10 million US dollars	6.06 million US dollars of interest	23.10 million US dollars	<u>Principal</u> Ps 239.01 million (17.32 million US dollars) <u>Interest</u> Ps 77.69 million (5.63 million US dollars)	Until year 2014	31,870	47,804	2,310	3,464

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 503 ORIENTAL	21.40 million US dollars	5.42 million US dollars of interest	21.40 million US dollars	<u>Principal</u> Ps 236.25 million (17.12 million US dollars)	Until year 2013	29,538	29,538	2,141	2,141
				<u>Interest</u> Ps 71.20 million (5.16 million US dollars)					
SE 504 NORTE - OCCIDENTAL	31.71 million US dollars	8.33 million US dollars of interest	31.71 million US dollars	<u>Principal</u> Ps 339.60 million (24.61 million US dollars)	Until year 2014	43,765	54,170	3,172	3,926
				<u>Interest</u> Ps 108.46 million (7.86 million US dollars)					
C. C. I. BAJA CALIFORNIA SUR I	56.00 million US dollars	16.23 million US dollars of interest	56.00 million US dollars	<u>Principal</u> Ps 427.92 million (31.01 million US dollars)	Until year 2017	71,322	273,580	5,169	19,826
				<u>Interest</u> Ps 175.39 million (12.71 million US dollars)					
L.T. 610 TRANSMISION NOROESTE NORTE F 1	24.63 million US dollars	7.50 million US dollars of interest	24.63 million US dollars	<u>Principal</u> Ps 203.96 million (14.78 million US dollars)	Until year 2015	33,995	101,975	2,464	7,390
				<u>Interest</u> Ps 86.66 million (6.28 million US dollars)					
		1.00 million US dollars of other expenses		<u>Other expenses</u> Ps 13.80 million (1 million US dollars)					
L.T. 612 SUBTRANSMISION NORTE NORESTE F 1	5.01 million US dollars	1.53 million US dollars of interest	5.01 million US dollars	<u>Principal</u> Ps 41.54 million (3.01 million US dollars)	Until year 2015	6,920	20,750	502	1,504
				<u>Interest</u> Ps 17.66 million (1.28 million US dollars)					
SE 613 SUBTRANSMISION OCCIDENTAL	7.39 million US dollars	2.25 million US dollars of interest	7.39 million US dollars	<u>Principal</u> Ps 61.13 million (4.43 million US dollars)	Until year 2015	10,191	30,573	739	2,216
				<u>Interest</u> Ps 26.08 million (1.89 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 614 SUBTRANSMISION ORIENTAL	12.17 million US dollars	3.67 million US dollars of interest	12.17 million US dollars	<u>Principal</u> Ps 100.74 million (7.30 million US dollars)	Until year 2015	16,801	50,402	1,218	3,653
				<u>Interest</u> Ps 42.23 million (3.06 million US dollars)					
L.T. 712 RAT A LA CCI BAJA CALIFORNIA SUR I	21.18 million US dollars	5.52 million US dollars of interest	21.18 million US dollars	<u>Principal</u> Ps 219.13 million (15.88 million US dollars)	Until year 2014	29,224	43,838	2,118	3,177
				<u>Interest</u> Ps 70.79 million (5.13 million US dollars)					
SE 607 SISTEMA BAJIO - ORIENTAL	4.90 million US dollars	1.27 million US dollars of interest	4.90 million US dollars	<u>Principal</u> Ps 50.64 million (3.67 million US dollars)	Until year 2014	6,755	10,136	490	735
				<u>Interest</u> Ps 16.28 million (1.18 million US dollars)					
SUPPLY OF STEAM TO THE CERRO PRIETO POWER PLANTS	13.12 million US dollars	3.98 million US dollars of interest	13.12 million US dollars	<u>Principal</u> Ps 108.60 million (7.87 million US dollars)	Until year 2015	18,112	54,325	1,313	3,937
				<u>Interest</u> Ps 45.81 million (3.32 million US dollars)					
OPF. 062 CCE. PACÍFICO	273.01 million US dollars	64.74 million dollars of interest	273.01 million US dollars	<u>Principal</u> Ps 565.09 million (40.95 million US dollars)	Until year 2020	376,744	2,825,561	27,302	204,760
				<u>Interest</u> Ps 190.85 million (13.83 million US dollars)					
		0.03 million US dollars of other expenses		<u>Other expenses</u> Ps 0.41 million (0.03 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C.H. EL CAJON	607.39 million US dollars	135.91 million dollars of interest	607.39 million US dollars	<u>Principal</u> Ps 1,216.00 million (88.12 million US dollars)	Until year 2036	281,004	6,884,545	20,364	498,902
				<u>Interest</u> Ps 976.31 million (70.75 million US dollars)					
		94.80 million US dollars of other expenses		<u>Other expenses</u> Ps 193.47 million (14.02 million US dollars)					
L.T. 710 RTA A LA CC ALTAMIRA V	14.40 million US dollars	4.03 million US dollars of interest	14.40 million US dollars	<u>Principal</u> Ps 119.23 million (8.64 million US dollars)	Until year 2015	19,864	59,607	1,440	4,320
				<u>Interest</u> Ps 45.68 million (3.31 million US dollars)					
RM BOTELLO	6.35 million US dollars	1.84 million US dollars of interest	6.35 million US dollars	<u>Principal</u> Ps 52.58 million (3.81 million US dollars)	Until year 2015	8,756	26,281	635	1,905
				<u>Interest</u> Ps 20.98 million (1.52 million US dollars)					
RM CARBON II	7.78 million US dollars	2.34 million US dollars of interest	7.78 million US dollars	<u>Principal</u> Ps 64.44 million (4.67 million US dollars)	Until year 2015	10,741	32,220	778	2,335
				<u>Interest</u> Ps 27.05 million (1.96 million US dollars)					
RM DOS BOCAS	14.40 million US dollars	4.29 million dollars of interest	14.40 million US dollars	<u>Principal</u> Ps 119.23 million (8.64 million US dollars)	Until year 2015	19,875	59,634	1,440	4,322
				<u>Interest</u> Ps 49.26 million (3.57 million US dollars)					
RM GOMEZ PALACIO	9.56 million US dollars	2.66 million US dollars of interest	9.56 million US dollars	<u>Principal</u> Ps 79.07 million (5.73 million US dollars)	Until year 2015	13,184	39,557	955	2,867
				<u>Interest</u> Ps 30.08 million (2.18 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM IXTACZOQUITLAN	0.92 million US dollars	0.25 million US dollars of interest	0.92 million US dollars	<u>Principal</u> Ps 7.59 million (0.55 million US dollars)	Until year 2015	1,260	3,787	91	274
				<u>Interest</u> Ps 2.90 million (0.21 million US dollars)					
RM TUXPANGO	1.93 million US dollars	0.56 million dollars of interest	1.93 million US dollars	<u>Principal</u> Ps 16.01 million (1.16 million US dollars)	Until year 2015	2,669	8,009	193	580
				<u>Interest</u> Ps 6.35 million (0.46 million US dollars)					
RM CT VALLE DE MEXICO	5.79 million US dollars	1.73 million US dollars of interest	5.79 million US dollars	<u>Principal</u> Ps 47.88 million (3.47 million US dollars)	Until year 2015	7,990	23,970	579	1,737
				<u>Interest</u> Ps 19.87 million (1.44 million US dollars)					
		1.46 million US dollars of other expenses		<u>Other expenses</u> Ps 20.15 million (1.46 million US dollars)					
RM CARBON II, UNITS 2 AND 4	4.49 million US dollars	1.31 million US dollars of interest	4.49 million US dollars	<u>Principal</u> Ps 37.26 million (2.70 million US dollars)	Until year 2015	6,199	18,593	449	1,347
				<u>Interest</u> Ps 14.77 million (1.07 million US dollars)					
RM CN LAGUNA VERDE, OPF 181	491.64 million US dollars	201.52 million US dollars of interest	491.64 million US dollars	<u>Principal</u> Ps 100.87 million (7.31 million US dollars)	Until year 2029	376,904	6,306,538	27,313	457,015
				<u>Interest</u> Ps 67.89 million (4.92 million US dollars)					
TOTAL EXTERNAL DEBT						Ps 3,972,803	Ps 26,296,769		Ps

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C. C. I. GUERRERO NEGRO II	310.44 million Mexican pesos	154.73 million Mexican pesos	310.44 million Mexican pesos	<u>Principal</u> Ps 217.31 million <u>Interest</u> Ps 138.79 million	Until year 2014	31,044	62,089		
C. G. LOS AZUFRES II AND GEOTHERMAL FIELD	870.49 million Mexican pesos	366.58 million Mexican pesos	870.49 million Mexican pesos	<u>Principal</u> Ps 696.50 million <u>Interest</u> Ps 354.60 million	Until year 2013	87,049	86,948		
C. H. MANUEL MORENO TORRES	438.53 million Mexican pesos	217.68 million Mexican pesos	438.53 million Mexican pesos	<u>Principal</u> Ps 306.97 million <u>Interest</u> Ps 195.68 million	Until year 2014	43,853	87,706		
L. T. 407 RAT A ALTAMIRA II, III Y IV	405.94 million Mexican pesos	165.46 million Mexican pesos	405.94 million Mexican pesos	<u>Principal</u> Ps 324.75 million <u>Interest</u> Ps 159.74 million	Until year 2013	40,594	40,594		
L. T. 411 SISTEMA NACIONAL	514.60 million Mexican pesos	217.01 million Mexican pesos	514.60 million Mexican pesos	<u>Principal</u> Ps 411.68 million <u>Interest</u> Ps 209.75 million	Until year 2013	51,460	51,460		
L. T. 409 MANUEL MORENO TORRES	1,958.71 million Mexican pesos	820.93 million Mexican pesos	1,958.71 million Mexican pesos	<u>Principal</u> Ps 1,467.54 million <u>Interest</u> Ps 778.89 million	Until year 2014	195,871	295,300		
SE 402 ORIENTAL - PENINSULAR	47.33 million Mexican pesos	17.13 million Mexican pesos	47.33 million Mexican pesos	<u>Principal</u> Ps 30.76 million <u>Interest</u> Ps 15.44 million	Until year 2015	4,733	11,832		
C. C. EL SAUZ CONVERSION DE TG a CC	637.69 million Mexican pesos	260.86 million Mexican pesos	637.69 million Mexican pesos	<u>Principal</u> Ps 510.15 million <u>Interest</u> Ps 251.87 million	Until year 2013	63,769	63,769		
L. T. 502 ORIENTAL - NORTE	125.88 million Mexican pesos	58.01 million Mexican pesos	125.88 million Mexican pesos	<u>Principal</u> Ps 88.12 million <u>Interest</u> Ps 52.58 million	Until year 2014	12,588	25,176		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 506 SALTILLO - CAÑADA	2,117.98 million Mexican pesos	871.99 million Mexican pesos	2,117.98 million Mexican pesos	<u>Principal</u> Ps 1694.38 million <u>Interest</u> Ps 842.12 million	Until year 2013	211,798	211,798		
L. T. 715 RAT A LA CENTRAL TAMAZUNCHALE	1,166.18 million Mexican pesos	421.62 million Mexican pesos	1,166.18 million Mexican pesos	<u>Principal</u> Ps 563.43 million <u>Interest</u> Ps 325.61 million	Until year 2016	117,878	484,878		
L. T. 509 RED ASOCIADA RIO BRAVO III	497.45 million Mexican pesos	217.55 million Mexican pesos	497.45 million Mexican pesos	<u>Principal</u> Ps 377.60 million <u>Interest</u> Ps 204.55 million	Until year 2014	49,745	70,099		
SE 413 NOROESTE - OCCIDENTAL	391.41 million Mexican pesos	164.95 million Mexican pesos	391.41 million Mexican pesos	<u>Principal</u> Ps 273.99 million <u>Interest</u> Ps 153.08 million	Until year 2014	39,141	78,282		
SE 504 NORTE - OCCIDENTAL	147.16 million Mexican pesos	62.27 million Mexican pesos	147.16 million Mexican pesos	<u>Principal</u> Ps 117.73 million <u>Interest</u> Ps 60.20 million	Until year 2013	14,716	14,716		
L.T. 609 TRANSMISION NOROESTE OCCIDENTAL	1,378.65 million Mexican pesos	514.06 million Mexican pesos	1,378.65 million Mexican pesos	<u>Principal</u> Ps 896.12 million <u>Interest</u> Ps 463.71 million	Until year 2015	137,865	344,663		
L. T. 610 TRANSMISION NOROESTE-NORTE	1,423.71 million Mexican pesos	628.53 million Mexican pesos	1,423.71 million Mexican pesos	<u>Principal</u> Ps 903.88 million <u>Interest</u> Ps 541.84 million	Until year 2018	142,371	377,458		
L. T. 612 SUBTRANSMISION NORTE-NORESTE	261.41 million Mexican pesos	91.54 million Mexican pesos	261.41 million Mexican pesos	<u>Principal</u> Ps 141.85 million <u>Interest</u> Ps 76.37 million	Until year 2016	24,474	95,080		
L. T. 613 SUBTRANSMISION OCCIDENTAL	227.82 million Mexican pesos	109.82 million Mexican pesos	227.82 million Mexican pesos	<u>Principal</u> Ps 159.06 million <u>Interest</u> Ps 98.50 million	Until year 2015	22,814	45,944		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 614 SUBTRANSMISION ORIENTAL	48.72 million Mexican pesos	19.35 million Mexican pesos	48.72 million Mexican pesos	<u>Principal</u> Ps 32.13 million <u>Interest</u> Ps 17.32 million	Until year 2016	4,890	11,699		
L. T. 615 SUBTRANSMISION PENINSULAR	286.27 million Mexican pesos	113.96 million Mexican pesos	286.27 million Mexican pesos	<u>Principal</u> Ps 182.70 million <u>Interest</u> Ps 101.20 million	Until year 2016	29,162	74,406		
LT 1012 RTA A LA CCC BAJA CALIFORNIA	139.17 million Mexican pesos	35.91 million Mexican pesos	139.2 million Mexican pesos	<u>Principal</u> Ps 43.95 million <u>Interest</u> Ps 20.00 million	Until year 2018	14,649	80,571		
SE 607 SISTEMA BAJIO ORIENTAL	806.96 million Mexican pesos	322.21 million Mexican pesos	806.96 million Mexican pesos	<u>Principal</u> Ps 636.36 million <u>Interest</u> Ps 309.69 million	Until year 2014	80,696	89,908		
L.T. 611 SUBTRANSMISION BAJA CALIFORNIA NOROESTE	330.91 million Mexican pesos	113.34 million Mexican pesos	330.91 million Mexican pesos	<u>Principal</u> Ps 167.81 million <u>Interest</u> Ps 88.71 million	Until year 2016	35,023	128,078		
SUPPLY OF STEAM TO THE CERRO PRIETO POWER PLANTS	1,091.40 million Mexican pesos	395.84 million Mexican pesos	1,091.40 million Mexican pesos	<u>Principal</u> Ps 669.06 million <u>Interest</u> Ps 346.55 million	Until year 2016	104,547	317,803		
CC HERMOSILLO CONVERSION DE TG A CC	813.96 million Mexican pesos	270.70 million Mexican pesos	813.96 million Mexican pesos	<u>Principal</u> Ps 514.08 million <u>Interest</u> Ps 239.41 million	Until year 2015	85,680	214,200		
OPF 062 CCE PACÍFICO	4,237.59 million Mexican pesos	1,219.23 million Mexican pesos	4,237.59 million Mexican pesos	<u>Principal</u> Ps 815.31 million <u>Interest</u> Ps 365.59 million	Until year 2019	543,539	2,878,747		
CH EL CAJON	2,491.18 million Mexican pesos	3,206.12 million Mexican pesos	2,491.18 million Mexican pesos	<u>Principal</u> Ps 357.74 million <u>Interest</u> Ps 799.88 million	Until year 2036	83,664	2,049,777		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 723 LINEAS CENTRO	70.93 million Mexican pesos	23.28 million Mexican pesos	70.93 million Mexican pesos	<u>Principal</u> Ps 42.68 million	Until year 2016	7,330	20,921		
				<u>Interest</u> Ps 20.07 million					
L. T. 714 RTA A LA C. H. EL CAJON	747.40 million Mexican pesos	232.01 million Mexican pesos	747.40 million Mexican pesos	<u>Principal</u> Ps 367.71 million	Until year 2016	76,792	302,898		
				<u>Interest</u> Ps 185.80 million					
L.T. 710 RTA A LA CC ALTAMIRA V	660.79 million Mexican pesos	261.93 million Mexican pesos	660.79 million Mexican pesos	<u>Principal</u> Ps 326.42 million	Until year 2016	68,422	265,955		
				<u>Interest</u> Ps 182.01 million					
L. T. 711 RTA A CC LA LAGUNA II	233.12 million Mexican pesos	113.23 million Mexican pesos	233.12 million Mexican pesos	<u>Principal</u> Ps 163.18 million	Until year 2014	23,312	46,624		
				<u>Interest</u> Ps 101.57 million					
OPF 068 LT. RED DE TRANSM. ASO. PACÍFICO	527.15 million Mexican pesos	227.33 million Mexican pesos	527.15 million Mexican pesos	<u>Principal</u> Ps 101.30 million	Until year 2019	52,715	373,139		
				<u>Interest</u> Ps 53.12 million					
L. T. 707 ENLACE NORTE - SUR	378.59 million Mexican pesos	189.82 million Mexican pesos	378.59 million Mexican pesos	<u>Principal</u> Ps 265.01 million	Until year 2014	37,859	75,718		
				<u>Interest</u> Ps 170.39 million					
L.T. 717 RIVIERA MAYA	422.14 million Mexican pesos	200.50 million Mexican pesos	422.14 million Mexican pesos	<u>Principal</u> Ps 295.50 million	Until year 2014	42,214	84,428		
				<u>Interest</u> Ps 179.39 million					
PRESA REGULADORA AMATA	144.42 million Mexican pesos	51.51 million Mexican pesos	144.42 million Mexican pesos	<u>Principal</u> Ps 93.87 million	Until year 2015	14,442	36,105		
				<u>Interest</u> Ps 46.24 million					
RM ADOLFO LOPEZ MATEOS	329.18 million Mexican pesos	117.72 million Mexican pesos	329.18 million Mexican pesos	<u>Principal</u> Ps 211.01 million	Until year 2015	33,764	84,411		
				<u>Interest</u> Ps 105.39 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CARBON II	42.04 million Mexican pesos	20.33 million Mexican pesos	42.04 million Mexican pesos	<u>Principal</u> Ps 29.43 million <u>Interest</u> Ps 18.23 million	Until year 2014	4,204	8,409		
RM CT CARLOS RODRIGUEZ RIVERO	205.00 million Mexican pesos	67.40 million Mexican pesos	205.00 million Mexican pesos	<u>Principal</u> Ps 100.09 million <u>Interest</u> Ps 55.35 million	Until year 2016	21,091	73,819		
RM EMILIO PORTES GIL	2.80 million Mexican pesos	1.40 million Mexican pesos	2.80 million Mexican pesos	<u>Principal</u> Ps 1.96 million <u>Interest</u> Ps 1.26 million	Until year 2014	280	559		
RM CT FRANCISCO PEREZ RIOS U-3 Y 4	1,385.32 million Mexican pesos	399.04 million Mexican pesos	1,385.32 million Mexican pesos	<u>Principal</u> Ps 537.30 million <u>Interest</u> Ps 261.72 million	Until year 2017	138,532	709,491		
RM GOMEZ PALACIO	219.77 million Mexican pesos	67.21 million Mexican pesos	219.77 million Mexican pesos	<u>Principal</u> Ps 115.41 million <u>Interest</u> Ps 53.98 million	Until year 2016	23,133	81,221		
RM HUINALA	6.26 million Mexican pesos	2.03 million Mexican pesos	6.26 million Mexican pesos	<u>Principal</u> Ps 3.96 million <u>Interest</u> Ps 1.79 million	Until year 2015	659	1,648		
RM JOSE ACEVES POZOS (MAZATLAN II)	150.12 million Mexican pesos	42.83 million Mexican pesos	150.12 million Mexican pesos	<u>Principal</u> Ps 71.11 million <u>Interest</u> Ps 33.26 million	Until year 2016	15,803	63,210		
RM GRAL MANUEL ALVAREZ MORENO (MANZANILLO)	525.50 million Mexican pesos	189.44 million Mexican pesos	525.50 million Mexican pesos	<u>Principal</u> Ps 337.02 million <u>Interest</u> Ps 169.78 million	Until year 2015	53,851	134,626		
RM CT PUERTO LIBERTAD	142.41 million Mexican pesos	51.67 million Mexican pesos	142.41 million Mexican pesos	<u>Principal</u> Ps 92.56 million <u>Interest</u> Ps 46.46 million	Until year 2015	14,241	35,602		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM PUNTA PRIETA	131.63 million Mexican pesos	42.81 million Mexican pesos	131.63 million Mexican pesos	<u>Principal</u> Ps 69.12 million <u>Interest</u> Ps 35.07 million	Until year 2016	13,163	49,354		
RM SALAMANCA	344.54 million Mexican pesos	122.36 million Mexican pesos	344.54 million Mexican pesos	<u>Principal</u> Ps 217.34 million <u>Interest</u> Ps 108.73 million	Until year 2016	35,352	91,846		
RM TUXPANGO	166.32 million Mexican pesos	58.64 million Mexican pesos	166.32 million Mexican pesos	<u>Principal</u> Ps 105.05 million <u>Interest</u> Ps 52.25 million	Until year 2015	17,508	43,769		
SE 722 NORTE	83.36 million Mexican pesos	30.26 million Mexican pesos	83.36 million Mexican pesos	<u>Principal</u> Ps 52.65 million <u>Interest</u> Ps 27.05 million	Until year 2015	8,774	21,936		
SE 705 CAPACITORES	37.08 million Mexican pesos	13.18 million Mexican pesos	37.08 million Mexican pesos	<u>Principal</u> Ps 24.10 million <u>Interest</u> Ps 11.83 million	Until year 2015	3,708	9,270		
SE 708 COMPENSACION DINAMICA ORIENTAL - NORTE	482.20 million Mexican pesos	177.49 million Mexican pesos	482.20 million Mexican pesos	<u>Principal</u> Ps 313.43 million <u>Interest</u> Ps 159.88 million	Until year 2015	48,220	120,550		
SLT 701 OCCIDENTE - CENTRO	863.33 million Mexican pesos	267.24 million Mexican pesos	863.33 million Mexican pesos	<u>Principal</u> Ps 377.16 million <u>Interest</u> Ps 193.21 million	Until year 2018	82,610	403,558		
SLT 702 SURESTE - PENINSULAR	321.31 million Mexican pesos	113.45 million Mexican pesos	321.31 million Mexican pesos	<u>Principal</u> Ps 114.87 million <u>Interest</u> Ps 64.25 million	Until year 2019	32,647	173,796		
SLT 703 NORESTE - NORTE	210.31 million Mexican pesos	70.30 million Mexican pesos	210.31 million Mexican pesos	<u>Principal</u> Ps 104.10 million <u>Interest</u> Ps 55.32 million	Until year 2016	21,242	84,967		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 704 BAJA CALIFORNIA - NOROESTE	73.23 million Mexican pesos	26.24 million Mexican pesos	73.23 million Mexican pesos	<u>Principal</u> Ps 46.25 million <u>Interest</u> Ps 23.43 million	Until year 2015	7,709	19,272		
SLT 706 SISTEMAS NORTE	1,869.57 million Mexican pesos	606.80 million Mexican pesos	1,869.57 million Mexican pesos	<u>Principal</u> Ps 939.53 million <u>Interest</u> Ps 473.45 million	Until year 2018	187,501	742,537		
SLT 709 SISTEMAS SUR	1,074.93 million Mexican pesos	368.64 million Mexican pesos	1,074.93 million Mexican pesos	<u>Principal</u> Ps 678.90 million <u>Interest</u> Ps 327.31 million	Until year 2015	113,151	282,877		
CC CONVERSION EL ENCINO DE TG A CC	809.85 million Mexican pesos	312.25 million Mexican pesos	809.85 million Mexican pesos	<u>Principal</u> Ps 404.92 million <u>Interest</u> Ps 233.82 million	Until year 2016	62,403	342,522		
CCI BAJA CALIFORNIA SUR II	658.77 million Mexican pesos	186.06 million Mexican pesos	658.77 million Mexican pesos	<u>Principal</u> Ps 292.79 million <u>Interest</u> Ps 141.73 million	Until year 2016	73,197	292,787		
L. T. 807 DURANGO I	370.59 million Mexican pesos	124.93 million Mexican pesos	370.59 million Mexican pesos	<u>Principal</u> Ps 207.07 million <u>Interest</u> Ps 104.51 million	Until year 2016	37,269	126,249		
RM CCC TULA	57.43 million Mexican pesos	16.21 million Mexican pesos	57.43 million Mexican pesos	<u>Principal</u> Ps 26.37 million <u>Interest</u> Ps 12.44 million	Until year 2016	6,212	24,849		
OPF 111 RM CG CERRO PRIETO (U5)	413.34 million Mexican pesos	191.56 million Mexican pesos	413.34 million Mexican pesos	<u>Principal</u> Ps 82.67 million <u>Interest</u> Ps 65.80 million	Until year 2019	41,334	289,337		
RM CT CARBON II UNITS 2 AND 4	96.14 million Mexican pesos	31.00 million Mexican pesos	96.14 million Mexican pesos	<u>Principal</u> Ps 60.72 million <u>Interest</u> Ps 27.30 million	Until year 2015	10,120	25,299		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CT EMILIO PORTES GIL UNIT 4	389.24 million Mexican pesos	102.42 million Mexican pesos	389.24 million Mexican pesos	<u>Principal</u> Ps 170.67 million <u>Interest</u> Ps 69.09 million	Until year 2017	42,668	175,899		
RM CT FRANCISCO PEREZ RIOS U 5	345.18 million Mexican pesos	113.17 million Mexican pesos	345.18 million Mexican pesos	<u>Principal</u> Ps 189.85 million <u>Interest</u> Ps 93.46 million	Until year 2016	34,518	120,814		
RM CT PDTE ADOLFO LOPEZ MATEOS UNITS 3, 4, 5 Y 6	481.60 million Mexican pesos	145.53 million Mexican pesos	481.60 million Mexican pesos	<u>Principal</u> Ps 201.57 million <u>Interest</u> Ps 103.56 million	Until year 2017	48,798	231,225		
RM CT PDTE PLUTARCO ELIAS CALLES UNITS 1 Y 2	224.01 million Mexican pesos	66.35 million Mexican pesos	224.01 million Mexican pesos	<u>Principal</u> Ps 94.49 million <u>Interest</u> Ps 48.00 million	Until year 2017	23,623	105,896		
SE 811 NOROESTE	120.48 million Mexican pesos	39.45 million Mexican pesos	120.48 million Mexican pesos	<u>Principal</u> Ps 66.26 million <u>Interest</u> Ps 32.57 million	Until year 2016	12,048	42,168		
SE 812 GOLFO NORTE	57.31 million Mexican pesos	18.48 million Mexican pesos	57.31 million Mexican pesos	<u>Principal</u> Ps 28.76 million <u>Interest</u> Ps 14.17 million	Until year 2016	6,030	22,512		
SE 813 DIVISION BAJIO	582.59 million Mexican pesos	168.01 million Mexican pesos	582.59 million Mexican pesos	<u>Principal</u> Ps 227.08 million <u>Interest</u> Ps 111.53 million	Until year 2018	58,975	296,532		
SLT 801 ALTIPLANO	924.70 million Mexican pesos	277.73 million Mexican pesos	924.70 million Mexican pesos	<u>Principal</u> Ps 437.03 million <u>Interest</u> Ps 214.98 million	Until year 2017	94,957	392,713		
SLT 802 TAMAULIPAS	776.33 million Mexican pesos	242.87 million Mexican pesos	776.33 million Mexican pesos	<u>Principal</u> Ps 322.22 million <u>Interest</u> Ps 171.43 million	Until year 2017	77,633	376,478		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 803 NOINE	721.47 million Mexican pesos	212.96 million Mexican pesos	721.47 million Mexican pesos	<u>Principal</u> Ps 297.72 million <u>Interest</u> Ps 150.00 million	Until year 2017	69,056	354,689		
SLT 806 BAJIO	1,044.56 million Mexican pesos	341.57 million Mexican pesos	1,044.56 million Mexican pesos	<u>Principal</u> Ps 393.96 million <u>Interest</u> Ps 209.76 million	Until year 2020	104,456	546,145		
CE LA VENTA II	1,178.20 million Mexican pesos	559.50 million Mexican pesos	1,178.20 million Mexican pesos	<u>Principal</u> Ps 353.46 million <u>Interest</u> Ps 325.06 million	Until year 2022	78,547	746,196		
L. T. 904 RTA A LA CE LA VENTA II	74.80 million Mexican pesos	30.05 million Mexican pesos	74.80 million Mexican pesos	<u>Principal</u> Ps 37.40 million <u>Interest</u> Ps 22.46 million	Until year 2016	6,071	31,331		
SE 911 NORESTE	98.36 million Mexican pesos	29.36 million Mexican pesos	98.36 million Mexican pesos	<u>Principal</u> Ps 44.26 million <u>Interest</u> Ps 21.22 million	Until year 2017	9,836	44,262		
OPF 139 SE 912 DIV. ORIENTE	160.79 million Mexican pesos	54.67 million Mexican pesos	160.79 million Mexican pesos	<u>Principal</u> Ps 37.98 million <u>Interest</u> Ps 19.50 million	Until year 2019	16,910	105,899		
OPF 140SE 914 DIV. CENTRO SUR	28.05 million Mexican pesos	9.15 million Mexican pesos	28.05 million Mexican pesos	<u>Principal</u> Ps 4.21 million <u>Interest</u> Ps 2.48 million	Until year 2019	2,805	21,036		
SE 915 OCCIDENTAL	122.00 million Mexican pesos	33.87 million Mexican pesos	122.00 million Mexican pesos	<u>Principal</u> Ps 42.70 million <u>Interest</u> Ps 20.63 million	Until year 2018	12,200	67,099		
SLT 901 PACIFICO	431.09 million Mexican pesos	116.88 million Mexican pesos	431.09 million Mexican pesos	<u>Principal</u> Ps 144.85 million <u>Interest</u> Ps 69.34 million	Until year 2018	44,647	241,592		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 902 ISTMO	893.03 million Mexican pesos	272.15 million Mexican pesos	893.03 million Mexican pesos	<u>Principal</u> Ps 371.43 million	Until year 2017	89,434	432,167		
				<u>Interest</u> Ps 190.15 million					
SLT 903 CABO - NORTE	619.45 million Mexican pesos	203.61 million Mexican pesos	619.45 million Mexican pesos	<u>Principal</u> Ps 295.70 million	Until year 2016	64,749	258,996		
				<u>Interest</u> Ps 157.05 million					
OPF 147 CCC BAJA CALIFORNIA	1,157.02 million Mexican pesos	517.39 million Mexican pesos	1,157.02 million Mexican pesos	<u>Principal</u> Ps 231.40 million	Until year 2019	115,702	809,914		
				<u>Interest</u> Ps 165.37 million					
SOUTH FIBER OPTIC NETWORK PROJECT	305.28 million Mexican pesos	87.43 million Mexican pesos	305.28 million Mexican pesos	<u>Principal</u> Ps 133.00 million	Until year 2019	32,715	139,568		
				<u>Interest</u> Ps 62.30 million					
CENTER FIBER OPTIC NETWORK PROJECT	491.87 million Mexican pesos	224.70 million Mexican pesos	491.87 million Mexican pesos	<u>Principal</u> Ps 232.99 million	Until year 2016	51,776	207,102		
				<u>Interest</u> Ps 161.20 million					
NORTH FIBER OPTIC NETWORK PROJECT	512.87 million Mexican pesos	154.91 million Mexican pesos	512.87 million Mexican pesos	<u>Principal</u> Ps 222.80 million	Until year 2021	51,287	238,788		
				<u>Interest</u> Ps 107.67 million					
SE 1006 CENTRAL SUR	41.30 million Mexican pesos	19.18 million Mexican pesos	41.30 million Mexican pesos	<u>Principal</u> PS 2.06 million	Until year 2021	4,130	35,102		
				<u>Interest</u> Ps 2.20 million					
SE 1005 NOROESTE	615.60 million Mexican pesos	153.49 million Mexican pesos	615.60 million Mexican pesos	<u>Principal</u> Ps 156.08 million	Until year 2020	66,953	392,565		
				<u>Interest</u> Ps 63.40 million					
OPF 156 RM INFIERNILLO	168.34 million Mexican pesos	44.74 million Mexican pesos	168.34 million Mexican pesos	<u>Principal</u> Ps 31.63 million	Until year 2020	17,604	119,107		
				<u>Interest</u> Ps 13.88 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 157 RM CT FRANCISCO PEREZ RIOS U 1 Y 2	1,333.13 million Mexican pesos	480.95 million Mexican pesos	1,333.13 million Mexican pesos	<u>Principal</u> Ps 219.47 million <u>Interest</u> Ps 137.90 million	Until year 2019	133,313	980,354		
RM CT PUERTO LIBERTAD U 4	142.73 million Mexican pesos	45.23 million Mexican pesos	142.73 million Mexican pesos	<u>Principal</u> Ps 71.36 million <u>Interest</u> Ps 35.75 million	Until year 2016	7,136	64,227		
RM CT VALLE DE MEXICO UNITS 5,6 Y 7	49.79 million Mexican pesos	13.12 million Mexican pesos	49.79 million Mexican pesos	<u>Principal</u> Ps 22.13 million <u>Interest</u> Ps 9.77 million	Until year 2016	5,532	22,130		
RM CCC SAMALAYUCA II	11.72 million Mexican pesos	3.39 million Mexican pesos	11.72 million Mexican pesos	<u>Principal</u> Ps 5.21 million <u>Interest</u> Ps 2.60 million	Until year 2016	1,302	5,208		
RM CCC EL SAUZ	46.16 million Mexican pesos	13.65 million Mexican pesos	46.16 million Mexican pesos	<u>Principal</u> Ps 19.62 million <u>Interest</u> Ps 9.50 million	Until year 2017	4,616	21,925		
RM CCC HUINALA II	19.66 million Mexican pesos	5.21 million Mexican pesos	19.66 million Mexican pesos	<u>Principal</u> Ps 6.88 million <u>Interest</u> Ps 3.08 million	Until year 2018	1,966	10,810		
SE 1004 COMPENSACION DINAMICA AREA CENTRAL	171.76 million Mexican pesos	48.27 million Mexican pesos	171.76 million Mexican pesos	<u>Principal</u> Ps 81.36 million <u>Interest</u> Ps 37.32 million	Until year 2016	18,080	72,318		
SE 1003 SUBESTACIONES ELECTRICAS DE OC	326.87 million Mexican pesos	81.17 million Mexican pesos	326.87 million Mexican pesos	<u>Principal</u> Ps 0.00 million <u>Interest</u> Ps 1.77 million	Until year 2020	36,319	290,554		
L.T. 1011 RED ASOCIADA A LA CC SAN LORENZO	63.38 million Mexican pesos	18.85 million Mexican pesos	63.38 million Mexican pesos	<u>Principal</u> Ps 22.19 million <u>Interest</u> Ps 11.97 million	Until year 2018	6,338	34,855		

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		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 1002 COMPENSACION Y TRANSMISION NORESTE-SURESTE	700.56 million Mexican pesos	212.56 million Mexican pesos	700.56 million Mexican pesos	<u>Principal</u> Ps 201.33 million <u>Interest</u> Ps 103.61 million	Until year 2019	70,747	428,482		
SLT 1001 RED DE TRANSMISION BAJA-NOGALES	350.98 million Mexican pesos	108.63 million Mexican pesos	350.98 million Mexican pesos	<u>Principal</u> Ps 140.39 million <u>Interest</u> Ps 74.93 million	Until year 2017	35,098	175,489		
OPF 177 LT RED DE TRANSMISION ASOCIADA A LA CE LA VENTA III	15.36 million Mexican pesos	4.93 million Mexican pesos	15.36 million Mexican pesos	<u>Principal</u> Ps 2.30 million <u>Interest</u> Ps 1.28 million	Until year 2019	1,536	11,518		
OPF 181 RM CN LAGUNA VERDE	1,836.95 million Mexican pesos	397.10 million Mexican pesos	1,836.95 million Mexican pesos	<u>Principal</u> Ps 0.00 million <u>Interest</u> Ps 26.16 million	Until year 2016	-	1,836,950		
RM CT PUERTO LIBERTAD UNITS 2 AND 3	332.70 million Mexican pesos	89.63 million Mexican pesos	332.70 million Mexican pesos	<u>Principal</u> Ps 110.95 million <u>Interest</u> Ps 52.59 million	Until year 2018	34,116	187,635		
RM CT PUNTA PRIETA UNIT 2	61.56 million Mexican pesos	17.47 million Mexican pesos	61.56 million Mexican pesos	<u>Principal</u> Ps 21.54 million <u>Interest</u> Ps 10.79 million	Until year 2018	6,156	33,857		
SE 1110 COMPENSACION CAPACITIVA DEL NORTE	97.46 million Mexican pesos	26.70 million Mexican pesos	97.46 million Mexican pesos	<u>Principal</u> Ps 5.12 million <u>Interest</u> Ps 1.51 million	Until year 2021	10,247	82,090		
SE 1116 TRANSFORMACION DEL NORESTE	1,605.57 million Mexican pesos	620.12 million Mexican pesos	1,605.57 million Mexican pesos	<u>Principal</u> Ps 127.07 million <u>Interest</u> Ps 85.75 million	Until year 2021	163,186	1,315,314		
OPF 189 SE 1117 TRANSFORMACION DE GUA	7.59 million Mexican pesos	1.93 million Mexican pesos	7.59 million Mexican pesos	<u>Principal</u> Ps 0.40 million <u>Interest</u> Ps 0.17 million	Until year 2020	799	6,390		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 1120 NOROESTE	427.30 million Mexican pesos	127.61 million Mexican pesos	427.30 million Mexican pesos	<u>Principal</u> Ps 22.00 million	Until year 2020	43,998	361,299		
				<u>Interest</u> Ps 12.62 million					
SE 1121 BAJA CALIFORNIA	29.27 million Mexican pesos	7.23 million Mexican pesos	29.27 million Mexican pesos	<u>Principal</u> Ps 0.35 million	Until year 2020	3,213	25,707		
				<u>Interest</u> Ps 0.20 million					
OPF 192 SE 1122 GOLFO NORTE	349.75 million Mexican pesos	141.89 million Mexican pesos	349.75 million Mexican pesos	<u>Principal</u> Ps 55.15 million	Until year 2019	36,764	257,845		
				<u>Interest</u> Ps 30.70 million					
OPF 193 SE 1123 NORTE	49.51 million Mexican pesos	13.24 million Mexican pesos	49.51 million Mexican pesos	<u>Principal</u> Ps 4.95 million	Until year 2020	4,951	39,608		
				<u>Interest</u> Ps 2.52 million					
OPF 194 SE 1124 BAJIO CENTRO	297.72 million Mexican pesos	75.82 million Mexican pesos	297.72 million Mexican pesos	<u>Principal</u> Ps 15.67 million	Until year 2020	31,339	250,711		
				<u>Interest</u> Ps 6.56 million					
SE 1125 DISTRIBUCION	744.04 million Mexican pesos	273.84 million Mexican pesos	744.04 million Mexican pesos	<u>Principal</u> Ps 63.58 million	Until year 2020	74,480	605,979		
				<u>Interest</u> Ps 37.25 million					
OPF 197 SE 1127 SURESTE	194.62 million Mexican pesos	62.52 million Mexican pesos	194.62 million Mexican pesos	<u>Principal</u> Ps 16.96 million	Until year 2020	19,470	158,185		
				<u>Interest</u> Ps 8.55 million					
SE 1129 CIRCUITOS ZONA PARRAL (1a FASE) - DI	140.91 million Mexican pesos	42.49 million Mexican pesos	140.91 million Mexican pesos	<u>Principal</u> Ps 25.03 million	Until year 2020	14,397	101,478		
				<u>Interest</u> Ps 13.09 million					
SLT 1118 TRANSMISION Y TRANSFORMACION DEL NORTE	237.47 million Mexican pesos	62.91 million Mexican pesos	237.47 million Mexican pesos	<u>Principal</u> Ps 75.31 million	Until year 2018	24,998	137,167		
				<u>Interest</u> Ps 35.04 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 204 SLT 1119 TRANSMISION Y TRANSFORMACION DEL SURESTE	1,339.02 million Mexican pesos	514.93 million Mexican pesos	1,339.02 million Mexican pesos	<u>Principal</u> Ps 141.20 million <u>Interest</u> Ps 94.70 million	Until year 2020	144,463	1,053,355		
SUV 205 SUPPLY OF 970 T/H TO THE CERRO PRIETO POWER PLANTS	1,499.99 million Mexican pesos	520.92 million Mexican pesos	1,499.99 million Mexican pesos	<u>Principal</u> Ps 245.25 million <u>Interest</u> Ps 149.03 million	Until year 2020	151,554	1,103,179		
SE 206 CONVERSION A 400 KV DE LA LT MAZATLAN II - LA HIGUERA	564.38 million Mexican pesos	257.28 million Mexican pesos	564.38 million Mexican pesos	<u>Principal</u> Ps 112.88 million <u>Interest</u> Ps 85.57 million	Until year 2019	56,439	395,067		
SE 1213 COMPENSACION DE REDES	475.73 million Mexican pesos	165.72 million Mexican pesos	475.73 million Mexican pesos	<u>Principal</u> Ps 55.39 million <u>Interest</u> Ps 31.47 million	Until year 2020	48,635	371,704		
SE 1212 SUR - -PENINSULAR	253.02 million Mexican pesos	78.05 million Mexican pesos	253.02 million Mexican pesos	<u>Principal</u> Ps 12.91 million <u>Interest</u> Ps 5.24 million	Until year 2020	25,824	214,285		
OPF 210 SLT 1204 CONVERSION A 400 KV DEL AREA PENINSULAR	1,699.98 million Mexican pesos	471.92 million Mexican pesos	1,699.98 million Mexican pesos	<u>Principal</u> Ps 130.08 million <u>Interest</u> Ps 56.88 million	Until year 2020	173,330	1,396,578		
OPF 211 SLT 1203 TRANSMISION Y TRANSFORMACION ORIENTAL-SURESTE	1,881.86 million Mexican pesos	550.96 million Mexican pesos	1,881.86 million Mexican pesos	<u>Principal</u> Ps 150.06 million <u>Interest</u> Ps 65.06 million	Until year 2020	189,784	1,542,017		
OPF 212 SE 1202 SUBMINISTRO DE ENERGÍA A LA ZONA MANZANILLO	449.76 million Mexican pesos	149.37 million Mexican pesos	449.76 million Mexican pesos	<u>Principal</u> Ps 37.90 million <u>Interest</u> Ps 19.09 million	Until year 2020	48,767	363,097		
OPF 213 SE 1211 NORESTE-CENTRAL	82.33 million Mexican pesos	25.45 million Mexican pesos	82.33 million Mexican pesos	<u>Principal</u> Ps 8.23 million <u>Interest</u> Ps 4.34 million	Until year 2020	8,234	65,860		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 214 SE 1210 NORTE - NOROESTE	942.94 million Mexican pesos	279.78 million Mexican pesos	942.94 million Mexican pesos	<u>Principal</u> Ps 39.57 million <u>Interest</u> Ps 19.15 million	Until year 2021	98,899	804,465		
OPF 215 SLT 1201 TRANSMISION Y TRANSFORMACION DE BAJA CALIFORNIA	372.29 million Mexican pesos	150.75 million Mexican pesos	372.29 million Mexican pesos	<u>Principal</u> Ps 42.74 million <u>Interest</u> Ps 26.09 million	Until year 2021	38,385	291,160		
OPF 218 LT RED DE TRANSMISION ASOC. AL POY. DE TEMP. ABIERTA Y OAX. II III Y IV	488.77 million Mexican pesos	181.54 million Mexican pesos	488.77 million Mexican pesos	<u>Principal</u> Ps 52.81 million <u>Interest</u> Ps 29.93 million	Until year 2020	52,815	383,144		
OPF 225 LT RED DE TRANSMISION ASOC. A LA CI GUERRERO NEGRO III	14.86 million Mexican pesos	6.89 million Mexican pesos	14.86 million Mexican pesos	<u>Principal</u> Ps 0.74 million <u>Interest</u> Ps 0.78 million	Until year 2021	1,487	12,633		
OPF 231 SLT 1304 TRANSMISION Y TRANSFORMACION DEL ORIENTAL	80.88 million Mexican pesos	26.63 million Mexican pesos	80.88 million Mexican pesos	<u>Principal</u> Ps 8.09 million <u>Interest</u> Ps 5.41 million	Until year 2020	8,088	64,704		
OPF 233 SLT 1303 TRANSMISION Y TRANSFORMACION BAJA-NOROESTE	108.06 million Mexican pesos	35.48 million Mexican pesos	108.06 million Mexican pesos	<u>Principal</u> Ps 10.81 million <u>Interest</u> Ps 7.13 million	Until year 2020	10,807	86,451		
OPF 242 SE 1323 DISTRIBUCION SUR TRANSFORMACION BAJA - NOROESTE	168.69 million Mexican pesos	42.24 million Mexican pesos	168.69 million Mexican pesos	<u>Principal</u> Ps 0.00 million <u>Interest</u> Ps 1.21 million	Until year 2020	18,744	149,946		
OPF 243 SE 1322 DISTRIBUCION CENTRO TRANSFORMACION BAJA - NOROESTE	61.19 million Mexican pesos	15.30 million Mexican pesos	61.19 million Mexican pesos	<u>Principal</u> Ps 0.00 million <u>Interest</u> Ps 0.42 million	Until year 2020	6,799	54,388		
OPF 244 SE 1321 DISTRIBUCION NORESTE	321.58 million Mexican pesos	85.84 million Mexican pesos	321.58 million Mexican pesos	<u>Principal</u> Ps 32.16 million <u>Interest</u> Ps 16.18 million	Until year 2020	32,159	257,267		
OPF 252 SE 1403 COMPENSACION CAPACITIVA NOROESTE - NORTE	92.43 million Mexican pesos	22.76 million Mexican pesos	92.43 million Mexican pesos	<u>Principal</u> Ps 4.86 million <u>Interest</u> Ps 1.26 million	Until year 2020	9,730	77,835		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 073 RM ALTAMIRA	123.98 million UDIS	27.52 million UDIS of interest	123.98 million UDIS	<u>Principal</u> Ps 113.82 million 24.80 million UDIS) <u>Interest</u> Ps 36.30 million 7.91 million UDIS)	Until year 2019	56,902	398,313		
OPF 140 SE 914 DIVISION CENTRO-SUR	30.33 million UDIS	11.37 million UDIS of interest	30.33 million UDIS	<u>Principal</u> Ps 14.41 million 3.14 million UDIS) <u>Interest</u> Ps 9.27 million 2.02 million UDIS)	Until year 2024	9,599	115,190		
OPF 147 CCC BAJA CALIFORNIA	285.09 million UDIS	69.14 million UDIS of interest	285.09 million UDIS	<u>Principal</u> Ps 261.70 million 57.02 million UDIS) <u>Interest</u> Ps 101.43 million 22.10 million UDIS)	Until year 2019	130,846	915,923		
OPF 152 SE 1005 NOROESTE	48.91 million UDIS	18.48 million UDIS of interest	48.91 million UDIS	<u>Principal</u> Ps 29.92 million (6.52 million UDIS) <u>Interest</u> Ps 17.85 million (3.89 million UDIS)	Until year 2024	14,965	179,576		
OPF 156 RM INFIERNILLO	12.59 million UDIS	2.97 million UDIS of interest	12.59 million UDIS	<u>Principal</u> Ps 11.57 million (2.52 million UDIS) <u>Interest</u> Ps 4.50 million (0.98 million UDIS)	Until year 2019	5,778	40,445		
OPF 157 RM CT FRANCISCO PEREZ RIOS U 1 Y 2	140.72 million UDIS	31.90 million UDIS of interest	140.72 million UDIS	<u>Principal</u> Ps 129.15 million (28.14 million UDIS) <u>Interest</u> Ps 44.29 million (9.65 million UDIS)	Until year 2019	64,587	452,107		
OPF 167 CCC SAN LORENZO CONV. DE TG A CC	421.94 million UDIS	159.75 million UDIS of interest	421.94 million UDIS	<u>Principal</u> Ps 258.21 million (56.26 million UDIS) <u>Interest</u> Ps 155.82 million (33.95 million UDIS)	Until year 2024	129,102	1,549,223		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 191 SE 1121 BAJA CALIFORNIA	8.47 million UDIS	3.13 million UDIS of interest	8.47 million UDIS	<u>Principal</u> Ps 5.19 million (1.13 million UDIS) <u>Interest</u> Ps 2.80 million (0.61 million UDIS)	Until year 2024	2,592	31,107		
OPF 192 SE 1122 GOLFO NORTE	8.88 million UDIS	3.02 million UDIS of interest	8.88 million UDIS	<u>Principal</u> Ps 4.59 million (1.00 million UDIS) <u>Interest</u> Ps 2.29 million (0.50 million UDIS)	Until year 2024	3,062	33,083		
OPF 195 SE 1125 DISTRIBUCION	51.69 million UDIS	12.21 million UDIS of interest	51.69 million UDIS	<u>Principal</u> Ps 47.46 million (10.34 million UDIS) <u>Interest</u> Ps 18.50 million (4.03 million UDIS)	Until year 2019	23,723	166,062		
OPF 199 SE 1129 CIRCUITOS ZONA PARRAL	14.67 million UDIS	5.71 million UDIS of interest	14.67 million UDIS	<u>Principal</u> Ps 9.00 million (1.96 million UDIS) <u>Interest</u> Ps 6.10 million (1.33 million UDIS)	Until year 2024	4,487	53,847		
OPF 201 SLT 1112 TRANSMISION Y TRANSFORMACION DEL NOROESTE	97.07 million UDIS	22.57 million UDIS of interest	97.07 million UDIS	<u>Principal</u> Ps 89.08 million (19.41 million UDIS) <u>Interest</u> Ps 33.14 million (7.22 million UDIS)	Until year 2019	44,552	311,864		
OPF 203 SLT 1118 TRANSMISION Y TRANSFORMACION DEL NORTE	40.21 million UDIS	15.45 million UDIS of interest	40.21 million UDIS	<u>Principal</u> Ps 24.60 million (5.36 million UDIS) <u>Interest</u> Ps 15.88 million (3.46 million UDIS)	Until year 2024	12,304	147,645		
OPF 207 SE 1213 COMPENSACION DE REDES	28.61 million UDIS	7.30 million UDIS of interest	28.61 million UDIS	<u>Principal</u> Ps 19.87 million (4.33 million UDIS) <u>Interest</u> Ps 7.53 million (1.64 million UDIS)	Until year 2024	12,628	98,819		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until September 30, 2011	Effective term of the agreement	Balances as of September 30, 2011 (thousands)				S
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency		
						Short-term	Long-term	Short-term	Long-term	
OPF 208 SE 1205 COMPENSACION ORIENTAL-PENINSULAR	28.13 million UDIS	10.81 million UDIS of interest	28.13 million UDIS	<u>Principal</u> Ps 17.21 million (3.75 million UDIS)	Until year 2024	8,607	103,293			
				<u>Interest</u> Ps 11.11 million (2.42 million UDIS)						
				TOTAL INTERNAL DEBT		7,381,268	41,194,037			
				TOTAL EXTERNAL AND INTERNAL PIDIREGAS DEBT		<u>Ps 11,354,071</u>	<u>Ps 67,490,806</u>			<u>Ps</u>
							<u>Ps 78,844,877</u>			

- a. The short-term and long-term liabilities for PIDIREGAS agreements mature as follows:

	<u>As of September 30, 2011</u>
2011 (October - December)	Ps 2,087,003
2012	11,518,593
2013	11,643,198
2014	10,612,461
2015	8,616,570
2016	8,601,517
2017	5,278,484
Subsequent years	<u>20,487,052</u>
	<u>Ps 78,844,878</u>

- b. As of September 30, 2011, the minimum payment commitments for PIDIREGAS were as follows:

PIDIREGAS	Ps 99,035,513
Less:	
Unearned interest	<u>(20,190,636)</u>
Present value of obligations	78,844,877
Less:	
Current portion of obligations	<u>(11,354,071)</u>
Long term portion of PIDIREGAS	<u>Ps 67,490,806</u>

- c. During the nine-month periods ended September 30, 2011 and 2010, the transactions derived from capital leases that affected the results of the CFE were the following:

	<u>2011</u>	<u>2010</u>
Interest	Ps 3,565,374	Ps 3,289,346
Foreign exchange fluctuations	3,298,576	(689,527)
Commissions and others	<u>162,137</u>	<u>184,439</u>
	<u>Ps 7,026,087</u>	<u>Ps 2,784,258</u>

- d. CEBURES program - In order to finance PIDIREGAS, CFE has prepared a structured mechanism under 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 that securitizes the rights to the credit by issuing CEBURES. The funds derived from such issues are invested by the trustee of the trust until CFE uses them to pay the contractors under the PIDIREGAS constructions contracts, upon their delivery to the satisfaction of the Entity. Each issue of CEBURES constitutes a liability of CFE and each disbursement is converted into a PIDIREGAS debt.

In order to carry out this financing mechanism, the Comisión Nacional Bancaria y de Valores (the "National Banking and Securities Commission"), first authorized the CEBURES programs, normally for minimum amounts of Ps 6,000,000 and with an effective duration of two or more years in order to carry out the issues required up to the total amount authorized, which may be extended upon prior request.

In 2003, the first issues of CEBURES were carried out, with three tranches for an aggregate of Ps 6,000,000. The first two tranches were for the amount of Ps 2,600,000 each, and were made on October 6 and November 7, 2003, respectively. The third tranche was issued on December 11, 2003 for the amount of Ps 800,000.

The fourth tranche of this issue was carried out on March 5, 2004 for Ps 665,000.

The effective final maturity of all these issues is approximately 10 years, and they each bear interest at the 182-day interest rate for the Mexican Treasury Bill ("CETES"), plus 0.85 percentage points.

For each issue, the repayment of principal will be approximately every 182 days and the calculation of the interest will include a hedge against inflation (inflation floor), pursuant to which, for each applicable interest period, the rate will be adjusted by comparing the rate of Mexican inflation, measured by the percentage increase in the value of one Unidad de Inversion (Unit of Investment, or "UDI") during the interest period in question, with the annual gross interest rate payable on the CEBURES for such interest period.

In August 2005, issues for the first three tranches were carried out in a new CEBURES program for an aggregate amount of Ps 7,700,000. The first was for Ps 2,200,000 on March 18, 2005; the second was for Ps 3,000,000 on July 1, 2005, and the third was for Ps 2,500,000 on August 19, 2005. The effective term is approximately 10 years at the 182-day CETES rate, plus 0.79 percentage points.

On January 27, 2006 the fourth tranche was issued for Ps 2,000,000 and the fifth tranche for Ps 1,750,000 was issued on March 9, 2007, with a 10 year duration 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, Ps 6,112,196 of the Ps 7,700,000 issued that year had been disbursed for the payment of PIDIREGAS public debt, leaving a disposable balance of Ps 1,587,804. This balance was fully utilized during 2006.

On April 24, 2006, the National Banking and Securities Commission authorized a new CEBURES program for CFE, with issues carried out on April 28, June 9 and October 20, 2006 for the amount of Ps 2,000,000 in each of these three transactions, while on November 30, 2006, a fourth issue was made for Ps 1,000,000.

The effective term of the aforementioned transactions is approximately 10 years. The average weighted interest rate is equivalent to the 91-day CETES rate plus 0.42 percentage points for the first three transactions, while for the fourth transaction the interest rate is 7.41%.

As of December 31, 2006, of the Ps 7,000,000 of the four issues, a total of Ps 3,631,952 had been disbursed for the refinancing of the PIDIREGAS.

The National Banking and Securities Commission authorized a new program for CFE and on November 10, 2006, the first issue was made for Ps 1,500,000, to be used for the payment of contractors who had been awarded PIDIREGAS projects. This first issue has duration of 30 years and pays an annual gross interest rate of 8.58%, payable every 182 days. On February 28, 2007, Ps 1,384,700 was disbursed from this issue, 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 made for Ps 1,000,000 to cover the second payment to the contractor for the "El Cajón" PIDIREGAS project.

In 2007, the following 10-year issues were made: on March 9, 2007, an issue for Ps 1,750,000 at the CETES rate plus 0.345% per annum; on June 8, another, also for Ps 1,750,000, at the CETES rate plus 0.25% per annum; on August 17, 2007, an issue was for Ps 1,750,000 at the 182 day CETES rate plus 0.25% a per annum, and finally, on November 23, 2007, for Ps 1,200,000 at the 182-day CETES rate plus 0.30%.

During 2007, a total of Ps 9,945,200 was disbursed from the trusts for the financing of the different payments of PIDIREGAS.

For 2008, two issues were made, one on January 25, 2008 for Ps 2,000,000 and the second on May 23, 2008 for Ps 1,700,000, both bearing interest at the 91-day CETES rate plus 0.45%.

In 2008, a total of Ps 4,827,300 was disbursed from the trusts for the financing of PIDIREGAS.

In 2009, the following 10-year issues were made: Three issues of UDIs: on April 29, 2009, an issue of Ps 285,100 at a fixed rate of 4.80% per annum; on August 7, 2009, an issue for Ps 457,000 at a fixed rate of 4.60% per annum and on October 2, 2009, an issue for Ps 618,500 at a fixed rate of 5.04% per annum; and two issues in pesos: the first on April 29, 2009 for Ps 2,594,600 and the second on August 7, 2009 for Ps 1,466,700, both at a fixed rate of 8.85% per annum.

During 2009, a total of Ps 4,618,300 and 676,200 UDIs were disbursed from the trusts, in order to finance the various payments of financed public construction projects.

In 2010, two issues were made: the first on March 26, in two tranches; one with a term of 10 years for Ps 2,400,000, with a fixed interest rate of 8.05% per annum, and the other tranche with a term of 7 years for Ps 2,600,000, at an interest rate equal to the TIIE plus 0.52% per annum. The second issue was made on July 23, also in two tranches: the first one with a term of 10 years for Ps 3,250,000 with an interest rate equal to the TIIE plus 0.45% per annum, and the second tranche with a term of 9 years for Ps 1,750,000, with a fixed interest rate of 7.15% per annum.

On January 21, 2011, two issues were made for general treasury needs for Ps 4,000,000 each; the first one for a 10-year term, paying a 7.96% annual interest rate and the second one for a 4-year term, at an annual interest rate equal of TIIE + 0.26%.

On February 19, 2011, bonds in the amount of Ps 3,800,000 were issued to fund financed public work projects for a 9.4 year term, at an annual interest rate of TIIE + 0.40%.

12. Taxes and fees payable

The taxes and fees payable as of September 30, 2011 and December 31, 2010 were comprised of the following:

September 30,	December 31,		
		2011	2010
Payable by CFE:			
Income Tax ("ISR") on distributable surplus	Ps	969,740	Ps 1,150,824
ISR payable on account of third parties		228,379	361,288
Mexican Social Security Institute dues (includes retirement insurance)		324,025	498,631
Charges for use and exploitation of national waters		397,568	296,015
Payroll tax		25,627	40,993
Contributions to the National Workers' Housing Fund Institute		2,785	10,344
Subtotal		1,948,124	2,358,095

	September 30, 2011	December 31, 2010
From the previous page	<u>Ps 1,948,124</u>	<u>Ps 2,358,095</u>
Withheld by CFE:		
ISR withheld from employees	443,890	535,984
Value added tax withholding	44,681	154,061
ISR on interest paid abroad	22,556	8,983
ISR payable to residents abroad	934	8,006
Withholding relating to commission to contractors (five/thousandths)	8,521	27,707
ISR on fees and leases	3,917	8,934
Withholding relating to commission to contractors (two/thousandths)	439	1,202
Others	<u>319</u>	<u>94</u>
Subtotal	<u>525,257</u>	<u>744,971</u>
Total	<u>Ps 2,473,381</u>	<u>Ps 3,103,066</u>

13. Other long-term liabilities

This item refers to the liability incurred for future dismantling of the Laguna Verde Nuclear Power Plant. As of September 30, 2011 and December 31, 2010, the approximate amount of the present value of the total liability is Ps 11,177,514 and Ps 10,009,251, respectively.

The increase in reserves for decommissioning is due to the variation in the peso/US dollar exchange rate.

14. Employee benefits

Benefit plans are established for employees in relation to the termination of the employment relationship and due to retirement for reasons other than restructuring. The benefit plans at the end of the employment relationship consider severance payments for dismissal (including the seniority premium accrued), and which are not going to reach the benefits established in the retirement or pension plan. The retirement benefits plans take into account the years of service completed by the employee and their remuneration at the date of retirement or departure. The retirement benefits plans include the seniority premium which the workers are entitled to receive when the employment relationship is terminated, as well as other defined benefits. In the case of retirement benefits, the Entity amortizes any losses and/or gains generated in the year within the period of 13.48 years for seniority premium and 13.48 years for pensions in retirement benefits, while for termination benefits the amortization is immediate. The valuation of both benefit plans was performed in accordance with actuarial calculations performed by independent experts.

A reserve has been created for the purpose of meeting the payment of the benefits in the plans when they become due and payable (plan assets). For the nine-month period ended September 30, 2011, the Entity has an investment in such reserve for employment termination and retirement plan for Ps 4,758,907.

The Entity determined its liabilities and the cost for the period of indemnities and compensations, seniority and retirement premium, on the basis of the actuarial study conducted by an independent actuary, in line with the bases defined in the plans, using the projected unit credit method. In order to determine the approximate amounts of liabilities for labor obligations as of September 30, 2011 and the net cost for the nine-month periods ended September 30, 2011 and 2010, the Entity used as a basis the actuarial studies conducted as of December 31, 2010 and 2009, respectively. The projected net liability recognized in the balance sheet as of September 30, 2011 amounted to Ps 289,321,752.

The labor cost for the periods ended September 30, 2011 and 2010 amounted to Ps 41,032,369 and Ps 37,500,341, respectively, of which Ps 39,422,819 and Ps 36,567,971 were charged to income for the nine-month periods ended of September 30, 2011 and 2010, whereas Ps 1,609,550 and Ps 932,370, respectively, were capitalized for those same periods.

15. Allowance for labor complaints and other contingencies

- a. As of September 30, 2011, there were 10,492 labor lawsuits that have not yet been resolved. Based on the trends for labor lawsuits resolved in the last five years, CFE established as of September 30, 2011 a provision for Ps 4,012,821 in respect of its estimated liability in respect of these suits.
- b. The Entity is party to 22,582 different criminal, tax, civil, mercantile and agricultural lawsuits and arbitration proceedings as of September 30, 2011, whose economic effects are wide-ranging. Some of these are considered to be significant by CFE's internal counsel. However, due to the current posture of these lawsuits and proceedings, CFE's internal counsel believes that it is not possible as of the date of these financial statements to evaluate the possibility of an adverse outcome or the financial effects on CFE thereof. Accordingly, no allowance is recorded in the accounting records in respect of any of these lawsuits and proceedings.

16. Equity

As described in Note 3-a, the effect of the restatement of equity is distributed among each of its different components, as illustrated below:

	<u>Face value</u>	<u>Restatement</u>	<u>Total</u>
Accumulated equity	Ps 92,470,946	Ps 239,243,076	Ps 331,714,022
Contributions received	4,646,122	-	4,646,122
Net result for the period	<u>(13,729,823)</u>	<u>-</u>	<u>(13,729,823)</u>
	<u>Ps 83,387,245</u>	<u>Ps 239,243,076</u>	<u>Ps 322,630,321</u>

17. Other revenues, net

During the nine-month periods ended September 30, 2011 and 2010, other net revenues were comprised of the following:

	<u>September 30,</u>	
	<u>2011</u>	<u>2010</u>
Other revenues	Ps 3,703,557	Ps 3,779,442
Other expenses	(3,493,009)	(2,002,701)
Independent electricity producers, net	<u>(15,763)</u>	<u>307,499</u>
	<u>Ps 194,785</u>	<u>Ps 2,084,240</u>

The supply of natural gas from Petróleos Mexicanos ("PEMEX") to independent electricity producers ("IPPs") is performed by CFE, for which CFE pays PEMEX and other natural gas suppliers the amounts related to both its own use of natural gas and that supplied to IPPs, and CFE recovers the latter from the IPPs. For the nine-month period ended September 30, 2011, CFE paid suppliers Ps 6,296,266 for the supply of natural gas and it recovered Ps 6,450,752 from IPPs.

18. Income tax (ISR) on the distributable surplus

In accordance with the Income Tax Law, CFE does not incur income tax on distributable surplus; however, it must withhold and pay income tax and also demand documentation that complies with income tax requirements, with respect to certain payments to third parties. In addition, the Entity is obligated to pay income tax for the distributable surplus of the items that do not comply with tax requirements, based on article 95, last paragraph of the Income Tax Law.

During the nine-month periods ended September 30, 2011 and 2010, income tax was incurred on the distributable surplus for Ps 970,965 and Ps 722,177, respectively, which amounts were determined in accordance with articles 95, last paragraph and 102 of the Income Tax Law.

As of January 1, 2008, the Business Flat Tax ("IETU") Law is in effect, which replaced the Asset Tax ("IMPAC") Law. The Entity is not subject to IETU, as established in article 4, sections I of the IETU Law, and was not subject either to the IMPAC Law, as established in Article 6, Section I therein.

19. Transactions carried out with the Federal Government

The transactions carried out with the Federal Government during the nine-month periods ended September 30, 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Non-tax charge payable by CFE determined through the application of a 9% rate to the net fixed assets in operation from the previous period	Ps 64,741,529	Ps 65,874,107
Subsidy:		
Virtual	<u>(42,969,169)</u>	<u>(41,811,665)</u>
Subsidy to consumers not covered by the Federal Government	<u>Ps 21,772,360</u>	<u>Ps 24,062,442</u>

For the nine-month periods ended September 30, 2011 and 2010, a subsidy to consumers was determined in the amount of Ps 64,741,529 and Ps 65,874,107, respectively, from which the non-tax charge for the year was applied in the amount of Ps 42,969,169 and Ps 41,811,665. The difference resulting from the virtual (non-cash) consumer subsidy not offset by the above-mentioned non-tax charge in the amount of Ps 21,772,360 and Ps 24,062,442, respectively, was recorded, affecting directly the equity of the Entity.

20. Comprehensive result of financing

The comprehensive result of financing for the nine-month periods ended September 30, 2011 and 2010 was comprised of the following:

	<u>2011</u>	<u>2010</u>
Interest payable, net	Ps (6,696,798)	Ps (4,411,024)
Foreign exchange (loss) gain, net	<u>(9,007,743)</u>	<u>1,890,034</u>
	<u>Ps (15,704,541)</u>	<u>Ps (2,520,990)</u>

21. Comprehensive loss

The comprehensive loss for the nine-month periods ended September 30, 2011 and 2010 was comprised of the following:

	<u>2011</u>	<u>2010</u>
Net (loss) income according to statement of income	Ps (13,729,823)	Ps (13,729,823)
Other equity movements	1,093,480	(1,093,480)
Effect for the period from the valuation of financial instruments recorded in accumulated equity	<u>(263,860)</u>	<u>(1,093,480)</u>
	<u>Ps (12,900,203)</u>	<u>Ps (1,093,480)</u>

22. Position in foreign currency

As of September 30, 2011, CFE had assets and liabilities in foreign currency (figures expressed in thousands) as follows:

	<u>2011</u>				
	<u>Assets</u>		<u>Liabilities</u>		
	<u>Cash and cash equivalents</u>		<u>Suppliers</u>	<u>Internal debt</u>	<u>External debt</u>
US dollars	<u>7,927</u>		<u>22,075</u>	<u>3,543</u>	<u>3,645,929</u>
Euros	<u>-</u>		<u>-</u>	<u>-</u>	<u>44,220</u>
Japanese yen	<u>3,003,818</u>		<u>-</u>	<u>-</u>	<u>40,225,702</u>
Swiss francs	<u>-</u>		<u>-</u>	<u>-</u>	<u>121,098</u>
Swedish krona	<u>-</u>		<u>-</u>	<u>-</u>	<u>16,026</u>

Note: 32,000,000 of the Japanese yen denominated bonds described in Note 9-b are included in Japanese yen liabilities.

These assets and liabilities in foreign currency were converted into Mexican pesos at the exchange rate published in the Government Accounting and Reports on Public Activities, an entity of the SHCP, in accordance with the Circular "Instructions for the valuation of foreign currencies for accounting closes" as of September 30, 2011 and December 31, 2010, as follows:

<u>Currency</u>	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
US dollars	Ps	13.7994	Ps	12.3571
Euros		18.5354		16.5733
Japanese yen		0.1797		0.1526
Swiss francs		15.2514		13.2757
Swedish krona		2.0096		1.8392

23. Commitments

a. Agreements formalized with independent energy producers

As of September 30, 2011, 22 contracts had been signed with private investors, known as IPPs, which establish the obligation for CFE to pay different amounts in exchange for the latter guaranteeing the supply of electric energy, based on a previously established generating capacity, through power plants financed and constructed on account of such IPPs.

These contracts contain a contingency clause whereby CFE undertakes to early pay to the investor the value of its assets certain events of default that may occur and in accordance with the calculation methodology established in the contract in question.

Furthermore, CFE assumes certain risks under these contracts, which include the following, among others:

- Electricity market risks
- Changes in law

The IPPs assume the following risks among others:

- Obtaining the financing and variations in the project costs.
- Performance of critical events.
- Conventional penalties for noncompliance with the guaranteed net capacity.
- Nonperformance of the operating guarantees.
- Operating risks of the power plant.

Pursuant to the foregoing, a summary of the power plants constructed by IPPs under these conditions, which will require variable future payments by CFE, principally for the purchase of energy and electricity generating capacity, is as follows:

<u>Power station</u>	<u>Term of contract (in years)</u>	<u>Generating capacity (in MW)</u>	<u>Dates of entry into commercial operation</u>
CT Mérida III	25.5	484.0	June 9, 2000 Phase I and 14 October, 2000 Phase II
CC Río Bravo II (Anáhuac)	25.0	495.0	January 18, 2002
CC Hermosillo	25.0	250.0	October 1, 2001
CC Saltillo	25.0	247.5	November 19, 2001
CC Bajío (El Sauz)	25.0	495.0	March 9, 2002
CC Bajío (supplementary generation)	5.0	0.0	March 9, 2002
CC Tuxpan II	25.0	495.0	December 15, 2001
CC Monterrey III	25.0	449.0	March 27, 2002
CC Altamira II	25.0	495.0	May 1, 2002
CC Campeche	25.0	252.4	May 28, 2003
CC Naco - Nogales	25.0	258.0	October 4, 2003
CC Mexicali	25.0	489.0	July 20, 2003
CC Chihuahua III	25.0	259.0	September 9, 2003
CC Tuxpan III y IV	25.0	983.0	May 23, 2003

<u>Power station</u>	<u>Term of contract (in years)</u>	<u>Generating capacity (in MW)</u>	<u>Dates of entry into commercial operation</u>
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
CC Norte Durango	25.0	450.0	August 7, 2010

The obligation for future payments for CFE includes: a) rules for quantifying the amount of the purchase cost of the power plants when a contingent event takes place that is classified as force majeure in the terms of each contract, applicable from the construction stage of each project until the expiration of the contracts and b) fixed charges for energy 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 startup test phase until the expiration of the contracts.

b. Contracts with third parties

CFE also has obligations derived from contracts entered into with third parties that own gas pipelines, known as Ciudad PEMEX - Valladolid, as well as the Coal Terminal of C.T. Presidente Plutarco Elías Calles, for which CFE is obligated to also pay different amounts, 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.

Pursuant to the foregoing, the following illustrates future payments of projects in operation, as well as the estimated contingency derived from projects in operation and under construction:

<u>Future payment commitments of projects in operation</u>	<u>(In millions of pesos)</u>	
	<u>September 30, 2011</u>	<u>December 31, 2010</u>
CC Altamira II	Ps 1,736	Ps 2,010
CC Bajío	1,326	2,517
CC Campeche	4,043	3,743
CC Hermosillo	3,553	3,371
CT Mérida III	4,460	4,163
CC Monterrey III	3,462	3,465
CC Naco - Nogales	4,382	4,058
CC Río Bravo II	8,072	7,594
CC Mexicali	4,222	4,115
CC Saltillo	5,397	5,015
CC Tuxpan II	5,416	5,123
CC Chihuahua III	4,838	4,622
CC Tuxpan III y IV	17,912	16,672
CC Altamira III y IV	22,794	20,854
CC Río Bravo III	7,863	7,352
CC La Laguna II	12,711	11,835
CC Río Bravo IV	8,188	7,594
CC Valladolid III	8,039	7,520
Continued on next page	Ps 128,414	Ps 121,623

Future payment commitments of projects in operation	(In millions of pesos)	
	September 30, 2011	December 31, 2010
Continued from previous page	Ps 128,414	Ps 121,623
CC Tuxpan V	7,905	7,379
CC Altamira V	23,321	21,706
CC Tamazunchale	18,171	16,850
CC Norte Durango	17,736	16,224
Gasoducto Cd. PEMEX Valladolid	(1,458)	(537)
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	1,520	1,419
Total	Ps 195,609	Ps 184,664
Amount of estimated contingency of projects in operation		
CC Altamira II	Ps 866	Ps 1,068
CC Bajío (El Sauz)	786	1,788
CC Campeche	1,565	1,323
CC Hermosillo	1,591	1,479
CT Mérida III	1,995	1,495
CC Monterrey III	2,061	2,095
CC Naco - Nogales	1,808	1,637
CC Río Bravo II	3,010	2,832
CC Mexicali	2,350	2,112
CC Saltillo	2,062	1,964
CC Tuxpan II	4,022	3,051
CC Chihuahua III	1,874	1,766
CC Tuxpan III y IV	5,992	5,419
CC Altamira III y IV	7,637	6,294
CC Río Bravo III	3,262	2,783
CC La Laguna II	4,488	4,068
CC Río Bravo IV	3,776	3,165
CC Valladolid III	3,063	2,821
CC Tuxpan V	4,163	3,266
CC Altamira V	6,608	6,154
CC Tamazunchale	6,095	5,601
CC Norte Durango	5,734	5,113
Gasoducto Cd. PEMEX - Valladolid	605	1,392
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	633	573
Total	76,046	69,259
Amount of estimated contingency of projects under construction		
CC Norte Durango	-	-
CE La Venta III	-	1,250
CE Oaxaca I	1,780	1,239
CE Oaxaca II	5,060	271
CE Oaxaca III	1,548	-
CC Norte II	1,178	-
Total estimated contingency of projects under construction	9,566	2,760
Total estimated contingency of projects in operation and under construction	Ps 85,612	Ps 72,019

In accordance with the foregoing, as of September 30, 2011, CFE had a commitment of approximately Ps 195,609,000 (equivalent to 14,171,000 US dollars), recorded in memorandum accounts on its balance sheet, which takes into account the fixed capacity charge currently applicable, which is related to the service and repayment of the debt incurred by the IPPs to construct the projects, and reflects the payments that CFE will have to make to the IPPs for making electricity generation capacity available to the Entity. There are additional contingent commitments of CFE, in the event of an act of God or force majeure and noncompliance events, in an estimated amount as of September 30, 2011 of Ps 85,612,000 (equivalent to 6,204,000 US dollars). To estimate the amounts, CFE was required to make certain assumptions regarding the potential causes for contract termination.

c. Natural gas supply contracts

Contract of supply of liquefied natural gas from a Liquefied Natural Gas ("LNG") plant executed with Gas del Litoral, S. de R. L. de C. V.

For 2010, the maximum contracted amount delivered was 500 MMPCD.

Contract of supply of natural gas in the delivery points, from an LNG storage and/or continental natural gas storage plant, with the supplier SEMPRA Energy LNG Marketing México, S. de R. L. de C. V.

For the second half of 2010, there was a daily average firm base of 118,033 MMBTU. As an average, the variable base was 40,544 MMBTU, increasing the total daily average to 158,231 MMBTU. The contract allows for the firm base to vary between 90% and 110% of the amounts mentioned above for said base. It is important to state that in connection with the variable base, the latter may be reduced to zero in view of the conditions of the agreement, which would substantially modify the daily average.

The bases for the first half of 2011 were as follows:

	Firm base		Variable base	
	MMPC	MMBTU	MMPC	MMBTU
January	1,942	1,951,433	144.47	1,057,810
February	1,743	1,752,140	452.19	951,720
March	2,095	2,105,191	702.70	1,034,120
April	2,070	2,065,951	676.50	679,819
May	2,046	2,065,867	406.72	408,727
June	2,640	2,659,742	885.90	890,433

The bases for the third quarter of 2011 were:

	Firm base		Variable base	
	MMPC	MMBTU	MMPC	MMBTU
July	3,463	3,480,376	861.79	866,122
August	3,497	3,515,058	1,224.74	1,230,899
September	2,939	2,954,079	858.72	863,034

d. Financed Public Construction Contracts

As of September 30, 2011, CFE had signed various lease agreements with private investors to complete the construction of each of the investment projects listed below and for their delivery to the Entity. The estimated amounts of these lease agreements and the estimated dates for the commencement of operations are those shown in the following table:

Transmission lines and substations:

Project	Capacity		Estimated amount of the agreement expressed in thousands of		Estimated commencement of operating phase
	Km-c	MVA	US dollars	Pesos	
SE 1117 Transm. de Guaymas	12.3	133.0	14,820	Ps 173,735	October 2011
SLT 1111 Transm. and Transform. Power station-Occidental F1 C2	150.0		23,970	281,000	November 2011
SLT 1401 Ses y LTs Aéreas Baja California and Noreste F1 C2	59.7	305.0	35,210	412,767	November 2011
LT 1013 Red de Transm. Asoc. a CH. La Yesca	220.1		70,150	822,368	November 2011
SE 1125 Distribution F3 C2	69.8	20.0	16,630	194,953	December 2011
SLT 1402 Voltage change LT Culiacán- Los Mochis	127.2	500	43,970	611,359	January 2012
SE 1003 Electrical substations de Occidente F1 C3	29.0	500	36,980	517,365	March 2012
SE 1212 Sur Peninsular F3	15.2		3,230	45,189	May 2012
SLT 1201 Transm. y Transform. Baja California F3	5.6	40	8,660	121,157	May 2012
SE 1006 Central-Sur F3	13.4	20	6,280	87,860	August 2012
SLT 1401 SEs y LTs Áreas Baja California y Noroeste F2	99.2	300	23,170	324,158	October 2012
LT 1106 Red de Transm. Asoc. a CC Agua Prieta II	164.4		34,500	482,669	October 2012
LT 1225 Red de Transm. Asoc. a CCC Norte II	41.2		15,490	216,712	October 2012
SE 1320 Distribution Noroeste F3	7.5	3.9	5,450	76,248	November 2012
SE 1124 Bajío Centro F3	28.8		6,890	96,394	December 2012
SLT 1203 Transmisión y Transform. Oriental Sureste F2	42.6	30	8,920	134,795	December 2012
SLT 1114 Transm. y Transform. del Oriental F1 C3	183.2	1,000	74,490	1,042,145	January 2013
SE 1420 Distribution Norte F1		50	8,110	112,762	February 2013
SLT 1111 Transm. y Transform. Central Occidental F2	35.4	300	19,990	279,668	February 2013
SE 1211 Noreste Central F2	15.7	90	15,260	213,494	February 2013
SE 1321 Distribution Noreste F3	2.5	30	3,820	53,444	March 2013
SE 1116 Transform. Noreste F3	85.7	500	44,300	620,195	April 2013

Power stations:

Project	Capacity MVA	Estimated amount of the agreement expressed in thousands of		Estimated commencement operating phase
		US dollars	Pesos	
CG Los Humeros II Fase A	25.0	58,400	Ps 684,623	October 2011
CG Los Humeros II Fase B	25.0	48,100	563,876	May 2012
PH La Yesca C2	750.0	767,700	8,999,747	June 2012
CCI Baja California Sur III	40.9	91,900	1,077,344	July 2012
CC Re potenciación Manzanillo I U1 y U2	847.2	981,300	11,503,779	November 2012
Cogeneración Salamanca F1	430.2	319,900	4,414,428	April 2013
CC Agua Prieta II C2	394.1	251,700	3,473,309	April 2013

Projects for Rehabilitation and/or Modernization

Project	Estimated amount of the agreement expressed in thousands of		Operational stage
	US dollars	Pesos	
RM CN Laguna Verde F1	605,100	Ps 7,093,587	November 2011
RM CCC Poza Rica	136,800	1,603,706	September 2012
RM CCC El Zaus Paq 1	150,000	1,758,450	June 2012

These contracts are executed under the PIDIREGAS scheme and CFE reflects those in its financial statements in accordance with the accounting policy described in Note 3-e.

e. Trusts

1. Scope of activity.

1.1 CFE currently participates in the capacity of Grantor or Beneficiary in 23 Trusts, two of which are in the process of being liquidated.

1.2 According to their purpose and operating characteristics, these can be classified in the following groups:

- a. Energy saving
- b. Previous expenses
- c. Management of construction contracts
- d. Trusts of indirect participation

a. Energy saving

Those constituted for the execution of energy savings promotion and development programs.

Trust	Participation by CFE		
	Grantor	Trustee	Beneficiary
Trust for Energy Saving (FIDE), constituted on August 14, 1990	Constitution: Confederación de Cámaras Industriales (CONCAMIN), Cámara Nacional de la Industria de Transformación (CANACINTRA), Cámara Nacional de Manufacturas Eléctricas (CANAME), Cámara Nacional de la Industria de la Construcción (CNIC), Cámara Nacional de Empresas de Consultoría (CNEC) and Sindicato Único de Trabajadores Electricistas de la República (SUTERM)	Nacional Financiera, S.N.C.	In the first place: The consumers of electric energy. In second place: CFE.
Trust for Housing Thermal Insulation in Mexicali (FIPATERM), constituted on October 19, 1990	CFE	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

The contingent liabilities of CFE as of September 30, 2011 because of its capacity as joint and several guarantor in credits obtained by the Trust for Energy Saving (FIDE) amounted to Ps 3,173.

The Trust for Housing Thermal Insulation (FIPATERM) had assets of Ps 1,060,943 and liabilities of Ps 39,068 as of September 30, 2011.

b. Previous expenses

Those constituted for the financing and coverage of expenses prior to the execution of the projects, subsequently recoverable and payable by whoever carries them out to comply with the regulations applicable to the type of project in question.

Trust	Participation by CFE			Type of projects
	Grantor	Beneficiary	Trustee	
Management of previous CPTT expenses, constituted on August 11, 2003	CFE	In first place: The awardees of the contracts. In second place: CFE	Banco Nacional de Comercio Exterior, S.N.C.	Direct investment
Management and transfer of ownership 2030, constituted on June 30, 2000	CFE	In first place: The awardees of the contracts. In second place: CFE	Banobras, S.N.C.	Conditioned investment

The contingent liabilities of CFE as of September 30, 2011 because of its capacity as a joint and several guarantor in credits obtained by the Trust for Previous Expenses amounted to Ps 2,536,076.

As of September 30, 2011, the Trust for Administration and Transfer of Title 2030 had assets in the amount of Ps 611,385 and liabilities for a total of Ps 121,584.

c. Management of construction contracts

From 1990, the Federal Government has introduced different off-budget schemes for the purpose of continuing with the investment in infrastructure projects. These schemes were designed under two modalities:

- Turnkey Projects (1990)
- Build, Lease and Transfer Projects (CAT) (1996)

Turnkey Projects - Under this scheme, construction work was performed for electric power plants and transmission lines through an irrevocable management and transfer of title trust contract, linked with a lease agreement. Under this scheme, the trustee performed the following functions:

Contracting of credits, management of the trust's net worth (assets), receipt of the rentals from CFE and transfer of the assets to CFE once a sufficient amount of such rentals have been paid to settle the credits contracted.

CFE makes payments of rentals to the trustee based on the credits contracted by the trust, instructing the trustee to pay constructors in exchange invoices approved by the construction area, payment of taxes and other charges, including fiduciary fees.

These management and transfer of title trusts were carried out in accordance with the "Guidelines for the performance of thermoelectric projects with off-budget resources", as well as the "Guidelines for the performance of projects for transmission lines and substations with off-budget resources" issued by the Ministry of Public Administration (formerly, Ministry of Comptrollership and Administrative Development).

The trusts mentioned below have been liquidated in their entirety; therefore, these are now in the process of being dissolved.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
Topolobambo II (Electrolyser, S. A. de C. V.), constituted on November 14, 1991	Bufete Industrial Construcciones, S. A. de C. V. and Electrolyser, S. A. de C. V., regarding their contribution to the Trust.	In first place: Electrolyser, S. A. de C. V., regarding its contribution and In second place: CFE	Santander, S. A.
Temascal II, constituted on December 22, 1992	Cegelec de México, S. A. de C. V. and ICA Industrial, S. A. de C. V.	In first place: each and all of the financial or credit institutions that grant credits or guarantees in favor of the Trust, as well as the purchasers, owners or holders of the titles. In second place: CFE	Banco del Centro, S. A.

Build, Lease, Transfer (BLT) projects - Beginning 1996, CFE financed several projects known as BLT, in which the trustee administers the net worth (assets) and transfers them to CFE once the rentals have been paid. The credits are contracted directly by a consortium, which is a specific purpose entity, for which purpose there is an irrevocable management and transfer of title trust contract.

In this type of trust, CFE pays rentals based on the quarterly payment tables presented by the consortiums in their bids. The majority of these leases include forty quarterly payments. The projects that were carried out under this scheme and are still in operation are as follows:

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
C. G. Cerro Prieto IV, constituted on November 28, 1997	Constructora Geotermo-eléctrica del Pacífico, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C.C.C. Monterrey II, constituted on October 17, 1997	Monterrey Power S. A. de C. V. and CFE.	CFE	Nacional Financiera, S.N.C.
C.C.C. Chihuahua, constituted on December 8, 1997	Norelec del Norte, S. A. de C. V. and CFE.	CFE	Nacional Financiera, S.N.C.
C.D. Puerto San Carlos II, constituted on September 14, 1998	C.D. Puerto San Carlos, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C.C.C. Rosarito III (8 and 9), constituted on August 22, 1997	CFE and Rosarito Power, S. A. de C. V.	CFE	BANCOMEXT
C.T. Samalayuca II, constituted on May 2, 1996	Compañía Samalayuca II, S. A. de C. V.	In first place: The foreign bank, common representative of the creditors; In second place: Compañía Samalayuca II, S. A. de C. V. In third place: CFE	Banco Nacional de México, S. A.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
SE 212 Subestaciones SF6 Potencia, constituted on August 21, 1997	Siemens Project de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
SE 213 Subestaciones, constituted on August 25, 1997	Siemens Project de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
LT 215 Alstom CEGICA, constituted on December 5, 1997	CEGICA, S. A. de C. V.	CFE	BANCOMEXT
SE 218 Noroeste, constituted on December 5, 1997	Dragados y CYMI, S. A. de C. V.	CFE	BANCOMEXT
SE 221 Occidental, constituted on November 7, 1997	SPE Subestaciones AEG, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.

As of September 30, 2011, CFE had liabilities for Ps 8,709,584 and fixed assets for Ps 19,963,058, corresponding to the CAT (Annualized Total Cost) of the above-mentioned trusts.

Coal Terminal of CT Presidente Plutarco Elías Calles

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
CT Presidente Plutarco Elías Calles (Petacalco), Coal Terminal incorporated on November 22, 1996	Techint, S. A., Grupo Mexicano de Desarrollo, S. A. de C. V. and Techint Compagnia Técnica Internazionale S.P.A.	In the first place: Carbonser, S. A. de C. V. In the second place: CFE	Banco Nacional de México, S. A. (Banamex)

In 1996, an irrevocable trust agreement for management, guarantee and transfer of ownership number 968001 was executed, which among its purposes established that the trustee would execute with CFE the agreement for the provision of services.

Pursuant to the agreement for coal handling services by and between CFE and Banco Inverlat, S. A. as trustee of the Petacalco Trust, composed of the companies Techint Compagnia Tecnica Internazionale S.P.A., Grupo Mexicano de Desarrollo, S. A. de C. V. and Techint, S. A., entered into on November 22, 1996, CFE pays the service supplier a fixed amount based on their Electricity Generation Capacity.

Facility	Accounting record for fixed charge for capacity from January to September 2011
Petacalco Coal	Ps 56,735

d. Indirect participation trusts.

CFE maintains an indirect relation as it is not a grantor, but with a participation in the capacity as a borrower, with five guarantee trusts and payment of financing, constituted by financial institutions as grantor and beneficiaries, for the issuance of CEBURES linked to credits granted to CFE. CFE itself is named as in second place for the specific eventuality that it acquires some of the issued certificates and it maintains a representation in the trusts' Technical Committees in accordance with the contractual provisions (see Note 11-d).

CFE is bound to cover the trust, under the terms of an indemnity agreement, of expenses incurred by these due to the issuance of securities and their management.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
Trust N° 161, constituted on October 2, 2003	ING (México), S. A. de C. V., Casa de Bolsa, ING Grupo Financiero	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America
Trust N° 194, constituted on May 3, 2004	In first place: ING (México), S. A. de C. V. and Casa de Bolsa, ING Grupo Financiero. In second place: Deutsche Securities, S. A. de C. V. and Casa de Bolsa.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America
Trust N° 290, constituted on April 7, 2006	Casa de Bolsa BBVA Bancomer, S. A. de C. V., Grupo Financiero BBVA Bancomer, HSBC Casa de Bolsa, S. A. de C. V., Grupo Financiero HSBC and IXE Casa de Bolsa, S. A. de C. V., IXE Grupo Financiero.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America
Trust N° 232246, constituted on November 3, 2006	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	HSBC México, S. A., Grupo Financiero HSBC
Trust N° 411, constituted on August 6, 2009	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of América México, S. A., Grupo Financiero Bank of América

As of September 30, 2011 there were funds available to be disbursed in the above-mentioned trusts in the amount of Ps 928,272.

2. Legal nature.

2.1 In accordance with the Organic Law of the Federal Public Administration, none of the trusts are considered to be Public Trusts, since they do not have legal capacity, considering that:

- a. In 15 of them, CFE does not have the capacity of grantor in its constitution.
- b. The other eight do not have an organic structure to be considered as "Entities" under the terms of the Law.

- 2.2 The SHCP has kept registered for the purposes of the Federal Law of Treasury Budget and Responsibility, eight of these trusts, due to the assignment to them of federal resources or the contribution to them of the right to use land owned by CFE where future construction projects are expected to be located.

Registration of Trusts before the SHCP		
No.	Trusts	Registry
1	Trust Aislamiento Térmico de la Vivienda Mexicali, FIPATERM	700018TOQ058
2	Trust for Previous Expenses	200318TOQ01345
3	Trust for Administration and Transfer of Ownership 2030	200318TOQ01050
4	Trust for Energy Saving (FIDE)	700018TOQ149
5	C. C. C. Chihuahua	199818TOQ00857
6	C. T. Monterrey II	199818TOQ00850
7	C. G. Cerro Prieto IV	199818TOQ00860
8	C.D. Puerto San Carlos II	200018TOQ01042

24. Memorandum accounts

The memorandum accounts shown in the general balance sheet as of September 30, 2011 and December 31, 2010 was composed of the following items:

	September, 30 2011	December 31, 2010
Future payments of independent power projects (Note 23-b):		
Assets	Ps 195,608,611	Ps 184,663,733
Liabilities	(195,608,611)	(184,663,733)
Amount of the contingency related to projects (Note 23-b):		
Assets	85,611,542	72,018,871
Liabilities	(85,611,542)	(72,018,871)
Memorandum accounts of guarantees granted in Trusts:		
Assets	2,539,249	2,558,578
Liabilities	(2,539,249)	(2,558,578)
Memorandum accounts of assets under gratuitous loan:		
Assets	106,496,000	106,496,000
Liabilities	(106,496,000)	(106,496,000)
Total memorandum accounts assets	390,255,402	365,737,182
Total memorandum accounts liabilities	(390,255,402)	(365,737,182)

25. Information by segments

The "electricity services" segment includes mainly the sale of the public electricity service, which consists of: generating, conducting, transforming, distributing and supplying electricity to all the users in the country, as well as planning and performing all the works, installations and constructions required by the domestic electricity system, such as planning, execution, operation and maintenance, with the applicable participation of the independent energy producers, as established in the Electricity Public Service Law and its Regulations.

The "fiber optics services" segment includes the internal services for the operation of CFE and external services for the rendering of supply and leasing services of the network capacity and marketing of the capacity acquired in relation to networks of other concessionaires nationwide with infrastructure of its own and/or leased. The concession granted by the SCT is to install, operate and exploit a public communications network, which is granted by the SCT to CFE.

As of September 30, 2011, CFE had a national fiber optics network of 34,590.62 kilometers, divided into the Internodal Network: 27,586.92 kilometers and the Access Network and Local Access: 7,003.70 kilometers, developed to increase the safety and reliability of the National Electricity System, and which will facilitate the application of a long-term solution for the technical-administrative communications involving voice, data and video, among others, and will gradually replace the telecommunications services currently provided by third parties.

In order to maximize the use of such fiber optics network, and given that it has the capacity to provide services to third parties, CFE requested, and on November 10, 2006 obtained from the Department of Communications and Transportation ("SCT"), a "Concession title for a public telecommunications network for the provision of services of supply and leasing of network capacity and marketing of the capacity acquired, in relation to networks of other concessionaires in 71 population centers around the country in principle", with an initial term of 15 years, which is subject to renewal.

This network, which is essential for the operation of CFE, is an important complement of the national telecommunications network; consequently, on March 28, 2006, the Federal Official Gazette published agreement No. 33/2006 issued by the Board of Directors of CFE dated February 20, 2006, which amends the bylaws of CFE to modify its corporate purpose to include the provision of telecommunications services of accordance with the Federal Telecommunications Law.

To achieve adequate operation of the network, both for internal purposes and for the use by third parties, the Board of Directors of CFE has authorized changes in its structure to create two Coordinating Units: first, the Fiber Optics Coordination Unit, which is engaged in the operation and maintenance of the fiber optics network; and second, the CFE Telecom Coordination, which is responsible for the marketing of the telecommunications services authorized in the concession.

During 2010, the efforts of CFE were geared to promoting its services among independent telecommunications operators and large users; signing commercial contracts and delivering requested services to customers; and implementing a quality system that will help reduce the times of the processes and guarantee high-level quality in linkups.

As of September 30, 2011, 111 telecommunications contracts had been signed with 62 companies, which are listed below:

No.	Clients
1.	Petróleos Mexicanos (PEMEX)
2.	Secretaría de Comunicaciones y Transportes (SCT)
3.	Telecomunicaciones Mexicanas, S. A. de C. V.
4.	Comisión Nacional para el Desarrollo de los Pueblos Indígenas (CDI)
5.	Pegaso PCS, S. A. de C. V.
6.	Protel I-Next, S. A. de C. V.
7.	Marcatel Com, S. A. de C. V.
8.	Televisión Internacional, S. A. de C. V.
9.	Iusatel, S. A. de C. V.
10.	Axtel, S.A.B. de C. V.
11.	B.TEL, S. A. de C. V.

No.	Clients
12.	Compañía Hidroeléctrica La Yesca, S. A. de C. V.
13.	Cementos Moctezuma, S. A. de C. V.
14.	Cable Visión Regional, S. A. de C. V.
15.	Econo Cable, S. A. de C. V.
16.	TV Ojo Caliente, S. A. de C. V.
17.	Industriales Peñoles, S. A. de C. V.
18.	Compañía Minera La Parreña, S. A. de C. V.
19.	XC Networks, S. A. de C. V.
20.	Cablemas Telecomunicaciones, S. A. de C. V.
21.	Universidad Autónoma de Coahuila
22.	Megacable Comunicaciones, S. A. de C. V.
23.	Operbes, S. A. de C. V.
24.	Ica Infraestructura, S. A. de C. V.
25.	Cablevisión Red, S. A. de C. V.
26.	Comisión Estatal de Energía de Baja California
27.	México Red de Telecomunicaciones, S. de R. L. de C. V.
28.	Secretaría de Medio Ambiente y Recursos Naturales
29.	José Guadalupe Manuel Trejo García
30.	Minera Peñasquito, S. A. de C. V.
31.	Comisión Nacional Forestal
32.	Sociedad de la Información y el Conocimiento (SCT)
33.	Radiomóvil Dipsa, S. A. de C. V.
34.	Minera Maple, S. A. de C. V.
35.	Secretaría de Economía
36.	Fondo de Información y Documentación para la Industria INFOTEC
37.	Instituto Nacional de Investigaciones Nucleares
38.	Televisión por Cable del Norte de Sonora, S. A. de C. V.
39.	Servicios Administrativos CIT, S. C.
40.	Nacional Financiera, S.N.C.
41.	Alestra, S. de R. L. de C. V.
42.	Grupo de Telecomunicaciones Mexicanas, S. A. de C. V. (GTM)
43.	TV de Uruapan, S. A.
44.	Centro de Contacto Avanzado, S. A. de C. V.
45.	Sociedad Civil Servicios Administrativos CIT, S. C.
46.	Fideicomiso para el ahorro de energía eléctrica
47.	Kbest Technologies de México
48.	Cablevisión Red
49.	Desarrollos Mineros de San Luis
50.	Comisión estatal de energía de Baja California
51.	SAGARPA
52.	Productora Nacional de Biológicos Veterinarios
53.	Instituto Nacional de las Mujeres
54.	Spacenet
55.	Minera Tizapa
56.	Fuerza Eólica del Istmo
57.	Repotenciación CT Manzanillo
58.	Compañía de Energía Mexicana
59.	Compañía de Energías Ambientales de Oaxaca
60.	Moda en Distribución, S.A. de C.V.
61.	Productora Virtual Académica, S.A. de C.V.
62.	Sistemas de Televisión por Cable de Michoacán, S.A. de C.V.

- a. Information by operating segment as of September 30, 2011 and December 31, 2011 for the nine-month periods ended September 30, 2011 and 2010:

	2011			
	Segment			Total
	Electricity services	Fiber optics services Internal	External	
Revenues	Ps 214,526,946	Ps -	Ps 354,873	Ps 214,881,819
Depreciation and amortization	20,773,403	-	1,193	20,774,596
Comprehensive result of financing	(15,704,781)	-	240	(15,704,541)
Operating income (loss)	(19,294,871)	-	273,409	(19,021,462)
Plants, installations and equipment, net	682,070,382	4,411,376	21,437	686,503,195
Total assets	920,957,093	4,823,075	586,977	926,367,145

	2010			
	Segment			Total
	Electricity services	Fiber optics services Internal	External	
Revenues	Ps 192,850,207	Ps -	Ps -	Ps 192,850,207
Depreciation and amortization	20,350,071	-	367	20,350,438
Comprehensive result of financing	(2,520,990)	-	-	(2,520,990)
Operating income (loss)	(21,998,114)	-	(3,387)	(22,001,501)
Plants, installations and equipment, net	668,809,105	2,375,372	21,817	671,206,294
Total assets	838,677,648	2,502,808	21,817	841,202,273

- b. Plants, installations and equipment, net, in operation

Plants, installations and equipment, net in operation, as of September 30, 2011 and December 31, 2010 was comprised of the following:

	September 30, 2011	December 31, 2010
Generation	Ps 321,523,939	Ps 322,608,433
Transmission and transformation	122,883,406	122,271,435
Fiber optics	3,934,257	3,773,004
Control	668,757	776,293
Distribution	194,514,288	185,014,102
Construction	913,454	958,763
Corporate	1,051,452	1,178,258
Total plants, installations and equipment, net in operation	Ps 645,489,553	Ps 636,580,288

c. Revenues by division (geographic zone):

	For the nine-month periods ended September 30,	
	2011	2010
Baja California	Ps 12,781,473	Ps 11,563,769
Northwest	14,049,796	12,052,231
North	14,772,081	13,220,556
Gulf North	31,361,404	26,946,475
Center West	8,919,803	7,949,842
Center South	8,563,546	7,382,218
East	11,113,908	9,848,120
South East	8,767,051	7,721,628
Bajío	20,951,910	18,121,983
Gulf Center	9,576,102	8,487,207
Center East	12,311,240	10,733,934
Peninsular	9,068,995	8,148,184
Jalisco	13,744,818	12,535,616
Central Zone of the Country	<u>33,938,154</u>	<u>31,575,250</u>
Subtotal retail sales	<u>209,920,281</u>	<u>186,287,013</u>
Electricity sold as a single block for resale	<u>1,033,264</u>	<u>794,097</u>
Other programs:		
Unlawful uses	913,935	520,115
Due to metering failure	745,734	378,762
Due to billing error	<u>971,255</u>	<u>822,596</u>
	<u>2,630,924</u>	<u>1,721,473</u>
Other proceeds from exploitation:		
Others	<u>1,297,350</u>	<u>4,047,624</u>
Total revenues	<u>Ps 214,881,819</u>	<u>Ps 192,850,207</u>

d. Revenues from groups of customers

	For the nine-month periods ended September 30,	
	2011	2010
Domestic service	Ps 44,640,154	Ps 40,097,198
Commercial service	26,701,871	24,594,693
Public lighting service	11,203,630	10,164,087
Agricultural service	4,504,120	3,372,820
Industrial service	<u>122,870,506</u>	<u>108,058,215</u>
Total retail services	<u>209,920,281</u>	<u>186,287,013</u>
Electricity sold as a single block for resale	<u>1,033,264</u>	<u>794,097</u>
Other programs:		
Unlawful uses	913,935	520,115
Due to metering failure	745,734	378,762
Due to billing error	<u>971,255</u>	<u>822,596</u>
	<u>2,630,924</u>	<u>1,721,473</u>
Other proceeds from exploitation:		
Others	<u>1,297,350</u>	<u>4,047,624</u>
Total revenues	<u>Ps 214,881,819</u>	<u>Ps 192,850,207</u>

26. New regulations

Adoption of the "International Financial Reporting Standards" (IFRS)

Beginning with its 2012 fiscal year, the Entity will be required to prepare its financial statements in accordance with IFRS, issued by the International Accounting Standards Board in accordance with the regulatory provisions established by the National Banking and Securities Commission, for the entities that are issuers of securities. As of the date of these financial statements, CFE was in the process of identifying and determining the relevant effects, considering that the financial information as of December 31, 2009 will be used as a basis for the application of IFRS.

Beginning January 1, 2011, new regulatory provisions came into effect, issued by the CINIF, which must be observed for the presentation of the financial information. A summary of the new provisions is set forth below:

NIF B-5, "Final information by segments"

NIF B-5 establishes the following through retrospective application:

- a. Supplementary information for each operating segment, including, as the case may be, the areas in a pre-operating stage must be presented.
- b. Interest revenues and expenses must be shown separately.
- c. The amounts of liabilities per operating segment must be presented.
- d. Certain information of the Entity must be presented as a whole on products or services, geographical areas and main customers.

NIF C-4, "Inventories"

The NIF C-4 establishes the following through retrospective application:

- a. The use of direct costing is eliminated as a valuation system.
- b. It is no longer permitted to value inventories through the first-in, first-out "UEPS" formula.
- c. The rule for valuation at cost was changed, establishing that the inventory will be expressed on the basis of the "Market value or cost"; whichever is lower, where the market value does not exceed the base of the net realizable value and does not consider the base of the realizable value.
- d. The financial cost, in those cases where the credit is used for the payment of merchandise, must not be capitalized when the merchandise used in the manufacturing of a product to leave it in selling conditions require a short manufacturing time. Otherwise, the financial cost must be capitalized.
- e. The amount of any loss due to impairment of inventories recognized as a cost for the period, any other amount included in the cost of sales or any amount recognized as a discontinued operation must be disclosed.
- f. Prepayments (advances to suppliers) are not a part of inventories, since as of the date of their recording the risks and benefits of owning such inventory have not been transferred.

NIF C-5, "Prepayments"

NIF C-5 establishes the following through retrospective application:

- a. Prepayments do not transfer to the Entity the inherent benefits and risks of the assets it is about to acquire or the services it is about to receive. Therefore, prepayments for the purchase of inventories or real estate, machinery and equipment, among others, must be presented under a specific prepayment item.
- b. Upon receiving the assets, prepayments must be recognized as an expense in the statement of income for the period, or as an asset when the Entity is certain that the acquired asset will generate future economic benefits to it.
- c. Prepayments or a part thereof are required to be applied to the statement of income at the time it is determined that a loss due to the impairment in its value arises; namely, in the amount of the expected future economic benefits.
- d. Prepayments must be presented as current or non-current assets, depending on the classification of the purchased item.
- e. Prepayments covered in other NIF are excluded from NIF C-5. For example, taxes on income, projected net assets derived from a pension plan and interest paid in advance are treated under other NIFs.

NIF C-6, "Property, plant and equipment"

NIF C-6 establishes the following through retrospective application:

- a. Property, plant and equipment used to develop or maintain biological assets and assets from extractive industries are a part of the scope of this NIF.
- b. Treatment of the exchange of assets is included, taking into account the economic substance.
- c. Bases are supplemented to determine the residual value of a component, taking into account current amounts that the Entity may currently obtain for the disposal thereof, as if these were in the final phase of their useful life.
- d. The provision that required assigning a value determined by appraisal to the property, plant and equipment acquired without any cost whatsoever or at a cost that is not appropriate to express their economic meaning is eliminated, to be appraised at a null value starting from the effective term of this provision.
- e. Components that are representative of an item of property, plant and equipment must be depreciated regardless of whether the rest of the item is depreciated as if it were a single component.
- f. When a component is unused it must continue to be depreciated, unless depreciation methods are used in consideration of the activity.

NIF C-18, "Obligations associated with the withdrawal of property, plant and equipment"

This NIF establishes through retrospective application the particular standards for the initial and subsequent recognition of the obligations associated with the withdrawal of components of property, plant and equipment through the use of the expected present value and an appropriate discount rate. This NIF leaves ineffective the supplementary application of the Interpretation of the International Financial Reporting Standards No. 1 (IFRIC 1).

27. Issuance of the financial statements

These financial statements have been approved on December 16, 2011 by Mtro. Antonio Vivanco Casamadrid, General Director; Lic. Francisco J. Santoyo Vargas, Financial Director; C.P. Oscar H. Lara Andrade, Deputy Director of Financial Control and C.P. Aurora Navarrete Díaz, Accounting Manager, who are responsible for the financial information of the Entity.

**COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY
OF THE MEXICAN FEDERAL GOVERNMENT)
FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2010 AND 2009 AND
INDEPENDENT AUDITORS' REPORT**

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

Financial statements as of December 31, 2010 and 2009
and independent auditors' report

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

We have audited the general balance sheets of Comisión Federal de Electricidad, a Decentralized Public Entity of the Mexican Federal Government (the "Entity" or "CFE"), as of December 31, 2010 and 2009, and the related statements of income, of changes in equity, as well as the cash flow statements for the years then ended. Such financial statements are the responsibility of the management of the Entity. It is our responsibility to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and conduct the audit to obtain reasonable assurance that 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 presentation of the financial statements taken as a whole. We believe that our audits provide a reasonable basis for our opinion.

1. As mentioned in Note 6, through a presidential decree issued as of October 11, 2009 the decentralized entity, Luz y Fuerza del Centro ("LFC") was dissolved. Until that date, LFC was responsible for the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states.

The Asset Management and Disposal Service ("SAE") was in charge of the liquidation of LFC. The SAE made available to CFE the necessary assets to ensure the provision of public electric power service in the above-mentioned geographical area. Such assets are still subject to the provision of the public electric power service according to the provisions in the Electricity Public Service Law.

In order to fulfill the above-mentioned decree, SAE and CFE entered into an agreement whereby they agreed to take an inventory of the assets and, appurtenant and associated rights necessary for the provision of the public electric power service in the above-mentioned geographical area. Furthermore, this agreement establishes that from the coming into effect of the above-mentioned decree, CFE will take over the invoicing of the electric power service for the above-mentioned geographical area, assuming the relevant costs of generation, operation and maintenance.

2. As discussed in Note 1, separate financial statements have been prepared and issued for use in the preparation of the Federal Public Treasury Account.

In our opinion, the aforementioned accompanying financial statements present fairly, in all material respects, the financial position of Comisión Federal de Electricidad, as of December 31, 2010 and 2009, and the results of its operations, the changes in its equity and the cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

CASTILLO MIRANDA Y COMPAÑÍA, S. C.

C.P.A. Luis R. Michel Domínguez

Mexico City,
March 3, 2011

	Notes	2010	2009
Assets			
Current			
Cash and temporary investments	3-b and 4	Ps 25,019,937	Ps 33,506,716
Accounts and notes receivable: Consumers and other debtors, net	5	72,428,049	53,045,279
Materials for operations, net	3-c and 7	26,301,745	24,045,256
Total current assets		123,749,731	110,597,251
Long-term loans to workers		5,928,981	5,372,106
Plants, installations and equipment, net	3-d, 3-e, 3-f and 8	671,206,294	649,444,856
Derivative financial instruments	3-g and 9	17,254,628	17,692,020
Other assets		23,062,639	19,937,599
Total assets		Ps 841,202,273	Ps 803,043,832
			Memoran
		Assets	
		Liabilities	

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

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

Statements of income
For the years ended December 31, 2010 and 2009
(Figures expressed in thousands of Pesos)

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
Revenues from energy sales	3-j, 3-k and 3-l	Ps 254,417,339	Ps 220,034,258
Costs and expenses:			
Exploitation		205,913,903	180,970,681
Depreciation		27,209,353	26,641,175
Administrative expenses		5,883,423	5,605,003
Estimated actuarial cost for the period due to labor obligations		<u>52,535,794</u>	<u>46,635,660</u>
Total operating costs and expenses		<u>291,542,473</u>	<u>259,852,519</u>
Operating loss		<u>(37,125,134)</u>	<u>(39,818,261)</u>
Other revenues, net	17	<u>1,788,104</u>	<u>475,599</u>
Income tax on distributable surplus	18	<u>(1,150,824)</u>	<u>(962,997)</u>
Subsidy to consumers	3-n and 19	89,936,145	98,339,370
Nontax charge	3-n and 19	<u>(55,748,887)</u>	<u>(55,484,574)</u>
Net result of the subsidy and nontax charge		<u>34,187,258</u>	<u>42,854,796</u>
Received in cash	3-n and 19	<u>5,804,300</u>	<u>-</u>
Comprehensive result of financing:	20		
Interest payable, net		(5,593,298)	(3,979,738)
Foreign exchange gain, net		<u>2,898,661</u>	<u>2,615,970</u>
		<u>(2,694,637)</u>	<u>(1,363,768)</u>
Net income for the year		<u>Ps 809,067</u>	<u>Ps 1,185,369</u>

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

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

Statements of changes in equity
For the years ended December 31, 2010 and 2009
(Figures expressed in thousands of Pesos)

	<u>Accumulated equity</u>	<u>Contributions received</u>	<u>Net income for the year</u>	<u>Total</u>
Balances as of December 31, 2008	Ps 429,351,882	Ps 6,276,250	Ps (19,510,354)	Ps 416,117,778
Transfers of balances from the previous year, approved by the Governing Board	(13,234,104)	(6,276,250)	19,510,354	-
Contributions received in 2009 from State and Municipal governments and others	-	5,853,330	-	5,853,330
Shortfall of nontax charge over subsidy (Note 19)	(42,854,796)	-	-	(42,854,796)
Comprehensive income (Notes 3-p and 21)	<u>400,725</u>	<u>-</u>	<u>1,185,369</u>	<u>1,586,094</u>
Balances as of December 31, 2009	373,663,707	5,853,330	1,185,369	380,702,406
Transfer of balances from the previous year, approved by the Governing Board	7,038,699	(5,853,330)	(1,185,369)	-
Contributions received in 2010 from State and Municipal Governments and others	-	7,596,561	-	7,596,561
Equity Contribution from the Federal Government	-	23,000,000	-	23,000,000
Payment of nontax charge to the Federal Government Law of Revenues of the Federation	-	(23,000,000)	-	(23,000,000)
Subsidy to consumers not covered by the Federal Government (Notes 3-n and 19)	(34,187,258)	-	-	(34,187,258)
Comprehensive loss (Note 21)	<u>(2,264,014)</u>	<u>-</u>	<u>809,067</u>	<u>(1,454,947)</u>
Balances as of December 31, 2010	<u>Ps 344,251,134</u>	<u>Ps 7,596,561</u>	<u>Ps 809,067</u>	<u>Ps 352,656,762</u>

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

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

Cash flow statements
For the years ended December 31, 2010 and 2009
(Figures expressed in thousands of Pesos)

	<u>2010</u>	<u>2009</u>
Operating activities		
Net income for the year	Ps 809,067	Ps 1,185,369
Charges (credits) to results that do not involve cash movements:		
Subsidy to consumers not covered by the Federal Government	(34,187,258)	(42,854,796)
Net cost for of the year for employee benefits	36,275,713	31,113,759
Depreciation of plants, installations and equipment	27,209,353	26,641,175
Reserves and allowances	<u>5,216,241</u>	<u>(125,549)</u>
	35,323,116	15,959,958
Interest payable on debt and equipment leases	65,456	(284,543)
Income tax on distributable surplus	1,150,824	962,997
Accounts receivable	(16,431,236)	(7,034,606)
Materials for operations	(2,145,607)	748,982
Suppliers and contractors	(3,519,571)	1,338,686
Luz y Fuerza del Centro (account receivable)	-	5,655,444
Foreign exchange fluctuations:		
Debt	(2,046,779)	(1,687,762)
Leases and PIDIREGAS	(1,078,773)	(1,109,000)
Others	<u>226,890</u>	<u>180,789</u>
Net cash flows from operating activities	<u>11,544,320</u>	<u>14,730,945</u>
Investing activities		
Investment in plants, installations and equipment	23,197,561	26,655,685
Investment in PIDIREGAS	25,773,230	3,648,219
Other cash applications	<u>3,244,525</u>	<u>18,045,298</u>
Net cash flows used in investing activities	<u>52,215,316</u>	<u>48,349,202</u>
Financing activities		
Contracting of debts	50,086,805	17,188,631
Financing paid, debt	(35,828,182)	(4,796,937)
Financing paid, PIDIREGAS	8,899,677	(6,313,398)
Contributions received from the Federal and State Government and others	7,596,561	5,853,330
Other sources of financing	<u>1,429,356</u>	<u>5,857,126</u>
Net cash flows from financing activities	<u>32,184,217</u>	<u>17,788,752</u>
Net decrease for the year	(8,486,779)	(15,829,505)
Cash and temporary investments at beginning of the year	<u>33,506,716</u>	<u>49,336,221</u>
Cash and temporary investments at end of the year	<u>Ps 25,019,937</u>	<u>Ps 33,506,716</u>

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

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

Notes to the financial statements
For the years ended December 31, 2010 and 2009
(Figures expressed in thousands of Pesos, except as otherwise indicated)

1. Compliance with Financial Reporting Standards

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

The CINIF is an independent agency established in 2002, whose principal objective is to develop the NIF and carry out the required processes for their investigation, approval, issuance and distribution. It must also achieve convergence with International Financial Reporting Standards ("IFRS").

2. Activities of the Entity and establishment

Comisión Federal de Electricidad ("CFE" or the "Entity") is a Decentralized Public Entity of the Mexican Federal Government, of a technical, industrial and commercial nature with its own legal capacity and equity, created by Decree of the National Congress on August 14, 1937, published in the Federal Official Gazette ("DOF") on August 24, 1937 (which eliminated the Decree issued by the National Congress on December 29, 1933, published in the DOF on January 29, 1934). The purpose of the Entity is to render the public electricity service within the national territory, which consists of: generating, conducting, transforming, distributing and supplying electric power, as well as planning and performing all construction, installation and works required by the national electricity system in terms of planning, execution, operation and maintenance, with the applicable participation of independent energy producers, as set forth in the Electricity Public Service Law and related regulations. On February 28, 2006, the Entity amended certain of its bylaws to modify its corporate purpose and enable it to provide the telecommunications service pursuant to the Federal Telecommunications Law.

The presidential decree extinguishing the Public Decentralized Entity, Luz y Fuerza del Centro ("LFC") was issued on October 11, 2009, as a result of which responsibility for the provision of the public electric service has been the sole responsibility of CFE from October 11, 2009, which it used to share with LFC until October 10, 2009. LFC was responsible for the distribution and sale of all electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser degree, for some energy generation and transmission activities. About 95% of the energy distributed and marketed by LFC in its area of operations was purchased from CFE (See Note 6).

The rates applicable to the sale of electricity in the Mexican Republic are defined and authorized by the Mexican Federal Government, through the Deputy Ministry of Revenues of the Ministry of Finance and Public Credit (the "SHCP").

3. Summary of significant accounting policies

The significant accounting policies of CFE are as follows:

a. Recognition of the effects of inflation

As of January 1, 2008, NIF B-10, "Effects of inflation" went into effect, allowing for the discontinuation of inflation accounting (i.e., that, with the change from an inflationary economic environment to a non-inflationary environment the effects of inflation for the period which may exist in this type of environment should not be recognized). This accounting rule eliminates the possibility of using replacement values to restate the value of inventories and the specific indexation method for fixed assets, and establishes the reclassification of the realized result from holding nonmonetary assets and result from accumulated monetary position to accumulated results.

Because the accumulated inflation in the three previous years was lower than 26%, the economic environment is considered as non-inflationary and, consequently, the financial statements as of December 31, 2010 and 2009 do not recognize the effects of inflation for those years.

b. Cash and temporary investments

This item is represented by cash, deposits and short-term investments, which are valued at their market value and any income generated is recognized in results as it is accrued.

Temporary investments refer to liquid investments with very short-term maturities that are valued at fair value.

c. Inventory of materials for operations and cost of consumptions

The inventories of materials for operations and the related consumptions are recorded originally at their acquisition cost and the monthly final balances at their average cost.

d. Plants, installations and equipment

Plants, installations and equipment is recorded at cost of acquisition and/or construction, including the following items as part of the cost: administrative costs of corporate office related directly to the construction and installation of assets; costs of retirement and seniority premiums for full-time employees in the construction areas; and depreciation of the equipment used in the construction and installation of the assets.

Prior to January 1, 2008, fixed assets acquired under our long-term private capital investment program (Proyectos de Impacto Diferido en Registro de Gastos, or "PIDIREGAS") programs were restated based on the movement of the exchange rate of the contracting currency, which is equivalent to their specific cost.

From January 1, 1997 to December 31, 2007, plants, installations and equipment were restated by using the adjustment to the historical cost method based on changes in the general price level, applying inflation factors derived from the National Consumer Price Index ("NCPI"), and taking as the base the replacement values determined at December 31, 1996, and the costs of acquisition and/or construction for those acquired from that date until December 31, 2007.

Prior to January 1, 1997, plants, installations and equipment were restated at replacement values, by using capital pricing indexes of the electricity industry, determined by CFE-employed experts, except for construction in progress, which continued to be restated using this method up to December 31, 1998.

The depreciation of plants, installations and equipment is calculated by the straight-line method as of the initial operating date of the assets, considering depreciation rates based on useful lives, determined by CFE-employed specialist technicians, as follows:

	<u>Annual rate %</u>
Geothermal power stations	From 2 to 3.70
Steam generating power stations	From 1.33 to 2.86
Hydroelectric power stations	From 1.25 to 2.50
Internal combustion power stations	From 1.33 to 3.03
Turbogas and combined-cycle power stations	From 1.33 to 3.03
Nuclear power station	From 1.33 to 2.86
Substations	From 1.33 to 2.56
Transmission lines	From 1.33 to 2.86
Distribution networks	From 1.67 to 3.33

The real property and assets used for offices and general services are depreciated in accordance with the rates authorized in the Ley del Impuesto sobre la Renta (Mexican Income Tax Law).

e. Long-term productive infrastructure projects (PIDIREGAS) and capital leases

In 1996 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 projects under the contract, provided they are received to the satisfaction of CFE, the asset is recorded in the PIDIREGAS fixed asset account, and the corresponding future obligations are recorded as liabilities.

The assets acquired through the PIDIREGAS investment program, as well as the related obligation, are recorded at the contracted value of the respective projects.

f. Impairment of long-lived assets in use

The Entity revises the book value of long-lived assets in use when there is evidence of impairment that indicates that they might not be recoverable, taking into account the higher of the present value of the future cash flows or the net selling price in the event of their eventual disposal. Evidence of impairment considered for these purposes includes among others: the 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 from previous years, the effects of obsolescence, competition and other economic and legal factors.

g. Derivative financial instruments

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

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

The Entity uses mainly interest rate and foreign currency swaps and foreign currency forward contracts to manage its exposure to exchange rate and foreign currency fluctuations. CFE formally documents all hedging relationships, in which it describes the objectives and strategies of risk management to carry out transactions involving derivatives. The policy of the Entity is to refrain from carrying out speculative transactions involving derivative financial instruments.

Certain derivative financial instruments, although they were contracted for hedging purposes from an economic perspective, have not been designated as hedges for accounting purposes, but instead are designated as hedges for trading purposes. The fluctuation in fair value of such derivatives is recognized in results within the comprehensive result of financing.

Bulletin C-10, "Derivative financial instruments and hedging operations" establishes that: "If the critical characteristics of the hedging instrument and of the primary position are equal (the notional amount, reference rates for payment and collection and the related bases, the effective term of the agreement, the date of price determination and payment, the dates of formal designation and liquidation, among others), then the changes in the fair value or in the cash flows attributable to the risk being hedged, these will be compensated completely at the beginning, during and until the expiry of the coverage, for which reason it will not be necessary to evaluate and measure the effectiveness thereof". Due to the foregoing, in the case of the financial derivative instruments for hedging purposes and when said characteristics are met, the effectiveness of said derivatives is not evaluated and measured.

h. Other long-term liabilities

By law, once the operating service of a nuclear installation is concluded (due to the termination of licenses), it must be dismantled for safety and environmental protection reasons.

The policy of CFE is to conduct a technical-economic study, which must be updated every five years and include the estimated cost for dismantling a nuclear installation, based on the energy output of the Laguna Verde Nuclear Power Station, whose distribution is made uniformly over its useful life and which, based on the provisions of Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments" must be compared with the calculations at their present value.

During 2010, the Entity performed the update of the technical-economic study, supported with studies on the dismantling of similar plants prepared by international companies, for the purpose of determining the necessary funds to carry out the dismantling of the nuclear power station. As a result of such restatement, the reserve for costs relating to our nuclear facility was increased to Ps 9,641.0 (809.6 million US dollars). The change over the previous reserve Ps 3,715.4 (312.0 million US dollars) is due to the inclusion of costs related to cooling, transportation and storage of the radioactive waste material. These expenses will be amortized over the remaining useful life of the power station.

i. Employee benefits

In order to bring about convergence with IFRS, both in terms of technology and regulations, and to ensure that MFRS is more in line with international standards, in July 2007, NIF D-3, "Employee benefits" was issued, effective as of January 1, 2008.

NIF D-3, which replaces the previous Bulletin D-3, "Labor obligations", eliminates the recognition of labor obligations as intangible asset and it also eliminates any corresponding adjustment to equity that would have occurred under Bulletin D-3.

NIF D-3 establishes a maximum limit of five years for the amortization of unamortized items, which will require charges to results significantly higher than those which had been recorded using the previous Bulletin, inasmuch as the latter required the amortization of such items during the remaining working life of the employees.

In accordance with NIF D-3, "Liabilities for employee retirement benefits" (seniority premiums and pensions) and for termination of the employment relationship are recorded as they are accrued, and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates. Therefore, the liability is being recognized, equal to the present value of the estimated future obligation for these benefits at the estimated retirement date of the employees working at the Entity, hired on or before August 18, 2008, under the Entity's defined-benefit pension and retirement plan.

A defined contribution pension and retirement plan was established for employees hired on or after August 19, 2008 on the basis of contributions made by the Entity to individual accounts of each employee. For this reason, these employees do not have an impact on the labor liabilities for pensions and indemnities upon retirement.

j. Recognition of revenues

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

k. Information by segments

As a public-sector entity, CFE, in accordance with the terms of NIF B-5, "Financial information by segments" differentiates and discloses its information by segments, which are determined on the basis of the segments used by CFE's management to evaluate its activities.

l. Electricity sold that is being billed

The electricity that has been delivered and is in the process of being billed (i.e., not yet recorded as an account receivable) is considered as revenue for the year and its amount is estimated based on the actual invoices issued in the immediately preceding two month period.

m. Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in effect on the date they are performed. Monetary assets and liabilities in foreign currency are valued in Mexican pesos at the exchange rate in effect at the date of the financial statements. Exchange fluctuations are recorded in results within the comprehensive result of financing.

n. Transactions with the Federal, State and Municipal Governments

The principal transactions that are performed with the Federal Government and the State and Municipal Governments and their respective accounting treatment are as follows:

With the Federal Government:

Government nontax charges - In accordance with Article 46 of the Electricity Public Service Law, in effect as of December 23, 1992, CFE is obligated to pay a nontax charge to the Federal Government for the assets that it uses to render the public electricity service.

The government nontax charge is determined annually based on the profitability rates established for state-owned companies in each year. For the year ended December 31, 2010, the rate was 9%, which was ratified by the SHCP. Such rate is applied to the value of the net fixed assets in operation as of the end of the immediately preceding year, and the resulting amount is charged to results of the year.

Consumer subsidy to supplement deficit rates - This refers to the resources which the Federal Government provides to users of the electricity service through CFE, by means of various subsidized rates for electricity sales. A significant part of these subsidies are virtual (non-cash) transactions, because in accordance with the current Electricity Public Service Law, they are credited against the nontax charge payable by the Entity. This subsidy is credited in results for the year.

Equity impairment - The annual expense for the Federal Government charge is compared to the consumer subsidy to supplement deficit rates granted by the Federal Government. Through 1999, a net consumer liability was generated in favor of the Federal Government which was capitalized as part of CFE's equity at the close of each year. However, since 2000, the amount of the Federal Government non tax charge has been less than that of the consumer subsidy and, accordingly, the Board of Directors of CFE has each year authorized a decrease of equity of the Entity in the amount of the difference between these items.

With State and Municipal Governments:

Contributions - The contributions received from the Federal Government and the State and Municipal Governments to provide electrification to rural settlements and low-income districts, as well as from private parties to extend the distribution network, are recorded as an increase in equity.

o. Comprehensive result of financing

The comprehensive result of financing includes all financial revenue or expense items, such as interest, exchange rate gain or loss, as they occur or as they are accrued.

p. Comprehensive (loss) income

The comprehensive (loss) income that is presented in the statement of changes in equity is comprised of the loss or income for the year, plus certain other items that represent a gain or loss from the same period, which in accordance with the NIF are presented directly in equity without affecting the statement of income (Note 21).

q. Liabilities, provisions, contingent assets and liabilities and commitments

In 1974, the Commission of Accounting Principles issued Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments", in order to address the financial reporting requirements of these items.

In 2002 Bulletins C-9, "Liabilities" and C-12, "Contingencies and commitments" were amended. Also amended was International Accounting Standard ("NIC") 37, "Provisions, contingent obligations and contingent assets", which resulted in Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments".

In 2010, the CINIF issued NIF C-9, "Liabilities, provisions, contingent assets and liabilities and commitments", which are substantially in line with NIC 37.

As a result of the foregoing, the Entity values, records and presents in its financial statements, its liabilities, contingent assets and liabilities and commitments according to the provisions in NIF C-9. (Notes 15, 23 and 24)

4. Cash and temporary investments

As of December 31, 2010 and 2009, cash and temporary investments were comprised of the following:

	<u>2010</u>	<u>2009</u>
Cash on hand and in banks	Ps 10,609,452	Ps 8,570,516
Temporary investments	<u>14,410,485</u>	<u>24,936,200</u>
	<u>Ps 25,019,937</u>	<u>Ps 33,506,716</u>

5. Accounts and notes receivable from consumers and other debtors

As of December 31, 2010 and 2009, these accounts and notes receivable were comprised of the following:

	<u>2010</u>	<u>2009</u>
Public consumers	Ps 39,435,379	Ps 31,333,466
Government consumers	8,951,014	4,833,440
Electricity sold that is being billed	<u>13,587,559</u>	<u>11,327,370</u>
	61,973,952	47,494,276
Allowance for doubtful accounts	<u>(6,919,818)</u>	<u>(5,068,964)</u>
	55,054,134	42,425,312
Other debtors	9,977,277	8,025,716
Value added tax	<u>7,396,638</u>	<u>2,594,251</u>
	<u>Ps 72,428,049</u>	<u>Ps 53,045,279</u>

6. Assets under gratuitous loan (*comodato*)

On October 11, 2009, a presidential decree was issued, through which LFC was dissolved. Until then, LFC was responsible for the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser extent, some power generation and transmission activities.

Through this decree, it was established that the SAE is responsible for the liquidation of LFC. At the express request of the Ministry of Energy, under the terms of the provisions in Article 2 of the above-mentioned decree, the SAE has made available to CFE the necessary assets to ensure the appropriate provision of the public electric power service in the above-mentioned geographical area. Those assets continue to be subject to the provision of the public electric power service according to the provisions in the Electricity Public Service Law.

In accordance with the above-mentioned decree, the SAE and CFE entered into an agreement whereby they agreed to take an inventory of the assets and appurtenant and associated rights necessary for the appropriate provision of the public electric power service in the above-mentioned geographic area. Furthermore, this agreement established that from the effectiveness of the above-mentioned decree, CFE was to take over the invoicing of the electric power service for the above-mentioned geographic area, which includes more than 6 million customers, and assume the relevant costs of distribution and marketing, in addition to the cost of generation of electric power.

The SAE and CFE ratified the gratuitous loan agreement on August 11, 2010 so that CFE continues to freely use assets for the provision of the public electric service in such geographical area.

The effective term of the gratuitous loan agreement is three years from October 11, 2009, and this term shall be automatically extended for an additional three-year period unless otherwise agreed upon by the parties.

For purposes of identification and valuation of the assets subject to the gratuitous loan agreement, the SAE retained the services of independent appraisers, obtaining an amount of Ps 106,496,000, which CFE has recorded in memorandum accounts. This amount covers both electric infrastructure and personal and real property.

7. Materials for operations

As of December 31, 2010 and 2009, materials for operations were comprised of the following:

	<u>2010</u>	<u>2009</u>
Spare parts and equipment	Ps 14,466,582	Ps 12,262,511
Fuels and lubricants	9,500,992	10,526,111
Nuclear fuel	<u>2,678,773</u>	<u>1,712,150</u>
	26,646,347	24,500,772
Estimate for obsolescence	<u>(344,602)</u>	<u>(455,516)</u>
	<u>Ps 26,301,745</u>	<u>Ps 24,045,256</u>

8. Plants, installations and equipment, net

The balances of plants, installations and equipment, net as of December 31, 2010 and 2009 were comprised of the following:

	<u>2010</u>	<u>2009</u>
Plants, installations and equipment in operation, net	Ps 636,580,288	Ps 619,432,074
Constructions in progress	22,329,097	18,369,466
Construction materials	<u>10,317,450</u>	<u>6,980,616</u>
	669,226,835	644,782,156
Debt certificates to be disbursed	545,397	3,228,638
Fixed assets not in use	<u>1,434,062</u>	<u>1,434,062</u>
	<u>Ps 671,206,294</u>	<u>Ps 649,444,856</u>

Plants, installations and equipment in operation - The balances of plants, installations and equipment as of December 31, 2010 and 2009, which include equipment leased under capitalized leases, were comprised of the following:

	<u>2010</u>	<u>2009</u>
Plants:		
Steam generating	Ps 274,892,885	Ps 253,769,770
Hydroelectric	163,709,737	164,507,859
Nuclear power	62,172,043	64,186,036
Turbogas and combined cycle	51,490,628	51,653,674
Geothermal	22,676,442	21,590,872
Internal combustion	5,589,402	5,638,760
Nonconventional installations	3,966,860	3,956,359
Transmission lines and transformation substations	341,542,563	328,016,669
Distribution networks	141,538,625	135,671,954
Land involved in the regularization process	563,308	731,447
Administrative buildings and others	<u>94,376,081</u>	<u>94,732,846</u>
	1,162,518,574	1,124,456,246
Less:		
Accumulated depreciation	<u>(525,938,286)</u>	<u>(505,024,172)</u>
	<u>Ps 636,580,288</u>	<u>Ps 619,432,074</u>

In the last few years, due to the reduction in its annual budgets, CFE has not fully complied with maintenance requirements. Consequently, the probable useful lives of certain plants may be affected. Notwithstanding the foregoing, the expenses incurred in this regard during 2010 and 2009 are estimated to be sufficient to enable the plants, installations and equipment to continue operating adequately.

Construction in progress - The balances of construction in progress as of December 31, 2010 and 2009 were comprised of the following:

	<u>2010</u>	<u>2009</u>
Plants:		
Geothermal	Ps 2,223,737	Ps 798,480
Steam generating	927,928	408,818
Hydroelectric	3,122,334	2,667,510
Internal combustion	208,531	159,565
Turbogas and combined cycle	692,383	578,103
Nuclear power plants	331,534	239,483
Lines, networks and substations	11,659,390	10,847,355
Offices and general facilities	1,030,190	1,081,007
Construction advances	<u>2,133,070</u>	<u>1,589,145</u>
Total	Ps <u>22,329,097</u>	Ps <u>18,369,466</u>

During 2010 and 2009, the items capitalized in construction in progress, in accordance with the policy described in Note 3-d, amounted to Ps 1,938,352 and Ps 3,911,416, respectively (Ps 1,265,057 and Ps 2,306,359 for administrative expenses, Ps 82,375 and Ps 162,717 for depreciation and Ps 590,920 and Ps 1,442,340 for the increase in the reserve for retirement and seniority premiums, as of December 31, 2010 and 2009, respectively).

Construction materials - The balances of construction materials as of December 31, 2010 and 2009, were comprised of the following:

	<u>2010</u>	<u>2009</u>
Replacement parts and equipment	Ps 8,779,558	Ps 6,482,777
Materials in the possession of third parties	1,537,743	497,690
Equipment in transit	<u>149</u>	<u>149</u>
	Ps <u>10,317,450</u>	Ps <u>6,980,616</u>

Fixed assets not in use - The balance of the fixed assets not in use as of December 31, 2010 and 2009 were comprised of the following:

	<u>2010</u>	<u>2009</u>
Miguel Alemán Hydroelectric System	<u>Ps 1,434,062</u>	<u>Ps 1,434,062</u>

9. Derivative financial instruments

a. The balances as of December 31, 2010 and 2009 of derivative financial instruments and interest were comprised of the following:

	<u>2010</u>	<u>2009</u>
For hedging purposes:		
Assets	<u>Ps 11,516,167</u>	<u>Ps 13,031,412</u>
Liabilities	<u>Ps 12,606,606</u>	<u>Ps 12,253,631</u>
For trading purposes:		
Assets	<u>Ps 5,738,461</u>	<u>Ps 4,660,608</u>
Liabilities	<u>Ps 4,921,189</u>	<u>Ps 4,535,449</u>

	<u>2010</u>	<u>2009</u>
Total derivative financial instruments		
Assets	<u>Ps 17,254,628</u>	<u>Ps 17,692,020</u>
Liabilities	<u>Ps 17,527,795</u>	<u>Ps 16,789,080</u>

- b. Financial instruments for trading purposes - On September 17, 2002, CFE placed in the Japanese market bonds in an aggregate principal amount of 32 billion Japanese yen at an annual interest rate of 3.83%, maturing in September 2032. Simultaneously, CFE carried out a hedge transaction for which it received the amount of 269,474,000 US dollars, which was equivalent to the 32 billion Japanese yen at the spot exchange rate in effect on the transaction date of 118.7499 Japanese yen per US dollar. The transaction consists of a series of foreign currency forwards which enable the Japanese yen/US dollar exchange rate to be set, during the established transaction term, at 54.0157 Japanese yen per US dollar. As a result of the transaction, CFE pays an interest rate equivalent to 8.42% annually in US dollars. The valuation effect of the foreign currency forwards is recorded in the comprehensive result of financing, and a loss (gain) on such cost offsets a loss (gain) in the underlying liability.

The final obligation of CFE is to pay the creditors Japanese yen based on the maturities, and it has the right to receive from the institution with which the hedge was contracted, Japanese yen 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>US dollars</u>	<u>Exchange rate</u>	<u>Mexican pesos (thousands of pesos)</u>
Amount to be received (assets)	32,000,000,000		Ps 0.1526	Ps 4,883,200
Amount to be paid (liabilities)		269,474,000	12.3571	<u>3,329,917</u>
Amount to be received, net				<u>Ps 1,553,283</u>

From March 17, 2003 until September 17, 2032, CFE is obligated to make semi-annual payments for the amount of 11,344,855.40 US dollars (equivalent to 612,800,000 Japanese yen). Consequently, the total sum which CFE is obligated to pay over the next 22 years is 499,173,637 US dollars and the total amount that it will receive will be 26,963,200,000 Japanese yen.

Furthermore, at the end of the hedge contract, the parties entered into a purchase contract for a European call option, in which CFE acquired the right to purchase Japanese yen at maturity, at market price, if the Japanese yen/US dollar exchange rate is quoted at below 118.7498608401 Japanese yen per US dollar and CFE may also sell a European call option, in which CFE sells the hedge against an appreciation of the Japanese yen/US dollar exchange rate above 27.8000033014 Japanese yen per US dollar.

In the event that CFE should decide to cancel the hedge (foreign currency forwards), early, an estimated extraordinary gain at December 31, 2010 of approximately 66,137,839 US dollars would be generated. This gain was estimated by J. Aron & Company (calculation agent), taking as its base the fair value of the hedge at the date of the estimate.

c. The derivative financial instruments for hedging purposes as of December 31, 2010 are detailed below:

<u>Counterparty</u>	<u>Primary position</u>	<u>Object</u>	<u>Notional amount</u>	<u>Underlying</u>
Credit Suisse	<u>Ps 1,301,289</u>	Change from floating rate to fixed rate	<u>Ps 1,236,224</u>	Interest rate CETES 182 + 0.85%
Deutsche Bank	<u>Ps 1,606,668</u>	Change from floating rate to fixed rate	<u>Ps 1,526,335</u>	Interest rate CETES 182 + 0.85%
Deutsche Bank	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate CETES 182 + 0.85%
ING Bank	<u>Ps 2,281,491</u>	Change from floating rate to fixed rate	<u>Ps 2,167,417</u>	Interest rate CETES 182 + 0.85%
Goldman Sachs	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate CETES 182 + 0.85%
Goldman Sachs	<u>Ps 174,263</u>	Change from floating rate to fixed rate	<u>Ps 165,550</u>	Interest rate CETES 182 + 0.85%
ING Bank	<u>Ps 1,000,000</u>	Change from floating rate to fixed rate	<u>Ps 850,000</u>	Interest rate CETES 182 + 0.65%
ING Bank	<u>Ps 593,513</u>	Change from floating rate to fixed rate	<u>Ps 504,486</u>	Interest rate CETES 182 + 0.65%
ING Bank	<u>Ps 569,363</u>	Change from floating rate to fixed rate	<u>Ps 540,895</u>	Interest rate CETES 91 + 0.79%
Bancomer	<u>Ps 510,638</u>	Change from floating rate to fixed rate	<u>Ps 510,638</u>	Interest rate CETES 91 + 0.79%
ING Bank	<u>Ps 894,954</u>	Change from floating rate to fixed rate	<u>Ps 850,206</u>	Interest rate CETES 91 + 0.79%
Bancomer	<u>Ps 839,688</u>	Change from floating rate to fixed rate	<u>Ps 797,703</u>	Interest rate CETES 91 + 0.79%
Santander Serfin	<u>Ps 1,072,519</u>	Change from floating rate to fixed rate	<u>Ps 1,018,623</u>	Interest rate CETES 91 + 0.79%
ING Bank	<u>Ps 1,005,343</u>	Change from floating rate to fixed rate	<u>Ps 1,005,343</u>	Interest rate CETES 91 + 0.79%
HSBC	<u>Ps 1,251,699</u>	Change from floating rate to fixed rate	<u>Ps 1,215,305</u>	Interest rate CETES 91 + 0.79%
HSBC	<u>Ps 1,038,911</u>	Change from floating rate to fixed rate	<u>Ps 1,038,911</u>	Interest rate CETES 91 + 0.79%
Banamex	<u>Ps 1,702,516</u>	Change from floating rate to fixed rate	<u>Ps 1,617,390</u>	Interest rate CETES 182 + 0.25%
Banamex	<u>Ps 368,987</u>	Change from floating rate to fixed rate	<u>Ps 350,538</u>	Interest rate CETES 182 + 0.25%
Bancomer	<u>Ps 1,314,758</u>	Change from floating rate to fixed rate	<u>Ps 1,249,020</u>	Interest rate CETES 91 + 0.50%
Banamex	<u>Ps 787,092</u>	Change from floating rate to fixed rate	<u>Ps 787,092</u>	Interest rate CETES 91 + 0.45%
Credit Suisse	<u>USD 16,788</u>	Change from US dollars to pesos	<u>USD 12,005</u>	Exchange rate USD/Mexican peso
Credit Suisse	<u>USD 10,750</u>	Change from US dollars to pesos	<u>USD 8,311</u>	Exchange rate USD/Mexican peso
Deutsche Bank	<u>USD 208,188</u>	Change from US dollars to pesos	<u>USD 171,323</u>	Exchange rate USD/Mexican peso
Goldman Sachs	<u>USD 49,296</u>	Change from US dollars to pesos	<u>USD 40,977</u>	Exchange rate USD/Mexican peso
Goldman Sachs	<u>USD 200,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate Mexican peso
Deutsche Bank	<u>USD 200,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate Mexican peso
Goldman Sachs	<u>USD 105,450</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 96,662</u>	Exchange rate USD Libor rate Mexican peso
Deutsche Bank	<u>USD 105,450</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 96,662</u>	Exchange rate USD Libor rate Mexican peso
Deutsche Bank	<u>USD 255,000</u>	Change from US dollars with Libor to pesos with fixed rate	<u>USD 233,750</u>	Exchange rate USD Libor rate Mexican peso

Comments on the market value (mark to market)

The net value of the derivative financial instruments for hedging purposes (mark to market) as of December 31, 2010 was Ps 1,164,523, which is included in equity and was comprised of Ps 1,206,826 against CFE, included in the value of liabilities of the item of derivative financial instruments, and Ps 42,303 in favor of CFE, included in the value of assets of the item of derivative financial instruments, in each case under comprehensive (loss) income.

Under the terms of the International Swaps and Derivatives Association (ISDA) agreements that CFE has entered into, CFE's counterparties are the calculation agents; they calculate and provide to CFE the mark to market every month. CFE monitors the mark to market and if there is any doubt or it observes an abnormality in the behavior of the mark to market, it requests a new valuation from the counterparty.

Due to the foregoing, the market value sent by the calculation agent or counterparty is only an indicative value, as the models used by the banks may differ from each other.

Discussion of the management of CFE's policies for the use of derivative financial instruments.

a. The objectives to carry out operations with derivatives

CFE may carry out any type of explicit financial hedging, either of interest rates and/or exchange rates, or strategies that may be necessary to mitigate the financial risk faced by the Entity.

b. Instruments used

CFE may purchase or sell one or more of the following types of instruments, individually or collectively, provided the transaction remains within the approved risk management limits and guidelines.

1. Futures, forwards and swaps
2. Acquisition of purchase options
3. Acquisition of sale options (puts)
4. Acquisition of collars or tunnels
5. Acquisition of equity futures

c. Implemented hedging or negotiation strategies

CFE cannot sell purchase options, sale options or any other open instrument that may expose it to unlimited risk and that is not fully offset by a corresponding opposite position.

d. Trading markets

National and foreign.

e. Eligible counterparties

Any bank or financial institution with which CFE has signed an ISDA agreement.

f. Policies for the appointment of calculation or valuation agents

The counterparty acts as the calculation agent for all ISDA agreements to which CFE is a party.

g. Main conditions or terms of the agreements

ISDA agreements are standardized agreements. The terms and conditions are substantially the same in all ISDA agreements. There are particularities only in the confirmations.

h. Collateral policies

In the event the market value of a specific derivative operation is higher than the maintenance level agreed upon in the ISDA agreements and the related credit support annex, the counterparty issues by fax or email a call for CFE to post collateral. As long as there is a deposit of collateral, the market value is reviewed by the calculation agent on a daily basis, so that the Entity is able to request the return of the collateral when the market value goes back to levels below the agreed maintenance level. This is considered a restricted asset in transactions with derivative financial instruments for CFE and receives the relevant accounting treatment.

As of December 31, 2010, CFE has not provided any collateral pursuant to margin calls.

i. Collateral and credit lines

The credit lines defined for collateral deposits are established in each of the ISDA agreements signed with each counterparty.

j. Authorization processes and levels required for each type of operation (simple hedging, partial hedging, speculation).

The limits to the extension of transactions and derivative financial instruments are established on the basis of the general conditions of the primary position and the underlying to be covered.

CFE may contract hedging transactions with financial derivatives, either of interest rates and/or exchange rates, when their conditions mirror the primary position and underlying to be hedged.

The Interinstitutional Delegate Committee of Financial Risks Associated with Financial Positions and the Price of Fossil Fuels ("CDIGR"), comprised of representatives of CFE, SHCP and Banco de México ("BANXICO") when acting at a regular meeting, are empowered to, authorize CFE:

1. To enter into financial derivatives with conditions different from those of the primary position and/or underlying to be hedged.
2. To liquidate positions.
3. To enter into any other operation with derivative financial instruments that may be convenient for CFE.

The CDIGR is also empowered to change, reduce or enlarge the Operating Guidelines of Financial Risk Management of CFE, in which case it must inform the Board of Directors of CFE and obtain its authorization.

- k. Internal control procedures to manage market risk and liquidity exposure in financial instruments positions.

The CDIGR reviews CFE's internal controls related to market risk and derivatives and approves the Operating Guidelines of Risk Management.

Finally, there is a budget authorized by the SHCP to meet the commitments already contracted and to be contracted, related to derivative financial instruments.

10. Documented debt

The balances of the documented debt as of December 31, 2010 and 2009 were comprised of the following:

External debt	Type of credit	Weighted interest rate	Maturities	2010	
				Pesos	Foreign currency (Thousands)
In US dollars: at the exchange rate per US dollar of Ps 12.3571 as of December 31, 2010 and of Ps 13.0587 as of December 31, 2009	Banking Bilateral Bonds Revolving Syndicate Trust	Fixed and variable - 2.86% Fixed and variable - 1.76% Variable - 0.95% Fixed and variable - 1.22% Variable - 1.75% Fixed - 8.24%	Various until 2011 Various until 2023 Various until 2036 Various until 2015 Various until 2014 Various until 2011	Ps 339,528 5,042,930 2,730,919 1,384,493 24,714,201 35,614	1,344,184 4,412,440 2,730,919 1,384,493 2,000,000 35,614
Total US dollars				<u>34,247,685</u>	<u>2,730,919</u>
In euros: at the exchange rate for euros of Ps 16.5733 as of December 31, 2010 and of Ps 18.7353 as of December 31, 2009	Bilateral Revolving	Fixed and variable - 1.72% Fixed - 4.22%	Various until 2024 Various until 2015	702,737 <u>115,650</u>	4,412,440 1,384,493
Total euros				<u>818,387</u>	<u>1,384,493</u>
In Swiss francs: at the exchange rate for Swiss franc of Ps 13.2757 as of December 31, 2010 and of Ps 12.6378 as of December 31, 2009	Bilateral Revolving	Variable - 0.50% Fixed - 1.54%	Various until 2014 Various until 2015	1,218,965 <u>602,207</u>	9,999,999 1,384,493
Total Swiss francs				<u>1,821,172</u>	<u>1,384,493</u>
In Swedish kronor: at the exchange rate for Swedish krona of Ps 1.8392 as of December 31, 2010	Bilateral	Fixed - 3.27%	Various until 2015	<u>21,477</u>	
Total Swedish kronor				<u>21,477</u>	
In Japanese yen: at the exchange rate for Japanese yen of Ps 0.1526 as of December 31, 2010 and of Ps 0.1404 as of December 31, 2009	Bilateral Bond	Fixed - 1.96% 3.83%	Various until 2015 Various until 2032	<u>1,164,281</u> 4,883,200	7,619,048 32,000,000
Amounts payable to CFE under related currency swap, net (Note 9-b)				<u>(1,553,283)</u>	-
Total Japanese yen				<u>4,494,198</u>	<u>32,000,000</u>
Total external debt				<u>Ps 41,402,919</u>	

Internal debt	Type of credit	Weighted interest rate	Maturities	2010	
				Pesos	Foreign currency (Thousands)
In US dollars: at the exchange rate per US dollar of Ps 12.3571 as of December 31, 2010 and of Ps 13.0587 as of December 31, 2009	Multilateral	Annual cost of BID loans	Various until 2013	Ps 236,085	
Total US dollars				<u>236,085</u>	
In pesos	Banking	Variable - 5.79%	Various until 2013	14,500,000	
	Bilateral				
	Revolving	Variable - 6.09%	Various until 2012	2,006,649	
	Stock exchange	Fixed and variable - 7.03%	Various until 2020	<u>14,000,000</u>	
Total pesos				<u>30,506,649</u>	
Total internal debt				<u>Ps 30,742,734</u>	
Summary					
Total external debt				Ps 41,402,919	
Total internal debt				<u>30,742,734</u>	
Total documented debt				<u>Ps 72,145,653</u>	
Total short-term				Ps 12,521,710	
Total long-term				<u>59,623,943</u>	
Total short and long term debt				<u>Ps 72,145,653</u>	

a. The short-term and long-term documented debt matures as follows:

Year that will end on December 31,	Amount
2011	Ps 12,521,710
2012	8,448,433
2013	3,901,572
2014	30,931,165
2015	697,074
Subsequent years	<u>15,645,699</u>
	<u>Ps 72,145,653</u>

b. Documented debt

On December 3, 2010, an issue of debt certificates (Certificados Bursátiles) was made, in order to finance g Ps 14,000,000. This issue was placed in two tranches: the first one for a term of 10 years, in the amount of Ps 9,000,000, at a rate of 7.96% and the second tranche for a term of 4 years, in the amount of Ps 5,000,000, paying an annual Equilibrium Interest Rate (TIIE) plus 0.26%.

11. Liabilities, PIDIREGAS and capitalizable leases

As of December 31, 2010 and 2009, the debt corresponding to the acquisition of plants, installations and equipment recorded in accordance with Bulletin D-5, "Leases" (Note 3-f), and was comprised of the following:

LEASES

<u>Value of the lease</u>	<u>Effective term of the agreement</u>	<u>Balances as of December 31, 2010</u>				<u>Balance as of December 31, 2009</u>	
		<u>Peso</u>		<u>Foreign currency</u>		<u>Peso</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>							
368.70 million US dollars	2013					Ps 13,978	Ps 13,978
238.40 million US dollars	2026					<u>21,841</u>	<u>21,841</u>
Total debt in US dollars						35,819	
104.30 million euros	2021					<u>37,240</u>	<u>37,240</u>
Total external debt from leases						Ps 73,059	Ps 73,059

PIDIREGAS

Value of the lease	Effective term of the agreement	Balances as of December 31, 2010				Balance	
		Peso		Foreign currency		Peso	
		Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
External debt							
1,803 million US dollars	2010	Ps -	Ps -	-	-	Ps 366,079	Ps -
4,170 million US dollars	2011	531,003	-	42,972	-	437,203	-
5,351 million US dollars	2012	391,831	361,256	31,709	29,235	527,735	-
2,298 million US dollars	2013	211,180	279,684	17,090	22,633	223,171	-
15,068 million US dollars	2014	1,148,026	3,789,325	92,904	306,652	1,228,424	-
9,121 million US dollars	2015	446,311	1,542,199	36,118	124,803	363,858	-
8,959 million US dollars	2016	594,206	2,973,663	48,086	240,644	609,004	-
758 million US dollars	2017	63,863	290,260	5,168	23,489	67,489	-
9,493 million US dollars	2019	140,643	1,761,678	11,382	142,564	131,195	-
273 million US dollars	2020	337,365	2,867,602	27,301	232,061	-	-
607 million US dollars	2036	251,634	6,290,794	20,363	509,083	-	-
8,223 million US dollars	2037	-	-	-	-	265,919	-
Total external debt		4,116,062	20,156,461	333,093	1,631,164	4,220,077	-
Internal debt							
4,288 million pesos	2013	428,793	857,433	-	-	365,024	-
6,014 million pesos	2014	601,401	1,466,293	-	-	553,344	-
5,629 million pesos	2015	577,238	2,009,243	-	-	778,101	-
10,131 million pesos	2016	1,046,206	4,673,814	-	-	1,238,234	-
6,067 million pesos	2017	616,169	3,339,938	-	-	561,267	-
6,681 million pesos	2018	681,871	3,564,887	-	-	792,458	-
6,896 million pesos	2019	929,768	7,151,489	-	-	569,299	-
8,614 million pesos	2020	906,028	6,893,661	-	-	-	-
4,376 million pesos	2021	420,738	3,753,278	-	-	-	-
1,178 million pesos	2022	78,547	824,743	-	-	78,547	-
1,340 million pesos	2024	262,503	3,077,549	-	-	24,453	-
2,491 million pesos	2036	83,665	2,091,608	-	-	-	-
2,491 million pesos	2037	-	-	-	-	83,664	-
Total internal debt		6,632,927	39,703,936	-	-	5,044,391	-
Total PIDIREGAS		10,748,989	59,860,397	-	-	9,264,468	-
Total leases and PIDIREGAS			Ps 70,609,386			Ps 9,337,527	Ps -

In accordance with the provisions in the General Public Debt Law, the financing obtained by CFE forms part of the authorized amounts of the indebtedness and the SHCP reviews the amount that CFE must pay each year to the contracting of financing for their inclusion in the Federal Expenditure Budget.

As of December 31, 2010 and 2009, the debts contracted for the acquisition of plants, installations and equipment through PIDIREGAS are included in detail, as follows:

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)				
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency		
						Short-term	Long-term	Short-term	Long-term	
PIDIREGAS										
4 Integral geothermoelectric units with a total capacity of 100 MW, for C.G. Cerro Prieto IV	103.34 million US dollars	71.32 million US dollars in interest	103.34 million US dollars	<u>Principal</u> Ps 148.37 million (84.84 million US dollars) <u>Interest</u> Ps 824.71 million (66.74 million US dollars) <u>Other expenses</u> Ps 62.77 million (5.8 million US dollars)	Until year 2015	Ps 99,845	Ps 128,712	8,080	10,416	Ps
1 combined cycle module, with a capacity of 445 MW, of the C.C.C. Chihuahua	277.37 million US dollars	157.72 million US dollars in interest	277.37 million US dollars	<u>Principal</u> Ps 2,542.22 million (205.73 million US dollars) <u>Interest</u> Ps 1,774.1 million (143.57 million US dollars) <u>Other expenses</u> Ps 61.4 million (4.94 million US dollars)	Until year 2016	267,604	617,596	21,656	49,979	
2 combined cycle modules, with a capacity of 436.9 MW for both, of the C.C.C. Monterrey II	331.09 million US dollars	277.05 million US dollars in interest	331.09 million US dollars	<u>Principal</u> Ps 3,366.69 million (272.45 million US dollars) <u>Interest</u> Ps 3,322.7 million (268.89 million US dollars) <u>Other expenses</u> Ps 178.18 million (14.42 million US dollars)	Until year 2014	-	724,549	-	58,634	
		15.57 million US dollars in other expenses								

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
1 Thermoelectric unit of 39.4 MW, of the C. D. Puerto San Carlos II	61.27 million US dollars	29.11 million US dollars in interest	61.27 million US dollars	<u>Principal</u> Ps 645.65 million (52.25 million US dollars) <u>Interest</u> Ps 352.67 million (28.54 million US dollars) <u>Other expenses</u> Ps 12.6 million (1.2 million US dollars)	Until year 2011	111,467	-	9,020	-
One combined cycle module, with a capacity of 497.6 MW, of the C.C.C. Rosarito III, Units 8 and 9	307.85 million US dollars	338.46 million US dollars in interest	307.85 million US dollars	<u>Principal</u> Ps 155.81 million (125.5 million US dollars) <u>Interest</u> Ps 326.25 million (244.9 million US dollars) <u>Other expenses</u> Ps 338.33 million (27.38 million US dollars)	Until year 2016	239,963	2,013,366	19,419	162,932
3 multi-shaft combined cycle type modules, with a nominal generation capacity of 168.6 MW each for the C.C.C. Samalayuca II. M-1, 2 and 3	701.22 million US dollars	578.47 million US dollars in interest	701.22 million US dollars	<u>Principal</u> Ps 6,762.67 million (547.27 million US dollars) <u>Interest</u> Ps 5,955.25 million (481.9 3million US dollars) <u>Other expenses</u> Ps 912.44 million (73.84 million US dollars)	Until year 2013	140,643	1,761,678	11,382	142,564
		113.39 million US dollars in other expenses							

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
LT 214 y 215 SURESTE PENINSULAR	132.67 million US dollars	123.63 million US dollars in interest	132.67 million US dollars	<u>Principal</u> Ps 152.2 million (85.15 million US dollars) <u>Interest</u> Ps 1,372.5 million (111.07 million US dollars) <u>Other expenses</u> Ps 165.21 million (13.37 million US dollars)	Until year 2015	99,878	487,341	8,083	39,438
SE 212 y 213 SF6 POTENCIA DISTRIBUCION	175.18 million US dollars	162.86 million US dollars in interest	175.18 million US dollars	<u>Principal</u> Ps 973.12 million (78.75 million US dollars) <u>Interest</u> Ps 171.94 million (137.7 3million US dollars) <u>Other expenses</u> Ps 8.56 million (6.52 million US dollars)	Until year 2014	941	1,190,573	76	96,347
SE 218 NOROESTE	50.66 million US dollars	34.04 million US dollars in interest	50.66 million US dollars	<u>Principal</u> Ps 478.59 million (38.73 million US dollars) <u>Interest</u> Ps 384.18 million (31.09 million US dollars) <u>Other expenses</u> Ps 12.85 million (1.04 million US dollars)	Until year 2015	25,241	122,156	2,043	9,885

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 221 OCCIDENTAL	72.51 million US dollars	52.21 million US dollars in interest	72.51 million US dollars	<u>Principal</u> Ps 535.55 million (43.34 million US dollars) <u>Interest</u> Ps 571.26 million (46.23 million US dollars) <u>Other expenses</u> Ps 12.1 million (0.98 million US dollars)	Until year 2014	61,140	299,340	4,948	24,224
L.T. 301 CENTRO	44.54 million US dollars	16.81 million US dollars in interest	44.54 million US dollars	<u>Principal</u> Ps 492.43 million (39.85 million US dollars) <u>Interest</u> Ps 25.37 million (16.62 million US dollars) <u>Other expenses</u> Ps 0.49 million (0.04 million US dollars)	Until year 2011	57,976	-	4,692	-
L.T. 302 SURESTE	41.16 million US dollars	18.73 million US dollars in interest	41.16 million US dollars	<u>Principal</u> Ps 455.6 million (36.87 million US dollars) <u>Interest</u> Ps 228.48 million (18.49 million US dollars) <u>Other expenses</u> Ps 3.58 million (0.29 million US dollars)	Until year 2011	53,018	-	4,290	-

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 303 IXTAPA - PIE DE LA CUESTA	27.68 million US dollars	11.60 million US dollars in interest	27.68 million US dollars	<u>Principal</u> Ps 37.81 million (24.91 million US dollars) <u>Interest</u> Ps 141.85 million (11.48 million US dollars) <u>Other expenses</u> Ps 0.74 million (0.06 million US dollars)	Until year 2011	34,204	-	2,768	-
L.T. 304 NOROESTE	28.22 million US dollars	14.05 million US dollars in interest	28.22 million US dollars	<u>Principal</u> Ps 313.87 million (25.4 million US dollars) <u>Interest</u> Ps 171.26 million (13.86 million US dollars) <u>Other expenses</u> Ps 1.72 million (0.14 million US dollars)	Until year 2011	34,872	-	2,822	-
L.T. 305 CENTRO - ORIENTE	36.48 million US dollars	17.66 million US dollars in interest	36.48 million US dollars	<u>Principal</u> Ps 45.68 million (32.83 million US dollars) <u>Interest</u> Ps 215.26 million (17.42 million US dollars) <u>Other expenses</u> Ps 0.24 million (0.02 million US dollars)	Until year 2011	45,077	-	3,648	-
		0.06 million US dollars in other expenses							
		0.14 million US dollars in other expenses							
		0.02 million US dollars in other expenses							

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 306 SURESTE	44.99 million US dollars	18.93 million US dollars in interest	44.99 million US dollars	<u>Principal</u> Ps 5.33 million (40.49 million US dollars) <u>Interest</u> Ps 231.57 million (18.74 million US dollars) <u>Other expenses</u> Ps 1.35 million (0.11 million US dollars)	Until year 2011	55,593	-	4,499	-
L.T. 307 NORESTE	24.34 million US dollars	12.47 million US dollars in interest	24.34 million US dollars	<u>Principal</u> Ps 270.74 million (21.91 million US dollars) <u>Interest</u> Ps 151.99 million (12.3 million US dollars) <u>Other expenses</u> Ps 2.34 million (0.19 million US dollars)	Until year 2011	30,076	-	2,434	-
L.T. 308 NOROESTE	44.13 million US dollars	21.14 million US dollars in interest	44.13 million US dollars	<u>Principal</u> Ps 490.82 million (39.72 million US dollars) <u>Interest</u> Ps 257.64 million (2.85 million US dollars) <u>Other expenses</u> Ps 6.42 million (0.52 million US dollars)	Until year 2011	54,533	-	4,413	-

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C. G. LOS AZUFRES II and CAMPO GEOTÉRMICO	53.90 million US dollars	15.70 million US dollars in interest	53.90 million US dollars	<u>Principal</u> Ps 466.6 million (37.76 million US dollars) <u>Interest</u> Ps 175.1 million (14.17 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	66,734	132,705	5,400	10,739
C. H. MANUEL MORENO TORRES	76.50 million US dollars	26.39 million dollars in interest	76.50 million US dollars	<u>Principal</u> Ps 516.3 million (41.76 million US dollars) <u>Interest</u> Ps 254.3 million (20.58 million US dollars) <u>Other expenses</u> Ps 22.24 million (1.8 million US dollars) 2.91 million US dollars in other expenses	Until year 2016	86,639	342,701	7,011	27,733
L.T. 406 RED ASOCIADA A TUXPAN II, III and IV	121.94 million US dollars	43.95 million US dollars in interest	121.94 million US dollars	<u>Principal</u> Ps 1,191.1 million (96.39 million US dollars) <u>Interest</u> Ps 516.4 million (41.79 million US dollars) <u>Other expenses</u> Ps 1.6 million (0.13 million US dollars) 0.13 million US dollars in other expenses	Until year 2014	152,910	162,733	12,374	13,169

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 407 RED ASOCIADA A ALTAMIRA II, III and IV	297.60 million US dollars	117.79 million US dollars in interest	297.60 million US dollars	<u>Principal</u> Ps 348.99 million (246.74 million US dollars)	Until year 2014	377,319	251,199	30,535	20,328
				<u>Interest</u> Ps 144.1 million (113.62 million US dollars)					
		0.36 million US dollars in other expenses		<u>Other expenses</u> Ps 4.44 million (0.36 million US dollars)					
L.T. 408 NACUZARI - NOGALES AREAS NOROESTE	44.63 million US dollars	15.39 million US dollars in interest	44.63 million US dollars	<u>Principal</u> Ps 447.32 million (36.2 million US dollars)	Until year 2013	56,576	47,503	4,578	3,844
				<u>Interest</u> Ps 181.77 million (14.71 million US dollars)					
				<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
L.T. 411 SISTEMA NACIONAL	85.68 million US dollars	28.05 million US dollars in interest	85.68 million US dollars	<u>Principal</u> Ps 829.9 million (67.16 million US dollars)	Until year 2014	110,615	118,223	8,952	9,567
				<u>Interest</u> Ps 326.59 million (26.43 million US dollars)					
		0.03 million US dollars in other expenses		<u>Other expenses</u> Ps 0.24 million (0.02 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 409 MANUEL MORENO TORRES	101.86 million US dollars	26.56 million US dollars in interest	101.86 million US dollars	<u>Principal</u> Ps 818.16 million (66.21 million US dollars) <u>Interest</u> Ps 284.83 million (23.05 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	125,873	314,682	10,186	25,466
SE 401 OCCIDENTAL - CENTRAL	64.30 million US dollars	22.23 million US dollars in interest	64.30 million US dollars	<u>Principal</u> Ps 640.59 million (51.84 million US dollars) <u>Interest</u> Ps 261.35 million (21.15 million US dollars) <u>Other expenses</u> Ps 0.37 million (0.3 million US dollars)	Until year 2014	82,865	71,103	6,706	5,754
SE 402 ORIENTAL PENINSULAR	73.13 million US dollars	18.45 million US dollars in interest	73.13 million US dollars	<u>Principal</u> Ps 677.66 million (54.84 million US dollars) <u>Interest</u> Ps 211.8 million (17.14 million US dollars) <u>Other expenses</u> Ps 0.12 million (0.01 million US dollars)	Until year 2013	90,363	135,545	7,313	10,969
		0.04 million US dollars in other expenses							
		0.01 million US dollars in other expenses							

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
S.E. 403 NORESTE	72.49 million US dollars	26.80 million US dollars in interest	72.49 million US dollars	<u>Principal</u> Ps 781.46 million (63.24 million US dollars) <u>Interest</u> Ps 324.37 million (26.25 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2012	92,495	21,813	7,485	1,765
L.T. 404 NOROESTE - NORTE	40.50 million US dollars	15.06 million US dollars in interest	40.50 million US dollars	<u>Principal</u> Ps 446.21 million (36.11 million US dollars) <u>Interest</u> Ps 183.99 million (14.89 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2011	54,187	-	4,385	-
SE 405 COMPENSACION ALTA TENSION	8.59 million US dollars	2.19 million US dollars in interest	8.59 million US dollars	<u>Principal</u> Ps 79.33 million (6.42 million US dollars) <u>Interest</u> Ps 25.8 million (2.03 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2013	10,613	16,194	859	1,311

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 410 SISTEMA NACIONAL	173.17 million US dollars	63.85 million US dollars in interest	173.17 million US dollars	<u>Principal</u> Ps 1,655.1 million (133.94 million US dollars) <u>Interest</u> Ps 741.67 million (60.02 million US dollars) <u>Other expenses</u> Ps 1.23 million (0.1 million US dollars)	Until year 2012	216,471	268,339	17,518	21,715
C. C. EL SAUZ CONVERSION DE DE TG A CC	56.86 million US dollars	15.65 million US dollars in interest	56.86 million US dollars	<u>Principal</u> Ps 49.88 million (33.17 million US dollars) <u>Interest</u> Ps 158.4 million (12.79 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	58,549	234,197	4,738	18,952
L.T. 414 NORTE - OCCIDENTAL	65.67 million US dollars	19.49 million US dollars in interest	65.67 million US dollars	<u>Principal</u> Ps 542.84 million (43.93 million US dollars) <u>Interest</u> Ps 213.4 million (17.27 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	81,152	187,506	6,567	15,174

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L.T. 502 ORIENTAL - NORTE	3.80 million US dollars	1.16 million US dollars in interest	3.80 million US dollars	<u>Principal</u> Ps 25.82 million (2.09 million US dollars)	Until year 2015	4,694	16,430	380	1,330
				<u>Interest</u> Ps 11.36 million (0.92 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
LT 506 SALTILLO - CAÑADA	57.78 million US dollars	15.25 million US dollars in interest	57.78 million US dollars	<u>Principal</u> Ps 464.13 million (37.56 million US dollars)	Until year 2014	71,397	178,493	5,778	14,445
				<u>Interest</u> Ps 163.85 million (13.26 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
SE 412 COMPENSACION NORTE	22.00 million US dollars	5.42 million US dollars in interest	22.00 million US dollars	<u>Principal</u> Ps 203.89 million (16.5 million US dollars)	Until year 2013	27,182	40,773	2,200	3,300
				<u>Interest</u> Ps 62.15 million (5.03 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 413 NOROESTE - OCCIDENTAL	23.10 million US dollars	6.06 million US dollars in interest	23.10 million US dollars	<u>Principal</u> Ps 185.48 million (15.01 million US dollars) <u>Interest</u> Ps 64.99 million (5.26 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	28,539	71,348	2,310	5,774
SE 503 ORIENTAL	21.40 million US dollars	5.42 million US dollars in interest	21.40 million US dollars	<u>Principal</u> Ps 198.33 million (16.05 million US dollars) <u>Interest</u> Ps 62.15 million (5.03 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2013	26,446	39,669	2,140	3,210
SE 504 NORTE - OCCIDENTAL	31.71 million US dollars	8.33 million US dollars in interest	31.71 million US dollars	<u>Principal</u> Ps 275.19 million (22.27 million US dollars) <u>Interest</u> Ps 93.4 million (7.53 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	39,185	77,423	3,171	6,265

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C. C. I. BAJA CALIFORNIA SUR I	56.00 million US dollars	16.23 million dollars in interest	56.00 million US dollars	<u>Principal</u> Ps 288.41 million (27.34 million US dollars)	Until year 2017	63,863	290,260	5,168	23,489
				<u>Interest</u> Ps 143.83 million (11.64 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
L.T. 610 TRANSMISION NOROESTE NORTE F 1	24.63 million US dollars	7.50 million US dollars in interest	24.63 million US dollars	<u>Principal</u> Ps 167.43 million (13.55 million US dollars)	Until year 2015	30,438	106,533	2,463	8,621
				<u>Interest</u> Ps 73.77 million (5.97 million US dollars)					
		1.00 million US dollars in other expenses		<u>Other expenses</u> Ps 12.35 million (1 million US dollars)					
L.T. 612 SUBTRANSMISION NORTE NORESTE F 1	5.01 million US dollars	1.53 million US dollars in interest	5.01 million US dollars	<u>Principal</u> Ps 34.1 million (2.76 million US dollars)	Until year 2015	6,194	21,679	501	1,754
				<u>Interest</u> Ps 15.7 million (1.22 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 613 SUBTRANSMISION OCCIDENTAL	7.39 million US dollars	2.25 million US dollars in interest	7.39 million US dollars	<u>Principal</u> Ps 5.16 million (4.06 million US dollars) <u>Interest</u> Ps 22.24 million (1.8 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	9,126	31,940	739	2,585
L.T. 614 SUBTRANSMISION ORIENTAL	12.17 million US dollars	3.67 million US dollars in interest	12.17 million US dollars	<u>Principal</u> Ps 82.79 million (6.7 million US dollars) <u>Interest</u> Ps 35.95 million (2.91 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	15,043	52,651	1,217	4,261
L.T. 712 RAT A LA CCI BAJA CALIFORNIA SUR I	21.18 million US dollars	5.52 million US dollars in interest	21.18 million US dollars	<u>Principal</u> Ps 168.92 million (13.77 million US dollars) <u>Interest</u> Ps 57.95 million (4.79 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2014	26,171	65,427	2,118	5,295

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 607 SISTEMA BAJIO - ORIENTAL	4.90 million US dollars	1.27 million US dollars in interest	4.90 million US dollars	<u>Principal</u> Ps 39.29 million (3.18 million US dollars)	Until year 2014	6,050	15,124	490	1,224
				<u>Interest</u> Ps 13.59 million (1.1 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
SUPPLY OF STEAM TO THE CERRO PRIETO POWER PLANTS	13.12 million US dollars	3.98 million dollars in interest	13.12 million US dollars	<u>Principal</u> Ps 89.21 million (7.22 million US dollars)	Until year 2015	16,216	56,756	1,312	4,593
				<u>Interest</u> Ps 39.4 million (3.16 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
OPF. 062 CCE. PACÍFICO	273.01 million US dollars	64.62 million dollars in interest	273.01 million US dollars	<u>Principal</u> Ps 168.67 million (13.65 million US dollars)	Until year 2020	337,365	2,867,602	27,301	232,061
				<u>Interest</u> Ps 52.76 million (4.27 million US dollars)					
		0.03 million US dollars in other expenses		<u>Other expenses</u> Ps 0.37 million (0.03 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
C.H. EL CAJON	607.39 million US dollars	156.54 million dollars in interest	607.39 million US dollars	<u>Principal</u> Ps 963.11 million (77.94 million US dollars) <u>Interest</u> Ps 842.87 million (68.21 million US dollars) <u>Other expenses</u> Ps 153.59 million (12.43 million US dollars)	Until year 2036	251,632	6,290,794	20,363	509,083
L.T. 710 RTA A LA CC ALTAMIRA V	14.40 million US dollars	4.03 million US dollars in interest	14.40 million US dollars	<u>Principal</u> Ps 97.86 million (7.92 million US dollars) <u>Interest</u> Ps 38.8 million (3.14 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	17,791	62,269	1,440	5,039
RM BOTELLO	6.35 million US dollars	1.84 million dollars in interest	6.35 million US dollars	<u>Principal</u> Ps 42.38 million (3.49 million US dollars) <u>Interest</u> Ps 17.91 million (1.45 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	7,844	27,455	635	2,222

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CARBON II	7.78 million US dollars	2.34 million dollars in interest	7.78 million US dollars	<u>Principal</u> Ps 52.88 million (4.28 million US dollars)	Until year 2015	9,618	33,661	778	2,724
				<u>Interest</u> Ps 22.98 million (1.86 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
RM DOS BOCAS	14.40 million US dollars	4.29 million dollars in interest	14.40 million US dollars	<u>Principal</u> Ps 97.86 million (7.92 million US dollars)	Until year 2015	17,799	62,295	1,440	5,041
				<u>Interest</u> Ps 41.89 million (3.39 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					
RM GÓMEZ PALACIO	9.56 million US dollars	2.66 million dollars in interest	9.56 million US dollars	<u>Principal</u> Ps 64.99 million (5.26 million US dollars)	Until year 2015	11,809	41,332	956	3,345
				<u>Interest</u> Ps 25.57 million (2.07 million US dollars)					
		0.00 million US dollars in other expenses		<u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM IXTACZOQUITLAN	0.92 million US dollars	0.25 million dollars in interest	0.92 million US dollars	<u>Principal</u> Ps 6.17 million (0.5 million US dollars) <u>Interest</u> Ps 2.47 million (0.2 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	1,131	3,959	92	320
RM TUXPANGO	1.93 million US dollars	0.56 million dollars in interest	1.93 million US dollars	<u>Principal</u> Ps 13.9 million (1.06 million US dollars) <u>Interest</u> Ps 5.31 million (0.43 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	2,390	8,366	193	677
RM CT VALLE DE MEXICO	5.79 million US dollars	1.73 million dollars in interest	5.79 million US dollars	<u>Principal</u> Ps 39.29 million (3.18 million US dollars) <u>Interest</u> Ps 16.92 million (1.37 million US dollars) <u>Other expenses</u> Ps 18.4 million (1.46 million US dollars)	Until year 2015	7,155	25,041	579	2,027

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CARBON II, UNITS 2 AND 4	4.49 million US dollars	1.31 million dollars in interest	4.49 million US dollars	<u>Principal</u> Ps 3.52 million (2.47 million US dollars) <u>Interest</u> Ps 12.48 million (1.01 million US dollars) <u>Other expenses</u> Ps 0.00 million (0.00 million US dollars)	Until year 2015	5,552	19,427	449	1,572
TOTAL EXTERNAL DEBT						Ps 4,116,062	Ps 20,156,461		
C. C. I. GUERRERO NEGRO II	310.44 million Mexican pesos	154.73 million Mexican pesos	310.44 million Mexican pesos	<u>Principal</u> Ps 201.79 million <u>Interest</u> Ps 133.49 million	Until year 2014	31,044	77,611		
C. G. LOS AZUFRES II and CAMPO GEOTERMICO	870.49 million Mexican pesos	365.67 million Mexican pesos	870.49 million Mexican pesos	<u>Principal</u> Ps 609.5 million <u>Interest</u> Ps 339.71 million	Until year 2013	87,049	173,946		
C. H. MANUEL MORENO TORRES	438.53 million Mexican pesos	217.68 million Mexican pesos	438.53 million Mexican pesos	<u>Principal</u> Ps 265.99 million <u>Interest</u> Ps 181.12 million	Until year 2014	43,853	128,687		
L. T. 407 RAT A ALTAMIRA II, III and IV	405.94 million Mexican pesos	164.90 million Mexican pesos	405.94 million Mexican pesos	<u>Principal</u> Ps 284.16 million <u>Interest</u> Ps 152.79 million	Until year 2014	40,594	81,188		

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		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 411 SISTEMA NACIONAL	514.60 million Mexican pesos	216.30 million Mexican pesos	514.60 million Mexican pesos	<u>Principal</u> Ps 360.22 million	Until year 2013	51,460	102,920		
				<u>Interest</u> Ps 200.95 million					
L. T. 409 MANUEL MORENO TORRES	1,958.71 million Mexican pesos	822.29 million Mexican pesos	1,958.71 million Mexican pesos	<u>Principal</u> Ps 1,321.38 million	Until year 2014	195,871	441,457		
				<u>Interest</u> Ps 752.93 million					
SE 402 ORIENTAL - PENINSULAR	47.33 million Mexican pesos	17.29 million Mexican pesos	47.33 million Mexican pesos	<u>Principal</u> Ps 26.3 million	Until year 2015	4,733	16,565		
				<u>Interest</u> Ps 14.67 million					
C. C. EL SAUZ CONVERSION DE DE TG a CC	637.69 million Mexican pesos	259.98 million Mexican pesos	637.69 million Mexican pesos	<u>Principal</u> Ps 446.38 million	Until year 2013	63,769	127,538		
				<u>Interest</u> Ps 240.96 million					
L. T. 502 ORIENTAL - NORTE	125.88 million Mexican pesos	58.01 million Mexican peso	125.88 million Mexican pesos	<u>Principal</u> Ps 75.53 million	Until year 2014	12,588	37,764		
				<u>Interest</u> Ps 48.7 million					
L. T. 506 SALTILLO - CAÑADA	2,117.98 million Mexican pesos	869.05 million Mexican pesos	2,117.98 million Mexican pesos	<u>Principal</u> Ps 1,482.59 million	Until year 2013	211,798	423,596		
				<u>Interest</u> Ps 805.89 million					
L. T. 715 RAT A LA CENTRAL TAMAZUNCHALE	1,166.18 million Mexican pesos	425.72 million Mexican pesos	1,166.18 million Mexican pesos	<u>Principal</u> Ps 482.21 million	Until year 2016	120,551	563,425		
				<u>Interest</u> Ps 290.62 million					

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		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 509 RED ASOCIADA RIO BRAVO III	497.45 million Mexican pesos	217.12 million Mexican pesos	497.45 million Mexican pesos	<u>Principal</u> Ps 334.53 million	Until year 2014	49,745	113,173		
				<u>Interest</u> Ps 195.81 million					
SE 413 NOROESTE - OCCIDENTAL	391.41 million Mexican pesos	164.95 million Mexican pesos	391.41 million Mexican pesos	<u>Principal</u> Ps 236.39 million	Until year 2014	39,141	115,878		
				<u>Interest</u> Ps 145.17 million					
SE 504 NORTE - OCCIDENTAL	147.16 million Mexican pesos	62.07 million Mexican pesos	147.16 million Mexican pesos	<u>Principal</u> Ps 103.1 million	Until year 2013	14,716	29,433		
				<u>Interest</u> Ps 57.68 million					
L.T. 609 TRANSMISION NOROESTE OCCIDENTAL	1,378.65 million Mexican pesos	517.63 million Mexican pesos	1,378.65 million Mexican pesos	<u>Principal</u> Ps 758.26 million	Until year 2015	137,865	482,528		
				<u>Interest</u> Ps 441.13 million					
L. T. 610 TRANSMISION NOROESTE-NORTE	1,423.71 million Mexican pesos	627.93 million Mexican pesos	1,423.71 million Mexican pesos	<u>Principal</u> Ps 761.51 million	Until year 2018	142,371	519,829		
				<u>Interest</u> Ps 493.68 million					
L. T. 612 SUBTRANSMISION NORTE-NORESTE	261.41 million Mexican pesos	92.45 million Mexican pesos	261.41 million Mexican pesos	<u>Principal</u> Ps 122.69 million	Until year 2016	26,735	111,979		
				<u>Interest</u> Ps 70.38 million					
L. T. 613 SUBTRANSMISION OCCIDENTAL	227.82 million Mexican pesos	109.83 million Mexican pesos	227.82 million Mexican pesos	<u>Principal</u> Ps 136.25 million	Until year 2015	22,814	68,758		
				<u>Interest</u> Ps 90.49 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 614 SUBTRANSMISION ORIENTAL	48.72 million Mexican pesos	19.44 million Mexican pesos	48.72 million Mexican pesos	<u>Principal</u> Ps 27.24 million	Until year 2016	4,890	16,589		
				<u>Interest</u> Ps 16.24 million					
L. T. 615 SUBTRANSMISION PENINSULAR	286.27 million Mexican pesos	114.58 million Mexican pesos	286.27 million Mexican pesos	<u>Principal</u> Ps 155.5 million	Until year 2016	29,162	101,613		
				<u>Interest</u> Ps 94.63 million					
LT 1012 RTA A LA CCC BAJA CALIFORNIA	139.17 million Mexican pesos	35.57 million Mexican pesos	139.17 million Mexican pesos	<u>Principal</u> Ps 29.3 million	Until year 2018	14,649	95,220		
				<u>Interest</u> Ps 16.2 million					
SE 607 SISTEMA BAJIO ORIENTAL	806.96 million Mexican pesos	321.49 million Mexican pesos	806.96 million Mexican pesos	<u>Principal</u> Ps 560.27 million	Until year 2014	80,696	165,998		
				<u>Interest</u> Ps 296.65 million					
L.T. 611 SUBTRANSMISION BAJA CALIFORNIA NOROESTE	330.91 million Mexican pesos	114.46 million Mexican pesos	330.91 million Mexican pesos	<u>Principal</u> Ps 141.99 million	Until year 2016	35,023	153,898		
				<u>Interest</u> Ps 79.45 million					
SUPPLY OF STEAM TO THE CERRO PRIETO POWER PLANTS	1,091.40 million Mexican pesos	397.94 million Mexican pesos	1,091.40 million Mexican pesos	<u>Principal</u> Ps 563.59 million	Until year 2016	110,443	417,373		
				<u>Interest</u> Ps 325.09 million					
CC HERMOSILLO CONVERSION de TG a CC	813.96 million Mexican pesos	272.92 million Mexican pesos	813.96 million Mexican pesos	<u>Principal</u> Ps 428.4 million	Until year 2015	85,680	299,880		
				<u>Interest</u> Ps 225.38 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 062 CCE PACÍFICO	4237.59 million Mexican pesos	1226.94 million Mexican pesos	4237.59 million Mexican pesos	<u>Principal</u> Ps 271.77 million	Until year 2020	543,539	3,422,286		
				<u>Interest</u> Ps 144.21 million					
CH EL CAJON	2,491.18 million Mexican pesos	3,206.12 million Mexican pesos	2,491.18 million Mexican pesos	<u>Principal</u> Ps 315.9 million	Until year 2036	83,664	2,091,609		
				<u>Interest</u> Ps 705.53 million					
L. T. 723 LINEAS CENTRO	70.93 million Mexican pesos	23.34 million Mexican pesos	70.93 million Mexican pesos	<u>Principal</u> Ps 35.35 million	Until year 2016	7,330	28,252		
				<u>Interest</u> Ps 18.79 million					
L. T. 714 RTA A LA C. H. EL CAJON	747.40 million Mexican pesos	235.21 million Mexican pesos	747.40 million Mexican pesos	<u>Principal</u> Ps 325.05 million	Until year 2016	76,792	345,565		
				<u>Interest</u> Ps 171 million					
L.T. 710 RTA A LA CC ALTAMIRA V	660.79 million Mexican pesos	236.06 million Mexican pesos	660.79 million Mexican pesos	<u>Principal</u> Ps 268.32 million	Until year 2016	68,422	324,050		
				<u>Interest</u> Ps 169.12 million					
L. T. 711 RTA A CC LA LAGUNA II	233.12 million Mexican pesos	113.23 million Mexican pesos	233.12 million Mexican pesos	<u>Principal</u> Ps 139.87 million	Until year 2014	23,312	69,936		
				<u>Interest</u> Ps 93.27 million					
OPF 068 LT. RED DE TRANSM. ASO. PACÍFICO	527.15 million Mexican pesos	227.57 million Mexican pesos	527.15 million Mexican pesos	<u>Principal</u> Ps 59.8 million	Until year 2019	48,581	418,765		
				<u>Interest</u> Ps 39.71 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
L. T. 707 ENLACE NORTE - SUR	378.59 million Mexican pesos	189.82 million Mexican pesos	378.59 million Mexican pesos	<u>Principal</u> Ps 246.08 million	Until year 2014	37,859	94,648		
				<u>Interest</u> Ps 163.92 million					
L.T. 717 RIVIERA MAYA	422.14 million Mexican pesos	200.50 million Mexican pesos	422.14 million Mexican pesos	<u>Principal</u> Ps 253.28 million	Until year 2014	42,214	126,642		
				<u>Interest</u> Ps 164.35 million					
PRESA REGULADORA AMATA	144.42 million Mexican pesos	51.88 million Mexican pesos	144.42 million Mexican pesos	<u>Principal</u> Ps 79.43 million	Until year 2015	14,442	50,546		
				<u>Interest</u> Ps 43.87 million					
RM ADOLFO LOPEZ MATEOS	329.18 million Mexican pesos	118.59 million Mexican pesos	329.18 million Mexican pesos	<u>Principal</u> Ps 177.24 million	Until year 2015	33,764	118,175		
				<u>Interest</u> Ps 99.86 million					
RM CARBON II	42.04 million Mexican pesos	20.33 million Mexican pesos	42.04 million Mexican pesos	<u>Principal</u> Ps 25.23 million	Until year 2014	4,204	12,613		
				<u>Interest</u> Ps 16.73 million					
RM CT CARLOS RODRIGUEZ RIVERO	205.00 million Mexican pesos	Mexican pesos Mexican pesos	205.00 million Mexican pesos	<u>Principal</u> Ps 89 million	Until year 2016	21,091	94,910		
				<u>Interest</u> Ps 51.24 million					
RM EMILIO PORTES GIL	2.80 million Mexican pesos	1.40 million Mexican pesos	2.80 million Mexican pesos	<u>Principal</u> Ps 1.82 million	Until year 2014	280	699		
				<u>Interest</u> Ps 1.21 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CT FRANCISCO PEREZ RIOS U-3 and 4	1,385.32 million Mexican pesos	404.52 million Mexican pesos	1,385.32 million Mexican pesos	<u>Principal</u> Ps 415.6 million	Until year 2017	138,532	831,193		
				<u>Interest</u> Ps 220.85 million					
RM GOMEZ PALACIO	219.77 million Mexican pesos	66.69 million Mexican pesos	219.77 million Mexican pesos	<u>Principal</u> Ps 92.53 million	Until year 2016	23,133	104,100		
				<u>Interest</u> Ps 49.48 million					
RM HUINALA	6.26 million Mexican pesos	2.05 million Mexican pesos	6.26 million Mexican pesos	<u>Principal</u> Ps 3.3 million	Until year 2015	659	2,308		
				<u>Interest</u> Ps 1.68 million					
RM JOSE ACEVES POZOS (MAZATLAN II)	150.12 million Mexican pesos	43.62 million Mexican pesos	150.12 million Mexican pesos	<u>Principal</u> Ps 63.21 million	Until year 2016	15,803	71,111		
				<u>Interest</u> Ps 30.22 million					
RM GRAL MANUEL ALVAREZ MORENO (MANZANILLO)	525.50 million Mexican pesos	190.84 million Mexican pesos	525.50 million Mexican pesos	<u>Principal</u> Ps 283.17 million	Until year 2015	53,851	188,477		
				<u>Interest</u> Ps 160.96 million					
RM CT PUERTO LIBERTAD	142.41 million Mexican pesos	52.03 million Mexican pesos	142.41 million Mexican pesos	<u>Principal</u> Ps 78.32 million	Until year 2015	14,241	49,843		
				<u>Interest</u> Ps 44.13 million					
RM PUNTA PRIETA	131.63 million Mexican pesos	42.98 million Mexican pesos	131.63 million Mexican pesos	<u>Principal</u> Ps 59.24 million	Until year 2016	13,163	59,235		
				<u>Interest</u> Ps 32.52 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM SALAMANCA	344.54 million Mexican pesos	123.10 million Mexican pesos	344.54 million Mexican pesos	<u>Principal</u> Ps 181.99 million	Until year 2016	35,352	127,197		
				<u>Interest</u> Ps 102.83 million					
RM TUXPANGO	166.32 million Mexican pesos	59.10 million Mexican pesos	166.32 million Mexican pesos	<u>Principal</u> Ps 87.54 million	Until year 2015	17,508	61,277		
				<u>Interest</u> Ps 49.38 million					
SE 722 NORTE	83.36 million Mexican pesos	30.49 million Mexican pesos	83.36 million Mexican pesos	<u>Principal</u> Ps 43.87 million	Until year 2015	8,774	30,710		
				<u>Interest</u> Ps 25.62 million					
SE 705 CAPACITORES	37.08 million Mexican pesos	13.28 million Mexican pesos	37.08 million Mexican pesos	<u>Principal</u> Ps 20.39 million	Until year 2015	3,708	12,978		
				<u>Interest</u> Ps 11.22 million					
SE 708 COMPENSACION DINAMICA ORIENTAL - NORTE	482.20 million Mexican pesos	178.74 million Mexican pesos	482.20 million Mexican pesos	<u>Principal</u> Ps 265.21 million	Until year 2015	48,220	168,770		
				<u>Interest</u> Ps 151.99 million					
SLT 701 OCCIDENTE - CENTRO	863.33 million Mexican pesos	269.06 million Mexican pesos	863.33 million Mexican pesos	<u>Principal</u> Ps 307.72 million	Until year 2018	89,113	466,498		
				<u>Interest</u> Ps 17.87 million					
SLT 702 SURESTE - PENINSULAR	321.31 million Mexican pesos	114.59 million Mexican pesos	321.31 million Mexican pesos	<u>Principal</u> Ps 93.4 million	Until year 2019	32,647	195,261		
				<u>Interest</u> Ps 56.45 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 703 NORESTE - NORTE	210.31 million Mexican pesos	71.19 million Mexican pesos	210.31 million Mexican pesos	<u>Principal</u> Ps 91.77 million	Until year 2016	21,242	97,297		
				<u>Interest</u> Ps 50.14 million					
SLT 704 BAJA CALIFORNIA - NOROESTE	73.23 million Mexican pesos	26.44 million Mexican pesos	73.23 million Mexican pesos	<u>Principal</u> Ps 38.54 million	Until year 2015	7,709	26,981		
				<u>Interest</u> Ps 22.17 million					
SLT 706 SISTEMAS NORTE	1,869.57 million Mexican pesos	610.17 million Mexican pesos	1,869.57 million Mexican pesos	<u>Principal</u> Ps 773.24 million	Until year 2018	187,501	908,829		
				<u>Interest</u> Ps 437.37 million					
SLT 709 SISTEMAS SUR	1,074.93 million Mexican pesos	371.57 million Mexican pesos	1,074.93 million Mexican pesos	<u>Principal</u> Ps 565.75 million	Until year 2015	113,151	396,028		
				<u>Interest</u> Ps 308.78 million					
CC CONVERSION EL ENCINO de TG a CC	809.85 million Mexican pesos	313.59 million Mexican pesos	809.85 million Mexican pesos	<u>Principal</u> Ps 323.94 million	Until year 2016	80,985	404,924		
				<u>Interest</u> Ps 203.59 million					
CCI BAJA CALIFORNIA SUR II	658.77 million Mexican pesos	189.67 million Mexican pesos	658.77 million Mexican pesos	<u>Principal</u> Ps 256.19 million	Until year 2016	73,197	329,386		
				<u>Interest</u> Ps 127.64 million					
L. T. 807 DURANGO I	370.59 million Mexican pesos	124.24 million Mexican pesos	370.59 million Mexican pesos	<u>Principal</u> Ps 169.8 million	Until year 2016	37,269	163,517		
				<u>Interest</u> Ps 97.38 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
RM CCC TULA	57.43 million Mexican pesos	16.52 million Mexican pesos	57.43 million Mexican pesos	<u>Principal</u> Ps 23.26 million	Until year 2016	6,212	27,955		
				<u>Interest</u> Ps 11.25 million					
OPF 111 RM CG CERRO PRIETO (U5)	413.34 million Mexican pesos	191.56 million Mexican pesos	413.34 million Mexican pesos	<u>Principal</u> Ps 41.33 million	Until year 2019	41,334	330,671		
				<u>Interest</u> Ps 33.44 million					
RM CT CARBON II UNITS 2 and 4	96.14 million Mexican pesos	31.26 million Mexican pesos	96.14 million Mexican pesos	<u>Principal</u> Ps 50.60 million	Until year 2015	10,120	35,419		
				<u>Interest</u> Ps 25.64 million					
RM CT EMILIO PORTES GIL UNIDAD 4	389.24 million Mexican pesos	104.41 million Mexican pesos	389.24 million Mexican pesos	<u>Principal</u> Ps 149.34 million	Until year 2017	42,668	197,233		
				<u>Interest</u> Ps 66.68 million					
RM CT FRANCISCO PEREZ RIOS U 5	345.18 million Mexican pesos	112.33 million Mexican pesos	345.18 million Mexican pesos	<u>Principal</u> Ps 155.33 million	Until year 2016	34,518	155,332		
				<u>Interest</u> Ps 86.73 million					
RM CT PDTE ADOLFO LOPEZ MATEOS UNITS 3, 4, 5 and 6	481.60 million Mexican pesos	148.26 million Mexican pesos	481.60 million Mexican pesos	<u>Principal</u> Ps 171.21 million	Until year 2017	48,798	261,592		
				<u>Interest</u> Ps 94.46 million					
RM CT PDTE PLUTARCO ELIAS CALLES UNITS 1 and 2	224.01 million Mexican pesos	67.22 million Mexican pesos	224.01 million Mexican pesos	<u>Principal</u> Ps 82.68 million	Until year 2017	23,623	117,707		
				<u>Interest</u> Ps 43.83 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 811 NOROESTE	120.48 million Mexican pesos	39.16 million Mexican pesos	120.48 million Mexican pesos	<u>Principal</u> Ps 54.22 million	Until year 2016	12,048	54,216		
				<u>Interest</u> Ps 30.22 million					
SE 812 GOLFO NORTE	57.31 million Mexican pesos	18.55 million Mexican pesos	57.31 million Mexican pesos	<u>Principal</u> Ps 24.14 million	Until year 2016	6,030	27,135		
				<u>Interest</u> Ps 13.78 million					
SE 813 DIVISION BAJIO	582.59 million Mexican pesos	168.38 million Mexican pesos	582.59 million Mexican pesos	<u>Principal</u> Ps 170.79 million	Until year 2018	58,975	352,823		
				<u>Interest</u> Ps 96.16 million					
SLT 801 ALTIPLANO	924.70 million Mexican pesos	282.18 million Mexican pesos	924.70 million Mexican pesos	<u>Principal</u> Ps 381.97 million	Until year 2017	94,957	447,779		
				<u>Interest</u> Ps 196.3 million					
SLT 802 TAMAULIPAS	776.33 million Mexican pesos	245.06 million Mexican pesos	776.33 million Mexican pesos	<u>Principal</u> Ps 271.72 million	Until year 2017	77,633	426,982		
				<u>Interest</u> Ps 157.37 million					
SLT 803 NOINE	721.47 million Mexican pesos	218.48 million Mexican pesos	721.47 million Mexican pesos	<u>Principal</u> Ps 253.54 million	Until year 2017	74,597	393,331		
				<u>Interest</u> Ps 135.57 million					
SLT 806 BAJIO	1044.56 million Mexican pesos	344.88 million Mexican pesos	1044.56 million Mexican pesos	<u>Principal</u> Ps 332.94 million	Until year 2020	87,317	624,309		
				<u>Interest</u> Ps 180.60 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
CE LA VENTA II	1,178.20 million Mexican pesos	540.01 million Mexican pesos	1,178.20 million Mexican pesos	<u>Principal</u> Ps 274.91 million	Until year 2022	78,547	824,743		
				<u>Interest</u> Ps 290.68 million					
L. T. 904 RTA A LA CE LA VENTA II	74.80 million Mexican pesos	30.15 million Mexican pesos	74.80 million Mexican pesos	<u>Principal</u> Ps 29.92 million	Until year 2016	7,480	37,402		
				<u>Interest</u> Ps 19.48 million					
SE 911 NORESTE	98.36 million Mexican pesos	29.76 million Mexican pesos	98.36 million Mexican pesos	<u>Principal</u> Ps 34.43 million	Until year 2017	9,836	54,098		
				<u>Interest</u> Ps 18.96 million					
OPF 139 SE 912 DIV. ORIENTE	160.79 million Mexican pesos	54.48 million Mexican pesos	160.79 million Mexican pesos	<u>Principal</u> Ps 25.37 million	Until year 2019	16,910	118,512		
				<u>Interest</u> Ps 14.07 million					
OPF 140SE 914 DIV. CENTRO SUR	28.05 million Mexican pesos	9.24 million Mexican pesos	28.05 million Mexican pesos	<u>Principal</u> Ps 2.8 million	Until year 2019	2,805	22,439		
				<u>Interest</u> Ps 1.25 million					
SE 915 OCCIDENTAL	122.00 million Mexican pesos	33.59 million Mexican pesos	122.00 million Mexican pesos	<u>Principal</u> Ps 30.50 million	Until year 2018	12,200	79,299		
				<u>Interest</u> Ps 17.46 million					
SLT 901 PACIFICO	431.09 million Mexican pesos	116.18 million Mexican pesos	431.09 million Mexican pesos	<u>Principal</u> Ps 100.21 million	Until year 2018	44,647	286,239		
				<u>Interest</u> Ps 57.14 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SLT 902 ISTMO	893.03 million Mexican pesos	274.47 million Mexican pesos	893.03 million Mexican pesos	<u>Principal</u> Ps 295.45 million	Until year 2017	89,434	508,150		
				<u>Interest</u> Ps 167.44 million					
SLT 903 CABO - NORTE	619.45 million Mexican pesos	206.24 million Mexican pesos	619.45 million Mexican pesos	<u>Principal</u> Ps 257.41 million	Until year 2016	64,749	297,289		
				<u>Interest</u> Ps 140.79 million					
OPF 147 CCC BAJA CALIFORNIA	1157.02 million Mexican pesos	517.39 million Mexican pesos	1157.02 million Mexican pesos	<u>Principal</u> Ps 173.55 million	Until year 2019	115,702	867,765		
				<u>Interest</u> Ps 121.37 million					
SOUTH PROJECT FIBER OPTICS NETWORK	305.28 million Mexican pesos	88.90 million Mexican pesos	305.28 million Mexican pesos	<u>Principal</u> Ps 111.22 million	Until year 2019	32,715	161,348		
				<u>Interest</u> Ps 54.87 million					
CENTER PROJECT FIBER OPTICS NETWORK	491.87 million Mexican pesos	224.70 million Mexican pesos	491.87 million Mexican pesos	<u>Principal</u> Ps 181.21 million	Until year 2016	51,776	258,878		
				<u>Interest</u> Ps 134.67 million					
NORTH PROJECT FIBER OPTICS NETWORK	512.87 million Mexican pesos	156.93 million Mexican pesos	512.87 million Mexican pesos	<u>Principal</u> Ps 172.51 million	Until year 2021	51,287	289,075		
				<u>Interest</u> Ps 95.66 million					
SE 1005 NOROESTE	534.51 million Mexican pesos	124.33 million Mexican pesos	534.51 million Mexican pesos	<u>Principal</u> Ps 93.19 million	Until year 2018	58,844	382,484		
				<u>Interest</u> Ps 46.52 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 156 RM INFIERNILLO	168.34 million Mexican pesos	44.99 million Mexican pesos	168.34 million Mexican pesos	<u>Principal</u> Ps 16.5 million	Until year 2020	17,604	134,240		
				<u>Interest</u> Ps 7.76 million					
OPF 157 RM CT FRANCISCO PEREZ RIOS U 1 and 2	1333.13 million Mexican pesos	483.69 million Mexican pesos	1333.13 million Mexican pesos	<u>Principal</u> Ps 133.31 million	Until year 2019	133,313	1,066,506		
				<u>Interest</u> Ps 66.05 million					
RM CT PUERTO LIBERTAD U 4	142.73 million Mexican pesos	45.75 million Mexican pesos	142.73 million Mexican pesos	<u>Principal</u> Ps 57.09 million	Until year 2016	14,273	71,364		
				<u>Interest</u> Ps 32.77 million					
RM CT VALLE DE MEXICO UNITS 5,6 and 7	49.79 million Mexican pesos	13.40 million Mexican pesos	49.79 million Mexican pesos	<u>Principal</u> Ps 19.36 million	Until year 2016	5,532	24,896		
				<u>Interest</u> Ps 8.71 million					
RM CCC SAMALAYUCA II	11.72 million Mexican pesos	3.45 million Mexican pesos	11.72 million Mexican pesos	<u>Principal</u> Ps 4.56 million	Until year 2016	1,302	5,859		
				<u>Interest</u> Ps 2.35 million					
RM CCC EL SAUZ	46.16 million Mexican pesos	13.78 million Mexican pesos	46.16 million Mexican pesos	<u>Principal</u> Ps 15 million	Until year 2017	4,616	26,541		
				<u>Interest</u> Ps 8.2 million					
RM CCC HUINALA II	19.66 million Mexican pesos	5.17 million Mexican pesos	19.66 million Mexican pesos	<u>Principal</u> Ps 4.91 million	Until year 2018	1,966	12,776		
				<u>Interest</u> Ps 2.57 million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 1004 COMPENSACION DINAMICA AREA CENTRAL	171.76 million Mexican pesos	49.17 million Mexican pesos	171.76 million Mexican pesos	<u>Principal</u> Ps 72.32 million <u>Interest</u> Ps 33.84 million	Until year 2016	18,080	81,358		
L.T. 1011 RED ASOCIADA A LA CC SAN LORENZO	63.38 million Mexican pesos	18.71 million Mexican pesos	63.38 million Mexican pesos	<u>Principal</u> Ps 15.85 million <u>Interest</u> Ps 10.33 million	Until year 2018	6,338	41,193		
SLT 1002 COMPENSACION Y TRANSMISION NORESTE-SURESTE	700.56 million Mexican pesos	213.98 million Mexican pesos	700.56 million Mexican pesos	<u>Principal</u> Ps 146.44 million <u>Interest</u> Ps 80.36 million	Until year 2019	56,661	497,460		
SLT 1001 RED DE TRANSMISION BAJA-NOGALES	350.98 million Mexican pesos	109.44 million Mexican pesos	350.98 million Mexican pesos	<u>Principal</u> Ps 122.84 million <u>Interest</u> Ps 69.32 million	Until year 2017	35,098	193,038		
OPF 177 LT RED DE TRANSMISION ASOCIADA A LA CE LA VENTA III	15.36 million Mexican pesos	4.98 million Mexican pesos	15.36 million Mexican pesos	<u>Principal</u> Ps 1.54 million <u>Interest</u> Ps 0.61 million	Until year 2019	768	13,054		
RM CT PUERTO LIBERTAD UNITS 2 and 3	332.70 million Mexican pesos	88.85 million Mexican pesos	332.70 million Mexican pesos	<u>Principal</u> 76.84 million <u>Interest</u> Ps 43.74 million	Until year 2018	34,116	221,751		
RM CT PUNTA PRIETA UNIDAD 2	61.56 million Mexican pesos	17.33 million Mexican pesos	61.56 million Mexican pesos	<u>Principal</u> Ps 15.39 million <u>Interest</u> Ps 9.19 million	Until year 2018	6,156	40,012		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
SE 1116 TRANSFORMACION DEL NORESTE	242.67 million Mexican pesos	79.91 million Mexican pesos	242.67 million Mexican pesos	<u>Principal</u> Ps 38.5 million <u>Interest</u> Ps 21.42 million	Until year 2019	25,664	178,508		
OPF 192 SE 1122 GOLFO NORTE	349.75 million Mexican pesos	141.92 million Mexican pesos	349.75 million Mexican pesos	<u>Principal</u> Ps 18.88 million <u>Interest</u> Ps 2.26 million	Until year 2024	36,264	294,608		
OPF 193 SE 1123 NORTE	49.51 million Mexican pesos	13.53 million Mexican pesos	49.51 million Mexican pesos	<u>Principal</u> million <u>Interest</u> Ps 0.57 million	Until year 2020	4,951	44,558		
SE 1125 DISTRIBUCION	172.33 million Mexican pesos	76.87 million Mexican pesos	172.33 million Mexican pesos	<u>Principal</u> Ps 23.95 million <u>Interest</u> Ps 17.6 million	Until year 2019	17,309	131,069		
OPF 197 SE 1127 SURESTE	144.52 million Mexican pesos	45.87 million Mexican pesos	144.52 million Mexican pesos	<u>Principal</u> Ps 7.23 million <u>Interest</u> Ps 0.91 million	Until year 2020	7,226	130,069		
SE 1129 CIRCUITOS ZONA PARRAL (1a FASE) - DI	140.91 million Mexican pesos	42.66 million Mexican pesos	140.91 million Mexican pesos	<u>Principal</u> Ps 15.18 million <u>Interest</u> Ps 7.59 million	Until year 2020	9,851	115,875		
SLT 1118 TRANSMISION Y TRANSFORMACION DEL NORTE	237.47 million Mexican pesos	62.50 million Mexican pesos	237.47 million Mexican pesos	<u>Principal</u> Ps 54.54 million <u>Interest</u> Ps 29.32 million	Until year 2018	24,997	157,934		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 204 SLT 1119 TRANSMISION Y TRANSFORMACION DEL SURESTE	1339.02 million Mexican pesos	516.40 million Mexican pesos	1339.02 million Mexican pesos	<u>Principal</u> Ps 8.51 million	Until year 2021	135,955	1,194,557		
				<u>Interest</u> Ps 1.97 million					
SUV 205 SUMINISTRO DE 970 T/H A LAS CENTRALES DE CERRO PRIETO	1499.99 million Mexican pesos	523.81 million Mexican pesos	1499.99 million Mexican pesos	<u>Principal</u> Ps 142.05 million	Until year 2020	115,882	1,242,054		
				<u>Interest</u> Ps 80.41 million					
SE 1206 CONVERSION A 400 KV of the LT MAZATLAN II - LA HIGUERA	564.38 million Mexican pesos	257.28 million Mexican pesos	564.38 million Mexican pesos	<u>Principal</u> Ps 84.66 million	Until year 2019	56,438	423,286		
				<u>Interest</u> Ps 64.11 million					
SE 1213 COMPENSACION DE REDES	360.44 million Mexican pesos	132.13 million Mexican pesos	360.44 million Mexican pesos	<u>Principal</u> Ps 20.41 million	Until year 2024	31,614	308,417		
				<u>Interest</u> Ps 8.28 million					
OPF 210 SLT 1204 CONVERSION A 400 KV DEL AREA PENINSULAR	1400.16 million Mexican pesos	404.87 million Mexican pesos	1400.16 million Mexican pesos	<u>Principal</u> Ps 19.55 million	Until year 2021	120,469	1,260,142		
				<u>Interest</u> Ps 1.06 million					
OPF 211 SLT 1213 TRANSMISION Y TRANSFORMACION ORIENTAL-SURESTE	1124.12 million Mexican pesos	316.12 million Mexican pesos	1124.12 million Mexican pesos	<u>Principal</u> Ps 1.59 million	Until year 2021	113,027	1,009,504		
				<u>Interest</u> Ps 6.51 million					
OPF 212 SE 1202 SUBMINISTRO DE ENERGÍA A LA ZONA MANZANILLO	243.31 million Mexican pesos	99.42 million Mexican pesos	243.31 million Mexican pesos	<u>Principal</u> million	Until year 2019	27,035	216,277		
				<u>Interest</u> million					

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 213 SE 1211 NORESTE-CENTRAL	82.33 million Mexican pesos	25.75 million Mexican pesos	82.33 million Mexican pesos	<u>Principal</u> Ps 3.58 million <u>Interest</u> Ps 0.66 million	Until year 2020	4,655	74,092		
OPF 215 SLT 1201 TRANSMISION Y TRANSFORMACION DE BAJA CALIFORNIA	247.19 million Mexican pesos	97.67 million Mexican pesos	247.19 million Mexican pesos	<u>Principal</u> Ps 12.89 million <u>Interest</u> Ps 2.22 million	Until year 2020	23,553	210,745		
OPF 218 LT RED DE TRANSMISION ASOC. AL POY. DE TEMP. ABIERTA Y OAX. II III AND IV	488.77 million Mexican pesos	182.22 million Mexican pesos	488.77 million Mexican pesos	<u>Principal</u> Ps 2.97 million <u>Interest</u> Ps 0.49 million	Until year 2020	49,845	435,958		
OPF 231 SLT 1304 TRANSMISION Y TRANSFORMACION DEL ORIENTAL	80.88 million Mexican pesos	26.89 million Mexican pesos	80.88 million Mexican pesos	<u>Principal</u> Ps 4.04 million <u>Interest</u> Ps 1.73 million	Until year 2020	4,044	72,791		
OPF 233 SLT 1303 TRANSMISION Y TRANSFORMACION BAJA NOROESTE	108.06 million Mexican pesos	35.83 million Mexican pesos	108.06 million Mexican pesos	<u>Principal</u> Ps 5.4 million <u>Interest</u> Ps 2.21 million	Until year 2020	5,403	97,257		
OPF 244 SE 1321 DISTRIBUCION NORESTE	321.58 million Mexican pesos	87.67 million Mexican pesos	321.58 million Mexican pesos	<u>Principal</u> million <u>Interest</u> Ps 3.53 million	Until year 2020	32,158	289,425		
OPF 073 RM ALTAMIRA	123.98 million UDIS	27.52 million UDIS in interest	123.98 million UDIS	<u>Principal</u> Ps 56.12 million (12.4 million UDIS) <u>Interest</u> Ps 12.99 million (2.87 million UDIS)	Until year 2019	56,117	448,937		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 140 SE 914 DIVISION CENTRO-SUR	30.33 million UDIS	11.37 million UDIS in interest	30.33 million UDIS	<u>Principal</u> Ps 4.75 million (1.05 million UDIS) <u>Interest</u> Ps 2.48 million (0.55 million UDIS)	Until year 2014	9,467	123,068		
OPF 147 CCC BAJA CALIFORNIA	285.09 million UDIS	69.14 million UDIS in interest	285.09 million UDIS	<u>Principal</u> Ps 193.54 million (42.76 million UDIS) <u>Interest</u> Ps 73.41 million (16.22 million UDIS)	Until year 2019	129,041	967,811		
OPF 152 SE 1005 NOROESTE	48.91 million UDIS	18.48 million UDIS in interest	48.91 million UDIS	<u>Principal</u> Ps 14.75 million (3.26 million UDIS) <u>Interest</u> Ps 7.28 million (1.61 million UDIS)	Until year 2024	14,758	191,858		
OPF 156 RM INFIERNILLO	12.59 million UDIS	2.97 million UDIS in interest	12.59 million UDIS	<u>Principal</u> Ps 5.7 million (1.26 million UDIS) <u>Interest</u> Ps 2.12 million (0.47 million UDIS)	Until year 2019	5,698	45,585		
OPF 157 RM CT FRANCISCO PEREZ RIOS U 1 and 2	140.72 million UDIS	31.90 million UDIS in interest	140.72 million UDIS	<u>Principal</u> Ps 63.68 million (14.07 million UDIS) <u>Interest</u> Ps 17.74 million (3.92million UDIS)	Until year 2019	63,696	509,568		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 167 CCC SAN LORENZO CONV. OF TG TO CC	421.94 million UDIS	159.75 million UDIS in interest	421.94 million UDIS	<u>Principal</u> Ps 127.32 million (28.13 million UDIS) <u>Interest</u> Ps 64.45 million (14.24 million UDIS)	Until year 2024	127,321	1,655,178		
OPF 191 SE 1121 BAJA CALIFORNIA	8.47 million UDIS	3.13 million UDIS in interest	8.47 million UDIS	<u>Principal</u> Ps 2.53 million (0.56 million UDIS) <u>Interest</u> Ps 0.95 million (0.21 million UDIS)	Until year 2024	2,556	33,234		
OPF 192 SE 1122 GOLFO NORTE	8.88 million UDIS	3.02 million UDIS in interest	8.88 million UDIS	<u>Principal</u> Ps 1.49 million (0.33 million UDIS) <u>Interest</u> Ps 0.36 million (0.08million UDIS)	Until year 2024	3,020	35,647		
OPF 195 SE 1125 DISTRIBUCION	51.69 million UDIS	12.21 million UDIS in interest	51.69 million UDIS	<u>Principal</u> Ps 23.4 million (5.17 million UDIS) <u>Interest</u> Ps 8.73 million (1.93million UDIS)	Until year 2019	23,396	187,168		
OPF 199 SE 1129 CIRCUITOS ZONA PARRAL	14.67 million UDIS	5.71 million UDIS in interest	14.67 million UDIS	<u>Principal</u> Ps 4.43 million (0.98 million UDIS) <u>Interest</u> Ps 2.94 million (0.65 million UDIS)	Until year 2024	4,425	57,530		

Units	Value of credit	Amount of the payments agreed upon equivalent to rental		Payments until December 31, 2009	Effective term of the agreement	Balances as of December 31, 2010 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal			Mexican currency		Foreign currency	
						Short-term	Long-term	Short-term	Long-term
OPF 201 SLT 1112 TRANSMISION Y TRANSFORMACION DEL NOROESTE	97.07 million UDIS	22.57 million UDIS in interest	97.07 million UDIS	<u>Principal</u> Ps 43.95 million (9.71 million UDIS) <u>Interest</u> Ps 14.8 million (3.27 million UDIS)	Until year 2019	43,937	351,500		
OPF 203 SLT 1118 TRANSMISION Y TRANSFORMACION DEL NORTE	40.21 million UDIS	15.45 million UDIS in interest	40.21 million UDIS	<u>Principal</u> Ps 12.13 million (2.68 million UDIS) <u>Interest</u> Ps 7.15 million (1.58 million UDIS)	Until year 2024	12,134	157,743		
OPF 207 SE 1213 COMPENSACION DE REDES	28.61 million UDIS	7.30 million UDIS in interest	28.61 million UDIS	<u>Principal</u> Ps 7.15 million (1.58 million UDIS) <u>Interest</u> Ps 1.71 million (0.38 million UDIS)	Until year 2024	12,454	109,910		
OPF 208 SE 1205 COMPENSACION ORIENTAL-PENINSULAR	28.13 million UDIS	10.81 million UDIS in interest	28.13 million UDIS	<u>Principal</u> Ps 8.5 million (1.88 million UDIS) <u>Interest</u> Ps 5.2 million (1.11 million UDIS)	Until year 2024	8,490	110,358		
TOTAL INTERNAL DEBT						Ps 6,632,927	Ps 39,703,936		
TOTAL EXTERNAL AND INTERNAL PIDIREGAS DEBT						Ps 10,748,989	Ps 59,860,397		
TOTAL LEASES						Ps -	Ps -		
TOTAL LIABILITIES DUE TO FINANCIAL LEASE AND PIDIREGAS						Ps 10,748,989	Ps 59,860,397		
							Ps 70,609,386		

- a. The short-term and long-term liabilities for PIDIREGAS agreements mature as follows:

	<u>Year ending on December 31,</u>	
Short-term:	2011	Ps <u>10,748,989</u>
Long-term:	2012	10,225,282
	2013	10,081,812
	2014	8,575,573
	2015	6,503,794
	2016	7,003,182
	2017	<u>17,470,754</u>
	Subsequent years	<u>59,860,397</u>
		<u>Ps 70,609,386</u>

- b. As of December 31, 2010, the minimum payment commitments for PIDIREGAS were as follows:

PIDIREGAS	Ps 89,659,638
Less:	
Unearned interest	<u>(19,050,252)</u>
Present value of obligations	70,609,386
Less:	
Current portion of obligations	<u>(10,748,989)</u>
Long term portion of PIDIREGAS	<u>Ps 59,860,397</u>

- c. During 2010 and 2009, the transactions derived from capital leases that affected the results of the CFE were the following:

	<u>2010</u>	<u>2009</u>
Interest	Ps 24,292	Ps 23,406
Foreign exchange fluctuations	194,260	(28,174)
Commissions and others	<u>55,773</u>	<u>37,152</u>
	<u>Ps 274,325</u>	<u>Ps 32,384</u>

- d. CEBURES program - In order to finance PIDIREGAS, CFE has prepared a structured mechanism under 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 that securitizes the rights to the credit by issuing CEBURES. The funds derived from such issues are invested by the trustee, of the trust until CFE uses them to pay the contractors under the PIDIREGAS constructions contracts, upon their delivery to the satisfaction of the Entity. Each issue of CEBURES constitutes a liability for CFE and each disbursement is converted into a PIDIREGAS debt.

In order to carry out this financing mechanism, the Comisión Nacional Bancaria y de Valores (the "National Banking and Securities Commission"), first authorized the CEBURES programs, normally for minimum amounts of Ps 6,000,000 and with an effective duration of two or more years in order to carry out the issues required up to the total amount authorized, which may be extended upon prior request.

In 2003, the first issues of CEBURES were carried out, with three tranches for an aggregate of Ps 6,000,000. The first two tranches were for the amount of Ps 2,600,000 each, and were made on October 6 and November 7, 2003, respectively. The third tranche was issued on December 11, 2003 for the amount of Ps 800,000.

The fourth tranche of this issue was carried out on March 5, 2004 for Ps 665,000.

The effective final maturity of all these issues is approximately 10 years, and they each bear interest at the 182-day interest rate for the Mexican Treasury Bill ("CETES"), plus 0.85 percentage points.

For each issue, the repayment of principal will be approximately every 182 days and the calculation of the interest will include a hedge against inflation (inflation floor), pursuant to which, for each applicable interest period, the rate will be adjusted by comparing the rate of Mexican inflation, measured by the percentage increase in the value of one unidad de inversión (Unidad de Inversión or "UDI") during the interest period in question, with the annual gross interest rate payable on the CEBURES for such interest period.

In August 2005, issues for the first three tranches were carried out in a new CEBURES program for an aggregate amount of Ps 7,700,000. The first was for Ps 2,200,000 on March 18, 2005; the second was for Ps 3,000,000 on July 1, 2005, and the third was for Ps 2,500,000 on August 19, 2005. The effective term is approximately 10 years at the 182 day CETES rate, plus 0.79 percentage points.

On January 27, 2006 the fourth tranche was issued for Ps 2,000,000 and the fifth tranche for Ps 1,750,000 was issued on March 9, 2007, with a 10 year duration 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, Ps 6,112,196 of the Ps 7,700,000 issued that year had been disbursed for the payment of PIDIREGAS public debt, leaving a disposable balance of Ps 1,587,804. This balance was fully utilized during 2006.

On April 24, 2006, the National Banking and Securities Commission authorized a new CEBURES program for CFE, with issues carried out on April 28, June 9 and October 20, 2006 for the amount of Ps 2,000,000 in each of these three transactions, while on November 30, 2006, a fourth issue was made for Ps 1,000,000.

The effective term of the aforementioned transactions is approximately 10 years. The average weighted interest rate is equivalent to the 91-day CETES rate plus 0.42 percentage points for the first three transactions, while for the fourth transaction the interest rate is 7.41%.

As of December 31, 2006, of the Ps 7,000,000 of the four issues, a total of Ps 3,631,952 had been disbursed for the refinancing of the PIDIREGAS.

The National Banking and Securities Commission authorized a new program for CFE and on November 10, 2006, the first issue was made for Ps 1,500,000, to be used for the payment of contractors who had been awarded PIDIREGAS projects. This first issue has a duration of 30 years and pays an annual gross interest rate of 8.58%, payable every 182 days. On February 28, 2007, Ps 1,384,700 was disbursed from this issue, 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 made for Ps 1,000,000 to cover the second payment to the contractor for the "El Cajón" PIDIREGAS project.

In 2007, the following 10-year issues were made: on March 9, 2007, an issue for Ps 1,750,000 at the CETES rate plus 0.345% per annum; on June 8, another, also for Ps 1,750,000, at the CETES rate plus 0.25% per annum; on August 17, 2007, an issue was for Ps 1,750,000 at the 182 day CETES rate plus 0.25% a per annum, and finally, on November 23, 2007, for Ps 1,200,000 at the 182-day CETES rate plus 0.30%.

During 2007, a total of Ps 9,945,200 was disbursed from the trusts for the financing of the different payments of PIDIREGAS.

For 2008, two issues were made, one on January 25, 2008 for Ps 2,000,000 and the second on May 23, 2008 for Ps 1,700,000, both bearing interest at the 91-day CETES rate plus 0.45%.

In 2008, a total of Ps 4,827,300 was disbursed from the trusts for the financing of PIDIREGAS.

In 2009, the following 10-year issues were made: Three issues of UDIs: on April 29, 2009, an issue of Ps 285,100 at a fixed rate of 4.80% per annum; on August 7, 2009, an issue for Ps 457,000 at a fixed rate of 4.60% per annum and on October 2, 2009, an issue for Ps 618,500 at a fixed rate of 5.04% per annum; and two issues in pesos: the first on April 29, 2009 for Ps 2,594,600 and the second on August 7, 2009 for Ps 1,466,700, both at a fixed rate of 8.85% per annum.

During 2009, a total of Ps 4,618,300 and 676,200 UDIS were disbursed from the trusts, in order to finance the various payments of Financed Public Construction projects.

In 2010, two issues were made out: the first on March 26, in two tranches; one with a term of 10 years for Ps 2,400,000, with a fixed interest rate of 8.05% per annum, and the other tranche with a term of 7 years for Ps 2,600,000, at an interest rate equal to the TIIE plus 0.52% per annum. The second issue was made on July 23, also in two tranches: the first one with a term of 10 years for Ps 3,250,000 with an interest rate equal to the TIIE plus 0.45% per annum, and the second tranche with a term of 9 years for Ps 1,750,000, with a fixed interest rate of 7.15% per annum.

12. Taxes and fees payable

The taxes and fees payable as of December 31, 2010 and 2009 were comprised of the following:

	2010	2009
Payable by CFE:		
Income Tax ("ISR") on distributable surplus	Ps 1,150,824	Ps 959,038
ISR payable on account of third parties	361,288	367,566
Mexican Social Security Institute dues (includes Retirement Insurance)	498,631	404,924
Charges for use and exploitation of national waters	296,015	203,393
Payroll tax	40,993	34,693
Contributions to the National Workers' Housing Fund Institute	10,344	9,574
Subtotal	2,358,095	1,979,188

	<u>2010</u>	<u>2009</u>
From the previous page	Ps <u>2,358,095</u>	Ps <u>1,979,188</u>
Withheld by CFE:		
ISR withheld from employees	535,984	598,509
Value added tax withholding	154,061	97,882
ISR on interest paid abroad	8,983	12,945
ISR payable to residents abroad	8,006	3,948
Withholding relating commission to contractors (five/thousandths)	27,707	17,744
ISR on fees and leases	8,934	7,518
Withholding relating commission to contractors (two/ thousandths)	1,202	1,370
Others	<u>94</u>	<u>16</u>
Subtotal	<u>744,971</u>	<u>739,932</u>
Total	<u>Ps 3,103,066</u>	<u>Ps 2,719,120</u>

13. Other long-term liabilities

This item refers to the liability incurred in for future dismantling of the Laguna Verde Nuclear Power Plant. As of December 31, 2010 and 2009, the approximate amount of the present value of the total liability is Ps 10,009,251 and Ps 6,532,950, respectively.

14. Employee benefits

Benefit plans are established for employees in relation to the termination of the employment relationship and due to retirement for reasons other than restructuring. The benefit plans at the end of the employment relationship consider severance payments for dismissal (including the seniority premium accrued), and which are not going to reach the benefits established in the retirement or pension plan. The retirement benefits plans take into account the years of service completed by the employee and their remuneration at the date of retirement or departure. The retirement benefits plans include the seniority premium which the workers are entitled to receive when the employment relationship is terminated, as well as other defined benefits. In the case of retirement benefits, the Entity amortizes any losses and/or gains generated in the year within the period of 13.48 years for seniority premium and 13.48 years for pensions in retirement benefits, while for termination benefits the amortization is immediate. The valuation of both benefit plans was performed in accordance with actuarial calculations performed by independent experts.

A reserve has been created for the purpose of meeting the payment of the benefits in the plans when they become due and payable (plan assets). For the year ended December 31, 2010, the Entity has an investment in such reserve for employment termination and retirement plan for Ps 4,417,000.

The determination of the obligations for acquired and defined benefits, the projected net liability and the net cost of the period, is described below:

Description	Benefits upon retirement	Benefits upon termination	2010	2009
Obligation from acquired benefits (OBA)	Ps 226,579,000	Ps 17,624,000	Ps 244,203,000	Ps 198,152,000
Obligation from unacquired benefits	<u>147,688,000</u>	<u>12,501,000</u>	<u>160,189,000</u>	<u>150,708,000</u>
Obligations from defined benefits (OBD)	374,267,000	30,125,000	404,392,000	348,860,000
Fair value of plan assets (AP)	<u>(4,417,000)</u>	<u>-</u>	<u>(4,417,000)</u>	<u>(3,936,000)</u>
Unfunded portion of OBD	369,850,000	30,125,000	399,975,000	344,924,000
Unrecognized past service for benefits not occurred (PTI)	(5,934,000)	(214,000)	(6,148,000)	(9,221,000)
Unrecognized actuarial losses	<u>(132,210,000)</u>	<u>-</u>	<u>(132,210,000)</u>	<u>(111,845,000)</u>
Projected net liability recognized in the balance sheet	<u>Ps 231,706,000</u>	<u>Ps 29,911,000</u>	<u>Ps 261,617,000</u>	<u>Ps 223,858,000</u>

The Entity has constituted a fund for Ps 140,927 (Ps 134,771 in 2009), for which reason the liabilities corresponding to employee benefits recorded in accounting amount to Ps 261,476,073 (Ps 223,723,229 in 2009).

- a. Following is a reconciliation between the opening and closing balances of the present value of the obligation from defined benefits:

	2010
Changes in the present value of the obligation from defined benefits (OBD):	
Present value of the OBD as of January 1	Ps 348,860,000
Labor cost of the current service	11,802,000
Financial cost	28,077,000
Actuarial loss on the obligation	30,935,000
Benefits paid	<u>(15,282,000)</u>
Present value of the OBD as of December 31	<u>Ps 404,392,000</u>

- b. Following is a reconciliation between the opening and closing balances of the fair value of the plan assets:

	2010
Changes in the fair value of plan assets:	
Fair value of the plan assets as of January 1	Ps 3,936,000
Expected return on plan assets	325,000
Actuarial gain on plan assets	<u>156,000</u>
Fair value of plan assets as of December 31	<u>Ps 4,417,000</u>

- c. Following is a reconciliation between the opening and closing balances of the projected net liability:

	<u>2010</u>
Changes in the projected net liability ("PNP"):	
Opening PNP	Ps 223,858,000
Net cost of the period	52,020,000
Adjustment for early settlement of obligations	1,021,000
Benefits paid	<u>(15,282,000)</u>
Closing PNP	<u>Ps 261,617,000</u>

d. Net cost of the period:

	<u>2010</u>		
<u>Description</u>	<u>Benefits upon retirement</u>	<u>Benefits upon termination</u>	<u>Total</u>
Labor cost of current service	Ps 10,286,000	Ps 1,516,000	Ps 11,802,000
Financial cost	26,121,000	1,956,000	28,077,000
Expected return of the assets of the plan	(325,000)	-	(325,000)
Actuarial gain or loss, net	6,937,000	2,455,000	9,392,000
Labor cost of past service	2,967,000	107,000	3,074,000
Adjustment for early discharge of obligations	<u>1,021,000</u>	<u>-</u>	<u>1,021,000</u>
Net cost of the period	<u>Ps 47,007,000</u>	<u>Ps 6,034,000</u>	<u>Ps 53,041,000</u>

In accordance with the policy described in Note 3-i, Ps 1,541,230 is capitalized in investment in constructions in progress.

The labor cost for the year recorded by the Entity as of December 31, 2009 amounted to Ps 4,963,000.

e. Criteria used to determine the expected and real rates of return on the plan assets:

The expected rate of return on the assets was 8.50% during 2010, which was obtained by considering the reference rates in effect during 2009 for 365-day CETES, published by the Bank of Mexico.

The criteria used to obtain the real rates were as follows:

- The assets are estimated by taking into account the opening balance, the actual payments and the contributions made, based on a rate of 8.0%.
- The difference compared to the actual assets reported for December 31, 2010 is considered as the gain or loss, as the case may be, on the plan assets.

f. The most important assumptions used in the determination of the net cost of the period of the plans are as follows:

	<u>2010</u>	<u>2009</u>
Discount rate	8.00%	8.25%
Wage increase rate	5.50%	6.50%
Rate of return on plan assets	8.50%	8.25%

g. Amounts applicable to the current annual period and the four previous annual periods in:

	<u>2010</u>	<u>2009</u>	(Million pesos) <u>2008</u>	<u>2007</u>	<u>2006</u>
Obligation for defined benefits ("OBD")	Ps 404,392	Ps 348,860	Ps 306,741	Ps 266,600	Ps 231,874
Fair value of plan assets	<u>(4,417)</u>	<u>(3,936)</u>	<u>(3,712)</u>	<u>(8,512)</u>	<u>(7,370)</u>
Unfunded portion of OBD	<u>Ps 399,975</u>	<u>Ps 344,924</u>	<u>Ps 303,029</u>	<u>Ps 258,088</u>	<u>Ps 224,504</u>
Adjustments for experience on the OBD	<u>Ps 30,935</u>	<u>Ps 20,620</u>	<u>Ps 18,072</u>	<u>Ps 19,036</u>	<u>Ps 838</u>
Adjustments for experience on plan assets	<u>Ps 156</u>	<u>Ps (82)</u>	<u>Ps 134</u>	<u>Ps 559</u>	<u>Ps (125)</u>

h. Below is the amortization period of the unamortized items for the pension plan and seniority premium for retirement or for a one-time payment instead of a lifetime pension:

Employee retirement benefits:

	<u>Years</u>
Seniority premium	2.00
Pensions	2.00

Benefits for employment termination:

Seniority premium	Plan amendments	2.00
Compensations and severance	Plan amendments	2.00

i. Collective agreement

On August 18, 2008, CFE and the Sole Union of Electric Workers of the Mexican Republic ("SUTERM") signed the CFE-SUTERM 20/2008 agreement, which provides the pension regime for workers that join the Entity after the signing thereof.

For active and retired workers, non-unionized and unionized workers, who were hired on or before August 18, 2008, the previous retirement plan is maintained.

The characteristics of the new retirement scheme for workers that join CFE after August 18, 2008 are:

- Individual retirement accounts are created.

The worker contributes 5% of his base salary and CFE contributes one and a half times the amount contributed by the worker (7.5%).

- These retirement accounts will be managed under the terms agreed upon by CFE and SUTERM, in accordance with the provisions issued by the National Commission of the Retirement Savings System.
- Due to increase in life expectancy, the time of service at CFE for the new workers is increasing by five years, except for those that work with "live wires", who retain the same number of years of service.

15. Allowance for labor complaints and other contingencies

- As of December 31, 2010, there were 9,717 labor lawsuits that have not yet been resolved. Based on the trends for labor lawsuits resolved in the last five years, CFE established as of December 31 2010 a provision for Ps 3,545,024 in respect of its estimated liability in respect of these suits.
- The Entity is party to 14,111 different criminal, tax, civil, mercantile and agricultural lawsuits and arbitration proceedings as of December 31, 2010, whose economic effects are wide-ranging. Some of these are considered to be significant by CFE's internal counsel. However, due to the current posture of these lawsuits and proceedings, CFE's internal counsel believes that it is not possible as of the date of these financial statements to evaluate the possibility of an adverse outcome or the financial effects on CFE thereof. Accordingly, no allowance is recorded in the accounting records in respect of any of these lawsuits and proceedings.

16. Equity

In accordance with the contents of Note 3-a, the effect of the restatement of equity is distributed among each of its different components, as illustrated below:

	<u>Face value</u>	<u>Restatement</u>	<u>Total</u>
Accumulated equity	Ps 105,008,058	Ps 239,243,076	Ps 344,251,134
Contributions received	7,596,561	-	7,596,561
Net result for the year	<u>809,067</u>	<u>-</u>	<u>809,067</u>
	<u>Ps 113,413,686</u>	<u>Ps 239,243,076</u>	<u>Ps 352,656,762</u>

17. Other revenues, net

As of December 31, 2010 and 2009, other net revenues were comprised of the following:

	<u>2010</u>	<u>2009</u>
Other revenues	Ps 5,824,647	Ps 3,764,895
Other expenses	(4,028,219)	(3,502,709)
Independent electricity producers, net	<u>(8,324)</u>	<u>213,413</u>
	<u>Ps 1,788,104</u>	<u>Ps 475,599</u>

The supply of natural gas from Petroleos Mexicanos (PEMEX) to independent electricity producers ("IPPs") is performed by CFE, for which reason CFE pays PEMEX and other natural gas suppliers the amounts related to both its own use of natural gas and that supplied to IPPs and CFE recovers the latter from the IPPs. During 2010, CFE paid suppliers Ps 18,112,409,000 for the supply of natural gas and it recovered Ps 18,104,085,000 from IPPs.

18. Income tax (ISR) on the distributable surplus

In accordance with the Income Tax Law, CFE does not incur income tax on distributable surplus; however, it must withhold and pay income tax and also demand documentation that complies with income tax requirements, with respect to certain payments to third parties. In addition, the Entity is obligated to pay income tax for the distributable surplus of the items that do not comply with tax requirements, based on article 95, last paragraph of the Income Tax Law.

During 2010 and 2009, income tax was incurred on the distributable surplus for Ps 1,150,824 and Ps 962,997, respectively, which amounts were determined in accordance with articles 95, last paragraph and 102 of the Income Tax Law.

As of January 1, 2008, the Business Flat Tax ("IETU") Law is in effect, which replaced the Asset Tax ("IMPAC") Law. The Entity is not subject to IETU, as established in article 4, section I of the IETU Law, and was not subject either to the IMPAC Law, as established in Article 6, Section I therein.

19. Transactions carried out with the Federal Government

The transactions carried out with the Federal Government during 2010 and 2009, were as follows:

	<u>2010</u>	<u>2009</u>
Subsidy from the Federal Government to consumers	Ps 95,740,445	Ps 98,339,370
Nontax charge payable by CFE determined through the application of a 9% rate to the net fixed assets in operation from the previous year	(55,748,887)	(55,484,574)
Refund of subsidy in cash	<u>(5,804,300)</u>	<u>-</u>
Subsidy to consumers not covered by the Federal Government	<u>Ps 34,187,258</u>	<u>Ps 42,854,796</u>

During 2010, a subsidy to consumers was determined in the amount of Ps 95,740,445 (Ps 98,339,370 in 2009), from which the nontax charge for the year was applied in the amount of Ps 55,748,887 (Ps 55,484,574 in 2009). In addition, during 2010, a refund of the subsidy in cash was received in the amount of Ps 5,804,300, allocated to the cost of fuel for the generation of electricity. The difference resulting from the virtual (non-cash) consumer subsidy not offset by the above-mentioned nontax charge in the amount of Ps 34,187,258 (Ps 42,854,796 in 2009) was recorded, affecting directly the equity of the Entity.

20. Comprehensive result of financing

The comprehensive result of financing was comprised of the following:

	<u>2010</u>	<u>2009</u>
Interest payable, net	Ps (5,593,298)	Ps (3,979,738)
Foreign exchange gain, net	<u>2,898,661</u>	<u>2,615,970</u>
	<u>Ps (2,694,637)</u>	<u>Ps (1,363,768)</u>

21. Comprehensive (loss) income

The comprehensive (loss) income as of December 31, 2010 and 2009 was comprised of the following:

	<u>2010</u>	<u>2009</u>
Net income according to statement of income	Ps <u>809,067</u>	Ps <u>1,185,369</u>
Other equity movements	(1,099,491)	(315,823)
Effect for the period from the valuation of financial instruments recorded in accumulated equity	<u>(1,164,523)</u>	<u>716,548</u>
	<u>(2,264,014)</u>	<u>400,725</u>
	<u>Ps (1,454,947)</u>	<u>Ps 1,586,094</u>

22. Position in foreign currency

As of December 31, 2010 and 2009, CFE had assets and liabilities in foreign currency (figures expressed in thousands of Mexican pesos)

	2010				
	Assets	Liabilities			
	Cash and cash equivalents	Suppliers	Internal debt	External debt	Equipment lease liabilities (PIDI)
US dollars	<u>45,265</u>	<u>6,651</u>	<u>19,105</u>	<u>2,771,498</u>	<u>1,000</u>
Euros	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,380</u>	<u>-</u>
Japanese yen	<u>2,759,841</u>	<u>-</u>	<u>-</u>	<u>32,629,629</u>	<u>-</u>
Swiss francs	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,181</u>	<u>-</u>
Swedish krona	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,678</u>	<u>-</u>
2009					
US dollars	<u>88,429</u>	<u>10,322</u>	<u>47,867</u>	<u>2,854,006</u>	<u>2,000</u>
Euros	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,972</u>	<u>-</u>
Japanese yen	<u>670,710</u>	<u>-</u>	<u>-</u>	<u>38,135,083</u>	<u>-</u>
Swiss francs	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,951</u>	<u>-</u>

Note: 32,000,000 of the Japanese yen denominated bonds described in Note 9-b are included in Japanese yen liabilities.

These assets and liabilities in foreign currency were converted into Mexican pesos at the exchange rate published in the Government Accounting and reports on Public Activities, an entity of the SHCP, in accordance with the Circular "Instructions for foreign currencies for accounting closes" as of December 31, 2010, as follows:

<u>Currency</u>	As of December 31,	
	<u>2010</u>	<u>2009</u>
US dollars	Ps 12.3571	Ps 13.0587
Euros	16.5733	18.7353
Japanese yen	0.1526	0.1404
Swiss francs	13.2757	12.6378
Swedish krona	1.8392	-

23. Commitments

a. Agreements formalized with independent energy producers

As of December 31 2010, 22 contracts have been signed with private investors, known as independent power producers or IPPs, which establish the obligation for CFE to pay different amounts in exchange for the latter guaranteeing the supply of electric energy, based on a previously established generating capacity, through power plants financed and constructed on account of such IPPs.

These contracts contain a contingency clause whereby CFE undertakes to early pay to the investor the value of its assets certain events of default that may occur and in accordance with the calculation methodology established in the contract in question.

Furthermore, CFE assumes certain risks under these contracts, which include the following, among others:

- Electricity market risks
- Changes in law

The IPPs assume the following risks among others:

- Obtaining the financing and variations in the project costs.
- Performance of critical events.
- Conventional penalties for noncompliance with the guaranteed net capacity.
- Nonperformance of the operating guarantees.
- Operating risks of the power plant.

Pursuant to the foregoing, a summary of the power plants constructed by IPPs under these conditions, which will require variable future payments by CFE, principally for the purchase of energy and electricity generating capacity, is as follows:

<u>Power station</u>	<u>Term of contract (in years)</u>	<u>Generating capacity (in MW)</u>	<u>Dates of entry into commercial operation</u>
CT Mérida III	25.5	484.0	June 9, 2000 Phase I and 14 October, 2000 Phase II
CC Río Bravo II (Anáhuac)	25.0	495.0	January 18, 2002
CC Hermosillo	25.0	250.0	October 1, 2001
CC Saltillo	25.0	247.5	November 19, 2001
CC Bajío (El Sauz)	25.0	495.0	March 9, 2002
CC Bajío (supplementary			

generation)	5.0	0.0	March 9, 2002
CC Tuxpan II	25.0	495.0	December 15, 2001

<u>Power station</u>	<u>Term of contract (in years)</u>	<u>Generating capacity (in MW)</u>	<u>Dates of entry into commercial operation</u>
CC Monterrey III	25.0	449.0	March 27, 2002
CC Altamira II	25.0	495.0	May 1, 2002
CC Campeche	25.0	252.4	May 28, 2003
CC Naco - Nogales	25.0	258.0	October 4, 2003
CC Mexicali	25.0	489.0	July 20, 2003
CC Chihuahua III	25.0	259.0	September 9, 2003
CC Tuxpan III y IV	25.0	983.0	May 23, 2003
CC Altamira III y IV	25.0	1,036.0	December 24, 2003
CC Río Bravo III	25.0	495.0	April 1, 2004
CC Río Bravo IV	25.0	500.0	April 1, 2005
CC La Laguna II	25.0	498.0	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
CC Norte Durango	25.0	450.0	August 7, 2010

The obligation for future payments for CFE includes: a) rules for quantifying the amount of the purchase cost of the power plants when a contingent event takes place that is classified as force majeure in the terms of each contract, applicable from the construction stage of each project until the expiration of the contracts and b) fixed charges for energy 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 startup test phase until the expiration of the contracts.

b. Contracts with third parties

CFE also has obligations derived from contracts entered into with third parties that own gas pipelines, known as Ciudad PEMEX - Valladolid, as well as the Coal Terminal of C.T. Presidente Plutarco Elías Calles, for which CFE is obligated to also pay different amounts, 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.

Pursuant to the foregoing, the following illustrates future payments of projects in operation, as well as the actual contingency derived from projects in operation and under construction:

<u>Future payment commitments of projects in operation</u>	<u>(In millions of pesos)</u>	
	<u>2010</u>	<u>2009</u>
CC Altamira II	Ps 2,010	Ps 2,760
CC Bajío	2,517	3,968
CC Campeche	3,743	4,289
CC Hermosillo	3,371	3,847
CT Mérida III	4,163	4,756
CC Monterrey III	3,465	4,076
CC Naco - Nogales	4,058	4,479
CC Río Bravo II	7,594	8,379
CC Mexicali	4,115	5,065
CC Saltillo	5,015	5,565
Continued on next page	40,051	47,184

Future payment commitments of projects in operation	(In millions of pesos)	
	2010	2009
Continued from previous page	Ps 40,051	Ps 47,184
CC Tuxpan II	5,123	6,008
CC Chihuahua III	4,622	5,182
CC Tuxpan III y IV	16,672	18,578
CC Altamira III y IV	20,854	22,958
CC Río Bravo III	7,352	8,349
CC La Laguna II	11,835	13,172
CC Río Bravo IV	7,594	8,573
CC Valladolid III	7,520	8,446
CC Tuxpan V	7,379	8,356
CC Altamira V	21,706	24,093
CC Tamazunchale	16,850	18,663
CC Norte Durango	16,224	
Gasoducto Cd. PEMEX Valladolid	(537)	1,587
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	1,419	531
Total	Ps 184,664	Ps 191,680

Amount of estimated contingency
of projects in operation

CC Altamira II	Ps 1,068	Ps 1,584
CC Bajío (El Sauz)	1,788	2,865
CC Campeche	1,323	1,459
CC Hermosillo	1,479	1,640
CT Mérida III	1,495	1,724
CC Monterrey III	2,095	2,413
CC Naco - Nogales	1,637	1,761
CC Río Bravo II	2,832	3,041
CC Mexicali	2,112	2,599
CC Saltillo	1,964	2,129
CC Tuxpan II	3,051	3,451
CC Chihuahua III	1,766	1,923
CC Tuxpan III y IV	5,419	5,894
CC Altamira III y IV	6,294	6,707
CC Río Bravo III	2,783	3,101
CC La Laguna II	4,068	4,364
CC Río Bravo IV	3,165	3,411
CC Valladolid III	2,821	3,086
CC Tuxpan V	3,266	3,569
CC Altamira V	6,154	6,808
CC Tamazunchale	5,601	6,105
CC Norte Durango	5,113	-
Gasoducto Cd. PEMEX - Valladolid	1,392	2,348
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	573	620
Total	Ps 69,259	Ps 72,602

<u>Amount of real contingency of projects under construction</u>	<u>(In millions of pesos)</u>	
	<u>2010</u>	<u>2009</u>
CC Norte Durango	Ps -	Ps 6,156
CE La Venta III	1,250	-
CE Oaxaca I	1,239	-
CE Oaxaca II	<u>271</u>	<u>-</u>
Total real contingency of projects under construction	<u>2,760</u>	<u>6,156</u>
Total real contingency of projects in operation and under construction	<u>Ps 72,019</u>	<u>Ps 78,758</u>

In accordance with the foregoing, as of December 31, 2010, CFE has a commitment of approximately Ps 184,944,000 (equivalent to 14,944 million US dollars), recorded in memorandum accounts on its balance sheet, which takes into account the fixed capacity charge currently applicable, which is related to the service and repayment of the debt incurred by the IPPs to construct the projects, and reflects the payments that CFE will have to make to the IPPs for making electricity generation capacity available to the Entity. There are additional contingent commitments of CFE, in the event of an act of God or force majeure and noncompliance events, with an amount at as of December 31, 2010 of Ps 72,019,000 (equivalent to 5,828,000 US dollars). To estimate the amounts, CFE was required to make certain assumptions regarding the potential causes for contract termination.

c. Natural gas supply contracts

Contract of supply of liquefied natural gas from a Liquefied Natural Gas ("LNG") plant executed with Gas del Litoral, S. de R. L. de C. V.

For 2010, the maximum contracted amount delivered was 500 MMPCD.

Contract of supply of natural gas in the delivery points, from an LNG storage and/or continental natural gas storage plant, with the supplier SEMPRA Energy LNG Marketing México, S. de R. L. de C. V.

For the second half of 2010, there was a daily average firm base of 118,033 MMBTU. As an average, the variable base was 40,544,545 MMBTU, increasing the total daily average to 158,231 MMBTU. The contract allows for the firm base to vary between 90% and 110% of the amounts mentioned above for said base. It is important to state that in connection with the variable base, the latter may be reduced to zero in view of the conditions of the agreement, which would substantially modify the daily average.

The bases for the first half of 2011 will be as follows:

	<u>Firm base</u>		<u>Variable base</u>	
	<u>MMPC</u>	<u>MMBTU</u>	<u>MMPC</u>	<u>MMBTU</u>
January	2,339	2,409,170	1,027	1,057,810
February	2,100	2,163,000	924	951,720
March	2,288	2,356,640	1,004	1,034,120
April	1,673	1,723,190	734	756,020
May	2,872	2,958,160	1,261	1,298,830
June	3,198	3,293,940	1,404	1,446,120

d. Financed Public Construction Contracts

As of December 31, 2010, CFE has signed various lease agreements with private investors to complete the construction of each of the investment projects listed below and for their delivery to the Entity. The estimated amounts of these lease agreements and the estimated dates for the commencement of operations are those shown in the following table:

Transmission lines and substations::

Project	Capacity		Estimated amount of the agreement expressed in thousands of		Estimated commencement of operating phase
	Km-c	MVA	US dollars	Pesos	
SE 1210 Norte Noroeste F4	7.4	60.0	14,790	Ps 182,762	January 2011
SE 1006 Power station Sur 8DIST) F1	0.4	30.0	3,400	42,014	January 2011
LT 1222 Red de Transmisión Asoc. A CI Guerrero	2.9	0.0	1,240	15,323	January 2011
SE 1116 Transformación del Noreste F2 (Las Glorias)	140.0	500.0	105,900	1,308,617	January 2011
SE 1210 Norte Noroeste (Dist) F1	9.4	40.0	8,900	109,978	January 2011
SLT 1201 Transm. y Transf. Baja Calif.	5.4	50.0	7,900	97,621	January 2011
SE 1124 Bajío Centro	47.8	30.0	23,840	294,593	March 2011
SLT1203 Trans. y Transf. Oriental Sureste	196.1	1,175.0	159,400	1,969,722	March 2011
SE 1210 Norte Noroeste (Dist) F2 C2	6.5	212.0	31,510	389,372	April 2011
SE1212 Sur Peninsular (Dist) F4	12.6	38.8	8,430	104,170	April 2011
SE 1121 Baja California (Dist) F2	0.0	30.0	2,500	30,893	April 2011
SE 1006 Power station Sur (Dist) F2	0.0	20.0	5,000	61,786	April 2011
SE 1213 Compensac. De Redes (Dist) F9 C3	20.0	1.5	2,770	34,229	May 2011
SE 1210 Norte Noroeste F3	6.9	30.0	9,020	111,461	June 2011
SE 1323 Distribution Sur F1	9.8	90.0	14,430	178,313	June 2011
SE 1322 Distribution Centro F1	14.4	20.0	5,030	62,156	June 2011
SLT 1204 Convers. A 400 kv. Del áreas Peninsular F2	61.0	300.0	18,900	233,549	July 2011
SE 1003 Subestaciones Eléctricas de Occidente F1	28.7	500.0	36,980	456,966	July 2011
SE 1210 Norte Noroeste F5	29.7	20.0	14,540	179,672	July 2011
SE 1223 Red de Transm. Asoc. A Los Humeros II	8.2	9.4	4,180	51,653	September 2011
SE 1402 Cambio de Tensión de la L.T. Culiacán-Los Mochis	127.2	500.0	43,980	543,465	September 2011
SE 1124 Bajío-Centro (Dist) F2	0.2	30.0	4,950	61,168	September 2011
SE 1320 Distribution Noroeste F1	27.3	100.0	13,610	168,180	September 2011
SEN 1128 Centro-Sur (Dist) F1	5.3	50.0	5,980	73,895	September 2011
SLT 1117 Transmisión de Guaymas	12.3	133.0	14,820	183,132	October 2011
SLT 1111 Transm. y Transform. Power station-Occidental F1 C2	150.0	0.0	23,970	296,200	November 2011
SE 1401 Ses y LTs Aéreas Baja California y Noreste F1 C2	59.7	305.0	35,210	435,093	November 2011
SE 1013 Red de Transm. Asoc. A CH. La Yesca	220.1	0.0	70,150	866,851	November 2011
SE 1125 Distribution (Dist) F3 C2	69.8	20.0	16,630	205,499	December 2011

Power stations:

Project	Capacity MVA	Estimated amount of the agreement expressed in thousands of		Estimated commencement of operating phase
		US dollars	Pesos	
CG Los Humeros II Phase A	25.0	58,400	Ps 721,655	October 2011
CG Los Humeros II Phase B	25.0	48,100	594,377	May 2012
PH La Yesca C2	750.0	767,700	9,486,546	June 2012
CCI Baja California Sur III	40.9	91,900	1,135,617	July 2012
CC Re potenciación Manzanillo I U1 y U2 2012	847.2	981,300	12,126,022	November
Cogeneration Salamanca F1	430.2	319,900	3,953,036	April 2012

These contracts are executed under the PIDIREGAS scheme and CFE reflects those in its financial statements in accordance with the accounting policy described in Note 3-e.

e. Trusts

1. Scope of activity.

- 1.1 CFE currently participates in the capacity of Grantor or Beneficiary in 26 Trusts, four of which are in the process of being liquidated.
- 1.2 According to their purpose and operating characteristics, these can be classified in the following groups:
 - a. Energy saving
 - b. Previous expenses
 - c. Management of construction contracts
 - d. Trusts of indirect participation

a. Energy saving

Those constituted for the execution of energy savings promotion and development programs.

Trust	Participation by CFE		
	Grantor	Trustee	Beneficiary
Trust for Energy Saving (FIDE), Constituted on August 14, 1990	Constitution: Confederación de Cámaras Industriales (CONCAMIN), Cámara Nacional de la Industria de Transformación (CANACINTRA), Cámara Nacional de Manufacturas Eléctricas (CANAME), Cámara Nacional de la Industria de la Construcción (CNIC), Cámara Nacional de Empresas de Consultoría (CNEC) and Sindicato Único de Trabajadores Electricistas de la República (SUTERM)	Nacional Financiera, S.N.C.	In the first place: The consumers of electric energy. In second place: CFE.
Trust for Housing Thermal Insulation in Mexicali (FIPATERM), constituted on October 19, 1990	CFE	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

The contingent liabilities of CFE as of December 31, 2010 because of its capacity as joint and several guarantor in credits obtained by the Trust for Energy Saving (FIDE) amount to Ps 22,503.

The Trust for Housing Thermal Insulation (FIPATERM) has assets of Ps 1,022,856 and liabilities of Ps 30,477 as of December 31, 2010.

b. Previous expenses

Those constituted for the financing and coverage of expenses prior to the execution of the projects, subsequently recoverable and payable by whoever carries them out to comply with the regulations applicable to the type of project in question.

Trust	Participation by CFE			Type of projects
	Grantor	Beneficiary	Trustee	
Management of previous CPTT expenses, constituted on August 11, 2003	CFE	In first place: The awardees of the contracts. In second place: CFE	Banco Nacional de Comercio Exterior, S.N.C.	Direct investment
Management and transfer of ownership 2030, constituted on June 30, 2000	CFE	In first place: The awardees of the contracts. In second place: CFE	Banobras, S.N.C.	Conditioned investment

The contingent liabilities of CFE as of December 31, 2010 because of its capacity as a joint and several guarantor in credits obtained by the Trust for Previous Expenses amount to Ps 2,536,075.

As of December 31, 2010, the Trust for Administration and Transfer of Title 2030 had assets in the amount of Ps 619,801 and liabilities for a total of Ps 121,584.

c. Management of construction contracts

From 1990, the Federal Government has introduced different off-budget schemes for the purpose of continuing with the investment in infrastructure projects. These schemes were designed under two modalities:

- Turnkey Projects (1990)
- Build, Lease and Transfer Projects (CAT) (1996)

Turnkey Projects - Under this scheme, construction work was performed for electric power plants and transmission lines through an irrevocable management and transfer of title trust contract, linked with a lease agreement. Under this scheme, the trustee performed the following functions:

Contracting of credits, management of the trust's net worth (assets), receipt of the rentals from CFE and transfer of the assets to CFE once a sufficient amount of such rentals have been paid to settle the credits contracted.

CFE makes payments of rentals to the trustee based on the credits contracted by the trust, instructing the trustee to pay constructors in exchange invoices approved by the construction area, payment of taxes and other charges, including fiduciary fees.

These management and transfer of title trusts were carried out in accordance with the "Guidelines for the performance of thermoelectric projects with off-budget resources", as well as the "Guidelines for the performance of projects for transmission lines and substations with off-budget resources" issued by the Ministry of Public Administration (formerly, Ministry of Comptrollership and Administrative Development).

The trusts mentioned below have been liquidated in their entirety; therefore, these are now in the process of being dissolved.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
**Líneas de transmisión BANCOMEXT, constituted on December 8, 1993	Lehman Brothers International (Europe)	CFE	BANCOMEXT
**Topolobambo II (Electrolyser, S. A. de C. V.), constituted on November 14, 1991	Bufete Industrial Construcciones, S. A. de C. V. and Electrolyser, S. A. de C. V., regarding their contribution to the Trust.	In first place: Electrolyser, S. A. de C. V., regarding its contribution and In second place: CFE	Santander, S. A.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
***Temascal II, constituted on December 22, 1992	Cegelec de México, S. A. de C. V. and ICA Industrial, S. A. de C. V.	In first place: each and all of the financial or credit institutions that grant credits or guarantees in favor of the Trust, as well as the purchasers, owners or holders of the titles. In second place: CFE	Banco del Centro, S. A.
** In the process of dissolution.			

Build, Lease, Transfer (BLT) projects - Beginning 1996, CFE financed several projects known as BLT, in which the trustee administers the net worth (assets) and transfers them to CFE once the rentals have been paid. The credits are contracted directly by a consortium, which is a specific purpose entity, for which purpose there is an irrevocable management and transfer of title trust contract.

In this type of trust, CFE pays rentals based on the quarterly payment tables presented by the consortiums in their bids. The majority of these leases include forty quarterly payments. The projects that were carried out under this scheme and are still in operation are as follows:

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
C. G. Cerro Prieto IV, constituted on November 28, 1997	Constructora Geotermo-eléctrica del Pacífico, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C.C.C. Monterrey II, constituted on October 17, 1997	Monterrey Power S. A. de C. V. and CFE.	CFE	Nacional Financiera, S.N.C.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
C.C.C. Chihuahua, constituted on December 8, 1997	Norelec del Norte, S. A. de C. V. and CFE.	CFE	Nacional Financiera, S.N.C.
C.D. Puerto San Carlos II, constituted on September 14, 1998	C.D. Puerto San Carlos, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C. G. Tres Vírgenes, constituted on January 15, 1999	SPE Alstom, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C.C.C. Rosarito III (8 and 9), constituted on August 22, 1997	CFE and Rosarito Power, S. A. de C. V.	CFE	BANCOMEXT
C.T. Samalayuca II, constituted on May 2, 1996	Compañía Samalayuca II, S. A. de C. V.	In first place: The foreign bank, common representative of the creditors; In second place: Compañía Samalayuca II, S. A. de C. V. In third place: CFE	Banco Nacional de México, S. A.
SE 212 Subestaciones SF6 Potencia, constituted on August 21, 1997	Siemens Project de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
SE 213 Subestaciones, constituted on August 25, 1997	Siemens Project de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
LT 215 Alstom CEGICA, constituted on December 5, 1997	CEGICA, S. A. de C. V.	CFE	BANCOMEXT
**LT 217 Líneas de Transmisión Noroeste 2, constituted on October 10, 1997	Elinattech, S. A.	CFE	Nacional Financiera, S.N.C.
SE 218 Noroeste, constituted on December 5, 1997	Dragados y CYMI, S. A. de C. V.	CFE	BANCOMEXT
SE 221 Occidental, constituted on November 7, 1997	SPE Subestaciones AEG, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
Terminal de Carbón CT Presidente Plutarco Elías Calles (Petacalco), constituted on November 22, 1996	Techint, S. A., Grupo Mexicano de Desarrollo, S. A. de C. V. and Techint Compagnia Técnica Internazionale S.P.A.	CFE and Carbonser, S. A. de C. V.	Banco Nacional de México, S. A. (Banamex)
** In the process of dissolution.			

As of December 31, 2010, CFE had liabilities for Ps 8,427,644 and fixed assets for Ps 20,124,328, corresponding to the CAT (Annualized Total Cost) of the above-mentioned trusts.

Coal Terminal of CT Presidente Plutarco Elías Calles

In 1996, an irrevocable trust agreement for management, guarantee and transfer of ownership number 968001 was executed, which among its purposes established that the trustee would execute with CFE the agreement for the provision of services.

Pursuant to the agreement for coal handling services by and between CFE and Banco Inverlat, S. A. as trustee of the Petacalco Trust, composed of the companies Techint Compagnia Tecnica Internazionale S.P.A., Grupo Mexicano de Desarrollo, S. A. de C. V. and Techint, S. A., entered into on November 22, 1996, CFE pays the service supplier a fixed amount based on their Electricity Generation Capacity.

Facility	Accounting record for fixed charge for capacity from January 1 to December 31, 2010
Petacalco Coal	Ps 83,400

d. Indirect participation trusts.

CFE maintains an indirect relation as it is not a grantor, but with a participation in the capacity as a borrower, with five guarantee trusts and payment of financing, constituted by financial institutions as grantor and beneficiaries, for the issuance of CEBURES linked to credits granted to CFE. CFE itself is named as beneficiary in second place for the specific eventuality that it acquires some of the issued certificates and it maintains a representation in the trusts' Technical Committees in accordance with the contractual provisions (see Note 11-d).

CFE is bound to cover the trust, under the terms of an indemnity agreement, of expenses incurred by these due to the issuance of securities and their management.

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
Trust N° 161, constituted on October 2, 2003	ING (México), S. A. de C. V., Casa de Bolsa, ING Grupo Financiero	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America
Trust N° 194, constituted on May 3, 2004	In first place: ING (México), S. A. de C. V. and Casa de Bolsa, ING Grupo Financiero. In second place: Deutsche Securities, S. A. de C. V. and Casa de Bolsa.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America
Trust N° 290, constituted on April 7, 2006	Casa de Bolsa BBVA Bancomer, S. A. de C. V., Grupo Financiero BBVA Bancomer, HSBC Casa de Bolsa, S. A. de C. V., Grupo Financiero HSBC and IXE Casa de Bolsa, S. A. de C. V., IXE Grupo Financiero.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of America

Trust	Participation by CFE		Trustee
	Grantor	Beneficiary	
Trust N° 232246, constituted on November 3, 2006	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	HSBC México, S. A., Grupo Financiero HSBC
Trust N° 411, constituted on August 6, 2009	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In first place: Each of the preferred holders of each Issue. In second place: CFE.	Bank of América México, S. A., Grupo Financiero Bank of América

As of December 31, 2010, there were funds available to be disbursed in the above-mentioned trusts in the amount of Ps 545,397.

2. Legal nature.

2.1 In accordance with the Organic Law of the Federal Public Administration, none of the trusts are considered to be Public Trusts, since they do not have legal capacity, considering that:

- a. In 18 of them, CFE does not have the capacity of grantor in its constitution.
- b. The other eight do not have an organic structure to be considered as "Entities" under the terms of the Law.

2.2 The SHCP has kept registered for the purposes of the Federal Law of Treasury Budget and Responsibility, nine of these trusts, due to the assignment to them of federal resources or the contribution to them of the right to use land owned by CFE where future construction projects are expected to be located.

Registration of Trusts before the SHCP		
No.	Trusts	Registry
1	Trust Aislamiento Térmico de la Vivienda Mexicali, FIPATERM	700018TOQ058
2	Trust for Previous Expenses	200318TOQ01345
3	Trust for Administration and Transfer of Ownership 2030	200318TOQ01050
4	Trust for Energy Saving (FIDE)	700018TOQ149
5	C. C.C. Chihuahua	199818TOQ00857
6	C. T. Monterrey II	199818TOQ00850
7	C. G. Cerro Prieto IV	199818TOQ00860
8	C.D. Puerto San Carlos II	200018TOQ01042
9	C. G. Tres Vírgenes	200018TOQ01043

24. Memorandum accounts

The memorandum accounts shown in the general balance sheet was composed of the following items:

	2010	2009
Future payments of independent power projects (Note 23-b):		
Assets	Ps 184,663,733	Ps 191,680,242
Liabilities	(184,663,733)	(191,680,242)

	<u>2010</u>	<u>2009</u>
Amount of the contingency related to projects (Note 23-b):		
Assets	Ps 72,018,871	Ps 78,758,198
Liabilities	(72,018,871)	(78,758,198)
Memorandum accounts of guarantees granted in Trusts:		
Assets	2,558,578	2,130,384
Liabilities	(2,558,578)	(2,130,384)
Memorandum accounts of assets under gratuitous loan:		
Assets	106,496,000	-
Liabilities	(106,496,000)	-
Total memorandum accounts assets	365,737,182	272,568,824
Total memorandum accounts liabilities	(365,737,182)	(272,568,824)

25. Information by segments

The "Electricity services" segment includes mainly the sale of the public electricity service, which consists of: generating, conducting, transforming, distributing and supplying electricity to all the users in the country, as well as planning and performing all the works, installations and constructions required by the domestic electricity system, such as planning, execution, operation and maintenance, with the applicable participation of the independent energy producers, as established in the Electricity Public Service Law and its Regulations.

The "fiber optics services" segment includes the internal services for the operation of CFE and external services for the rendering of supply and leasing services of the network capacity and marketing of the capacity acquired in relation to networks of other concessionaires nationwide with infrastructure of its own and/or leased. The concession granted by the SCT is to install, operate and exploit a public communications network, which is granted by the SCT to CFE.

As of December 31, 2010, CFE has a national fiber optics network of 34,590.62 kilometers, divided into the Internodal Network: 27,586.92 kilometers and the Access Network and Local Access: 7,003.70 kilometers, developed to increase the safety and reliability of the National Electricity System, and which will facilitate the application of a long-term solution for the technical-administrative communications involving voice, data and video, among others, and will gradually replace the telecommunications services currently provided by third parties.

In order to maximize the use of such fiber optics network, and given that it has the capacity to provide services to third parties, CFE requested, and on November 10, 2006 obtained from the Department of Communications and Transportation ("SCT"), a "Concession title for a public telecommunications network for the provision of services of supply and leasing of network capacity and marketing of the capacity acquired, in relation to networks of other concessionaires in 71 population centers around the country in principle", with an initial term of 15 years, which is subject to renewal.

This network, which is essential for the operation of CFE, is an important complement of the national telecommunications network; consequently, on March 28, 2006, the Federal Official Gazette published agreement No. 33/2006 issued by the Board of Directors of CFE dated February 20, 2006, which

amends the bylaws of CFE to modify its corporate purpose to include the provision of telecommunications services in accordance with the Federal Telecommunications Law.

To achieve adequate operation of the network, both for internal purposes and for the use by third parties, the Board of Directors of CFE has authorized changes in its structure to create two Coordinating Units: first, the Fiber Optics Coordination Unit, which is engaged in the operation and maintenance of the fiber optics network; and second, the CFE Telecom Coordination, which is responsible for the marketing of the telecommunications services authorized in the concession.

During 2010, the efforts of CFE were geared to promoting its services among independent telecommunications operators and large users; signing commercial contracts and delivering requested services to customers; and implementing a quality system that will help reduce the times of the processes and guarantee high-level quality in linkups.

As of December 31 2010, 90 telecommunications contracts had been signed with 54 companies, which are listed below:

No.	Clients
1.	Petróleos Mexicanos (PEMEX)
2.	Secretaría de Comunicaciones y Transportes (SCT)
3.	Telecomunicaciones Mexicanas, S. A. de C. V.
4.	Comisión Nacional para el Desarrollo de los Pueblos Indígenas (CDI)
5.	Pegaso PCS, S. A. de C. V.
6.	Protel I-Next, S. A. de C. V.
7.	Marcatel Com, S. A. de C. V.
8.	Televisión Internacional, S. A. de C. V.
9.	Iusatel, S. A. de C. V.
10.	Axtel, S.A.B. de C. V.
11.	B.TEL, S. A. de C. V.
12.	Compañía Hidroeléctrica La Yesca, S. A. de C. V.
13.	Cementos Moctezuma, S. A. de C. V.
14.	Cable Visión Regional, S. A. de C. V.
15.	Econo Cable, S. A. de C. V.
16.	TV Ojo Caliente, S. A. de C. V.
17.	Industriales Peñoles, S. A. de C. V.
18.	Compañía Minera La Parreña, S. A. de C. V.
19.	XC Networks, S. A. de C. V.
20.	Cablemas Telecomunicaciones, S. A. de C. V.
21.	Universidad Autónoma de Coahuila
22.	Megacable Comunicaciones, S. A. de C. V.
23.	Operbes, S. A. de C. V.
24.	Ica Infraestructura, S. A. de C. V.
25.	Cablevisión Red, S. A. de C. V.
26.	Comisión Estatal de Energía de Baja California
27.	México Red de Telecomunicaciones, S. de R. L. de C. V.
28.	Secretaría de Medio Ambiente y Recursos Naturales
29.	José Guadalupe Manuel Trejo García
30.	Minera Peñasquito, S. A. de C. V.
31.	Comisión Nacional Forestal
32.	Sociedad de la Información y el Conocimiento (SCT)
33.	Radiomóvil Dipsa, S. A. de C. V.
34.	Minera Maple, S. A. de C. V.
35.	Secretaría de Economía

No.	Clients
36.	Fondo de Información y Documentación para la Industria INFOTEC
37.	Instituto Nacional de Investigaciones Nucleares
38.	Televisión por Cable del Norte de Sonora, S. A. de C. V.
39.	Servicios Administrativos CIT, S. C.
40.	Nacional Financiera, S.N.C.
41.	Alestra, S. de R. L. de C. V.
42.	Grupo de Telecomunicaciones Mexicanas, S. A. de C. V. (GTM)
43.	TV de Uruapan, S. A.
44.	Centro de Contacto Avanzado, S. A. de C. V.
45.	Sociedad Civil Servicios Administrativos CIT, S. C.
46.	Fideicomiso para el ahorro de energía eléctrica
47.	Kbest Technologies de México
48.	Cablevisión Red
49.	Desarrollos Mineros de San Luis
50.	Comisión estatal de energía de Baja California
51.	SAGARPA
52.	Productora Nacional de Biológicos Veterinarios
53.	Instituto Nacional de las Mujeres
54.	Spacenet

a. Information by operating segment:

	2010			
	Segment			
	Electricity services	Fiber optics services		Total
		Internal	External	
Revenues	Ps 254,417,339	Ps -	Ps 266,984	Ps 254,684,323
Depreciation and amortization	27,207,696	-	1,657	27,209,353
Comprehensive result of financing	(2,694,642)	-	(5)	(2,694,637)
Operating income (loss)	(37,228,535)	-	103,401	(37,125,134)
Investment in production assets	666,901,387	4,282,277	22,630	671,206,294
Total assets	836,321,100	4,778,935	102,238	841,202,273
	2009			
	Segment			
	Electricity services	Fiber optics services		Total
		Internal	External	
Revenues	Ps 220,034,258	Ps -	Ps 160,146	Ps 220,194,404
Depreciation and amortization	26,639,495	-	1,680	26,641,175
Comprehensive result of financing	(1,363,768)	-	-	(1,363,768)
Operating income (loss)	(39,889,598)	-	71,337	(39,818,261)
Investment in production assets	645,893,358	3,528,154	23,344	649,444,856
Total assets	798,764,443	4,205,695	73,694	803,043,832

b. Plants, installations and equipment in operating process

Plants, installations and equipment includes the plants, installations and equipment in operation, which comprised of the following:

	<u>2010</u>	<u>2009</u>
Generation	Ps 322,608,433	Ps 324,359,203
Transmission and transformation	122,271,435	116,130,908
Fiber optics	3,773,004	3,291,003
Control	776,293	756,185
Distribution	185,014,102	172,699,662
Construction	958,763	939,581
Corporate	<u>1,178,258</u>	<u>1,255,532</u>
Total plants, installations and equipment	<u>Ps 636,580,288</u>	<u>Ps 619,432,074</u>

c. Revenues by division (geographic zone):

	<u>2010</u>	<u>2009</u>
Baja California	Ps 15,115,356	Ps 13,993,676
Northwest	16,136,810	14,585,977
North	17,247,350	15,094,250
Gulf North	35,320,438	29,966,856
Center West	10,521,778	8,818,624
Center South	10,034,467	8,373,074
East	12,993,384	11,875,344
South East	10,291,598	9,727,263
Bajío	24,020,620	20,078,927
Gulf Center	11,271,627	9,972,019
Center East	14,277,909	9,337,458
Peninsular	10,776,674	9,975,636
Jalisco	16,631,030	14,730,334
Central Zone of the Country	<u>41,996,308</u>	<u>6,209,105</u>
Subtotal retail sales	<u>246,635,349</u>	<u>182,738,543</u>
Electricity sold as a single block for resale	<u>985,936</u>	<u>33,399,177</u>
Other programs:		
Consumption in process of billing	2,339,378	255,775
Unlawful uses	914,321	600,903
Due to metering failure	607,031	515,728
Due to billing error	<u>1,197,566</u>	<u>1,326,093</u>
	<u>5,058,296</u>	<u>2,698,499</u>
Other proceeds from exploitation:		
Electricity carriage service	1,349,935	884,653
Service reconnection	207,257	196,841
Electricity national control center (CENACE) connected services	142,826	75,333
Others	<u>37,740</u>	<u>41,212</u>
	<u>1,737,758</u>	<u>1,198,039</u>
Total revenues	<u>Ps 254,417,339</u>	<u>Ps 220,034,258</u>

d. Revenues from groups of customers

Domestic service	Ps 53,910,005	Ps 44,464,791
Commercial service	32,855,289	23,422,679
Public lighting service	13,796,106	10,696,507
Agricultural service	4,131,719	3,696,059
Industrial service	<u>141,942,230</u>	<u>100,458,507</u>
Total retail services	<u>246,635,349</u>	<u>182,738,543</u>
Electricity sold as a single block for resale	<u>985,936</u>	<u>33,399,177</u>
Other programs:		
Consumption in process of billing	2,339,378	255,775
Unlawful uses	914,321	600,903
Due to metering failure	607,031	515,728
Due to billing error	<u>1,197,566</u>	<u>1,326,093</u>
	<u>5,058,296</u>	<u>2,698,499</u>
Other proceeds from exploitation:		
Electricity conveyance service	1,349,935	884,653
Service reconnection	207,257	196,841
CENACE connected services	142,826	75,333
Others	<u>37,740</u>	<u>41,212</u>
	<u>1,737,758</u>	<u>1,198,039</u>
	<u>7,781,990</u>	<u>37,295,715</u>
Total proceeds from exploitation	<u>Ps 254,417,339</u>	<u>Ps 220,034,258</u>

26. Equity contribution from the Federal Government and payment of nontax charge

The SHCP, through Official Communication 312.A.7190, dated December 22, 2010, instructed the CFE to carry out a budgetary adjustment in the Module of Budgetary Adjustments for Entities ("MAPE") for an amount of Ps 23,000,000. These budget records in cash flows, made as a zero sum between additional revenues in the item of various revenues derived from the equity invested by the Federal Government and the decrease in the cash on hand and in banks in the manner of payment of the nontax charge, were recorded in the MAPE for budgetary purposes and a debt entry was operated in accounting in favor of the Federal Government and another entry for the cancellation thereof, derived from the equity invested by the Federal Government. Both records had an offset effect in the equity of the Entity.

27. New regulations

Adoption of the "International Financial Reporting Standards" (IFRS)

Beginning with its 2012 fiscal year, the Entity will be required to prepare its financial statements in accordance with IFRS, issued by the International Accounting Standards Board in accordance with the regulatory provisions established by the National Banking and Securities Commission, for the entities that are issuers of securities. As of the date of these financial statements, CFE was in the process of identifying and determining the relevant effects, considering that the financial information as of December 31, 2009 will be used as a basis for the application of IFRS.

Beginning January 1, 2011, new regulatory provisions came into effect, issued by the CINIF, which must be observed for the presentation of the financial information. A summary of the new provisions is set forth below:

NIF B-5, "Final information by segments"

NIF B-5 establishes the following through retrospective application:

- a. Supplementary information for each operating segment, including, as the case may be, the areas in a pre-operating stage must be presented.
- b. Interest revenues and expenses must be shown separately.
- c. The amounts of liabilities per operating segment must be presented.
- d. Certain information of the Entity must be presented as a whole on products or services, geographical areas and main customers.

NIF C-4, "Inventories"

The NIF C-4 establishes the following through retrospective application:

- a. The use of direct costing is eliminated as a valuation system.
- b. It is no longer permitted to value inventories through the first-in, first-out "UEPS" formula.
- c. The rule for valuation at cost was changed, establishing that the inventory will be expressed on the basis of the "Market value or cost"; whichever is lower, where the market value does not exceed the base of the net realizable value and does not consider the base of the realizable value.
- d. The financial cost, in those cases where the credit is used for the payment of merchandise, must not be capitalized when the merchandise used in the manufacturing of a product to leave it in selling conditions require a short manufacturing time. Otherwise, the financial cost must be capitalized.
- e. The amount of any loss due to impairment of inventories recognized as a cost for the period, any other amount included in the cost of sales or any amount recognized as a discontinued operation must be disclosed.
- f. Prepayments (advances to suppliers) are not a part of inventories, since as of the date of their recording the risks and benefits of owning such inventory have not been transferred.

NIF C-5, "Prepayments"

NIF C-5 establishes the following through retrospective application:

- a. Prepayments do not transfer to the Entity the inherent benefits and risks of the assets it is about to acquire or to the services it is about to receive. Therefore, prepayments for the purchase of inventories or real estate, machinery and equipment, among others, must be presented under a specific prepayment item.

- b. Upon receiving the assets, prepayments must be recognized as an expense in the statement of income for the period, or as an asset when the Entity is certain that the acquired asset will generate future economic benefits to it.
- c. Prepayments or a part thereof are required to be applied to the statement of income at the time it is determined that a loss due to the impairment in its value arises; namely, in the amount of the expected future economic benefits.
- d. Prepayments must be presented as current or non-current assets, depending on the classification of the purchased item.
- e. Prepayments covered in other NIF are excluded from NIF C-5. For example, taxes on income, projected net assets derived from a pension plan and interest paid in advance are treated under other NIFs.

NIF C-6, "Property, plant and equipment"

NIF C-6 establishes the following through retrospective application:

- a. Property, plant and equipment used to develop or maintain biological assets and assets from extractive industries are a part of the scope of this NIF.
- b. Treatment of the exchange of assets is included, taking into account the economic substance.
- c. Bases are supplemented to determine the residual value of a component, taking into account current amounts that the Entity may currently obtain for the disposal thereof, as if these were in the final phase of their useful life.
- d. The provision that required assigning a value determined by appraisal to the property, plant and equipment acquired without any cost whatsoever or at a cost that is not appropriate to express their economic meaning is eliminated, to be appraised at a null value starting from the effective term of this provision.
- e. Components that are representative of an item of property, plant and equipment must be depreciated regardless of whether the rest of the item is depreciated as if it were a single component.
- f. When a component is unused it must continue to be depreciated, unless depreciation methods are used in consideration of the activity.

NIF C-18, "Obligations associated with the withdrawal of property, plant and equipment"

This NIF establishes through retrospective application the particular standards for the initial and subsequent recognition of the obligations associated with the withdrawal of components of property, plant and equipment through the use of the expected present value and an appropriate discount rate. This NIF leaves ineffective the supplementary application of the Interpretation of the International Financial Reporting Standards No. 1 (IFRIC 1).

28. Issuance of the financial statements

These financial statements have been approved on March 3, 2011 by Ing. Alfredo Elias Ayub, General Director; Lic. Francisco J. Santoyo Vargas, Financial Director; C.P. Oscar H. Lara Andrade, Deputy Director of Financial Control and C.P. Aurora Navarrete Díaz, Accounting Manager, who are responsible for the financial information of the Entity.

**COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY
OF THE MEXICAN FEDERAL GOVERNMENT)
FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER, 2009 AND 2008 AND
INDEPENDENT AUDITORS' REPORT**

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

We have audited the general balance sheets of Comision Federal de Electricidad, a Decentralized Public Entity of the Mexican Federal Government (the Entity or CFE), as of December 31, 2009 and 2008, and the related statements of income, of changes in operations and changes in equity, as well as the cash flow statements for the years then ended. Such financial statements are the responsibility of the management of the Entity. It is our responsibility to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico, which require that we plan and conduct the audit to obtain reasonable assurance that 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 presentation of the financial statements taken as a whole. We believe that our audits provide a reasonable basis for our opinion.

1. As discussed in Note 1, the accompanying financial statements have been prepared in accordance with the Mexican Financial Reporting Standards (NIF).
2. The NIF D-3, related to the accounting recognition of employee benefits, modifies the former Bulletin D-3, and the most relevant changes include the elimination of the additional liability, as well as the intangible assets and the related effects on stockholders' equity. Furthermore, a maximum limit of five years is considered for the amortization of unamortized items, which will require charges to results significantly greater than those which have been recorded using the previous Bulletin D-3, because the latter considered the amortization of such items during the remaining working life of the workers. As indicated in Note 14, the adoption of the NIF D-3 "Employee benefits" involves the cancellation of the intangible assets for Ps 13,531,190 and of the additional liabilities for Ps 86,048,200, as well as a reduction equity for Ps 72,517,010.
3. As discussed in Note 3-a, derived from the application of NIF B-10, "Effects of inflation", the financial statements as of December 31, 2009 and 2008 did not include the effects from inflation from January to December of those years. The financial statements include the effects of inflation until December 31, 2007, in accordance with Bulletin B-10 in force as of said date. According to the provisions of NIF B-10, the insufficiency in the restatement of stockholders' equity for Ps 8,007,084 thousand is presented as a part of accumulated results.

4. As mentioned in Note 6, through a presidential decree issued as of October 11, 2009 the decentralized entity, Luz y Fuerza del Centro (LFC), was extinguished, which until then was responsible for the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states.

The liquidation of LFC was in charge of the Asset Management and Disposal Service (SAE), which made available to the CFE the necessary assets to ensure the provision of the public electric power service in the above-mentioned geographical area. Said assets are still subject to the provision of the public electric power service according to the provisions in the Electricity Public Service Law.

In order to fulfill the above-mentioned decree, SAE and CFE entered into an agreement whereby they agreed to take an inventory of the assets, rights and accessory and associated services necessary for the provision of the public electric power service in the above-mentioned region. Furthermore, this agreement establishes that from the coming into effect of the above-mentioned decree, CFE will take over the invoicing of the electric power service for the aforesaid geographical zone, assuming the relevant costs of generation, operation and maintenance.

5. As discussed in Note 1, separate financial statements have been prepared and issued for use in the preparation of the Federal Public Treasury Account.

In our opinion, the aforementioned accompanying financial statements present fairly, in all material respects, the financial position of Comisión Federal de Electricidad, as of December 31, 2009 and 2008, and the results of its operations, the changes in its equity and the cash flows for the years then ended, in conformity with Mexican financial reporting standards.

CASTILLO MIRANDA Y COMPAÑIA, S. C.

C.P.A. Luis R. Michel Domínguez

Mexico City,
March 3, 2010.

COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY OF THE FEDERAL GOVERNMENT)
GENERAL BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008
(Figures expressed in thousands of pesos)

A S S E T S	2 0 0 9	2 0 0 8	L I A B I L I T I E S
CURRENT:			SHORT TERM:
Cash and temporary investments (Note 4)	Ps 33,506,716	Ps 49,336,221	Current portion of documented debt (Note 10)
Accounts and notes receivable:			Current portion of the lease of plants, installations, equipment and PIDIREGAS (Note 11)
Consumers and other debtors, net (Note 5)	53,045,279	43,492,277	
Luz y Fuerza del Centro (Note 6)	<u>53,045,279</u>	<u>5,655,443</u>	Suppliers and contractors
			Taxes and fees payable (Note 12)
			Other accounts payable and accrued liabilities
Materials for operations, net (Note 7)	<u>24,045,256</u>	<u>49,147,720</u>	Deposits from users and contractors
Total current assets	110,597,251	123,332,206	Total short term liabilities
LONG-TERM EMPLOYEE LOANS	5,372,106	4,812,660	Documented debt (Note 10)
PLANTS, INSTALLATIONS AND EQUIPMENT, net (Note 8)	649,444,856	640,744,343	Derivative financial instruments (Note 9)
DERIVATIVE FINANCIAL INSTRUMENTS (Note 9)	17,692,020	7,406,804	Lease of plants, installations, equipment and PIDIREGAS (Note 11)
OTHER ASSETS	19,937,599	8,498,556	Other long-term liabilities (Note 13)
			Employee benefits (Note 14)
			Provision for labor lawsuits and other contingencies (Note 15)
			Total liabilities
			E Q U I T Y (Note 16)
			Accumulated equity
			Contributions received
			Net income (loss) for the year
			Total equity
Total assets	<u>Ps 803,043,832</u>	<u>Ps 784,794,569</u>	Total liabilities and equity

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

COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY OF THE FEDERAL GOVERNMENT)
STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Figures expressed in thousands of pesos)

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Revenues from energy sales	Ps <u>220,034,258</u>	Ps <u>269,682,377</u>
Costs and expenses:		
Exploitation	180,970,681	212,935,017
depreciation	26,641,175	26,160,722
Administrative expenses	5,605,003	5,125,838
Estimated actuarial cost for the year due to labor obligations	<u>46,635,660</u>	<u>43,107,125</u>
Total operating costs and expenses	<u>259,852,519</u>	<u>287,328,702</u>
Operating loss	<u>(39,818,261)</u>	<u>(17,646,325)</u>
Other revenues, net (Note 17)	<u>475,599</u>	<u>379,130</u>
Income tax on distributable surplus (Note 18)	<u>(962,997)</u>	<u>(901,062)</u>
Duties (Note 19)	(55,484,574)	(55,767,440)
Transfer from the Federal Government to supplement deficient rates (Note 19)	<u>98,339,370</u>	<u>77,011,831</u>
Shortfall of duties over transfers from the Federal Government to supplement deficient rates (Note 19)	<u>42,854,796</u>	<u>21,244,391</u>
Comprehensive result of financing (Nota 20):		
Interest payable, net	(4,983,374)	(4,564,614)
Foreign exchange income (loss), net	2,615,970	(17,762,326)
Income (loss) in financial instruments	<u>1,003,636</u>	<u>(259,548)</u>
	<u>(1,363,768)</u>	<u>(22,586,488)</u>
Net income (loss) for the year	Ps <u>1,185,369</u>	Ps <u>(19,510,354)</u>

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

COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY OF THE FEDERAL GOVERNMENT)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Figures expressed in thousands of pesos)

	Accumulated equity	Contributions received	Net income (loss) for the year	Insufficiency in restated equity
BALANCES AS OF DECEMBER 31, 2007	Ps 459,880,417	Ps 5,478,295	Ps (7,457,695)	Ps (8,007,084)
Transfers of balances from the previous year, approved by the Governing Board	(9,986,484)	(5,478,295)	7,457,695	8,007,084
Contributions received in 2008 from State and Municipal Governments and others		6,276,250	-	-
Shortfall of duties over transfers from the Federal Government (Note 19)	(21,244,392)	-	-	-
Comprehensive income (Note 21)	<u>702,341</u>	<u>-</u>	<u>(19,510,354)</u>	<u>-</u>
BALANCES AS OF DECEMBER 31, 2008	429,351,882	6,276,250	(19,510,354)	-
Transfer of balances from the previous year, approved by the Governing Board	(13,234,104)	(6,276,250)	19,510,354	-
Contributions received during 2009 from State and Municipal Governments and others		5,853,330	-	-
Shortfall of duties over transfers from the Federal Government	(42,854,796)	-	-	-
Comprehensive income (Note 21)	<u>400,725</u>	<u>-</u>	<u>1,185,369</u>	<u>-</u>
BALANCES AS OF DECEMBER 31, 2009	<u>Ps 373,663,707</u>	<u>Ps 5,853,330</u>	<u>Ps 1,185,369</u>	<u>Ps -</u>

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

COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY OF THE FEDERAL GOVERNMENT)
CASH FLOW STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Figures expressed in thousands of pesos)

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
OPERATING ACTIVITIES:		
Net income (loss) for the year	Ps 1,185,369	Ps (19,510,354)
Charges (credits) to results that do not involve cash movements:		
Shortfall of duties over transfers from the Federal Government to supplement deficient rates	(42,854,796)	(21,244,392)
Net cost of the year for employee benefits	46,635,660	40,648,125
Final settlement of employee benefits	-	2,459,000
Depreciation in the year of plants, installations and equipment	26,641,175	26,160,722
Reserves and allowances	(125,549)	1,917,620
Exchange fluctuations for debt	(1,687,762)	10,239,561
Exchange fluctuations for lease and PIDIREGAS	(1,109,000)	7,623,197
Other exchange fluctuations	<u>180,792</u>	<u>159,116</u>
	28,865,889	48,452,595
Pensions and retirements	(15,521,901)	(12,174,685)
Interest payable on debt and equipment lease	(284,543)	67,050
Income tax on distributable surplus	962,997	901,062
Decrease in accounts receivable	(9,628,857)	(3,993,905)
Decrease in materials for operations	748,982	(6,252,381)
Increase in suppliers and contractors	1,338,686	1,744,400
Transactions with Luz y Fuerza del Centro	<u>5,655,444</u>	<u>(1,269,006)</u>
Net cash flows from operating activities	<u>12,136,697</u>	<u>27,475,130</u>
INVESTING ACTIVITIES:		
Investment in plants, installations and equipment	31,227,241	24,727,138
Investment in PIDIREGAS	3,191,062	3,589,681
Other cash applications	<u>18,045,297</u>	<u>4,882,168</u>
Net cash flows from investing activities	<u>52,463,600</u>	<u>33,198,987</u>
INVESTING ACTIVITIES:		
Contracting of debts	17,188,631	29,708,760
Financing paid, debt	(4,796,937)	(16,118,638)
Financing paid, PIDIREGAS	(13,877,731)	(9,494,154)
Contributions received from the Federal and State Government and others	5,853,330	6,276,250
Other sources of cash	<u>20,130,105</u>	<u>14,360,390</u>
Net cash flows from investing activities	<u>24,497,398</u>	<u>24,732,608</u>
Net (decrease) increase in cash and temporary investments	(15,829,505)	19,008,751
Cash and temporary investments at beginning of the year	<u>49,336,221</u>	<u>30,327,470</u>
Cash and temporary investments at end of the year	<u>Ps 33,506,716</u>	<u>Ps 49,336,221</u>

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

COMISIÓN FEDERAL DE ELECTRICIDAD
(A DECENTRALIZED PUBLIC ENTITY OF THE FEDERAL GOVERNMENT)
NOTES TO THE FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2009 AND 2008
(Figures expressed in thousands of pesos)

1. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The accompanying financial statements have been prepared in conformity with Mexican Financial Reporting Standards (NIF).

Separate financial statements have been prepared and issued for use in the preparation and composition of the Federal Public Treasury Account, in compliance with Financial Reporting Standard 009B (NIFG 009B) issued jointly by the Treasury Department (SHCP) and the Ministry of Public Function (SFP).

2. ACTIVITIES OF THE ENTITY AND ESTABLISHMENT

Comisión Federal de Electricidad (CFE or the Entity) is a decentralized public Entity of the Mexican federal government, of a technical, industrial and commercial nature with its own legal capacity and equity, created by Decree of the National Congress on August 14, 1937, published in the Federal Official Gazette (DOF) on August 24 of that year (which eliminated the Decree issued by the National Congress on December 29, 1933, published in the DOF on January 29, 1934).

The purpose of the Entity is to render the public electricity service within national territory, which consists of: generating, conducting, transforming, distributing and supplying electric power, as well as planning and performing all constructions, installations and works required by the national electricity system in terms of planning, execution, operation and maintenance, with the applicable participation of independent energy producers, in the terms of the Electricity Public Service Law and its Regulations. Furthermore, on February 28, 2006, the Entity amended different numerals of the organic bylaws to modify its corporate purpose and enable it to provide the telecommunications service in the terms of the Federal Telecommunications Law.

The presidential decree extinguishing the Public Decentralized Entity, Luz y Fuerza del Centro (LFC) was issued on October 11th, 2009, for which reason the responsibility for the provision of the public electric service has been in charge of CFE from October 11th, which it used to share with LFC until October 10th, 2009. The latter was responsible for the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser degree, for some energy generation and transmission activities. About 95% of the energy distributed and marketed by LFC in its area of influence was bought from CFE (See Note 6).

The rates applicable to the sale of electricity in the Mexican Republic are defined and authorized by the Mexican Federal Government, through the Deputy Ministry of Revenues of the Treasury Department (SHCP).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Entity are as follows:

a. Recognition of the effects of inflation

Given that the economic environment in this country has stabilized within a scenario of single-digit annual inflation in recent years, the Mexican Board for the Research and Development of Financial Reporting Standards (CINIF) evaluated the continuing validity of Bulletin B-10, and came to the conclusion that it would be advisable to maintain this standard and, in specific circumstances, allow for the nonrecognition of the effects of inflation (disconnection of inflation in the accounting).

As of January 1, 2008, NIF B-10 "Effects of inflation" went into effect, allowing for the disconnection of inflation in accounting; i.e., that with the change from an inflationary economic environment to a non-inflationary environment, the effects of inflation for the period which may exist in this type of environment, should not be recognized. This NIF eliminates the possibility of using replacement values to restate the value of inventories and the specific indexation method for fixed assets, and establishes the reclassification of the realized result from holding nonmonetary assets and result from accumulated monetary position to accumulated results.

Given that the accumulated inflation in the three previous years was lower than 26%, the economic environment is considered as noninflationary and, consequently, the financial statements as of December 31, 2009 and 2008 do not recognize the effects of inflation for the year.

The financial statements as of December 31, 2007 were restated in terms of the purchasing power of the close of that year, in conformity with the Bulletin B-10 in effect as of that date, as follows:

- Restatement of equity

Up to December 31, 2007, the restatement of the different components of equity was determined by restating the original amounts, taking as the base the dates of contribution, retirement and generation of the results by applying factors derived from the National Consumer Price Index (INPC).

- Insufficiency in restated equity

In accordance with the provisions of NIF B-10, the insufficiency in restated equity accumulated up to December 31, 2007, was reclassified to the accumulated equity account.

The effects recorded up to the year ended December 31, 2007 represent the net increase obtained by the fixed assets acquired under the PIDIREGAS programs, which are restated based on the movement of the exchange rate, which is equivalent to its specific cost, in comparison with the restatement that would be obtained by restating such assets in accordance with the INPC.

Up to December 31, 2005, the insufficiency in restated equity was represented by the difference resulting from a comparison between the restatement of the materials for operations and fixed assets based on specific costs, and the restatement of the different components of equity performed by applying the INPC.

- Result from monetary position

This represents the loss of the purchasing power of monetary items due to inflation; it is determined by applying factors derived from the INPC to the monthly net monetary position.

b. Cash and temporary investments

This item is represented by cash, deposits and short-term investments, which are valued at their market value and any yields generated are recognized in results as they are accrued.

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

c. Inventory of materials for operations and cost of consumptions

The inventories of materials for operations and the related consumptions are recorded originally at their acquisition cost and the monthly final balances at their average cost.

Up to December 31, 2007, the inventory and its consumptions were restated by applying factors derived from the INPC.

d. Plants, installations and equipment

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

Up to December 31, 2007, the fixed assets acquired under the PIDIREGAS programs were restated based on the movement of the exchange rate of the contracting currency, which is equivalent to their specific cost.

From January 1, 1997 to December 31, 2007, the assets were restated by using the adjustment to the historical cost method based on changes in the general price level, applying inflation factors derived from the INPC, and taking as the base the replacement values determined at the close of the year 1996, and the costs of acquisition and/or construction for those acquired from that date until December 31, 2007.

Up to December 31, 1996, the assets were restated at replacement values, by using capital pricing indexes of the electricity industry, determined by specialist experts of the CFE, except for construction in progress, which continued to be restated by using this method up to the close of 1998.

The depreciation of operating plants, installations and equipment is calculated by the straight-line method as of the initial operating date of the assets, considering depreciation rates based on the useful life of the assets, determined by specialist technicians of the CFE, as follows:

	<u>Annual rate %</u>
Geothermal power stations	From 2 to 3.70
Steam generating power stations	From 1.33 to 2.86
Hydroelectric power stations	From 1.25 to 2.50
Internal combustion power stations	From 1.33 to 3.03
Turbogas and combined-cycle power stations	From 1.33 to 3.03
Nuclear power station	From 1.33 to 2.86
Substations	From 1.33 to 2.56
Transmission lines	From 1.33 to 2.86
Distribution networks	From 1.67 to 3.33

The real property and assets used for offices and general services are depreciated in accordance with the rates authorized in the Income Tax Law.

e. Long-term productive infrastructure projects (PIDIREGAS) and capital leases

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

At the time the construction work subject matter of the contract is delivered, and received to the satisfaction of the CFE, the asset is recorded in the leased equipment account, together with the total liability that reflects the value of the good.

The assets acquired through capital leases, as well as the related obligation, are recorded at a value equal to 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.

f. Impairment of long-lived assets in use

The Entity revises the value in books of long-lived assets in use, in the presence of any indicators of impairment which might indicate that they might not be recoverable, considering the higher of the present value of the future cash flows or the net selling price in the event of their eventual disposal. The indicators of impairment that are considered for these purposes are, among others: the 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 from previous years, the effects of obsolescence, competition and other economic and legal factors.

g. Derivative financial instruments

The Entity values all derivatives in the balance sheet at fair value or market value ("mark to market"). When the derivatives are designated as hedging derivatives, the recognition of 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 both of the derivative and the item hedged are charged against results, or (2) if they are cash flow, they are recognized temporarily in comprehensive income (loss) and are reclassified to results when the hedged item affects them. The ineffective portion of the change in fair value is recognized immediately in results, as part of the comprehensive result of financing, regardless of whether the derivative is designated as a fair value or cash flow hedge.

The Entity uses mainly interest rate and foreign currency "swaps" and foreign currency "forward" contracts to manage its exposure to exchange rate and foreign currency fluctuations. The CFE formally documents all hedging relationships, in which it describes the objectives and strategies of risk management to carry out transactions involving derivatives. The policy of the Entity is to refrain from carrying out speculative transactions involving derivative financial instruments.

Certain derivative financial instruments, although they were contracted for hedging purposes from an economic perspective, have not been designated as hedges for accounting purposes, but as trading securities. The fluctuation in fair value of such derivatives is recognized in results within the comprehensive result of financing.

Bulletin C-10 "Derivative Financial Instruments and Hedging Operations" establishes that: "If the critical characteristics of the hedging instrument and of the primary position are equal (the notional amount, reference rates for payment and collection and the related bases, the effective term of the agreement, the date of price determination and payment, the dates of formal designation and liquidation, among others), then the changes in the fair value or in the cash flows attributable to the risk being hedged, these will be compensated completely at the beginning, during and until the expiry of the coverage, for which reason it will not be necessary to evaluate and measure the effectiveness thereof". Due to the foregoing, in the case of the financial derivative instruments for hedging purposes and when said characteristics are met, the effectiveness of said derivatives is not evaluated and measured.

h. Other long-term liabilities

By law, once the operating service of a nuclear installation is concluded (due to the termination of licenses), it must be dismantled for safety and environmental protection reasons.

The policy of the CFE is to conduct a technical-economic study, which must be periodically updated (every five years) and includes the estimated cost for this concept, based on the energy output of the Laguna Verde Nuclear Power Station, whose distribution is made uniformly over the useful life of the facility and which, based on the provisions of Bulletin C-9, "Liabilities, provisions, contingent assets and liabilities and commitments", must be compared with the calculations at their present value.

During the year 2005, the Entity performed the update of the technical-economic study, supported with studies on the dismantling of similar plants prepared by international companies, for the purpose of determining the necessary funds to carry out the dismantling of the nuclear power station. As a result of such restatement, the new amount of the reserve was adjusted from 312 million to 500 million United States Dollars. The change in the original estimate is due to the inclusion of costs related to cooling, transportation and storage of the radioactive waste material. These expenses will be amortized over the remaining useful life of the power station.

i. Employee benefits

Given the need to bring about convergence with International Financial Reporting Standards, both in terms of technology and regulations, and to ensure that it is a standard more in line with such international standards, in July 2007 the NIF D-3 "Employee benefits" was issued, effective as of January 1, 2008.

This standard oversees the previous Bulletin D-3 "Labor obligations", in which the most relevant changes are the elimination of the treatment related to the recognition of additional liability. This procedure gave rise to recognition of an intangible asset and, if appropriate, to another constituent item such as an element of stockholders' equity, for which reason its treatment is also eliminated.

NIF D-3 establishes a maximum limit of five years for the amortization of unamortized items, which will require charges to results significantly higher than those which had been recorded using the previous Bulletin D-3, inasmuch as the latter required the amortization of such items during the remaining working life of the employees.

In accordance with this NIF, the liabilities for employee retirement benefits (seniority premiums and pensions) and for termination of the employment relationship are recorded as they are accrued, which are calculated by independent actuaries based on the projected unit credit method using nominal interest rates. Therefore, the benefit is being recognized, which at present value is estimated that it will cover the obligation for these benefits at the estimated retirement date of the employees working at the Entity.

j. Recognition of revenues

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

k. Information by segments

As a state economic entity, the CFE, in accordance with the terms of NIF B-5, differentiates and discloses its information by segments, which is presented in the form used by the CFE to evaluate each activity based on a management approach.

l. Energy sold that is currently being billed

The energy that has been delivered and is currently involved in the billing process is considered as revenue for the year and its amount is estimated based on the actual invoices issued in the immediately preceding two month period (bimester).

m. Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in effect on the date they are performed. Monetary assets and liabilities in foreign currency are valued in Mexican pesos at the exchange rate in effect at the date of the financial statements. Exchange fluctuations are recorded in results within the comprehensive result of financing.

n. Transactions with the Federal, State and Municipal Governments

The principal transactions that are performed with the Federal Government and the State and Municipal Governments and their respective accounting treatment are as follows:

With the Federal Government:

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

The government nontax charge is determined annually based on the profitability rates established for state-owned companies in each year; for 2009 and 2008 the rate was 9%, which was authorized by the SHCP. Such rate is applied to the value of the net fixed assets in operation from the immediately preceding year, and the resulting amount is charged to results of the year.

The annual expense for the nontax charge is compared against the revenues from transfers to supplement deficit rates (a subsidy). Up to 1999, a net liability had been generated in favor of the Federal Government which was not payable, but was capitalized as part of equity at the close of each year. However, as of the year 2000, the amount of the nontax charge has been lower than that of the subsidy, with the insufficiency directly affecting the equity of the Entity.

Transfers to supplement deficit rates - These refer to the resources which the Federal Government provides to users of the electricity service through the CFE, by means of different subsidized rates on energy sales. A significant part of these transfers is considered as virtual transactions because, in accordance with the current Electricity Public Service Law, they are credited against the nontax charge payable by the Entity. During the year 2009, the CFE recorded virtual transfers. In the year 2008, it recorded both virtual and cash transfers. These transfers are credited in results for the year.

With State and Municipal Governments:

Contributions - The contributions received from the Federal Government and the State and Municipal Governments to provide electrification to rural settlements and low-income districts, as well as from private parties to extend the distribution network, are recorded as an increase in equity.

o. Comprehensive result of financing

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

p. Comprehensive income

The comprehensive income that is presented in the statement of changes in equity, is comprised of the loss for the year, plus other items that represent a gain or loss from the same period, which in accordance with the NIF are presented directly in equity without affecting the statement of income (Note 21).

4. CASH AND TEMPORARY INVESTMENTS

As of December 31, 2009 and 2008, cash and temporary investments are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Cash on hand and in banks	Ps 8,570,385	Ps 20,280,566
Temporary investments	<u>24,936,331</u>	<u>29,055,655</u>
	<u>Ps 33,506,716</u>	<u>Ps 49,336,221</u>

5. CONSUMERS AND OTHER DEBTORS

As of December 31, 2009 and 2008, these accounts receivable are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Public consumers	Ps 31,333,466	Ps 23,212,484
Government consumers	4,833,440	4,403,067
Energy sold that is being billed	<u>11,327,370</u>	<u>11,035,700</u>
	47,494,276	38,651,251
Allowance for doubtful accounts	<u>(5,068,964)</u>	<u>(4,993,109)</u>
	42,425,312	33,658,142
Other debtors	8,025,716	9,834,135
Creditable value added tax	<u>2,594,251</u>	<u></u>
	<u>Ps 53,045,279</u>	<u>Ps 43,492,277</u>

As of December 31, 2009, the balance of public consumers includes Ps 4,221,537 for past-due debts of the North distribution, related to 8 thousand 667 consumers with an agricultural rate. In turn, this amount includes Ps 2,513,353 that correspond to the delay incurred by 2 thousand 516 consumers of the area known as Comarca Lagunera (Coahuila and Durango), of which 1 thousand 549 consumers have filed appeals for legal protection, which makes a total of Ps 2,062,491 and Ps 1,708,184 by 6 thousand 151 consumers in the State of Chihuahua. Because of these overdue debts, the financial statements do not include the recording of the allowance for doubtful accounts, since in the State of Chihuahua 5 thousand 627 agreements were entered into during 2009, which consist of differences in the rates for owed amounts and of the tripartite reduction of the debt by three parties (SHCP and the Government of the State, CFE and agricultural producers). In connection with the Comarca Lagunera, the CFE is carrying out the necessary arrangements for their collection.

6. LUZ Y FUERZA DEL CENTRO (LFC)

The presidential decree extinguishing the Public Decentralized Entity, Luz y Fuerza del Centro (LFC), which until that date was in charge of the distribution and sale of all the electric energy consumed in the Mexico City Metropolitan Area and some neighboring states and, to a lesser degree, for some energy generation and transmission activities.

Through this decree it is established that the liquidation of Luz y Fuerza del Centro will be in charge of the Service of Administration and Disposal of Assets (SAE), which upon the express request of the Ministry of Energy, through its Deputy Ministry of Electricity, under the terms of the provisions in Article 2 of the above-mentioned decree has made available to the CFE the necessary assets to ensure the adequate provision of the electric energy public service in the aforesaid geographic area. Said assets continue to be subject to the provision of the electric energy public service, according to the provisions in the Electricity Public Service Law.

The current account that was existing for the electric energy purchase-sale transactions until December 31, 2008 amounted to Ps 5,655,443 and as of October 10, 2009 the balance receivable as of said date was Ps 4,472,019, which was paid by the Service of Administration and Disposal of Assets (SAE) in its capacity as liquidator of LFC, and the amount of the transactions that affected the results of CFE until that date were those shown below:

	From January 1 to October 10 <u>2 0 0 9</u>	From January to December 31 <u>2 0 0 8</u>
Revenues from the sale of energy to LFC	<u>Ps 32,857,514</u>	<u>Ps 60,748,989</u>
Operating costs and expenses:		
Purchases of energy to LFC	<u>Ps 1,561,864</u>	<u>Ps 3,033,377</u>

In order to fulfill the decree dated October 11, 2009, the SAE and the CFE entered into an agreement through which it is agreed to take an inventory of the assets, accessory and associated rights necessary for the adequate provision of the public electric energy service in the geographic area mentioned above. In this agreement it is also agreed that from the coming into effect of the above-mentioned decree, CFE will take charge of invoicing for the electric energy service to the aforesaid zone, which covers more than 6 million customers, assuming the relevant distribution and marketing costs, in addition to the cost of the generation of electric energy that was billed with the figures shown below:

Billed products	Ps 7,181,019
Distribution and marketing costs	1,147,424

From October 2009, the CFE and the SAE have started a physical inventory-taking process of the facilities that CFE defined as a priority for the provision of the public electric energy service, which include offices, material and equipment warehouses, vehicles and office furniture and equipment, as well as works in the process of construction. For that purpose, the SAE hired the services of personnel specialized in the practice of physical inventories, as well as reputable appraisers.

During year 2010 it is planned to start taking a physical inventory of the electric facilities: power plants, transmission lines, substations, distribution lines and networks, connections and meters, energy control centers, emergency plants, etc.

These works should be useful for the SAE to determine the initial liquidation balance.

7. MATERIALS FOR OPERATIONS

As of December 31, 2009 and 2008, the materials for operations are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Spare parts and equipment	Ps 12,262,511	Ps 12,062,809
Fuels and lubricants	10,526,111	11,624,047
Nuclear fuel	<u>1,712,150</u>	<u>1,582,129</u>
	24,500,772	25,268,985
Estimate for obsolescence	<u>(455,516)</u>	<u>(420,720)</u>
	<u>Ps 24,045,256</u>	<u>Ps 24,848,265</u>

8. PLANTS, INSTALLATIONS AND EQUIPMENT

The balances of plants, installations and equipment as of December 31, 2009 and 2008, are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Plants, installations and equipment in operation, net	Ps 619,432,074	Ps 616,495,265
Constructions in progress	18,369,466	17,203,349
Construction materials	<u>6,980,616</u>	<u>5,611,667</u>
	644,782,156	639,310,281
Stock exchange certificates to be disbursed	3,228,638	
Fixed assets not in use	<u>1,434,062</u>	<u>1,434,062</u>
	<u>Ps 649,444,856</u>	<u>Ps 640,744,343</u>

Plants, installations and equipment in operation - The balances of plants, installations and equipment as of December 31, 2009 and 2008, which include leased equipment, are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Plants:		
Steam generating	Ps 253,769,770	Ps 255,650,108
Hydroelectric	164,507,859	164,600,555
Nuclear power	64,186,036	64,394,137
Turbogas and combined cycle	51,653,674	48,882,380
Geothermal	21,590,872	19,397,250
Internal combustion	5,638,760	5,617,204
Nonconventional installations	3,956,359	3,944,034
Transmission lines and transformation substations	328,016,669	318,698,655
Distribution networks	135,671,954	128,706,735
Land involved in the regularization process	731,447	491,381
Administrative buildings and others	<u>94,732,846</u>	<u>89,583,739</u>
	1,124,456,246	1,099,966,178
Less:		
Accumulated depreciation	<u>(505,024,172)</u>	<u>(483,470,913)</u>
	<u>Ps 619,432,074</u>	<u>Ps 616,495,265</u>

In the last few years, due to the reduction in annual budgets, the CFE has not fully complied with the maintenance required. Consequently, this situation might affect the probable useful life of certain plants. Notwithstanding the above, the expenses incurred in this regard during 2009 and 2008 are estimated to be sufficient to enable the plants, installations and equipment to continue operating adequately.

Construction in progress - The balances of construction in progress as of December 31, 2009 and 2008 are comprised as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Plant:		
Geothermal	Ps 798,480	Ps 1,485,557
Steam generating	408,818	106,572
Hydroelectric	2,667,510	2,185,982
Internal combustion	159,565	88,420
Turbogas and combined cycle	578,103	528,472
Nuclear power	239,483	119,935
Lines, networks and substations	10,847,355	10,342,465
Offices and general facilities	1,081,007	1,204,089
Construction advances	<u>1,589,145</u>	<u>1,141,857</u>
Total	<u>Ps 18,369,466</u>	<u>Ps 17,203,349</u>

During the years ended December 31, 2009 and 2008, the items capitalized in construction in progress, in accordance with the policy described in Note 3-d amounted to Ps 3,911,416 and Ps 2,307,336, respectively (Ps 2,306,359 and Ps 1,065,191 for administrative expenses, Ps 162,717 and Ps 129,270 for depreciation and Ps 1,442,340 and Ps 1,112,875 for the increase in the reserve for retirement and seniority premiums, as of December 31, 2009 and 2008, respectively).

Construction materials - The balances of construction materials as of December 31, 2009 and 2008 are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Replacement parts and equipment	Ps 6,482,777	Ps 5,608,703
Materials in the possession of third parties	497,690	2,815
Equipment in transit	<u>149</u>	<u>149</u>
	<u>Ps 6,980,616</u>	<u>Ps 5,611,667</u>

Fixed assets not in use – The balance of the fixed assets not in use as of December 31, 2009 and 2008 is composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Miguel Alemán Hydroelectric System	<u>Ps 1,434,062</u>	<u>Ps 1,434,062</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS

a. The balances as of December 31, 2009 and 2008 of derivative financial instruments and interest are as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
For hedging purposes:		
Assets	<u>Ps 13,031,412</u>	<u>Ps 2,556,306</u>
Liabilities	<u>Ps 12,253,631</u>	<u>Ps 2,077,093</u>
For trading purposes:		
Assets	<u>Ps 4,660,608</u>	<u>Ps 4,850,498</u>
Liabilities	<u>Ps 4,535,449</u>	<u>Ps 5,728,974</u>
Total derivative financial instruments:		
Assets	<u>Ps 17,692,020</u>	<u>Ps 7,406,804</u>
Liabilities	<u>Ps 16,789,080</u>	<u>Ps 7,806,067</u>

- b. Financial instruments for trading purposes - On September 17, 2002, CFE placed in the Japanese market a bond for 32 billion Japanese yen at an annual interest rate of 3.83%, maturing in September 2032. Simultaneously, CFE carried out a hedge transaction for which it received the amount of US dollar 269,474,000, equivalent to the 32 billion Japanese yen at the spot exchange rate in effect on the transaction date of 118.7499 Japanese yen per US dollar. The transaction consists of a series of foreign currency "Forwards" which enable the Japanese yen/US dollar exchange rate to be set, during the established transaction term, at 54.0157 Japanese yen per US dollar. On the other hand, as a result of the transaction, CFE pays an interest rate equivalent to 8.42% annually in US dollars. The valuation effect of the foreign currency "Forwards" is recorded in the comprehensive result of financing, and a loss (gain) on such cost offsets a loss (gain) in the underlying liability.

The final obligation of the CFE is to pay the creditor the Japanese yen based on the maturities, and it has the right to receive from the institution with which the hedge was contracted, Japanese yen 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>Japanese yen</u>	<u>US dollars</u>	<u>Exchange rate</u>	<u>Mexican pesos (thousands)</u>
Goods to be received (assets)	32,000,000,000		Ps 0.1404	Ps 4,492,800
Goods to be delivered (liabilities)		269,474,000	13.0659	<u>3,520,920</u>
Goods to be received, net				<u>Ps 971,880</u>

From March 17, 2003 until September 17, 2032, the CFE is obligated to make semiannual payments for the amount of 11,344,855.40 US dollars equivalent to 612,800,000 Japanese yen. Consequently, the total sum which the CFE is obligated to pay over the next 23 years is 521,863,348 US dollars and the total amount that it will receive will be 28,188,800,000 Japanese yen.

Furthermore, at the end of the hedge contract, the parties entered into a purchase contract for a European call option, in which the CFE acquires the right to purchase Japanese yen at maturity, at market price, if the yen/US dollar exchange rate is quoted at below 118.7498608401 yen per dollar and the CFE may also sell a European call option, in which the CFE sells the hedge against an appreciation of the yen/US dollar exchange rate above 27.8000033014 yen per dollar.

In the event that the CFE should decide to early cancel the hedge (foreign currency "forwards"), an estimated extraordinary gain at December 31, 2009 of approximately 9,579,124 US dollars would be generated. This gain was estimated by J. Aron & Company (calculation agent), taking as its base the fair value of the hedge at the date of the estimate.

c. The derivative financial instruments for hedging purposes as of December 31, 2009 are detailed below:

Counterparty	Primary position	Object	Notional amount	Underlying	Market value	Hedging start date	Hedging ending date
Credit Suisse	<u>Ps 1,301,289</u>	Change from floating rate to fixed rate	<u>Ps 1,236,224</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (21,950)</u>	April 5, 2004	September 23, 2013
Deutsche Bank	<u>Ps 1,606,668</u>	Change from floating rate to fixed rate	<u>Ps 1,526,335</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (27,247)</u>	April 5, 2004	September 23, 2013
Deutsche Bank	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (10,652)</u>	April 5, 2004	September 23, 2013
ING Bank	<u>Ps 2,281,491</u>	Change from floating rate to fixed rate	<u>Ps 2,167,417</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (40,014)</u>	April 5, 2004	September 23, 2013
Goldman Sachs	<u>Ps 650,644</u>	Change from floating rate to fixed rate	<u>Ps 618,112</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (10,144)</u>	April 5, 2004	September 23, 2013
Goldman Sachs	<u>Ps 174,263</u>	Change from floating rate to fixed rate	<u>Ps 165,550</u>	Interest rate Cetes 182 + 0.85%	<u>Ps (2,498)</u>	April 5, 2004	September 23, 2013
ING Bank	<u>Ps 1,000,000</u>	Change from floating rate to fixed rate	<u>Ps 850,000</u>	Interest rate Cetes 182 + 0.65%	<u>Ps (21,625)</u>	November 21, 2005	May 21, 2014
ING Bank	<u>Ps 593,513</u>	Change from floating rate to fixed rate	<u>Ps 504,486</u>	Interest rate Cetes 182 + 0.65%	<u>Ps (14,852)</u>	January 2, 2006	July 2, 2014
ING Bank	<u>Ps 569,363</u>	Change from floating rate to fixed rate	<u>Ps 540,895</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (11,482)</u>	December 16, 2005	March 6, 2015
Bancomer	<u>Ps 510,638</u>	Change from floating rate to fixed rate	<u>Ps 510,638</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (10,639)</u>	December 16, 2005	March 6, 2015
ING Bank	<u>Ps 894,954</u>	Change from floating rate to fixed rate	<u>Ps 850,206</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (16,718)</u>	December 16, 2005	March 6, 2015
Bancomer	<u>Ps 839,688</u>	Change from floating rate to fixed rate	<u>Ps 797,703</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (15,370)</u>	December 16, 2005	March 6, 2015
Santander Serfín	<u>Ps 1,072,519</u>	Change from floating rate to fixed rate	<u>Ps 1,018,623</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (21,132)</u>	February 17, 2006	March 6, 2015
Ing Bank	<u>Ps 1,005,343</u>	Change from floating rate to fixed rate	<u>Ps 1,005,343</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (20,914)</u>	December 16, 2005	March 6, 2015
HSBC	<u>Ps 1,251,699</u>	Change from floating rate to fixed rate	<u>Ps 1,215,305</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (23,539)</u>	February 24, 2006	March 6, 2015
HSBC	<u>Ps 1,038,911</u>	Change from floating rate to fixed rate	<u>Ps 1,038,911</u>	Interest rate Cetes 91 + 0.79%	<u>Ps (19,843)</u>	March 1, 2006	March 6, 2015
Banamex	<u>Ps 1,702,516</u>	Change from floating rate to fixed rate	<u>Ps 1,617,390</u>	Interest rate Cetes 182 + 0.25%	<u>Ps (37,660)</u>	December 7, 2007	May 26, 2017
Banamex	<u>Ps 368,987</u>	Change from floating rate to fixed rate	<u>Ps 350,538</u>	Interest rate Cetes 182 + 0.25%	<u>Ps (11,372)</u>	February 15, 2008	August 4, 2017
Bancomer	<u>Ps 1,314,758</u>	Change from floating rate to fixed rate	<u>Ps 1,249,020</u>	Interest rate Cetes 91 + 0.50%	<u>Ps (27,887)</u>	December 6, 2007	February 23, 2017
Banamex	<u>Ps 787,092</u>	Change from floating rate to fixed rate	<u>Ps 787,092</u>	Interest rate Cetes 91 + 0.45%	<u>Ps (10,315)</u>	April 24, 2008	January 11, 2018
Credit Suisse	<u>USD 16,788</u>	Change from dollars to pesos	<u>USD 12,005</u>	Exchange rate USD/Mexican peso	<u>Ps 9,319</u>	January 24, 2005	July 24, 2021
Credit Suisse	<u>USD 10,750</u>	Change from dollars to pesos	<u>USD 8,311</u>	Exchange rate USD/Mexican peso	<u>Ps 5,891</u>	February 2, 2005	February 2, 2023
Deutsche Bank	<u>USD 208,188</u>	Change from dollars to pesos	<u>USD 171,323</u>	Exchange rate USD/Mexican peso	<u>Ps 139,711</u>	May 3, 2005	June 21, 2021
Goldman Sachs	<u>USD 49,296</u>	Change from dollars to pesos	<u>USD 40,977</u>	Exchange rate USD/Mexican peso	<u>Ps 29,602</u>	March 26, 2005	March 26, 2022
Goldman Sachs	<u>USD 200,000</u>	Change from dollars with Libor rate to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 210,001</u>	December 15, 2008	December 15, 2036
Deutsche Bank	<u>USD 200,000</u>	Change from dollars with Libor rate to pesos with fixed rate	<u>USD 186,667</u>	Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 278,266</u>	December 15, 2008	December 15, 2036
Goldman Sachs	<u>USD 105,450</u>	Change from dollars with Libor rate to pesos with fixed rate	<u>USD 96,662</u>	Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 49,300</u>	June 15, 2009	December 15, 2036
Deutsche Bank	<u>USD 105,450</u>	Change from dollars with Libor rate to pesos with fixed rate	<u>USD 96,662</u>	T Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 87,236</u>	June 15, 2009	December 15, 2036
Deutsche Bank	<u>USD 255,000</u>	Change from dollars with Libor rate to pesos with fixed rate	<u>USD 233,750</u>	Exchange rate USD Libor rate/ fixed rate Mexican peso	<u>Ps 275,087</u>	June 15, 2009	December 15, 2036

Comments on the market value (mark to market)

The net amount of the value of the clean market of the derivative financial instruments for hedging purposes (mark to market) as of December 31, 2009 stands at Ps 716,548 which are included in equity and it is composed of Ps 325,311 against CFE, included in the value of liabilities of the item of derivative financial instruments and Ps 1,041,859 in favor of CFE, included in the value of assets of the item of derivative financial instruments.

As a result of the terms in which the International Swaps and Derivatives Association (ISDA) agreements were signed, the counterparties or bank institutions are the valuation agents and they are those who calculate and send the mark to market every month. CFE monitors the mark to market and if there is any doubt or it observes an abnormality in the behavior of the mark to market, it requests a new valuation to the counterparty.

Due to the foregoing, the market value sent by the calculation agent or counterparty is only an indicative value, as the models used by the banks may differ from each other.

Discussion of the management on the policies for the use of derivative financial instruments.

a. The objectives to carry out operations with derivatives

The CFE may carry out any type of explicit financial hedging, either to the interest rates and/or to the exchange rates, or those strategies that may be necessary to mitigate the financial risk faced by the entity.

b. Instruments used

The CFE may purchase or sell one or more of the following types of instruments, individually or collectively, provided fulfillment remains within the approved risk management limits and guidelines.

1. Futures, forwards and swaps
2. Acquisition of purchase options
3. Acquisition of sale options
4. Acquisition of collars or tunnels
5. Acquisition of equity futures

c. Implemented hedging or negotiation strategies

The CFE cannot sell purchase options, sale options or any other open instrument that may expose it to unlimited risk and that is not fully offset by a corresponding opposite position.

d. Trading markets

National and foreign.

e. Eligible counterparties

Any bank or financial institution with which CFE has signed an ISDA.

f. Policies for the appointment of calculation or valuation agents

In all ISDA agreements it is defined that the counterparty is the calculation agent.

g. Main conditions or terms of the agreements

ISDA (International Swap Dealers Association) agreements are standardized agreements and the conditions are the same in all of them. There are particularities only in the confirmations.

h. Policies of margins

In the event the market value of an operation is higher than the maintenance level agreed upon in the ISDA agreements and their supplements, the counterparty issues by fax or email the guarantee deposit to the counterparty. As long as there is a deposit for a margin account, the market value is reviewed by the "calculation agent", defined in the ISDA agreement on a daily basis, so that the entity is able to request the return of the collateral when the market value goes back to levels below the agreed maintenance level. These guarantee deposits are considered a restricted asset in transactions with derivative financial instruments for CFE and receive the relevant accounting treatment.

i. Collaterals and credit lines

The credit lines defined for collateral deposits are established in each of the ISDA agreements signed with each counterparty.

j. Authorization processes and levels required for each type of operation (simple hedging, partial hedging, and speculation) stating if the operations with derivatives obtained a prior approval from the committee(s) that conduct the activities in matters of corporate and auditing practices.

The limits to the extension of transactions and derivative financial instruments are established on the basis of the general conditions of the primary position and the underlying to be covered.

CFE may contract hedging transactions with financial derivatives, either at the interest rates and/or at the exchange rates, when their conditions mirror the primary position and underlying to be hedged.

CFE has the Interinstitutional Delegate Committee of Financial Risks associated to the Financial Position and to the Price of Fossil Fuels (CDIGR). When said Committee is at a full meeting and together with the representatives of SHCP and Banco de Mexico (BANXICO), who are parties to the CDIGR, it may authorize CFE:

1. The contracting of financial derivatives with conditions different from those of the primary position and/or underlying to be hedged.
2. The liquidation of positions.
3. Any other operation with derivative financial instruments that may be convenient for CFE.

The CDIGR shall be empowered to change, reduce or enlarge the Operating Guidelines of the Financial Risk Management of the CFE, in which case it must inform this to the Honorable Board of Governors to obtain their authorization.

- k. Internal control procedures to manage market risk and liquidity exposure in the positions of financial instruments.

The Interinstitutional Delegate Committee for the Management of Financial Risks Associated to the Financial the Financial Position and to the Price of CDIGR reviews the points mentioned above and the Operating Guidelines of the Risk Management Guidelines are approved.

Finally, there is a budget authorized by the SHCP to meet the commitments already contracted and to be contracted, related with derivative financial instruments.

Important conclusions as of December 31, 2009.

- a. The market value of the transaction in yen stands at 9.5 million dollars in favor of CFE (see section of financial instrument for trading purposes).
- b. During year 2009, 5 Cross Currency Swaps for currencies and interest rates were contracted, where US dollars are exchanged with a Libor rate for Mexican pesos with a fixed rate. As of December 31, 2009, the market value of these transactions amounted to 900 million pesos in favor of the entity.

10. DOCUMENTED DEBT

The balances of the documented debt as of December 31, 2009 and 2008 are composed as follows:

External debt	Type of credit	Weighted interest rate	Maturities	2009	
				Mexican currency	Foreign currency (thousands)
In US dollars: at the exchange rate per dollar of Ps 13.0587 as of December, 2009 and of Ps 13.5383 for 2008	Banking	Fixed 1.260% to 8.6905%	Sundry until 2011	Ps 267,527	2,881,000
	Bilateral	Fixed 1.25% to 2.00%	Sundry until 2032	10,823,858	8,735,353
	Bonds	Fixed 1.205% to 8.730%	Sundry until 2036	2,996,972	2,285,000
	Revolving	Fixed 1.260% to 8.6905%	Sundry until 2014	913,058	6,850,000
	Syndicate	Fixed 1.260% to 8.6905%	Sundry until 2011	22,199,790	1,718,000
	Trust	Fixed 1.260% to 8.6905%	Sundry until 2011	68,407	510,000
Total US dollars				<u>37,269,612</u>	<u>2,881,000</u>
In euros: at the exchange rate for euros of Ps 18.7353 as of December, 2009 and of Ps 19.1432 for 2008	Bank	Fixed of 4.582%	Sundry until 2009		
	Bilateral	Fixed of 2.00%	Sundry until 2036	790,510	4,730,000
	Revolving	Fixed of 4.582%	Sundry until 2015	126,999	2,400,000
Total euros				<u>917,509</u>	<u>4,730,000</u>
In Swiss francs: at the exchange rate for Swiss franc of Ps 12.6378 as of December 2009 and of Ps 12.8630 for 2008	Bilateral	Fixed of 1.9218%	Sundry until 2014	1,768,673	1,375,000
Total Swiss francs				<u>1,768,673</u>	<u>1,375,000</u>
In Japanese yens: at the exchange rate for Japanese yen of Ps 0.1404 as of December 2009 and of Ps 0.1501 for 2008	Bilateral	Fixed of 5.50%	Sundry until 2012	861,366	6,130,000
Bond		3.83%	Sundry until 2032	4,492,800	32,000,000
Assets received for financial instruments, net (Note 9-b)				(973,820)	
				<u>3,518,980</u>	<u>32,000,000</u>
Total Japanese yen				<u>4,380,346</u>	
Total external debt				<u>Ps 44,336,140</u>	

				2 0 0 9	
External debt	Type of credit	Weighted interest rate	Maturities	Mexican currency	Fore curre (thous
In US dollars: at the exchange rate per dollar of Ps 13.0587 as of December 31, 2009 and of Ps 13.5383 for 2008	Multilateral	Annual cost of loans to government BID 10%	Sundry until 2013	Ps 625,085	4
Total US dollars				625,085	4
Mexican currency	Revolving		Sundry until 2011	54,607	
	Bilateral		Sundry until 2012	14,917,975	
Total internal debt				Ps 15,597,667	
<u>Summary</u>					
Total external debt				Ps 44,336,140	
Total internal debt				15,597,667	
Total documented debt				Ps 59,933,807	
Short term debt				Ps 14,717,498	
Long term debt				45,216,309	
Total short and long term				Ps 59,933,807	

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

<u>Year</u>	<u>Amount</u>
Short term:	
2010	Ps 14,717,498
Long term:	
2011	29,456,020
2012	5,840,059
2013	1,363,546
2014	935,796
2015	594,780
Subsequent years	<u>7,026,108</u>
Total	<u>Ps 59,933,807</u>

11. LEASING OF PLANTS, INSTALLATIONS, EQUIPMENT AND PIDIREGAS

As of December 31, 2009 and 2008, the debt corresponding to the acquisition of plants, installations and PIDIREGAS was recorded in accordance with Bulletin D-5 "Leases", of the NIF (Note 3-e), are shown in a schedule of

LEASES

<u>Value of the credit</u>	<u>Term of the agreement</u>	<u>Balances as of December 31, 2009 (Thousands)</u>				<u>Balances as of December 31, 2008 (Thousands)</u>	
		<u>Mexican currency</u>		<u>Foreign currency</u>		<u>Mexican currency</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>							
368.70 million dollars	2013	Ps 13,978	Ps 181,718	1,070	13,915	Ps 14,492	Ps 181,718
238.40 million dollars	2026	<u>21,841</u>	<u>297,259</u>	1,673	22,763	<u>22,644</u>	<u>297,259</u>
Total debt in dollars		35,819	478,977			37,136	478,977
104.30 million euros	2021	<u>37,240</u>	<u>391,013</u>	1,988	22,858	<u>38,050</u>	<u>391,013</u>
Total external debt leases		<u>73,059</u>	<u>869,990</u>			<u>75,186</u>	<u>869,990</u>

b. PIDIREGAS

Value of the credit	Term of the agreement	Balances as of December 31, 2009 (Thousands)				Balances as of December 31, 2009 (Thousands)			
		Mexican currency		Foreign currency		Mexican currency		Foreign currency	
		Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
External debt									
4,153 million dollars	2009					Ps 1,491,470			
1,803 million dollars	2010	Ps 366,079	Ps 620,559	28,033	47,521	252,788			
4,170 million dollars	2011	437,203	447,495	33,480	34,268	444,281			
5,351 million dollars	2012	527,735	909,502	40,413	69,647	547,116			
2,298 million dollars	2013	223,171	518,734	17,090	39,723	231,366			
15,068 million dollars	2014	1,228,424	4,451,993	94,069	340,922	1,352,455			
9,121 million dollars	2015	363,858	2,246,540	27,863	172,034	4,666,711			
8,959 million dollars	2016	609,004	3,770,443	46,636	288,730	613,201			
758 million dollars	2017	67,489	374,229	5,168	28,657	69,967			
9,493 million dollars	2019	131,195	2,010,329	10,047	153,946	280,389			
8,223 million dollars	2037	265,918	6,913,885	20,363	529,447	275,685			
Total external debt		4,220,076	22,263,709			10,225,429			
Internal debt									
3,650 million pesos	2013	365,024	1,094,921			365,023			
5,533 million pesos	2014	553,344	1,878,337			553,344			
7,285 million pesos	2015	778,101	3,686,316			736,767			
12,037 million pesos	2016	1,238,234	6,769,495			1,238,236			
5,429 million pesos	2017	561,267	3,687,788			550,069			
7,266 million pesos	2018	792,458	5,189,089			679,937			
2,113 million pesos	2019	569,299	4,898,682						
1,178 million pesos	2022	78,547	903,290			78,547			
49 million pesos	2024	24,454	279,831						
2,491 million pesos	2037	83,664	2,175,271			83,664			
Total internal debt		5,044,392	30,563,020			4,285,587			
Total PIDIREGAS		9,264,468	52,826,729			14,511,016			
Total leases and PIDIREGAS		Ps 9,337,527	Ps 53,696,719			Ps 14,586,202			

In accordance with the General Public Debt Law, the financing obtained by the Comisión Federal de Electricidad (CFE) forms part of the Public Debt of the United Mexican States. The amounts of the indebtedness and the Treasury Department reviews the amount of the items which the CFE has to apply each year to fulfill commitments for their inclusion in the Federal Spending Budget.

As of December 31, 2009 and 2008, the debts contracted for the acquisition of plants, installations and equipment through PIDIREGAS leases, were comprised of the following:

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)						Short-term	Long-term	Short-term	Long-term	Short-term	Long-term		
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency				Foreign currency									
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term								
PIDIREGAS																				
4 Integral geothermal units with total capacity of 100 MW each of the C.G. Cerro Prieto IV	103.34 million US dollars	71.32 million in interest	103.34 million US dollars	<u>Principal</u> Ps 1,002.39 millions (76.76 million)	Up to the year 2015	Ps 1,349,486	Ps 105,514	Ps 241,534	8,080	18,496	Ps									
				<u>Interest</u> Ps 838.24 millions (64.19 million)																
		5.66 million in other expenses		<u>Other expenses</u> Ps 63.86 millions (4.89 million)																
1 combined cycle type module with a capacity of 445 MW, of the C.C.C. Chihuahua	277.37 million US dollars	157.72 million in interest	277.37 million US dollars	<u>Principal</u> Ps 2,403.85 millions (184.08 million)	Up to the year 2016	3,622,092	282,798	935,459	21,656	71,635										
				<u>Interest</u> Ps 1,776.64 millions (136.05 million)																
		6.40 million in other expenses		<u>Other expenses</u> Ps 59.94 millions (4.59 million)																
2 combined cycle type modules with a capacity of 436.9 MW for both, of the C.C.C. Monterrey II	331.09 million US dollars	297.31 million in interest	331.09 million US dollars	<u>Principal</u> Ps 3,557.84 millions (272.45 million)	Up to the year 2015	4,323,605	-	765,686	-	58,634										
				<u>Interest</u> Ps 3,487.33 millions (267.05 million)																
		16.65 million in other expenses		<u>Other expenses</u> Ps 186.35 millions (14.27 million)																
1 Thermoelectric unit with a capacity of 39.4 MW, for the C. D. Puerto San Carlos II	61.27 million US dollars	29.11 million in interest	61.27 million US dollars	<u>Principal</u> Ps 574.84 millions (44.02 million)	Up to the year 2011	800,107	107,503	117,795	8,232	9,020										
				<u>Interest</u> Ps 355.85 millions (27.25 million)																
		1.11 million in other expenses		<u>Other expenses</u> Ps 0.52 millions (0.04 million)																

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency								
							Short-term	Long-term	Short-term	Long-term							
One combined cycle type module with a capacity of 497.6 MW ,of the C.C.C. Rosarito III, Units 8 and 9	307.85 million US dollars	338.46 million in interest	307.85 million US dollars	<u>Principal</u> Ps 1,404.20 millions (107.53 million)	Up to the year 2016	4,020,121	234,647	2,381,266	17,969	182,351							
				<u>Interest</u> Ps 2,923.58 millions (223.88 million)													
		37.90 million in other expenses		<u>Other expenses</u> Ps 326.86 millions (25.03 million)													
3 multi-shaft combined cycle type modules, with a nominal generation capacity of 168.6 MW each, for the C.C.C. Samalayuca II.M - 1, 2 and 3.	701.22 million US dollars	578.47 million in interest	701.22 million US dollars	<u>Principal</u> Ps 7,015.53 millions (537.23 million)	Up to the year 2019	9,157,022	131,195	2,010,329	10,047	153,946							
				<u>Interest</u> Ps 6,028.15 millions (461.62 million)													
				<u>Other expenses</u> Ps 948.19 millions (72.61 million)													
LT 211 CABLE SUBMARINO	100.02 million US dollars	50.28 million in interest	100.02 million US dollars	<u>Principal</u> Ps 1,306.13 millions (100.02 million)	Up to the year 2009	1,306,131	-	-	-	-							
				<u>Interest</u> Ps 656.59 millions (50.28 million)													
		3.01 million in other expenses		<u>Other expenses</u> Ps 39.18 millions (3.00 million)													
LT 214 AND 215 SURESTE PENINSULAR	133.18 million US dollars	123.65 million in interest	133.18 million US dollars	<u>Principal</u> Ps 745.78 millions (57.11 million)	Up to the year 2010	1,739,158	366,079	620,559	28,033	47,521							
				<u>Interest</u> Ps 1,376.00 millions (105.37 million)													
		16.21 million in other expenses		<u>Other expenses</u> Ps 162.32 millions (12.43 million)													
LT 216 AND 217 NOROESTE	106.41 million US dollars	80.86 million in interest	106.41 million US dollars	<u>Principal</u> Ps 1,389.58 millions (106.41 million)	Up to the year 2009	1,389,576	-	-	-	-							
				<u>Interest</u> Ps 1,055.93 millions (80.86 million)													
		3.87 million in other expenses		<u>Other expenses</u> Ps 49.88 millions (3.82 million)													

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SE 212 AND 213 SF6 POTENCIA DISTRIBUCION	175.18 million US dollars	162.96 million in interest	175.18 million US dollars	<u>Principal</u> Ps 1,012.57 millions (77.54 million)	Up to the year 2014	2,287,623	15,810	1,259,164	1,211	96,423	
				<u>Interest</u> Ps 1,673.47 millions (128.15 million)							
		8.09 million in other expenses		<u>Other expenses</u> Ps 77.44 millions (5.93 million)							
SE 218 NOROESTE	50.66 million US dollars	34.35 million in interest	50.66 million US dollars	<u>Principal</u> Ps 481.34 millions (36.86 million)	Up to the year 2015	661,554	24,429	155,765	1,871	11,928	
				<u>Interest</u> Ps 389.93 millions (29.86 million)							
		1.31 million in other expenses		<u>Other expenses</u> Ps 13.19 millions (1.01 million)							
SE 219 SURESTE - PENINSULAR	33.79 million US dollars	16.84million in interest	33.8 million US dollars	<u>Principal</u> Ps 440.86 millions (33.76 million)	Up to the year 2009	441,253	-	-	-	-	
				<u>Interest</u> Ps 220.34 millions (16.87 million)							
		0.60 million in other expenses		<u>Other expenses</u> Ps 7.70 millions (0.59 million)							
SE 220 ORIENTAL - CENTRO	62.85 million US dollars	41.40 million in interest	62.8 million US dollars	<u>Principal</u> Ps 820.74 millions (62.85 million)	Up to the year 2009	820,739	-	-	-	-	
				<u>Interest</u> Ps 540.24 millions (41.37 million)							
		1.64 million in other expenses		<u>Other expenses</u> Ps 21.29 millions (1.63 million)							

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SE 221 OCCIDENTAL	72.51 million US dollars	52.21 million in interest	72.5 million US dollars	<u>Principal</u> Ps 500.93 millions (38.36 million)	Up to the year 2014	946,886	65,013	380,947	4,978	29,172	
				<u>Interest</u> Ps 571.84 millions (43.79 million)							
		1.37 million in other expenses		<u>Other expenses</u> Ps 11.49 millions (0.88 million)							
L.T. 301 CENTRO	44.54 million US dollars	16.80 million in interest	44.54 million US dollars	<u>Principal</u> Ps 459.14 millions (35.16 million)	Up to the year 2011	581,634	61,268	61,268	4,692	4,692	
				<u>Interest</u> Ps 209.85 millions (16.07 million)							
				<u>Other expenses</u> Ps 0.52 millions (0.04 million)							
L.T. 302 SURESTE	41.16 million US dollars	18.73 million in interest	41.16 million US dollars	<u>Principal</u> Ps 425.45 millions (32.58 million)	Up to the year 2012	537,496	56,028	56,028	4,290	4,290	
				<u>Interest</u> Ps 233.62 millions (17.89 million)							
				<u>Other expenses</u> Ps 3.79 millions (0.29 million)							
L.T. 303 IXTAPA - PIE DE LA CUESTA	27.68 million US dollars	11.60 million in interest	27.68 million US dollars	<u>Principal</u> Ps 289.12 millions (22.14 million)	Up to the year 2011	361,465	36,146	36,146	2,768	2,768	
				<u>Interest</u> Ps 145.47 millions (11.14 million)							
				<u>Other expenses</u> Ps 0.78 millions (0.06 million)							

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L.T. 304 NOROESTE	28.22 million US dollars	14.05 million in interest	28.22 million US dollars	<u>Principal</u> Ps 294.87 millions (22.58 million) <u>Interest</u> Ps 175.25 millions (13.42 million) <u>Other expenses</u> Ps 1.83 millions (0.14 million)	Up to the year 2011	368,517	36,852	36,852	2,822	2,822	
L.T. 305 CENTRO - ORIENTE	36.48 million US dollars	17.65 million in interest	36.48 million US dollars	<u>Principal</u> Ps 381.05 millions (29.18 million) <u>Interest</u> Ps 219.91 millions (16.84 million) <u>Other expenses</u> Ps 0.26 millions (0.02 million)	Up to the year 2011	476,381	47,636	47,636	3,648	3,648	
L.T. 306 SURESTE	44.99 million US dollars	18.93 million in interest	44.99 million US dollars	<u>Principal</u> Ps 469.98 millions (35.99 million) <u>Interest</u> Ps 237.41 millions (18.18 million) <u>Other expenses</u> Ps 1.44 millions (0.11 million)	Up to the year 2011	587,511	58,750	58,750	4,499	4,499	
L.T. 307 NORESTE	24.34 million US dollars	12.47 million in interest	24.34 million US dollars	<u>Principal</u> Ps 254.25 millions (19.47 million) <u>Interest</u> Ps 155.66 millions (11.92 million) <u>Other expenses</u> Ps 2.48 millions (0.19 million)	Up to the year 2011	317,849	31,784	31,784	2,434	2,434	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L.T. 308 NOROESTE	44.13 million US dollars	21.14 million in interest	44.13 million US dollars	<u>Principal</u> Ps 460.97 millions (35.30 million) <u>Interest</u> Ps 263.26 millions (20.16 million) <u>Other expenses</u> Ps 6.79 millions (0.52 million)	Up to the year 2012	576,280	57,629	57,629	4,413	4,413	
C. G. LOS AZUFRES II AND CAMPO GEOTÉRMICO	53.90 million US dollars	15.70 million in interest	53.90 million US dollars	<u>Principal</u> Ps 422.58 millions (32.36 million) <u>Interest</u> Ps 170.94 millions (13.09 million)	Up to the year 2014	703,863	70,522	210,762	5,400	16,140	
C. H. MANUEL MORENO TORRES	76.50 million US dollars	26.39 million dollars in interest	76.50 million US dollars	<u>Principal</u> Ps 453.66 millions (34.74 million) <u>Interest</u> Ps 237.28 millions (18.17 million) <u>Other expenses</u> Ps 20.37 millions (1.56 million)	Up to the year 2016	998,990	91,559	453,717	7,011	34,744	
L.T. 406 RED ASOCIADA A TUXPAN II, III Y IV	121.94 million US dollars	43.94 million in interest	121.94 million US dollars	<u>Principal</u> Ps 1,097.19 millions (84.02 million) <u>Interest</u> Ps 519.21 millions (39.76 million) <u>Other expenses</u> Ps 1.70 millions (0.13 million)	Up to the year 2014	1,592,378	161,591	333,564	12,374	25,543	
L.T. 407 RED ASOCIADA A ALTAMIRA II, III Y IV	297.60 million US dollars	117.79 million in interest	297.60 million US dollars	<u>Principal</u> Ps 2,823.42 millions (216.21 million) <u>Interest</u> Ps 1,416.09 millions (108.44 million) <u>Other expenses</u> Ps 4.70 millions (0.36 million)	Up to the year 2014	3,886,269	398,742	664,204	30,535	50,863	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L.T. 408 NACAZARI - NOGALES AREAS NOROESTE	44.63 million US dollars	15.39 million in interest	44.63 million US dollars	<u>Principal</u> Ps 409.52 millions (31.36 million) <u>Interest</u> Ps 182.04 millions (13.94 million)	Up to the year 2013	582,810	59,789	109,989	4,578	8,423	
L.T. 411 SISTEMA NACIONAL	85.68 million US dollars	28.04 million in interest	85.68 million US dollars	<u>Principal</u> Ps 760.15 millions (58.21 million) <u>Interest</u> Ps 325.29 millions (24.91 million) <u>Other expenses</u> Ps 0.26 millions (0.02 million)	Up to the year 2014	1,118,869	116,896	241,831	8,952	18,519	
L.T. 409 MANUEL MORENO TORRES	101.86 million US dollars	26.56 million in interest	101.86 million US dollars	<u>Principal</u> Ps 731.55 millions (56.02 million) <u>Interest</u> Ps 273.19 millions (20.92 million)	Up to the year 2014	1,330,159	133,019	465,568	10,186	35,652	
SE 401 OCCIDENTAL - CENTRAL	64.30 million US dollars	22.23 million in interest	64.30 million US dollars	<u>Principal</u> Ps 589.34 millions (45.13 million) <u>Interest</u> Ps 261.04 millions (19.99 million) <u>Other expenses</u> Ps 0.26 millions (0.02 million)	Up to the year 2012	839,674	87,569	162,710	6,706	12,460	
SE 402 ORIENTAL PENINSULAR	73.13 million US dollars	18.45 million in interest	73.13 million US dollars	<u>Principal</u> Ps 620.68 millions (47.53 million) <u>Interest</u> Ps 208.81 millions (15.99 million) <u>Other expenses</u> Ps 0.13 millions (0.01 million)	Up to the year 2013	954,983	95,494	238,735	7,313	18,282	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L.T. 403 NORESTE	72.49 million US dollars	26.79 million in interest	72.49 million US dollars	<u>Principal</u> Ps 728.15 millions (55.76 million)	Up to the year 2012	946,625	97,747	120,799	7,485	9,250	
				<u>Interest</u> Ps 329.60 millions (25.24 million)							
L.T. 404 NOROESTE - NORTE	40.50 million US dollars	15.06 million in interest	40.50 million US dollars	<u>Principal</u> Ps 414.35 millions (31.73 million)	Up to the year 2011	528,877	57,264	57,264	4,385	4,385	
				<u>Interest</u> Ps 187.65 millions (14.37 million)							
SE 405 COMPENSACION ALTA TENSION	8.59 million US dollars	2.19 million in interest	8.59 million US dollars	<u>Principal</u> Ps 72.61 millions (5.56 million)	Up to the year 2013	112,174	11,215	28,329	859	2,169	
				<u>Interest</u> Ps 24.68 millions (1.89 million)							
L.T. 410 SISTEMA NACIONAL	173.17 million US dollars	63.85 million in interest	173.17 million US dollars	<u>Principal</u> Ps 1,520.29 millions (116.42 million)	Up to the year 2012	2,261,375	228,762	512,337	17,518	39,233	
				<u>Interest</u> Ps 736.77 millions 56.42 million)							
				<u>Other expenses</u> Ps 1.04 millions (0.08 million)							
C. C. EL SAUZ CONVERSION DE TG A CC	56.86 million US dollars	15.65 million in interest	56.86 million US dollars	<u>Principal</u> Ps 371.26 millions (28.43 million)	Up to the year 2015	742,518	61,873	309,367	4,738	23,691	
				<u>Interest</u> Ps 151.22 millions (11.58 million)							
L.T. 414 NORTE - OCCIDENTAL	65.67 million US dollars	19.49 million in interest	65.67 million US dollars	<u>Principal</u> Ps 487.87 millions (37.36 million)	Up to the year 2014	857,565	85,760	283,911	6,567	21,741	
				<u>Interest</u> Ps 206.98 millions (15.85 million)							

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L.T. 502 ORIENTAL - NORTE	3.80 million US dollars	1.16 million in interest	3.80 million US dollars	<u>Principal</u> Ps 22.33 millions (1.71 million)	Up to the year 2015	49,623	4,961	22,323	380	1,709	
				<u>Interest</u> Ps 10.58 millions (0.81 million)							
LT 506 SALTILLO - CAÑADA	57.78 million US dollars	15.25 million in interest	57.78 million US dollars	<u>Principal</u> Ps 415.01 millions (31.78 million)	Up to the year 2014	754,532	75,451	264,079	5,778	20,222	
				<u>Interest</u> Ps 157.36 millions (12.05 million)							
SE 412 COMPENSACION NORTE	22.00 million US dollars	5.42 million in interest	22.00 million US dollars	<u>Principal</u> Ps 186.74 millions (14.30 million)	Up to the year 2013	287,291	28,725	71,813	2,200	5,499	
				<u>Interest</u> Ps 61.38 millions (4.70 million)							
SE 413 NOROESTE - OCCIDENTAL	23.10 million US dollars	6.06 million in interest	23.10 million US dollars	<u>Principal</u> Ps 165.85 millions (12.70 million)	Up to the year 2014	301,656	30,159	105,558	2,310	8,083	
				<u>Interest</u> Ps 62.42 millions (4.78 million)							
SE 503 ORIENTAL	21.40 million US dollars	5.42 million in interest	21.40 million US dollars	<u>Principal</u> Ps 181.65 millions (13.91 million)	Up to the year 2013	279,456	27,948	69,869	2,140	5,350	
				<u>Interest</u> Ps 61.38 millions (4.70 million)							
SE 504 NORTE - OCCIDENTAL	31.71 million US dollars	8.33 million in interest	31.71 million US dollars	<u>Principal</u> Ps 249.42 millions (19.10 million)	Up to the year 2014	414,091	41,410	123,229	3,171	9,437	
				<u>Interest</u> Ps 91.02 millions (6.97 million)							

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
									Short-term	Long-term	
C. C. I. BAJA CALIFORNIA SUR I	56.00 million US dollars	16.23 million dollars in interest	56.00 million US dollars	<u>Principal</u> Ps 289.64 millions (22.18 million) <u>Interest</u> Ps 130.20 millions (9.97 million)	Up to the year 2017	731,287	67,489	374,229	5,168	28,657	
L.T. 610 TRANSMISION NOROESTE NORTE F 1	24.63 million US dollars	7.50 million in interest	24.63 million US dollars	<u>Principal</u> Ps 144.73 millions (11.08 million) <u>Interest</u> Ps 68.69 millions (5.26 million) <u>Other expenses</u> Ps 13.06 millions (1.00 million)	Up to the year 2015	321,636	32,166	144,748	2,463	11,084	
L.T. 612 SUBTRANSMISION NORTE NORESTE F 1	5.01 million US dollars	1.53 million in interest	5.01 million US dollars	<u>Principal</u> Ps 29.51 millions (2.26 million) <u>Interest</u> Ps 13.97 millions (1.07 million)	Up to the year 2015	65,424	6,546	29,455	501	2,256	
SE 613 SUBTRANSMISION OCCIDENTAL	7.39 million US dollars	2.25 million in interest	7.39 million US dollars	<u>Principal</u> Ps 43.35 millions (3.32 million) <u>Interest</u> Ps 20.63 millions (1.58 million)	Up to the year 2015	96,504	9,644	43,398	739	3,323	
L.T. 614 SUBTRANSMISION ORIENTAL	12.17 million US dollars	3.67 million in interest	12.17 million US dollars	<u>Principal</u> Ps 71.56 millions (5.48 million) <u>Interest</u> Ps 33.43 millions (2.56 million)	Up to the year 2015	158,924	15,897	71,537	1,217	5,478	
L.T. 712 RAT A LA CCI BAJA CALIFORNIA SUR I	21.18 million US dollars	5.52 million in interest	21.18 million US dollars	<u>Principal</u> Ps 152.13 millions (11.65 million) <u>Interest</u> Ps 56.81 millions (4.35 million)	Up to the year 2014	276,583	27,657	96,799	2,118	7,413	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SE 607 SISTEMA BAJIO - ORIENTAL	4.90 million US dollars	1.27 million in interest	4.90 million US dollars	<u>Principal</u> Ps 35.13 millions (2.69 million) <u>Interest</u> Ps 13.06 millions (1.00 million)	Up to the year 2014	63,988	6,393	22,376	490	1,713	
SUPPLY OF STEAM TO THE CERRO PRIETO POWER PLANT	13.12 million US dollars	3.98 million dollars in interest	13.12 million US dollars	<u>Principal</u> Ps 77.18 millions (5.91 million) <u>Interest</u> Ps 36.30 millions (2.78 million)	Up to the year 2015	171,330	17,137	77,115	1,312	5,905	
C.H. EI CAJON	607.39 million US dollars	348.19 million dollars in interest	607.39 million US dollars	<u>Principal</u> Ps 751.92 millions (57.58 million) <u>Interest</u> Ps 811.99 millions (62.18 million) <u>Other expenses</u> Ps 119.62 millions (9.16 million)	Up to the year 2037	7,931,724	265,919	6,913,885	20,363	529,447	
L.T. 710 RTA A LA CC ALTAMIRA V	14.40 million US dollars	4.03 million in interest	14.40 million US dollars	<u>Principal</u> Ps 84.62 millions (6.48 million) <u>Interest</u> Ps 35.52 millions (2.72 million)	Up to the year 2015	188,045	18,801	84,606	1,440	6,479	
RM BOTELLO	6.35 million US dollars	1.84 million dollars in interest	6.35 million US dollars	<u>Principal</u> Ps 37.35 millions (2.86 million) <u>Interest</u> Ps 16.45 millions (1.26 million)	Up to the year 2015	82,923	8,290	37,304	635	2,857	
RM CARBON II	7.78 million US dollars	2.34 million dollars in interest	7.78 million US dollars	<u>Principal</u> Ps 45.71 millions (3.50 million) <u>Interest</u> Ps 21.29 millions (1.63 million)	Up to the year 2015	101,597	10,164	45,736	778	3,502	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term Foreign currency
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
RM DOS BOCAS	14.40 million US dollars	4.29 million dollars in interest	14.40 million US dollars	<u>Principal</u> Ps 84.62 millions (6.48 million) <u>Interest</u> Ps 38.91 millions (2.98 million)	Up to the year 2015	188,045	18,809	84,642	1,440	6,482	
RM GOMEZ PALACIO	9.56 million US dollars	2.66 million dollars in interest	9.56 million US dollars	<u>Principal</u> Ps 56.15 millions (4.30 million) <u>Interest</u> Ps 23.38 millions (1.79 million)	Up to the year 2015	124,841	12,480	56,158	956	4,300	
RM IXTACZOQUITLAN	0.92 million US dollars	0.25 million dollars in interest	0.92 million US dollars	<u>Principal</u> Ps 5.35 millions (0.41 million) <u>Interest</u> Ps 2.22 millions (0.17 million)	Up to the year 2015	12,014	1,195	5,379	92	412	
RM TUXPANGO	1.93 million US dollars	0.56 million dollars in interest	1.93 million US dollars	<u>Principal</u> Ps 11.36 millions (0.87 million) <u>Interest</u> Ps 4.83 millions (0.37 million)	Up to the year 2015	25,203	2,526	11,367	193	870	
RM CT VALLE DE MEXICO	5.79 million US dollars	1.73 million dollars in interest	5.79 million US dollars	<u>Principal</u> Ps 34.08 millions (2.61 million) <u>Interest</u> Ps 15.67 millions (1.20 million) <u>Other expenses</u> Ps 19.07 millions (1.46 million)	Up to the year 2015	75,610	7,561	34,024	579	2,606	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
RM CARBON II, UNIDADES 2 Y 4	4.49 million US dollars	1.31 million dollars in interest	4.49 million US dollars	<u>Principal</u> Ps 26.38 millions (2.02 million) <u>Interest</u> Ps 11.36 millions (0.87 million)	Up to the year 2015	58,634	5,865	26,397	450	2,023	
TOTAL EXTERNAL DEBT						66,890,576	4,220,076	22,263,710	323,163	1,704,894	10
C. C. I. GUERRERO NEGRO II	310.44 million Mexican pesos	154.73 million Mexican pesos	310.44 million Mexican pesos	<u>Principal</u> Ps 170.74 millions <u>Interest</u> Ps 120.63 millions	Up to the year 2014	\$ 310,444	31,044	108,655	-	-	
C. G. LOS AZUFRES II Y CAMPO GEOTERMICO	870.49 million Mexican pesos	384.45 million Mexican pesos	870.49 million Mexican pesos	<u>Principal</u> Ps 522.45 millions <u>Interest</u> Ps 318.64 millions	Up to the year 2013	870,494	87,049	260,995	-	-	
C. H. MANUEL MORENO TORRES	438.53 million Mexican pesos	217.67 million Mexican pesos	438.53 million Mexican pesos	<u>Principal</u> Ps 222.14 millions <u>Interest</u> Ps 161.35 millions	Up to the year 2014	438,530	43,853	172,540	-	-	
L. T. 407 RAT A ALTAMIRA II, III Y IV	405.94 million Mexican pesos	173.67 million Mexican pesos	405.94 million Mexican pesos	<u>Principal</u> Ps 243.57 millions <u>Interest</u> Ps 142.97 millions	Up to the year 2014	405,942	40,594	121,783			
L. T. 411 SISTEMA NACIONAL	514.60 million Mexican pesos	227.42 million Mexican pesos	514.60 million Mexican pesos	<u>Principal</u> Ps 308.76 millions <u>Interest</u> Ps 188.51 millions	Up to the year 2013	514,600	51,460	154,380			
L. T. 409 MANUEL MORENO TORRES	1,958.71 million Mexican pesos	878.41 million Mexican pesos	1,958.71 million Mexican pesos	<u>Principal</u> Ps 1,125.51 millions <u>Interest</u> Ps 704.88 millions	Up to the year 2014	1,958,710	195,871	637,328			
SE 402 ORIENTAL - PENINSULAR	47.33 million Mexican pesos	20.49 million Mexican pesos	47.33 million Mexican pesos	<u>Principal</u> Ps 21.30 millions <u>Interest</u> Ps 13.37 millions	Up to the year 2015	47,329	4,733	21,298			4

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
C. C. EL SAUZ CONVERSION DE TG a CC	637.69 million Mexican pesos	273.76 million Mexican pesos	637.69 million Mexican pesos	<u>Principal</u> Ps 382.61 millions <u>Interest</u> Ps 222.54 millions	Up to the year 2013	637,689	63,769	191,307			
L. T. 502 ORIENTAL - NORTE	125.88 million Mexican pesos	60.05 million Mexican pesos	125.88 million Mexican pesos	<u>Principal</u> Ps 62.94 millions <u>Interest</u> Ps 43.70 millions	Up to the year 2014	125,880	12,588	50,352			
L. T. 506 SALTILLO - CAÑADA	2,117.98 million Mexican pesos	914.83 million Mexican pesos	2,117.98 million Mexican pesos	<u>Principal</u> Ps 1,270.79 millions <u>Interest</u> Ps 754.67 millions	Up to the year 2013	2,117,980	211,798	635,394			
L. T. 715 RAT A LA CENTRAL TAMAZUNCHALE	1,166.18 million Mexican pesos	502.16 million Mexican pesos	1,166.18 million Mexican pesos	<u>Principal</u> Ps 361.65 millions <u>Interest</u> Ps 241.79 millions	Up to the year 2016	1,166,182	120,551	683,977			
L. T. 509 RED ASOCIADA RIO BRAVO III	497.45 million Mexican pesos	227.08 million Mexican pesos	497.45 million Mexican pesos	<u>Principal</u> Ps 284.79 millions <u>Interest</u> Ps 121.29 millions	Up to the year 2014	497,449	49,745	162,918			
SE 413 NOROESTE - OCCIDENTAL	391.41 million Mexican pesos	183.37 million Mexican pesos	391.41 million Mexican pesos	<u>Principal</u> Ps 197.25 millions <u>Interest</u> Ps 134.21 millions	Up to the year 2014	391,408	39,141	155,018			
SE 504 NORTE - OCCIDENTAL	147.16 million Mexican pesos	65.25 million Mexican pesos	147.16 million Mexican pesos	<u>Principal</u> Ps 88.30 millions <u>Interest</u> Ps 54.12 millions	Up to the year 2013	147,164	14,716	44,149			
L.T. 609 TRANSMISION NOROESTE OCCIDENTAL	1,378.65 million Mexican pesos	610.87 million Mexican pesos	1,378.65 million Mexican pesos	<u>Principal</u> Ps 620.39 millions <u>Interest</u> Ps 403.34 millions	Up to the year 2015	1,378,651	137,865	620,393			
L. T. 610 TRANSMISION NOROESTE-ORTE	1,423.71 million Mexican pesos	667.94 million Mexican pesos	1,423.71 million Mexican pesos	<u>Principal</u> Ps 619.14 millions <u>Interest</u> Ps 429.90 millions	Up to the year 2018	1,423,710	142,371	662,200			
L. T. 612 SUBTRANSMISION NORTE-NORESTE	261.41 million Mexican pesos	112.31 million Mexican pesos	261.41 million Mexican pesos	<u>Principal</u> Ps 95.96 millions <u>Interest</u> Ps 61.30 millions	Up to the year 2016	261,406	26,735	138,714			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L. T. 613 SUBTRANSMISION OCCIDENTAL	227.82 million Mexican pesos	110.25 million Mexican pesos	227.82 million Mexican pesos	<u>Principal</u> Ps 113.44 millions <u>Interest</u> Ps 80.19 millions	Up to the year 2015	227,822	22,814	91,572			
L. T. 614 SUBTRANSMISION ORIENTAL	48.72 million Mexican pesos	21.81 million Mexican pesos	48.72 million Mexican pesos	<u>Principal</u> Ps 22.35 millions <u>Interest</u> Ps 14.63 millions	Up to the year 2016	48,715	4,890	21,479			
L. T. 615 SUBTRANSMISION PENINSULAR	286.27 million Mexican pesos	129.27 million Mexican pesos	286.27 million Mexican pesos	<u>Principal</u> Ps 126.33 millions <u>Interest</u> Ps 84.87 millions	Up to the year 2016	286,271	29,162	130,775			
LT 1012 RTA A LA CCC BAJA CALIFORNIA	139.17 million Mexican pesos	57.72 million Mexican pesos	139.17 million Mexican pesos	<u>Principal</u> Ps 14.65 millions <u>Interest</u> Ps 10.19 millions	Up to the year 2018	139,168	14,649	109,870			
SE 607 SISTEMA BAJIO ORIENTAL	806.96 million Mexican pesos	340.52 million Mexican pesos	806.96 million Mexican pesos	<u>Principal</u> Ps 479.57 millions <u>Interest</u> Ps 277.22 millions	Up to the year 2014	806,959	80,696	246,694			
L.T. 611 SUBTRANSMISION BAJA CALIFORNIA NOROESTE	330.91 million Mexican pesos	136.39 million Mexican pesos	330.91 million Mexican pesos	<u>Principal</u> Ps 106.97 millions <u>Interest</u> Ps 66.20 millions	Up to the year 2016	330,910	35,023	188,921			
SUMINISTRO DE VAPOR A LAS CENTRALES DE CERRO PRIETO	1,091.40 million Mexican pesos	474.89 million Mexican pesos	1,091.40 million Mexican pesos	<u>Principal</u> Ps 453.15 millions <u>Interest</u> Ps 291.52 millions	Up to the year 2016	1,091,405	110,443	527,816			
CC HERMOSILLO CONVERSION DE TG A CC	813.96 million Mexican pesos	330.87 million Mexican pesos	813.96 million Mexican pesos	<u>Principal</u> Ps 342.72 millions <u>Interest</u> Ps 201.90 millions	Up to the year 2015	813,960	85,680	385,560			
CH EL CAJON	2,491.18 million Mexican pesos	3,206.12 million Mexican pesos	2,491.18 million Mexican pesos	<u>Principal</u> Ps 232.24 millions <u>Interest</u> Ps 511.37 millions	Up to the year 2037	2,491,179	83,664	2,175,274			
L. T. 723 LINEAS CENTRO	70.93 million Mexican pesos	28.89 million Mexican pesos	70.93 million Mexican pesos	<u>Principal</u> Ps 28.02 millions <u>Interest</u> Ps 16.66 millions	Up to the year 2016	70,935	7,330	35,582			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L. T. 714 RTA A LA C. H. EL CAJON	747.40 million Mexican pesos	304.17 million Mexican pesos	747.40 million Mexican pesos	<u>Principal</u> Ps 248.25 millions <u>Interest</u> Ps 146.45 millions	Up to the year 2016	747,404	76,792	422,358			
L.T. 710 RTA A LA CC ALTAMIRA V	660.79 million Mexican pesos	285.67 million Mexican pesos	660.79 million Mexican pesos	<u>Principal</u> Ps 199.90 millions <u>Interest</u> Ps 135.68 millions	Up to the year 2016	660,794	68,422	392,473			
L. T. 711 RTA A CC LA LAGUNA II	233.12 million Mexican pesos	113.22 million Mexican pesos	233.12 million Mexican pesos	<u>Principal</u> Ps 116.56 millions <u>Interest</u> Ps 82.62 millions	Up to the year 2014	233,119	23,312	93,247			
L. T. 707 ENLACE NORTE - SUR	378.59 million Mexican pesos	189.82 million Mexican pesos	378.59 million Mexican pesos	<u>Principal</u> Ps 208.23 millions <u>Interest</u> Ps 148.20 millions	Up to the year 2014	378,591	37,859	132,507			
L.T. 717 RIVIERA MAYA	422.14 million Mexican pesos	200.48 million Mexican pesos	422.14 million Mexican pesos	<u>Principal</u> Ps 211.07 millions <u>Interest</u> Ps 145.08 millions	Up to the year 2014	422,139	42,214	168,856			
PRESA REGULADORA AMATA	144.42 million Mexican pesos	61.65 million Mexican pesos	144.42 million Mexican pesos	<u>Principal</u> Ps 64.99 millions <u>Interest</u> Ps 39.91 millions	Up to the year 2015	144,418	14,442	64,988			
RM ADOLFO LOPEZ MATEOS	329.18 million Mexican pesos	141.43 million Mexican pesos	329.18 million Mexican pesos	<u>Principal</u> Ps 143.48 millions <u>Interest</u> Ps 90.60 millions	Up to the year 2015	329,182	33,764	151,940			
RM CARBON II	42.04 million Mexican pesos	20.33 million Mexican pesos	42.04 million Mexican pesos	<u>Principal</u> Ps 21.02 millions <u>Interest</u> Ps 14.81 millions	Up to the year 2014	42,043	4,204	16,817			
RM CT CARLOS RODRIGUEZ RIVERO	205.00 million Mexican pesos	88.97 million Mexican pesos	205.00 million Mexican pesos	<u>Principal</u> Ps 67.91 millions <u>Interest</u> Ps 44.49 millions	Up to the year 2016	204,997	21,091	116,001			
RM EMILIO PORTES GIL	2.80 million Mexican pesos	1.40 million Mexican pesos	2.80 million Mexican pesos	<u>Principal</u> Ps 1.54 millions <u>Interest</u> Ps 1.10 millions	Up to the year 2014	2,797	280	979			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
RM CT FRANCISCO PEREZ RIOS U-3 Y 4	1,385.32 million Mexican pesos	536.43 million Mexican pesos	1,385.32 million Mexican pesos	<u>Principal</u> Ps 277.06 millions <u>Interest</u> Ps 166.28 millions	Up to the year 2017	1,385,321	138,532	969,725			
RM GOMEZ PALACIO	219.77 million Mexican pesos	87.61 million Mexican pesos	219.77 million Mexican pesos	<u>Principal</u> Ps 69.40 millions <u>Interest</u> Ps 42.07 millions	Up to the year 2016	219,766	23,133	127,233			
RM HUINALA	6.26 million Mexican pesos	2.49 million Mexican pesos	6.26 million Mexican pesos	<u>Principal</u> Ps 2.64 millions <u>Interest</u> Ps 1.50 millions	Up to the year 2015	6,264	659	2,967			
RM JOSE ACEVES POZOS (MAZATLAN II)	150.12 million Mexican pesos	57.79 million Mexican pesos	150.12 million Mexican pesos	<u>Principal</u> Ps 47.41 millions <u>Interest</u> Ps 25.17 millions	Up to the year 2016	150,124	15,803	86,914			
RM GRAL MANUEL ALVAREZ MORENO (MANZANILLO)	525.50 million Mexican pesos	227.76 million Mexican pesos	525.50 million Mexican pesos	<u>Principal</u> Ps 229.32 millions <u>Interest</u> Ps 146.20 millions	Up to the year 2015	525,495	53,851	242,327			
RM CT PUERTO LIBERTAD	142.41 million Mexican pesos	61.67 million Mexican pesos	142.41 million Mexican pesos	<u>Principal</u> Ps 64.08 millions <u>Interest</u> Ps 40.23 millions	Up to the year 2015	142,408	14,241	64,083			
RM PUNTA PRIETA	131.63 million Mexican pesos	58.84 million Mexican pesos	131.63 million Mexican pesos	<u>Principal</u> Ps 46.07 millions <u>Interest</u> Ps 28.31 millions	Up to the year 2016	131,634	13,163	72,399			
RM SALAMANCA	344.54 million Mexican pesos	147.80 million Mexican pesos	344.54 million Mexican pesos	<u>Principal</u> Ps 146.64 millions <u>Interest</u> Ps 92.99 millions	Up to the year 2016	344,537	35,352	162,549			
RM TUXPANGO	166.32 million Mexican pesos	70.94 million Mexican pesos	166.32 million Mexican pesos	<u>Principal</u> Ps 70.03 millions <u>Interest</u> Ps 44.58 millions	Up to the year 2015	166,322	17,508	78,784			
SE 722 NORTE	83.36 million Mexican pesos	36.42 million Mexican pesos	83.36 million Mexican pesos	<u>Principal</u> Ps 35.10 millions <u>Interest</u> Ps 23.21 millions	Up to the year 2015	83,355	8,774	39,484			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SE 705 CAPACITORES	37.08 million Mexican pesos	15.79 million Mexican pesos	37.08 million Mexican pesos	<u>Principal</u> Ps 16.69 millions <u>Interest</u> Ps 10.20 millions	Up to the year 2015	37,081	3,708	16,687			
SE 708 COMPENSACION DINAMICA ORIENTAL - NORTE	482.20 million Mexican pesos	211.36 million Mexican pesos	482.20 million Mexican pesos	<u>Principal</u> Ps 216.99 millions <u>Interest</u> Ps 138.77 millions	Up to the year 2015	482,201	48,220	216,990			
SLT 701 OCCIDENTE - CENTRO	863.33 million Mexican pesos	358.97 million Mexican pesos	863.33 million Mexican pesos	<u>Principal</u> Ps 218.60 millions <u>Interest</u> Ps 136.97 millions	Up to the year 2018	863,327	89,113	555,610			
SLT 702 SURESTE - PENINSULAR	222.49 million Mexican pesos	92.79 million Mexican pesos	222.49 million Mexican pesos	<u>Principal</u> Ps 60.99 millions <u>Interest</u> Ps 39.78 millions	Up to the year 2017	222,487	32,647	227,909			
SLT 703 NORESTE - NORTE	210.31 million Mexican pesos	87.18 million Mexican pesos	210.31 million Mexican pesos	<u>Principal</u> Ps 70.53 millions <u>Interest</u> Ps 42.39 millions	Up to the year 2016	210,312	21,242	118,538			
SLT 704 BAJA CALIFORNIA - NOROESTE	73.23 million Mexican pesos	31.66 million Mexican pesos	73.23 million Mexican pesos	<u>Principal</u> Ps 30.84 millions <u>Interest</u> Ps 20.05 millions	Up to the year 2015	73,235	7,709	34,690			
SLT 706 SISTEMAS NORTE	1,869.57 million Mexican pesos	794.65 million Mexican pesos	1,869.57 million Mexican pesos	<u>Principal</u> Ps 585.74 millions <u>Interest</u> Ps 374.24 millions	Up to the year 2018	1,869,573	187,501	1,096,329			
SLT 709 SISTEMAS SUR	1,074.93 million Mexican pesos	448.10 million Mexican pesos	1,074.93 million Mexican pesos	<u>Principal</u> Ps 452.60 millions <u>Interest</u> Ps 277.77 millions	Up to the year 2015	1,074,932	113,151	509,179			
CC CONVERSION EL ENCINO DE TG A CC	809.85 million Mexican pesos	354.33 million Mexican pesos	809.85 million Mexican pesos	<u>Principal</u> Ps 242.95 millions <u>Interest</u> Ps 165.02 millions	Up to the year 2016	809,849	80,985	485,909			
CCI BAJA CALIFORNIA SUR II	658.77 million Mexican pesos	255.33 million Mexican pesos	658.77 million Mexican pesos	<u>Principal</u> Ps 182.99 millions <u>Interest</u> Ps 104.25 millions	Up to the year 2016	658,772	73,197	402,583			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
L. T. 807 DURANGO I	370.59 million Mexican pesos	157.00 million Mexican pesos	370.59 million Mexican pesos	<u>Principal</u> Ps 132.54 millions <u>Interest</u> Ps 85.64 millions	Up to the year 2016	370,591	37,269	200,786			
RM CCC TULA	57.43 million Mexican pesos	22.09 million Mexican pesos	57.43 million Mexican pesos	<u>Principal</u> Ps 17.05 millions <u>Interest</u> Ps 9.26 millions	Up to the year 2016	57,428	6,212	34,167			
RM CT CARBON II UNIDADES 2 Y 4	96.14 million Mexican pesos	38.10 million Mexican pesos	96.14 million Mexican pesos	<u>Principal</u> Ps 40.48 millions <u>Interest</u> Ps 22.87 millions	Up to the year 2015	96,137	41,334	372,005			
RM CT EMILIO PORTES GIL UNIDAD 4	389.24 million Mexican pesos	143.28 million Mexican pesos	389.24 million Mexican pesos	<u>Principal</u> Ps 106.67 millions <u>Interest</u> Ps 52.80 millions	Up to the year 2017	389,238	42,668	239,901			
RM CT FRANCISCO PEREZ RIOS U 5	345.18 million Mexican pesos	143.56 million Mexican pesos	345.18 million Mexican pesos	<u>Principal</u> Ps 120.81 millions <u>Interest</u> Ps 75.68 millions	Up to the year 2016	345,182	34,518	189,850			
RM CT PDTE ADOLFO LOPEZ MATEOS UNIDADES 3, 4, 5 y 6	481.60 million Mexican pesos	199.52 million Mexican pesos	481.60 million Mexican pesos	<u>Principal</u> Ps 122.41 millions <u>Interest</u> Ps 76.83 millions	Up to the year 2017	481,597	48,798	310,391			
RM CT PDTE PLUTARCO ELIAS CALLES UNIDADES 1 Y 2	224.01 million Mexican pesos	89.71 million Mexican pesos	224.01 million Mexican pesos	<u>Principal</u> Ps 59.06 millions <u>Interest</u> Ps 35.74 millions	Up to the year 2016	224,010	23,623	141,330			
SE 811 NOROESTE	120.48 million Mexican pesos	50.06 million Mexican pesos	120.48 million Mexican pesos	<u>Principal</u> Ps 42.17 millions <u>Interest</u> Ps 26.36 millions	Up to the year 2016	120,480	12,048	66,264			
SE 812 GOLFO NORTE	57.31 million Mexican pesos	23.98 million Mexican pesos	57.31 million Mexican pesos	<u>Principal</u> Ps 18.11 millions <u>Interest</u> Ps 11.85 millions	Up to the year 2016	57,305	6,030	33,165			
SE 813 DIVISION BAJIO	582.59 million Mexican pesos	243.09 million Mexican pesos	582.59 million Mexican pesos	<u>Principal</u> Ps 111.81 millions <u>Interest</u> Ps 73.31 millions	Up to the year 2018	582,587	58,975	411,798			

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		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SLT 801 ALTIPLANO	924.70 million Mexican pesos	372.52 million Mexican pesos	924.70 million Mexican pesos	<u>Principal</u> Ps 287.01 millions <u>Interest</u> Ps 165.04 millions	Up to the year 2016	924,704	94,957	542,736			
SLT 802 TAMAULIPAS	776.33 million Mexican pesos	327.89 million Mexican pesos	776.33 million Mexican pesos	<u>Principal</u> Ps 194.08 millions <u>Interest</u> Ps 128.96 millions	Up to the year 2017	776,331	77,633	504,615			
SLT 803 NOINE	721.47 million Mexican pesos	292.34 million Mexican pesos	721.47 million Mexican pesos	<u>Principal</u> Ps 178.94 millions <u>Interest</u> Ps 108.21 millions	Up to the year 2016	721,468	74,597	467,928			
SLT 806 BAJIO	701.78 million Mexican pesos	298.56 million Mexican pesos	701.78 million Mexican pesos	<u>Principal</u> Ps 245.62 millions <u>Interest</u> Ps 155.39 millions	Up to the year 2016	701,776	70,178	385,977			
CE LA VENTA II	1,178.20 million Mexican pesos	815.49 million Mexican pesos	1,178.20 million Mexican pesos	<u>Principal</u> Ps 196.37 millions <u>Interest</u> Ps 240.19 millions	Up to the year 2022	1,178,204	78,547	903,290			
L. T. 904 RTA A LA CE LA VENTA II	74.80 million Mexican pesos	32.24 million Mexican pesos	74.80 million Mexican pesos	<u>Principal</u> Ps 22.44 millions <u>Interest</u> Ps 15.75 millions	Up to the year 2016	74,804	7,480	44,883			
SE 911 NORESTE	98.36 million Mexican pesos	41.53 million Mexican pesos	98.36 million Mexican pesos	<u>Principal</u> Ps 24.59 millions <u>Interest</u> Ps 15.39 millions	Up to the year 2017	98,359	9,836	63,934			
SE 915 OCCIDENTAL	122.00 million Mexican pesos	52.04 million Mexican pesos	122.00 million Mexican pesos	<u>Principal</u> Ps 18.30 millions <u>Interest</u> Ps 12.45 millions	Up to the year 2018	121,999	12,200	91,499			
SLT 901 PACIFICO	431.09 million Mexican pesos	178.85 million Mexican pesos	431.09 million Mexican pesos	<u>Principal</u> Ps 55.56 millions <u>Interest</u> Ps 38.95 millions	Up to the year 2018	431,093	44,647	330,886			
SLT 902 ISTMO	893.03 million Mexican pesos	365.38 million Mexican pesos	893.03 million Mexican pesos	<u>Principal</u> Ps 206.01 millions <u>Interest</u> Ps 133.87 millions	Up to the year 2017	893,033	89,434	597,584			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SLT 903 CABO - NORTE	619.45 million Mexican pesos	253.71 million Mexican pesos	619.45 million Mexican pesos	<u>Principal</u> Ps 192.66 millions <u>Interest</u> Ps 116.78 millions	Up to the year 2016	619,448	64,749	362,038			
SOUTH PROJECT FIBER OPTICS NETWORK	305.28 million Mexican pesos	88.65 million Mexican pesos	305.28 million Mexican pesos	<u>Principal</u> Ps 78.50 millions <u>Interest</u> Ps 43.61 millions	Up to the year 2017	292,141	32,715	194,063			
CENTRAL PROJECT FIBER OPTICS NETWORK	491.87 million Mexican pesos	224.69 million Mexican pesos	491.87 million Mexican pesos	<u>Principal</u> Ps 129.44 millions <u>Interest</u> Ps 103.60 millions	Up to the year 2016	491,868	51,776	310,654			
NORTH PROJECT FIBER OPTICS NETWORK	492.88 million Mexican pesos	208.77 million Mexican pesos	492.88 million Mexican pesos	<u>Principal</u> Ps 123.22 millions <u>Interest</u> Ps 77.75 millions	Up to the year 2017	492,882	49,288	320,373			
SE 1005 NOROESTE	534.51 million Mexican pesos	131.54 million Mexican pesos	534.51 million Mexican pesos	<u>Principal</u> Ps 34.34 millions <u>Interest</u> Ps 22.35 millions	Up to the year 2018	93,479	58,844	441,328			
RM CT PUERTO LIBERTAD U 4	142.73 million Mexican pesos	61.39 million Mexican pesos	142.73 million Mexican pesos	<u>Principal</u> Ps 42.82 millions <u>Interest</u> Ps 28.05 millions	Up to the year 2016	142,728	14,273	85,637			
RM CT VALLE DE MEXICO UNIDADES 5,6 Y 7	49.79 million Mexican pesos	18.36 million Mexican pesos	49.79 million Mexican pesos	<u>Principal</u> Ps 13.83 millions <u>Interest</u> Ps 6.94 millions	Up to the year 2016	49,791	5,532	30,428			
RM CCC SAMALAYUCA II	11.72 million Mexican pesos	4.62 million Mexican pesos	11.72 million Mexican pesos	<u>Principal</u> Ps 3.26 millions <u>Interest</u> Ps 1.96 millions	Up to the year 2016	11,718	1,302	7,161			
RM CCC EL SAUZ	46.16 million Mexican pesos	18.63 million Mexican pesos	46.16 million Mexican pesos	<u>Principal</u> Ps 10.39 millions <u>Interest</u> Ps 6.45 millions	Up to the year 2017	46,162	4,616	31,158			
RM CCC HUINALA II	19.66 million Mexican pesos	8.14 million Mexican pesos	19.66 million Mexican pesos	<u>Principal</u> Ps 2.95 millions <u>Interest</u> Ps 1.76 millions	Up to the year 2018	19,655	1,966	14,741			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency							
							Short-term	Long-term	Short-term	Long-term						
SE 1004 COMPENSACION DINAMICA AREA CENTRAL	171.76 million Mexican pesos	65.39 million Mexican pesos	171.76 million Mexican pesos	<u>Principal</u> Ps 54.24 millions <u>Interest</u> Ps 28.06 millions	Up to the year 2016	171,756	18,080	99,438								
L.T. 1011 RED ASOCIADA A LA CC SAN LORENZO	63.38 million Mexican pesos	28.28 million Mexican pesos	63.38 million Mexican pesos	<u>Principal</u> Ps 9.51 millions <u>Interest</u> Ps 7.72 millions	Up to the year 2018	63,382	6,338	47,531								
SLT 1002 COMPENSACION Y TRANSMISION NORESTE-SURESTE	418.85 million Mexican pesos	172.44 million Mexican pesos	418.85 million Mexican pesos	<u>Principal</u> Ps 75.69 millions <u>Interest</u> Ps 48.21 millions	Up to the year 2018	418,854	42,576	300,589								
SLT 1001 RED DE TRANSMISION BAJA-NOGALES	350.98 million Mexican pesos	144.92 million Mexican pesos	350.98 million Mexican pesos	<u>Principal</u> Ps 87.74 millions <u>Interest</u> Ps 56.44 millions	Up to the year 2017	350,978	35,098	228,136								
RM CT PUERTO LIBERTAD UNIDADES 2 Y 3	332.70 million Mexican pesos	140.43 million Mexican pesos	332.70 million Mexican pesos	<u>Principal</u> Ps 42.72 millions <u>Interest</u> Ps 29.73 millions	Up to the year 2018	332,703	34,116	255,867								
RM CT PUNTA PRIETA UNIDAD 2	61.56 million Mexican pesos	26.64 million Mexican pesos	61.56 million Mexican pesos	<u>Principal</u> Ps 9.23 millions <u>Interest</u> Ps 6.67 millions	Up to the year 2018	61,557	6,156	46,167								
SE 1129 COMPENSACION REDES	42.69 million Mexican pesos	16.98 million Mexican pesos	42.69 million Mexican pesos	<u>Principal</u> Ps 4.90 millions <u>Interest</u> Ps 2.74 millions	Up to the year 2018	42,693	0	0								
SLT 1118 TRANSMISION Y TRANSFORMACION DEL NORTE	237.47 million Mexican pesos	96.50 million Mexican pesos	237.47 million Mexican pesos	<u>Principal</u> Ps 29.54 millions <u>Interest</u> Ps 19.17 millions	Up to the year 2018	237,474	36,570	344,949								
LT 068 RED DE TRANSMISION ASOCIADA A EL	527.15 million Mexican pesos	227.84 million Mexican pesos	527.15 million Mexican pesos	<u>Principal</u> Ps 7.09 millions <u>Interest</u> Ps 3.12 millions	Up to the year 2019	527,149	52,715	467,346								
RM 112 CT CARBON II UNIDADES 2 Y 4	96.14 million Mexican pesos	31.18 million Mexican pesos	96.14 million Mexican pesos	<u>Principal</u> Ps 40.48 millions <u>Interest</u> Ps 22.87 millions	Up to the year 2015	96,137	10,120	45,539								

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Sho
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	
SE 912 DIVISION ORIENTE	160.79 million Mexican pesos	55.50 million Mexican pesos	160.79 million Mexican pesos	<u>Principal</u> Ps 8.46 millions <u>Interest</u> Ps 3.54 millions	Up to the year 2019	160,787	16,910	135,422			
SE 1116 TRANSFORMACION DEL NORESTE	242.67 million Mexican pesos	81.63 million Mexican pesos	242.67 million Mexican pesos	<u>Principal</u> Ps 12.83 millions <u>Interest</u> Ps 6.00 millions	Up to the year 2019	242,668	25,664	204,172			
SUV 205 SUMINISTRO DE 970 T/H A LAS CENTRALES DE CERRO PRIETO	595.01 million Mexican pesos	235.62 million Mexican pesos	595.01 million Mexican pesos	<u>Principal</u> Ps 20.45 millions <u>Interest</u> Ps 8.94 millions	Up to the year 2019	595,007	61,056	513,498			
SE 1206 CONVERSION A 400 KV DE LA LT MAZATLAN II - LA HIGUERA	564.38 million Mexican pesos	257.28 million Mexican pesos	564.38 million Mexican pesos	<u>Principal</u> Ps 28.22 millions <u>Interest</u> Ps 17.40 millions	Up to the year 2018	564,381	56,438	479,724			
CCC 147 BAJA CALIFORNIA	285.09 million Mexican pesos	69.14 million Mexican pesos	285.09 million Mexican pesos	<u>Principal</u> Ps 14.25 millions <u>Interest</u> Ps 3.42 millions	Up to the year 2019	285,093	238,774	2,029,576			
RM 156 INFIERNILLO	12.59 million Mexican pesos	2.97 million Mexican pesos	12.59 million Mexican pesos	<u>Principal</u> Ps 0.00 millions <u>Interest</u> Ps 0.00 millions	Up to the year 2019	12,589	13,137	106,682			
RM 157 CT FRANCISCO PEREZ RIOS UNIDADES 1 Y 2	140.72 million Mexican pesos	31.90 million Mexican pesos	140.72 million Mexican pesos	<u>Principal</u> Ps 0.00 millions <u>Interest</u> Ps 0.00 millions	Up to the year 2019	140,724	79,516	715,642			
SE 1125 DISTRIBUCION	51.69 million Mexican pesos	12.21 million Mexican pesos	51.69 million Mexican pesos	<u>Principal</u> Ps 0.00 millions <u>Interest</u> Ps 0.00 millions	Up to the year 2019	51,689	39,622	349,201			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2009	Duration of contract	Total amount of project (equivalent in thousands of pesos)	Balances as of December 31, 2009 (thousands)				Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
		Interest, taxes, others and fiduciary fees	Principal				Mexican currency		Foreign currency							
							Short-term	Long-term	Short-term	Long-term						
199 CIRCUITOS DE ZONA PARRAL (1a FASE)	14.67 million Mexican pesos	5.71 million Mexican pesos	14.67 million Mexican pesos	<u>Principal</u> Ps 0.00 millions	Up to the year 2024	14,666	9,527	98,884								
				<u>Interest</u> Ps 0.00 millions												
SLT 1112 TRANSMISION Y TRANSFORMACION DEL NOROESTE	97.07 million Mexican pesos	22.58 million Mexican pesos	97.07 million Mexican pesos	<u>Principal</u> Ps 0.00 millions	Up to the year 2019	97,072	41,905	377,143								
				<u>Interest</u> Ps 0.00 millions												
SE 1213 COMPENSACION DE REDES	6.02 million Mexican pesos	2.36 million Mexican pesos	6.02 million Mexican pesos	<u>Principal</u> Ps 0.00 millions	Up to the year 2024	6,025	6,831	67,599								
				<u>Interest</u> Ps 0.00 millions												
SE 1205 COMPENSACION ORIENTAL - PENINSULAR	28.13 million Mexican pesos	10.81 million Mexican pesos	28.13 million Mexican pesos	<u>Principal</u> Ps 0.00 millions	Up to the year 2024	28,132	8,095	113,345								
				<u>Interest</u> Ps 0.00millions												
TOTAL EXTERNAL DEBT						<u>47,031,085</u>	<u>5,044,392</u>	<u>30,563,019</u>								
TOTAL EXTERNAL AND INTERNAL DEBT OF PIDIREGAS						<u>Ps 113,921,661</u>	<u>Ps 9,264,468</u>	<u>Ps 52,826,729</u>								<u>Ps 14,000,000</u>
TOTAL LIABILITY FOR CAPITAL LEASES AND PIDIREGAS							<u>Ps 9,337,527</u>	<u>Ps 53,696,719</u>								

- a. The long term liabilities for capital lease agreements mature as follows:

	<u>Year that will end on December 31,</u>	
Short term:	2010	Ps <u>9,337,527</u>
Long term:	2011	9,110,690
	2012	8,140,467
	2013	8,532,501
	2014	6,698,575
	2015	4,559,099
	Subsequent years	<u>16,655,387</u>
		<u>53,696,719</u>
		<u>Ps 63,034,246</u>

- b. As of December 31, 2009, the minimum payment commitments for capital leases are as follows:

Lease of equipment	Ps 82,234,388
Less:	
Unearned interest	<u>(19,200,142)</u>
Present value of obligations	63,034,246
Less:	
Current portion of obligations	<u>9,337,527</u>
Long term portion of equipment leases	<u>Ps 53,696,719</u>

- c. During the years ended December 31, 2009 and 2008, the transactions derived from capital leases that affected the results of the CFE were those shown below:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Interest	Ps 23,406	Ps 24,819
Foreign exchange fluctuations	(28,174)	198,474
Commissions and others	<u>37,152</u>	<u>56,983</u>
	<u>Ps 32,384</u>	<u>Ps 280,276</u>

- d. Securitization certificates program - In order to refinance financed government construction projects (PIDIREGAS), the CFE has prepared a structured mechanism under 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 (See Note 23-d) that securitizes the rights to the credit by issuing CEBURES. The funds derived from such issues are invested by the Trustee, while the CFE disburses them to pay the contractors of the financed government construction contracts (PIDIREGAS), upon their delivery to the satisfaction of the Entity. Each issue of CEBURES constitutes a liability for the CFE and each of the disbursements is converted into a 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 Ps 6,000 million pesos and with an effective duration of two or more years in order to carry out the issues required up to the total amount authorized, which may be extended upon prior request.

In the year 2003 the first issues of CEBURES were carried out, with three tranches for an accumulated amount of Ps 6,000 million nominal pesos. The first two tranches were for the amount of Ps 2,600 million nominal pesos each, and were made on October 6 and November 7, 2003, respectively. The third tranche was issued on December 11, 2003 for the amount of Ps 800 million nominal pesos.

The fourth tranche of this issue was carried out on March 5, 2004 for Ps 665 million nominal pesos.

The effective duration of all these transactions is approximately 10 years, at the 182 day interest rate for the Mexican Treasury Bill ("Cetes"), plus 0.85 percentage points.

For the four tranches described above, the repayment of principal will be approximately every 182 days and the calculation of the interest will include a hedge against inflation (inflation floor); i.e., 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, with the annual gross interest rate payable on the CEBURES for such interest period.

In August 2005, issues for the first three tranches were carried out in a new CEBURES program for a total amount of Ps 7,700 million nominal pesos. The first was for Ps 2,200 million nominal pesos on March 18, 2005; the second was for Ps 3,000 million nominal pesos on July 1, 2005, and the third was for Ps 2,500 million nominal pesos on August 19, 2005. The effective term is approximately 10 years at the 182 day Cetes rate, plus 0.79 percentage points.

On January 27, 2006 the fourth tranche was issued for Ps 2,000 million nominal pesos and the fifth tranche for Ps 1,750 million nominal pesos was issued on March 9, 2007, with a 10 year duration 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 Ps 6,112,196 of the Ps 7,700,000 issued that year had been disbursed for the payment of "PIDIREGAS" public debt, leaving a disposable balance of Ps 1,587,804. This balance was fully disposed of during 2006.

On April 24, 2006, the National Banking and Securities Commission authorized a new CEBURES program for the CFE, with issues carried out on April 28, June 9 and October 20, 2006 for the amount of Ps 2,000 million nominal pesos in each of these three transactions, while on November 30, 2006, a fourth issue was made for Ps 1,000 million pesos.

The effective term of the aforementioned transactions is approximately 10 years. The average weighted interest rate is equivalent to the 91 day Mexican Treasury Bill (Cetes) rate plus 0.42 percentage points for the first three transactions, while for the fourth transaction it was set at 7.41%.

As of December 31, 2006, of the Ps 7,000 million nominal pesos of the four issues, a total of Ps 3,631,952 had been disbursed for the refinancing of the Financed Government Construction projects.

The National Banking and Securities Commission authorized a new program for the CFE and on November 10, 2006 the first issue was made for Ps 1,500 million nominal pesos, which would be used for the payment of contractors who had been awarded PIDIREGAS projects. This first issue has a duration of 30 years and pays an annual gross interest rate of 8.58%, payable every 182 days. On February 28, 2007, Ps 1,384.7 million pesos was disbursed from this issue, 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 made for Ps 1,000.0 million pesos to cover the second payment to the contractor for the "El Cajón" PIDIREGAS project.

In the year 2007, the following 10-year issues were made: on March 9, 2007, an issue for Ps 1,750 million nominal pesos at the Cetes rate plus 0.345% a year; on June 8, another, also for Ps 1,750 million nominal pesos, at the Cetes rate plus 0.25% a year; on August 17, 2007, the issue was for Ps 1,750.0 million pesos at the 182 day Cetes rate, plus 0.25% a year, and finally, on November 23, 2007, for Ps 1,200.0 million pesos at the 182 day Cetes rate plus 0.30% a year.

During the year 2007, a total of Ps 9,945.2 million pesos was disbursed from the trusts for the financing of the different payments of Financed Government Construction projects.

For the year 2008, two issues were made, one on January 25, 2008 for Ps 2,000.0 million pesos and the second on May 23, 2008 for the amount of Ps 1,700.0 million pesos both at the 91 day Cetes rate, plus 0.45%.

In the annual period 2008, a total of Ps 4,827.3 million pesos was disbursed from the trusts for the financing of Financed Government Construction projects.

In year 2009, the following 10-year issues were made: Three (3) issues in Investment Units (UDIs): on April 29, 2009 and issue of UDIS 285.1 million at a fixed rate in UDIS of 4.80% per annum; on August 7, 2009, an issue for UDIS 457.0 million at a fixed rate in UDIS of 4.60% per annum and on October 2, 2009 an issue for UDIS 618.5 million at a fixed rate in UDIS of 5.04% per annum and Two (2) issues in pesos: the first on April 29, 2009 for Ps 2,594.6 million nominal and the second on August 7, 2009 for Ps 1,466.7 million, both at a fixed rate of 8.85% per annum.

During the 2009 annual period, a total of Ps 4,618.3 million and 676.2 million UDIS were disbursed from the Trusts, in order to finance the various payments of Financed Public Construction projects.

12. TAXES AND CHARGES PAYABLE

The taxes and charges payable as of December 31, 2008 and 2007 are composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Payable by CFE:		
Income Tax (ISR) on distributable surplus	Ps 959,038	Ps 900,783
ISR payable on account of third parties	367,566	169,841
Mexican Social Security Institute dues (includes Retirement Insurance)	404,924	372,799
Charges for use and exploitation of national waters	203,393	252,026
Payroll tax	34,693	22,507
Contributions to the National Workers' Housing Fund Institute	<u>9,574</u>	<u>8,878</u>
Subtotal	<u>1,979,188</u>	<u>1,726,834</u>
Withheld by CFE:		
ISR withheld from employees	598,509	262,047
Value added tax withholding	97,882	102,022
ISR on interest paid abroad	12,945	25,437
ISR payable to residents abroad	3,948	2,076
Five/thousandths commission to contractors	17,744	13,596
ISR on fees and leases	7,518	6,622
Two/ thousandths commission to contractors	1,370	801
Others	<u>16</u>	<u>36</u>
Subtotal	<u>739,932</u>	<u>412,637</u>
Total	<u>Ps 2,719,120</u>	<u>Ps 2,139,471</u>

13. OTHER LONG-TERM LIABILITIES

This refers to the liability incurred in the dismantling of the Laguna Verde Nuclear Power Plant. At the close of December 2009 and 2008, the approximate amount of the total liability at present value is Ps 6,532,950 and Ps 6,769,150, respectively.

14. EMPLOYEE BENEFITS

Benefit plans are established for employees in relation to the termination of the employment relationship and due to retirement for reasons other than restructuring. The benefit plans at the end of the employment relationship consider severance payments for dismissal (including the seniority premium benefits accrued), and which are not going to reach the benefits established in the retirement or pension plan. The retirement benefits plans consider the years of service completed by the employee and his remuneration at the date of retirement or departure. The retirement benefits plans include the seniority premium which the workers are entitled to receive when the employment relationship is terminated, as well as other defined benefits. In the case of retirement benefits, the Entity amortizes any losses and/or gains generated in the year within a period of 10.79 years for seniority premium and 11.50 years for pensions in retirement benefits, while for termination benefits the amortization is immediate. The valuation of both benefits plans was performed in accordance with actuarial calculations made by independent experts.

A reserve has been created for the purpose of meeting the payment of the benefits in the plans when they become due and payable (plan assets). For the year ended December 31, 2009, the Entity has an investment in such reserve for employment termination and retirement plan for MXP 3,936,000 thousands.

The determination of the obligations for acquired and defined benefits, the projected net liability and the net cost of the period, is described below:

Description	Retirement benefits	Benefits from employment termination	2 0 0 9	2 0 0 8
Obligation from acquired benefits (OBA)	Ps 174,306,000	Ps 23,846,000	Ps 198,152,000	Ps 152,761,000
Obligation from unacquired benefits	<u>149,091,000</u>	<u>1,617,000</u>	<u>150,708,000</u>	<u>153,980,000</u>
Obligations from defined benefits (OBD)	323,397,000	25,463,000	348,860,000	306,741,000
(OBD)	<u>(3,936,000)</u>		<u>(3,936,000)</u>	<u>(3,712,000)</u>
Fair value of plan assets (AP)				
Fund status	319,461,000	25,463,000	344,924,000	303,029,000
Unrecognized past service for benefits not occurred (PTI)	(8,900,000)	(321,000)	(9,221,000)	(12,295,000)
Unrecognized actuarial losses	<u>(111,845,000)</u>		<u>(111,845,000)</u>	<u>(100,286,000)</u>
Projected net liability recognized in the balance sheet	<u>Ps 198,716,000</u>	<u>Ps 25,142,000</u>	<u>Ps 223,858,000</u>	<u>Ps 190,448,000</u>

The Entity has constituted a fund for Ps 134,708, for which reason the liabilities corresponding to employee benefits recorded in accounting amount to Ps 223,723,229.

- a. Following is a reconciliation between the opening and closing balances of the present value of the obligation from defined benefits:

	<u>2 0 0 9</u>
Changes in the present value of the obligation from defined benefits (OBD):	
Present value of the OBD as of January 1	Ps 306,741,000
Labor cost of the current service	11,110,000
Financial cost	25,056,000
Actuarial loss (gain) on the obligation	20,620,000
Business acquisitions	
Benefits paid	<u>(14,667,000)</u>
Present value of the OBD as of December 31	<u>Ps 348,860,000</u>

- b. Following is a reconciliation between the opening and closing balances of the fair value of the plan assets:

	<u>2 0 0 9</u>
Changes in the fair value of the plan assets (AP):	
Fair value of the AP as of January 1	Ps 3,712,000
Expected return on the AP	306,000
Actuarial gain (loss) on the AP	<u>(82,000)</u>
Fair value of the AP as of December 31	<u>Ps 3,936,000</u>

- c. Following is a reconciliation between the opening and closing balances of the projected net liability:

	<u>2 0 0 9</u>
Changes in the projected net liability (PNP):	
Opening PNP	Ps 190,448,000
Net cost of the period	47,401,000
Adjustment for early settlement of obligations	676,000
Benefits paid	<u>(14,667,000)</u>
Closing PNP	<u>Ps 223,858,000</u>

d. Net cost of the period:

Description	2 0 0 9		
	Benefits upon retirement	Benefits from employment termination	Total
Labor cost of current service	Ps 9,582,000	Ps 1,528,000	Ps 11,110,000
Financial cost	23,411,000	1,645,000	25,056,000
Expected return of the plan assets	(306,000)		(306,000)
Actuarial gain or loss, net	6,500,000	1,969,000	8,469,000
Labor cost of past service	2,966,000	107,000	3,073,000
Adjustment for early discharge of obligations	<u>676,000</u>		<u>676,000</u>
Net cost for the period	<u>Ps 42,829,000</u>	<u>Ps 5,249,000</u>	<u>Ps 48,078,000</u>

The labor cost of the year recorded by the Entity as of December 31, 2008 amounted to Ps 6,316,000.

e. Criteria used to determine the expected and real rates of return on the plan assets:

The expected rate of return on the assets was 8.25% during 2008, which was obtained by considering the reference rates in effect during 2008 for 365 day Mexican Treasury Bills (Cetes), published by the Bank of Mexico.

The criteria used to obtain the real rates were as follows:

- The assets are estimated by considering the opening balance, the actual payments and the contributions made, based on a rate of 8.25%.
- The difference compared to the actual assets reported for the close of the year 2009 is considered as the gain or loss, as the case may be, on the plan assets.

f. The most important assumptions used in the determination of the net cost of the period of the plans are as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Discount rate	8.25%	8.25%
Wage increase rate	6.50%	6.50%
Rate of return on plan assets	8.25%	8.25%

- g. Amounts applicable to the current annual period and the four previous annual periods in:

	(Million pesos)				
	<u>2 0 0 9</u>	<u>2 0 0 8</u>	<u>2 0 0 7</u>	<u>2 0 0 6</u>	<u>2 0 0 5</u>
Obligation for defined benefits (OBD)	Ps 348,860	Ps 306,741	Ps 266,600	Ps 231,874	Ps 202,659
Fair value of plan assets(AP)	<u>(3,936)</u>	<u>(3,712)</u>	<u>(8,512)</u>	<u>(7,370)</u>	<u>(2,424)</u>
Fund status	<u>Ps 344,924</u>	<u>Ps 303,029</u>	<u>Ps 258,088</u>	<u>Ps 224,504</u>	<u>Ps 200,235</u>
Adjustments for experience in the OBD	<u>Ps 20,620</u>	<u>Ps 18,072</u>	<u>Ps 19,036</u>	<u>Ps 838</u>	<u>Ps 9,943</u>
Adjustments for experience in the AP	<u>Ps (82)</u>	<u>Ps 134</u>	<u>Ps 559</u>	<u>Ps (125)</u>	<u>Ps (16)</u>

- h. Below is the amortization period of the unamortized items for the pension plan and seniority premium for retirement or for a one-time payment instead of a lifetime pension:

Employee retirement benefits:

	<u>Years</u>
Seniority premium	3.00
Plan amendments and wage career	3.00
Pensions	3.00
Plan amendments and wage career	3.00

Benefits for employment termination:

Seniority premium	3.00
Plan amendments	3.00
Compensation and severance Plan Amendments	3.00

- i. Collective agreement

On August 18, 2008 the CFE and the Sole Union of Electric Workers of the Mexican Republic (SUTERM) signed the CFE-SUTERM 20/2008 agreement, on the pension regime for workers that join the entity after the signing thereof.

The labor liabilities problem that has been gradually growing and that poses a threat to CFE, such as it has been affecting other companies and entities in Mexico and all over the world is solved with this agreement.

The rights and benefits of the collective labor agreement in force remain unchanged.

For current and retired workers, non-unionized and unionized workers, retirement does not experience any amendment whatsoever.

The characteristics of the new retirement scheme for incoming workers are:

- Individual retirement accounts will be created.

The worker will contribute 5% of his base quotation salary and CFE will contribute one and a half times the amount contributed by the worker (7.5%).

- These funds will be managed under the terms agreed upon by CFE and the SUTERM, in accordance with the provisions issued by the National Commission of the Retirement Savings System (CONSAR).
- Due to increase in life expectancy, the time of service to the company for the new workers is increasing by five years, except for those in live lines, who retain the same number of years of service.

15. ALLOWANCE FOR LABOR COMPLAINTS AND OTHER CONTINGENCIES

- There are 8,409 labor lawsuits that have not yet been resolved. According to the study carried out as of December 31, 2009, there must be a provision for Ps 2,891,983, for which Ps 2,459,000 has been recorded. The study to create the provision for labor lawsuits considered the trend of the lawsuits resolved in the last five years.
- The Entity has about 19,605 penal, tax, civil, agricultural and arbitration lawsuits whose economic effects are wide-ranging. Some of these lawsuits are considered relevant by the CFE's attorneys and amount to about Ps 1,241,575. The contingent amounts claimed to the Entity and susceptible of being materialized are not determinable, since the lawsuits are currently in the process of being resolved. Therefore, the legal area in charge considers that in the current stage of the processes, it is not possible to evaluate the possibility of an adverse outcome and it is not possible either to measure their economic amount.

16. EQUITY

The effect of the restatement of equity is distributed among each of its different components, as illustrated below:

	<u>Face value</u>	<u>Restatement</u>	<u>Total</u>
Accumulated equity	Ps 126,134,866	Ps 247,528,841	Ps 373,663,707
Contributions received	5,853,330		5,853,330
Net income for the year	<u>1,185,369</u>	<u></u>	<u>1,185,369</u>
	<u>Ps 33,173,565</u>	<u>Ps 247,528,841</u>	<u>Ps 380,702,406</u>

17. OTHER REVENUES, NET

As of December 31, 2009 and 2008, this item is composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Other revenues	Ps 3,764,895	Ps 5,291,507
Other expenses	(3,502,709)	(4,838,492)
Independent electricity producers, net	<u>213,413</u>	<u>(73,885)</u>
	<u>Ps 475,599</u>	<u>Ps 379,130</u>

18. INCOME TAX (ISR) ON THE DISTRIBUTABLE REMNANT

In accordance with the Law (LISR), the Entity does not incur this tax; however, it must withhold and pay the tax and also demand documentation that complies with tax requirements, when it makes payments to third parties and they are obligated to do so in the terms established in the Law. The Entity is obligated to pay the tax for the distributable remnant of the items that do not comply with tax requirements, based on article 95, final paragraph of the LISR.

During the years ended December 31, 2009 and 2008, income tax was incurred on the distributable remnant for Ps 962,997 and Ps 901,062, respectively, which amounts were determined in accordance with articles 95, final paragraph and 102 of the LISR.

As of January 1, 2008 the Business Flat Tax (IETU) Law is in effect, which replaces the Asset Tax (IMPAC) Law. The Entity is not a taxpayer of IETU, as established in article 4, section I of the IETU Law (LIETU), and was also not subject to the IMPAC Law (LIMPAC), as established in article 6, section I of the respective Law.

19. INSUFFICIENCY IN THE NONTAX CHARGE FOR THE
TRANSFERS FROM THE FEDERAL GOVERNMENT
TO SUPPLEMENT DEFICIT RATES

The transactions performed with the Federal Government during the years ended December 31, 2009 and 2008 and that do not represent cash flow movements were as follows (See Note 3-n):

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Nontax charge payable by CFE determined through the application of a 9% rate to the net fixed assets in operation from the previous year	<u>Ps (55,484,574)</u>	<u>Ps (55,767,440)</u>
Transfers from the Federal Government to supplement deficit rates:		
Virtual	98,339,370	76,781,889
Received in cash	<u> </u>	<u>229,942</u>
Total transfers from the Federal Government to supplement deficit rates	<u>98,339,370</u>	<u>77,011,831</u>
Insufficiency in the nontax charge for the transfers to supplement deficit rates	<u>Ps 42,854,796</u>	<u>Ps 21,244,391</u>

20. COMPREHENSIVE RESULT OF FINANCING

The comprehensive result of financing is composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Interest payable, net	Ps (3,979,738)	Ps (4,824,162)
Exchange gain (loss), net	<u>2,615,970</u>	<u>(17,762,326)</u>
	<u>Ps (1,363,768)</u>	<u>Ps (22,586,488)</u>

21. COMPREHENSIVE INCOME

The comprehensive income as of December 31, 2009 and 2008 is composed as follows:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Effect for the year due to financial instruments recorded in the accumulated equity	Ps 716,548	Ps 702,341
Income (loss) according to statement of income	1,185,369	(19,510,354)
Other movements in equity	(315,823)	
Cancellation of charges to equity for the recognition of NIF D-3 "Employee benefits"		72,517,010
Recognition in accumulated equity of the effects of incorporation of NIF B-10 Effects of inflation		(2,753,310)
Cancellation of insufficiency in restatement of equity for the recognition of the NIF B-10 Effects of inflation		<u>2,753,310</u>
	<u>Ps 1,586,094</u>	<u>Ps 53,708,997</u>

Derived from the application of NIF B-10 "Effects of inflation on the financial statements", for the year ended December 31, 2008 the insufficiency in restated equity in the amount of 3,000,794, was cancelled, becoming a part of the accumulated equity. Furthermore and due to the recognition of NIF D-3 "Employee benefits", the effect on equity for labor obligations in the amount of Ps 57,007,650 was cancelled.

22. POSITION IN FOREIGN CURRENCY

As of December 31, the CFE had assets and liabilities in foreign currency (figures expressed in thousand Mexican pesos)

	2 0 0 9				
	Assets	Liabilities			
	Cash and cash equivalents	Suppliers	Internal debt	External debt	Equipment leasing (PIDIR)
US dollars	<u>88,429</u>	<u>10,322</u>	<u>47,867</u>	<u>2,854,006</u>	<u>2,000,000</u>
Euros	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,972</u>	<u>-</u>
Japanese yens	<u>670,710</u>	<u>-</u>	<u>-</u>	<u>38,135,083</u>	<u>-</u>
Swiss francs	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,951</u>	<u>-</u>
	2 0 0 8				
US dollars	<u>59,158</u>	<u>25,821</u>	<u>76,629</u>	<u>2,998,192</u>	<u>2,700,000</u>
Euros	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,987</u>	<u>-</u>
Japanese yens	<u>2,523,954</u>	<u>-</u>	<u>-</u>	<u>37,383,496</u>	<u>-</u>
Swiss francs	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,305</u>	<u>-</u>

These assets and liabilities in foreign currency were converted into Mexican pesos at the exchange rates published in the Official Gazette of the Federation of Government Accounting and Reports on Public Activities, an Entity of the SHCP, in accordance with the "Exchange rates of foreign currencies for accounting closes" as of December 31, 2009 and 2008, as follows:

<u>Currency</u>	<u>2 0 0 9</u>	<u>2 0 0 8</u>
US dollars	Ps 13.0587	Ps 13.5383
Euros	18.7353	19.1432
Japanese yens	0.1404	0.1501
Swiss francs	12.6378	12.8630

The exchange rates existing as of the date of issuance of the financial statements are shown below:

US dollars	Ps 12.7769
Euros	17.4354
Japanese yens	0.1437
Swiss francs	11.9110

23. COMMITMENTS

a. Agreements formalized with independent energy producers

As of December 31 2009, 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 a previously established generating capacity, through power plants financed and constructed on account of such investors.

Such contracts contain a contingency clause whereby CFE undertakes to early pay the investor the value of its assets at the date on which any of the default assumptions of this clause is fulfilled, in accordance with the calculation methodology established in the contract in question.

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

Risks inherent to the CFE:

- Electricity market risks.
- Changes in the law.
- Among others (*)

(*) NOTE: See particulars for each of the commitment agreements for capacity of Generation of Electric Energy and purchase and sale of associated Electric Energy.

Risks inherent to the independent energy producer:

- Obtaining the financing and variations in the project costs.
- Performance of critical events.
- Contractual penalties for noncompliance with the guaranteed net capacity.
- Nonperformance of the operating guarantees.
- Operating risks of the power plant.
- Among others (**)

(**) NOTE: See particulars for each of the commitment agreements for capacity of Generation of Electric Energy and purchase and sale of associated Electric Energy.

Pursuant to the foregoing, the basic information on the power plants contracted under these conditions, which will originate variable future payments mainly for the purchase of energy and electricity generating capacity, is as follows:

Power station	Term of contract (in years)	Generating capacity (in MW)	Dates of entry into commercial operation
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
CC Bajío (supplementary generation)	5.0	60.0	March 9, 2002
CC Tuxpan II	25.0	495.0	December 15, 2001
CC Monterrey III	25.0	449.0	March 27, 2002
CC Altamira II	25.0	495.0	May 1, 2002
CC Campeche	25.0	252.4	May 28, 2003
CC Naco – Nogales	25.0	258.0	October 4, 2003
CC Mexicali	25.0	489.0	July 20, 2003
CC Chihuahua III	25.0	259.0	September 9, 2003
CC Tuxpan III y IV	25.0	983.0	May 3, 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 obligation for future payments for CFE includes: a) rules for quantifying the purchase cost of the power plants when a contingent event takes place that is classified as force majeure in the terms of each contract, applicable from the construction stage of each project until the expiration of the contracts and b) fixed charges for energy 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 startup test phase until the expiration of the contracts.

b. Contracts with third parties

There are obligations derived from contracts executed with third parties that own the gas pipelines, known as Ciudad PEMEX – Valladolid and Samalayuca, as well as the Coal Terminal of the C.T. Pdte. Plutarco Elías Calles, for which CFE is obligated to also pay different 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.

Pursuant to the foregoing, below we illustrate the future payments of projects in operation, as well as the actual contingency derived from projects in operation and under construction:

Future payment commitments of projects in operation	(Figures in millions of pesos)	
	2 0 0 9	2 0 0 8
CC Altamira II	Ps 2,761	Ps 3,679
CC Bajío	3,968	5,317
CC Campeche	4,289	4,677
CC Hermosillo	3,847	4,303
CT Mérida III	4,756	5,314
CC Monterrey III	4,076	4,677
CC Naco – Nogales	4,479	4,841
CC Río Bravo II	8,379	9,067
CC Mexicali	5,065	5,979
CC Saltillo	5,565	6,056
CC Tuxpan II	6,008	6,803
CC Chihuahua III	5,182	5,738
CC Tuxpan III y IV	18,578	20,306
Altamira III y IV	22,958	24,711
CC Río Bravo III	8,349	9,217
CC La Laguna II	13,172	14,309
CC Río Bravo IV	8,573	9,427
CC Valladolid III	8,446	9,265
Tuxpan V	8,356	9,196
CC Altamira V	24,093	26,155
CC Tamazunchale	18,663	20,191
Gasoducto Cd. PEMEX Valladolid	1,586	1,596
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	531	1,883
Total	Ps 191,680	Ps 212,707

Amount of real contingency of projects in operation	(Figures in millions of pesos)	
	2 0 0 9	2 0 0 8
CC Altamira II	Ps 1,583	Ps 2,180
Bajío (El Saúz)	2,865	3,745
CC Campeche	1,459	1,566
CC Hermosillo	1,640	1,770
CT Mérida III	1,724	1,927
CC Monterrey III	2,413	2,687
CC Naco – Nogales	1,761	1,868
CC Río Bravo II	3,041	3,184
CC Mexicali	2,599	3,082
CC Saltillo	2,129	2,247
CC Tuxpan II	3,451	3,773
CC Chihuahua III	1,923	2,053
CC Tuxpan III y IV	5,894	6,303
CC Altamira III y IV	6,707	6,984
CC Río Bravo III	3,101	3,344
CC La Laguna II	4,364	4,575
CC Río Bravo IV	3,411	3,577
CC Valladolid III	3,086	3,302
Tuxpan V	3,569	3,774
CC Altamira V	6,808	7,329
Tamazunchale	6,105	6,494
Gasoducto Cd. PEMEX – Valladolid	2,349	3,159
Terminal de Carbón de la CT Presidente Plutarco Elías Calles	<u>620</u>	<u>835</u>
Subtotal	<u>72,602</u>	<u>79,758</u>
Amount of the real contingency of projects under construction		
CCC Norte Durango	<u>6,156</u>	<u>3,762</u>
Total real contingency of projects in operation and under construction	<u>Ps 78,758</u>	<u>Ps 83,520</u>

In accordance with the foregoing, as of December 31, 2009, the CFE has a commitment in the order of Ps 191,680 million, equivalent to 14,678 million US dollars, which considers the fixed capacity charge currently in operation, which is related to the service and repayment of the debt acquired by the producer, and reflects the payments that the CFE will have to make to the independent producer for making electricity generation capacity available to this Entity. There are additional commitments for CFE, in the event of an 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 causes for contract termination, with an amount at the aforementioned date in memorandum accounts of Ps 78,758 million, equivalent to 6,031 million US dollars.

c. Natural gas supply contracts

Contract for the supply of liquefied natural gas from a Liquefied Natural Gas (LNG) plant executed with Gas del Litoral, S. de R. L. de C. V.

The management of this agreement has been carried out in accordance with its clauses. For 2010 the maximum contracted amount is received, that is, 500 MMPCD.

Contract for the supply of natural gas in the delivery points, from an LNG storage and/or continental natural gas storage plant, with the supplier SEMPRA Energy LNG Marketing México, S. de R. L. de C. V.

In 2010 it is intended to receive on a firm basis about 99.42 MMPCD and approximately 36.08 MMPCD on a variable basis, depending on the demand.

The effective term thereof is 15 years until December 31, 2022.

As of December 31, 2009, the CFE has signed various agreements for the private investors to complete the construction of each of the investment projects and for their delivery to the Entity of the assets for their operation. The estimated amounts of these lease agreements and the estimated dates of termination of the construction and start-up are those shown in the following table:

Transmission lines and substations:

Project	Capacity		Estimated amount of the contract expressed in thousands of		Energization or end of construction
	Km-c	MVA	US dollars	Pesos	
LT 718 Red. Transm. A CE Pacífico	281.8	73.900	73,900	Ps 965,040	October 2009
SLT 1112 Transm. y trans. del Noroeste	24.7	300.00	31,480	411,087	October 2009
SE 1129 Compensación media tensión redes		5.00	4,820	62,942	November 2009
SLT1118 Transm. y transf. del Norte	109.3		11,570	151,089	November 2009
SE 1205 Compensación Oriental Peninsular			9,360	122,229	November 2009
SE 1005 Noroeste	11.00	30.00	16,600	216,774	December 2009
SLT 1002 Compensación y transm. Noreste - Sureste	88.4		18,100	236,362	January 2010
SE 1121 Baja California		30.0	2,980	38,915	February 2010
SE 914 División Centro Sur	5.9	30.0	12,310	160,752	March 2010
SE 1213 Compensac. de redes	65.5		19,150	250,075	May 2010
SE 1129 Compensación Media Tensión Redes		4.0	7,090	92,586	June 2010
SLT 1304 Trasm. y Trans. Oriental	47.9		5,400	70,517	July 2010
SLT 1303 Transm. y Trans. en Baja Norte	108.9	50.0	8,230	107,473	July 2010
SE1122 Golfo Norte	44.8	180.0	29,300	382,619	August 2010
SE 1321 Distribución Noroeste	26.1	150.0	24,770	323,464	August 2010
SE 1123 Norte	0.1	30.0	3,590	46,880	August 2010
SE 1202 Suministro Energ. Manzanillo	56.6	375.0	30,210	394,503	August 2010

Project	Capacity		Estimated amount of the contract expressed in thousands of		Energization or end of construction
	Km-c	MVA	US dollars	Pesos	
LT 1220 Red. Transm. Asoc. Proy. Temp. Abiert. Oaxa.	425.8	2,125.0	208,990	Ps 2,729,137	September 2010
SE 1213 Compensación de Redes F6	60.4	4.3	4,530	59,155	September 2010
SLT 1119 Transm. y Transf del Sureste	175.2	875	91,400	1,193,565	September 2010
SE1213 Compensación de Redes F8	33.80	2.1	5,890	76,915	September 2010
SLT 806 Bajío	55.9	500.0	22,860	298,521	September 2010
SE 1211 Noreste Central	4.0	50.0	6,640	86,709	October 2010
SLT 1204 Convers . Peninsular	178.90	875	111,700	1,458,656	October 2010
SE 1127 Sureste	4.70	50.0	15,410	201,234	October 2010
SE 1212 Sur Peninsular	22.8	70.0	11,900	155,398	November 2010
SL T1203 Trans. y Transf. Oriental Sureste	196.10	1,175.0	159,480	2,082,601	November 2010
SE 1120 Noroeste	30.20	180.0	34,830	454,834	December 2010
SE 1125 Distribución	168.1	20.0	46,360	605,401	December 2010
SE 1005 Noroeste	16.0		5,730	74,826	December 2010
SE 1213 Compensación de Redes F10	42.6	4.1	7,030	91,802	December 2010
SE 1210 Norte Noroeste	7.4	60.0	17,790	232,314	December 2010
SE 1116 Transf. Noroeste	140.0	500.0	105,900	1,382,916	December 2010
SE 1006 Central- Sur	0.4	30.0	3,400	44,399	December 2010
SLT 1201 Transm. y Transf. Baja Calif.	5.4	50.0	7,900	103,163	December 2010
SE 1124 Bajío Centro	47.80	30.0	23,840	311,319	February 2011
Power Plants:					
CCE Pacífico	651.2 MW		611,300	7,982,783	February 2010
CG Los Humeros II Phase A	25.0 MW		58,400	762,628	October 2011
CG Los Humeros II Phase B	25.0 MW		58,400	762,628	May 2012
PH La Yesca	750.0MW		767,700	10,025,164	June 2012

These contracts are executed under the PIDIREGAS scheme (Note 3-e) and the CFE will apply the accounting policy for purposes of these financial statements based on the terms of such Note; the total amount of each of the contracts must be recorded for accounting purposes at the time the risks and benefits of the assets are transferred to the CFE.

d. Trusts and lease agreements

1. Scope of activity.

1.1 CFE currently participates in the capacity of Trustor or Beneficiary in (thirty one) Trusts, 7 (seven) of which are in the process of being extinguished.

1.2 According to their purpose and operating characteristics, these can be classified in the following groups:

- a. Energy saving
- b. Previous expenses

- c. Management of construction contracts
- d. Trusts with indirect participation

a. Energy saving

Those constituted for the execution of energy savings promotion and development programs.

Trust	Participation by CFE		
	Trustor	Trustee	Beneficiary
Trust for Energy Saving (FIDE), constituted on August 14, 1990	Constitution: Confederación de Cámaras Industriales (CONCAMIN), Cámara Nacional de la Industria de Transformación (CANACINTRA), Cámara Nacional de Manufacturas Eléctricas (CANAME), Cámara Nacional de la Industria de la Construcción (CNIC), Cámara Nacional de Empresas de Consultoría (CNEC) y Sindicato Único de Trabajadores Electricistas de la República (SUTERM)	Nacional Financiera, S.N.C.	In the first place: The consumers of electric energy. In the second place: CFE.
Trust for Thermal Insulation of Houses in Mexicali (FIPATERM), constituted on October 19, 1990	CFE	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

b. Previous expenses

Those constituted for the financing and coverage of expenses prior to the execution of the projects, subsequently recoverable and payable by whoever carries them out to comply with the regulations applicable to this type of budgetary projects or projects subject to conditional investment.

Trust	Participation by CFE			Type of projects
	Trustor	Beneficiary	Trustee	
Management of previous CPTT expenses, incorporated on August 11, 2003	CFE	In the first place: The awardees of the contracts. In the second place: CFE	Banco Nacional de Comercio Exterior, S.N.C.	Direct investment
Management and transfer of ownership 2030, constituted on June 30, 2000	CFE	In the first place: The awardees of the contracts. In the second place: CFE	Banobras, S.N.C.	Conditional investment

c. Management of construction contracts

As of the decade of the 90s, the Federal Government introduced different off-budget schemes for the purpose of continuing with the investment in infrastructure projects. These projects were instituted because at that time there were insufficient resources available to make such investments. These schemes were designed under two modalities:

- Turnkey Projects (1990).
- Build, Lease and Transfer Projects (BLT) (1996).

Turnkey Projects - Under this scheme, construction work was performed for electric power plants and transmission lines, through an irrevocable management and transfer of title trust contract, linked with a lease agreement. Under this modality, the trustee performed the following functions:

Contracting of credits, management of the trust's net worth (assets), reception of the rentals from CFE and gratuitous transfer of the assets to CFE once a sufficient amount of such rentals had been paid to settle the credits contracted.

The CFE makes payments of rentals to the trustee based on the credits contracted by the trust, instructing the trustee to pay constructors in exchange for invoices approved by the construction area, payment of taxes and other charges, including fiduciary fees.

These management and transfer of title trusts were carried out in accordance with the "Guidelines for the performance of thermoelectric projects with off-budget resources", as well as the "Guidelines for the performance of projects for transmission lines and substations with off-budget resources" issued by the former Department of Programming and Budget.

Trust	Participation by CFE		Trustee
	Trustor	Beneficiary	
**Turalmex (Tuxpan U3 and 4), constituted on January 30, 1996	Turalmex, S. A. de C. V.	A) Turalmex, S. A. de C. V., as well as the other persons and institutions that make contributions later (...).	Nacional Financiera, S.N.C.

Trust	Participation by CFE		Trustee
	Trustor	Beneficiary	
		B) The CFE, once the construction of the plant is completed and satisfactorily received. C) Nacional Financiera, S.N.C.	
Topolobambo II (Electrolyser, S. A. de C. V.), constituted on November 14, 1991	Bufete Industrial Construcciones, S. A. de C. V. and Electrolyser, S. A. de C. V., regarding their contribution to the Trust.	In the first place: Electrolyser, S. A. de C. V., regarding its contribution and In the second place: CFE	Santander, S. A.
**Temascal II, constituted on December 22, 1992	Cegelec de México, S. A. de C. V. and ICA Industrial, S. A. de C. V.	In the first place: each and all of the financial or credit institutions that grant credits or guarantees in favor of the Trust, as well as the purchasers, owners or holders of the titles In the second place: CFE	Banco del Centro, S. A.
** BANCOMEXT transmission lines, constituted on December 8, 1993	Lehman Brothers International (Europe).	CFE	BANCOMEXT
** In the process of being extinguished.			

As of December 31, 2009, CFE has liabilities for Ps 943,048 and fixed assets for Ps 7,013,400, corresponding to the Turn-key Projects of the above-mentioned trusts.

Build, Lease, Transfer (BLT) projects – In 1996 began the transition phase to establish the trusts known as BLT, in which the trustee manages the net worth (assets) and transfers them to the CFE once the rentals have been paid. The credits are contracted directly by a Consortium, which is a specific purpose entity, for which purpose there is an irrevocable management and transfer of title trust contract.

In this type of trust the CFE is involved in making the payment of rentals based on the quarterly payment tables presented by the consortiums in their bids. The majority of these tables include forty quarterly payments. The projects that were carried out under this modality and are still in operation are as follows:

Trust	Participation by CFE		Trustee
	Trustor	Beneficiary	
C. G. Cerro Prieto IV, constituted on November 28, 1997	Constructora Geotermo-eléctrica del Pacífico, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C. T. Monterrey II, constituted on October 17, 1997	Monterrey Power S. A. de C.V. and CFE.	CFE	Nacional Financiera, S.N.C.
C. C.C. Chihuahua, constituted on December 8, 1997	Norelec del Norte, S. A. de C. V. and CFE.	CFE	Nacional Financiera, S.N.C.
C.D. Puerto San Carlos II, constituted on September 14, 1998	C.D. Puerto San Carlos, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C. G. Tres Vírgenes, constituted on January 15, 1999	SPE Alstom, S. A. de C. V. and CFE.	CFE	BANCOMEXT
C.C.C. Rosarito III (8 y 9), constituted August 22, 1997	CFE y Rosarito Power, S. A. de C. V.	CFE	BANCOMEXT
C.T. Samalayuca II, constituted on May 2, 1996	Compañía Samalayuca II, S. A. de C. V.	In the first place: The foreign bank, common representative of the creditors; In the second place: Compañía Samalayuca II, S. A. de C. V. In the third place: CFE	Banco Nacional de México, S. A.
SE 212 Subestaciones SF6 Potencia, constituted on August 21, 1997	Siemens Proyecto de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
SE 213 Subestaciones, constituted on August 25, 1997	Siemens Proyecto de Energía, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
LT 214 Sureste Peninsular 1, constituted on November 19, 1997	ABB L.T.S. Sureste Peninsular I, S. A. de C. V.	CFE	BANCOMEXT
LT 215 Alstom CEGICA, constituted on December 5, 1997	CEGICA, S. A. de C. V.	CFE	BANCOMEXT
**LT 216 Noroeste 1, constituted on August 29, 1997	L.T. (Transmission Lines) Rosarito and Monterrey, S. A. de C. V.	CFE	BANCOMEXT

Trust	Participation by CFE		Trustee
	Trustor	Beneficiary	
**LT 217 Líneas de Transmisión Noroeste 2, constituted on October 10, 1997	Elinattech, S. A.	CFE	Nacional Financiera, S.N.C.
SE 218 Noroeste, constituted on December 5, 1997	Dragados y CYMI, S. A. de C. V.	CFE	BANCOMEXT
**SE 219 Sureste Peninsular, constituted on August 21, 1997	S.E.T. (Subestaciones Eléctricas de Transformación) Sureste Peninsular, S. A. de C. V.	CFE	BANCOMEXT
**SE 220 Oriental Centro, constituted on September 12, 1997	ABB SE'S Oriental Centro, S. A. de C. V.	CFE	BANCOMEXT
SE 221 Occidental, constituted on November 7, 1997	SPE Subestaciones AEG, S. A. de C. V.	CFE	Nacional Financiera, S.N.C.
Terminal de Carbón CT Presidente Plutarco Elías Calles (Petacalco), constituted on November 22, 1996	Techint, S. A., Grupo Mexicano de Desarrollo, S. A. de C. V., Techint Compagnia Tecnica Internazionale S.P.A.	CFE and Carbonser, S. A. de C. V.	Banco Nacional de México, S. A. (Banamex)
** In the process of extinguishment.			

As of December 31, 2009, CFE has liabilities for Ps 10,201,494 and fixed assets for Ps 22,399,690, corresponding to the CAT (Annualized Total Cost) of the above-mentioned trusts.

Coal Terminal of the C.T. Pdte. Plutarco Elías Calles

In 1996, an irrevocable trust agreement for management, guarantee and transfer of ownership was executed, which among its purposes established that the Trustee will execute with CFE the agreement for the provision of services.

With the coming into effect of the agreement for coal handling services by and between CFE and Banco Inverlat, S. A. as trustee of the Petacalco Trust, composed of the companies Techint Compagnia Tecnica Internazionale S.P.A., Grupo Mexicano de Desarrollo, S. A. de C. V. and Techint, S. A., entered into on November 22, 1996, according to the provisions in clauses 8.1 the Commission pays the service supplier the amounts of the invoices related with the fixed charge for capacity.

Facility	Accounting record of fixed charge for capacity during 2009
Petacalco Coal	Ps 247,899

d. Indirect participation trusts.

Furthermore, it maintains an indirect relation as it is not a Trustor, but with a participation in the capacity as a borrower, with five guarantee Trusts and payment of financing, constituted by Financial Institutions as Trustor and Beneficiaries, for the issuance of securities linked to credits granted to CFE. CFE itself is named as Trustee in the second place for the specific event that it acquires some of the issued certificates and it maintains a representation in its Technical Committees in accordance with the contractual provisions (see Note 11-d).

CFE is bound to cover to the Trust, under the terms of the "Indemnity Agreement", the expenses incurred by these due to the issuance of securities and their management.

Trust	Participation by CFE		Trustee
	Trustor	Beneficiary	
Trust N° 161, constituted on October 2, 2003	ING (México), S. A. de C. V., Casa de Bolsa, ING Grupo Financiero	In the first place: Each of the preferred holders of each Issue. In the second place: CFE.	ABN AMRO Bank (México), S. A.
Trust N° 194, constituted on May 3, 2004	In the first place: ING (México), S. A. de C. V., Casa de Bolsa, ING Grupo Financiero. In the second place: Deutsche Securities, S. A. de C. V., Casa de Bolsa.	In the first place: Each of the preferred holders of each Issue. In the second place: CFE.	ABN AMRO Bank (Mexico), S. A.
Trust N° 290, constituted on April 7, 2006	Casa de Bolsa BBVA Bancomer, S. A. de C. V., Grupo Financiero BBVA Bancomer, HSBC Casa de Bolsa, S. A. de C. V., Grupo Financiero HSBC and IXE Casa de Bolsa, S. A. de C. V., IXE Grupo Financiero.	In the first place: Each of the preferred holders of each Issue. In the second place: CFE.	ABN AMRO Bank (México), S. A.
Trust N° 232246, constituted on November 3, 2006	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In the first place: Each of the preferred holders of each Issue. In the second place: CFE.	HSBC México, S. A., Grupo Financiero HSBC
Trust N° 411, constituted on August 6, 2009	Banco Nacional de México, S. A., Integrante del Grupo Financiero Banamex.	In the first place: Each of the preferred holders of each Issue. In the second place:	Bank of América México, S. A., Grupo Finan-

		CFE.	ciero Bank of América

As of December 31, 2009 there are funds available to be disbursed in the above-mentioned trusts in the amount of Ps 3,228,638.

2. Legal nature.

2.1 In accordance with the Organic Law of the Federal Public Administration, none of the trusts are considered Public Trusts with the capacity of "Entity", considering that:

- a. In 22 of them, CFE does not have the capacity of Trustor in their constitution.
- b. The other 9 do not have an organic structure similar to those of the state-run entities that constitute them as "Entities" under the terms of the Law.

2.2 The SHCP has kept registered for the purposes of the Federal Law of Treasury Budget and Responsibility, only for the case of 9 (nine) of them, due to the assignment of federal resources or the contribution of the beneficial interest on land owned by the CFE where the works will be built.

Registration of Trusts before the SHCP		
No.	Trusts	Registry
1	Trust for Thermal Insulation of Houses in Mexicali , FIPATERM	700018TOQ058
2	Trust for Previous Expenses	200318TOQ01345
3	Trust for the Transfer of Ownership 2030	200318TOQ01050
4	Trust for Energy Saving	700018TOQ149
5	C. C.C. Chihuahua	199818TOQ00857
6	C. T. Monterrey II	199818TOQ00850
7	C. G. Cerro Prieto IV	199818TOQ00860
8	C.D. Puerto San Carlos II	200018TOQ01042
9	C. G. Tres Vírgenes	200018TOQ01043

24. INFORMATION BY SEGMENTS

An operating segment is defined as a component of the entity engaged in different business activities, from which revenues are obtained and costs and expenses are incurred; the accounting policies of the segments are the same as those described in the summary of significant accounting policies.

As of December 31, 2009, the CFE has a National Fiber Optics Network of 29,021.57 kilometers, divided into the Intermodal Network: 26,587.07 kilometers and the Access Network and Local Access: 2,434.5 kilometers, developed to increase the safety and reliability of the National Electricity System, and which will facilitate the application of a long-term solution for the technical-administrative communications involving voice, data and video, among others, gradually replacing the telecommunications services currently provided by third parties.

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

This network, which is essential for the operation of CFE, becomes an important complement of the national telecommunications network; consequently, on March 28, 2006, the Federal Official Gazette published agreement No. 33/2006 issued by the Governing Board of the CFE dated February 20, 2006, which amends different numerals of the organic bylaws of the CFE, to modify the corporate purpose with the provision of the telecommunications service in terms of the Federal Telecommunications.

To achieve adequate operation of the network, both for internal purposes and for the use of third parties, the Governing Board of the CFE has authorized changes in its organic structure to create two administrative units: the first, the Fiber Optics Operation Coordination, engaged in the operation and maintenance of the fiber optics network; and the second, the CFE Telecom Coordination, whose functions refer to the marketing of the services authorized in the concession title.

During the second half of 2009 the efforts of the CFE were geared to promoting its services among telecommunications operators and large users; signing commercial contracts and delivering requested services to customers; and implementing a quality system that will help reduce the times of the processes and guarantee high-level quality in linkups.

Until December 2009, contracts had been signed with twenty one companies (PEMEX in all of its divisions, SCT, Alestra, Axtel, Telefónica, Btel, ICA, Cía. de G. Valladolid, Grupo Hevi, Megacable, Peñoles, Cablemás, IUSACELL, Pegaso, CDI, La Parreña, Unidad de Tecnologías de Información y Comunicaciones, Cablevisión y México Red de Telecomunicaciones).

The financial information related to the segments operated by the CFE as of December 31, 2009 is shown below:

a. Information per operating segment:

	2 0 0 9						
	Services of			Elimination			
	Energy	Fiber optics		external			
		Internal	External	services		Total	
Revenues	Ps 220,034,258	Ps 385,695	Ps 160,146	Ps 385,695		Ps 220,194,404	
Depreciation and amortization	26,639,495	215,098	1,680	215,098		26,641,175	
Comprehensive result of financing	(1,363,768)	(79,718)		(79,718)		(1,363,768)	
Income (loss) from operations	(39,889,598)	(238,304)	71,337	(238,304)		(39,818,261)	
Investment in productive assets	645,893,358	3,528,154	23,344			649,444,856	
Total assets	798,764,443	4,205,695	73,694			803,043,832	

The revenues for external fiber optics are included in the statement of income within other revenues (expenses).

		2 0 0 8						
		Services of			Elimination			
		Fiber optics			external			
Energy		Internal		External	services		Total	
Revenues	Ps 269,682,377	Ps 296,015	Ps 42,337	Ps 296,015	Ps 269,724,714			
Depreciation and amortization	26,159,405	228,918	1,317	228,918	26,160,722			
Comprehensive result of financing	(22,586,467)	(101,268)	(21)	(101,268)	(22,586,488)			
Operating loss	17,639,519	287,603	6,806	287,603	(17,646,325)			
Plants, installations and equipment	637,422,003	3,298,566	23,774		640,744,343			
Total assets	781,015,822	3,724,227	54,520		784,794,569			

b. Plants, installations and equipment in operating process.

The heading of plants, installations and equipment includes the plants, installations and equipment in operation, which is composed as follows:

	2 0 0 9	2 0 0 8
Generation	Ps 324,359,203	Ps 330,155,294
Transmission and transformation	116,130,908	128,467,580
Fiber optics	3,291,003	3,322,340
Control	756,185	689,327
Distribution	172,699,662	151,563,563
Construction	939,581	859,678
Corporate	1,255,532	1,437,483
Total property, plant and equipment	<u>Ps 619,432,074</u>	<u>Ps 616,495,265</u>

c. Revenues by division (geographic zone):

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Baja California	Ps 13,929,681	Ps 16,282,605
Northwest	14,504,822	16,297,013
North	14,987,502	17,977,112
Gulf North	29,707,973	35,767,601
Center West	8,708,360	11,545,919
Center South	8,337,319	9,407,537
East	11,880,786	13,784,050
Southeast	9,733,585	9,977,508
Bajío	20,006,445	22,045,692
Gulf Center	9,870,738	11,767,225
Center East	9,245,409	11,208,782
Peninsular	9,961,775	10,984,223
Jalisco	14,683,129	16,382,427
Central Zone of the Country	<u>7,181,019</u>	
Subtotal retail sales	182,738,543	203,427,694
En bloc for resale	33,399,177	61,529,099
Other programs	2,698,499	3,663,997
Other proceeds from exploitation	<u>1,198,039</u>	<u>1,061,587</u>
Total proceeds from exploitation	<u>Ps 220,034,258</u>	<u>Ps 269,682,377</u>

d. Revenues from homogeneous groups of customers

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Domestic service	Ps 44,464,791	Ps 41,950,530
Commercial service	23,422,679	24,647,662
Public lighting service	10,696,507	8,631,616
Agricultural service	3,696,059	3,983,830
Industrial service	<u>100,458,507</u>	<u>124,214,056</u>
Total retail sales	<u>182,738,543</u>	<u>203,427,694</u>
En bloc for resale	33,399,177	61,529,099
Other programs	2,698,499	3,663,997
Other proceeds from exploitation	<u>1,198,039</u>	<u>1,061,587</u>
	<u>37,295,715</u>	<u>66,254,683</u>
Total proceeds from exploitation	<u>Ps 220,034,258</u>	<u>Ps 269,682,377</u>

The "En Bloc for resale" segment includes energy sales to Compañía de Luz y Fuerza del Centro, a Decentralized Public Entity of the Federal Government for the amount of Ps 60,748,989 for year 2008, which accounted for 22.5% of the total sales. Instead, in this year 2009, said sales until October 10 amounted to only Ps 32,857,514, thus representing 14.9% of the total; namely, due to the extinguishment of Luz y Fuerza del Centro through a presidential decree dated October 1, 2009.

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

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

As of December 31 2008, 20 capacity leasing service contracts had been signed with public and private companies.

The "Fiber Optics" segment described includes revenues mainly from the rendering of supply and leasing services of the network capacity and marketing of the capacity acquired, in relation to networks of other concessionaires in 71 population centers around the country, together with revenues obtained from adaptations and the related costs incurred in each heading.

25. NEW REGULATIONS

NIF C-1 "Cash and cash equivalents"

From January 1, 2010 the changes to NIF C-1 are in force, standardizing the descriptions of restricted cash, cash equivalents, investments available at sight and fair value with the provisions established in NIF B-2 "Cash flow". Also established is the possibility to use for certain accounting valuations the fair or face value, depending of their characteristics. Furthermore, Bulletin C-2 "Financial instruments" is amended, so as to define the financial instruments held to maturity and financial instruments for trading purposes.

NIF B-5 "Financial information by segments"

Various amendments to NIF B-5 will come into effect from January 1, 2011, which are retrospectively applied. The most significant disclosure aspects are:

- a. Supplementary information for each operating segment, including, as the case may be, the stages in a preoperating stage.
- b. Interest revenues and expenses must be shown separately.
- c. The amounts of liabilities per operating segment must be disclosed.
- d. Certain information of the Entity must be presented as a whole on products or services, geographical areas and main customers.

26. RESTATEMENT OF 2009-2008 FIGURES

For comparison purposes some figures of the general balance sheet as of December 31, 2008 were restated in order to make them comparable with the figures as of December 31, 2009. The items that were restated were: other assets and other accounts payable and accrued liabilities.

27. RESPONSIBILITY FOR THE FINANCIAL INFORMATION

These financial statements have been approved on March 1, 2010 by Ing. Alfredo Elías Ayub, General Director; Lic. Francisco J. Santoyo Vargas, Financial Director; C.P. Oscar H. Lara Andrade, Deputy Director of Financial Control and C.P. Aurora Navarrete Díaz, Accounting Manager, who are responsible for the financial information of the Entity.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN MFRS AND U.S. GAAP

Our financial statements are prepared and presented in accordance with MFRS issued by CINIF. MFRS differ in certain significant respects from U.S. GAAP, which might be material to the financial information contained herein.

We have not prepared a reconciliation of our financial statements and related notes appearing in the offering circular, from MFRS to U.S. GAAP, and we have not quantified those differences. Accordingly, no assurance is provided that the following summary of differences between MFRS and U.S. GAAP is complete. In making an investment decision, investors must rely upon their own examination of our company, the terms of the offering and the financial information included in the offering circular. In addition, no attempt has been made to identify future differences between MFRS and U.S. GAAP that may affect the financial statements as a result of transactions or events that may occur in the future, including the issuance of new accounting standards either in the United States or Mexico. Potential investors should consult their professional advisors for an understanding of the differences between MFRS and U.S. GAAP, and how those differences might affect the financial information included in this offering circular.

Accounting for the Effects of Inflation

Mexico

Through December 31, 2007, MFRS required that the comprehensive effects of price level changes due to inflation be recorded in the basic financial statements for all non-monetary and monetary items. MFRS required the recognition of the effects of inflation on non-monetary assets and expenses including inventories, cost of sales, property, plant and equipment, accumulated depreciation and depreciation, and other non-monetary assets, as well as stockholders' equity.

Non-monetary assets and stockholders' equity were generally restated for inflation using factors derived from the NCPI, except that inventory and cost of sales may be adjusted to their replacement cost, not to exceed net realizable value. MFRS also required the determination of an inflationary gain or loss arising from a company's net monetary asset or liability position, and the adjustment or restatement of income statement amounts for the year in constant pesos of purchasing power as of the date of the most recent balance sheet presented, as well as the presentation of financial statement amounts from prior years in constant pesos of purchasing power as of the date of the most recent balance sheet presented.

Accounting for the effects of inflation under MFRS was considered a more meaningful presentation than historical cost based financial reporting for Mexican companies.

Through December 31, 2007, under MFRS, equipment of non-Mexican origin could be restated by applying the inflation rate of the country of origin, and then translated at the year-end exchange rate of the Mexican peso.

Effective January 1, 2008, MFRS established new standards for recognizing the effects of inflation in an entity's financial statements as measured by changes in a general price index only. MFRS provides criteria for identifying both inflationary and non-inflationary environments, and provides guidelines to cease or start recognizing the effects of inflation in financial statements when the general price index in a cumulative three-year period exceeds 26% in the countries of the functional currency where the company and subsidiaries operate. Restatement of financial statements for earlier periods presented is not permitted by MFRS.

United States

Under U.S. GAAP, companies are generally required to prepare financial statements using historical costs that are not subsequently adjusted for inflation. However, the application of MFRS B-10, "Effects of inflation" represents a comprehensive measure of the effects of price level changes in the inflationary Mexican economy and, as such, is considered a more meaningful presentation than historical, cost-based financial reporting for both Mexican and U.S. accounting purposes.

Under U.S. GAAP, the effect of applying the option provided by MFRS B-10 for the restatement of equipment of non-Mexican origin does not meet the consistent reporting currency requirement of Regulation S-X of the U.S. Securities and Exchange Commission.

Functional Currency and Reporting Currency

Mexico

Through December 31, 2007, MFRS did not incorporate the concept of functional currency, and, therefore, entities were allowed to have a reporting and accounting currency different from the functional currency, without the need to perform a translation process.

Effective January 1, 2008, MFRS incorporates the concepts of accounting currency, functional currency and reporting currency and establishes the procedures to translate and re-measure the financial information, similar to U.S. GAAP except for example, if an inflationary environment is identified.

United States

Under U.S. GAAP, historically, if an entity's books of record are not maintained in its functional currency, re-measurement into the functional currency is required. That re-measurement is required before translation into the reporting currency. The re-measurement process is intended to produce the same result as if the entity's books of record had been maintained in the functional currency. To accomplish that result, it is necessary to use historical exchange rates between the functional currency and another currency in the re-measurement process for certain accounts. The re-measurement effects are recognized in earnings.

Capitalized Comprehensive Financing Cost

Mexico

Under MFRS, until December 31, 2006, an entity was allowed, but not required, to capitalize certain comprehensive financing costs on assets under construction. Effective January 1, 2007, MFRS requires certain comprehensive financing costs to be capitalized on qualifying assets (assets that require a period of time to be ready to use). Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses, and inflationary monetary gain or loss related to financial liabilities.

United States

Under U.S. GAAP, interest expense incurred during the construction (development) period on qualifying assets must be considered as an additional cost to be capitalized. In all instances, foreign exchange and inflationary monetary gains and losses (if applicable) are excluded.

Impairment of Long-Lived Assets

Mexico

MFRS requires that all long-lived assets be evaluated periodically in order to determine whether there is an indication of potential impairment. The calculation of impairment losses requires the determination of the recoverable value of such assets, which is defined as the greater of the net selling price of a cash-generating unit and its value in use, which is the present value of discounted future net cash flows. In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented in other expenses.

United States

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets are considered impaired when the fair value is less than the carrying value of the asset (asset group). An impairment loss is to be recorded only when the recoverable amount of the asset (asset group), defined as the estimated future undiscounted cash flows expected to result from the use of the asset (asset group), is less than the carrying value of the asset (asset group), and is measured by the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset (asset group) to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Any recorded impairment losses are presented in operating expenses.

Impairment of Goodwill

Mexico

Under MFRS, we are allowed to evaluate the carrying value of goodwill and other long-lived assets in the aggregate, recording any potential impairment loss first to goodwill and then to the remaining long-lived assets evaluated. An impairment loss is recognized whenever the carrying value of these assets exceeds their recoverable value, which is the greater of its net selling price (if it can be readily obtained) and its value in use. These values can be determined through valuation techniques or, in a more practical manner, through a perpetuity value.

United States

Under U.S. GAAP, separate impairments analyses are performed for both, goodwill, indefinite lived intangible assets, and other long-lived assets. U.S. GAAP requires a two-step process to identify and quantify the amount of impairment loss to be recognized for goodwill. The first step requires the comparison of the fair value of the reporting unit against its carrying value. The fair value of a reporting unit is the amount at which the unit as a whole could be bought or sold in a current transaction between willing parties. If fair value of the reporting unit is less than its carrying value, a second step is performed to measure the amount of impairment based on cash-flows.

Deferred Income Tax

Mexico

Under MFRS, deferred tax assets and liabilities are recognized for all significant temporary differences between the carrying amounts of existing assets and liabilities as of the balance sheet date and their respective tax bases. MFRS is similar to U.S. GAAP with respect to accounting for current and deferred income taxes, except that MFRS establishes that any deferred tax assets recorded must be reduced by a valuation allowance if it is “highly probable” that all or a portion of the deferred tax assets will not be realized.

United States

Under U.S. GAAP, deferred income taxes are accounted for under the balance sheet method. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as the recognition of operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recognized if, based on the weight of available evidence, it is “more likely than not” that all or a portion of the deferred tax asset will not be realized. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

U.S. GAAP requires separate presentation of current and non-current income tax assets or liabilities, depending on the classification of the asset or liability to which the deferred tax item relates.

U.S. GAAP also prescribes a comprehensive model for the recognition, measurement, financial statement presentation and disclosure of uncertain tax positions taken or expected to be taken in a tax return. ASC 740 – 25, “Income taxes – Recognition” provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Statement of Cash Flows

Mexico

Through December 31, 2007, MFRS specified the appropriate presentation of the statement of changes in financial position be based on financial statements restated in constant Pesos. MFRS identifies the sources and applications of resources representing differences between beginning and ending financial statement balances in constant Pesos. Monetary and foreign exchange gains and losses are not treated as non-cash items in the determination of resources provided by operations.

Effective January 1, 2008 MFRS requires to present a cash flow statement describing the cash flow provided by or used in operating, investing and financing activities similar to U.S. GAAP. Under MFRS, restricted cash is part of cash and cash equivalents, with a separate disclosure of restricted cash. Entities are required to classify interest paid as cash outflows for financing activities. Interest expense of the period is reconciled from the Net Income before taxes and Interest paid during the period is included as financing activities. MFRS requires classifying interest received within the same group of activity as the operation to which they are associated.

United States

U.S. GAAP requires a statement of cash flows describing the cash flows provided by or used in operating, investing and financing activities. Non-cash transactions are excluded from the statement of cash flows.

Fair Value Measurements

Mexico

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The use of either an exit or entry price is not specified. Mexico has no definition of what constitutes a Principal (or most advantageous) market.

There is no guidance as to the use of a fair value measurement within a bid-ask spread, but it does not preclude its use.

United States

U.S. GAAP requires all financial and non-financial assets and liabilities recognized at fair value in the financial statements to be measured on a recurring basis. U.S. GAAP clarifies that fair value is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. This Statement also emphasizes that fair value is a market-based measurement, not an entity-specific measurement.

Labor Obligations

Mexico

Through December 31, 2007, companies were required to account for an additional liability and the corresponding intangible assets and separate equity component when an unfunded accumulated benefit obligation existed.

Effective January 1, 2008 accounting for labor obligations was amended. The most important changes are the reduction to a maximum five-year period to amortize prior year items, the effects of the salary growth in the calculation of the Obligation for Defined Benefits (formerly known as Obligations for Projected Benefits), the elimination of the accounting treatment for the additional liability and its corresponding intangible asset and the separate equity component. Companies are required to present the full funded status only within the footnotes.

United States

Under U.S. GAAP, an employer is required to accrue a liability and recognize an expense during the period in which the employee earns paid absences. In addition, under U.S. GAAP entities must apply the provisions of ASC 715, "Compensation – Retirement Benefits."

This statement requires companies to (i) fully recognize, as an asset or liability, the overfunded or underfunded status of defined pension and other postretirement benefit plans; (ii) recognize changes in the funded status through other comprehensive income in the year in which the changes occur; (iii) measure the funded status of defined pension and other postretirement benefit plans as of the date of the company's fiscal year-end; and (iv) provide enhanced disclosures. In addition, a company must now measure the fair value of its plan assets and benefit obligations as of the date of its year-end balance sheet.

Pre-operating Costs

Mexico

Through December 31, 2002, all start-up costs were to be deferred and amortized over a defined period. Through December 31, 2008, MFRS only permitted the capitalization and amortization of start-up costs if are clearly identified with development activities.

Effective January 1, 2009, MFRS requires that such costs are expensed as incurred. Any remaining balance at the adoption of the standard should be adjusted to retained earnings.

United States

Under U.S. GAAP, such costs are expensed as incurred.

Revenue Recognition

Mexico

MFRS does not have specific accounting guidance for multiple-deliverable revenue arrangements.

United States

U.S. GAAP has prescriptive accounting guidance which addresses how to separate a multiple deliverable revenue arrangement into separate units of accounting and how to allocate an arrangement's total consideration to each unit of accounting. Revenue recognition related to each unit of accounting is then based on other specific guidance which may exist, such as percentage of completion accounting, or general revenue recognition principles.

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