3Q12 Results

100 anos
GERANDO
HISTÓRIAS

CPFL
ENERGIA

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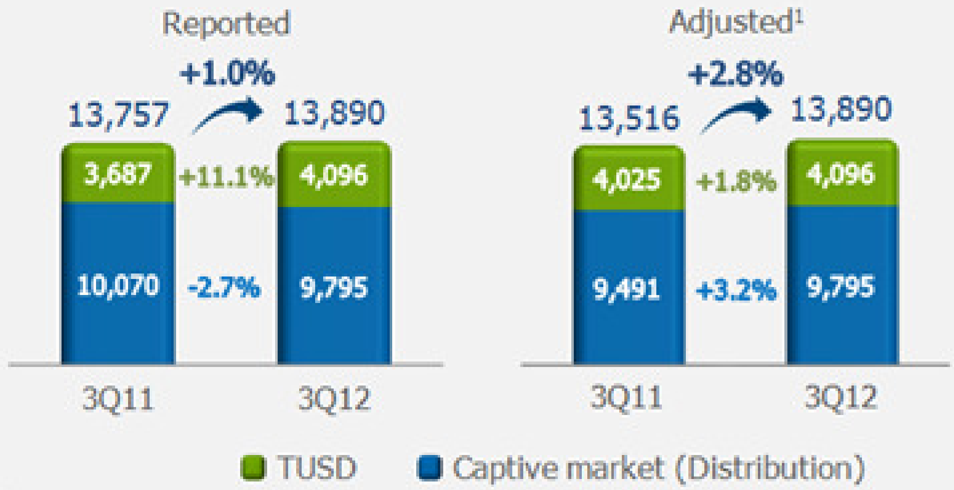
3Q12 Highlights

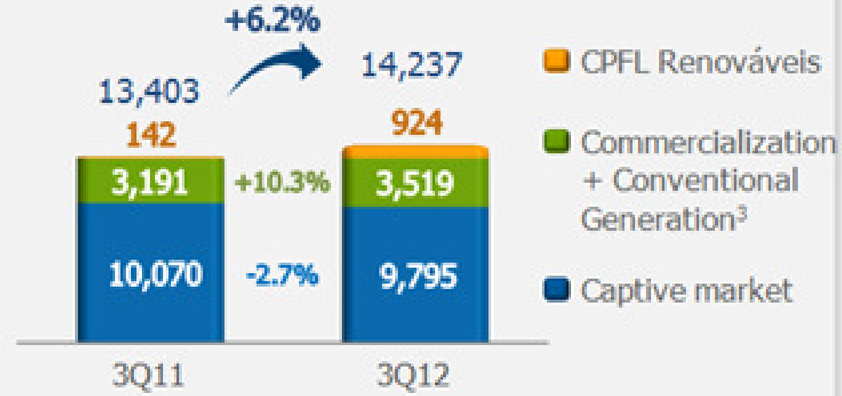
- Sales in the concession area were up 1.0% QoQ (2.8% adjusted)
- Commercial start-up of Santa Clara wind farms (188MW) in Jul/12
- Closing of the acquisition of Ester biomass power plant in Oct/12
- Interim dividends payment in the amount of R$ 640 million on Sep 28
- Investments amounted R$ 660 million in 3Q12
- Conclusion of CPFL Piratininga's 3rd Periodic Tariff Review and Annual Tariff Adjustment, resulting in a tariff repositioning (economical effect) of 7.7%
- Credit rating of CPFL Energia's Group and subsidiaries was reaffirmed by Standard&Poor's | 'brAA+'
- Stock's average daily trading volume increased by 43.6% on BM&FBovespa and NYSE (3Q12 vs. 3Q11), reaching R$ 50.1 million
- VOCÊ S.A rank - Best Companies to Work For; 2012 Climate Change ÉPOCA Award and 360º Business ÉPOCA Award (1st place on electric power sector companies rank)
- CPFL was highlighted in 2012 CDP (Carbon Disclosure Project) Report for its performance and disclosure in CO_2 emissions

3Q12 energy sales and tariff for the use of the distribution system (TUSD)

Sales in the concession area (GWh)

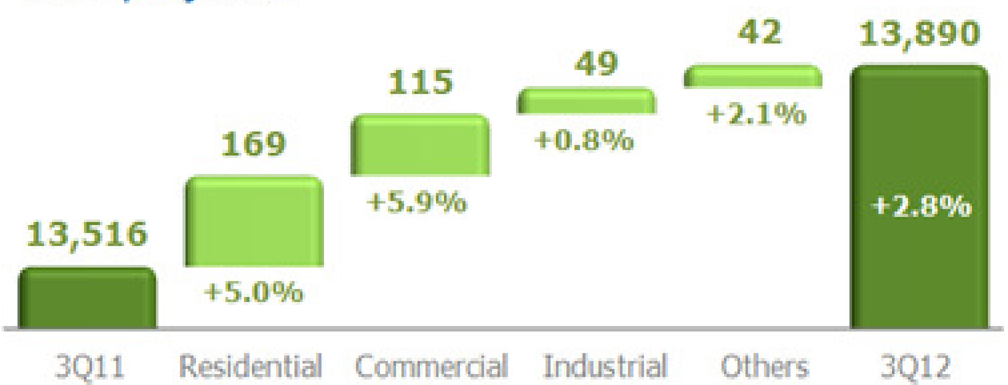


Total energy sales[2] (GWh)



Sales in the concession area by consumption segment

GWh | adjusted

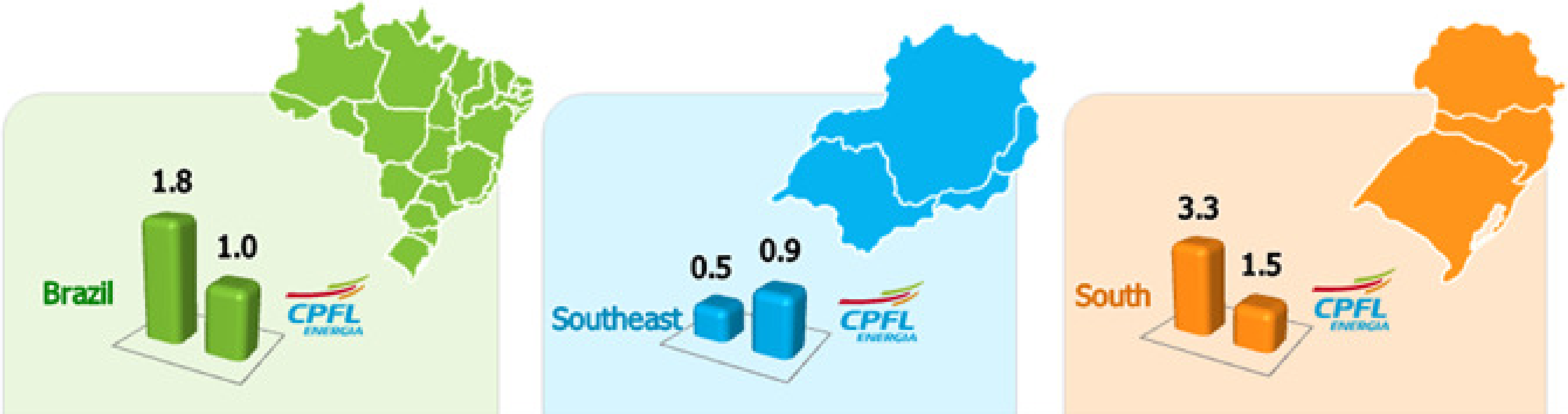


	Residential	Commercial
Reported	**2.4%**	**2.8%**
Billing days	2.8%	2.8%
Temperature	0.0%	0.4%
Others	-0.2%	-0.2%
Adjusted	**5.0%**	**5.9%**

1) Adjusted by billing days and consumer migration to free market. 2) Disregard CCEE and sales to related parties. 3) Take into account 100% of CPFL Renováveis and Ceran (accounting criteria | IFRS), sales of Semesa and Foz do Chapecó (regulated market). Take into account provisioned sales of 41 GWh in 3Q12. Disregard sales of EPASA (availability contract).

Performance in concession area

Sales in the concession area (%) | Comparison by region (source: EPE)



Industrial segment should be favored by industrial production performance, that is expected to start recovering from now on

Brazilian industrial production (YoY)

(Source: IBGE / Forecast[1]: LCA Consultores)

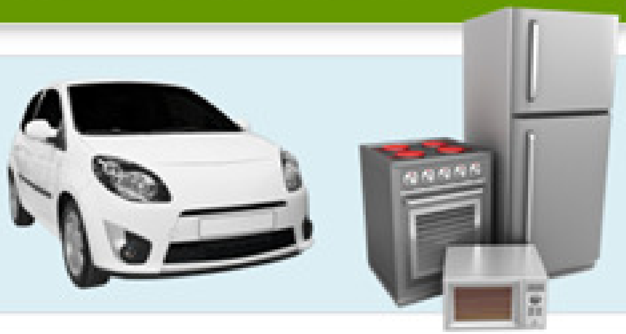
1) Estimates for the period from October to December.

Structural changes in Brazilian economy| Better perspectives for the future

Brazilian government started to stimulate **investments...**

Measures to offset international crisis effects

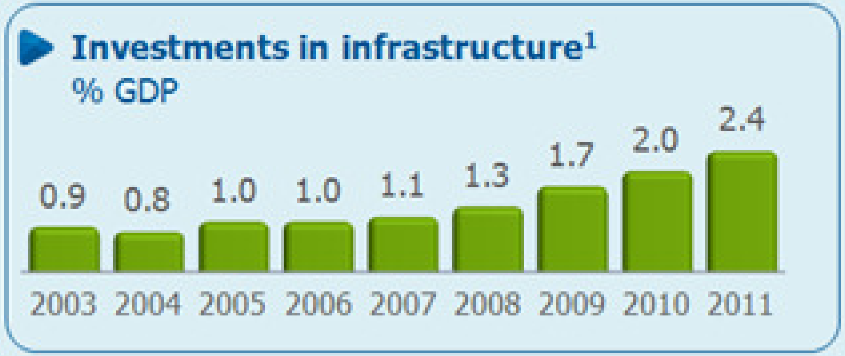
- Reduction of taxes (IPI) on home appliances and vehicles
- Reduction of taxes (IPI) on capital goods
- Postponement of deadline for tax collection (PIS/Cofins)



Structural measures

Investments: new projects and stimuli

- Infrastructure (roads, energy, oil/gas)
- **"Minha Casa Minha Vida" Program** (housing program)
- New Automotive Regime
- Pre-Salt and sporting events



Competitiveness

- PM 579 – reduction of energy costs
- Discharge of payroll for 40 sectors
- Fall of interest rates and spreads
- More competitive foreign exchange
- Greater fiscal gap (allows tax burden reduction)

Competitiveness will continue moving forward

Brazil's position in competitiveness ranking[2]

2007	72th position
2011	53th position
2012	48th position

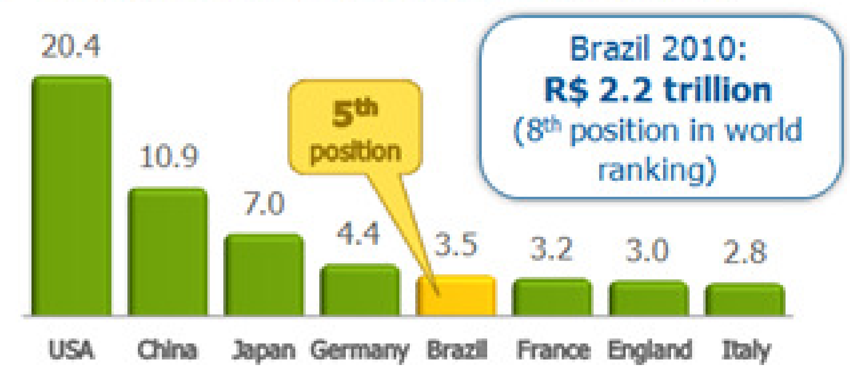
1) Transportation, electric energy, water and sewage, and telecom. Source: ABDIB and IBGE.
2) *Global Competitiveness Report (World Economic Forum)*. Position among 144 countries.

Structural changes in Brazilian economy | Investments and consumption as drivers to growth

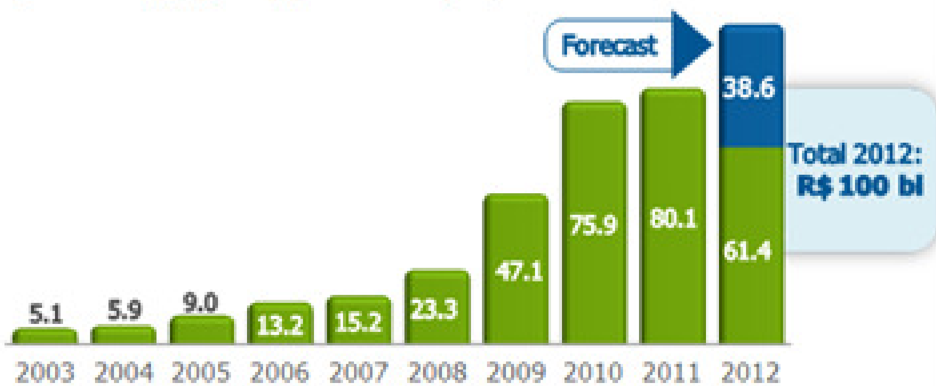
... that will combine with **consumption** expansion observed over the last years

- 17 million **new job positions** (2003-2011)[1]
- **Poverty**[2] and **social inequality**[3] reduction
  - **Social mobility**[4]: mid class reached 55% of population in 2011
- Expansion of **income, credit** and higher access to **consumption of durable goods**
  - Increase of **63%**[5], in real terms, of minimum wage between 2003 and 2011

Family consumption in 2020[8] | R$ trillion



Mortgage approvals[6] | R$ billion



Some evidence in CPFL Energia's market

Customers new connections | thousands

Sources/notes: 1) CAGED-MTE. 2) FGV: from 28% of total population in 2003 to 15% in 2009. 3) IPEA: Gini coefficient: 0.59 in 2002, 0.54 in 2009. 4) FGV: in 2003, was 38%. 5) IPEA. 6) Caixa Econômica Federal. 7) Until Aug 20, 2012. 8) EXAME Magazine, McKinsey and Fecomercio. 9) 12 months ended in September 2012.

3Q12 Results

	Net Revenues[1]		EBITDA		Net Income[2]	
	+16.0%		+9.2%		-15.2%	
	3Q11	3Q12	3Q11	3Q12	3Q11	3Q12
IFRS	R$ 2,978 million	R$ 3,454 million	R$ 956 million	R$ 1,044 million	R$ 379 million	R$ 321 million
	+14.3%		+18.9%		+6.1%	
	3Q11	3Q12	3Q11	3T12	3Q11	3Q12
IFRS + Regulatory Assets & Liabilities – Non-recurring	R$ 2,951 million	R$ 3,374 million	R$ 996 million	R$ 1,184 million	R$ 401 million	R$ 425 million

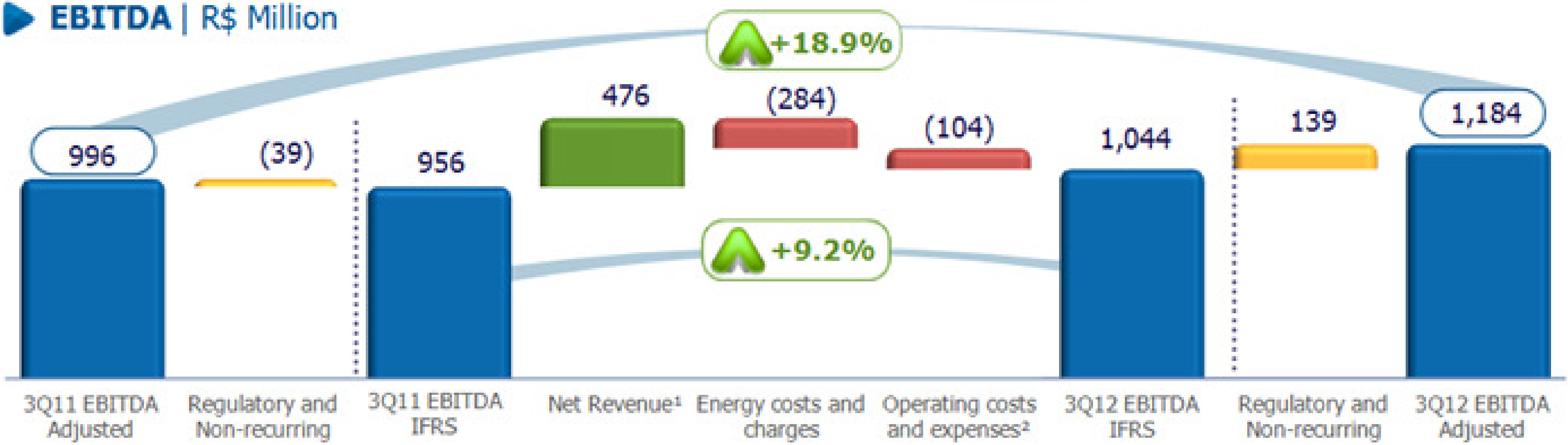
IFRS + Regulatory Assets & Liabilities – Non-Recurring

	EBITDA		Net Income	
	3Q11	3Q12	3Q11	3Q12
Reversal of EPASA's energy costs in 2010	+ 17		+ 11	
Refund of subsidies granted to low income consumers (2002 – 2004)		+ 15		+ 10
Write-down of discos' assets		- 17		- 12
Adjustments in delinquency estimates (doubtful debt)		- 54		- 35
Reversal/(provision) of physical inventory costs of discos' assets	+ 18	- 2	+ 12	- 1
Others adjustments	- 3	+ 3	- 2	- 7
Non-Recurring Effects (A)	**+ 32**	**- 55**	**+ 21**	**- 45**
3rd Tariff Review - Regulatory procedures for Discos[3]		- 56		- 37
Other Regulatory Assets & Liabilities	+ 71	+ 141	+ 42	+ 95
Regulatory Assets & Liabilities (B)	**+ 71**	**+ 85**	**+ 42**	**+ 58**
Regulatory Assets & Liabilities - Non-Recurring Effects (A-B)	**+ 39**	**+ 139**	**+ 21**	**+ 104**

1) Excluding Revenue from Construction 2) Consolidated figures. Excluding non-controlling shareholders: 3Q12 = R$ 314 million | 3Q11 = R$ 374 million; 3) CPFL Piratininga, CPFL Santa Cruz, CPFL Jaguari, CPFL Sul Paulista, CPFL Leste Paulista e CPFL Mococa

3Q12 Results

EBITDA | R$ Million



- **16.0% increase in Net Revenues[1] (R$ 476 million)**
  - Decrease of 2.7% in sales volume to the captive market and 4.3% average tariff readjustments (R$ 53 million)
  - Increase of 20.3% in short-term energy volume (R$ 62 million) and 9.7% in TUSD - Free Consumers (R$ 27 million)
  - Increase in Other Revenues (R$ 26 million), mainly refund of subsidies to low income consumers (R$ 15 million) **NON RECURRING**
  - CPFL Renováveis (R$ 170 million) + Conventional Generation/Commercialization and Services (R$ 66 million)
  - Deductions from Revenues: sector charges decrease and PIS/COFINS tax credits (R$ 72 million)
- **23.5% increase in Energy Costs and Charges (R$ 284 million)**
  - Purchased energy for resale grew by 19.2% (R$ 246 million)
  - Charges were up 10.7% (R$ 38 million)
- **26.9% in Operating Costs and Expenses [2] (R$ 104 million)**

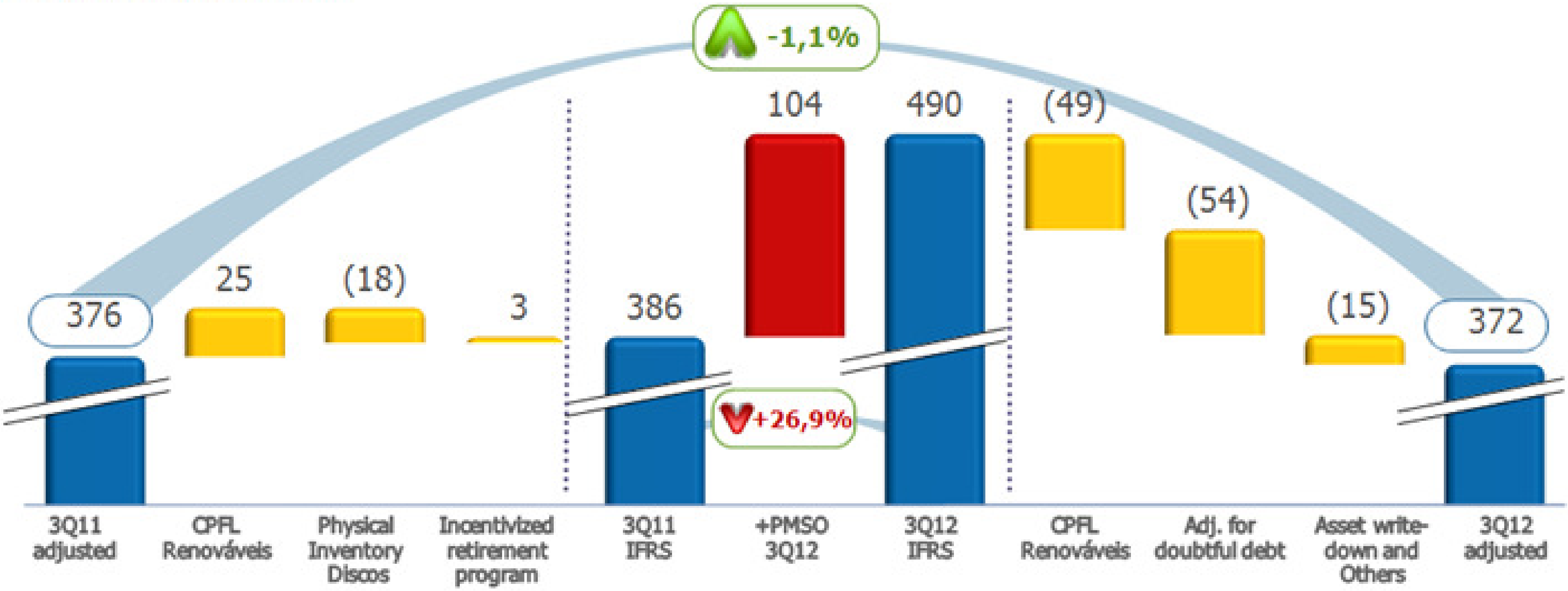
PLD (R$/MWh)[3]	
3Q12	3Q11
131.14	20.61

R$/US$	
3Q12	3Q11
2.03	1.85

1) Excludes Revenues of construction of own assets 2) Personnel, Material, Third Party Services and Others 3) Average spot price

3Q12 | PMSO

PMSO[1] | R$ Million



Sum of adjustments:
R$ 108 million

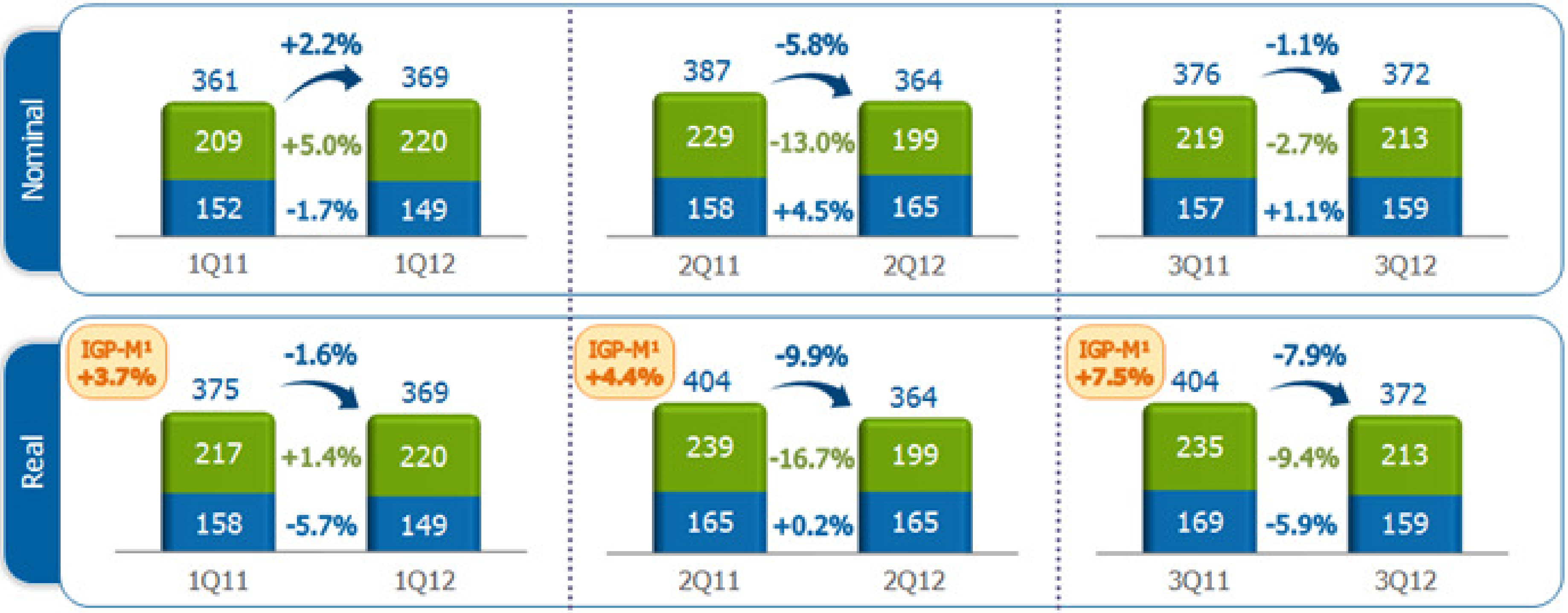
PMSO increase (IFRS):
R$ 104 million

Δ Adjusted PMSO:
R$ 4.2 million or -1.1%

1) Personnel, Material, Third Party Services and Others

3Q12 Results | Adjusted PMSO

Results of cost reduction initiatives



Savings

1Q	2Q	3Q
Personnel: R$ -9 Million **MSO:** R$ +3 Million	**Personnel:** 0 **MSO:** R$ -40 Million	**Personnel:** R$ -10 Million **MSO:** R$ -22 Million

Total 9M12

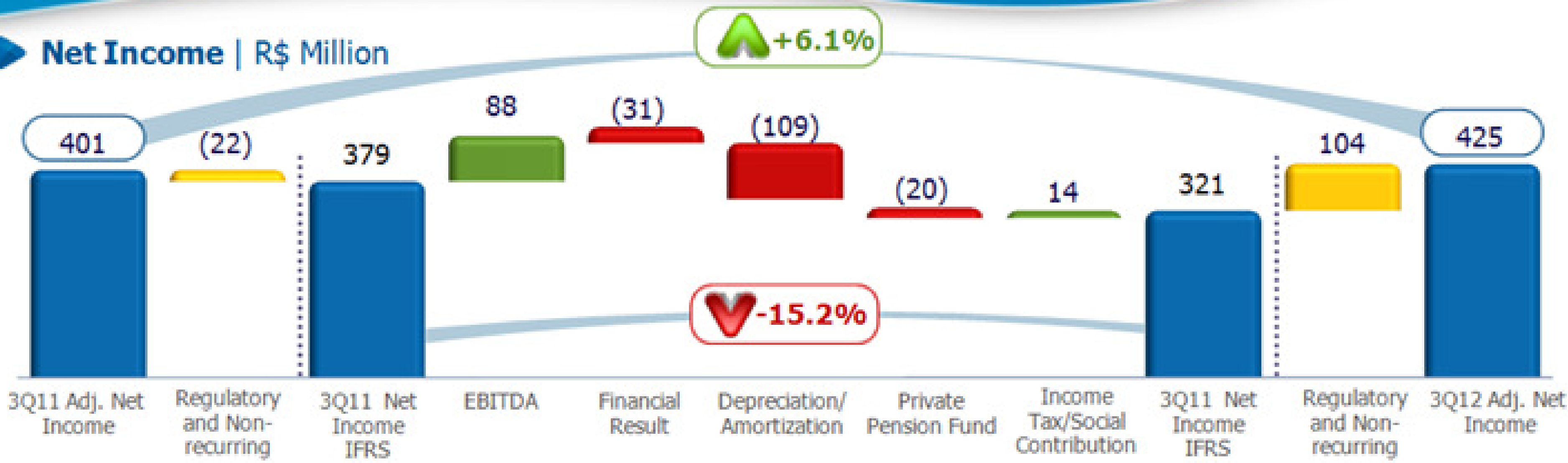
PMSO: Reduction of R$78 Million

Personnel: Reduction of R$19 Million| **MSO:** Reduction of R$59 Million

1) Average IGP-M

3Q12 Results

Net Income | R$ Million



CDI	
3Q12	3Q11
+1.9%	+3.0%

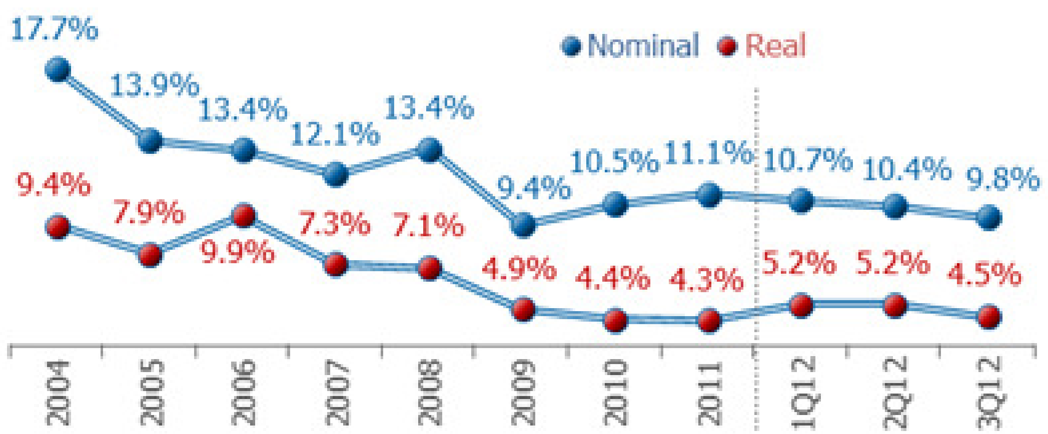
- **9.2% increase in EBITDA (R$ 88 million)**
- **15.3% decrease in Negative Net Financial Result (R$ 31 million)**
  - **Financial Revenues were down 28.3% (R$ 62 million):** Decrease of CDI rate and lower cash
  - **Financial Expenses were down 7.3% (R$ 31 million)**
    - Decrease of CDI rate (R$ 106 million) and currency effect from energy bills from Itaipu at discos (R$ 25 million)
    - Consolidation of CPFL Renováveis (R$ 69 million)
    - Interest and fines related to incorporation of private networks at CPFL Paulista (R$ 20 million) **NON RECURRING**
    - Restatement of royalties paid for the use of public utilities (UBP) of gencos (R$ 9 million)
- **Depreciation and Amortization grew by 55.5% (R$ 109 million)**
  - Consolidation of CPFL Renováveis (R$ 84 million)
  - Changes on accounting of PIS/COFINS tax credits (R$ 21 million)
- **Results on Pension Fund (R$ 20 million)**
- **Income tax and social contribution (R$ 14 million)**

Indebtedness – control of financial covenants

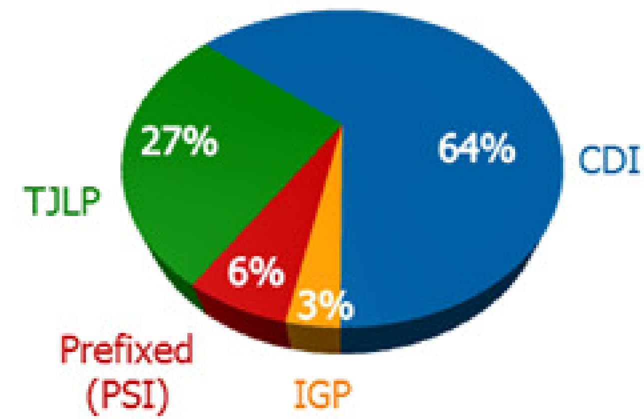
Leverage[1] | R$ billion

Adjusted EBITDA[2] R$ million	3,151	3,665	3,782	4,264	4,315

Gross debt cost[3] | LTM



Gross debt breakdown[3]



1) Net debt calculation pursuant to financial covenants methodology 2) LTM EBITDA ajdusted pursuant to new methodology.
3) Financial debt (+) pension fund (-) *hedge*

Debt profile on Sep 30, 2012

Debt amortization schedule[1] (Sep/12) | R$ million

1) Disregard financial charges (ST = R$ 314 million), hedge (net positive effect of R$ 450 million) and MTM (R$ 53 million)
2) Considering debt amortization for the next 12 months (from Oct 01, 2012)

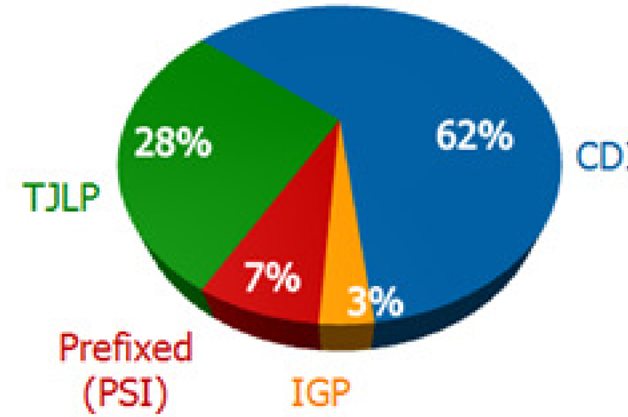
Pro forma debt profile on Oct 31, 2012

BNDES funding | Oct/12

R$ 606 million | 55% TJLP / 45% Prefixed

- Use of funds | **Capex of CPFL's Discos**
- Average cost | **5.56% p.a.**
- Maturity | **up to 10 years**

Gross debt breakdown[1]



Pro forma debt amortization schedule[2] | R$ million

1) Financial debt (+) pension fund (-) hedge 2) Disregard financial charges (ST = R$ 314 million), hedge (net positive effect of R$ 450 million) and MTM (R$ 53 million) 3) Considering debt amortization for the next 12 months (from Oct 01, 2012)

Last credit rating actions

Favorable credit rating to CPFL Energia Group

STANDARD & POOR'S RATINGS SERVICES

Rating brAA+ | Oct/12
Outlook Stable

CPFL ENERGIA

cpfl paulista, cpfl piratininga, RGE, cpfl santa cruz, cpfl leste paulista, cpfl sul paulista, cpfl jaguari, cpfl mococa, cpfl geração, cpfl brasil

- Increasing diversification in power generation
    - Investment in renewable energy
    - Higher contribution of the renewable business in the Group's cash generation
- Stability and efficiency in distribution business
- Appropriate level of liquidity and good access to long-term credit sources

3rd Tariff Review Cycle | CPFL Piratininga

Tariff Review final result on Oct 02, 2012 (R$ million)

Gross Regulatory Asset Base (A)	2,542
Depreciation rate (B)	3.71%
Depreciation Quota (C = A x B)	94
Net Regulatory Asset Base (D)	1,273
Pre-tax WACC (E)	11.36%
Cost of capital (F = E x D)	144
Regulatory EBITDA (G = C + F)	239
Regulatory OPEX[1] = CAOM + CAIMI (H)	335
Parcel B (I = G+H)	574
X-Factor (J)	1.40%
Parcel B adjusted by market [L = I x (1-J)]	559
Parcel A (M)	2,050
Required Revenue (N = L + M)	2,609
Other Revenues (O)	26
Verified Revenue (P)	2,704
Tariff repositioning [Q = ((N-O)/P)-1]	-4.45%
Financial components (R)	-0.98%
Average effect (S = Q + R)	-5.43%

Combined result from 3rd TRC + Annual Tariff Adj. + refund of frozen tariffs (1/3)

Consumption segments	
Low voltage	High voltage
+1.49%	+9.77%

Tariff repositioning (economic effect):
+7.71%
Financial components:
+1.08%
Average effect:
+ 8.79%

Main changes between the preliminary tariff procedure and final tariff

- Correction of depreciation rate from 4.09% to 3.71%
- X-Factor changed from 1.15% to 1.40% (adjustment of R$ 7MM in investments)

1) CAOM = Administration, Operation and Maintenance Cost and CAIMI = Annual Cost of Personal Property and Real Property (annuity)

Distribution Segment Challenges

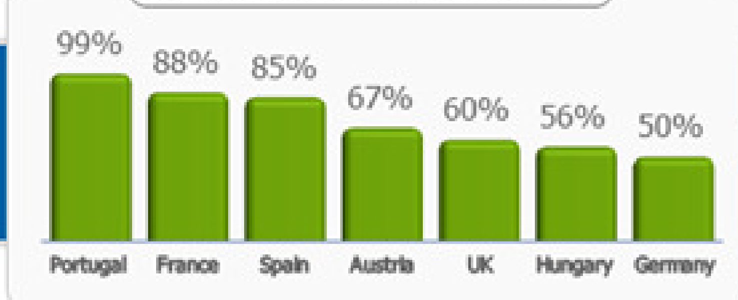
Regulatory Remuneration
Better macroeconomic scenario provides lower returns

WACC (real)

More efficient allocation of capital

Brazil
3 largest distribution companies hold 34% of market

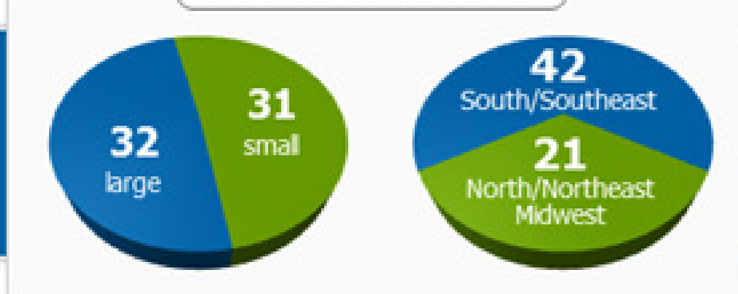
3 largest companies by country



Consolidation and synergy gains being reversed in productivity

Fragmented Market
Substantial number of small distributors concentrated in the South and Southeast

Profile of 63 companies[1]



Consolidation opportunities in the sector

1) Large companies: market above 1TWh (Source: ANEEL 2009)

PM 579 | Expiration schedule of CPFL Energia's concessions

2015	...	2027	2028	2032	2035	2036	2039
CPFL Santa Cruz CPFL Jaguari CPFL Sul Paulista CPFL Leste Paulista CPFL Mococa	**~3%** CPFL Energia's EBITDA	CPFL Paulista RGE 19 SHPPs (CPFL Renováveis) 1 TPP (Carioba)	CPFL Piratininga	HPP Luis Eduardo Magalhães	HPP Campos Novos	HPP Foz do Chapecó HPP Barra Grande HPP Castro Alves HPP Monte Claro HPP 14 de Julho	HPP Serra da Mesa
SHPP Rio do Peixe (I/II) SHPP Macaco Branco	**<1%** CPFL Energia's installed capacity						

CPFL Energia requested Aneel to renew the expiring concessions

PM 579 | Expected effects

Segment	For the sector	For CPFL
Conventional Generation	• Tariff = operational cost + spread • Amortization of non-depreciated values based on New Replacement Value (NRV)	• Long term concessions (from 2032) • Exposure: low impact (<1% of installed capacity is expiring) • O&M cost below the range presented by PM 579
Commercialization	• Renewed (cheaper) energy will be destined exclusively to Regulated Market (ACR) • Liquidity constraint of conventional energy in the 2013-15 horizon • A4 Consumer Migration: from 6 months to 5 years	• More competitive environment for commercialization segment, pressuring margins
Distribution	• New rules and quality requirements are being detailed by ANEEL • Changes in energy contracting due to the quota allocation	• Limited impact, considering the low exposure of assets with expiration concessions in 2015 • Major assets begin to expire in 2027 (CPFL Paulista / RGE)

PM 579 | Potential impacts over energy market

Main economic effects

Inflation and Payroll:

- Potential decrease in inflation and consequent increase in payroll for 2013

Industrial Activity:

- Sectors less exposed to competition will restore margins
- Other sectors will cut costs to gain market share, producing more

Potential impact to CPFL

Residential and Commercial Segments:

- Increase in consumption and improves in distributors' sales mix

Industrial Segment:

- 2013: increase in consumption and reduction of idleness in contracted energy capacity: no immediate growth in distributors' margins
- 2014: increase in consumption and contracted capacity (considering other stimulus to economy)

PM 579 | Next steps

Schedule steps defined by ANEEL/MME

10/15/12	• Deadline to express interest in the renewal of concession contracts
11/01/12	• Announcement of terms and conditions for G&T assets • Announcement of new G&T tariffs • Summons for G&T contract signing
+ 30 days	• G&T contract signing
12/11/12	• Approval of Transmission Tariffs (TUST – Tariff for the use of transmission system)
01/01/13	• New Generation tariff and new Transmission Tariff (TUST - Tariff for the use of transmission system)
01/20/13	• Definitive Ratifying Resolution of energy quotas for Distributors
02/05/13	• Extraordinary Tariff Review of distributors to be perceived by the consumers

Generation | Projects under construction

CPFL ENERGIA | CPFL RENOVÁVEIS

Commercial start up in **2013(e) | 120 MW/47 MWavg**

	Status	Commercial Start up (e)	Installed Capacity (MW)	Assured Energy (MWavg)	Capital Structure (e)	PPA
 Salto Góes SPP	94% concluded	1Q13	20	11.1	BNDES funding (63% debt / 37% equity)	Alternative Sources Auction Aug/10 R$ 165.0[1]
 Coopcana TPP	38% concluded	2Q13	50	18.0	BNDES funding (approved)	Free Market
 Alvorada TPP	41% concluded	2Q13	50	18.0	BNDES funding (approved)	Free Market

1) Constant currency (Jun/2012)

Generation | Projects under construction

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CPFL RENOVÁVEIS

Commercial start up in **2013(e) | 228 MW/105 MWavg**

	Commercial Start up (e)	Installed Capacity (MW)	Assured Energy (MWavg)	Capital Structure (e)	PPA
Macacos I wind farm[1] – 34% concluded	3Q13	78,2	37.5	BNDES funding (under review)	Alternative Sources Auction Aug/10 R$ 150.4[3]
Campo dos Ventos II – 9% concluded	3Q13	30	15.0	BNDES funding (under review)	Reserve Auction Aug/10 R$ 141.3[3]
Atlântica wind farm[2] – 21% concluded	2H13	120	52.7	BNDES funding (under review)	Alternative Sources Auction 2010 R$ 152.7[3]

1) Macacos, Pedra Preta, Costa Branca and Juremas 2) Atlântica I, II, IV and V 3) Constant currency (Jun/12)

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Generation | Projects under construction

CPFL RENOVÁVEIS

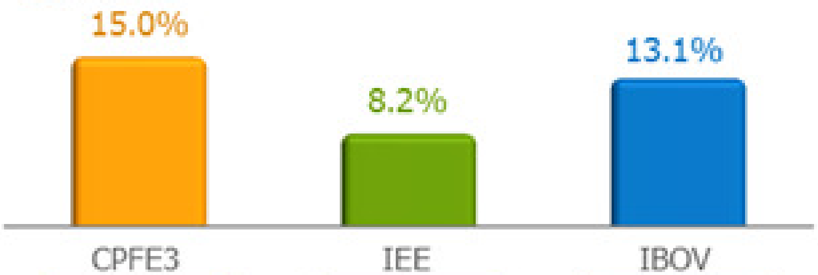
Commercial start up in **2015(e)** | **254 MW/129 MWavg**

	Commercial Start up (e)	Installed Capacity (MW)	Assured Energy (MWavg)	Capital Structure (e)	PPA
	9% concluded				
Campo dos Ventos wind farms[1]	1Q15	82.0	40.2	BNDES funding (under review)	Free market **2033**
	8% concluded				
São Benedito wind farms[2]	3Q15	172.0	89.0	BNDES funding (under review)	Free market **2034**

1) Campo dos Ventos I, III and V. 2) Ventos de São Benedito, Ventos de Santo Dimas, Santa Mônica, Santa Úrsula São Domingos and Ventos de São Martinho

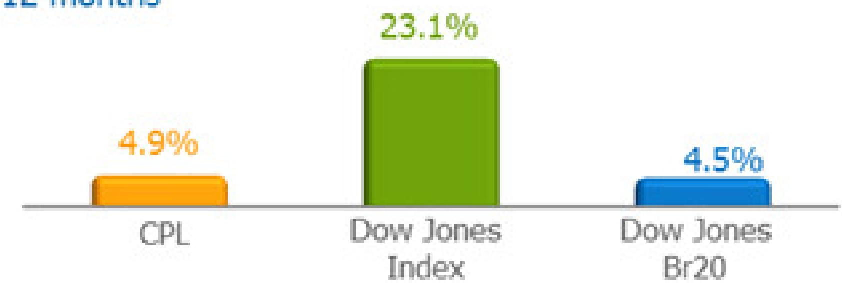
Stock market performance

Share performance on BM&FBovespa
12 months[1]



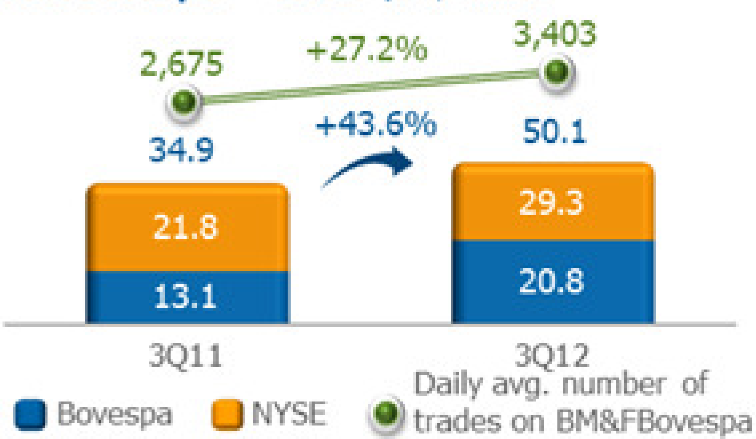
	CPFE3	IEE	IBOV
3Q12	-9.3%	-15.0%	8.9%

Share performance on NYSE
12 months[1]

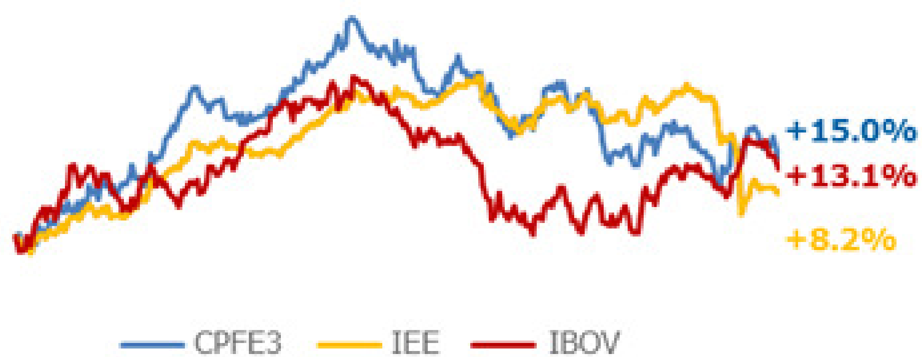


	CPL	Dow Jones Index	Dow Jones Br20
3Q12	-9.8%	4.3%	2.0%

Daily average trading volume on BM&FBovespa + NYSE | R$ million



Share performance
Comparison LTM (Oct/11 – Sep/12)



IBOVESPA IBRX IEE ITAG IGC IGCT ISE DOW JONES BRAZIL TITANS 20 ADR MSCI Indexes

1) Considers the last 12 months ended in Sep-12

Source: Economática

CPFL is recognized by CDP (*Carbon Disclosure Project* 2012)[1]

CPFL Energia is among the best in Performance and Disclosure

- Actions to mitigate climate changes
- Value creation for stakeholders
- Differentiated Corporate Governance
- Engagement of Suppliers
- Innovation and Technology (Renewable Energy, Smart Grid)

CPFL was cited as a highlight by the report:

"...[CPFL] described its initiatives in a very objective way, providing quantitative details."

2012 CDP Report

General Shareholders' Meetings Participation Manual

Smart Grid

Pioneering in Renewable Energy

1) The CDP (Carbon Disclosure Project) brings together approximately 670 global investors who manage assets of around US$ 78 trillion

Tanquinho Solar Power Plant

Project (R&D)[1]

Tanquinho Solar Power Plant

- 1st solar power plant in the Estate of São Paulo
- Investment (e): **R$ 13.8 million**
- Commercial start-up: **4Q12**
- Capacity: **1MWp[2] (1.6 GWh)**
- Location: **Campinas**
- Status: **Mounting of the panels is already completed and electrical assembly is in final stage**

95% concluded

VI Investor Relations Meeting

The event will include a technical visit to Tanquinho Solar Power Plant

Date: Dec 04, 2012

1) Aporoved by Aneel in Dec/11. Protocol 013-2011 (technical and commercial plans for the generation of solar photovoltaic at the network).
2) MWp = megawatt-peak

3Q12 Results

100 anos GERANDO HISTÓRIAS

CPFL ENERGIA