

4Q14 | 2014 Results

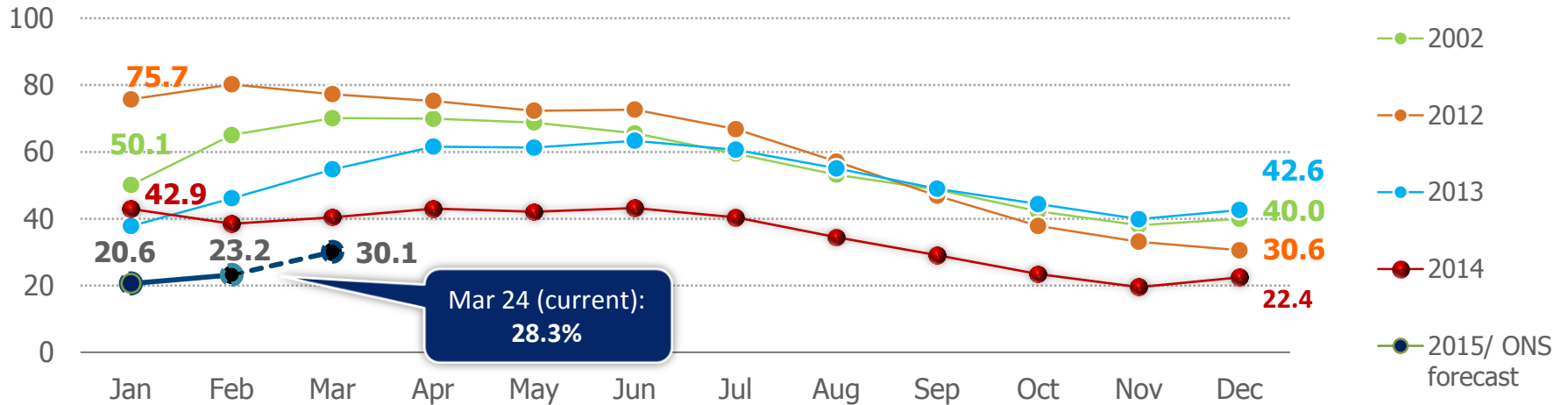


This presentation may contain statements that represent expectations about future events or results according to Brazilian and international securities regulators. These statements are based on certain assumptions and analyses made by the Company pursuant to its experience and the economic environment, market conditions and expected future events, many of which are beyond the Company's control. Important factors that could lead to significant differences between actual results and expectations about future events or results include the Company's business strategy, Brazilian and international economic conditions, technology, financial strategy, developments in the utilities industry, hydrological conditions, financial market conditions, uncertainty regarding the results of future operations, plans, objectives, expectations and intentions, among others. Considering these factors, the Company's actual results may differ materially from those indicated or implied in forward-looking statements about future events or results.

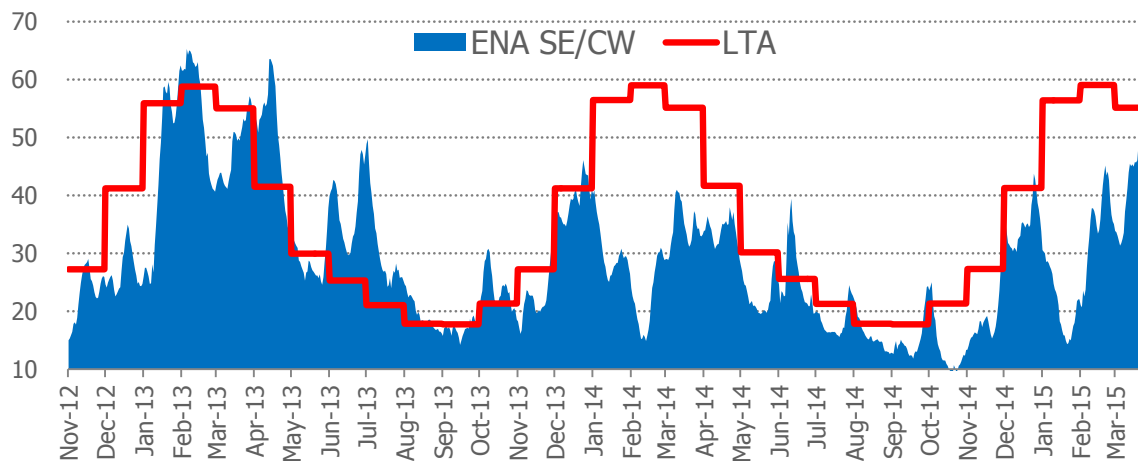
The information and opinions contained herein should not be construed as a recommendation to potential investors and no investment decision should be based on the truthfulness, timeliness or completeness of such information or opinions. None of the advisors to the company or parties related to them or their representatives shall be liable for any losses that may result from the use or contents of this presentation.

This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the Company's business. These statements may include projections of economic growth, demand, energy supply, as well as information about its competitive position, the regulatory environment, potential growth opportunities and other matters. Many factors could adversely affect the estimates and assumptions on which these statements are based.

► NIPS Reservoir Levels | %



► Natural Inflow Energy (ENA) | SE/CW | GW average



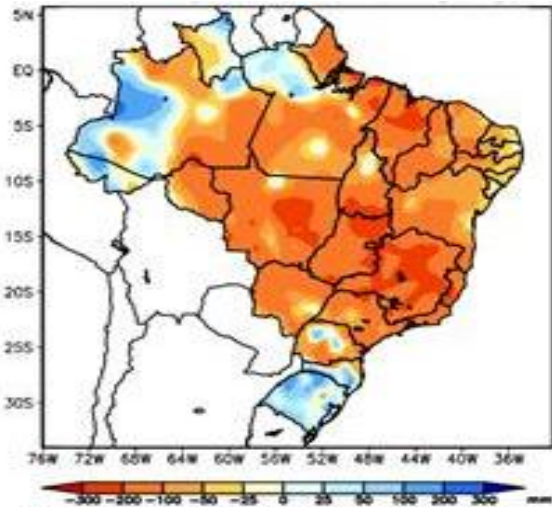
► ENA in 2014 and 2015 | % LTA

	2014	Jan-15	Feb-15	Mar-15 ¹
SE/CW	68%	39%	59%	80%
South	144%	215%	140%	116%
NIPS	82%	54%	61%	73%

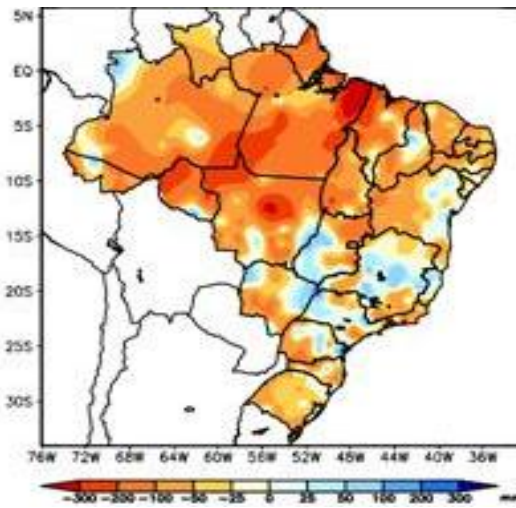
1) ONS Forecast for March (RV3).

► Precipitation Anomalies (deviations from the average)

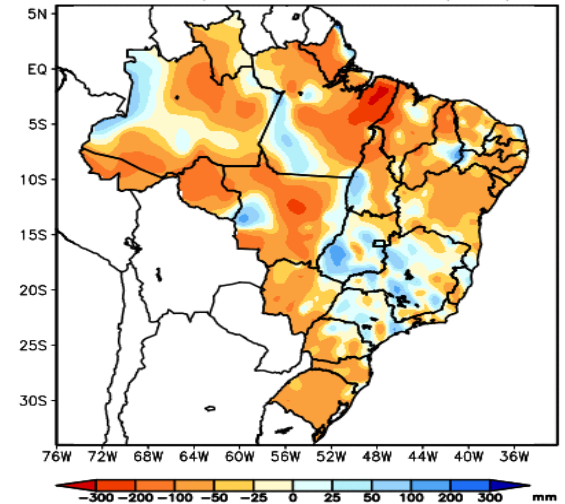
Jan 01 and 31. 2015 | mm



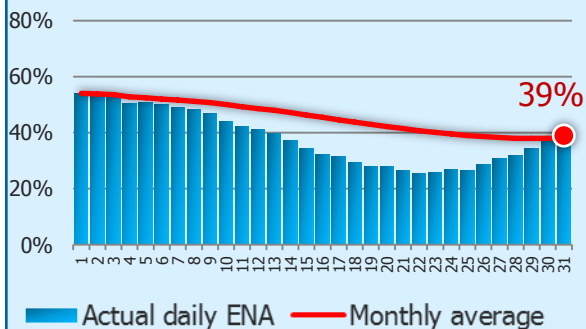
Feb 01 and 28. 2015 | mm



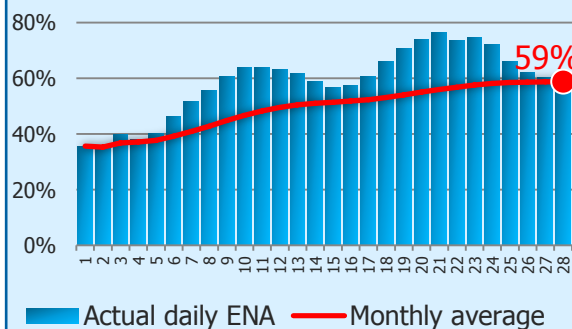
Mar 01 and 25. 2015 | mm



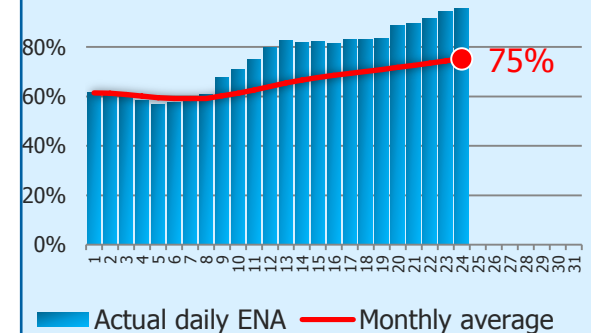
ENA in January-15 | SE/CW | % LTA



ENA in February-15 | SE/CW | % LTA



ENA in March-15 | SE/CW | % LTA

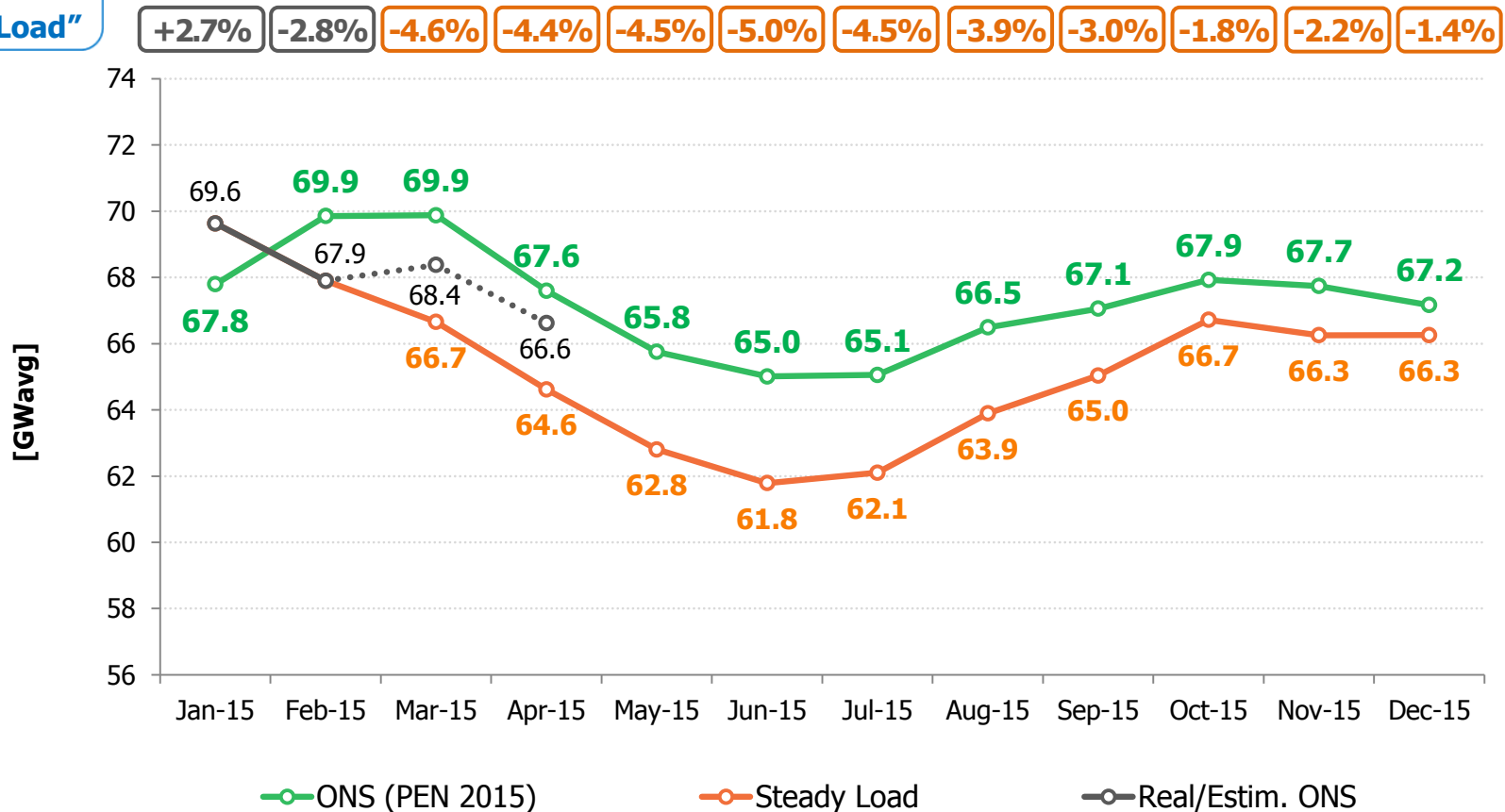


► 2015 NIPS Load

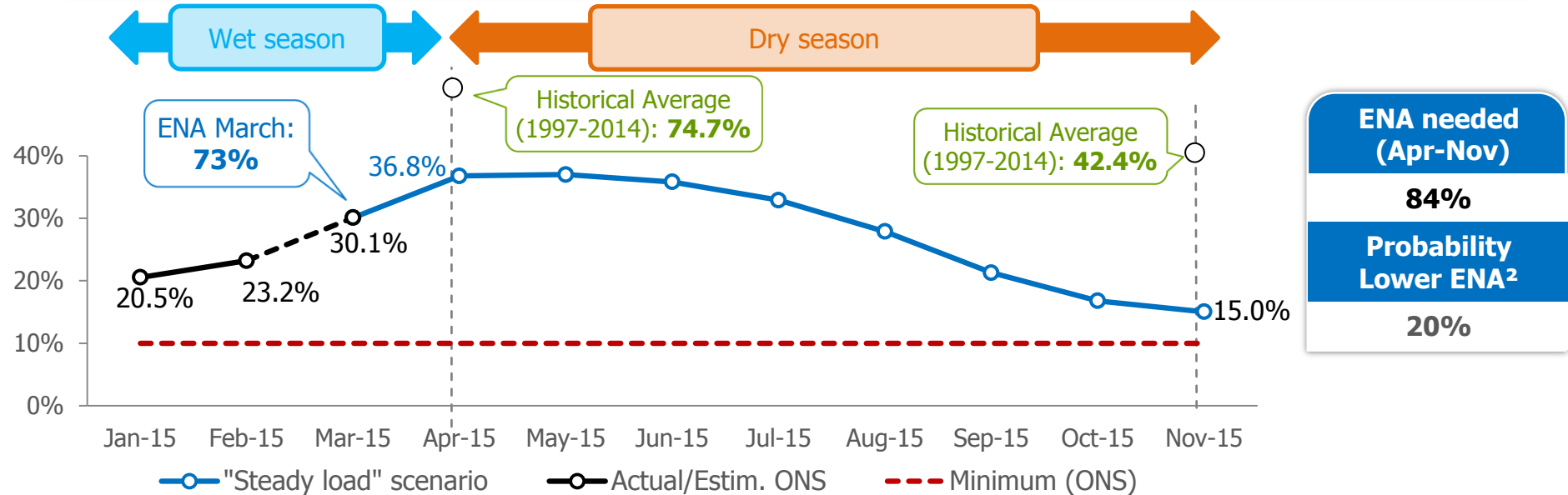
"Steady load" scenario (~2014) represents a deviation of **-3.0% (or -2.0 GWm)** if compared to ONS forecast (PEN 2015)

Deviation:
ONS (PEN 2015)
x "Steady Load"

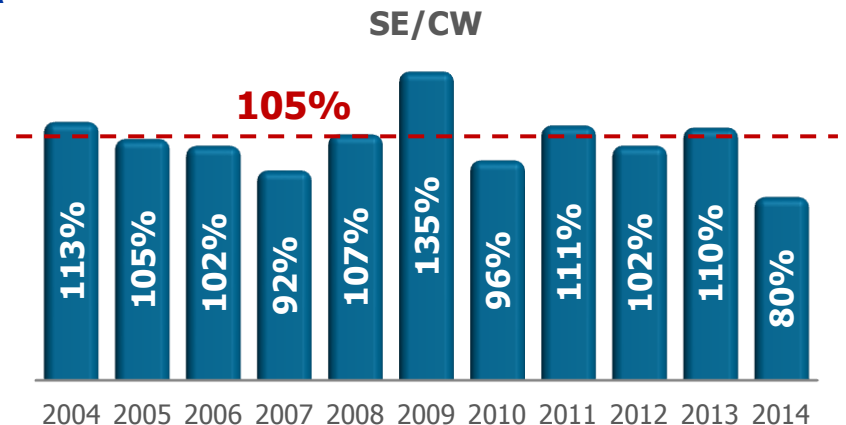
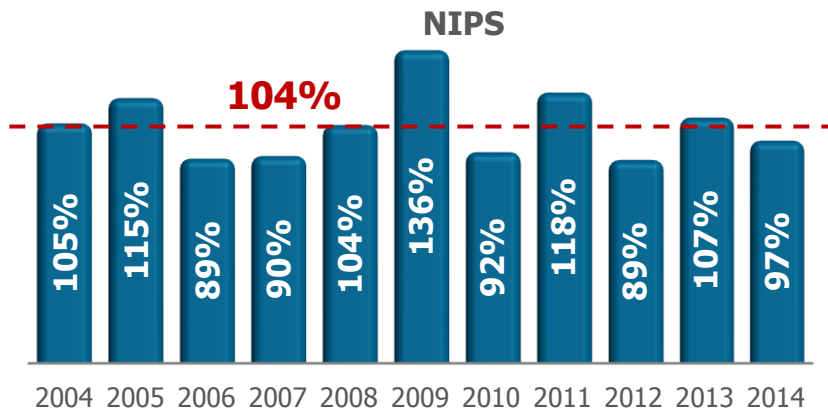
	GWavg	%
2014	65.1	
ONS (PEN 2015)	67.3	3.3%
"Steady Load"	65.3	0.2%



Deterioration of the economic scenario and tariff hikes may naturally reduce consumption



► ENA for the dry Season³ – 2004 to 2014 | % LTA



1) Considers the generation of TPP Uruguaiãna since Feb-2015. 2) Probability considers the historical series. 3) May to November of each year.

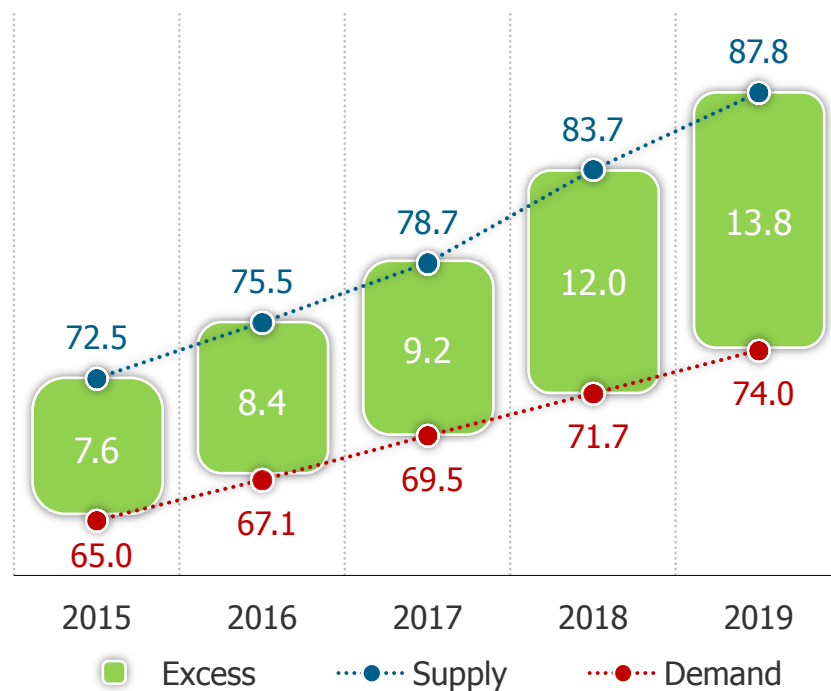
Entry into operation of new installed capacity

More clearance for energy balance in the coming years

Entry into operation of new installed capacity in 2015 and 2016

Assured Energy (MW average)		
Plants	2015	2016
Jirau	1,278	366
Santo Antonio	611	120
Teles Pires	233	698
Santo Antonio do Jari	211	0
Ferreira Gomes	140	0
Other HPPs	64	177
Other sources	564	1,051
Reserve energy	424	571
Total	3,525	2,983

► NIPS Energy balance – Mar-15 | GW average



Recent advances in the sector

ETR and Tariff Flags

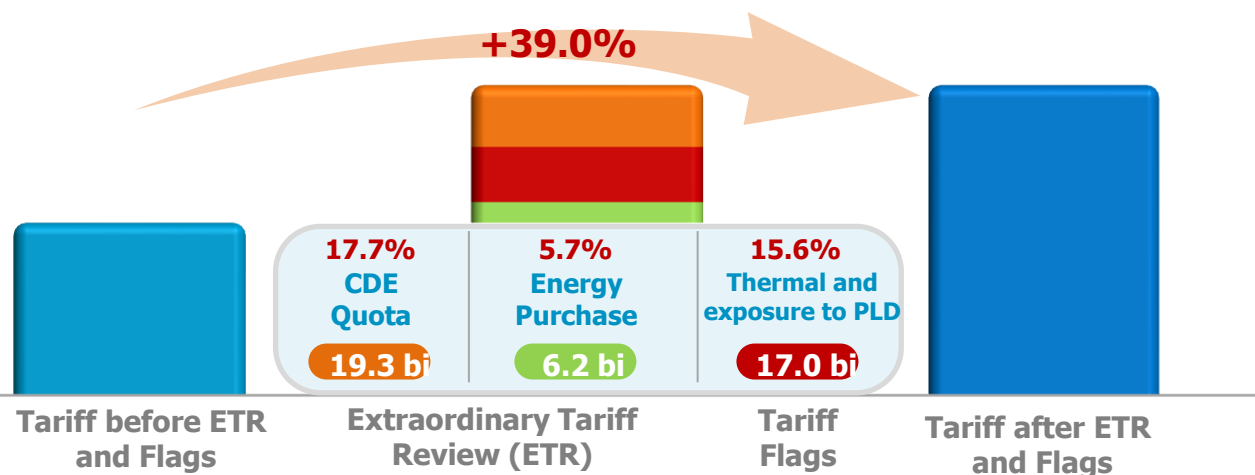
Extraordinary Tariff Review (ETR) (costs already incurred and/or defined)

- ✓ Repositioning of items with greater distance from the tariff coverage:
- ✓ **CDE quota:** increase of R \$ 1.7 billion in 2014 to US \$ 22.6 billion in 2015
- ✓ **Cost of Power Purchase:**
- ✓ **Itaipu:** +46% for the distributors S / SE / CW ¹
- ✓ **18th Adjustment Auction:** High purchase cost (R\$ 387.07/MWh)
- ✓ **Availability agreements** in green flag

"Tariff Flags" (actual costs)

- ✓ Considers costs of thermal generation and exposure to PLD (hydrological risk, ESS and involuntary exposure)
- ✓ **Implementation rules:**
- ✓ **Green flag:** $CVU < R\$ 200.00/MWh$ (no additional)
- ✓ **Yellow Flag:** $200.00 R\$/MWh \leq CVU < R\$ 388.48/MWh$ (increase of R\$ 25/MWh)
- ✓ **Red flag:** $CVU > R\$ 388.48/MWh$ (increase of R\$ 55/MWh)

► Impact of ETR and Tariff Flags in Brazil | in %



ACR Account Loans

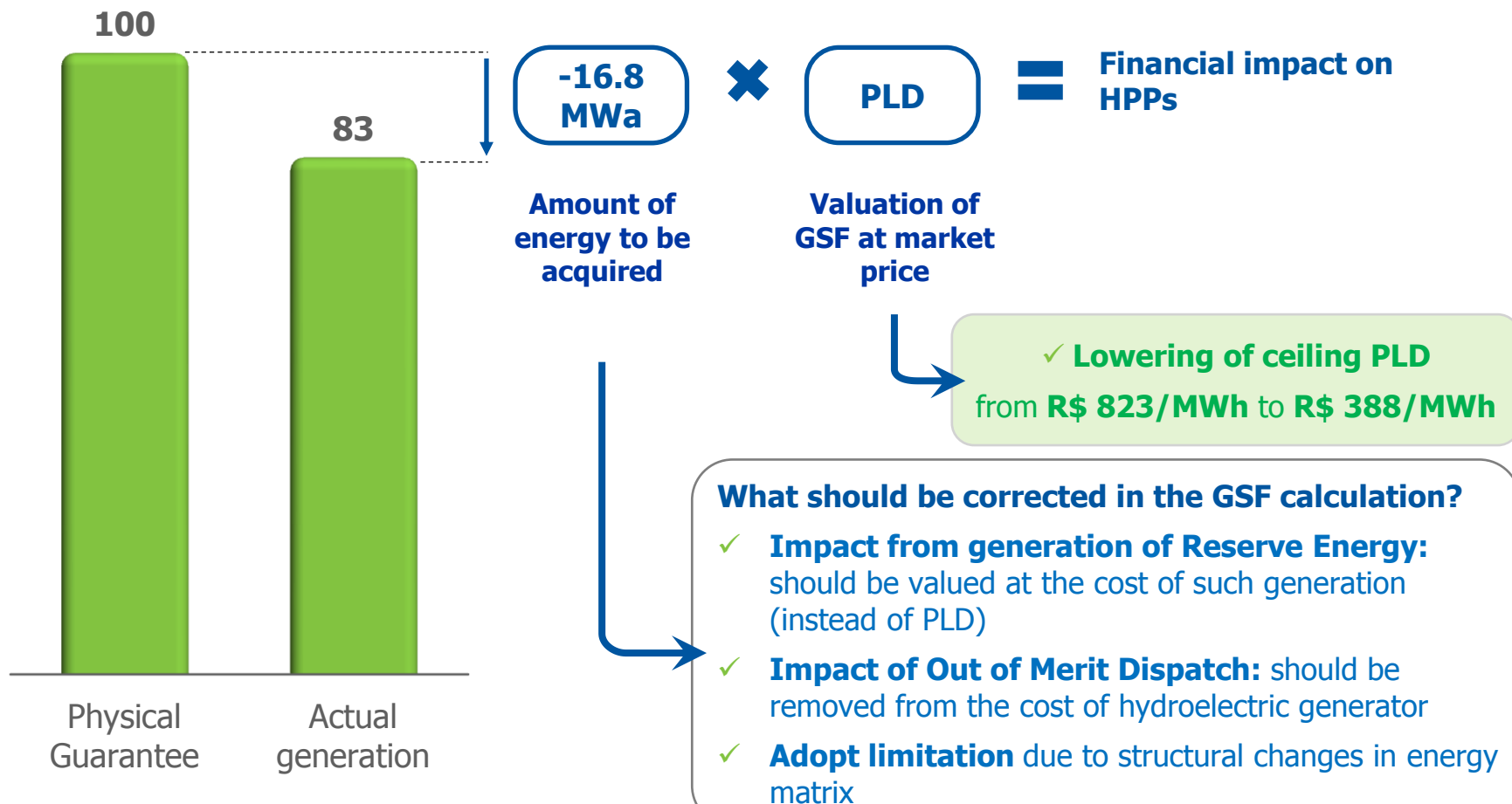
- 3rd tranche:
 - ✓ **R\$ 3.4 billion**
 - ✓ **54 months**
 - ✓ **CDI + 3.15%**
- Lengthening of previous debts
 - ✓ **1st tranche:** from CDI + 1,9% to CDI + 2,525%
 - ✓ **2nd tranche:** from CDI + 2,35% to CDI + 2,9%

1) Tariff considers exchange rate of R\$2.80/US\$

A point to keep in mind

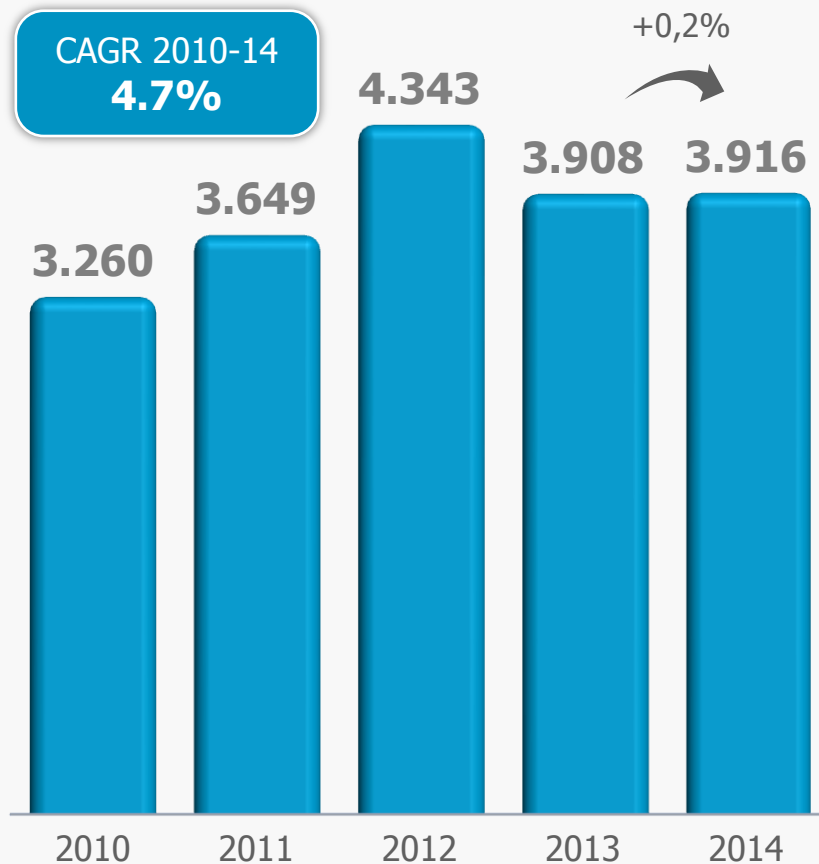
GSF calculation needs improvement

Characterization of the financial impact of GSF for hydroelectric generators¹ | MWaverage



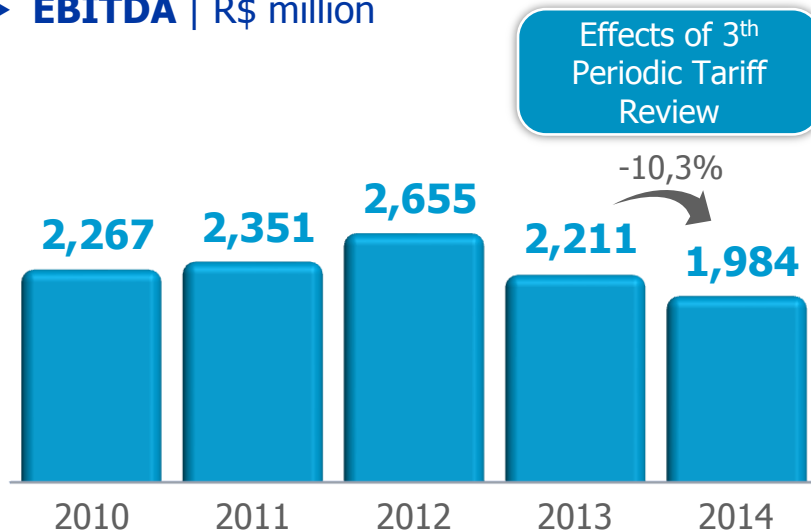
1) Take into account a scenario of steady load in NIPS, if compared to 2014.

► EBITDA | (R\$ million)

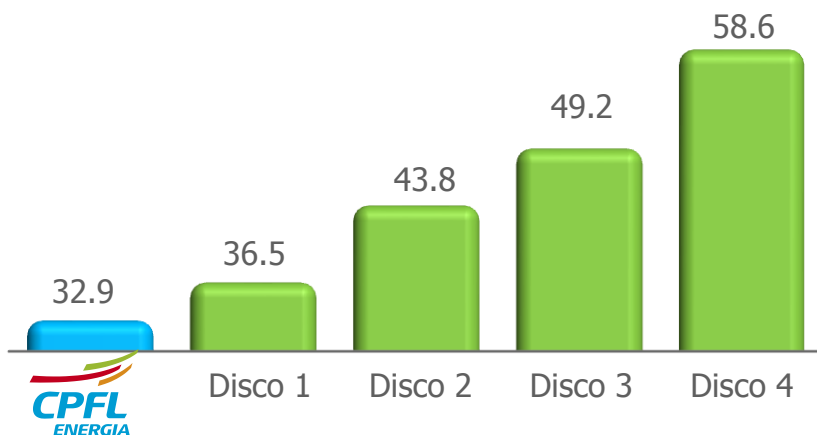


- ✓ **Largest private player** in the Brazilian electricity sector
- ✓ **Leadership in Distribution** through 8 subsidiaries (market share of 13%)
- ✓ Presence concentrated in the **most developed regions** of Brazil
- ✓ **2nd largest private generator** with an equivalent stake of **3,127 MW in installed capacity**, 94% from renewable sources, and long term concessions
- ✓ **Leadership in Renewable Energy** in Brazil
- ✓ Outstanding performance in the **Commercialization** segment with the free consumers, with focus on **special consumers**
- ✓ World-class provider of **services related to electric energy** (Value-Added Services, client relationship etc.)
- ✓ **Telecom**: new business segment

► EBITDA | R\$ million



► PMSO¹ per CSV² | Peers Comparison



1) PMSO reported in the financial statements (2013 prices)

2) CSV, indicator that weighs network length (12%), clients (28%)

and market (60%), used by OFGEM and a proxy of ANEEL methodology. 2013 figures.

IFDM | Firjan Municipal Development Index

Ranking based on life quality criteria

Methodology

Employment and income

Number of jobs and wages

Education

Frequency and school performance and quality of education

Health

Mortality and prenatal visits

- ✓ **90%** of municipalities of CPFL Energia are above the median of Brazil
- ✓ **42** are among the top 100 in Brazil

IDE | CPFL Indicator of Economic Dynamism

Ranking of industrial dynamics and economic potential

Methodology

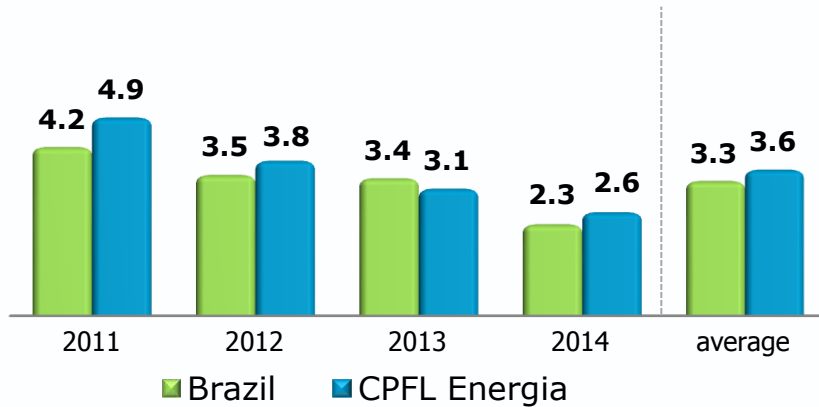
Take into account the municipality's representative and the average growth in the last 5 years:

- ✓ GDP
- ✓ Per capita GDP
- ✓ Industry added value
- ✓ Industrial companies
- ✓ Population

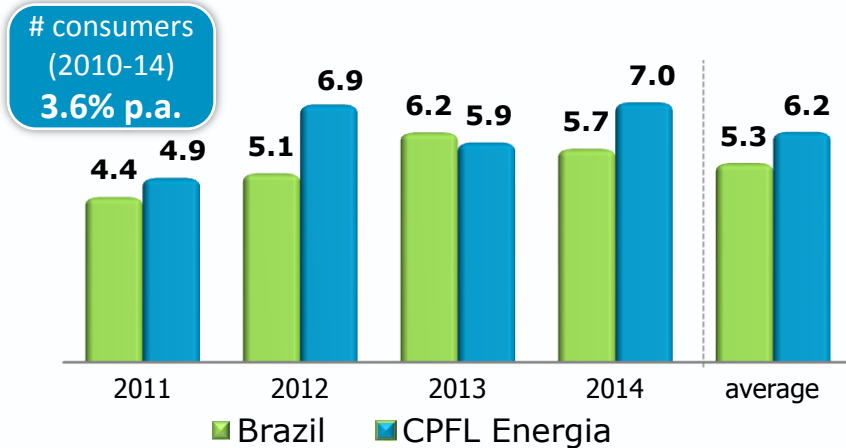
- ✓ **83%** of municipalities of CPFL Energia are above the median of Brazil
- ✓ **17** are among the top 100 in Brazil

Market growth CPFL and Brazil

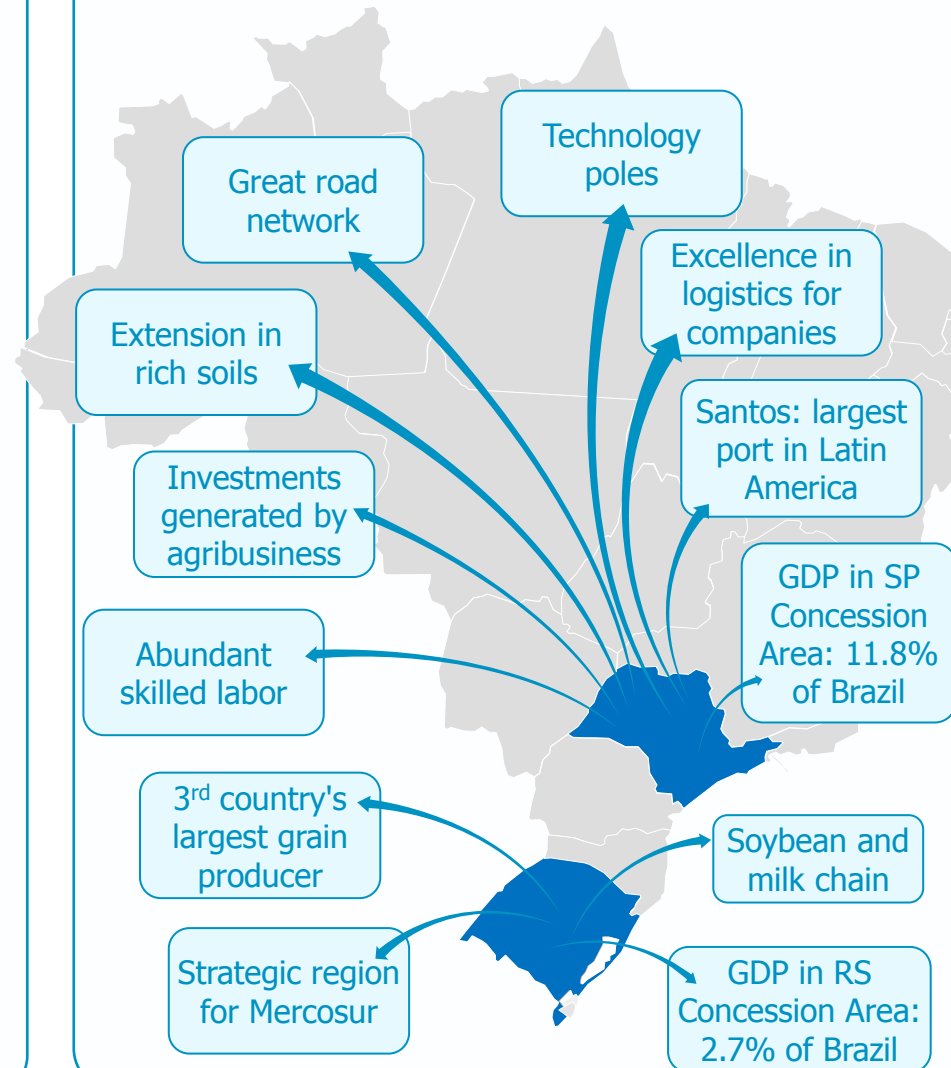
► Growth of the total market | % annual



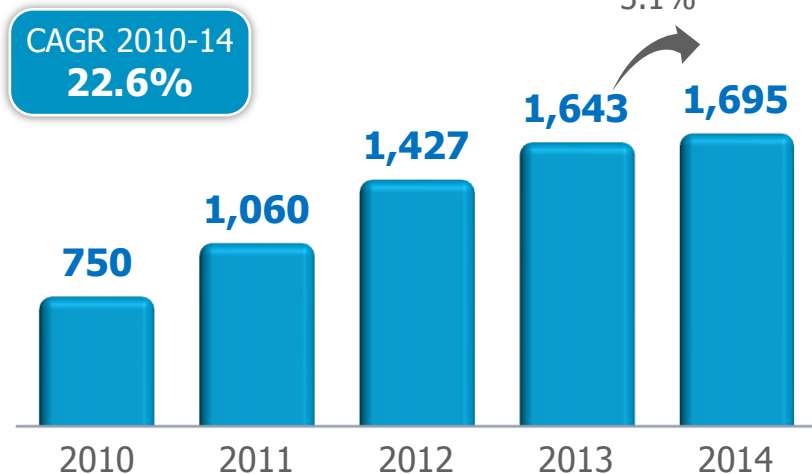
► Growth of residential market | % annual



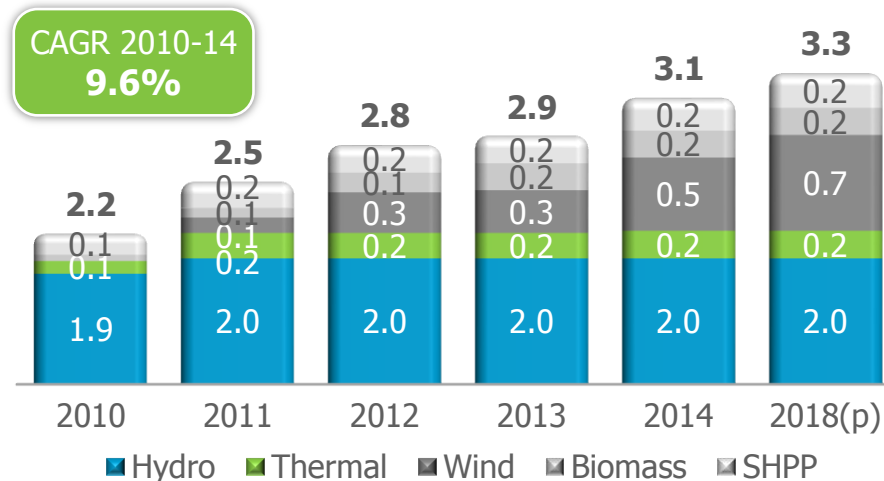
Regional Advantages



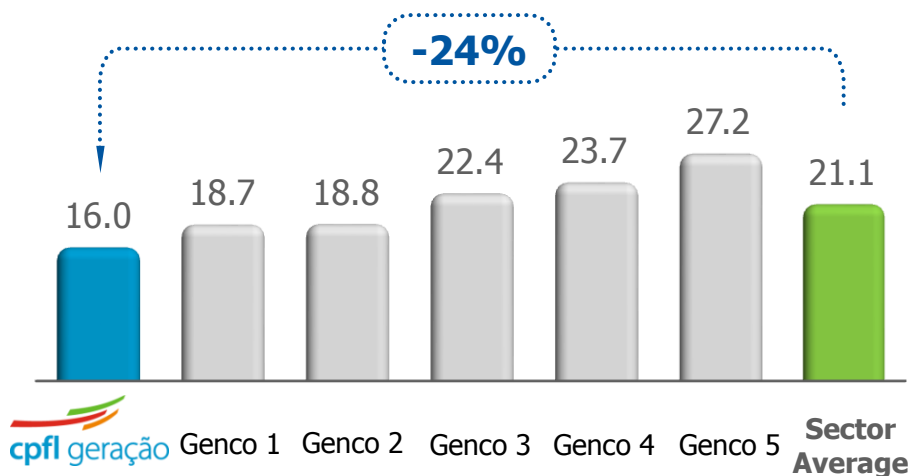
► EBITDA | R\$ million



► Installed Capacity | GW

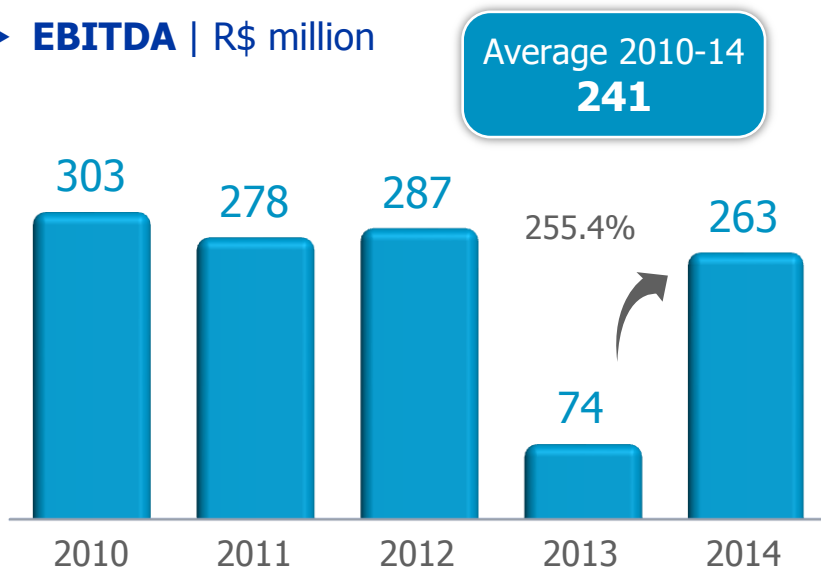


► PMSO¹ / Physical Guarantee | R\$/MWh



- ✓ Long term concessions/authorizations
- ✓ Long term PPAs
- ✓ 100 % contracted energy, reducing the business volatility
- ✓ Operational excellence
- ✓ Significant growth in renewable sources
- ✓ Renewal of Semesa agreement with Furnas: **GSF risk mitigation (31% of assured energy)**

► EBITDA | R\$ million



► Free Customers (#) | Conventional + Special



► Free Customers (#) | Special



CPFLTOTAL

cpfl telecom
Uma empresa do Grupo CPFL Energia

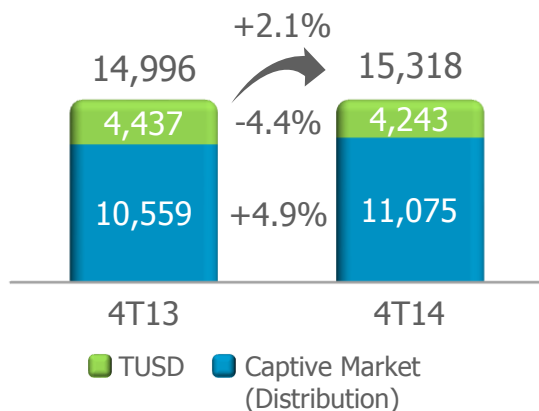
Nect Serviços

- **290 free customers**, of which 221 special customers
- **Special customer market** : current = 1.9 GWavg | **potential = 6.6 GWavg**
- Portfolio diversified services:
 - ✓ Wide range of **Value Added Services**
 - ✓ **Relationship service** delivery with clients to companies of public services
 - ✓ New activity: **Energy Efficiency**
 - ✓ **Telecom**: network infrastructure and connectivity solutions, serving operators and telecommunications service providers

Highlights 4Q14

- Increase of 2.1% in sales in the concession area - residential (+5.8%), commercial (+8.6%) and industrial (-3.5%)
 - Accounting of the balance of sectorial financial assets, pursuant to CVM Resolution 732/14, in the amount of R\$ 831 million (impact on EBITDA)
 - Commercialization and Services - EBITDA of R\$ 47 million (+11.2%) in 4Q14 and of R\$ 263 million (+255.3%) in 2014
 - Investments of R\$ 308 million in 4Q14 and of R\$ 1,062 million in 2014
 - Rating downgrade to AA (bra) by Fitch Ratings of CPFL Energia and its subsidiaries
 - CPFL Energia's shares were maintained in the ISE (the BM&FBOVESPA's Corporate Sustainability Index), for the 10th consecutive year
 - CPFL Geração won the Lot I of Transmission Auction - Morro Agudo project
 - CPFL Energia was classified as a member in Sustainability Yearbook 2015, prepared by RobecoSAM, responsible for review of the DJSI
 - CPFL Energia was recognized by Exame Sustainability Guide 2014 among the highlights of the energy sector, for the 11st consecutive year

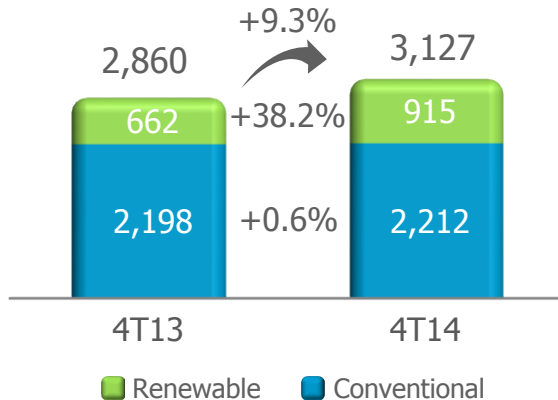
► Sales in the concession area | GWh



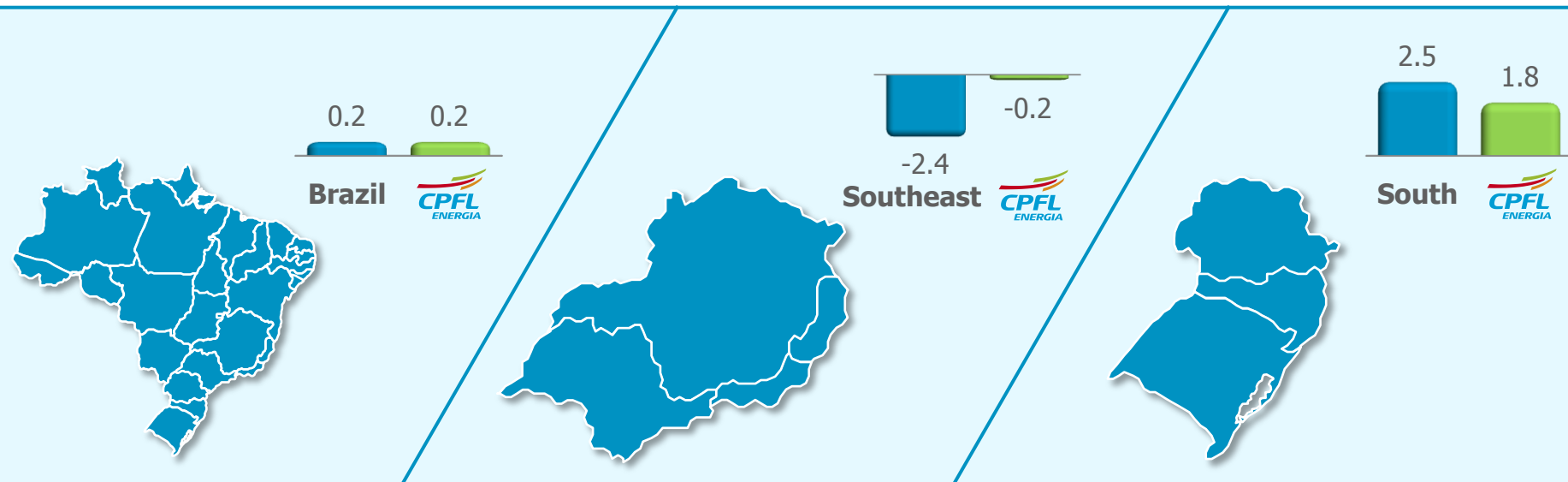
► Sales by consumption segment | GWh



► Generation Installed Capacity¹ | MW

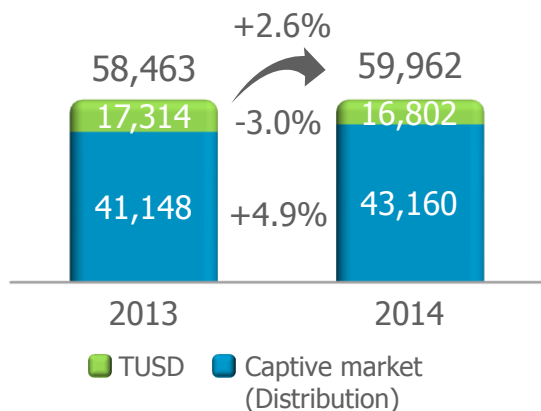


► Sales growth in the concession area | Comparison by region | %

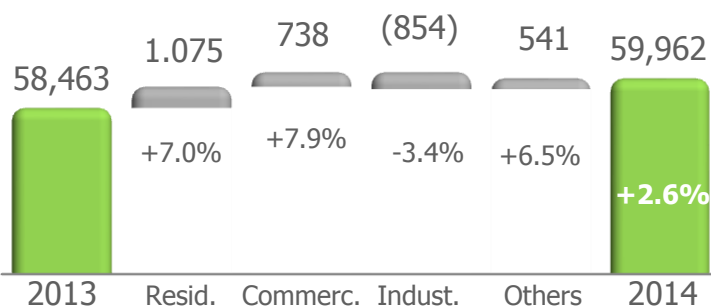


1) Take into account CPFL Energia's 51.6% stake in CPFL Renováveis

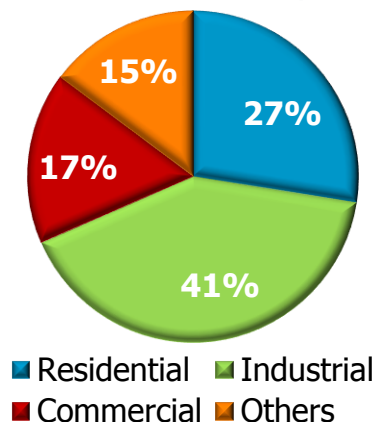
► Sales in the concession area | GWh



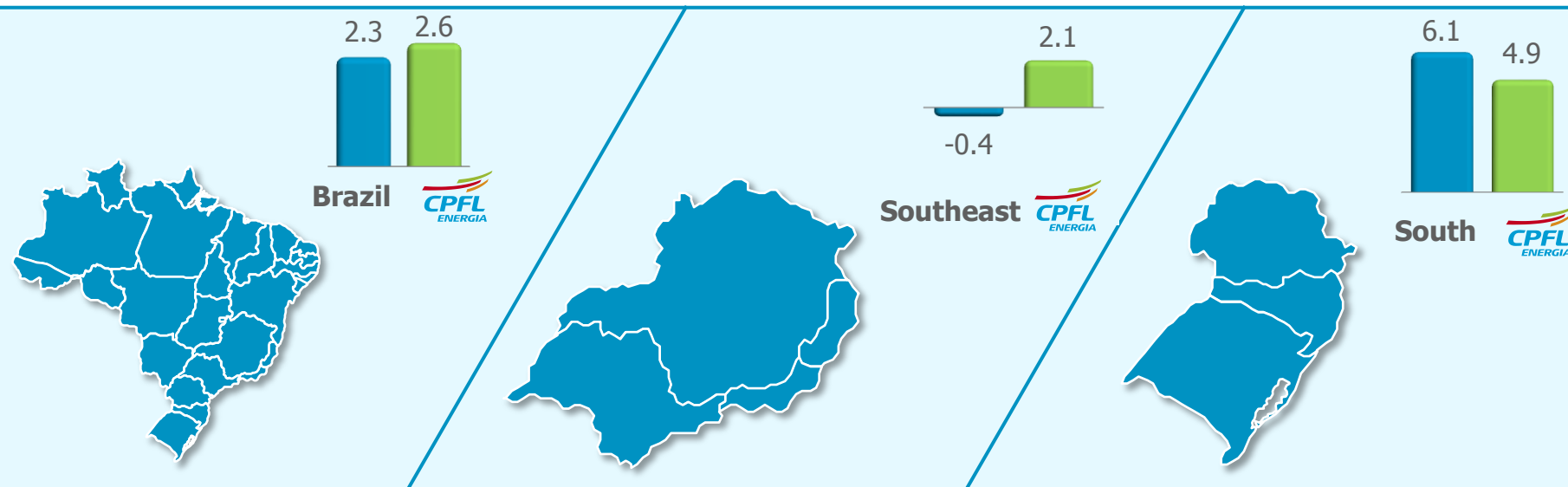
► Sales by consumption segment | GWh



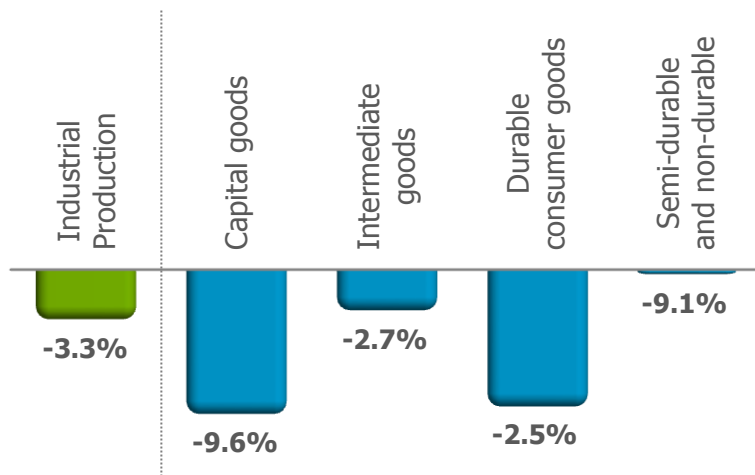
► Market Profile in concession area | 2014



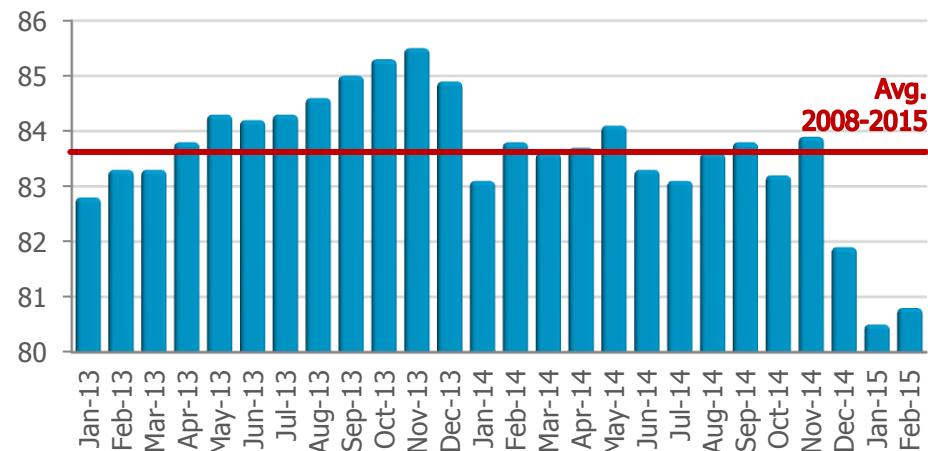
► Sales growth in the concession area | Comparison by region | %



► Industrial Production by category of use¹ | % 2014



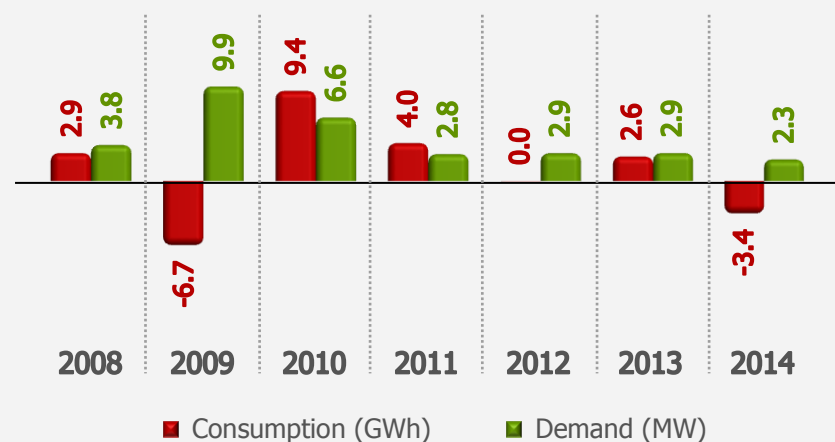
► Use of Installed Capacity (NUCI)² | %



► Stock of goods | Difference between excessive and insufficient² | %



► Industrial Consumption and Demand % 12 months



IFRS

Net Revenues¹

42.3%
R\$ 1,467 million

4Q13 R\$ 3,467 million	4Q14 R\$ 4,934 million
-------------------------------------	-------------------------------------

28.5%
R\$ 979 million

4Q13 R\$ 3,436 million	4Q14 R\$ 4,414 million
-------------------------------------	-------------------------------------

EBITDA

47.2%
R\$ 431 million

4Q13 R\$ 912 million	4Q14 R\$ 1,342 million
-----------------------------------	-------------------------------------

-9.7%
R\$ 100 million

4Q13 R\$1,029 million	4Q14 R\$ 929 million
------------------------------------	-----------------------------------

Net Income

45.5%
R\$ 147 million

4Q13 R\$ 323 million	4Q14 R\$ 470 million
-----------------------------------	-----------------------------------

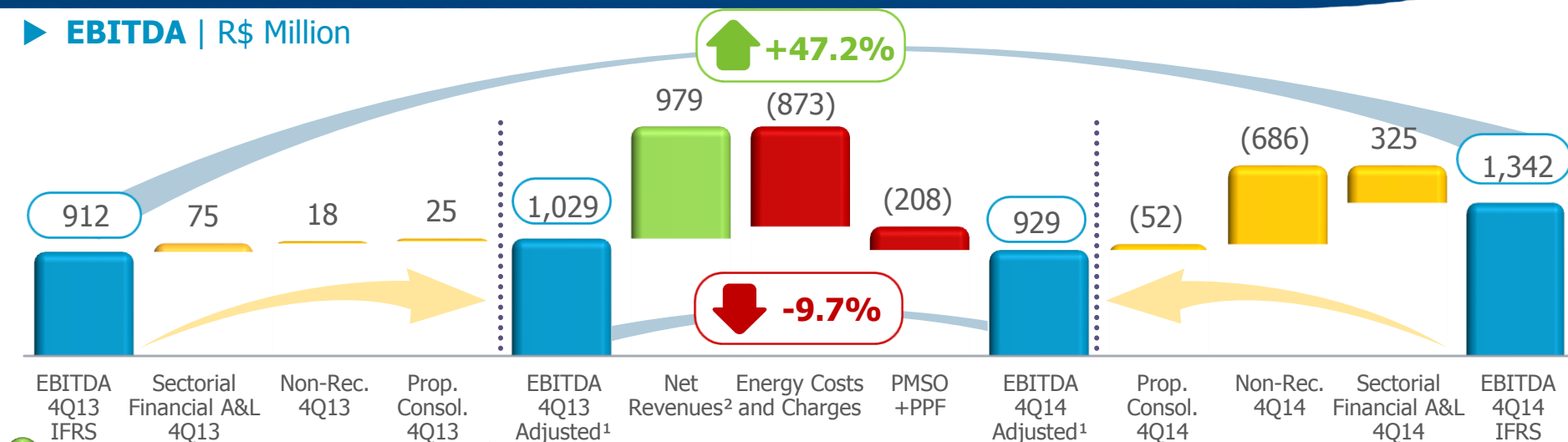
-25.6%
R\$ 96 million

4Q13 R\$ 377 million	4Q14 R\$ 280 million
-----------------------------------	-----------------------------------

Proportionate Consolidation
of Generation + Sectorial
Financial Assets & Liabilities
+ Non recurring items

	EBITDA		Net Income	
	4Q13	4Q14	4Q13	4Q14
Proportionate Consolidation of Generation (A)	25	52	19	39
Sectorial Financial Assets & Liabilities (in 4Q) (B)	75	325	46	219
Sectorial Financial Assets & Liabilities		831		549
GSF and energy purchase (CPFL Geração and CPFL Renováveis)	43	145	43	100
Disposal of assets in discos	25		17	
Subtotal Non recurring items (C)	18	686	26	447
Total (A+B+C)	117	413	54	189

► EBITDA | R\$ Million



+ 28.5% increase in Net Revenues² (R\$ 979 million)

+ Distribution (R\$ 721 million) Sectorial financial assets & liabilities (+R\$ 325 million)

+ Commercialization and Services (R\$ 229 million) and Conventional Generation (R\$ 57 million)

- CPFL Renováveis (R\$ 26 million)

- 46.2% increase in Energy Costs and Charges (R\$ 873 million)

- Distribution (R\$ 642 million) and Commercialization (R\$ 149 million)

- Conventional Generation (R\$ 71 million) and CPFL Renováveis (R\$ 11 million)

- 40.5% increase in PMSO expenses (R\$ 208 million)

- Acquisition of fuel oil for EPASA (R\$ 74 million) and PMSO Services (R\$ 12 million)

- Profit Sharing Program provision (R\$ 15 million), capitalized personnel costs⁵ (R\$ 13 million), fines reclassification (R\$ 26 million) and Allowance for Doubtful Accounts (R\$ 17 million)

- Labor agreement (R\$ 10 million) and legal and judicial indemnities (R\$ 8 million)

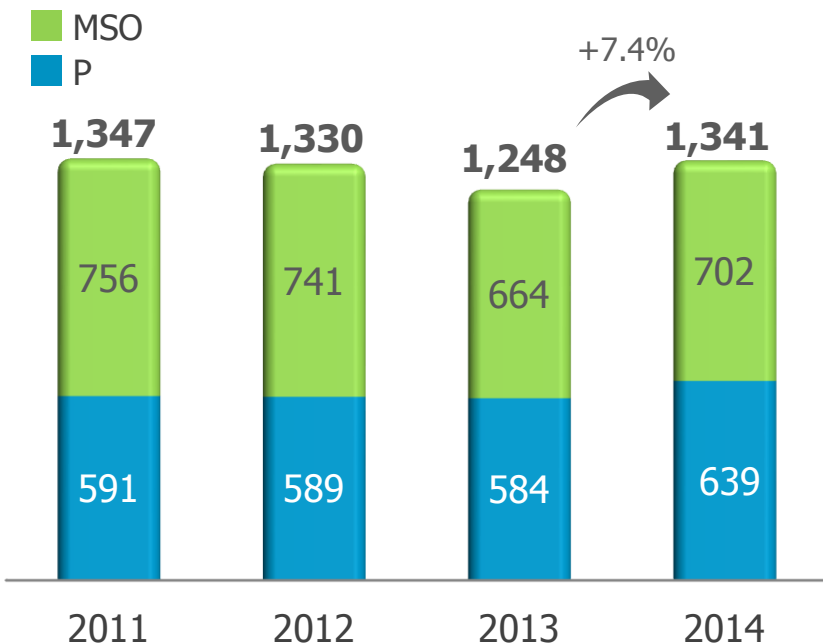
- Material and Services (R\$ 27 million) – Distribution (R\$ 19 million) and Generation (R\$ 9 million)

	4Q13	4Q14
PLD (R\$/MWh) ³	294.26	727.54
R\$/US\$ ⁴	2.34	2.65

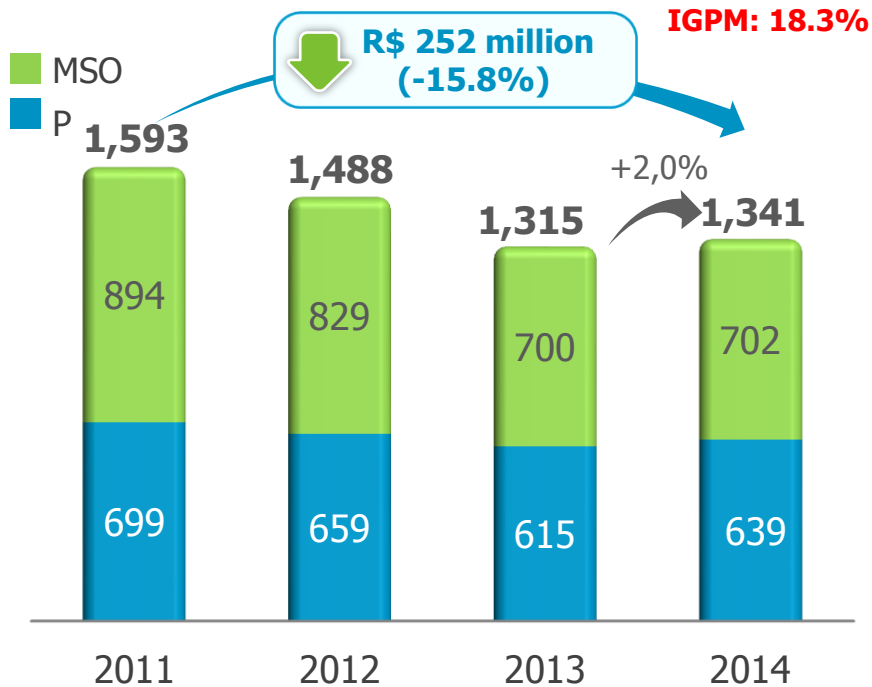
ASSOCIATED REVENUE

1) Take into account proportionate consolidation of projects; 2) Disregard construction revenues; 3) average PLD SE/CW; 4) Exchange rate (US\$) - end of the period; 5) Changes in Anel methodology implemented since Jan 2014.

► Nominal Adjusted PMSO | R\$ Million



► Real Adjusted PMSO¹ | R\$ Million

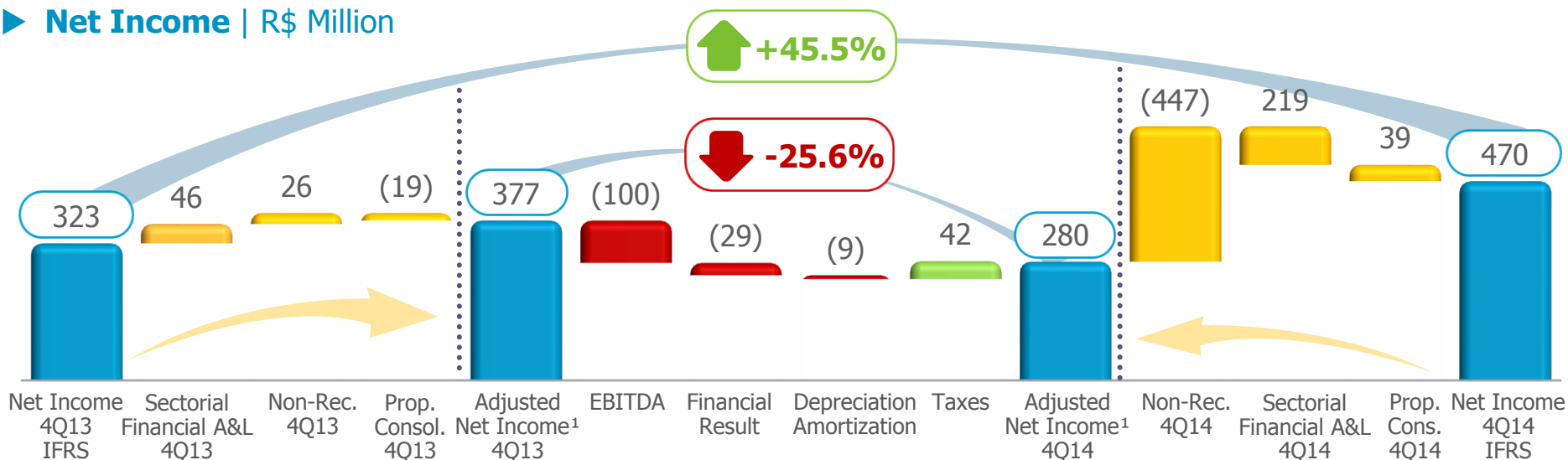


PMSO decreased by 15.8% (R\$ 252 million) in real terms

- **8.6%** decrease in Personnel (R\$ 60 million)
- **21.4%** decrease in MSO (R\$ 192 million)

1) Dec-14. Variation of IGP-M in the period 2014 x 2011= 18.3%; 2014 x 2012 = 11.8% and 2014 x 2013 = 5.4%. PMSO disregarding Private Pension Fund. Excludes non-recurring items, acquisition of fuel oil for EPASA power plants, PMSO of Serviços and CPFL Renováveis segments, Legal, Judicial and Indemnities and Personnel capitalization costs since January 2014, due to the new methodology established by Aneel.

► Net Income | R\$ Million



+ 9.7% decrease in EBITDA (R\$ 100 million)

+ R\$ 1,029 million in 4Q13 to R\$ 929 million in 4Q14

- R\$ 29 million increase in Negative Net Financial Result

- CDI increase (R\$ 45 million)

- Exchange variation for Itaipu (R\$ 27 million)

- Restatement of escrow deposits (R\$ 74 million)

+ Effect of mark-to-market – 4,131 operations – non-cash (R\$ 80 million)

+ Fines reclassification (from financial expenses to operational expenses) (R\$ 20 million)

+ Restatement of concession's financial asset (R\$ 10 million)

+ Others (R\$ 7 million)

- 3.4% increase in Depreciation and Amortization (R\$ 9 million)

+ Decrease of Income Tax and Social Contribution (R\$ 42 million)

	4Q13	4Q14
CDI	9.4% p.a.	11.3% p.a.
R\$/US\$ ²	2.34	2.65

IFRS

Proportionate Consolidation
of Generation + Sectorial
Financial Assets & Liabilities
+ Non recurring items

Net Income¹


 **20.0%**
R\$ 2,731 million

2013	2014
R\$ 13,629 million	R\$ 16,361 million

 **14.7%**
R\$ 2,005 million

2013	2014
R\$ 13,681 million	R\$ 15,687 million

EBITDA

 **6.0%**
R\$ 214 million

2013	2014
R\$ 3,547 million	R\$ 3,761 million

 **0.2%**
R\$ 8 million

2013	2014
R\$3,908 million	R\$ 3,916 million

Net Income

 **-6.6%**
R\$ 63 million

2013	2014
R\$ 949 million	R\$ 886 million

 **-11.2%**
R\$ 146 million

2013	2014
R\$ 1,304 million	R\$ 1,159 million

- **ANEEL (Nov 25, 2014) – Dispatch #4,621** – amendment to the discos' concession agreements, including a clause to ensure that the balance remaining of rights, not collected through tariffs by the end of the concession, should be indemnified
- **CVM (Dec 9, 2014) – Resolution #732** – Accounting of sectorial financial assets and liabilities (old regulatory assets and liabilities²)

Accounting figures in 2014

EBITDA
R\$ 831 million

Net Income
R\$ 549 million

1) Excludes Revenue from Construction. 2) Differences between estimated power purchase costs and sector charges contemplated in tariffs and the actual costs incurred in the period and that will be passed on to consumers on the date of the annual tariff readjustment of each distributor.

Results by segment in 2014 vs. 2013

adjusted figures¹

Distribution

Conventional and Renewable Generation

Commercialization and Services

Net Revenues

R\$ 15,687 million **+14.7%**

R\$ 12,566 million **+17.3%**

R\$ 3,164 million **+34.3%**

R\$ 2,497 million **+23.0%**

EBITDA

R\$ 3,916 million² **+0.2%**

R\$ 1,984 million **-10.3%**

R\$ 1,695 million **+3.1%**

R\$ 263 million **+255.3%**

Net income

R\$ 1,159 million³ **-11.2%**

R\$ 866 million **-17.2%**

R\$ 306 million **-26.9%**

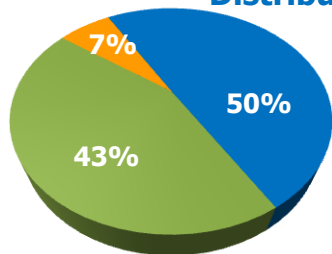
R\$ 168 million **+225.3%**

Highlights

EBITDA breakdown:

Commercialization and Services

Distribution



Conventional and Renewable Generation

+ Increase of 2.6% in sales in the concession area benefited by the mix - residential (+7.0%), commercial (+7.9%) and industrial (-3.4%)

- Tariff Review in CPFL Paulista and RGE

- Reduction of capitalized personnel costs as of Jan-14 (R\$ 46 million)

+ Seasonality strategy

+ Joint Venture with DESA and 6 new projects of CPFL Renováveis (Coopcana and Alvorada biomass thermal plants and Campo dos Ventos II, Rosa dos Ventos, Atlântica and Macacos I wind farms)

- Increase in net financial expenses, due to the increase in the CDI interbank rate

+ Expansion of CPFL Serviços

+ Margin increase in energy Commercialization

1) Take into account proportional consolidation of generation assets (+) Regulatory assets and liabilities (-) Non-recurring assets (-) Construction revenue/cost. Disregard intercompany transactions. 2) Regarding Holding EBITDA. 3) Includes holding result and amortization of merged goodwill

Capital Increase and Stock Bonus

Constitution of statutory reserve - strengthening of working capital in the amount of **R\$ 555 million**

Proposal of reversal of statutory reserve - strengthening of working capital and increase of capital through stock bonus

- ✓ **Stock bonus** proposed is of **3.194510783%**, in the ratio of 0.03194510783 new share, of the same type, for each share
- ✓ **Total number** of shares that make up the capital stock would go from 962,274,260 to **993,014,215**, with the issuance of **30,739,955 shares**, to be distributed to shareholders under Article 169 of Law 6,404/76
- ✓ **Subscribed and paid in capital stock** would go from R\$ 4,793,424,356.62 to **R\$ 5,348,311,955.07**

Interim dividend of **R\$ 422 million** (already paid) equivalent to **44.5%** of net income of the fiscal year

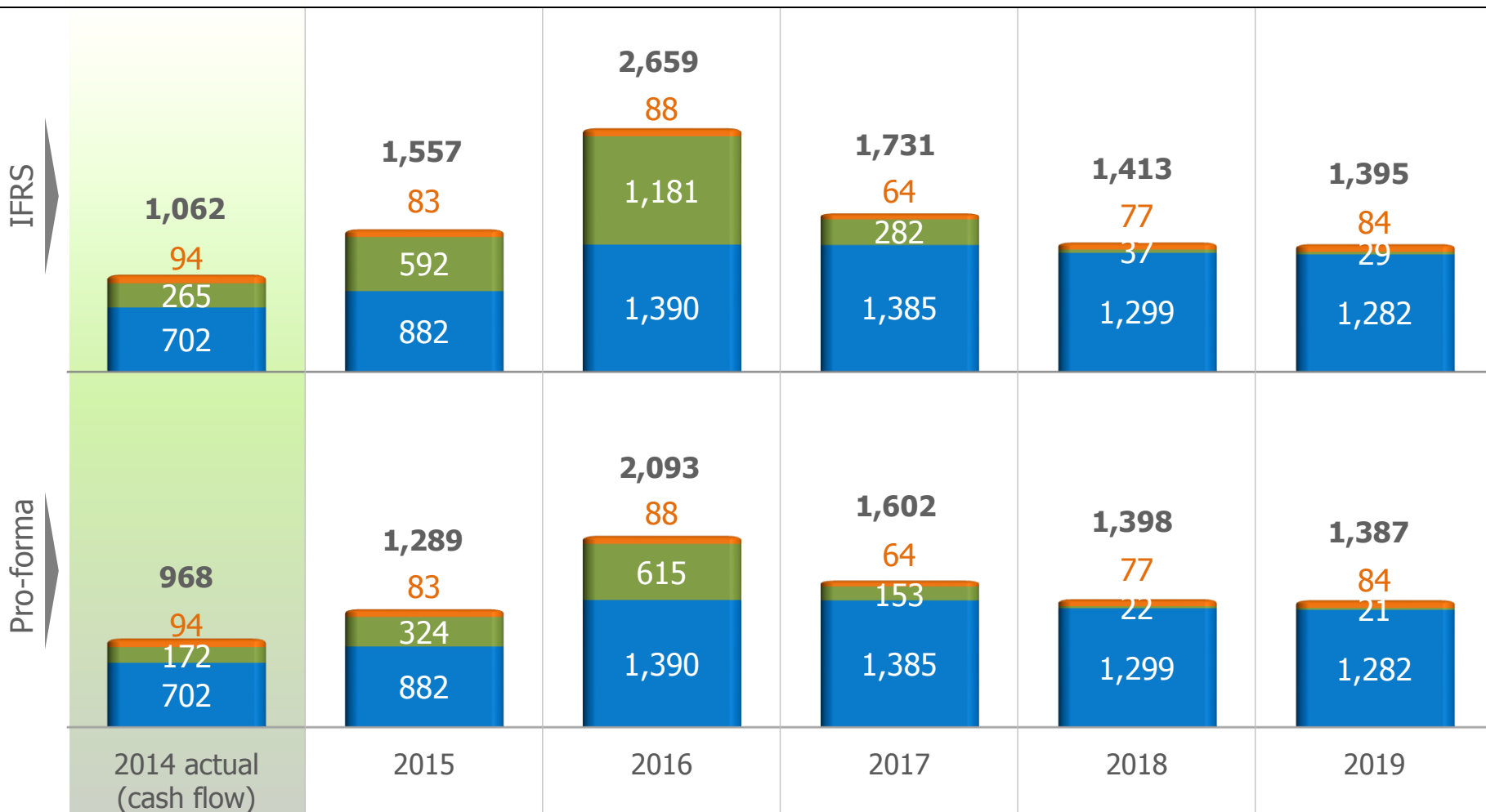
Capex(e) 2015-2019

Total:
R\$ 8,754 million¹ (IFRS)
R\$ 7,769 million² (Pro-forma)

Distribution³:
R\$ 6,238 million

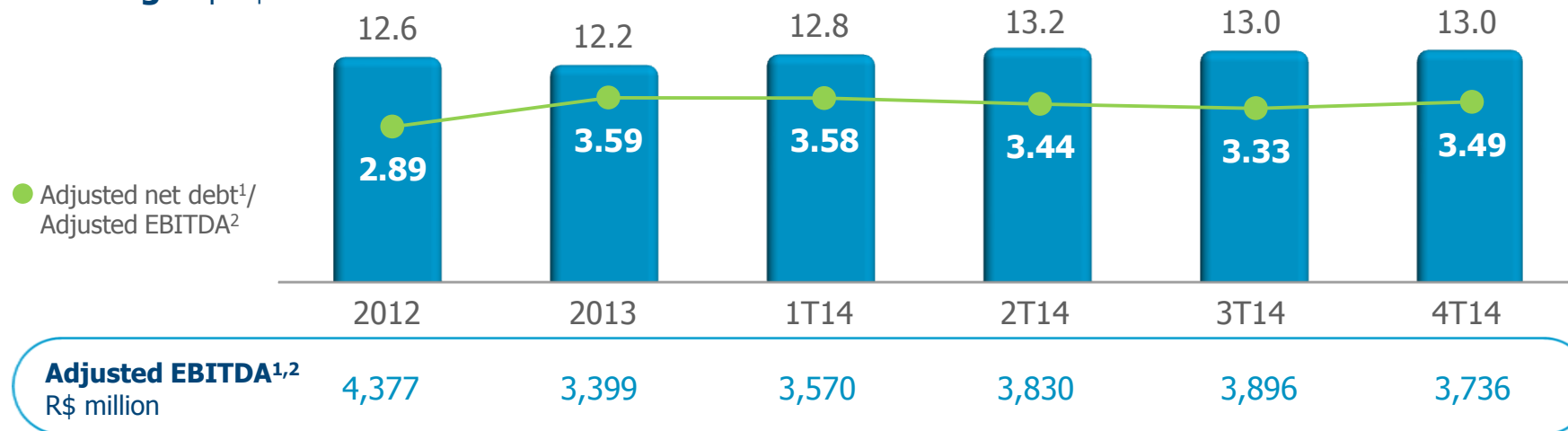
Generation⁴:
R\$ 2,121 million (IFRS)
R\$ 1,135 million (Pro-forma)

Comercialization and Services:
R\$ 395 million

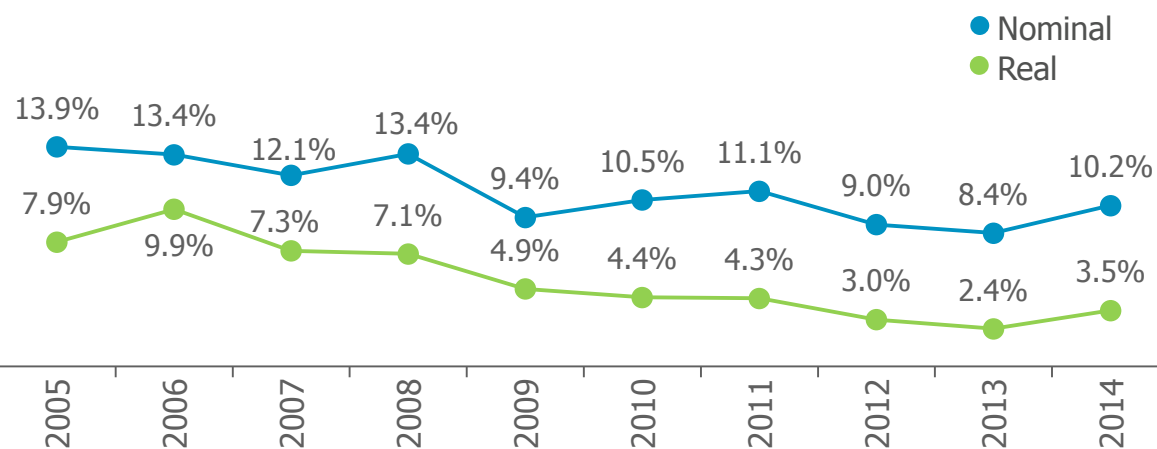


1) Current currency. Take into account 100% interest on CPFL Renováveis and Ceran (IFRS); 2) Current currency. Considers the proportional stake in the generation projects; 3) Disregarding investments in Special Obligations (among other items financed by the consumer); 4) Conventional + Renewable.

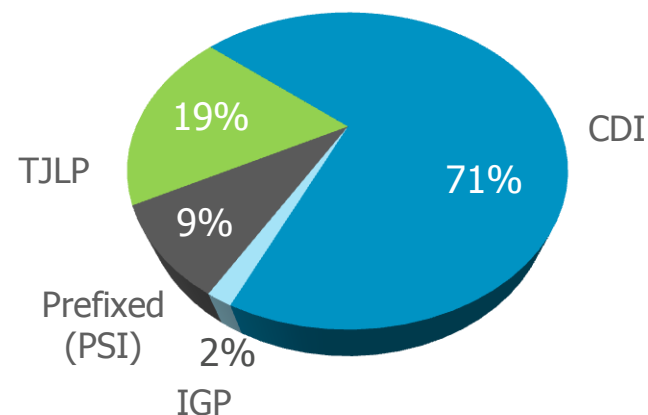
► Leverage¹ | R\$ billion



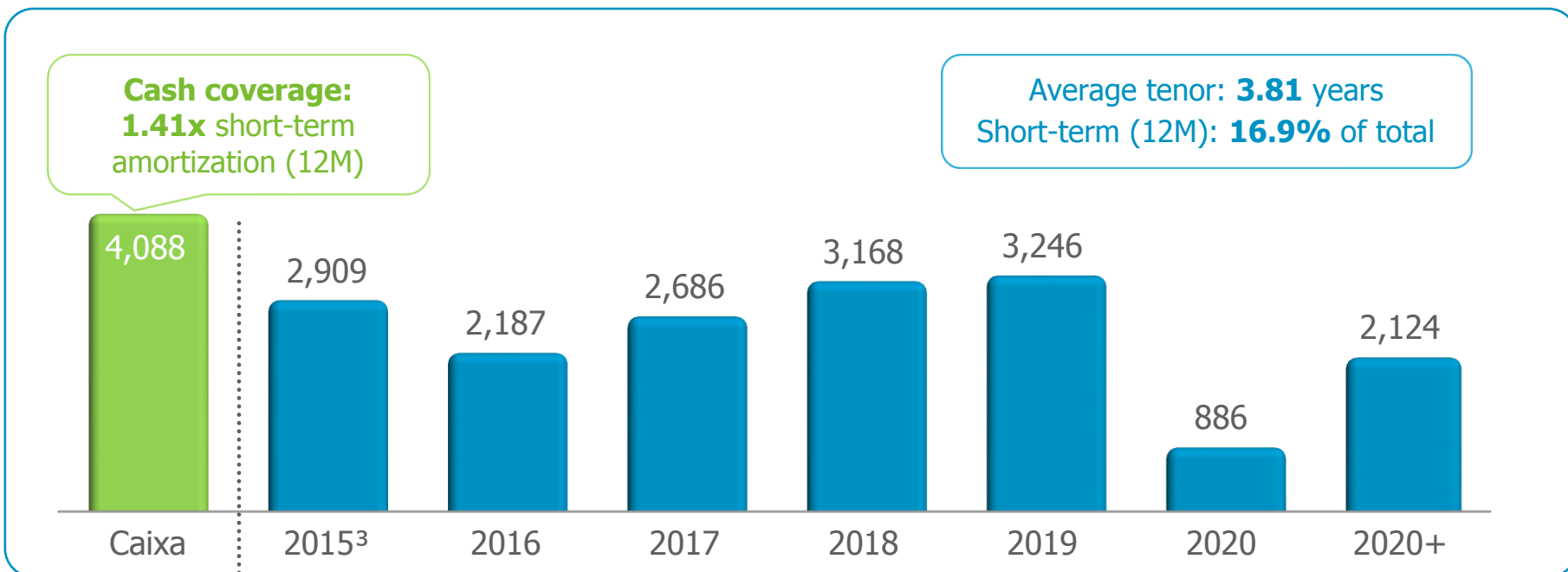
► Gross debt cost^{3,4} | LTM



► Gross debt breakdown by indexer | 4Q14 ^{1,4}



► Debt amortization schedule^{1,2} | Dec-14 | R\$ million



- ✓ In early 2015, the CPFL used a market opportunity and raised:
R\$2.2 billion | Average tenor of 3.5 years | Average Cost: 106% of CDI
R\$ 600 million | Average tenor of 1 year | Average Cost: 102% of CDI
 in order to **preserve liquidity** to face volatility in the short term
- ✓ Moreover, in February a debenture was pre paid, in the amount of R\$ 1.3 billion, reducing interest payments (originally due in May)

Transmission Auction

- CPFL Geração participated in the 2015 1st Transmission Auction (Jan 9) and won Lot I – Morro Agudo
- Main characteristics of the project:
 - ✓ 500/138 kV Substation+ 0.5 km transmission lines
 - ✓ Construction term: **30 months**
 - ✓ Ceiling RAP : **R\$ 16.1 million**
 - ✓ Discount: **32.59%** (R\$ 10.8 million)
 - ✓ Estimated investment: **R\$ 90 - 100 million**
 - ✓ BNDES funding: **50% financed items**
 - ✓ Logic:
 - Grid improvement in CPFL Paulista
 - Outflow of biomass energy
 - Management over the construction term

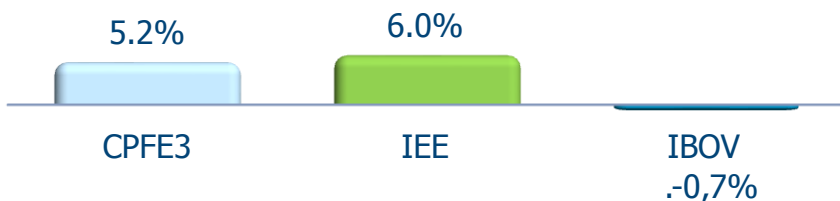
Commercial Start-up
2016-2018(e)

**Including DESA's
projects**

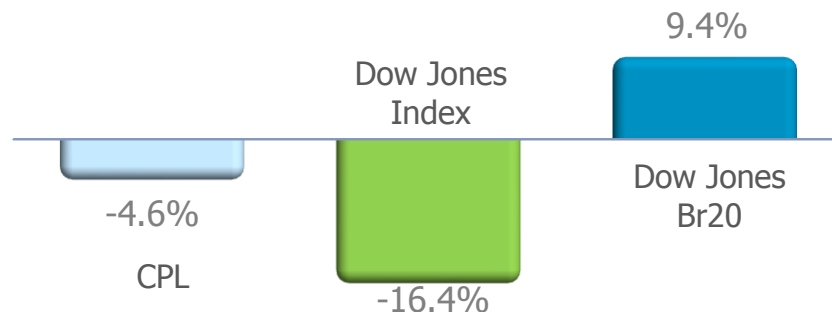
	Campo dos Ventos Wind Farms e São Benedito Wind Farms	Morro dos Ventos II Wind Farms	Mata Velha SHPP	Pedra Cheirosa Wind Farms
Commercial Start-up	2016 ¹	2016 ¹	2016 ¹	2018 ²
Installed Capacity	231.0 MW	29.2 MW	24.0 MW	51.3 MW
Assured Energy ³	120.9 MW average	15.3 MW average	13.1 MW average	26.1 MW average
PPA⁴	ACL 20 years	13 th LEN 2011 R\$ 125.14/MWh until 2035	16 th LEN 2013 ⁵ R\$ 143.30/MWh until 2047	A-5 Auction 2013 R\$ 125.04/MWh until 2037
Financing	BNDES (being structured)	BNDES (approved in Oct-14)	BNDES (under analysis)	BNDES (to be structured)

1) Gradual commercial operation from 2Q16; 2) Gradual commercial operation from 1H18; 3) Assured Energy calculated in the P90; 4) Constant Currency (Dec-14); 5) With the anticipation of work, a bilateral contract (Free Market) will run between 2016 and 2018, when the supply of LEN 2013 starts.

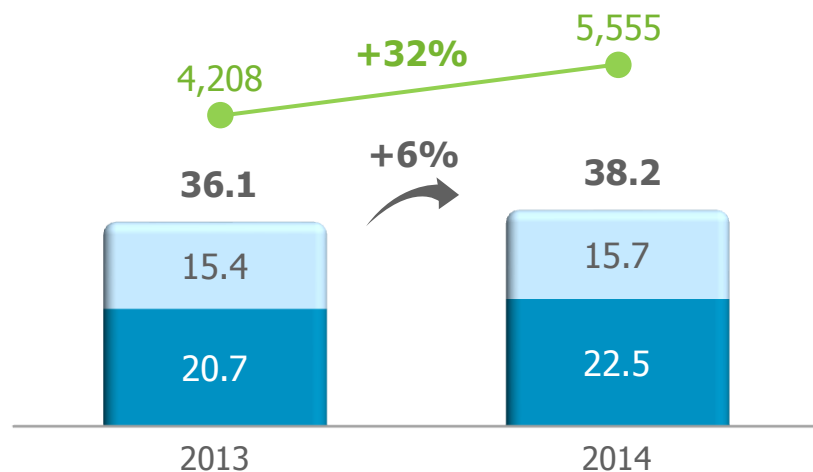
► Shares performance on BM&FBovespa | 2014^{1,2}



► Shares performance on NYSE | 2014^{1,2}



► Daily average trading volume on BM&FBovespa + NYSE ² | R\$ million



Índice de Sustentabilidade Empresarial ISE 2015

Recognition in Corporate Sustainability

- **CPFL Energia** is part of the ISE since its first edition in 2005.
- Presence of CPFL the **10th consecutive year**.
- **40 companies** representing **19 industries**.
- Market cap of R\$ 1.2 trillion (equivalent to ≈ 50% of the BM&FBovespa total (base : 11/24/2014)).

Sustainability Guide 2014 - Exame



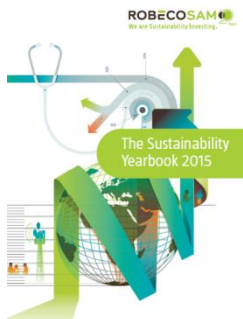
- Are evaluated about **140 questions** organized in 4 dimensions: General, Social, Economic and Environmental – beyond writing cases.
- For the **11th year**, **CPFL Energia**, was recognized by Exame Sustainability Guide among the **highlights of the energy sector**.

2014 Procel | Excellence in Energy Efficiency

- **CPFL** was the only company recognized in the electricity distribution segment.
- **CPFL** was recognized for being the group that promoted **energy efficiency**, the tagged equipment with **PROCEL** seal in the country.



RobecoSAM's | The Sustainability Yearbook



- Since 2004, it ranks the **most sustainable companies** in the world
- **CPFL Energia** is, for **2º time**, a member of the 2015 Sustainability Yearbook, in the electric utilities, assessed by RobecoSAM

