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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of May, 2014

Commission File Number 32297

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**CPFL Energy Incorporated**  
(Translation of Registrant's name into English)

Rua Gomes de Carvalho, 1510, 14º andar, cj 1402  
CEP 04547-005 - Vila Olímpia, São Paulo – SP  
Federative Republic of Brazil  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- \_\_\_\_\_

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Summary

Registration data

|                            |    |
|----------------------------|----|
| General information        | 02 |
| Address                    | 04 |
| Marketable securities      | 05 |
| Auditor information        | 06 |
| Share register             | 07 |
| Investor Relations Officer | 08 |
| Shareholders' Department   | 09 |



Registration Form – 2014 – CPFL ENERGIA S.A.

Version: 3

**1 - General information**

Company Name: CPFL ENERGIA S.A.  
 Initial Company name: 08/06/2002  
 Type of participant: Publicly quoted corporation  
 Previous company name: Draft II Participações S.A.  
 Date of Incorporation: 03/20/1998  
 CNPJ (Federal Tax ID): 02.429.144/0001-93  
 CVM CODE: 1866-0  
 Registration Date CVM: 05/18/2000  
 State of CVM  
 Registration: Active  
 Starting date of situation: 05/18/2000  
 Country: Brazil  
 Country in which the marketable securities are held in custody: Brazil  
 Foreign countries in which the marketable securities are accepted for trading

| Country       | Date of admission |
|---------------|-------------------|
| United States | 09/29/2004        |

Sector of activity: Holding (Electric Energy)  
 Description of activity: Holdings  
 Issuer s Category: Category A  
 Registration Date on actual category: 01/01/2010  
 Issuer s Situation: Operational  
 Starting date of situation: 05/18/2000  
 Type of share control: Private Holding  
 Date of last change of share control: 11/30/2009

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Version: 3

Date of last change of company year:

Day/Month of

year end: 12/31

Web address: www.cpfl.com.br

Newspapers in which

issuer discloses its information: Name of paper in which issuer discloses its information FU

Diario Oficial do Estado de São Paulo

SP

Valor Econômico

SP

## 2 - ADDRESS

**Company Address:** Rua Gomes de Carvalho, 1510, 14º– Cj 2 Vila Olímpia, São Paulo, SP, Brazil, ZIP CODE: 04547-005, TELEPHONE: (019) 3756-6083, FAX: (019) 3756-6089, E-MAIL: [ri@cpfl.com.br](mailto:ri@cpfl.com.br)

**Company Mailing Address:** Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telephone (019) 3756-6083, Fax (019) 3756-6089, E-MAIL: [ri@cpfl.com.br](mailto:ri@cpfl.com.br)

**3 - MARKETABLE SECURITIES**

| Shares           |               | Trading    |     | Listing      |            |     |
|------------------|---------------|------------|-----|--------------|------------|-----|
| Trading mkt      | Managing body | Start date | End | Segment      | Start date | End |
| Bolsa            | BM&FBOVESPA   | 09/29/2004 |     | Novo Mercado | 9/29/2004  |     |
| Debentures       |               | Trading    |     | Listing      |            |     |
| Trading mkt      | Managing body | Start date | End | Segment      | Start date | End |
| Organized Market | CETIP         | 05/18/2000 |     | Traditional  | 05/19/2000 |     |

**4 - AUDITOR INFORMATION**

Is there an auditor? **Yes**

CVM CODE: **385-9**

Type of Auditor: **Brazilian**

INDEPENDENT ACCOUNTANT: **Deloitte Touche Tomatsu Auditores Independentes**

CNPJ: **49.928.567/0001-11**

Service Provision Period: **03/12/2012**

| <b>PARTNER IN CHARGE</b> | <b>Service Provision Period</b> | <b>CPF (INDIVIDUAL TAX ID)</b> |
|--------------------------|---------------------------------|--------------------------------|
|--------------------------|---------------------------------|--------------------------------|

|                                    |                   |                       |
|------------------------------------|-------------------|-----------------------|
| <b>Marcelo Magalhães Fernandes</b> | <b>03/12/2012</b> | <b>110.931.498-17</b> |
|------------------------------------|-------------------|-----------------------|

Registration Form – 2014 – CPFL ENERGIA S.A.

Version: 3

**5 – SHARE REGISTRER**Do you have service provider: **Yes**Corporate Name: **Banco do Brasil**CNPJ: **00.000.000/0001-91**Service Provision Period: **01/01/2011**

Address: Rua Lélio Gama, 105 – 38º floor, Gecin, Centro, Rio de Janeiro, RJ, Brasil, ZIP CODE: 20031-080, Telephone (021) 38083551, FAX: (021) 38086088, e-mail: [aescriturais@bb.com.br](mailto:aescriturais@bb.com.br)



Registration Form – 2014 – CPFL ENERGIA S.A.

Version: 3

**6 – INVESTOR RELATIONS OFFICER**

NAME: Gustavo Estrella  
Director of Investor Relations  
CPF/CNPJ: 037.234.097-09

Address: Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telephone (019) 3756-6083, Fax (019) 3756-6089, e-mail: gustavoestrella@cpfl.com.br.

Start date of activity: 02/27/2013  
End date of activity:

Registration Form – 2014 – CPFL ENERGIA S.A.

Version: 3

**7 – SHAREHOLDERS' DEPARTMENT**

|                         |                         |
|-------------------------|-------------------------|
| Contact                 | Eduardo Atsushi Takeiti |
| Start date of activity: | 12/13/2011              |
| End date of activity:   |                         |

Address: Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telephone (019) 3756-6083, Fax (019) 3756-6089, e-mail: [eduardot@cpfl.com.br](mailto:eduardot@cpfl.com.br)

9

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(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: March 31, 2014 - CPFL Energia S. A

**Table of Contents**

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|   |     |
|---|-----|
| <b>Identification of Company</b>                    |     |
| Capital Stock                                       | 11  |
| Cash dividend                                       | 11  |
| <b>Parent Company Interim Financial Statements</b>  |     |
| Balance Sheet Assets                                | 12  |
| Balance Sheet Liabilities                           | 13  |
| Income Statement                                    | 14  |
| Statement of Comprehensive Income                   | 15  |
| Cash Flow Statements                                | 16  |
| <b>Statement of Changes in Shareholders' Equity</b> |     |
| 01/01/2014 to 03/31/2014                            | 17  |
| 01/01/2013 to 03/31/2013                            | 18  |
| Statements of Added Value                           | 19  |
| <b>Consolidated Interim Financial Statements</b>    |     |
| Balance Sheet Assets                                | 20  |
| Balance Sheet Liabilities                           | 21  |
| Income Statement                                    | 22  |
| Statement of Comprehensive Income                   | 23  |
| Cash Flow Statements                                | 24  |
| <b>Statement of Changes in Shareholders Equity</b>  |     |
| 01/01/2014 to 03/31/2014                            | 25  |
| 01/01/2013 to 03/31/2013                            | 26  |
| Statements of Added Value                           | 27  |
| Comments on Performance                             | 28  |
| Notes to the Interim Financial Statements           | 37  |
| Other relevant information                          | 100 |
| <b>Reports</b>                                      |     |
| Report on review of Interim Financial Information   | 106 |

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**Identification of Company / Capital Stock**

| Number of Shares<br>(in units) | Closing date<br>03/31/2014 |
|--------------------------------|----------------------------|
| <b>Paid in Capital</b>         |                            |
| Common                         | 962,274,260                |
| Preferred                      | 0                          |
| <b>Total</b>                   | <b>962,274,260</b>         |
| <b>Treasury Stock</b>          |                            |
| Common                         | 0                          |
| Preferred                      | 0                          |
| <b>Total</b>                   | <b>0</b>                   |

**Identification of Company/ Cash dividend**

| Event | Approval   | Type     | Beginning of Payment | Type of Share         | Class of share | Amount per Share<br>(Reais/share) |
|-------|------------|----------|----------------------|-----------------------|----------------|-----------------------------------|
| AGM   | 04/29/2014 | Dividend | 05/08/2014           | ON<br>(Common shares) |                | 0.59006                           |

## PARENT COMPANY INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS

(in thousands of Brazilian reais – R\$)

| Code          | Description                                    | Current Quarter<br>03/31/2014 | Previous Year<br>12/31/2013 |
|---------------|--|-------------------------------|-----------------------------|
| 1             | Total assets                                   | 8,596,077                     | 8,389,811                   |
| 1.01          | Current assets                                 | 1,732,095                     | 1,720,232                   |
| 1.01.01       | Cash and cash equivalents                      | 1,002,059                     | 990,672                     |
| 1.01.06       | Recoverable taxes                              | 29,939                        | 29,874                      |
| 1.01.06.01    | Current recoverable taxes                      | 29,939                        | 29,874                      |
| 1.01.08       | Other current assets                           | 700,097                       | 699,686                     |
| 1.01.08.03    | Others   | 700,097                       | 699,686                     |
| 1.01.08.03.01 | Other credits                                  | 2,395                         | 1,984                       |
| 1.01.08.03.02 | Dividends and interest on shareholders' equity | 697,702                       | 697,702                     |
| 1.02          | Noncurrent assets                              | 6,863,982                     | 6,669,579                   |
| 1.02.01       | Noncurrent assets                              | 258,749                       | 248,623                     |
| 1.02.01.06    | Deferred taxes                                 | 170,924                       | 165,798                     |
| 1.02.01.06.02 | Deferred taxes credits                         | 170,924                       | 165,798                     |
| 1.02.01.08    | Related parties credits                        | 2,115                         | 8,948                       |
| 1.02.01.08.02 | Subsidiaries credits                           | 2,115                         | 8,948                       |
| 1.02.01.09    | Other noncurrent assets                        | 85,710                        | 73,877                      |
| 1.02.01.09.03 | Escrow deposits                                | 92                            | 91                          |
| 1.02.01.09.05 | Other credits                                  | 13,163                        | 14,389                      |
| 1.02.01.09.07 | Advance for future capital increase            | 72,455                        | 59,397                      |
| 1.02.02       | Investments                                    | 6,604,245                     | 6,419,924                   |
| 1.02.02.01    | Permanent equity interests                     | 6,604,245                     | 6,419,924                   |
| 1.02.02.01.02 | Investments in subsidiaries                    | 6,604,245                     | 6,419,924                   |
| 1.02.03       | Property, plant and equipment                  | 963                           | 1,000                       |
| 1.02.04       | Intangible assets                              | 25                            | 32                          |
| 1.02.04.01    | Intangible assets                              | 25                            | 32                          |
| 1.02.04.01.01 | Concession agreement                           | 25                            | 32                          |

## PARENT COMPANY INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES

(in thousands of Brazilian reais – R\$)

| Code          | Description                                    | Current Quarter<br>03/31/2014 | Previous Year<br>12/31/2013 |
|---------------|--|-------------------------------|-----------------------------|
| 2             | Total liabilities                              | 8,596,077                     | 8,389,811                   |
| 2.01          | Current liabilities                            | 78,436                        | 46,245                      |
| 2.01.01       | Social and Labor Obligations                   | 4                             | 10                          |
| 2.01.01.02    | Labor Obligations                              | 4                             | 10                          |
| 2.01.01.02.01 | Estimated Labor Obligation                     | 4                             | 10                          |
| 2.01.02       | Suppliers                                      | 1,674                         | 1,127                       |
| 2.01.02.01    | National Suppliers                             | 1,674                         | 1,127                       |
| 2.01.03       | Tax Obligations                                | 1,148                         | 359                         |
| 2.01.03.01    | Federal Tax Obligations                        | 1,148                         | 359                         |
| 2.01.03.01.01 | Income tax and Social Contribution             | -                             | 12                          |
| 2.01.03.01.03 | COFINS (Tax on Revenue)                        | 47                            | 47                          |
| 2.01.03.01.04 | Others Federal                                 | 1,101                         | 300                         |
| 2.01.04       | Loans and financing                            | 44,966                        | 12,438                      |
| 2.01.04.02    | Debentures                                     | 44,966                        | 12,438                      |
| 2.01.04.02.01 | Interest on debentures                         | 44,966                        | 12,438                      |
| 2.01.05       | Other Current liabilities                      | 30,644                        | 32,311                      |
| 2.01.05.02    | Others   | 30,644                        | 32,311                      |
| 2.01.05.02.01 | Dividends and interest on shareholders' equity | 15,301                        | 15,407                      |
| 2.01.05.02.05 | Other payable                                  | 15,343                        | 16,904                      |
| 2.02          | Noncurrent liabilities                         | 1,319,395                     | 1,319,667                   |
| 2.02.01       | Loans and financing                            | 1,288,280                     | 1,287,912                   |
| 2.02.01.02    | Debentures                                     | 1,288,280                     | 1,287,912                   |
| 2.02.02       | Other Noncurrent liabilities                   | 30,855                        | 31,495                      |
| 2.02.02.02    | Others   | 30,855                        | 31,495                      |
| 2.02.02.02.04 | Other payable                                  | 30,855                        | 31,495                      |
| 2.02.04       | Provisions                                     | 260                           | 260                         |
| 2.02.04.01    | Reserve for tax, civil and labor risks         | 260                           | 260                         |
| 2.02.04.01.02 | Reserve for labor risks                        | 97                            | 97                          |
| 2.02.04.01.04 | Reserve for civil risks                        | 163                           | 163                         |
| 2.03          | Shareholders' equity                           | 7,198,246                     | 7,023,899                   |
| 2.03.01       | Capital  | 4,793,424                     | 4,793,424                   |
| 2.03.02       | Capital reserves                               | 285,477                       | 287,630                     |
| 2.03.04       | Profit reserves                                | 1,583,645                     | 1,545,178                   |
| 2.03.04.01    | Legal reserves                                 | 603,352                       | 603,352                     |
| 2.03.04.02    | Statutory reserves                             | 303,504                       | 265,037                     |
| 2.03.04.08    | Additional Proposed dividend                   | 567,802                       | 567,802                     |
| 2.03.04.10    | Reserve of retained earnings for investment    | 108,987                       | 108,987                     |
| 2.03.05       | Retained earnings                              | 144,564                       | -                           |
| 2.03.08       | Other Comprehensive Income                     | 391,136                       | 397,667                     |
| 2.03.08.01    | Accumulated Comprehensive Income               | 391,136                       | 397,667                     |

**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - INCOME STATEMENT**  
(in thousands of Brazilian reais – R\$)

| Code       | Description                              | YTD Current Year         | YTD Previous Year        |
|------------|--|--------------------------|--------------------------|
|            |  | 01/01/2014 to 03/31/2014 | 01/01/2013 to 03/31/2013 |
| 3.01       | Net Operating revenues                   | -                        | 31                       |
| 3.03       | Gross Operating income                   | -                        | 31                       |
| 3.04       | Gross Operating income (expense)         | 180,525                  | 406,933                  |
| 3.04.02    | General and administrative               | (5,945)                  | (4,911)                  |
| 3.04.06    | Equity income                            | 186,470                  | 411,844                  |
| 3.05       | Income before financial income and taxes | 180,525                  | 406,964                  |
| 3.06       | Financial income / expense               | (8,839)                  | (1,644)                  |
| 3.06.01    | Financial income                         | 24,367                   | 3,864                    |
| 3.06.02    | Financial expense                        | (33,206)                 | (5,508)                  |
| 3.07       | Income before taxes                      | 171,686                  | 405,320                  |
| 3.08       | Income tax and social contribution       | 4,810                    | 267                      |
| 3.08.01    | Current                                  | (317)                    | -                        |
| 3.08.02    | Deferred                                 | 5,127                    | 267                      |
| 3.09       | Net income from continuing operations    | 176,496                  | 405,587                  |
| 3.11       | Net income                               | 176,496                  | 405,587                  |
| 3.99       | Net income per share                     |                          |                          |
| 3.99.01    | Net income per share - Basic             |                          |                          |
| 3.99.01.01 | ON                                       | 0.18                     | 0.42                     |
| 3.99.02    | Net income per share - Diluted           |                          |                          |
| 3.99.02.01 | ON                                       | 0.18                     | 0.42                     |

**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - STATEMENT OF COMPREHENSIVE INCOME**  
(in thousands of Brazilian reais – R\$)

| Code    | Description  | Current Year             | Previous Year            |
|---------|--|--------------------------|--------------------------|
|         |  | 01/01/2014 to 03/31/2014 | 01/01/2013 to 03/31/2013 |
| 4.01    | Net income   | 176,496                  | 405,587                  |
| 4.02    | Other Comprehensive Income                                   | 4                        | -                        |
| 4.02.01 | Equity on comprehensive income of the period of subsidiaries | 4                        | -                        |
| 4.03    | Comprehensive income of the period                           | 176,500                  | 405,587                  |



**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - STATEMENTS OF CASH FLOW – INDIRECT METHOD**  
(in thousands of Brazilian reais – R\$)

| Code       | Description   | YTD Current year<br>01/01/2014 to 03/31/2014 | YTD Current year<br>01/01/2013 to 03/31/2013 |
|------------|---|--|--|
| 6.01       | Net cash from operating activities                            | 17,667                                       | (12,248)                                     |
| 6.01.01    | Cash generated from operations                                | 18,101                                       | (2,491)                                      |
| 6.01.01.01 | Income, before income tax and social contribution             | 171,686                                      | 405,320                                      |
| 6.01.01.02 | Depreciation and amortization                                 | 43   | 18   |
| 6.01.01.03 | Interest and monetary adjustment                              | 32,831                                       | 4,015  |
| 6.01.01.04 | Equity in subsidiaries  | (186,470)                                    | (411,844)                                    |
| 6.01.01.05 | Reserve for tax, civil and labor risks                        | 11   | -  |
| 6.01.02    | Variation on assets and liabilities                           | (434)  | (9,757)                                      |
| 6.01.02.02 | Recoverable taxes   | (62)   | (181)  |
| 6.01.02.03 | Escrow deposits   | -  | (7)  |
| 6.01.02.04 | Other operating assets  | 816  | 490  |
| 6.01.02.05 | Suppliers   | 547  | (111)  |
| 6.01.02.06 | Other taxes and social contributions                          | 483  | (39)   |
| 6.01.02.07 | Interest on debts (paid)                                      | -  | (10,768)                                     |
| 6.01.02.08 | Income tax and social contribution                            | -  | -  |
| 6.01.02.09 | Other operating liabilities                                   | (2,207)                                      | 859  |
| 6.01.02.10 | Reserve for tax, civil and labor risks paid                   | (11)   | -  |
| 6.02       | Net cash in investing activities                              | (6,174)                                      | (32,020)                                     |
| 6.02.02    | Financial investments   | -  | 4,710  |
| 6.02.04    | Intercompany loans with subsidiaries and associated companies | 6,884  | (36,728)                                     |
| 6.02.05    | Capital increase in investments                               | -  | (1)  |
| 6.02.07    | Additions to intangible assets                                | -  | (1)  |
| 6.02.08    | Advance for future capital increase                           | (13,058)                                     | -  |
| 6.03       | Net cash in financing activities                              | (106)  | 131  |
| 6.03.01    | Loans, financing and debentures, net of derivatives paid      | -  | 223  |
| 6.03.02    | Dividend and interest on shareholders' equity paid            | (106)  | (92)   |
| 6.05       | Increase (decrease) in cash and cash equivalents              | 11,387                                       | (44,137)                                     |
| 6.05.01    | Opening balance of cash and cash equivalents                  | 990,672                                      | 141,835                                      |
| 6.05.02    | Closing balance of cash and cash equivalents                  | 1,002,059                                    | 97,698                                       |

PARENT COMPANY INTERIM FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 01, 2014 TO MARCH 31, 2014  
(in thousands of Brazilian reais – R\$)

| Code    | Description                                    | Capital   | Capital Reserves,<br>options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total |
|---------|--|-----------|--|-----------------|-------------------|----------------------------|----------------------------|
| 5.01    | Opening balance                                | 4,793,424 | 287,630  | 1,545,178       | -                 | 397,667                    | 7,023,899                  |
| 5.02    | Prior year profit or loss                      | -         | -  | -               | -                 | -                          | -                          |
| 5.03    | Adjusted balance                               | 4,793,424 | 287,630  | 1,545,178       | -                 | 397,667                    | 7,023,899                  |
| 5.04    | Capital transactions within shareholders       | -         | - 2,153  | -               | -                 | -                          | - 2,153                    |
| 5.04.08 | Loss in equity                                 | -         | - 1,960  | -               | -                 | -                          | - 1,960                    |
| 5.04.09 | IPO CPFL Renováveis                            | -         | - 193  | -               | -                 | -                          | - 193                      |
| 5.05    | Total comprehensive income                     | -         | -  | -               | 176,496           | 4                          | 176,500                    |
| 5.05.01 | Net income / Loss for the period               | -         | -  | -               | 176,496           | -                          | 176,496                    |
| 5.05.02 | Other comprehensive income                     | -         | -  | -               | -                 | 4                          | 4                          |
| 5.06    | Internal changes in Shareholders' equity       | -         | -  | 38,467          | - 31,932          | - 6,535                    | -                          |
| 5.06.01 | Formation of reserve                           | -         | -  | 38,467          | - 38,467          | -                          | -                          |
| 5.06.04 | Equity on comprehensive income of subsidiaries | -         | -  | -               | 6,535             | - 6,535                    | -                          |
| 5.07    | Final balance                                  | 4,793,424 | 285,477  | 1,583,645       | 144,564           | 391,136                    | 7,198,246                  |

PARENT COMPANY INTERIM FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 01, 2013 TO MARCH 31, 2013  
(in thousands of Brazilian reais – R\$)

| Code       | Description                                    | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total |
|------------|--|-----------|---|-----------------|-------------------|----------------------------|----------------------------|
| 5.01       | Opening balance                                | 4,793,424 | 228,322                                       | 1,339,287       | 56,293            | - 36,598                   | 6,380,728                  |
| 5.02       | Prior Year profit or loss                      | -         | -   | -               | -                 | -                          | -                          |
| 5.03       | Adjusted balance                               | 4,793,424 | 228,322                                       | 1,339,287       | 56,293            | - 36,598                   | 6,380,728                  |
| 5.05       | Total comprehensive income                     | -         | -   | -               | 411,464           | - 5,875                    | 405,589                    |
| 5.05.01    | Net income / Loss for the period               | -         | -   | -               | 405,587           | -                          | 405,587                    |
| 5.05.02    | Other comprehensive income                     | -         | -   | -               | 5,877             | - 5,875                    | 2                          |
| 5.05.02.03 | Equity on comprehensive income of subsidiaries | -         | -   | -               | 5,877             | - 5,875                    | 2                          |
| 5.07       | Final balance                                  | 4,793,424 | 228,322                                       | 1,339,287       | 467,757           | - 42,475                   | 6,786,317                  |

**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE**  
(in thousands of Brazilian reais – R\$)

| Code       | Description  | YTD Current year<br>01/01/2014 to 03/31/2014 | YTD Previous year<br>01/01/2013 to 03/31/2013 |
|------------|--|--|---|
| 7.01       | Revenues   | -  | 34  |
| 7.01.01    | Sales of goods, products and services                      | -  | 34  |
| 7.02       | Inputs   | (1,966)                                      | (1,835)                                       |
| 7.02.02    | Material-Energy-Outsourced services-Other                  | (1,666)                                      | (1,035)                                       |
| 7.02.04    | Other  | (300)  | (800)   |
| 7.03       | Gross added value  | (1,966)                                      | (1,801)                                       |
| 7.04       | Retentions   | (43)   | (18)  |
| 7.04.01    | Depreciation and amortization                              | (43)   | (18)  |
| 7.05       | Net added value generated                                  | (2,009)                                      | (1,819)                                       |
| 7.06       | Added value received in transfer                           | 210,837                                      | 415,709                                       |
| 7.06.01    | Equity in subsidiaries                                     | 186,470                                      | 411,844                                       |
| 7.06.02    | Financial income   | 24,367                                       | 3,865   |
| 7.07       | Added Value to be Distributed                              | 208,828                                      | 413,890                                       |
| 7.08       | Distribution of Added Value                                | 208,828                                      | 413,890                                       |
| 7.08.01    | Personnel  | 3,218  | 2,583   |
| 7.08.01.01 | Direct Remuneration  | 1,704  | 1,393   |
| 7.08.01.02 | Benefits   | 1,294  | 1,068   |
| 7.08.01.03 | Government severance indemnity fund for employees-F.G.T.S. | 220  | 122   |
| 7.08.02    | Taxes, Fees and Contributions                              | (4,127)                                      | 181   |
| 7.08.02.01 | Federal  | (4,152)                                      | 181   |
| 7.08.02.02 | Estadual   | 25   | -   |
| 7.08.03    | Remuneration on third parties' capital                     | 33,241                                       | 5,539   |
| 7.08.03.01 | Interest   | 33,206                                       | 5,508   |
| 7.08.03.02 | Rental   | 35   | 31  |
| 7.08.04    | Remuneration on own capital                                | 176,496                                      | 405,587                                       |
| 7.08.04.03 | Retained profit / loss for the period                      | 176,496                                      | 405,587                                       |

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS**  
(in thousands of Brazilian reais – R\$)

| Code          | Description                                    | Current Quarter<br>03/31/2014 | Previous Year<br>12/31/2013 |
|---------------|--|-------------------------------|-----------------------------|
| 1             | Total assets                                   | 32,579,944                    | 31,042,796                  |
| 1.01          | Current assets                                 | 8,640,259                     | 7,264,323                   |
| 1.01.01       | Cash and cash equivalents                      | 4,242,756                     | 4,206,422                   |
| 1.01.02       | Financial Investments                          | 14,439                        | 24,806                      |
| 1.01.02.02    | Financial Investments at amortized cost        | 14,439                        | 24,806                      |
| 1.01.02.02.01 | Held to maturity                               | 14,439                        | 24,806                      |
| 1.01.03       | Accounts receivable                            | 2,225,166                     | 2,007,789                   |
| 1.01.03.01    | Consumers                                      | 2,225,166                     | 2,007,789                   |
| 1.01.04       | Materials and suppliers                        | 22,063                        | 21,625                      |
| 1.01.06       | Recoverable taxes                              | 243,746                       | 262,433                     |
| 1.01.06.01    | Current Recoverable taxes                      | 243,746                       | 262,433                     |
| 1.01.08       | Other current assets                           | 1,892,089                     | 741,248                     |
| 1.01.08.03    | Other  | 1,892,089                     | 741,248                     |
| 1.01.08.03.01 | Other credits                                  | 1,824,755                     | 673,383                     |
| 1.01.08.03.02 | Derivatives                                    | 56                            | 1,842                       |
| 1.01.08.03.03 | Leases   | 12,013                        | 10,758                      |
| 1.01.08.03.04 | Dividends and interest on shareholders' equity | 55,265                        | 55,265                      |
| 1.02          | Noncurrent assets                              | 23,939,685                    | 23,778,473                  |
| 1.02.01       | Noncurrent assets                              | 6,343,630                     | 6,280,045                   |
| 1.02.01.03    | Accounts receivable                            | 143,763                       | 153,854                     |
| 1.02.01.03.01 | Consumers                                      | 143,763                       | 153,854                     |
| 1.02.01.06    | Deferred taxes                                 | 1,219,861                     | 1,168,706                   |
| 1.02.01.06.02 | Deferred taxes credits                         | 1,219,861                     | 1,168,706                   |
| 1.02.01.08    | Related parties                                | 87,682                        | 86,655                      |
| 1.02.01.08.03 | Credits with related parties                   | 87,682                        | 86,655                      |
| 1.02.01.09    | Other noncurrent assets                        | 4,892,324                     | 4,870,830                   |
| 1.02.01.09.03 | Derivatives                                    | 194,677                       | 316,648                     |
| 1.02.01.09.04 | Escrow deposits                                | 1,139,048                     | 1,143,179                   |
| 1.02.01.09.05 | Recoverable taxes                              | 167,684                       | 173,362                     |
| 1.02.01.09.06 | Leases   | 39,350                        | 37,817                      |
| 1.02.01.09.07 | Financial asset of concession                  | 2,935,915                     | 2,787,073                   |
| 1.02.01.09.09 | Investments at cost                            | 116,654                       | 116,654                     |
| 1.02.01.09.10 | Other credits                                  | 298,996                       | 296,097                     |
| 1.02.02       | Investments                                    | 1,147,199                     | 1,032,681                   |
| 1.02.02.01    | Permanent equity interests                     | 1,147,199                     | 1,032,681                   |
| 1.02.02.01.04 | Other permanent equity interests               | 1,147,199                     | 1,032,681                   |
| 1.02.03       | Property, plant and equipment                  | 7,743,348                     | 7,717,419                   |
| 1.02.03.01    | Fixed assets - in service                      | 7,215,357                     | 6,748,593                   |
| 1.02.03.03    | Fixed assets - in progress                     | 527,991                       | 968,826                     |
| 1.02.04       | Intangible assets                              | 8,705,508                     | 8,748,328                   |
| 1.02.04.01    | Intangible assets                              | 8,705,508                     | 8,748,328                   |

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES**  
(in thousands of Brazilian reais – R\$)

| Code          | Description                                       | Current Quarter<br>03/31/2014 | Previous Year<br>12/31/2013 |
|---------------|---|-------------------------------|-----------------------------|
| 2             | Total liabilities                                 | 32,579,944                    | 31,042,796                  |
| 2.01          | Current liabilities                               | 5,456,224                     | 4,905,531                   |
| 2.01.01       | Social and Labor Obligations                      | 75,153                        | 67,633                      |
| 2.01.01.02    | Labor Obligations                                 | 75,153                        | 67,633                      |
| 2.01.01.02.01 | Estimated Labor Obligation                        | 75,153                        | 67,633                      |
| 2.01.02       | Suppliers   | 2,440,119                     | 1,884,693                   |
| 2.01.02.01    | National Suppliers                                | 2,440,119                     | 1,884,693                   |
| 2.01.03       | Tax Obligations                                   | 429,760                       | 318,063                     |
| 2.01.03.01    | Federal Tax Obligations                           | 185,758                       | 196,884                     |
| 2.01.03.01.01 | Income tax and Social Contribution                | 72,152                        | 92,431                      |
| 2.01.03.01.02 | PIS (Tax on Revenue)                              | 16,368                        | 14,256                      |
| 2.01.03.01.03 | COFINS (Tax on Revenue)                           | 75,498                        | 64,778                      |
| 2.01.03.01.04 | Others Federal                                    | 21,740                        | 25,419                      |
| 2.01.03.02    | State Tax Obligations                             | 241,620                       | 117,905                     |
| 2.01.03.02.01 | ICMS (Tax on Revenue)                             | 241,620                       | 117,895                     |
| 2.01.03.02.02 | Others State                                      | -                             | 10                          |
| 2.01.03.03    | Municipal Tax Obligations                         | 2,382                         | 3,274                       |
| 2.01.03.03.01 | Others Municipal                                  | 2,382                         | 3,274                       |
| 2.01.04       | Loans and financing                               | 1,683,433                     | 1,837,462                   |
| 2.01.04.01    | Loans and financing                               | 1,431,755                     | 1,640,456                   |
| 2.01.04.01.01 | Brazilian currency                                | 1,381,827                     | 1,582,742                   |
| 2.01.04.01.02 | Foreign Currency                                  | 49,928                        | 57,714                      |
| 2.01.04.02    | Debentures  | 251,678                       | 197,006                     |
| 2.01.04.02.01 | Debentures  | 35,300                        | 34,872                      |
| 2.01.04.02.02 | Interest on debentures                            | 216,378                       | 162,134                     |
| 2.01.05       | Other liabilities                                 | 827,759                       | 797,680                     |
| 2.01.05.02    | Others  | 827,759                       | 797,680                     |
| 2.01.05.02.01 | Dividends and interest on shareholders' equity    | 21,118                        | 21,224                      |
| 2.01.05.02.04 | Derivatives                                       | 1,019                         | -                           |
| 2.01.05.02.05 | Post-employment benefit obligation                | 80,343                        | 76,810                      |
| 2.01.05.02.06 | Regulatory charges                                | 44,197                        | 32,379                      |
| 2.01.05.02.07 | Public utility                                    | 3,823                         | 3,738                       |
| 2.01.05.02.08 | Other payable                                     | 677,259                       | 663,529                     |
| 2.02          | Noncurrent liabilities                            | 18,165,656                    | 17,338,547                  |
| 2.02.01       | Loans and financing                               | 16,013,130                    | 15,183,936                  |
| 2.02.01.01    | Loans and financing                               | 8,405,687                     | 7,589,540                   |
| 2.02.01.01.01 | Brazilian currency                                | 5,642,070                     | 5,638,800                   |
| 2.02.01.01.02 | Foreign Currency                                  | 2,763,617                     | 1,950,740                   |
| 2.02.01.02    | Debentures  | 7,607,443                     | 7,594,396                   |
| 2.02.01.02.01 | Debentures  | 7,568,258                     | 7,562,219                   |
| 2.02.01.02.02 | Interest on debentures                            | 39,185                        | 32,177                      |
| 2.02.02       | Other payable                                     | 560,140                       | 569,469                     |
| 2.02.02.02    | Other   | 560,140                       | 569,469                     |
| 2.02.02.02.03 | Derivatives                                       | 7,748                         | 2,950                       |
| 2.02.02.02.04 | Post-employment benefit obligation                | 326,060                       | 350,640                     |
| 2.02.02.02.05 | Taxes and Contributions                           | 26,808                        | 32,555                      |
| 2.02.02.02.06 | Public utility                                    | 80,285                        | 79,438                      |
| 2.02.02.02.07 | Other payable                                     | 119,239                       | 103,886                     |
| 2.02.03       | Deferred taxes                                    | 1,116,646                     | 1,117,146                   |
| 2.02.03.01    | Deferred Income tax and Social Contribution       | 1,116,646                     | 1,117,146                   |
| 2.02.04       | Provisions  | 475,740                       | 467,996                     |
| 2.02.04.01    | Reserve for tax, civil and labor risks            | 475,740                       | 467,996                     |
| 2.02.04.01.01 | Reserve for tax risks                             | 178,000                       | 174,568                     |
| 2.02.04.01.02 | Reserve for labor risks                           | 135,699                       | 119,707                     |
| 2.02.04.01.04 | Reserve for civil risks                           | 138,056                       | 149,735                     |
| 2.02.04.01.05 | Reserve for other risks                           | 23,985                        | 23,986                      |
| 2.03          | Shareholders' equity - consolidated               | 8,958,064                     | 8,798,718                   |
| 2.03.01       | Capital   | 4,793,424                     | 4,793,424                   |
| 2.03.02       | Capital reserves                                  | 285,477                       | 287,630                     |
| 2.03.04       | Profit reserves                                   | 1,583,644                     | 1,545,177                   |
| 2.03.04.01    | Legal reserves                                    | 603,352                       | 603,352                     |
| 2.03.04.02    | Statutory reserve - financial asset of concession | 303,504                       | 265,037                     |
| 2.03.04.08    | Additional Proposed dividend                      | 567,801                       | 567,801                     |
| 2.03.04.10    | Reserve of retained earnings for investment       | 108,987                       | 108,987                     |
| 2.03.05       | Retained earnings                                 | 144,564                       | -                           |
| 2.03.08       | Other comprehensive income                        | 391,137                       | 397,668                     |
| 2.03.09       | Noncontrolling interest                           | 1,759,818                     | 1,774,819                   |

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - INCOME STATEMENT**  
(in thousands of Brazilian reais – R\$)

| Code    | Description  | YTD Current year<br>01/01/2014 to 03/31/2014 | YTD Previous year<br>01/01/2013 to 03/31/2013 |
|---------|--|--|---|
| 3.01    | Net operating revenues                                 | 3,927,309                                    | 3,715,427                                     |
| 3.02    | Cost of electric energy services                       | (3,133,470)                                  | (2,542,837)                                   |
| 3.02.01 | Cost of electric energy                                | (2,552,244)                                  | (1,901,112)                                   |
| 3.02.02 | Operating cost   | (391,850)                                    | (381,931)                                     |
| 3.02.03 | Services rendered to third parties                     | (189,376)                                    | (259,794)                                     |
| 3.03    | Gross Operating income                                 | 793,839                                      | 1,172,590                                     |
| 3.04    | Operating income (expense)                             | (285,431)                                    | (378,522)                                     |
| 3.04.01 | Sales expenses   | (101,322)                                    | (102,720)                                     |
| 3.04.02 | General and administrative                             | (163,078)                                    | (193,968)                                     |
| 3.04.05 | Other  | (92,106)                                     | (88,090)                                      |
| 3.04.06 | Equity income  | 71,075                                       | 6,256   |
| 3.05    | Income before financial income / expense and taxes     | 508,408                                      | 794,068                                       |
| 3.06    | Financial income / expense                             | (222,905)                                    | (143,648)                                     |
| 3.06.01 | Financial income                                       | 228,687                                      | 155,463                                       |
| 3.06.02 | Financial expense                                      | (451,592)                                    | (299,111)                                     |
| 3.07    | Income before taxes                                    | 285,503                                      | 650,420                                       |
| 3.08    | Income tax and social contribution                     | (111,101)                                    | (245,118)                                     |
| 3.08.01 | Current  | (166,915)                                    | (184,476)                                     |
| 3.08.02 | Deferred   | 55,814                                       | (60,642)                                      |
| 3.09    | Net income from continuing operations                  | 174,402                                      | 405,302                                       |
| 3.11    | Net income   | 174,402                                      | 405,302                                       |
| 3.11.01 | Net income attributable to controlling shareholders    | 176,496                                      | 405,587                                       |
| 3.11.02 | Net income attributable to noncontrolling shareholders | (2,094)                                      | (285)   |

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - STATEMENT OF COMPREHENSIVE INCOME**  
(in thousands of Brazilian reais – R\$)

| Code    | Description   | YTD Current year<br>01/01/2014 to 03/31/2014 | YTD Previous year<br>01/01/2013 to 03/31/2013 |
|---------|---|--|---|
| 4.01    | Net income  | 174,402                                      | 405,302                                       |
| 4.02    | Other Comprehensive Income  | 4  | -   |
| 4.02.01 | Actuarial gain/(loss)   | 4  | -   |
| 4.03    | Comprehensive income of the period                                | 174,406                                      | 405,302                                       |
| 4.03.01 | Comprehensive income attributable to controlling shareholders     | 176,500                                      | 405,587                                       |
| 4.03.02 | Comprehensive income attributable to non controlling shareholders | (2,094)                                      | - 285   |



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - STATEMENTS OF CASH FLOW – INDIRECT METHOD**  
**(in thousands of Brazilian reais – R\$)**

| Code       | Description   | YTD Current year<br>01/01/2014 to 03/31/2014 | YTD Previous year<br>01/01/2013 to 03/31/2013 |
|------------|---|--|---|
| 6.01       | Net cash from operating activities                            | (269,272)                                    | 230,732                                       |
| 6.01.01    | Cash generated from operations                                | 885,765                                      | 1,236,376                                     |
| 6.01.01.01 | Income, before income tax and social contribution             | 285,503                                      | 650,420                                       |
| 6.01.01.02 | Depreciation and amortization                                 | 278,599                                      | 260,898                                       |
| 6.01.01.03 | Reserve for tax, civil and labor risks                        | 33,509                                       | 35,162  |
| 6.01.01.04 | Interest and monetary adjustment                              | 328,484                                      | 223,169                                       |
| 6.01.01.05 | Post-employment benefit loss                                  | 12,041                                       | 20,530  |
| 6.01.01.06 | Losses on the write-off of noncurrent assets                  | 13,211                                       | 5,990   |
| 6.01.01.07 | Deferred taxes - PIS and COFINS                               | (17,349)                                     | 18,806  |
| 6.01.01.08 | Other   | 116  | 2,926   |
| 6.01.01.09 | Allowance for doubtful accounts                               | 22,726                                       | 24,731  |
| 6.01.01.10 | Interest in subsidiaries, associates and joint ventures       | (71,075)                                     | (6,256)                                       |
| 6.01.02    | Variation on assets and liabilities                           | (1,155,037)                                  | (1,005,644)                                   |
| 6.01.02.01 | Consumers, Concessionaires and Licensees                      | (225,313)                                    | 178,958                                       |
| 6.01.02.02 | Recoverable Taxes   | 23,243                                       | 23,580  |
| 6.01.02.03 | Leases  | (2,788)                                      | 610   |
| 6.01.02.04 | Escrow deposits   | 20,065                                       | 40,384  |
| 6.01.02.05 | Other operating assets  | (52,882)                                     | (48,015)                                      |
| 6.01.02.06 | Suppliers   | 555,423                                      | 157,013                                       |
| 6.01.02.07 | Income tax and social contribution paid                       | (178,246)                                    | (233,812)                                     |
| 6.01.02.08 | Other taxes and social contributions                          | 118,562                                      | (20,969)                                      |
| 6.01.02.09 | Other liabilities with post-employment benefit obligation     | (33,088)                                     | (18,875)                                      |
| 6.01.02.10 | Interest paid   | (283,477)                                    | (185,441)                                     |
| 6.01.02.11 | Regulatory charges  | 11,818                                       | (69,184)                                      |
| 6.01.02.12 | Reserve for tax, civil and labor risks paid                   | (38,602)                                     | (18,951)                                      |
| 6.01.02.13 | Other operating liabilities                                   | 30,644                                       | 1,773   |
| 6.01.02.15 | Resources provided by the Energy Development Account - CDE    | (1,094,756)                                  | (812,715)                                     |
| 6.01.02.16 | Advance from Eletrobrás - Resources provided by the CDE       | (5,640)                                      | -   |
| 6.02       | Net cash in investing activities                              | (333,874)                                    | (507,459)                                     |
| 6.02.01    | Additions to property, plant and equipment                    | (68,199)                                     | (297,550)                                     |
| 6.02.02    | Financial investments, pledges, funds and tied deposits       | 16,094                                       | 67,048  |
| 6.02.04    | Additions to intangible assets                                | (171,558)                                    | (234,173)                                     |
| 6.02.05    | Sale of noncurrent assets                                     | 5,242  | -   |
| 6.02.06    | Acquisition of subsidiaries net of cash acquired              | (67,830)                                     | -   |
| 6.02.08    | Intercompany loans with subsidiaries and associated companies | (2,179)                                      | (42,784)                                      |
| 6.02.09    | Capital increase in investee                                  | (45,444)                                     | -   |
| 6.03       | Net cash in financing activities                              | 639,480                                      | 613,705                                       |
| 6.03.01    | Loans, financing and debentures obtained                      | 1,246,746                                    | 1,255,764                                     |
| 6.03.02    | Loans, financing and debentures, net of derivatives paid      | (595,811)                                    | (634,617)                                     |
| 6.03.03    | Dividend and interest on shareholders' equity paid            | (12,006)                                     | (7,442)                                       |
| 6.03.04    | Capital increase by noncontrolling shareholders               | 551  | -   |
| 6.05       | Increase (decrease) in cash and cash equivalents              | 36,334                                       | 336,978                                       |
| 6.05.01    | Opening balance of cash and cash equivalents                  | 4,206,422                                    | 2,435,034                                     |
| 6.05.02    | Closing balance of cash and cash equivalent                   | 4,242,756                                    | 2,772,012                                     |

CONSOLIDATED INTERIM FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 1, 2014 TO MARCH 31, 2014  
(in thousands of Brazilian reais – R\$)

| Code    | Description   | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total | Noncontrolling Shareholders' Equity | Consolidated Shareholders' Equity |
|---------|---|-----------|---|-----------------|-------------------|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| 5.01    | Opening balance   | 4,793,424 | 287,630                                       | 1,545,178       | -                 | 397,667                    | 7,023,899                  | 1,774,819                           | 8,798,718                         |
| 5.02    | Prior Year profit or loss                                     | -         | -   | -               | -                 | -                          | -                          | -                                   | -                                 |
| 5.03    | Adjusted opening balance                                      | 4,793,424 | 287,630                                       | 1,545,178       | -                 | 397,667                    | 7,023,899                  | 1,774,819                           | 8,798,718                         |
| 5.04    | Capital transactions within shareholders                      | -         | - 2,153                                       | -               | -                 | -                          | - 2,153                    | - 12,840                            | - 14,992                          |
| 5.04.08 | Loss in equity interest                                       | -         | - 1,960                                       | -               | -                 | -                          | - 1,960                    | 510                                 | - 1,450                           |
| 5.04.09 | IPO of CPFL Renováveis  | -         | - 193   | -               | -                 | -                          | - 193                      | - 134                               | - 326                             |
| 5.04.10 | Additional dividend approved                                  | -         | -   | -               | -                 | -                          | -                          | - 11,900                            | - 11,900                          |
| 5.04.11 | Redemption of capital reserve of non-controlling shareholders | -         | -   | -               | -                 | -                          | -                          | - 1,316                             | - 1,316                           |
| 5.05    | Total comprehensive income                                    | -         | -   | -               | 176,496           | 4                          | 176,500                    | - 2,094                             | 174,405                           |
| 5.05.01 | Net income  | -         | -   | -               | 176,496           | -                          | 176,496                    | - 2,094                             | 174,401                           |
| 5.05.02 | Other Comprehensive Income                                    | -         | -   | -               | -                 | 4                          | 4                          | -                                   | 4                                 |
| 5.06    | Internal changes of shareholders equity                       | -         | -   | 38,467          | - 31,932          | - 6,535                    | -                          | - 67                                | - 67                              |
| 5.06.01 | Formation of reserve  | -         | -   | 38,467          | - 38,467          | -                          | -                          | -                                   | -                                 |
| 5.06.04 | Realization of deemed cost of fixed assets                    | -         | -   | -               | 9,902             | - 9,902                    | -                          | -                                   | -                                 |
| 5.06.05 | Tax on deemed cost realization                                | -         | -   | -               | - 3,367           | 3,367                      | -                          | -                                   | -                                 |
| 5.06.06 | Other transactions within noncontrolling shareholders         | -         | -   | -               | -                 | -                          | -                          | - 67                                | - 67                              |
| 5.07    | Ending balance  | 4,793,424 | 285,477                                       | 1,583,645       | 144,564           | 391,136                    | 7,198,246                  | 1,759,818                           | 8,958,064                         |

CONSOLIDATED INTERIM FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 1, 2013 TO MARCH 31, 2013  
(in thousands of Brazilian reais – R\$)

| Code    | Description   | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total | Noncontrolling Shareholders' Equity | Consolidated Shareholders' Equity |
|---------|---|-----------|---|-----------------|-------------------|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| 5.01    | Opening balance                                       | 4,793,424 | 228,322                                       | 1,339,287       | 56,293            | - 36,598                   | 6,380,728                  | 1,510,401                           | 7,891,129                         |
| 5.02    | Prior Year profit or loss                             | -         | -   | -               | -                 | -                          | -                          | -                                   | -                                 |
| 5.03    | Adjusted opening balance                              | 4,793,424 | 228,322                                       | 1,339,287       | 56,293            | - 36,598                   | 6,380,728                  | 1,510,401                           | 7,891,129                         |
| 5.04    | Capital transactions within shareholders              | -         | -   | -               | -                 | -                          | -                          | - 7,350                             | - 7,350                           |
| 5.04.12 | Capital Increase Noncontrolling shareholders          | -         | -   | -               | -                 | -                          | -                          | - 7,350                             | - 7,350                           |
| 5.05    | Total comprehensive income                            | -         | -   | -               | 405,587           | -                          | 405,587                    | - 285                               | 405,302                           |
| 5.05.01 | Net income  | -         | -   | -               | 405,587           | -                          | 405,587                    | - 285                               | 405,302                           |
| 5.06    | Internal changes of shareholders equity               | -         | -   | -               | 5,877             | - 5,877                    | -                          | 165                                 | 165                               |
| 5.06.04 | Realization of deemed cost of fixed assets            | -         | -   | -               | 8,904             | - 8,904                    | -                          | -                                   | -                                 |
| 5.06.05 | Tax on deemed cost realization                        | -         | -   | -               | - 3,027           | 3,027                      | -                          | -                                   | -                                 |
| 5.06.06 | Other transactions within noncontrolling shareholders | -         | -   | -               | -                 | -                          | -                          | 165                                 | 165                               |
| 5.07    | Ending balance  | 4,793,424 | 228,322                                       | 1,339,287       | 467,757           | - 42,475                   | 6,786,315                  | 1,502,931                           | 8,289,246                         |

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE**  
(in thousands of Brazilian reais – R\$)

| Code       | Description   | YTD Current Year<br>01/01/2014 to 03/31/2014 | YTD Previous year<br>01/01/2013 to 03/31/2013 |
|------------|---|--|---|
| 7.01       | Revenues  | 5,277,856                                    | 5,254,132                                     |
| 7.01.01    | Sales of goods, products and services                       | 5,027,052                                    | 4,713,358                                     |
| 7.01.02    | Other revenue   | 188,770                                      | 258,629                                       |
| 7.01.02.01 | Revenue from construction of infrastructure distribution    | 188,770                                      | 258,629                                       |
| 7.01.03    | Revenues related to the construction of own assets          | 84,760                                       | 306,876                                       |
| 7.01.04    | Allowance for doubtful accounts                             | (22,726)                                     | (24,731)                                      |
| 7.02       | Inputs  | (3,333,028)                                  | (2,937,086)                                   |
| 7.02.01    | Cost of sales   | (2,835,331)                                  | (2,113,156)                                   |
| 7.02.02    | Material-Energy-Outsourced services-Other                   | (395,675)                                    | (680,441)                                     |
| 7.02.04    | Other   | (102,022)                                    | (143,489)                                     |
| 7.03       | Gross added value   | 1,944,828                                    | 2,317,046                                     |
| 7.04       | Retentions  | (278,599)                                    | (261,465)                                     |
| 7.04.01    | Depreciation and amortization                               | (206,955)                                    | (186,973)                                     |
| 7.04.02    | Other   | (71,644)                                     | (74,492)                                      |
| 7.04.02.01 | Intangible of concession amortization                       | (71,644)                                     | (74,492)                                      |
| 7.05       | Net added value generated                                   | 1,666,229                                    | 2,055,581                                     |
| 7.06       | Added value received in transfer                            | 300,997                                      | 163,640                                       |
| 7.06.02    | Financial income  | 229,922                                      | 157,384                                       |
| 7.06.03    | Other   | 71,075                                       | 6,256   |
| 7.07       | Added Value to be Distributed                               | 1,967,226                                    | 2,219,221                                     |
| 7.08       | Distribution of Added Value                                 | 1,967,226                                    | 2,219,221                                     |
| 7.08.01    | Personnel   | 189,194                                      | 189,173                                       |
| 7.08.01.01 | Direct Remuneration   | 116,080                                      | 111,781                                       |
| 7.08.01.02 | Benefits  | 63,060                                       | 67,218  |
| 7.08.01.03 | Government severance indemnity fund for employees- F.G.T.S. | 10,054                                       | 10,174  |
| 7.08.02    | Taxes, Fees and Contributions                               | 1,133,990                                    | 1,304,465                                     |
| 7.08.02.01 | Federal   | 370,570                                      | 557,822                                       |
| 7.08.02.02 | State   | 760,354                                      | 744,039                                       |
| 7.08.02.03 | Municipal   | 3,066  | 2,604   |
| 7.08.03    | Remuneration on third parties' capital                      | 469,641                                      | 320,281                                       |
| 7.08.03.01 | Interest  | 454,209                                      | 308,981                                       |
| 7.08.03.02 | Rental  | 11,609                                       | 11,300  |
| 7.08.03.03 | Other   | 3,823  | -   |
| 7.08.04    | Remuneration on own capital                                 | 174,401                                      | 405,302                                       |
| 7.08.04.03 | Retained profit / loss for the period                       | 174,401                                      | 405,302                                       |

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**COMMENTS ON PERFORMANCE**

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The comments on performance are expressed in thousands of Brazilian reais, unless otherwise indicated.

**Analysis of Results**

**CPFL Energia (Parent Company)**

The decrease in net income in the quarter was R\$ 229,091, compared with the same quarter of 2013 (R\$ 176,496 in 2014 and R\$ 405,587 in 2013), primarily due to a reduction of R\$ 228,310 in income from equity in subsidiaries.

## COMMENTS ON CONSOLIDATED PERFORMANCE

|   | Consolidated       |                    |               |
|---|--------------------|--------------------|---------------|
|   | 1st quarter        |                    |               |
|   | 2014               | 2013               | %             |
| <b>Operating revenues</b>                                       | <b>5,215,823</b>   | <b>4,971,987</b>   | <b>4.9%</b>   |
| Electricity sales to final consumers                            | 3,755,166          | 3,585,337          | 4.7%          |
| Electricity sales to wholesaler's                               | 700,955            | 681,385            | 2.9%          |
| Revenue from construction of concession infrastructure          | 188,770            | 258,629            | -27.0%        |
| Other operating revenues  | 570,931            | 446,637            | 27.8%         |
| Deductions from operating revenues                              | (1,288,513)        | (1,256,561)        | 2.5%          |
| <b>Net operating revenue</b>                                    | <b>3,927,309</b>   | <b>3,715,427</b>   | <b>5.7%</b>   |
| <b>Cost of electric energy</b>                                  | <b>(2,552,244)</b> | <b>(1,901,112)</b> | <b>34.3%</b>  |
| Electricity purchased for resale                                | (2,359,960)        | (1,779,158)        | 32.6%         |
| Electricity network usage charges                               | (192,284)          | (121,955)          | 57.7%         |
| <b>Operating cost/expense</b>                                   | <b>(937,733)</b>   | <b>(1,026,502)</b> | <b>-8.6%</b>  |
| Personnel   | (196,669)          | (177,981)          | 10.5%         |
| Employee pension plans  | (12,041)           | (20,530)           | -41.3%        |
| Materials   | (27,883)           | (24,971)           | 11.7%         |
| Outside services  | (119,355)          | (122,317)          | -2.4%         |
| Depreciation and amortization                                   | (206,955)          | (186,407)          | 11.0%         |
| Intangible of concession amortization                           | (71,644)           | (74,492)           | -3.8%         |
| Costs related to infrastructure construction                    | (188,770)          | (258,629)          | -27.0%        |
| Other   | (114,416)          | (161,175)          | -29.0%        |
| <b>Income from electric energy service</b>                      | <b>437,333</b>     | <b>787,812</b>     | <b>-44.5%</b> |
| <b>Financial income (expense)</b>                               | <b>(222,905)</b>   | <b>(143,648)</b>   | <b>55.2%</b>  |
| Income  | 228,686            | 155,463            | 47.1%         |
| Expense   | (451,592)          | (299,111)          | 51.0%         |
| Interest in subsidiaries, associates and joint ventures         | 71,075             | 6,256              | 1036.1%       |
| <b>Income before taxes</b>                                      | <b>285,503</b>     | <b>650,420</b>     | <b>-56.1%</b> |
| Social Contribution   | (30,429)           | (66,346)           | -54.1%        |
| Income Tax  | (80,672)           | (178,772)          | -54.9%        |
| <b>Net income</b>   | <b>174,401</b>     | <b>405,302</b>     | <b>-57.0%</b> |
| Net income attributable to the shareholders of the company      | 176,496            | 405,587            | -56.5%        |
| Net income/(loss) attributable to the non controlling interests | (2,094)            | (285)              | 635.5%        |
| <b>EBITDA</b>   | <b>787,302</b>     | <b>1,054,967</b>   | <b>-25.4%</b> |

(\*) The reclassification of revenue from network usage charge - TUSD was not taken into account in presentation of the comments on consolidated performance.

|   |                |                  |
|---|----------------|------------------|
| Net income for the period and EBITDA reconciliation |                |                  |
| <b>Net income</b>                                   | <b>174,401</b> | <b>405,302</b>   |
| Depreciation and amortization                       | 278,599        | 260,898          |
| Amortization of value-added of assets               | 295            | -                |
| Financial income (expense)                          | 222,905        | 143,648          |
| Social contribution                                 | 30,429         | 66,346           |
| Income tax  | 80,672         | 178,772          |
| <b>EBITDA</b>                                       | <b>787,302</b> | <b>1,054,967</b> |

## Gross Operating Revenue

The Gross Operating Revenue in the 1<sup>st</sup> quarter of 2014 was R\$ 5,215,823, up 4.9% (R\$ 243,835) compared with the same quarter of the previous year.

The main factors in this change were:

- Increase of 4.7% (R\$ 169,829) in the supply of electric energy, due to increase of 7.6% on operating revenue partially offset by decrease in the average tariffs charged (2.64%) as a result of: (i) the extraordinary tariff reviews ("RTE") from January 24, 2013, which decrease the average tariff charged from 20.4% to 26.4%, and (ii) tariff reviews and adjustments;
- Increase of 2.9% (R\$ 19,571) in the energy supplied caused mainly by:
  - Increase of 34.2% (R\$ 55,348) in sales of current electric energy in the Electric Energy Commercialization Chamber ("CCEE") mainly by the average price increase (67.9%), as a result of increase in the settlement price "PLD" offset by a decrease of 20.1% in volume sold due to the termination of contracts;
  - Increase of 11.6% (R\$ 12,493) sold to Furnas due the up of 5.5% in the tariff adjustment, result of the IGP-M effect; partially offset by
  - Decrease of 11.7% (R\$ 48,271) in Other concessionaires and licensees, basically due (i) decrease of 10.8 in the volume sold mainly due to the termination of some contracts and, (ii) down of 1,11% in the average tariff.
- Decrease of 27.0% (R\$ 69,859) in revenue from construction of the concession infrastructure due to the decline in investments in the quarter, with no impact on the net profit.
- Increase of 27.8% (R\$ 124,295) in other operating revenues, due mainly to: (i) accounting for the low income subsidy and discounts on tariffs reimbursed by funds from the CDE (R\$ 80,610), (ii) compensation of generators (R\$ 54,784) by the distribution subsidiaries (iii) sell of products and services (R\$ 7,889) and, (iv) leasing and rent (R\$ 7,787), partially offset by the drop in revenue from the Tariff for the Use of the Distribution System - TUSD free consumers (R\$ 26,739) largely due to the tariff reduction (RTE).

### ➤ Quantity of Energy Sold

The quantity of energy bill to final consumers in the 1<sup>st</sup> quarter of 2014 increased by 9.0% in relation to the same period of the previous year. If the effect of migration of customers to the Free Market were to be excluded, the growth would be 10.4%.

The residential category, which accounts for 39.3% of the total, recorded growth of 13.5%. This class was greatly influenced by the high temperatures in the first three months of 2014, which reached record levels in several municipalities in the concession area, particularly in February. This is confirmed, for example by the increase in consumption per consumer, up 9.3% in the first quarter of 2014 compared with the first quarter of 2013.

The commercial category, which accounts for 22.2% of the total, recorded an increase of 10.2%. If the effect of migration of customers to the Free Market were to be excluded, the growth would be 11.9%. The high temperatures in the first quarter of 2014 also boosted the performance of this class. Sales, and consequently, the results for this class, were also boosted by the increase in purchasing power in recent years, as a result of the improvement in the volume of income and loans.

The industrial category, which represents 19.0% of the total, reported a decrease of 2.3%. If the effect of migration of customers to the Free Market were to be excluded, the growth would be 2.8%, influenced by the good performance of small and medium-sized industries located in the concession area.

Energy sales by the commercialization and generation segment were down 10.4% on the same period of the previous year, mainly due to the decrease in sales under bilateral agreements and free clients in the commercialization segment. Although there was an increase in the client portfolio, there was no significant growth in consumption by these clients in view of the relative stagnation of the industrial segment and the difficulties caused by the adverse energy scenario, offset by increased sales by CPFL Renováveis, due to the start-up of the Atlântica and Campo dos Ventos II complexes and finalization of the acquisition of Rosa dos Ventos.

#### ➤ Tariffs

The supply tariffs decreased by an average of 2.64% in the 1<sup>st</sup> quarter of 2014, largely due to the net effect of:

- (i) the average negative effects perceived by consumers as a result of the extraordinary tariff reviews in 2013, ratified by ANEEL: (i) -20.42% CPFL Paulista, (ii) -26.70% CPFL Piratininga, (iii) -22.81% RGE, (iv) -23.72% CPFL Santa Cruz, (v) -25.33% CPFL Jaguarí, (vi) -24.38% CPFL Mococa, (vii) -26.42% CPFL Leste Paulista, and (viii) -23.83% CPFL Sul Paulista.
- (ii) Increases and decreases in the distributors' tariffs, mainly:
  - RGE: -10.64% from June 2013;
  - CPFL Piratininga: 6.91% from October 2013;
  - CPFL Paulista: 6.18% from April 2013.

#### Deductions from Operating Revenue

Deductions from Operating Revenue in the 1<sup>st</sup> quarter of 2014 amounted to R\$ 1,288,513, up 2.5% (R\$ 31,953) on the same quarter of 2013, largely due to:

- Increase of 8.2% (R\$ 31,950) in PIS and COFINS, largely as a result of the increase in the calculation base for these taxes (energy supplied, energy purchased and other income).
- Increase of 2.2% (R\$ 16,501) in ICMS, largely as a result of the up of 1.6% in the supply billed.
- Decrease of 13.9% (R\$ 17,154) in sector charges: R\$ 34,432 in the Fuel Consumption Account R\$ 20,804 as a result of changes in ANEEL regulations in Law 12783 of 2013, partially offset by increase of R\$ 11,633 in the Energy Development Account due to the ratification of the new quote for 2014.

#### Cost of Electric Energy

The cost of electric energy in the quarter totaled R\$ 2,552,244, increase of 34.4% (R\$ 651,132) on the same period of the previous year, mainly due to:

- Increase of 32.6% (R\$ 580,802) in electric energy purchased for resale, due to:
  - Increase of 50.9% (R\$ 1,191,284) in the average price, reflecting the greater exposure and variation in the settlement price "PLD", tariff adjustments and exchange rate variations in the purchase of Itaipu;
  - Increase of 5.8% (R\$127,571) in the quantity of energy purchased to attend the increase in sales; partially offset by
  - Increase in the reimbursement of costs by the CDE of R\$ 738,052 for hydrological risk and overcontracting for the distribution subsidiaries.
- Increase of 57.7% (R\$ 70,329) in transmission and distribution network usage charges, mainly due to: (i) an increase of R\$ 59,175 in the System Service Charges, net of reimbursement of costs by the CDE, (ii) increase of R\$ 19,500 in the basic network charges due to the reduction in the tariffs of the transmission companies.



A significant portion of these cost increases is not included in the distributors' tariffs and will be passed on in the next tariff increase (see further comments about the impact of regulatory assets and liabilities at the end of the Comments on Performance).

#### Operating Costs and Expenses

Without taking into consideration the costs of infrastructure construction, Operating Costs and Expenses in the quarter amounted to R\$ 748,963, down 2.5% (R\$ 18,911) on the same period of the previous year. This was mainly due to:

- **Personnel:** an increase of 10.5% (R\$ 18,689), mainly by the effects of the 2014 collective labor and increase of personnel;
- **Employee Pension Plans:** decrease of 41.3 % (R\$ 8,489) as a result of the actuarial report for 2014;
- **Outsourced Services:** a reduction of 2.4% (R\$ 2,963), mainly due to the reduction with computing;
- **Depreciation and Amortization:** an increase of 11.0% (R\$ 20,548), mainly due to (i) increase of R\$ 15,367 for the subsidiary CPFL Renováveis due to the companies that started operations; (ii) increase of R\$ 5,216 in amortization of the intangible distribution infrastructure asset, mainly due to addition in the intangible assets base;
- **Other Expense:** decrease of 29.0% (R\$ 46,760), primarily due to the decrease of (i) R\$ 49,695 in legal, judicial and indemnities, (ii) (R\$ 2,848) in the intangible of concession amortization, and (iii) (R\$ 2,004) in allowance for doubtful accounts, partially offset by increase of R\$ 7,222 loss on disposal and decommissioning and other losses on noncurrent assets.

#### Financial Income (Expense)

The Net Financial Expense in the quarter was R\$ 222,905, compared with R\$ 143,648 in the same quarter of 2013, an increase of R\$ 79,257 in net expense. This variation is mainly due to:

- Increase of 47.1% (R\$ 73,223) in financial income, mainly due to (i) increase of R\$ 49,874 in income from short-term cash investments , (ii) adjustment in the estimated cash flow of the financial assets of concession (R\$ 27,277), and (iii) adjustment of the lawsuit and deferred taxes (R\$ 9,046), partially offset by decrease in (i) additional charges and late payment fines (R\$ 4,817), (ii) acquisition of ICMS credits (R\$ 4,442) and (iii) monetary and exchange restatement (R\$ 3,035);
- Increase of 51.0% (R\$ 152,480) in financial expense, mainly due to increase of (i) R\$ 146,385 in debt charges and monetary and exchange restatement as a result of the increased debt, and increase of the CDI, and (ii) expenses with IOF (R\$ 3,729).

#### Interest in subsidiaries, associates and joint ventures

Changes in equity income relate to income from equity in joint ventures, as shown below:

|                                       | <u>1st quarter 2014</u> | <u>1st quarter 2013</u> |
|---------------------------------------|-------------------------|-------------------------|
| Epasa                                 | (10,309)                | (4,239)                 |
| Baesa                                 | 3,864                   | (1,884)                 |
| Campos Novos                          | 28,380                  | 8,452                   |
| Chapecoense                           | 49,436                  | 3,927                   |
| Amortization of value-added of assets | (295)                   | -                       |
| <b>Total</b>                          | <b><u>71,075</u></b>    | <b><u>6,256</u></b>     |

- **Baesa:** increase of R\$ 5,748, mainly by down in cost with electric energy of R\$ 7,975 (156 GWh) partially offset by decrease of R\$ 2.230 (20 GWh) in electricity sales to wholesaler's;
- **Campos Novos:** increase of R\$ 19,928, mainly by down in cost with electric energy of R\$ 17,042 (150 GWh) and up in energy supplied of R\$ 4,228 (28 GWh);
- **Chapecoense:** increase of R\$ 45,509, mainly by up in energy supplied of R\$ 34,983 (89 GWh) and down in cost with electric energy of R\$ 10,048 (56 GWh).

#### Social Contribution and Income Tax

Taxes on income in the 1<sup>st</sup> quarter of 2014, were R\$ 111,101, down by 54.7 % (R\$ 134,017) in relation to the expense recorded in the same quarter of 2013, primarily due to the effects of changes in income before Taxes.

#### Net Income and EBITDA

As a result of the above factors, the profit for the quarter was R\$ 174,401, 57.0% (R\$ 230,901) less than the same period of 2013.

EBITDA (net income for the quarter, excluding the effects of depreciation, amortization, financial income (expense), social contribution and income tax) for the 1<sup>st</sup> quarter of 2014 was R\$ 787,302, or 25.4.6% (R\$ 267,665) less than EBITDA in the same quarter of 2013.

#### Regulatory Assets and Liabilities

Regulatory Assets and Liabilities are not accounted for, in accordance with the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS). If they were recorded, there would be a positive impact on EBITDA of R\$ 181 million in the 1<sup>st</sup> quarter of 2014 (negative impact of R\$ 147 million in the same quarter of 2013) and R\$ 123 million on Net Income (negative impact of R\$ 95 million in the same quarter of 2013). The amounts relating to the deferral of regulatory assets and liabilities will be passed on to the tariffs in the next tariff readjustment, through the financial components. The amounts relating to amortization of these are reflected in the tariffs of each period.

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**COMMENTS ON THE PERFORMANCE OF SUBSIDIARIES/ASSOCIATES**

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**Subsidiary/Associate: Companhia Paulista de Força e Luz - CPFL**

The subsidiary Companhia Paulista de Força e Luz - CPFL is a publicly quoted corporation, and its individual comments on performance are provided in its Interim Financial Statements - ITR, at March 31, 2014, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary/Associate: CPFL Geração de Energia S.A.**

The subsidiary CPFL Geração de Energia S/A is a publicly quoted corporation, and its individual and consolidated comments on performance are provided in its Interim Financial Statements - ITR, at March 31, 2014, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary/Associate: Companhia Piratininga de Força e Luz**

The subsidiary Companhia Piratininga de Força e Luz is a publicly quoted corporation, and its comments on performance are provided in its Interim Financial Statements - ITR, at March 31, 2014, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary/Associate: Rio Grande Energia S.A.**

The subsidiary Rio Grande Energia S/A is a publicly quoted corporation, and its individual and consolidated comments on performance are provided in its Interim Financial Statements - ITR, at March 31, 2014, filed with the CVM – Comissão de Valores Mobiliários.

Subsidiary/Associate: CPFL Commercialization Brasil S.A.

|  | Consolidated     |                  |               |
|--|------------------|------------------|---------------|
|  | 1st quarter      |                  |               |
|  | 2014             | 2013             | %             |
| <b>Operating revenues</b>                                  | <b>564,682</b>   | <b>603,219</b>   | <b>-6.4%</b>  |
| Electricity sales to final consumers                       | 228,457          | 220,819          | 3.6%          |
| Electricity sales to wholesaler's                          | 330,586          | 381,696          | -13.5%        |
| Other operating revenues                                   | 5,640            | 703              | 701.7%        |
| Deductions from operating revenues                         | (64,552)         | (68,716)         | -6.1%         |
| <b>Net operating revenue</b>                               | <b>500,130</b>   | <b>534,502</b>   | <b>-6.4%</b>  |
| <b>Cost of electric energy</b>                             | <b>(426,348)</b> | <b>(504,020)</b> | <b>-15.4%</b> |
| Electricity purchased for resale                           | (426,310)        | (503,990)        | -15.4%        |
| Electricity network usage charges                          | (38)             | (30)             | 24.5%         |
| <b>Operating cost/expense</b>                              | <b>(8,754)</b>   | <b>(9,393)</b>   | <b>-6.8%</b>  |
| Personnel  | (4,954)          | (4,425)          | 11.9%         |
| Materials  | (39)             | (64)             | -39.3%        |
| Outside services   | (1,687)          | (2,191)          | -23.0%        |
| Depreciation and amortization                              | (1,105)          | (967)            | 14.3%         |
| Other  | (970)            | (1,746)          | -44.4%        |
| <b>Income from electric energy service</b>                 | <b>65,027</b>    | <b>21,089</b>    | <b>208.4%</b> |
| <b>Financial income (expense)</b>                          | <b>2,047</b>     | <b>3,509</b>     | <b>-41.7%</b> |
| Income   | 8,922            | 8,243            | 8.2%          |
| Expense  | (6,875)          | (4,734)          | 45.2%         |
| <b>Income before taxes</b>                                 | <b>67,075</b>    | <b>24,598</b>    | <b>172.7%</b> |
| Social contribution  | (6,063)          | (2,252)          | 169.2%        |
| Income tax   | (16,893)         | (6,256)          | 170.0%        |
| <b>Net income</b>  | <b>44,119</b>    | <b>16,090</b>    | <b>174.2%</b> |
| Net income attributable to the shareholders of the company | 44,119           | 16,090           | 174.2%        |
| <b>EBITDA</b>  | <b>66,132</b>    | <b>22,056</b>    | <b>199.8%</b> |

Net income for the period and EBITDA reconciliation

|                               |               |               |
|-------------------------------|---------------|---------------|
| <b>Net income</b>             | <b>44,119</b> | <b>16,090</b> |
| Depreciation and amortization | 1,105         | 967           |
| Financial income (expense)    | (2,047)       | (3,509)       |
| Social contribution           | 6,063         | 2,252         |
| Income tax                    | 16,893        | 6,256         |
| <b>EBITDA</b>                 | <b>66,132</b> | <b>22,056</b> |

**Gross Revenue**Gross Revenue in 1<sup>st</sup> quarter of 2014 was R\$ 564,682, down R\$ 38,537 (6.4%) in relation to the same quarter of 2013. This decrease is explained by:

- Energy Supply: decrease of R\$ 51,110, due to the decrease of R\$ 55,681 (23.9%) in the electric energy sold to others concessionaries and licensees, mainly down by the quantity sold (434 GWh) due to the termination of contracts, partially offset by;

- Energy Purchased: increase of R\$ 7,637 due to up by 7.0% (R\$ 15,718) in the average price, partially offset by a reduction of 51 GWh (R\$ 7,754) in the quantity sold.

#### **Cost of Electric Energy**

The cost of electric energy in 1<sup>st</sup> quarter of 2014 was R\$ 426,348, down R\$ 77,672 (15.4%) on the same quarter of 2013. This decrease is primarily due to:

- Decrease of R\$ 98,575 (652 GWh) in the amount purchased mainly of concessionaries and licensee;
- Increase of R\$ 20,895 in the purchased of CCEE, mainly by the up in the average price of 243% (R\$ 17,221) and quantity acquired of 17 GWh (R\$ 3,674).

#### **Operating Expense**

Operating expense in the 1<sup>st</sup> quarter was R\$ 8,754, down R\$ 639 (6.8%) when compared with the same quarter of 2013, primarily due to down of R\$ 565 in allowance for doubtful credits.

#### **Financial income (expense)**

Net financial income of R\$ 2,047 was recorded in 1<sup>st</sup> quarter of 2014, down R\$ 1,462 (41.7%) on the same quarter of 2013. This negative result is explain mainly by increase in financial expense, due to effect of CDI which updates the debentures debts that in the 1<sup>st</sup> quarter ranged 2.28% compare with 1.56% in the previous quarter result a R\$ 1,604 of additional expense.

#### **Net Income for the period and EBITDA**

A net income of R\$ 44,119 was recorded in 1<sup>st</sup> quarter of 2014, increase of R\$ 28,029 (174.2%) when compared with the same quarter of 2013.

EBITDA (net Income before financial income (expense), income tax and social contribution, depreciation and amortization) of R\$ 66,132 was recorded for 1<sup>st</sup> quarter of 2014, 199.8% higher than the EBITDA of R\$ 22,056 recorded in the same quarter of 2013.

## CPFL ENERGIA S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS  
AT MARCH 31, 2014

(Amounts stated in thousands of Brazilian reais, except where otherwise indicated)

## CPFL ENERGIA S.A.

Balance Sheets as of March 31, 2014 and December 31, 2013  
(in thousands of Brazilian reais)

(in thousands of Brazilian reais)

| ASSETS  | Note | Parent company   |                   | Consolidated      |                   |
|---|------|------------------|-------------------|-------------------|-------------------|
|   |      | March 31, 2014   | December 31, 2013 | March 31, 2014    | December 31, 2013 |
| <b>CURRENT ASSETS</b>                                     |      |                  |                   |                   |                   |
| Cash and cash equivalents                                 | 5    | 1,002,059        | 990,672           | 4,242,756         | 4,206,422         |
| Consumers, concessionaires and licensees                  | 6    | -                | -                 | 2,225,166         | 2,007,789         |
| Dividends and interest on shareholders' equity receivable | 11   | 697,702          | 697,702           | 55,265            | 55,265            |
| Financial investments                                     |      | -                | -                 | 14,439            | 24,806            |
| Recoverable taxes   | 7    | 29,939           | 29,874            | 243,746           | 262,433           |
| Derivatives   | 32   | -                | -                 | 56                | 1,842             |
| Materials and supplies                                    |      | -                | -                 | 22,063            | 21,625            |
| Leases  |      | -                | -                 | 12,013            | 10,757            |
| Other credits   | 10   | 2,394            | 1,984             | 1,824,755         | 673,383           |
| <b>TOTAL CURRENT ASSETS</b>                               |      | <b>1,732,095</b> | <b>1,720,232</b>  | <b>8,640,259</b>  | <b>7,264,323</b>  |
| <b>NONCURRENT ASSETS</b>                                  |      |                  |                   |                   |                   |
| Consumers, concessionaires and licensees                  | 6    | -                | -                 | 143,763           | 153,854           |
| Loans to subsidiaries, associates and joint ventures      | 30   | 2,115            | 8,948             | 87,682            | 86,655            |
| Escrow deposits   | 20   | 93               | 92                | 1,139,048         | 1,143,179         |
| Recoverable taxes   | 7    | -                | -                 | 167,684           | 173,362           |
| Derivatives   | 32   | -                | -                 | 194,677           | 316,648           |
| Deferred taxes credits                                    | 8    | 170,924          | 165,798           | 1,219,861         | 1,168,706         |
| Advances for future capital increase                      |      | 72,455           | 59,397            | -                 | -                 |
| Leases  |      | -                | -                 | 39,350            | 37,817            |
| Financial asset of concession                             | 9    | -                | -                 | 2,935,915         | 2,787,073         |
| Investment at cost  |      | -                | -                 | 116,654           | 116,654           |
| Other credits   | 10   | 13,163           | 14,389            | 298,995           | 296,096           |
| Investment  | 11   | 6,604,245        | 6,419,924         | 1,147,199         | 1,032,681         |
| Property, plant and equipment                             | 12   | 963              | 1,000             | 7,743,348         | 7,717,419         |
| Intangible assets   | 13   | 25               | 32                | 8,705,508         | 8,748,328         |
| <b>TOTAL NONCURRENT ASSETS</b>                            |      | <b>6,863,982</b> | <b>6,669,579</b>  | <b>23,939,685</b> | <b>23,778,473</b> |
| <b>TOTAL ASSETS</b>                                       |      | <b>8,596,077</b> | <b>8,389,811</b>  | <b>32,579,944</b> | <b>31,042,796</b> |

The accompanying notes are an integral part of these interim financial information.

**CPFL ENERGIA S.A.**  
**Balance Sheets as of March 31, 2014 and December 31, 2013**  
(in thousands of Brazilian reais)

|  |      | Parent company |              | Consolidated   |              |
|--|------|----------------|--------------|----------------|--------------|
|  |      |                | December 31, |                | December 31, |
| LIABILITIES AND SHAREHOLDERS' EQUITY                   | Note | March 31, 2014 | 2013         | March 31, 2014 | 2013         |
| CURRENT LIABILITIES                                    |      |                |              |                |              |
| Suppliers  | 14   | 1,674          | 1,127        | 2,440,119      | 1,884,693    |
| Accrued interest on debts                              | 15   | -              | -            | 81,820         | 125,829      |
| Accrued interest on debentures                         | 16   | 44,966         | 12,438       | 216,378        | 162,134      |
| Loans and financing                                    | 15   | -              | -            | 1,349,935      | 1,514,626    |
| Debentures   | 16   | -              | -            | 35,300         | 34,872       |
| Post-employment benefit obligation                     | 17   | -              | -            | 80,343         | 76,810       |
| Regulatory charges                                     | 18   | -              | -            | 44,197         | 32,379       |
| Taxes and social contributions payable                 | 19   | 1,148          | 359          | 429,760        | 318,063      |
| Dividends and Interest on Equity                       |      | 15,301         | 15,407       | 21,118         | 21,224       |
| Accrued liabilities                                    |      | 4              | 10           | 75,152         | 67,633       |
| Derivatives  | 32   | -              | -            | 1,019          | -            |
| Public Utilities                                       | 21   | -              | -            | 3,823          | 3,738        |
| Other accounts payable                                 | 22   | 15,343         | 16,904       | 677,259        | 663,529      |
| TOTAL CURRENT LIABILITIES                              |      | 78,436         | 46,246       | 5,456,224      | 4,905,531    |
| NONCURRENT LIABILITIES                                 |      |                |              |                |              |
| Accrued interest on debts                              | 15   | -              | -            | 55,531         | 43,396       |
| Accrued interest on debentures                         | 16   | -              | -            | 39,185         | 32,177       |
| Loans and financing                                    | 15   | -              | -            | 8,350,156      | 7,546,144    |
| Debentures   | 16   | 1,288,280      | 1,287,912    | 7,568,258      | 7,562,219    |
| Post-employment benefit obligation                     | 17   | -              | -            | 326,060        | 350,640      |
| Taxes and social contributions payable                 | 19   | -              | -            | 26,808         | 32,555       |
| Deferred taxes debits                                  | 8    | -              | -            | 1,116,646      | 1,117,146    |
| Reserve for tax, civil and labor risks                 | 20   | 260            | 260          | 475,740        | 467,996      |
| Derivatives  | 32   | -              | -            | 7,748          | 2,950        |
| Public utilities                                       | 21   | -              | -            | 80,285         | 79,438       |
| Other accounts payable                                 | 22   | 30,854         | 31,495       | 119,238        | 103,886      |
| TOTAL NONCURRENT LIABILITIES                           |      | 1,319,395      | 1,319,667    | 18,165,656     | 17,338,547   |
| SHAREHOLDERS' EQUITY                                   |      |                |              |                |              |
| Capital  | 23   | 4,793,424      | 4,793,424    | 4,793,424      | 4,793,424    |
| Capital reserves                                       |      | 285,477        | 287,630      | 285,477        | 287,630      |
| Profit reserves  |      | 603,352        | 603,352      | 603,352        | 603,352      |
| Reserve of retained earnings for investment            |      | 108,987        | 108,987      | 108,987        | 108,987      |
| Statutory reserve - financial asset of concession      |      | 303,504        | 265,037      | 303,504        | 265,037      |
| Additional dividend proposed                           |      | 567,802        | 567,802      | 567,802        | 567,802      |
| Other comprehensive income                             |      | 391,137        | 397,668      | 391,137        | 397,668      |
| Retained earnings                                      |      | 144,564        | -            | 144,564        | -            |
|  |      | 7,198,246      | 7,023,899    | 7,198,246      | 7,023,899    |
| Net equity attributable to noncontrolling shareholders |      | -              | -            | 1,759,818      | 1,774,819    |
| TOTAL SHAREHOLDERS' EQUITY                             |      | 7,198,246      | 7,023,899    | 8,958,064      | 8,798,718    |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY             |      | 8,596,077      | 8,389,811    | 32,579,944     | 31,042,796   |

The accompanying notes are an integral part of these interim financial information.

**CPFL ENERGIA S.A.**  
**Statement of income for the periods ended on March 31, 2014 and 2013**  
(in thousands of Brazilian reais, except for Earnings per share)

| STATEMENT OF INCOME   | Note      | Parent company      |                     | Consolidated        |                     |
|---|-----------|---------------------|---------------------|---------------------|---------------------|
|   |           | 1st Quarter<br>2014 | 1st Quarter<br>2013 | 1st Quarter<br>2014 | 1st Quarter<br>2013 |
| <b>NET OPERATING REVENUE</b>  | <b>25</b> | -                   | 31                  | 3,927,309           | 3,715,427           |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>                               |           |                     |                     |                     |                     |
| Cost of electric energy   | 26        | -                   | -                   | (2,552,244)         | (1,901,112)         |
| Operating cost  | 27        | -                   | -                   | (391,850)           | (381,931)           |
| Services rendered to third parties                                    | 27        | -                   | -                   | (189,377)           | (259,793)           |
| <b>GROSS OPERATING INCOME</b>   |           | -                   | 31                  | 793,839             | 1,172,590           |
| <b>Operating expenses</b>   | <b>27</b> |                     |                     |                     |                     |
| Sales expenses  |           | -                   | -                   | (101,322)           | (102,720)           |
| General and administrative expenses                                   |           | (5,945)             | (4,911)             | (163,078)           | (193,967)           |
| Other operating expense   |           | -                   | -                   | (92,106)            | (88,090)            |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b>                            |           | (5,945)             | (4,881)             | 437,333             | 787,812             |
| <b>INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES</b>        | <b>11</b> | 186,470             | 411,844             | 71,075              | 6,256               |
| <b>FINANCIAL INCOME (EXPENSE)</b>                                     | <b>28</b> |                     |                     |                     |                     |
| Income  |           | 24,367              | 3,865               | 228,686             | 155,463             |
| Expense   |           | (33,206)            | (5,508)             | (451,592)           | (299,111)           |
|   |           | (8,839)             | (1,644)             | (222,905)           | (143,648)           |
| <b>INCOME BEFORE TAXES</b>  |           | 171,686             | 405,320             | 285,503             | 650,420             |
| Social contribution   | 8         | 1,690               | 60                  | (30,429)            | (66,346)            |
| Income tax  | 8         | 3,120               | 207                 | (80,672)            | (178,772)           |
|   |           | 4,810               | 267                 | (111,101)           | (245,118)           |
| <b>NET INCOME</b>   |           | 176,496             | 405,587             | 174,401             | 405,302             |
| Net income attributable to controlling shareholders                   |           |                     |                     | 176,496             | 405,587             |
| Net income attributable to noncontrolling shareholders                |           |                     |                     | (2,094)             | (285)               |
| Earnings per share attributable to controlling shareholders - basic   | 24        | 0.18                | 0.42                | 0.18                | 0.42                |
| Earnings per share attributable to controlling shareholders - diluted | 24        | 0.18                | 0.42                | 0.18                | 0.42                |

The accompanying notes are an integral part of these interim financial information.



**CPFL Energia S.A.**  
**Statement of comprehensive income for the periods ended March 31, 2104 and 2013**  
(In thousands of Brazilian reais – R\$)

|  | <b>Parent company</b>   |                         |
|--|-------------------------|-------------------------|
|  | <b>1st Quarter 2014</b> | <b>1st Quarter 2013</b> |
| <b>Net income</b>  | <b>176,496</b>          | <b>405,587</b>          |
| <b>Other comprehensive income:</b>   |                         |                         |
| <b>Items that will not be reclassified subsequently to profit or loss:</b> |                         |                         |
| Equity on comprehensive income of subsidiaries                             | 4                       | -                       |
| <b>Comprehensive income of the period</b>                                  | <b>176,500</b>          | <b>405,587</b>          |
|  |                         |                         |
|  | <b>Consolidated</b>     |                         |
|  | <b>1st Quarter 2014</b> | <b>1st Quarter 2013</b> |
| <b>Net income</b>  | <b>174,401</b>          | <b>405,302</b>          |
| <b>Other comprehensive income:</b>   |                         |                         |
| <b>Items that will not be reclassified subsequently to profit or loss:</b> |                         |                         |
| - Actuarial gain/(loss)  | 4                       | -                       |
| <b>Comprehensive income of the period</b>                                  | <b>174,405</b>          | <b>405,302</b>          |
| Comprehensive income attributable to controlling shareholders              | 176,500                 | 405,587                 |
| Comprehensive income attributable to non controlling shareholders          | (2,094)                 | (285)                   |

The accompanying notes are an integral part of these interim financial information.

CPFL Energia S.A. and subsidiaries  
Statement of changes in shareholders' equity for the period ended in March 31, 2014  
(in thousands of Brazilian Reals)

|   | Profit reserves |                  |               |                                  |   |          | Other comprehensive income |                                    |                   | Net equity attributable to noncontrolling shareholders |                            |              |                            |
|---|-----------------|------------------|---------------|----------------------------------|---|----------|----------------------------|------------------------------------|-------------------|--|----------------------------|--------------|----------------------------|
|   | Capital         | Capital reserves | Legal reserve | Earnings retained for investment | Statutory reserve financial asset of concession | Dividend | Deemed Cost                | Post-employment benefit obligation | Retained earnings | Total  | Other comprehensive income | Other equity | Total Shareholders' equity |
|   |                 |                  |               |                                  |   |          |                            |                                    |                   |  |                            |              |                            |
| Balance at December 31, 2013                                    | 4,793,424       | 287,630          | 603,352       | 108,987                          | 265,037   | 567,802  | 509,665                    | (111,999)                          | -                 | 7,023,899  | 18,490                     | 1,756,328    | 8,798,718                  |
| <b>Total comprehensive income</b>                               |                 |                  |               |                                  |   |          |                            |                                    |                   |  |                            |              |                            |
| Net income for the period                                       | -               | -                | -             | -                                | -   | -        | -                          | -                                  | 176,496           | 176,496  | -                          | (2,094)      | 174,401                    |
| Other comprehensive income - actuarial gain                     | -               | -                | -             | -                                | -   | -        | -                          | 4                                  | -                 | 4  | -                          | -            | 4                          |
| <b>Internal changes of shareholders'equity</b>                  |                 |                  |               |                                  |   |          |                            |                                    |                   |  |                            |              |                            |
| - Realization of deemed cost of fixed assets                    | -               | -                | -             | -                                | -   | -        | (9,902)                    | -                                  | 9,902             | -  | 188                        | (188)        | -                          |
| - Tax on deemed cost realization                                | -               | -                | -             | -                                | -   | -        | 3,367                      | -                                  | (3,367)           | -  | (64)                       | 64           | -                          |
| - Statutory reserve for the period                              | -               | -                | -             | -                                | 38,467  | -        | -                          | -                                  | (38,467)          | -  | -                          | -            | -                          |
| - Other changes in non-controlling shareholders                 | -               | -                | -             | -                                | -   | -        | -                          | -                                  | -                 | -  | -                          | (66)         | (66)                       |
| <b>Capital transactions with the shareholders</b>               |                 |                  |               |                                  |   |          |                            |                                    |                   |  |                            |              |                            |
| - Additional dividend approved                                  | -               | -                | -             | -                                | -   | -        | -                          | -                                  | -                 | -  | -                          | (11,900)     | (11,900)                   |
| - Redemption of capital reserve of non-controlling shareholders | -               | -                | -             | -                                | -   | -        | -                          | -                                  | -                 | -  | -                          | (1,316)      | (1,316)                    |
| - Loss in equity interest                                       | -               | (1,960)          | -             | -                                | -   | -        | -                          | -                                  | -                 | (1,960)  | -                          | 510          | (1,450)                    |
| - IPO of CPFL Renováveis  | -               | (193)            | -             | -                                | -   | -        | -                          | -                                  | -                 | (193)  | -                          | (134)        | (326)                      |
| Balance at March 31, 2014                                       | 4,793,424       | 285,477          | 603,352       | 108,987                          | 303,504   | 567,802  | 503,130                    | (111,995)                          | 144,564           | 7,198,246  | 18,614                     | 1,741,203    | 8,958,064                  |

CPFL Energia S.A. and subsidiaries  
Statement of changes in shareholders' equity for the period ended in March 31, 2013  
(in thousands of Brazilian Reals)

|   |                 |                  |               |                                  |          | Other comprehensive income         |                   | Net equity attributable to noncontrolling shareholders |                            |              |                            |           |
|---|-----------------|------------------|---------------|----------------------------------|----------|------------------------------------|-------------------|--|----------------------------|--------------|----------------------------|-----------|
|   | Profit reserves |                  |               |                                  |          | Post-employment benefit obligation |                   | Total  | Other comprehensive income | Other equity | Total Shareholders' equity |           |
|   | Capital         | Capital reserves | Legal reserve | Earnings retained for investment | Dividend | Deemed Cost                        | Retained earnings |  |                            |              |                            |           |
| Balance at December 31, 2012                    | 4,793,424       | 228,322          | 556,481       | 326,899                          | 455,906  | 535,627                            | (572,225)         | 56,293   | 6,380,728                  | 19,741       | 1,490,660                  | 7,891,129 |
| Total comprehensive income                      |                 |                  |               |                                  |          |                                    |                   |  |                            |              |                            |           |
| Net income for the period                       | -               | -                | -             | -                                | -        | -                                  | -                 | 405,587  | 405,587                    | -            | (285)                      | 405,302   |
| Internal changes of shareholders'equity         |                 |                  |               |                                  |          |                                    |                   |  |                            |              |                            |           |
| - Realization of deemed cost of fixed assets    | -               | -                | -             | -                                | -        | (8,904)                            | -                 | 8,904  | -                          | 430          | (430)                      | -         |
| - Tax on deemed cost realization                | -               | -                | -             | -                                | -        | 3,027                              | -                 | (3,027)  | -                          | (146)        | 146                        | -         |
| - Other changes in non-controlling shareholders | -               | -                | -             | -                                | -        | -                                  | -                 | -  | -                          | -            | 165                        | 165       |
| Capital transactions with the shareholders      |                 |                  |               |                                  |          |                                    |                   |  |                            |              |                            |           |
| - Additional dividend approved                  | -               | -                | -             | -                                | -        | -                                  | -                 | -  | -                          | -            | (7,350)                    | (7,350)   |
| Balance at March 31, 2013                       | 4,793,424       | 228,322          | 556,481       | 326,899                          | 455,906  | 529,750                            | (572,225)         | 467,757  | 6,786,315                  | 20,025       | 1,482,907                  | 8,289,247 |

The accompanying notes are an integral part of these interim financial information.

**CPFL Energia S/A**  
**Statement of cash flow for the periods ended on March 31, 2014 and 2013**  
(In thousands of Brazilian reais – R\$)

|   | Parent company   |                 | Consolidated     |                  |
|---|------------------|-----------------|------------------|------------------|
|   | March 31, 2014   | March 31, 2013  | March 31, 2014   | March 31, 2013   |
| <b>OPERATING CASH FLOW</b>  |                  |                 |                  |                  |
| Income, before income tax and social contribution                       | 171,686          | 405,320         | 285,503          | 650,420          |
| ADJUSTMENT TO RECONCILE INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES |                  |                 |                  |                  |
| Depreciation and amortization   | 43               | 18              | 278,599          | 260,898          |
| Reserve for tax, civil and labor risks                                  | 11               | -               | 33,509           | 35,162           |
| Allowance for doubtful accounts   | -                | -               | 22,726           | 24,731           |
| Interest and monetary adjustment  | 32,831           | 4,015           | 328,484          | 223,169          |
| Post-employment benefit loss  | -                | -               | 12,041           | 20,530           |
| Interest in subsidiaries, associates and joint ventures                 | (186,470)        | (411,844)       | (71,075)         | (6,256)          |
| Losses on the write-off of noncurrent assets                            | -                | -               | 13,211           | 5,990            |
| Deferred taxes (PIS and COFINS)   | -                | -               | (17,349)         | 18,806           |
| Other   | -                | -               | 116              | 2,926            |
|   | 18,101           | (2,491)         | 885,765          | 1,236,376        |
| <b>DECREASE (INCREASE) IN OPERATING ASSETS</b>                          |                  |                 |                  |                  |
| Consumers, concessionaires and licensees                                | -                | -               | (225,313)        | 178,958          |
| Recoverable taxes   | (62)             | (181)           | 23,243           | 23,580           |
| Lease   | -                | -               | (2,788)          | 610              |
| Escrow deposits   | -                | (7)             | 20,065           | 40,384           |
| Resources provided by the Energy Development Account - CDE              | -                | -               | (1,094,756)      | (812,715)        |
| Other operating assets  | 816              | 490             | (52,882)         | (48,015)         |
| <b>INCREASE (DECREASE) IN OPERATING LIABILITIES</b>                     |                  |                 |                  |                  |
| Suppliers   | 547              | (111)           | 555,423          | 157,013          |
| Other taxes and social contributions                                    | 483              | (39)            | 118,562          | (20,969)         |
| Other liabilities with post-employment benefit obligation               | -                | -               | (33,088)         | (18,875)         |
| Regulatory charges  | -                | -               | 11,818           | (69,184)         |
| Reserve for tax, civil and labor risks paid                             | (11)             | -               | (38,602)         | (18,951)         |
| Advance from Eletrobrás - Resources provided by the CDE                 | -                | -               | (5,640)          | -                |
| Other operating liabilities   | (2,207)          | 859             | 30,644           | 1,773            |
| <b>CASH FLOWS PROVIDED (USED IN) BY OPERATIONS</b>                      | <b>17,667</b>    | <b>(1,480)</b>  | <b>192,451</b>   | <b>649,985</b>   |
| Interests paid  | -                | (10,768)        | (283,477)        | (185,441)        |
| Income tax and social contribution paid                                 | -                | -               | (178,246)        | (233,812)        |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>                     | <b>17,667</b>    | <b>(12,248)</b> | <b>(269,272)</b> | <b>230,732</b>   |
| <b>INVESTING ACTIVITIES</b>   |                  |                 |                  |                  |
| Acquisition of subsidiaries net of cash acquired                        | -                | -               | (67,830)         | -                |
| Capital increase in investments   | -                | (1)             | (45,444)         | -                |
| Additions to property, plant and equipment                              | -                | -               | (68,199)         | (297,550)        |
| Financial investments, pledges, funds and tied deposits                 | -                | 4,710           | 16,094           | 67,048           |
| Additions to intangible assets  | -                | (1)             | (171,558)        | (234,173)        |
| Sale of noncurrent assets   | -                | -               | 5,242            | -                |
| Advance for future capital increase                                     | (13,058)         | -               | -                | -                |
| Loans to subsidiaries, associates and joint ventures                    | 6,884            | (36,728)        | (2,179)          | (42,784)         |
| <b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>                       | <b>(6,174)</b>   | <b>(32,020)</b> | <b>(333,874)</b> | <b>(507,459)</b> |
| <b>FINANCING ACTIVITIES</b>   |                  |                 |                  |                  |
| Capital increase by noncontrolling shareholders                         | -                | -               | 551              | -                |
| Loans, financing and debentures obtained                                | -                | -               | 1,246,746        | 1,255,764        |
| Loans, financing and debentures, net of derivatives paid                | -                | 223             | (595,811)        | (634,617)        |
| Dividend and interest on shareholders' equity paid                      | (106)            | (92)            | (12,006)         | (7,442)          |
| <b>NET CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>         | <b>(106)</b>     | <b>131</b>      | <b>639,480</b>   | <b>613,705</b>   |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                 | <b>11,387</b>    | <b>(44,137)</b> | <b>36,334</b>    | <b>336,978</b>   |
| <b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>                     | <b>990,672</b>   | <b>141,835</b>  | <b>4,206,422</b> | <b>2,435,034</b> |
| <b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>                     | <b>1,002,059</b> | <b>97,698</b>   | <b>4,242,756</b> | <b>2,772,012</b> |

The accompanying notes are an integral part of these interim financial information.

**CPFL Energia S.A.**  
**Added value statements of income for the periods ended on March 31, 2014 and 2013**  
(in thousands of Brazilian Reais)

|  | Parent company      |                     | Consolidated        |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 1st Quarter<br>2014 | 1st Quarter<br>2013 | 1st Quarter<br>2014 | 1st Quarter<br>2013 |
| <b>1. Revenues</b>   | -                   | <b>34</b>           | <b>5,277,856</b>    | <b>5,254,132</b>    |
| 1.1 Operating revenues   | -                   | 34                  | 5,027,052           | 4,713,359           |
| 1.2 Revenue related to the construction of own assets              | -                   | -                   | 84,760              | 306,876             |
| 1.3 Revenue from construction of concession infrastructure         | -                   | -                   | 188,770             | 258,629             |
| 1.4 Allowance of doubtful accounts                                 | -                   | -                   | (22,726)            | (24,731)            |
| <b>2. (-) Inputs</b>   | <b>(1,966)</b>      | <b>(1,835)</b>      | <b>(3,333,027)</b>  | <b>(2,937,086)</b>  |
| 2.1 Electricity purchased for resale                               | -                   | -                   | (2,835,331)         | (2,113,156)         |
| 2.2 Material   | (3)                 | (2)                 | (178,183)           | (399,185)           |
| 2.3 Outsourced services  | (1,663)             | (1,032)             | (217,491)           | (281,256)           |
| 2.4 Other  | (300)               | (800)               | (102,022)           | (143,489)           |
| <b>3. Gross added value (1 + 2)</b>                                | <b>(1,966)</b>      | <b>(1,801)</b>      | <b>1,944,828</b>    | <b>2,317,046</b>    |
| <b>4. Retentions</b>   | <b>(43)</b>         | <b>(18)</b>         | <b>(278,599)</b>    | <b>(261,465)</b>    |
| 4.1 Depreciation and amortization                                  | (43)                | (18)                | (206,955)           | (186,973)           |
| 4.2 Amortization of intangible assets                              | -                   | -                   | (71,644)            | (74,492)            |
| <b>5. Net added value generated (3 + 4)</b>                        | <b>(2,009)</b>      | <b>(1,819)</b>      | <b>1,666,229</b>    | <b>2,055,581</b>    |
| <b>6. Added value received in transfer</b>                         | <b>210,837</b>      | <b>415,709</b>      | <b>300,996</b>      | <b>163,640</b>      |
| 6.1 Financial Income   | 24,367              | 3,865               | 229,921             | 157,384             |
| 6.2 Interest in subsidiaries, associates and joint ventures        | 186,470             | 411,844             | 71,075              | 6,256               |
| <b>7. Added value to be distributed (5 + 6)</b>                    | <b>208,828</b>      | <b>413,890</b>      | <b>1,967,226</b>    | <b>2,219,221</b>    |
| <b>8. Distribution of added value</b>                              |                     |                     |                     |                     |
| <b>8.1 Personnel and charges</b>                                   | <b>3,218</b>        | <b>2,584</b>        | <b>189,194</b>      | <b>189,173</b>      |
| 8.1.1 Direct remuneration  | 1,704               | 1,393               | 116,080             | 111,781             |
| 8.1.2 Benefits   | 1,294               | 1,068               | 63,060              | 67,219              |
| 8.1.3 Government severance indemnity fund for employees - F.G.T.S. | 221                 | 123                 | 10,054              | 10,174              |
| <b>8.2 Taxes, fees and contributions</b>                           | <b>(4,127)</b>      | <b>181</b>          | <b>1,133,990</b>    | <b>1,304,465</b>    |
| 8.2.1 Federal  | (4,152)             | 181                 | 370,570             | 557,822             |
| 8.2.2 Estate   | 24                  | -                   | 760,354             | 744,039             |
| 8.2.3 Municipal  | -                   | -                   | 3,065               | 2,604               |
| <b>8.3 Interest and rentals</b>                                    | <b>33,241</b>       | <b>5,539</b>        | <b>469,641</b>      | <b>320,281</b>      |
| 8.3.1 Interest   | 33,206              | 5,508               | 454,209             | 308,982             |
| 8.3.2 Rental   | 35                  | 31                  | 11,609              | 11,300              |
| 8.3.3 Other  | -                   | -                   | 3,824               | -                   |
| <b>8.4 Interest on capital</b>                                     | <b>176,496</b>      | <b>405,587</b>      | <b>174,401</b>      | <b>405,302</b>      |
| 8.4.1 Retained earnings  | 176,496             | 405,587             | 174,401             | 405,302             |
|  | <b>208,828</b>      | <b>413,890</b>      | <b>1,967,226</b>    | <b>2,219,221</b>    |

The accompanying notes are an integral part of these interim financial information.

**(1) OPERATIONS**

CPFL Energia S.A. ("CPFL Energia" or "Company") is a publicly quoted corporation incorporated for the principal purpose of acting as a holding company, participating in the capital of other companies primarily dedicated to electric energy distribution, generation and sales activities in Brazil.

The Company's headquarters are located at Rua Gomes de Carvalho, 1510 - 14º floor - Room 142 - Vila Olímpia - São Paulo - SP - Brasil.

The Company has direct and indirect interests in the following operational subsidiaries (information on the concession area, number of consumers, energy production capacity and associated data not reviewed by the independent auditors):

| Energy distribution   | Company Type                | Equity Interest | Location (State)                       | Number of municipalities | Approximate number of consumers (in thousands) | Concession term | End of the concession |
|---|-----------------------------|-----------------|--|--------------------------|--|-----------------|-----------------------|
| Companhia Paulista de Força e Luz ("CPFL Paulista")         | Publicly-quoted corporation | Direct 100%     | Interior of São Paulo                  | 234                      | 4,035  | 30 years        | November 2027         |
| Companhia Piratininga de Força e Luz ("CPFL Piratininga")   | Publicly-quoted corporation | Direct 100%     | Interior of São Paulo                  | 27                       | 1,584  | 30 years        | October 2028          |
| Rio Grande Energia S.A. ("RGE")                             | Publicly-quoted corporation | Direct 100%     | Interior of Rio Grande do Sul          | 255                      | 1,408  | 30 years        | November 2027         |
| Companhia Luz e Força Santa Cruz ("CPFL Santa Cruz")        | Private corporation         | Direct 100%     | Interior of São Paulo and Paraná       | 27                       | 198  | 16 years        | July 2015             |
| Companhia Leste Paulista de Energia ("CPFL Leste Paulista") | Private corporation         | Direct 100%     | Interior of São Paulo                  | 7                        | 55   | 16 years        | July 2015             |
| Companhia Jaguarí de Energia ("CPFL Jaguarí")               | Private corporation         | Direct 100%     | Interior of São Paulo                  | 2                        | 37   | 16 years        | July 2015             |
| Companhia Sul Paulista de Energia ("CPFL Sul Paulista")     | Private corporation         | Direct 100%     | Interior of São Paulo                  | 5                        | 80   | 16 years        | July 2015             |
| Companhia Luz e Força de Mococa ("CPFL Mococa")             | Private corporation         | Direct 100%     | Interior of São Paulo and Minas Gerais | 4                        | 44   | 16 years        | July 2015             |

| Energy generation (conventional and renewable sources)   | Company Type                | Equity Interest     | Location (State)                     | Number of plants / type of energy       | Installed power (MW) |                    |
|--|-----------------------------|---------------------|--------------------------------------|---|----------------------|--------------------|
|  |                             |                     |                                      |   | Total                | CPFL participation |
| CPFL Geração de Energia S.A. ("CPFL Geração")            | Publicly-quoted corporation | Direct 100%         | São Paulo, Goiás and Minas Gerais    | 1 Hydroelectric, 2 SHPs (*) e 1 Thermal | 694                  | 694                |
| CERAN - Companhia Energética Rio das Antas ("CERAN")     | Private corporation         | Indirect 65%        | Rio Grande do Sul                    | 3 Hydroelectric                         | 360                  | 234                |
| Foz do Chapecó Energia S.A. ("Foz do Chapecó")           | Private corporation         | Indirect 51%        | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                         | 855                  | 436                |
| Campos Novos Energia S.A. ("ENERCAN")                    | Private corporation         | Indirect 48,72%     | Santa Catarina                       | 1 Hydroelectric                         | 880                  | 429                |
| BAESA - Energética Barra Grande S.A. ("BAESA")           | Publicly-quoted corporation | Indirect 25,01%     | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                         | 690                  | 173                |
| Centrais Elétricas da Paraíba S.A. ("EPASA")             | Private corporation         | Indirect 57,13%     | Paraíba                              | 2 Thermals                              | 342                  | 195                |
| Paulista Lajeado Energia S.A. ("Paulista Lajeado")       | Private corporation         | Indirect 59,93% (b) | Tocantins                            | 1 Hydroelectric                         | 903                  | 63                 |
| CPFL Energias Renováveis S.A. ("CPFL Renováveis")        | Publicly-quoted corporation | Indirect 58,84%     | (c)                                  | (c)                                     | (c)                  | (c)                |
| CPFL Centrais Geradoras Ltda ("CPFL Centrais Geradoras") | Limited company             | Direct 100%         | São Paulo                            | 9 SHPs                                  | 24                   | 24                 |

| Commercialization of energy  | Company Type        | Core activity                                      | Equity Interest |
|--|---------------------|--|-----------------|
| CPFL Comercialização Brasil S.A. ("CPFL Brasil")                                 | Private corporation | Energy commercialization                           | Direct 100%     |
| Clion Assessoria e Comercialização de Energia Elétrica Ltda. ("CPFL Meridional") | Limited company     | Commercialization and provision of energy services | Indirect 100%   |
| CPFL Comercialização Cone Sul S.A. ("CPFL Cone Sul")                             | Private corporation | Energy commercialization                           | Indirect 100%   |
| CPFL Planalto Ltda. ("CPFL Planalto")  | Limited company     | Energy commercialization                           | Direct 100%     |

| Services   | Company Type        | Core activity  | Equity Interest    |
|--|---------------------|--|--------------------|
| CPFL Serviços, Equipamentos, Indústria e Comércio S.A. ("CPFL Serviços") | Private corporation | Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision | Direct<br>100%     |
| NECT Serviços Administrativos Ltda ("Nect")                              | Limited company     | Provision of administrative services   | Direct<br>100%     |
| CPFL Atende Centro de Contatos e Atendimento Ltda. ("CPFL Atende")       | Limited company     | Provision of telephone answering services  | Direct<br>100%     |
| CPFL Total Serviços Administrativos Ltda. ("CPFL Total")                 | Limited company     | Billing and collection services  | Direct<br>100%     |
| CPFL Telecom S.A. ("CPFL Telecom")                                       | Private corporation | Telecommunication services   | Direct<br>100%     |
| CPFL Transmissão Piracicaba S.A. ("CPFL Transmissão")                    | Private corporation | Energy transmission  | Indirect<br>100%   |
| Other  | Company Type        | Core activity  | Equity Interest    |
| CPFL Jaguariúna Participações Ltda ("CPFL Jaguariuna")                   | Limited company     | Venture capital company  | Direct<br>100%     |
| CPFL Jaguari de Geração de Energia Ltda ("Jaguari Geração")              | Limited company     | Venture capital company  | Direct<br>100%     |
| Chapecoense Geração S.A. ("Chapecoense") (d)                             | Private corporation | Venture capital company  | Indirect<br>51%    |
| Sul Geradora Participações S.A. ("Sul Geradora")                         | Private corporation | Venture capital company  | Indirect<br>99.95% |
| CPFL Participações S.A. ("CPFL Participação")                            | Private corporation | Venture capital company  | Direct<br>100%     |

(a) SHP – Small Hydropower Plant

(b) Paulista Lajeado has a 7% participation in the installed power of Investco S.A.(5.93% interest in its capital).

(c) CPFL Renováveis has operations in São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná and Rio Grande do Sul states and its main activities are: (i) holding investments in renewable generation sources; (ii) identification, development, and exploration of generation potential sources; and (iii) commercialization of electric energy. At March 31, 2014, CPFL Renováveis had a portfolio of 2,371.0MW of installed capacity (1,414.4 operational), as follows:

- Hydropower generation: 40 SHP's (420.0 MW) being 35 SHP's operational (326.6 MW) and 5 SHP's under preparation (93.4 MW);
- Wind power generation: 54 projects (1,579.9 MW) being 22 projects operational (716.7 MW) and 32 projects under construction/preparation (863.2 MW);
- Biomass power generation: 8 plants operations (370.0 MW);
- Solar energy generation: 1 solar plant operational (1 MW)

(d) The joint venture Chapecoense fully consolidates the financial statements of its direct subsidiary, Foz de Chapecó.

In relation to the concessions that close in 2015, on 26 June, 2012, the subsidiaries concerned requested extension of the concession contracts due to end in 2015, under the present conditions, reserving the right to review the request in the event of changes in the current contractual conditions. The subsidiaries confirmed the request for extension on October 10, 2012. To the date of approval of these financial statements, Management is not aware of the terms of the renewal. On January 17, 2014, in Official Circular 01/2014-DR/ANEEL, ANEEL advised the distributors that it is analyzing the applications for extension of the concessions. The Granting Power has the final decision on approval of these requests.

**( 2 ) PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS**

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**2.1 Basis of preparation**

The individual (Parent Company) interim financial statements prepared in accordance with generally accepted accounting principles in Brazil, based on the guidelines provided by the Brazilian Committee on Accounting Pronouncements (Comitê de Pronunciamentos Contábeis - CPC) in particular, CPC 21(R1) – Interim Financial Statements and diverge from of the Separate Interim Financial Statements which, under International Financial Reporting Standards – IFRS, must account for investments in subsidiaries, associates, and joint ventures at cost or fair value.

The consolidated financial statements were prepared in accordance with the Accounting Policies Adopted in Brazil and with the IFRS, issued by the International Accounting Standard Board – IASB were prepared and are presented in accordance with CPC 21(R1) and IAS 34.

The Company also follows the guidelines of the Accounting Manual of the Brazilian Electricity Sector and the standards laid down by the National Electric Energy Agency (Agência Nacional de Energia Elétrica – ANEEL), when these are not in conflict with the accounting policies adopted in Brazil and/or IFRS.

The accounting policies adopted in preparing these Interim Financial Statements are consistent with those adopted in December 31, 2013, and should be read together with those statements.

The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2014.

**2.2 Basis of measurement**

The interim financial statements have been prepared on the historic cost basis except for the following material items recorded in the balance sheets: i) derivative financial instruments measured at fair value, ii) financial instruments measured at fair value through profit or loss, iii) available-for-sale financial assets measured at fair value.

**2.3 Use of estimates and judgments**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

By definition, the accounting estimates are rarely the same as the actual results. Accordingly, Company Management reviews the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Information about assumptions and estimate that are subject to a greater degree of uncertainty and involve the risk of resulting in a material adjustment if these assumptions and estimates suffer significant changes in subsequent periods is included in the following accounts:

- Note 6 – Consumers, concessionaire and licensees;
- Note 8 – Deferred tax credits and debits;
- Note 9 – Financial asset of concession;

- Note 10 – Other Credits (Allowance for doubtful accounts);
- Note 12 – Property, plant and equipment and recognition of impairment losses;
- Note 13 – Intangible assets and recognition of impairment losses;
- Note 17 – Post-employment Benefit Obligation;
- Note 20 – Reserve for tax, civil and labor risks and escrow deposits;
- Note 22 – Other accounts payable - Provision to environmental costs;
- Note 25 – Net operating revenues;
- Note 26 – Cost of electric energy;
- Note 32 – Financial instruments;
- Leasing.

#### **2.4 Functional currency and presentation currency**

The Company's functional currency is the Brazilian Real, and the individual and consolidated financial statements are presented in thousands of reais. Figures are rounded only after addition of the amounts. Consequently, when added, the amounts shown in thousands of reais may not tally with the rounded totals.

#### **2.5 Basis of consolidation:**

##### **(i) Business combinations**

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the recognized amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

##### **(ii) Subsidiaries**

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Associates and joint ventures are accounted for using the equity method of accounting from the moment significant influence or joint control, respectively, is established.

The accounting policies of subsidiaries, associates and joint ventures taken into consideration for consolidation and/or equity method of accounting, as applicable, are aligned with the Company's accounting policies.

Subsidiaries and joint ventures, as well associates, are accounted by equity method in the parent company interim financial statements. Joint ventures and associates are accounted by equity method in the consolidated financial statements.

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. The balances and transactions of assets, liabilities, income and expenses have been fully consolidated with the balances and transactions of assets, liabilities, income and expenses of owned subsidiaries. Prior to consolidation in the Company's financial statements, the financial statements of the subsidiaries CPFL Geração, CPFL Brasil, CPFL Jaguarí Geração and CPFL Renováveis are fully consolidated with those of their subsidiaries.

Intra-group balances and transactions, and any income and expenses derived from these transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investees are eliminated to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.



In the case of subsidiaries, the portion relating to non-controlling shareholders is stated in equity and stated in profit or loss and comprehensive income in each period presented.

Balances of joint ventures, as well our interest in each of them are described in note 11.

(iii) Acquisition of non-controlling interest

Acquisition of non-controlling interest is accounted for as transaction between equity holders and therefore no goodwill is recognized as a result of transaction.

## 2.6 Segment information

An operating segment is a component of the Company (i) that engages in operating activities from which it may earn revenues and incur expenses, (ii) whose operating results are regularly reviewed by Management to make decisions about resources to be allocated and assess the segment's performance, and (iii) for which discrete financial information is available.

Company Management bases strategic decisions on reports, segmenting the business: (i) electric energy distribution activities; (ii) electric energy generation activities from conventional sources; (iii) electric energy generation activities from renewable sources; (iv) energy commercialization; (v) service activities; and (vi) other activities not listed in the previous items.

Presentation of the operating segments includes items directly attributable to them, such as allocations required, including intangible assets.

## 2.7 Information on corporate interests

The interests directly or indirectly held by the Company in the subsidiaries and jointly-controlled entities are described in Note 1. Except for the (i) companies ENERCAN, BAESA, Chapecoense and EPASA which as from January 1, 2013 are accounted for using the equity method (note 3) of accounting and not consolidated proportionally and are accounted for using the equity method of accounting, and (ii) the investment in Investco S.A. recorded at cost by the subsidiary Paulista Lajeado, the other units are fully consolidated.

At March 31, 2014 and December 31, 2013, and for the quarters ended in March 31, 2013 and 2014, the non-controlling interests stated in the interim or annual consolidated statements refer to the third-party interests in the subsidiaries CERAN, Paulista Lajeado and CPFL Renováveis.

## 2.8 Value added statements

The Company prepared individual and consolidated value added statements ("DVA") in conformity with technical pronouncement CPC 09 - Value Added Statement, and these are presented as an integral part of the financial statements in accordance with generally accepted accounting principles in Brazil and as complementary information to the financial statements in accordance with IFRS, as the statement is neither provided for nor mandatory in accordance with IFRS.

## ( 3 ) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Company and its subsidiaries were prepared based on the same accounting policies as described in Notes 3.1 to 3.17, disclosed in the financial statements for the year ended December 31, 2013.

**( 4 ) DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accordingly, the Company measures fair value in accordance with IFRS 13/CPC 46, which define fair value as an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions.

- Property, plant and equipment and intangible assets

The fair value of property, plant and equipment and intangible assets recognized as a result of a business combination is based on market values. The fair value is the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing parties under normal market conditions. The fair value of items of property, plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The fair values of intangible assets are calculated using quoted prices in an active market. Where there is no active market, the fair value is what the Company would have paid for the intangible assets, on the acquisition date, in an arm's length transaction between knowledgeable, willing parties based on the best information available.

- Financial instruments

Financial instruments measured at fair values were valued based on quoted prices in an active market, or, if such prices were not available, assessed using pricing models, applied individually for each transaction, taking into consideration the future payment flows, based on the conditions contracted, discounted to present value at market interest rate curves, based on information obtained from the site of "BM&FBovespa S.A" and "Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA" (note 32).

Financial assets classified as available-for-sale refer to the right to compensation, to be paid by the Federal Government regarding the assets of the distribution concessionaires when the concession contract is over. The methodology adopted for marking these assets to market is based on the tariff review process for distributors. This review, conducted every four or five years according to each concessionaire, involves assessing the replacement price for the distribution infrastructure, in accordance with criteria established by the regulatory body ("ANEEL"). This valuation basis is used for pricing the tariff, which is increased annually up to the next tariff review, based on the parameter of the main inflation indices.

Provisional Measure n. 579 of September 11, 2012, converted into Law 12.783 of January 11, 2013, established that, for concession contracts that expire by 2017, calculation of the amount of compensation due on reversal of the assets will be based on the replacement value method, according to regulatory criteria to be established the granting authority. In the case of concessions terms that expire after 2017, Management believes that, as under Law 12.783/2013, compensation will be based at least on valuation of the assets using the new replacement value model.

Accordingly, at the time of the tariff review, each concessionaire adjusts the position of the financial asset base for compensation at the amounts ratified by the regulatory authority and uses the General Market Price Index - IGP-M as best estimate for adjusting the original base to the fair value at subsequent dates, in conformity with the Tariff Review process.

**( 5 ) CASH AND CASH EQUIVALENTS**

|   | Parent company   |                   | Consolidated     |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | March 31, 2014   | December 31, 2013 | March 31, 2014   | December 31, 2013 |
| Bank balances                             | 488              | 936               | 36,883           | 132,130           |
| Short-term financial investments          | 1,001,572        | 989,737           | 4,205,872        | 4,074,292         |
| Overnight investment (a)                  | -                | -                 | 7,998            | 46,809            |
| Bank deposit certificates (b)             | -                | -                 | 420,539          | 377,556           |
| Repurchase agreements with debentures (b) | -                | -                 | 16,271           | 8,970             |
| Investment funds (c)                      | 1,001,572        | 989,737           | 3,761,064        | 3,640,957         |
| <b>Total</b>                              | <b>1,002,059</b> | <b>990,672</b>    | <b>4,242,756</b> | <b>4,206,422</b>  |

- a) Current account balances, which earn daily interest by investment in repurchase agreements secured on debentures and interest of 20% of the variation in the Interbank Deposit Certificate - CDI.
- b) Short-term investments in Bank Deposit Certificates - CDB and secured debentures conducted with major financial institutions that operate in the Brazilian financial market, with daily liquidity, low credit risk and interest equivalent, on average, to 101% of the CDI.
- c) Amounts invested in an Exclusive Fund, involving investments subject to floating rates tied to the CDI in federal government bonds, CDBs, secured debentures of major financial institutions, with daily liquidity, low credit risk and interest equivalent, on average, to 101% of the CDI.

**( 6 ) CONSUMERS, CONCESSIONAIRES AND LICENSEES**

In the consolidated financial statements, the balance derives mainly from the supply of electric energy. The following table shows the breakdown at March 31, 2014 and December 31, 2013:

|                                 | Consolidated       |                |               |                  |
|---------------------------------|--------------------|----------------|---------------|------------------|
|                                 | Amounts coming due | Past due       |               | Total            |
|                                 |                    | until 90 days  | > 90 days     |                  |
| <b>Current</b>                  |                    |                |               |                  |
| <b>Consumer classes</b>         |                    |                |               |                  |
| Residential                     | 311,308            | 242,668        | 38,438        | 592,414          |
| Industrial                      | 123,722            | 45,717         | 26,056        | 195,495          |
| Commercial                      | 142,765            | 45,711         | 12,195        | 200,671          |
| Rural                           | 30,919             | 6,511          | 1,187         | 38,617           |
| Public administration           | 33,016             | 4,720          | 176           | 37,912           |
| Public lighting                 | 25,191             | 2,720          | 9,364         | 37,275           |
| Public utilities                | 39,321             | 3,518          | 287           | 43,126           |
| <b>Billed</b>                   | <b>706,242</b>     | <b>351,565</b> | <b>87,703</b> | <b>1,145,510</b> |
| Unbilled                        | 631,440            | -              | -             | 631,440          |
| Financing of consumers' debts   | 63,304             | 9,570          | 57,704        | 130,578          |
| Free energy                     | 4,192              | -              | -             | 4,192            |
| CCEE transactions               | 133,379            | -              | -             | 133,379          |
| Concessionaires and licensees   | 261,357            | -              | -             | 261,357          |
| Allowance for doubtful accounts | -                  | -              | (132,304)     | (132,304)        |
| Other                           | 51,015             | -              | -             | 51,015           |
| <b>Total</b>                    | <b>1,850,928</b>   | <b>361,135</b> | <b>13,103</b> | <b>2,225,166</b> |
| <b>Non current</b>              |                    |                |               |                  |
| Financing of consumers' debts   | 111,151            | -              | -             | 111,151          |
| Allowance for doubtful accounts | (8,689)            | -              | -             | (8,689)          |
| CCEE transactions               | 41,301             | -              | -             | 41,301           |
| <b>Total</b>                    | <b>143,763</b>     | <b>-</b>       | <b>-</b>      | <b>143,763</b>   |

**Allowance for doubtful accounts**

Changes in the allowance for doubtful accounts are shown below:

|  | <b>Consolidated</b>                                     |  |                  |
|--|---|--|------------------|
|  | <b>Consumers,<br/>concessionaires<br/>and licensees</b> | <b>Other<br/>Credits<br/>(note 10)</b> | <b>Total</b>     |
| <b>At December 31, 2013</b>                      | <b>(133,247)</b>  | <b>(13,151)</b>                        | <b>(146,398)</b> |
| Allowance for doubtful accounts                  | (31,166)  | 1,053                                  | (30,113)         |
| Recovery of revenue                              | 7,553   | (166)                                  | 7,386            |
| Write-off of accounts receivable and provisioned | 15,867  | 178                                    | 16,045           |
| <b>At March 31, 2014</b>                         | <b>(140,994)</b>  | <b>(12,086)</b>                        | <b>(153,079)</b> |
| Current  | (132,304)   | (12,075)                               | (144,379)        |
| Noncurrent                                       | (8,689)   | (11)                                   | (8,700)          |

**( 7 ) RECOVERABLE TAXES**

|  | <b>Parent company</b> |                              |                       | <b>Consolidated</b>      |
|--|-----------------------|------------------------------|-----------------------|--------------------------|
|  | <b>March 31, 2014</b> | <b>December 31,<br/>2013</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| <b><u>Current</u></b>                              |                       |                              |                       |                          |
| Prepayments of social contribution - CSLL          | 391                   | 393                          | 1,445                 | 3,054                    |
| Prepayments of income tax - IRPJ                   | 1,292                 | 1,301                        | 5,677                 | 5,767                    |
| IRRF on interest on equity                         | 14,091                | 14,091                       | 14,537                | 14,537                   |
| Income tax and social contribution to be offset    | 807                   | 807                          | 15,347                | 14,731                   |
| Withholding tax - IRRF                             | 13,294                | 13,218                       | 91,304                | 106,627                  |
| ICMS to be offset                                  | -                     | -                            | 74,972                | 77,559                   |
| Social Integration Program - PIS                   | -                     | -                            | 6,640                 | 6,783                    |
| Contribution for Social Security financing- COFINS | 42                    | 42                           | 30,141                | 30,123                   |
| National Social Security Institute - INSS          | 1                     | 1                            | 2,120                 | 2,279                    |
| Other  | 20                    | 20                           | 1,563                 | 972                      |
| <b>Total</b>                                       | <b>29,939</b>         | <b>29,874</b>                | <b>243,746</b>        | <b>262,433</b>           |
| <b><u>Noncurrent</u></b>                           |                       |                              |                       |                          |
| Social contribution to be offset - CSLL            | -                     | -                            | 43,900                | 42,848                   |
| Income tax to be offset - IRPJ                     | -                     | -                            | 10,111                | 11,851                   |
| ICMS to be offset                                  | -                     | -                            | 94,786                | 99,777                   |
| Social Integration Program - PIS                   | -                     | -                            | 3,073                 | 3,073                    |
| Contribution for Social Security financing- COFINS | -                     | -                            | 14,116                | 14,116                   |
| Other  | -                     | -                            | 1,698                 | 1,698                    |
| <b>Total</b>                                       | <b>-</b>              | <b>-</b>                     | <b>167,684</b>        | <b>173,362</b>           |

**( 8 ) DEFERRED TAXES****8.1- Breakdown of tax credits and debits:**

|  | <b>Parent company</b> |                          | <b>Consolidated</b>   |                          |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
|  | <b>March 31, 2014</b> | <b>December 31, 2013</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| <b><u>Social contribution credit/(debit)</u></b> |                       |                          |                       |                          |
| Tax losses carryforwards                         | 42,997                | 41,245                   | 50,330                | 47,660                   |
| Tax benefit of merged goodwill                   | -                     | -                        | 118,205               | 121,820                  |
| Deductible temporary differences                 | 532                   | 511                      | (174,903)             | (185,861)                |
| <b>Subtotal</b>                                  | <b>43,529</b>         | <b>41,756</b>            | <b>(6,368)</b>        | <b>(16,381)</b>          |
| <b><u>Income tax credit / (debit)</u></b>        |                       |                          |                       |                          |
| Tax losses carryforwards                         | 126,722               | 123,429                  | 146,959               | 141,113                  |
| Tax benefit of merged goodwill                   | -                     | -                        | 404,299               | 416,418                  |
| Deductible temporary differences                 | 674                   | 612                      | (489,048)             | (519,615)                |
| <b>Subtotal</b>                                  | <b>127,395</b>        | <b>124,042</b>           | <b>62,210</b>         | <b>37,917</b>            |
| <b><u>PIS and COFINS credit/(debit)</u></b>      |                       |                          |                       |                          |
| Deductible temporary differences                 | -                     | -                        | 47,374                | 30,025                   |
| <b>Total</b>                                     | <b>170,924</b>        | <b>165,798</b>           | <b>103,215</b>        | <b>51,560</b>            |
| Total tax credit                                 | 170,924               | 165,798                  | 1,219,861             | 1,168,706                |
| Total tax debit                                  | -                     | -                        | (1,116,646)           | (1,117,146)              |

The estimate of recovery of the deferred tax credits recorded in noncurrent assets is based on the projections of future profit or loss, approved by the Board of Directors and reviewed by the Audit Committee, a breakdown of which is provided in the financial statements of December 31, 2013. Deferred tax credits on eventual profit or loss are registered monthly for the companies with positive future profit or loss projections, in order to adequately reflect the effective tax rate on net income.

**8.2 - Tax benefit of merged goodwill:**

Refers to the tax credit calculated on the goodwill derived from the acquisitions of subsidiaries, as shown in the following table, which has been merged and is recognized in accordance with CVM Instructions nº 319/99 and nº 349/01 and ICPC 09(R1) – Individual, Separate and Consolidated Financial Statements and Application of the Equity Method. The benefit is realized in proportion to amortization of the merged goodwill that gave rise to it, in accordance with the projected net income of the subsidiaries during the remaining term of the concession, as shown in Note 13.

|                     | Consolidated        |                |                     |                |
|---------------------|---------------------|----------------|---------------------|----------------|
|                     | March 31, 2014      |                | December 31, 2013   |                |
|                     | Social contribution | Income tax     | Social contribution | Income tax     |
| CPFL Paulista       | 67,158              | 186,551        | 68,938              | 191,495        |
| CPFL Piratininga    | 15,784              | 54,165         | 16,148              | 55,414         |
| RGE                 | 30,631              | 126,498        | 31,342              | 129,436        |
| CPFL Santa Cruz     | 1,535               | 4,827          | 1,757               | 5,525          |
| CPFL Leste Paulista | 801                 | 2,443          | 939                 | 2,863          |
| CPFL Sul Paulista   | 1,191               | 3,722          | 1,386               | 4,332          |
| CPFL Jaguarí        | 696                 | 2,127          | 824                 | 2,516          |
| CPFL Mococa         | 409                 | 1,263          | 485                 | 1,499          |
| CPFL Geração        | -                   | 22,661         | -                   | 23,282         |
| CPFL Serviços       | -                   | 42             | -                   | 57             |
| <b>Total</b>        | <b>118,205</b>      | <b>404,299</b> | <b>121,820</b>      | <b>416,418</b> |

### 8.3 – Accumulated balances on deductible temporary differences:

|  | Consolidated        |                  |               |                     |                  |               |
|--|---------------------|------------------|---------------|---------------------|------------------|---------------|
|  | March 31, 2014      |                  |               | December 31, 2013   |                  |               |
|  | Social contribution | Income tax       | PIS/COFINS    | Social contribution | Income tax       | PIS/COFINS    |
| <b>Deductible temporary differences</b>  |                     |                  |               |                     |                  |               |
| Reserve for tax, civil and labor risks   | 32,920              | 91,445           | -             | 32,746              | 90,959           | -             |
| Private pension fund   | 1,977               | 5,493            | -             | 2,004               | 5,566            | -             |
| Allowance for doubtful accounts  | 13,948              | 38,745           | -             | 13,379              | 37,163           | -             |
| Free energy provision  | 5,602               | 15,564           | -             | 5,429               | 15,081           | -             |
| Research and Development and Energy Efficiency Programs                              | 11,792              | 32,755           | -             | 11,471              | 31,864           | -             |
| Reserves related to personnel  | 4,153               | 11,536           | -             | 3,522               | 9,785            | -             |
| Depreciation rate difference   | 7,267               | 20,186           | -             | 7,212               | 20,033           | -             |
| Recognition of the concession - adjustment of intangible assets (IFRS / CPC)         | (1,742)             | (4,838)          | -             | (1,798)             | (4,995)          | -             |
| Recognition of the concession - financial adjustment (IFRS / CPC)                    | (41,379)            | (114,941)        | (66)          | (36,093)            | (100,258)        | (22)          |
| Reversal of regulatory assets and liabilities (IFRS / CPC)                           | 42,597              | 118,324          | 47,440        | 27,218              | 75,605           | 30,046        |
| Actuarial losses (IFRS/CPC)  | 33,393              | 92,759           | -             | 33,178              | 92,464           | -             |
| Other adjustments changes in practices (IFRS / CPC)                                  | 15,803              | 43,762           | -             | 13,758              | 38,081           | -             |
| Accelerated depreciation   | (12)                | (32)             | -             | (9)                 | (26)             | -             |
| Other  | 4,230               | 8,673            | -             | 4,719               | 9,606            | -             |
| <b>Deductible temporary differences - other comprehensive income:</b>                |                     |                  |               |                     |                  |               |
| Property, plant and equipment - deemed cost adjustments (IFRS/CPC)                   | (64,266)            | (178,515)        | -             | (65,079)            | (180,774)        | -             |
| <b>Deductible temporary differences - Business combination - CPFL Renováveis</b>     |                     |                  |               |                     |                  |               |
| <b>Deferred taxes - asset:</b>   |                     |                  |               |                     |                  |               |
| Fair value of property, plant and equipment (negative value added of assets)         | 26,682              | 74,117           | -             | 27,050              | 75,138           | -             |
| <b>Deferred taxes - liability:</b>   |                     |                  |               |                     |                  |               |
| Value added derived from determination of deemed cost                                | (6,847)             | (19,018)         | -             | (6,970)             | (19,360)         | -             |
| Value added of assets received from the former ERSA                                  | (92,245)            | (256,237)        | -             | (93,120)            | (258,667)        | -             |
| Intangible asset - exploration right/authorization in indirect subsidiaries acquired | (159,192)           | (442,196)        | -             | (155,471)           | (431,863)        | -             |
| Other temporary differences  | (9,587)             | (26,629)         | -             | (9,006)             | (25,016)         | -             |
| <b>Total</b>   | <b>(174,903)</b>    | <b>(489,048)</b> | <b>47,374</b> | <b>(185,861)</b>    | <b>(519,615)</b> | <b>30,025</b> |

## 8.4 - Reconciliation of the amounts of income tax and social contribution reported in the income statements for the quarters ended March 31, 2014 and 2013:

|   | Parent company      |                 |                     |                |
|---|---------------------|-----------------|---------------------|----------------|
|   | 1st quarter 2014    |                 | 1st quarter 2013    |                |
|   | Social contribution | Income tax      | Social contribution | Income tax     |
| <b>Income before taxes</b>                    | <b>171,686</b>      | <b>171,686</b>  | <b>405,320</b>      | <b>405,320</b> |
| <b>Adjustments to reflect effective rate:</b> |                     |                 |                     |                |
| Equity in subsidiaries                        | (186,470)           | (186,470)       | (411,844)           | (411,844)      |
| Amortization of intangible asset acquired     | (6,295)             | -               | (7,009)             | -              |
| Other permanent additions, net                | 2,304               | 2,304           | 1,230               | 1,374          |
| <b>Calculation base</b>                       | <b>(18,775)</b>     | <b>(12,480)</b> | <b>(12,304)</b>     | <b>(5,150)</b> |
| Statutory rate                                | 9%                  | 25%             | 9%                  | 25%            |
| <b>Tax debit result</b>                       | <b>1,690</b>        | <b>3,120</b>    | <b>1,107</b>        | <b>1,288</b>   |
| Tax credit recorded/(not recorded), net       | -                   | -               | (1,047)             | (1,081)        |
| <b>Total</b>                                  | <b>1,690</b>        | <b>3,120</b>    | <b>60</b>           | <b>207</b>     |
| Current                                       | (84)                | (234)           | -                   | -              |
| Deferred                                      | 1,774               | 3,353           | 60                  | 207            |

  

|  | Consolidated        |                 |                     |                  |
|--|---------------------|-----------------|---------------------|------------------|
|  | 1st quarter 2014    |                 | 1st quarter 2013    |                  |
|  | Social contribution | Income tax      | Social contribution | Income tax       |
| <b>Income before taxes</b>                           | <b>285,503</b>      | <b>285,503</b>  | <b>650,420</b>      | <b>650,420</b>   |
| <b>Adjustments to reflect effective rate:</b>        |                     |                 |                     |                  |
| Equity in subsidiaries                               | (71,075)            | (71,075)        | (6,256)             | (6,256)          |
| Amortization of intangible asset acquired            | 23,265              | 29,855          | 25,781              | 33,100           |
| Tax incentives - PIIT(*)                             | (1,516)             | (1,516)         | (1,487)             | (1,487)          |
| Effect of presumed profit system                     | (3,716)             | (13,424)        | (14,832)            | (21,726)         |
| Adjustment of excess and surplus revenue of reactive | 25,696              | 25,696          | 8,632               | 8,632            |
| Tax incentive - Exploitation profit                  | -                   | (9,136)         | -                   | (9,272)          |
| Other permanent additions/(exclusion), net           | 7,537               | 3,597           | 3,319               | (2,588)          |
| <b>Calculation base</b>                              | <b>265,693</b>      | <b>249,498</b>  | <b>665,576</b>      | <b>650,822</b>   |
| Statutory rate                                       | 9%                  | 25%             | 9%                  | 25%              |
| <b>Tax credit/(debit) result</b>                     | <b>(23,912)</b>     | <b>(62,375)</b> | <b>(59,902)</b>     | <b>(162,705)</b> |
| Tax credit (not recorded) / recorded, net            | (6,517)             | (18,297)        | (6,444)             | (16,067)         |
| <b>Total</b>   | <b>(30,429)</b>     | <b>(80,672)</b> | <b>(66,346)</b>     | <b>(178,772)</b> |
| Current  | (46,265)            | (120,650)       | (50,947)            | (133,529)        |
| Deferred   | 15,835              | 39,978          | (15,399)            | (45,243)         |

(\*)Technical Innovation Incentive Program

**( 9 ) FINANCIAL ASSET OF CONCESSION**

|  | <u>Consolidated</u>     |
|--|-------------------------|
| <b>At December 31, 2013 (noncurrent)</b> | <b>2,787,073</b>        |
| Additions                                | 91,616                  |
| Change in the expectation of cash flow   | 59,706                  |
| Disposal                                 | (2,479)                 |
| <b>At March 31, 2014 (noncurrent)</b>    | <b><u>2,935,915</u></b> |

The amount refers to the financial asset corresponding to the right established in the concession contracts of the energy distributors (measured at fair value) and transmitters (measured at amortized cost) to receive payment on reversal of the assets to the granting authority at the end of the concession.

For the energy distribution, in accordance with the current tariff model, remuneration for this asset is recognized in profit or loss on billing to the consumers and it is realized on receipt of the electric energy bills. Additionally, the difference to adjust the balance to its expected cash flows is recorded against the financial income/expense account in profit or loss for the year, in accordance with the new replacement amount ("VNR" methodology).

For the energy transmission, remuneration for this asset is recognized in accordance with the internal rate of return, which takes into account the investment made and the allowed annual income ("RAP") to be received during the remaining term of the concession.

The adjustment in the estimated cash flow includes (i) a revenue of R\$ 59,227 in relation to the concession expense of the distribution subsidiaries, set against financial revenue; and (ii) R\$ 479 in relation to the concession revenue of the subsidiary CPFL Transmissão, set against other operating income, since this is a component of the allowed annual income to make the network available to ONS (National System Operator).

**( 10 ) OTHER CREDITS**

|  | <u>Consolidated</u>       |                              |                       |                              |
|--|---------------------------|------------------------------|-----------------------|------------------------------|
|  | <u>Current</u>            |                              | <u>Noncurrent</u>     |                              |
|  | <u>March 31,<br/>2014</u> | <u>December 31,<br/>2013</u> | <u>March 31, 2014</u> | <u>December 31,<br/>2013</u> |
| Advances - Fundação CESP   | 8,000                     | 9,113                        | -                     | -                            |
| Advances to suppliers  | 26,227                    | 17,159                       | -                     | -                            |
| Pledges, funds and tied deposits   | 3,967                     | 7,695                        | 175,710               | 174,538                      |
| Orders in progress   | 288,141                   | 273,496                      | -                     | -                            |
| Outside services   | 6,633                     | 6,929                        | -                     | -                            |
| Advance to energy purchase agreements  | 11,883                    | 14,614                       | 32,277                | 30,981                       |
| Collection agreements  | 63,457                    | 61,771                       | -                     | -                            |
| Prepaid expenses   | 43,022                    | 39,207                       | 902                   | 1,359                        |
| Receivables from Resources provided by the Energy Development Account - CDE/CCEE | 1,265,299                 | 170,543                      | -                     | -                            |
| Receivables - business combination   | -                         | -                            | 13,950                | 13,950                       |
| Advances to employees  | 21,047                    | 11,097                       | -                     | -                            |
| Allowance for doubtful accounts  | (12,075)                  | (12,930)                     | (11)                  | (221)                        |
| Other  | 99,154                    | 74,689                       | 76,167                | 75,488                       |
| <b>Total</b>   | <b><u>1,824,755</u></b>   | <b><u>673,383</u></b>        | <b><u>298,995</u></b> | <b><u>296,096</u></b>        |

**Receivables from Resources provided by the Energy Development Account - CDE** – refer to: (i) low income subsidies totaling R\$ 12,272; (ii) other tariff discounts granted to consumers amounting to R\$ 244,760; and (iii) R\$ 1,008,268 mainly related to involuntary exposure and CCEAR account - Electric Energy Sales in the Regulated Environment Agreement.



**(11) INVESTMENTS**

|  | Parent company   |                   |                  | Consolidated      |
|--|------------------|-------------------|------------------|-------------------|
|  | March 31, 2014   | December 31, 2013 | March 31, 2014   | December 31, 2013 |
| Permanent equity interests - equity method |                  |                   |                  |                   |
| By equity method of the subsidiary         | 5,644,528        | 5,430,352         | 1,133,379        | 1,018,565         |
| Value-added of assets, net                 | 953,663          | 983,518           | 13,821           | 14,116            |
| Goodwill                                   | 6,054            | 6,054             | -                | -                 |
| <b>Total</b>                               | <b>6,604,245</b> | <b>6,419,924</b>  | <b>1,147,199</b> | <b>1,032,681</b>  |

**11.1 - Permanent Equity Interests – equity method:**

The main information on the investments in direct permanent equity interests is as follows:

| Investment  | Number of shares (thousand) | March 31, 2014 |           |                      |                               | March 31, 2014               | December 31, 2013      | 1st quarter 2014 | 1st quarter 2013 |
|---|-----------------------------|----------------|-----------|----------------------|-------------------------------|------------------------------|------------------------|------------------|------------------|
|   |                             | Total assets   | Capital   | Shareholders' equity | Profit or loss for the period | Shareholders equity interest | Equity in subsidiaries |                  |                  |
| CPFL Paulista   | 209,854                     | 7,762,515      | 209,854   | 1,209,134            | 23,020                        | 1,209,134                    | 1,186,113              | 23,020           | 306,848          |
| CPFL Piratininga  | 53,031,259                  | 3,115,172      | 99,900    | 404,230              | 19,621                        | 404,230                      | 384,609                | 19,621           | 14,284           |
| CPFL Santa Cruz   | 371,772                     | 386,962        | 63,858    | 106,071              | 5,701                         | 106,071                      | 100,369                | 5,701            | 3,575            |
| CPFL Leste Paulista   | 893,761                     | 152,028        | 24,145    | 62,450               | 1,872                         | 62,450                       | 60,578                 | 1,872            | 2,985            |
| CPFL Sul Paulista   | 456,393                     | 190,118        | 21,041    | 54,978               | 3,546                         | 54,978                       | 51,432                 | 3,546            | 4,838            |
| CPFL Jaguarí  | 210,206                     | 147,515        | 16,294    | 23,484               | 223                           | 23,484                       | 23,261                 | 223              | 3,337            |
| CPFL Mococa   | 119,318                     | 125,734        | 14,797    | 37,345               | 3,199                         | 37,345                       | 34,145                 | 3,199            | 4,334            |
| RGE   | 807,169                     | 3,566,514      | 919,464   | 1,274,421            | 19,864                        | 1,274,421                    | 1,254,557              | 19,864           | 57,729           |
| CPFL Geração  | 205,487,717                 | 5,878,639      | 1,039,619 | 2,197,205            | 82,520                        | 2,197,205                    | 2,116,833              | 82,520           | 30,574           |
| CPFL Jaguarí Geração (*)                                    | 40,108                      | 57,332         | 40,108    | 52,612               | 4,256                         | 52,612                       | 48,356                 | 4,256            | 1,242            |
| CPFL Brasil   | 2,999                       | 512,171        | 2,999     | 79,365               | 44,119                        | 79,365                       | 35,246                 | 44,119           | 16,090           |
| CPFL Planalto (*)   | 630                         | 5,800          | 630       | 563                  | 678                           | 563                          | (115)                  | 678              | (2,381)          |
| CPFL Serviços   | 1,528,988                   | 156,450        | 66,620    | 79,730               | 2,652                         | 79,730                       | 77,078                 | 2,652            | 701              |
| CPFL Atende (*)   | 1                           | 23,476         | 13,991    | 15,437               | 1,692                         | 15,437                       | 13,746                 | 1,692            | 721              |
| Nect (*)  | 2,059                       | 20,117         | 2,059     | 6,872                | 873                           | 6,872                        | 5,999                  | 873              | (416)            |
| CPFL Total (*)  | 19,005                      | 41,444         | 19,005    | 23,341               | 2,448                         | 23,341                       | 20,893                 | 2,448            | 678              |
| CPFL Jaguariuna (*)   | 189,620                     | 2,689          | 2,926     | 2,518                | 6                             | 2,518                        | 2,512                  | 6                | (7)              |
| CPFL Telecom  | 19,900                      | 66,194         | 20        | (2,857)              | (1,546)                       | (2,857)                      | (1,311)                | (1,546)          | (497)            |
| CPFL Centrais Geradoras (*)                                 | 14,976                      | 20,111         | 14,976    | 17,624               | 1,584                         | 17,624                       | 16,041                 | 1,584            | -                |
| CPFL Participações  | 10                          | -              | -         | 6                    | -                             | 6                            | 10                     | (4)              | -                |
| <b>Subtotal - By shareholders' equity of the subsidiary</b> |                             |                |           |                      |                               | <b>5,644,528</b>             | <b>5,430,352</b>       | <b>216,325</b>   | <b>444,634</b>   |
| Amortization of added value on assets                       |                             |                |           |                      |                               | -                            | -                      | (29,855)         | (32,790)         |
| <b>Total</b>  |                             |                |           |                      |                               | <b>5,644,528</b>             | <b>5,430,352</b>       | <b>186,470</b>   | <b>411,844</b>   |

(\*) Number of quotas

Fair value adjustments (added value) of net assets acquired in business combinations are classified under Investments in the parent company's balance sheet. Amortization of the fair value adjustments (added value) of net assets of R\$ 29,855 (R\$ 32,790 in the first quarter of 2013) is classified in the parent company's income statement under "income from equity in subsidiaries", in accordance with ICPC 09.

The changes in investments in subsidiaries in the parent company in the period are shown below:

| Investment              | Investment as of<br>December 31,<br>2013 | Equity in<br>subsidiary (profit<br>or loss) | Equity in<br>subsidiary (Other<br>comprehensive<br>income) | Movement of capital<br>in subsidiaries<br>without a change in<br>control | Investment as of<br>March 31, 2014 |
|-------------------------|--|---|--|--|------------------------------------|
| CPFL Paulista           | 1,186,113                                | 23,020                                      | -  | -  | 1,209,134                          |
| CPFL Piratininga        | 384,609                                  | 19,621                                      | -  | -  | 404,230                            |
| CPFL Santa Cruz         | 100,369                                  | 5,701                                       | -  | -  | 106,071                            |
| CPFL Leste Paulista     | 60,578                                   | 1,872                                       | -  | -  | 62,450                             |
| CPFL Sul Paulista       | 51,432                                   | 3,546                                       | -  | -  | 54,978                             |
| CPFL Jaguarí            | 23,261                                   | 223   | -  | -  | 23,484                             |
| CPFL Mococa             | 34,145                                   | 3,199                                       | -  | -  | 37,345                             |
| RGE                     | 1,254,557                                | 19,864                                      | -  | -  | 1,274,421                          |
| CPFL Geração            | 2,116,833                                | 82,520                                      | 4  | (2,153)  | 2,197,205                          |
| CPFL Jaguarí Geração    | 48,356                                   | 4,256                                       | -  | -  | 52,612                             |
| CPFL Brasil             | 35,246                                   | 44,119                                      | -  | -  | 79,365                             |
| CPFL Planalto           | (115)                                    | 678   | -  | -  | 563                                |
| CPFL Serviços           | 77,078                                   | 2,652                                       | -  | -  | 79,730                             |
| CPFL Atende             | 13,746                                   | 1,692                                       | -  | -  | 15,437                             |
| Nect                    | 5,999                                    | 873   | -  | -  | 6,872                              |
| CPFL Total              | 20,893                                   | 2,448                                       | -  | -  | 23,341                             |
| CPFL Jaguariuna         | 2,512                                    | 6   | -  | -  | 2,518                              |
| CPFL Telecom            | (1,311)                                  | (1,546)                                     | -  | -  | (2,857)                            |
| CPFL Centrais Geradoras | 16,041                                   | 1,584                                       | -  | -  | 17,624                             |
| CPFL Participações      | 10                                       | (4)   | -  | -  | 6                                  |
|                         | <u>5,430,352</u>                         | <u>216,325</u>                              | <u>4</u>   | <u>(2,153)</u>   | <u>5,644,528</u>                   |

In the financial statements, the investment balances correspond to the interest in the entities accounted for by the equity method:

|                              | March 31,<br>2014            | December 31, 2013 | 1st quarter 2014       | 1st quarter 2013 |
|------------------------------|------------------------------|-------------------|------------------------|------------------|
| Investment in joint ventures | Shareholders equity interest |                   | Equity in subsidiaries |                  |
| Baesa                        | 157,039                      | 153,175           | 3,864                  | (1,884)          |
| Enercan                      | 420,108                      | 391,728           | 28,380                 | 8,452            |
| Chapecoense                  | 440,257                      | 390,822           | 49,436                 | 3,927            |
| EPASA                        | 115,974                      | 82,839            | (10,309)               | (4,239)          |
| Value-added of assets, net   | 13,821                       | 14,116            | (295)                  | -                |
|                              | <u>1,147,199</u>             | <u>1,032,681</u>  | <u>71,075</u>          | <u>6,256</u>     |

## 11.2 – Added value of assets (net) and goodwill

Net adjustment to fair value (added value) of assets refers mainly to the right to the concession, acquired through business combinations. The goodwill relates mainly to the acquisition of investments, based on projections of future income.

In the consolidated financial statements these amounts are classified under Intangible Assets (Note 13).

## 11.3 – Dividends and Interest on shareholders' equity receivable

|                      | Parent company |                   |                                  |                   |                |                   |
|----------------------|----------------|-------------------|----------------------------------|-------------------|----------------|-------------------|
|                      | Dividends      |                   | Interest on shareholders' equity |                   | Total          |                   |
|                      | March 31, 2014 | December 31, 2013 | March 31, 2014                   | December 31, 2013 | March 31, 2014 | December 31, 2013 |
| <b>Investment</b>    |                |                   |                                  |                   |                |                   |
| CPFL Paulista        | 389,872        | 389,872           | 34,879                           | 34,879            | 424,752        | 424,752           |
| CPFL Piratininga     | 117,816        | 117,816           | 11,267                           | 11,267            | 129,083        | 129,083           |
| CPFL Santa Cruz      | 19,764         | 19,764            | 3,916                            | 3,916             | 23,681         | 23,681            |
| CPFL Leste Paulista  | 10,323         | 10,323            | 940                              | 940               | 11,263         | 11,263            |
| CPFL Sul Paulista    | 21,095         | 21,095            | 2,165                            | 2,165             | 23,260         | 23,260            |
| CPFL Jaguari         | 11,422         | 11,422            | 723                              | 723               | 12,145         | 12,145            |
| CPFL Mococa          | 15,919         | 15,919            | 1,166                            | 1,166             | 17,085         | 17,085            |
| RGE                  | -              | -                 | 25,039                           | 25,039            | 25,039         | 25,039            |
| CPFL Jaguari Geração | 4,709          | 4,709             | -                                | -                 | 4,709          | 4,709             |
| CPFL Planalto        | 5,101          | 5,101             | -                                | -                 | 5,101          | 5,101             |
| CPFL Serviços        | 9,080          | 9,080             | 1,601                            | 1,601             | 10,681         | 10,681            |
| CPFL Atende          | 1,389          | 1,389             | 624                              | 624               | 2,013          | 2,013             |
| Nect                 | 7,696          | 7,696             | -                                | -                 | 7,696          | 7,696             |
| CPFL Total           | 792            | 792               | 404                              | 404               | 1,196          | 1,196             |
|                      | <b>614,977</b> | <b>614,977</b>    | <b>82,725</b>                    | <b>82,725</b>     | <b>697,702</b> | <b>697,702</b>    |

## 11.4 – Business combinations

## Rosa dos Ventos Geração e Comercialização de Energia S.A. - RDV

On June 18, 2013, the subsidiary CPFL Renováveis signed a contract for acquisition of 100% of the assets of the Canoa Quebrada wind farms, with installed capacity of 10.5 MW, and Lagoa do Mato, with installed capacity of 3.2 MW, located on the coast of the State of Ceará. Both are operating commercially, and there is a contract with Eletrobrás, through PROINFA (Incentive Program for Alternative Sources of Electric Energy) for all the energy generated by these farms (physical information and energetic capacity measures not reviewed by the independent auditors).

On February 27, 2014 was concluded the Rosa dos Ventos acquisition. The total purchase price is R\$102,724, which includes: (i) the amount of R\$ 70,269 paid to the seller; and (ii) assumption of Rosa dos Ventos' net debt of R\$32,428, which can be adjusted after finalization of the audit of the closing balance sheet, in accordance with the share purchase agreement.

## 11.4.1 Additional information about acquisition

## a) Considerations

The consideration transferred in cash is 70,296.

## b) Assets acquired and liabilities recognized on the acquisition date

In the acquisition of Rosa dos Ventos, the total amount of the considerations transferred (paid) was allocated at fair value to the assets acquired and liabilities assumed, including the intangible assets related to the right to operate the authorization, which will be amortized over the remaining period of the authorization tied to operation of the wind farms. The average term for Rosa dos Ventos is estimated at 18 years. Consequently, as the total amount paid was allocated to identified assets and liabilities, no residual amount was allocated as a goodwill for this transaction.

The allocation of the amount paid is based on reports produced by the Management of the subsidiary CPFL Renováveis, pending finalization of the economic/financial assessment report. The subsidiary's management does not expect the amount allocated as the right to operate the acquisition to be tax-deductible and has therefore recorded deferred income tax and social contribution for the difference between the amount allocated to the assets and liabilities and their corresponding tax bases.

|                                       | Rosa dos<br>Ventos<br>February 28, 2014<br>(estimated) |
|---------------------------------------|--|
| <b>Current assets</b>                 |  |
| Cash and cash equivalents             | 2,466  |
| Other current assets                  | 6,601  |
| <b>Noncurrent assets</b>              |  |
| Fiduciary investments                 | 4,253  |
| Property, plant and equipment         | 51,735   |
| Intangible                            | 64,156   |
| <b>Current liabilities</b>            | 3,034  |
| <b>Noncurrent liabilities</b>         |  |
| Loans, Financings and Debentures      | 32,934   |
| Deferred taxes on exploitation rights | 21,692   |
| Allowance for demobilization          | 1,255  |
| <b>Net assets acquired</b>            | <u><u>70,296</u></u>                                   |
| To be transferred                     | <u><u>70,296</u></u>                                   |

c) Outflow of net cash on acquisition of the subsidiary

|  | Rosa dos<br>Ventos<br>February 28,<br>2014<br>(estimated) |
|--|---|
| Transferred in cash                                | 70,296  |
| Less: Balance of cash and cash equivalent acquired | <u>(2,466)</u>  |
| Net cash   | <u><u>67,830</u></u>                                      |

d) Financial information on the net operating revenue and net income of the subsidiary acquired included in the consolidated interim financial information the first quarter of 2014:

|   | Net operating revenue | Net income        |
|---|-----------------------|-------------------|
|   | 2014                  | 2014              |
| Rosa dos Ventos - from March 1, 2014 to March 31, 2014. | <u>1,298</u>          | <u>481</u>        |
|   | <u><u>1,298</u></u>   | <u><u>481</u></u> |

e) Combined financial information on the net operating income and profit for the first quarter of 2014 if the acquisition had occurred at the beginning of the period.

|  | Net operating revenue<br>2014 | Net income<br>2014 |
|--|-------------------------------|--------------------|
| Consolidated CPFL Energia - historical | 3,927,309                     | 174,401            |
| Pro forma adjustment (i)               | 2,929                         | 706                |
| Total                                  | <u>3,930,238</u>              | <u>175,107</u>     |

- (i) The pro forma adjustments to the net operating income took into account the addition of the net operating income of the subsidiary Rosa dos Ventos for the period in which it was not controlled, consequently consolidated by the Company (January 1 to February 28, 2014).

The pro forma adjustments of the net profit (loss) took into account: (i) addition of the profit or loss of the subsidiary Rosa dos Ventos for the period in which it was not consolidated by the Company; and (ii) inclusion of amortization of the right to operate, net of tax effects, as if Rosa dos Ventos had been acquired on January 1, 2014.

The acquisition of Rosa dos Ventos was completed on February 27, 2014 and the opening balance of February 28, 2014 is being audited and will be used as the date-base of the transaction.. Accordingly, at March 31, 2014, the acquisition is accounted for at amounts estimated in the books of the subsidiary CPFL Renováveis.

#### 11.5 – Interest of non-controlling shareholders and joint ventures

Disclosure of interests in subsidiaries, as per IFRS 12 and CPC 45, is as follows:

##### 11.5.1 – Changes in the interest on non-controlling shareholders

|  | CERAN          | CPFL<br>Renováveis | Paulista<br>Lajeado | TOTAL            |
|--|----------------|--------------------|---------------------|------------------|
| <b>At December 31, 2013</b>                            | <b>216,331</b> | <b>1,480,864</b>   | <b>77,624</b>       | <b>1,774,819</b> |
| Equity interests and voting capital                    | 35.00%         | 41.16%             | 40.07%              |                  |
| Net equity attributable to noncontrolling shareholders | 16,842         | (22,314)           | 3,378               | (2,094)          |
| Other movements  | -              | (974)              | (34)                | (1,008)          |
| Dividends  | (11,900)       | -                  | -                   | (11,900)         |
| <b>At March 31, 2014</b>                               | <b>221,273</b> | <b>1,457,577</b>   | <b>80,968</b>       | <b>1,759,818</b> |
| Equity interests and voting capital                    | 35.00%         | 41.17%             | 40.07%              |                  |

In the first quarter of 2014, it was recorded in the non-controlling of our Subsidiary CPFL Renováveis the amount of R\$ 974 related to the redemption of the exclusive capital reserve, which did not result in loss or change in control.

**11.5.2 – Summarized financial information for each of the Company's subsidiaries listing the interest of non-controlling shareholders**

The summarized financial information at March 31, 2014 and December 31, 2013 and for the quarters ended at March 31, 2014 and 2013 of subsidiaries in which there are non-controlling interests are as follows:

|  | March 31, 2014   |                   |                  | December 31, 2013 |                 |                  |
|--|------------------|-------------------|------------------|-------------------|-----------------|------------------|
|  | CERAN            | CPFL Renováveis   | Paulista Lajeado | CERAN             | CPFL Renováveis | Paulista Lajeado |
| Current assets   | 127,160          | 976,079           | 26,459           | 110,430           | 1,040,470       | 26,529           |
| Cash and cash equivalents                              | 60,498           | 702,003           | 12,958           | 73,686            | 731,055         | 14,657           |
| Noncurrent assets                                      | 1,078,329        | 8,511,319         | 116,737          | 1,090,695         | 8,454,767       | 116,739          |
| Current liabilities                                    | 101,786          | 1,125,622         | 16,583           | 96,831            | 1,082,806       | 24,241           |
| Financial liabilities                                  | 64,369           | 1,028,564         | 1,310            | 64,921            | 986,721         | 1,577            |
| Noncurrent liabilities                                 | 471,494          | 4,838,889         | -                | 486,207           | 4,834,189       | -                |
| Financial liabilities                                  | 471,494          | 3,831,480         | -                | 486,207           | 3,842,990       | -                |
| Shareholders' equity                                   | 632,209          | 3,522,886         | 126,613          | 618,087           | 3,578,242       | 119,027          |
| Controlling shareholders' interest                     | 410,936          | 2,065,308         | 45,646           | 401,757           | 2,097,377       | 41,403           |
| Non-controlling shareholders' interest                 | 221,273          | 1,457,577         | 80,968           | 216,331           | 1,480,864       | 77,624           |
|  |                  |                   |                  |                   |                 |                  |
|  | 1st quarter 2014 |                   |                  | 1st quarter 2013  |                 |                  |
|  | CERAN            | CPFL Renováveis   | Paulista Lajeado | CERAN             | CPFL Renováveis | Paulista Lajeado |
| Net operating revenue                                  | 102,796          | 288,907           | 16,040           | 63,698            | 228,986         | 16,433           |
| Depreciation and amortization                          | (11,035)         | (100,570)         | (2)              | (12,052)          | (84,666)        | (2)              |
| Interest income  | 2,489            | 17,263            | 285              | 1,368             | 8,211           | 130              |
| Interest expense                                       | (10,446)         | (94,540)          | -                | (11,459)          | (70,525)        | -                |
| Social contribution and income tax                     | (24,796)         | (4,822)           | (610)            | (6,266)           | (5,132)         | (1,474)          |
| Net income   | 48,121           | (54,325)          | 8,429            | 12,185            | (15,157)        | 2,658            |
| Net income attributable to controlling shareholders    | 31,279           | (32,011)          | 5,052            | 7,920             | (9,542)         | 1,593            |
| Net income attributable to noncontrolling shareholders | 16,842           | (22,314)          | 3,378            | 4,265             | (5,615)         | 1,065            |
| <b>Equity Interests and voting capital</b>             | <b>35.00%</b>    | <b>41.17% (*)</b> | <b>40.07%</b>    | <b>35.00%</b>     | <b>37.00%</b>   | <b>40.07%</b>    |

(\*) Up to February 28, 2014, the participation of non-controlling shareholders was 41.16%.

**11.5.3 – Joint venture**

Summarized financial information of the joint venture at March 31, 2014 and December 31, 2013 and for the quarters ended at March 31, 2014 and 2013 are as follows:

| Joint venture             | March 31, 2014 |           |             |         | December 31, 2013 |           |             |         |
|---------------------------|----------------|-----------|-------------|---------|-------------------|-----------|-------------|---------|
|                           | Enercan        | Baesa     | Chapecoense | Epasa   | Enercan           | Baesa     | Chapecoense | Epasa   |
| Current assets            | 153,119        | 58,910    | 287,647     | 237,851 | 97,961            | 58,980    | 144,018     | 171,387 |
| Cash and cash equivalents | 72,997         | 35,870    | 111,566     | 29,005  | 21,483            | 36,010    | 44,924      | 19,173  |
| Noncurrent assets         | 1,284,441      | 1,257,626 | 3,176,997   | 639,365 | 1,296,035         | 1,267,818 | 3,200,402   | 644,508 |
| Current liabilities       | 141,824        | 129,078   | 322,469     | 316,199 | 136,414           | 131,196   | 274,679     | 279,753 |
| Financial liabilities     | 88,746         | 123,135   | 205,080     | 192,333 | 88,969            | 125,372   | 206,968     | 158,049 |
| Noncurrent liabilities    | 433,498        | 559,450   | 2,278,926   | 358,017 | 453,592           | 583,045   | 2,303,424   | 374,763 |
| Financial liabilities     | 372,768        | 307,916   | 1,627,329   | 357,950 | 416,513           | 573,781   | 2,295,940   | 374,696 |
| Shareholders' equity      | 862,238        | 628,008   | 863,249     | 203,000 | 803,990           | 612,557   | 766,317     | 161,379 |

|                                     | 1st quarter 2014 |          |             |            | 1st quarter 2013 |          |             |         |
|-------------------------------------|------------------|----------|-------------|------------|------------------|----------|-------------|---------|
|                                     | Enercan          | Baesa    | Chapecoense | Epasa      | Enercan          | Baesa    | Chapecoense | Epasa   |
| Joint venture                       |                  |          |             |            |                  |          |             |         |
| Net operating revenue               | 131,070          | 68,565   | 258,544     | 253,517    | 118,126          | 83,251   | 154,615     | 127,103 |
| Depreciation and amortization       | (13,456)         | (12,782) | (33,399)    | (8,076)    | (10,338)         | (12,974) | (32,825)    | (8,281) |
| Interest income                     | 3,622            | 1,851    | 3,463       | 338        | 7,228            | 1,001    | 1,789       | 178     |
| Interest expense                    | (10,589)         | (8,899)  | (33,043)    | (8,880)    | (11,823)         | (10,113) | (35,190)    | (9,403) |
| Social contribution and income tax  | (29,997)         | (7,809)  | (49,334)    | 8,841      | (7,317)          | 1,283    | (4,400)     | 4,080   |
| Net income                          | 58,248           | 15,452   | 96,933      | (17,237)   | 17,347           | (7,533)  | 7,699       | (8,035) |
| Equity Interests and voting capital | 48.72%           | 25.01%   | 51.00%      | 57.13% (*) | 48.72%           | 25.01%   | 51.00%      | 52.75%  |

(\*) Up to February 28, 2014, the interest of the direct subsidiary CPFL Geração was 52.75%.

The loans obtained from the BNDES by the joint ventures ENERCAN, BAESA and Chapecoense establish restrictions on payment of dividends to the subsidiary CPFL Geração in excess of the mandatory minimum of 25% without the prior consent of the BNDES.

#### 11.5.4 – Joint venture operations

Through its fully-owned subsidiary CPFL Geração, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goiás State. The concession and operation of the hydropower plant belong to Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (joint-venture), CPFL Geração is assured of a 51.54% interest in the installed power of 1,275 MW (657 MW) and the guaranteed mean energy of 671 MW (mean 345.4 MW) until 2028. (Information not reviewed by the independent auditors)

#### 11.6 – Capital increase in the joint venture Epasa

An Extraordinary General Meeting (EGM) held on January 31, 2014 by the jointly controlled subsidiary EPASA approved a capital increase of R\$ 65,000. An amount of R\$ 34,288 was subscribed and paid up by the subsidiary CPFL Geração in proportion to its interest in EPASA's capital.

The other shareholders were offered the option to exercise the preference to subscribe shares to be issued within 30 days of signing of the Notice to Shareholders, published on February 1, 2014. At the same EGM, the subsidiary CPFL Geração stated its interest in subscribing the remaining shares, should the other shareholders not exercise the right to preference within the stipulated period. After this period, the shareholders Eletricidade do Brasil S.A. and OZ&M Incorporação e Participação Ltda. partially exercised the share subscription rights granted to them, subscribing and paying up the amounts of R\$ 14,000 and R\$ 1,000, respectively.

In accordance with the Notice to Shareholders, Eletricidade do Brasil S.A. expressed its interest in subscribing the remaining shares, within the period stipulated in the Notice to Shareholders published on March 12, 2014. On March 21, 2014, together with the subsidiary CPFL Geração, the remaining shares were paid up, at R\$ 4,556 and R\$ 11,156, respectively. Through the subsidiary CPFL Geração, the Company now holds 57.13% of the capital of the jointly controlled subsidiary EPASA. The change of R\$ 2,002 in corporate interest was registered in the investment of the subsidiary CPFL Geração, and consequently, also of the Company.

The other shareholders are assured by the Shareholders Agreement of the right to exercise the option to purchase any remaining shares within 12 months from the date on which the remaining shares are paid up, in order to recompose their diluted interest.

**( 12 ) PROPERTY, PLANT AND EQUIPMENT**

|   | Consolidated   |  |   |                               |               |                           |                |                  |
|---|----------------|--|---|-------------------------------|---------------|---------------------------|----------------|------------------|
|   | Land           | Reservoirs,<br>dams and<br>water mains | Buildings,<br>construction<br>and<br>improvements | Machinery<br>and<br>equipment | Vehicles      | Furniture<br>and fittings | In progress    | Total            |
| <b>At December 31, 2013</b>                                   | <b>115,946</b> | <b>986,527</b>                         | <b>1,318,394</b>                                  | <b>4,291,334</b>              | <b>22,661</b> | <b>13,732</b>             | <b>968,826</b> | <b>7,717,419</b> |
| Historic cost   | 126,820        | 1,375,993                              | 1,718,629   | 5,671,053                     | 29,928        | 24,277                    | 968,826        | 9,915,527        |
| Accumulated depreciation                                      | (10,874)       | (389,467)                              | (400,235)   | (1,379,719)                   | (7,267)       | (10,545)                  | -              | (2,198,107)      |
| Additions   | -              | 13                                     | 3,238   | 1,438                         | -             | -                         | 77,416         | 82,105           |
| Disposals   | -              | -                                      | -   | (9)                           | -             | -                         | (13)           | (22)             |
| Transfers   | 37             | 809                                    | 134,970   | 376,158                       | 162           | 38                        | (512,174)      | -                |
| Reclassification and transfers to other assets - cost         | (5)            | 163                                    | (1,675)   | (4,333)                       | -             | (3)                       | (6,415)        | (12,269)         |
| Depreciation  | (1,058)        | (11,850)                               | (15,237)  | (66,088)                      | (938)         | (706)                     | -              | (95,876)         |
| Disposal of depreciation                                      | -              | -                                      | -   | 3                             | -             | -                         | -              | 3                |
| Reclassification and transfers to other assets - depreciation | -              | -                                      | -   | 253                           | -             | -                         | -              | 253              |
| Business combination  | -              | -                                      | 7,818   | 43,510                        | -             | 59                        | 349            | 51,735           |
| <b>At March 31, 2014</b>                                      | <b>114,919</b> | <b>975,661</b>                         | <b>1,447,508</b>                                  | <b>4,642,266</b>              | <b>21,886</b> | <b>13,119</b>             | <b>527,989</b> | <b>7,743,348</b> |
| Historic cost   | 126,851        | 1,376,978                              | 1,862,979   | 6,087,817                     | 30,090        | 24,370                    | 527,989        | 10,037,075       |
| Accumulated depreciation                                      | (11,932)       | (401,316)                              | (415,471)   | (1,445,550)                   | (8,205)       | (11,251)                  | -              | (2,293,726)      |
| <b>Average depreciation rate</b>                              | <b>3.86%</b>   | <b>3.44%</b>                           | <b>3.30%</b>                                      | <b>4.56%</b>                  | <b>13.88%</b> | <b>11.56%</b>             |                |                  |

In accordance with CPC 20 (R1) and IAS 23, the interest on loans taken out by the subsidiaries is capitalized to the qualifying property, plant and equipment. In the consolidated statements R\$ 10,708 was capitalized for the first quarter of 2014 (R\$ 8,769 in the first quarter of 2013) at the rate of 8.52% p.a. (7.57% p.a. in 2013)

In the interim consolidated financial statement the depreciation amounts are recorded on income and loss at "Depreciation and amortization" (Note 27)



**( 13 ) INTANGIBLE ASSETS**

|                              | Consolidated      |                                   |   |   |                |                         | Total            |
|------------------------------|-------------------|-----------------------------------|---|---|----------------|-------------------------|------------------|
|                              | Concession rights |                                   |   |   |                | Other intangible assets |                  |
|                              | Goodwill          | Acquired in business combinations | Distribution infrastructure - operational | Distribution infrastructure - in progress | Public utility |                         |                  |
| <b>At December 31, 2013</b>  | <b>6,115</b>      | <b>4,312,381</b>                  | <b>3,763,197</b>                          | <b>574,131</b>                            | <b>31,582</b>  | <b>60,922</b>           | <b>8,748,328</b> |
| Historical cost              | 6,152             | 6,811,237                         | 9,310,710                                 | 574,131                                   | 35,840         | 156,023                 | 16,894,093       |
| Accumulated Amortization     | (37)              | (2,498,856)                       | (5,547,513)                               | -   | (4,258)        | (95,100)                | (8,145,764)      |
|                              |                   |                                   |   |   |                |                         |                  |
| Additions                    | -                 | -                                 | -   | 171,893                                   | -              | 1,253                   | 173,146          |
| Amortization                 | -                 | (71,644)                          | (108,186)                                 | -   | (354)          | (2,669)                 | (182,853)        |
| Transfer - intangible assets | -                 | -                                 | 98,397                                    | (98,397)                                  | -              | -                       | -                |
| Transfer - financial asset   | -                 | -                                 | 727                                       | (96,156)                                  | -              | -                       | (95,429)         |
| Transfer - other assets      | -                 | -                                 | (8,836)                                   | -   | -              | 6,993                   | (1,843)          |
| Business combination         | -                 | 63,801                            | -   | -   | -              | 355                     | 64,156           |
| <b>At March 31, 2014</b>     | <b>6,115</b>      | <b>4,304,537</b>                  | <b>3,745,298</b>                          | <b>551,474</b>                            | <b>31,227</b>  | <b>66,857</b>           | <b>8,705,508</b> |
| Historic cost                | 6,152             | 6,878,283                         | 9,295,810                                 | 551,474                                   | 35,840         | 164,260                 | 16,931,820       |
| Accumulated depreciation     | (37)              | (2,573,746)                       | (5,550,512)                               | -   | (4,613)        | (97,404)                | (8,226,312)      |

In the consolidated statements, amortization is recorded in profit or loss, under the following headings: (i) "depreciation and amortization" for amortization of the intangible assets related to Distribution Infrastructure, Use of Public Utilities and Other Intangible Assets; and (ii) "amortization of intangible concession asset" for amortization of the intangible asset acquired through a business combination (Note 27).

In accordance with CPC 20 (R1) and IAS 23, the interest on loans taken out by the subsidiaries is capitalized to qualifying intangible assets. During the first quarter of 2014, R\$ 1,589 was capitalized in the interim consolidated financial statements (R\$ 2,838 in the first quarter of 2013) at a rate of 7.50% p.a. (9.49% p.a. in 2013).

## 13.1 Intangible assets acquired in business combinations

The following table shows the breakdown of the intangible asset of exploitation rights of the concession acquired in business combinations:

|   | Consolidated            |                           |                         |                         |                          |        |
|---|-------------------------|---------------------------|-------------------------|-------------------------|--------------------------|--------|
|   | March 31, 2014          |                           |                         | December 31, 2013       | Annual amortization rate |        |
|   | Historic cost           | Accumulated amortization  | Net value               | Net value               | 2014                     | 2013   |
| <b>Intangible asset - acquired in business combinations</b> |                         |                           |                         |                         |                          |        |
| <b>Intangible asset acquired, not merged</b>                |                         |                           |                         |                         |                          |        |
| <b>Parent company</b>                                       |                         |                           |                         |                         |                          |        |
| CPFL Paulista   | 304,861                 | (160,813)                 | 144,049                 | 147,933                 | 5.10%                    | 6.03%  |
| CPFL Piratininga  | 39,065                  | (19,328)                  | 19,737                  | 20,192                  | 4.66%                    | 4.85%  |
| RGE   | 3,150                   | (1,252)                   | 1,898                   | 1,943                   | 5.70%                    | 5.86%  |
| CPFL Geração  | 54,555                  | (27,050)                  | 27,505                  | 28,170                  | 4.88%                    | 4.83%  |
| CPFL Santa Cruz   | 9                       | (7)                       | 3                       | 3                       | 16.22%                   | 16.40% |
| CPFL Leste Paulista   | 3,333                   | (2,386)                   | 947                     | 1,091                   | 17.36%                   | 17.45% |
| CPFL Sul Paulista   | 7,288                   | (5,174)                   | 2,114                   | 2,434                   | 17.53%                   | 16.94% |
| CPFL Jaguarí  | 5,213                   | (3,752)                   | 1,461                   | 1,710                   | 19.13%                   | 16.49% |
| CPFL Mococa   | 9,110                   | (6,871)                   | 2,238                   | 2,638                   | 17.53%                   | 18.96% |
| CPFL Jaguarí Geração  | 7,896                   | (2,413)                   | 5,483                   | 5,616                   | 6.71%                    | 7.07%  |
|   | <u>434,480</u>          | <u>(229,045)</u>          | <u>205,435</u>          | <u>211,730</u>          |                          |        |
| <b>Subsidiaries</b>   |                         |                           |                         |                         |                          |        |
| CPFL Renováveis   | 3,201,808               | (319,695)                 | 2,882,113               | 2,850,857               | 4.07%                    | 4.11%  |
| Outros  | 14,478                  | (13,576)                  | 902                     | 1,083                   | 4.99%                    | 4.99%  |
|   | <u>3,216,286</u>        | <u>(333,271)</u>          | <u>2,883,015</u>        | <u>2,851,940</u>        |                          |        |
| <b>Subtotal</b>   | <b><u>3,650,766</u></b> | <b><u>(562,316)</u></b>   | <b><u>3,088,450</u></b> | <b><u>3,063,670</u></b> |                          |        |
| <b>Intangible asset acquired and merged – Deductible</b>    |                         |                           |                         |                         |                          |        |
| <b>Subsidiaries</b>   |                         |                           |                         |                         |                          |        |
| RGE   | 1,120,266               | (803,956)                 | 316,310                 | 321,225                 | 1.75%                    | 1.89%  |
| CPFL Geração  | 426,450                 | (274,900)                 | 151,550                 | 155,698                 | 3.89%                    | 3.66%  |
| <b>Subtotal</b>   | <b><u>1,546,716</u></b> | <b><u>(1,078,856)</u></b> | <b><u>467,860</u></b>   | <b><u>476,923</u></b>   |                          |        |
| <b>Intangible asset acquired and merged – Reassessed</b>    |                         |                           |                         |                         |                          |        |
| <b>Parent company</b>                                       |                         |                           |                         |                         |                          |        |
| CPFL Paulista   | 1,074,026               | (606,466)                 | 467,561                 | 479,952                 | 4.61%                    | 5.39%  |
| CPFL Piratininga  | 115,762                 | (57,275)                  | 58,487                  | 59,836                  | 4.66%                    | 4.85%  |
| RGE   | 310,128                 | (129,693)                 | 180,435                 | 184,700                 | 5.50%                    | 5.65%  |
| CPFL Santa Cruz   | 61,685                  | (50,991)                  | 10,694                  | 12,241                  | 10.03%                   | 10.14% |
| CPFL Leste Paulista   | 27,034                  | (21,395)                  | 5,638                   | 6,615                   | 14.45%                   | 14.47% |
| CPFL Sul Paulista   | 38,168                  | (29,875)                  | 8,293                   | 9,662                   | 14.35%                   | 14.02% |
| CPFL Mococa   | 15,124                  | (12,265)                  | 2,859                   | 3,390                   | 14.05%                   | 14.85% |
| CPFL Jaguarí  | 23,600                  | (18,691)                  | 4,909                   | 5,813                   | 15.33%                   | 14.28% |
| CPFL Jaguarí Geração  | 15,275                  | (5,923)                   | 9,352                   | 9,578                   | 5.91%                    | 6.23%  |
| <b>Subtotal</b>   | <b><u>1,680,801</u></b> | <b><u>(932,573)</u></b>   | <b><u>748,228</u></b>   | <b><u>771,788</u></b>   |                          |        |
| <b>Total</b>  | <b><u>6,878,283</u></b> | <b><u>(2,573,746)</u></b> | <b><u>4,304,537</u></b> | <b><u>4,312,381</u></b> |                          |        |

For the balances relating to the subsidiary CPFL Renováveis, amortization is recorded for the remaining terms of the respective exploration authorizations, using the straight line method. For the other balances, the amortization rates for intangible assets acquired through business combinations are based on the projected income curves of the concessionaires for the remainder of the concession term, and these projections are reviewed annually.

**( 14 ) SUPPLIERS**

|                                   | Consolidated     |                   |
|-----------------------------------|------------------|-------------------|
|                                   | March 31, 2014   | December 31, 2013 |
| <b>Current</b>                    |                  |                   |
| System service charges            | 228              | 61,880            |
| Energy purchased                  | 2,037,488        | 1,300,598         |
| Electricity network usage charges | 92,571           | 91,603            |
| Materials and services            | 215,513          | 338,524           |
| Free energy                       | 94,319           | 92,088            |
| <b>Total</b>                      | <b>2,440,119</b> | <b>1,884,693</b>  |

**( 15 ) ACCRUED INTEREST ON LOANS AND FINANCING AND LOANS AND FINANCING**

|                         | Consolidated                            |           |            |           |   |           |            |           |
|-------------------------|---|-----------|------------|-----------|---|-----------|------------|-----------|
|                         | March 31, 2014                          |           |            |           | December 31, 2013                       |           |            |           |
|                         | Interest -<br>Current and<br>Noncurrent | Principal |            | Total     | Interest -<br>Current and<br>Noncurrent | Principal |            | Total     |
|                         |   | Current   | Noncurrent |           |   | Current   | Noncurrent |           |
| Measured at cost        |   |           |            |           |   |           |            |           |
| Brazilian currency      |   |           |            |           |   |           |            |           |
| BNDES - Power increases | 2                                       | 609       | -          | 610       | 6                                       | 1,229     | -          | 1,235     |
| BNDES - Investment      | 18,089                                  | 874,242   | 4,025,703  | 4,918,034 | 24,555                                  | 872,606   | 4,067,082  | 4,964,242 |
| BNDES - Property income | 24                                      | 1,250     | 5,398      | 6,673     | 27                                      | 1,364     | 5,717      | 7,108     |
| Financial Institutions  | 109,691                                 | 427,643   | 1,537,785  | 2,075,119 | 128,752                                 | 556,267   | 1,503,543  | 2,188,562 |
| Other                   | 683                                     | 5,125     | 17,653     | 23,461    | 674                                     | 40,658    | 19,063     | 60,395    |
| Total at Cost           | 128,489                                 | 1,308,869 | 5,586,539  | 7,023,898 | 154,013                                 | 1,472,125 | 5,595,404  | 7,221,542 |
| Measured at fair value  |   |           |            |           |   |           |            |           |
| Foreign currency        |   |           |            |           |   |           |            |           |
| Financial Institutions  | 8,861                                   | 41,066    | 2,763,617  | 2,813,544 | 15,213                                  | 42,501    | 1,950,740  | 2,008,454 |
| Total at fair value     | 8,861                                   | 41,066    | 2,763,617  | 2,813,544 | 15,213                                  | 42,501    | 1,950,740  | 2,008,454 |
| Total                   | 137,351                                 | 1,349,935 | 8,350,156  | 9,837,442 | 169,226                                 | 1,514,626 | 7,546,144  | 9,229,996 |

|                                  | Consolidated      |                      | Annual interest         | Amortization   | Collateral   |
|----------------------------------|-------------------|----------------------|-------------------------|--|--|
|                                  | March 31,<br>2014 | December 31,<br>2013 |                         |  |  |
| Measured at amortized cost       |                   |                      |                         |  |  |
| Brazilian currency               |                   |                      |                         |  |  |
| BNDES - Power increases          |                   |                      |                         |  |  |
| CPFL Renováveis                  |                   |                      |                         |  |  |
| CPFL Renováveis                  | 610               | 1,235                | TJLP + 3.1% to 4.3%     | 72 to 75 monthly installments from September 2007 to July 2008                           | CPFL Energia guarantee and Promissory Note   |
| BNDES/BNB/FINEP/NIB - Investment |                   |                      |                         |  |  |
| CPFL Paulista                    |                   |                      |                         |  |  |
| FINEM IV                         | 48,066            | 64,103               | TJLP + 3.28% to 3.4%    | 60 monthly installments from January 2010  | CPFL Energia guarantee and receivables   |
| FINEM V                          | 128,674           | 137,092              | TJLP + 2.12% to 3.3%    | 72 monthly installments from February 2012   | CPFL Energia guarantee and receivables   |
| FINEM V                          | 59,982            | 62,312               | Fixed rate 5.5% to 8.0% | 114 monthly installments from August 2011  | CPFL Energia guarantee and receivables   |
| FINEM VI                         | 281,640           | 283,861              | TJLP + 2.06% to 3.08%   | 72 monthly installments from January 2014  | CPFL Energia guarantee and receivables   |
| FINEM VI                         | 234,163           | 217,319              | Fixed rate 2.5%         | 114 monthly installments from June 2013  | CPFL Energia guarantee and receivables   |
| FINAME                           | 48,587            | 50,708               | Fixed rate 4.5%         | 96 monthly installments from January 2012  | CPFL Energia guarantee   |
| CPFL Piratininga                 |                   |                      |                         |  |  |
| FINEM III                        | 20,034            | 26,719               | TJLP + 3.28% to 3.4%    | 60 monthly installments from January 2010  | CPFL Energia guarantee and receivables   |
| FINEM IV                         | 69,278            | 73,809               | TJLP + 2.12% to 3.3%    | 72 monthly installments from February 2012   | CPFL Energia guarantee and receivables   |
| FINEM IV                         | 29,547            | 30,673               | Fixed rate 5.5% to 8.0% | 114 monthly installments from August 2011  | CPFL Energia guarantee and receivables   |
| FINEM V                          | 82,242            | 80,284               | TJLP + 2.06% to 3.08%   | 72 monthly installments from January 2014  | CPFL Energia guarantee and receivables   |
| FINEM V                          | 58,502            | 51,525               | Fixed rate 2.5%         | 114 monthly installments from June 2013  | CPFL Energia guarantee and receivables   |
| FINAME                           | 23,039            | 24,044               | Fixed rate 4.5%         | 96 monthly installments from January 2012  | CPFL Energia guarantee   |
| RGE                              |                   |                      |                         |  |  |
| FINEM IV                         | 30,597            | 40,805               | TJLP + 3.28 to 3.4%     | 60 monthly installments from January 2010  | CPFL Energia guarantee and receivables   |
| FINEM V                          | 77,618            | 82,702               | TJLP + 2.12 to 3.3%     | 72 monthly installments from February 2012   | CPFL Energia guarantee and receivables   |
| FINEM V                          | 19,788            | 20,516               | Fixed rate 5.5%         | 96 monthly installments from February 2013   | CPFL Energia guarantee and receivables   |
| FINEM VI                         | 150,732           | 157,318              | TJLP + 2.06% to 3.08%   | 72 monthly installments from January 2014  | CPFL Energia guarantee and receivables   |
| FINEM VI                         | 82,762            | 74,433               | Fixed rate 2.5%         | 114 monthly installments from June 2013  | CPFL Energia guarantee and receivables   |
| FINAME                           | 11,561            | 12,065               | Fixed rate 4.5%         | 96 monthly installments from January 2012  | CPFL Energia guarantee   |
| FINAME                           | 331               | 345                  | Fixed rate 10.0%        | 90 monthly installments from May 2012  | Fiduciary alienation of assets   |
| CPFL Santa Cruz                  |                   |                      |                         |  |  |
| FINAME and Bank credit note      | 2,601             | 3,159                | TJLP + 2% to 2.9%       | 54 monthly installments from December 2010 and 36 monthly installments from October 2010 | CPFL Energia guarantee and receivables   |
| CPFL Leste Paulista              |                   |                      |                         |  |  |
| Bank credit note                 | 2,337             | 2,688                | TJLP + 2.90%            | 54 monthly installments from June 2011   | CPFL Energia guarantee and receivables   |
| CPFL Sul Paulista                |                   |                      |                         |  |  |
| Bank credit note                 | 2,531             | 2,911                | TJLP + 2.90%            | 54 monthly installments from June 2011   | CPFL Energia guarantee and receivables   |
| CPFL Jaguari                     |                   |                      |                         |  |  |
| Bank credit note                 | 1,273             | 1,547                | TJLP + 2.90%            | 54 monthly installments from December 2010   | CPFL Energia guarantee and receivables   |
| Bank credit note                 | 2,134             | 2,136                | TJLP + 3.10%            | 96 monthly installments from June 2014   | CPFL Energia guarantee   |
| Bank credit note                 | 586               | 607                  | UMBNDDES + 2.1%         | 96 monthly installments from June 2014   | CPFL Energia guarantee   |
| CPFL Mococa                      |                   |                      |                         |  |  |
| Bank credit note                 | 1,515             | 1,824                | TJLP + 2.90%            | 54 monthly installments from January 2011  | CPFL Energia guarantee and receivables   |
| Bank credit note                 | 2,747             | 2,747                | TJLP + 3.10%            | 96 monthly installments from June 2014   | CPFL Energia guarantee   |
| Bank credit note                 | 754               | 781                  | UMBNDDES + 2.1%         | 96 monthly installments from June 2014   | CPFL Energia guarantee   |
| Bank credit note                 | 687               | 577                  | UMBNDDES + 1.99%        | 96 monthly installments from October 2015  | CPFL Energia guarantee   |
| Bank credit note                 | 2,838             | 2,305                | TJLP + 2.99%            | 96 monthly installments from October 2015  | CPFL Energia guarantee   |
| CPFL Serviços                    |                   |                      |                         |  |  |
| FINAME                           | 18,893            | 14,658               | Fixed rate 2.5% to 10%  | 136 monthly installments from November 2012  | CPFL Energia guarantee and equipment fiduciary alienation  |
| FINAME                           | 84                | 87                   | TJLP + 4.20%            | 90 monthly installments from November 2012   | CPFL Energia guarantee and equipment fiduciary alienation  |
| CERAN                            |                   |                      |                         |  |  |
| CERAN                            | 396,957           | 409,365              | TJLP + 3.69% to 5%      | 168 monthly installments from December 2005  | Pledge of shares, credit and concession rights and revenue and CPFL Energia guarantee                                    |
| CERAN                            | 51,402            | 54,956               | UMBNDDES + 5% (1)       | 168 monthly installments from February 2006  | Pledge of shares, credit and concession rights and revenue and CPFL Energia guarantee                                    |
| CPFL Transmissão                 |                   |                      |                         |  |  |
| FINAME                           | 7,900             | 4,667                | Fixed rate 3.0%         | 96 monthly installments from July 2015   | CPFL Energia guarantee   |
| CPFL Renováveis                  |                   |                      |                         |  |  |
| FINEM I                          | 344,815           | 352,830              | TJLP + 1.95%            | 168 monthly installments from October 2009 to July 2011                                  | PCH Holding a joint debtor, Letters of guarantee   |
| FINEM II                         | 31,142            | 31,997               | TJLP + 1.90 %           | 144 monthly installments from June 2011  | CPFL Energia guarantee, fiduciary alienation of assets and joint fiduciary assignment of credit rights                   |
| FINEM III                        | 595,285           | 605,263              | TJLP + 1.72%            | 192 monthly installments from May 2013   | CPFL Energia guarantee, pledge of shares, fiduciary alienation of assets and joint fiduciary assignment of credit rights |
| FINEM V                          | 110,232           | 113,106              | TJLP + 2.8% to 3.4%     | 143 monthly installments from December 2011  | PCH Holding 2 and CPFL Renováveis debtor solidarity.   |
| FINEM VI                         | 75,996            | 76,673               | TJLP + 2.05 %           | 173 to 192 monthly installments from October 2013 and April 2015                         | CPFL Renováveis pledge of shares, pledge of receivables  |
| FINEM VII                        | 189,088           | 194,041              | TJLP + 1.92 %           | 156 monthly installments from October 2010   | Pledge of shares, fiduciary alienation and equipment fiduciary alienation  |
| FINEM VIII                       | 50,025            | 50,811               | TJLP + 2.02 %           | 192 monthly installments from January 2014   | Pledge of shares and Reserve Account of SPE  |
| FINEM IX                         | 45,130            | 46,994               | TJLP + 2.15 %           | 120 monthly installments from May 2010   | Assignment of Receivables  |
| FINEM X                          | 1,033             | 1,108                | TJLP + 0 %              | 84 monthly installments from October 2010  | Pledge of shares, fiduciary alienation and equipment fiduciary alienation  |
| FINEM XI                         | 135,213           | 138,101              | TJLP + 1.87% to 1.9%    | 108 to 168 monthly installments from January 2012 and January 2013                       | CPFL Energia guarantee, fiduciary alienation of assets and joint fiduciary assignment of credit rights                   |
| FINEM XII                        | 339,580           | 333,745              | TJLP + 2.18%            | 192 monthly installments from July 2014  | CPFL Energia guarantee, fiduciary alienation of assets, joint fiduciary assignment of credit rights and pledge of shares |
| FINAME I                         | 183,633           | 190,396              | Fixed rate 5.5%         | 102 to 108 monthly installments from January 2012  | CPFL Energia guarantee, fiduciary alienation of assets and fiduciary assignment of credit rights                         |
| FINAME II                        | 29,851            | 31,168               | Fixed rate 4.5%         | 102 monthly installments from June 2011  | CPFL Energia guarantee, fiduciary alienation of assets and fiduciary assignment of credit rights                         |
| FINAME III                       | 126,155           | 129,659              | Fixed rate 2.5%         | 108 monthly installments from January 2014   | Pledge of CPFL Renováveis shares   |
| FINEP I                          | 2,506             | 2,506                | Fixed rate 3.5%         | 61 installments from October 2014  | Pledge of shares and Reserve Account of SPE  |
| BNB                              | 130,902           | 133,192              | Fixed rate 9.5% to 10%  | 168 monthly installments from January 2009   | Assignment of receivables  |
| BNB                              | 174,117           | 175,695              | Fixed rate 10%          | 222 monthly installments from May 2010   | Bank Guarantee   |
| BNB                              | 34,565            | -                    | Fixed rate 9.5%         | 228 monthly installments from July 2009  | Fiduciary alienation   |
| NIB                              | 78,265            | 79,109               | IGPM + 8.63%            | Interest and principal quarterly paid started in June 2011 until September 2023          | CPFL Energia guarantee   |
| Bridge BNDES II                  | 86,827            | 84,507               | TJLP + 3.02 %           | 1 installment in February 2014   | CPFL Energia guarantee, fiduciary alienation of assets and joint fiduciary assignment of credit rights                   |
| Bridge BNDES III                 | 198,025           | 194,242              | TJLP + 3.02 %           | 1 installment in February 2014   | No guarantee   |
| CPFL Brasil                      |                   |                      |                         |  |  |
| CPFL Brasil - FINEP              | 3,262             | 3,461                | Fixed rate 5%           | 81 monthly installments from August 2011   | Pledge of SPE shares   |
|                                  |                   |                      |                         |  | Pledge of SPE shares   |
|                                  |                   |                      |                         |  | Receivables  |

|   |                  |                  |                          |  |   |
|---|------------------|------------------|--------------------------|--|---|
| <b>BNDES - Other</b>                      |                  |                  |                          |  |   |
| CPFL Serviços - Purchase of assets        | 1,900            | 2,196            | TJLP + 1.72% to 2.15%    | 79 monthly installments from October 2010      | Fiduciary alienation of assets and CPFL Energia guarantee |
| CPFL Serviços - Purchase of assets        | 4,773            | 4,911            | Fixed rate 4.5% to 8.70% | 125 monthly installments from March 2012       | Fiduciary alienation of assets and CPFL Energia guarantee |
| <b>Financial Institutions</b>             |                  |                  |                          |  |   |
| <b>CPFL Paulista</b>                      |                  |                  |                          |  |   |
| Banco do Brasil - Law 8727                | 1,203            | 4,648            | IGP-M + 7.42%            | 240 monthly installments from May 1994         | Receivables (CPFL Paulista and São Paulo Government)      |
| Banco do Brasil - Working capital         | 107,824          | 105,124          | 107% of CDI              | 1 installment in April 2015                    | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (*)     | 134,973          | 131,541          | 98.50% of CDI            | 4 annual installments from July 2012           | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (**)    | -                | 93,769           | 99.00% of CDI            | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 262,981          | 256,117          | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| <b>CPFL Piratininga</b>                   |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (*)     | 12,413           | 12,098           | 98.5% of CDI             | 4 annual installments from July 2012           | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (**)    | -                | 12,256           | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 46,285           | 45,077           | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| <b>RGE</b>                                |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (*)     | 58,365           | 56,771           | 98.5% of CDI             | 4 annual installments from July 2012           | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (**)    | -                | 35,339           | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| <b>CPFL Santa Cruz</b>                    |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (**)    | -                | 4,331            | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 34,714           | 33,807           | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| <b>CPFL Leste Paulista</b>                |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (**)    | -                | 11,133           | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco IBM - Working capital (***)         | 8,137            | 8,140            | 100.0% of CDI            | 14 semiannual installments from December 2012  | CPFL Energia guarantee                                    |
| <b>CPFL Sul Paulista</b>                  |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (**)    | -                | 5,970            | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 22,091           | 21,514           | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| <b>CPFL Jaguarí</b>                       |                  |                  |                          |  |   |
| Banco do Brasil - Working Capital (**)    | -                | 3,747            | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 3,051            | 2,970            | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| Banco IBM - Working capital (***)         | 17,014           | 16,615           | 100.0% of CDI            | 14 Semi-annual installments from December 2012 | CPFL Energia guarantee                                    |
| <b>CPFL Mococa</b>                        |                  |                  |                          |  |   |
| Banco do Brasil - Working capital (**)    | -                | 1,905            | 99.0% of CDI             | 2 annual installments from March 2013          | CPFL Energia guarantee                                    |
| Banco do Brasil - Working capital (***)   | 19,987           | 19,464           | 104.90% of CDI           | 2 annual installments from July 2017           | CPFL Energia guarantee                                    |
| Banco IBM - Working capital (***)         | 5,521            | 5,392            | 100.0% of CDI            | 14 Semi-annual installments from December 2012 | CPFL Energia guarantee                                    |
| <b>CPFL Serviços</b>                      |                  |                  |                          |  |   |
| Banco IBM - Working capital (***)         | 7,503            | 7,325            | CDI + 0.10%              | 11 semiannual installments from June 2013      | CPFL Energia guarantee                                    |
| <b>CPFL Geração</b>                       |                  |                  |                          |  |   |
| Banco do Brasil - Working capital         | 618,201          | 628,005          | 107.0% of CDI            | 1 installment in April 2015                    | CPFL Energia guarantee                                    |
| <b>CPFL Renováveis</b>                    |                  |                  |                          |  |   |
| Banco Safra                               | 28,405           | 27,713           | CDI+ 0.4%                | Annual installment until 2014                  | No guarantee  |
| HSBC                                      | 352,092          | 343,190          | CDI + 0.5%               | 8 annual installment from June 2013            | Shares alienation   |
| Banco do Brasil - Promissory Note         | 141,424          | 144,428          | 108.5% of CDI            | 1 installment in January 2014                  | Shares alienation   |
| Banco Itaú - Working capital              | 153,959          | 150,175          | 105% of CDI              | 1 installment in June 2014                     | No guarantee  |
| BNB - Working capital                     | 197              | -                | Fixed rate 1.75%         | 36 monthly installments from November 2011     | Guarantee   |
| CPFL Telecom                              | -                | -                | -                        | -  | -   |
| Banco do Brasil - Working capital         | 38,782           | -                | CDI + 0.18%              | 12 semiannual installments from August 2014    | CPFL Energia guarantee                                    |
| <b>Other</b>                              |                  |                  |                          |  |   |
| <b>Eletrobrás</b>                         |                  |                  |                          |  |   |
| CPFL Paulista                             | 6,542            | 6,918            | RGR + 6.0% to 6.5%       | monthly installments from August 2006          | Receivables and promissory notes                          |
| CPFL Piratininga                          | 352              | 390              | RGR + 6%                 | monthly installments from August 2006          | Receivables and promissory notes                          |
| RGE                                       | 11,312           | 11,834           | RGR + 6%                 | monthly installments from August 2006          | Receivables and promissory notes                          |
| CPFL Santa Cruz                           | 2,030            | 2,173            | RGR + 6%                 | monthly installments from January 2007         | Receivables and promissory notes                          |
| CPFL Leste Paulista                       | 907              | 961              | RGR + 6%                 | monthly installments from February 2008        | Receivables and promissory notes                          |
| CPFL Sul Paulista                         | 1,006            | 1,072            | RGR + 6%                 | monthly installments from August 2007          | Receivables and promissory notes                          |
| CPFL Jaguarí                              | 54               | 58               | RGR + 6%                 | monthly installments from June 2007            | Receivables and promissory notes                          |
| CPFL Mococa                               | 262              | 275              | RGR + 6%                 | monthly installments from January 2008         | Receivables and promissory notes                          |
| Other                                     | 996              | 36,713           | -                        | -  | -   |
| <b>Subtotal Brazilian Currency - Cost</b> | <b>7,023,898</b> | <b>7,221,542</b> |                          |  |   |

| <b>Foreign Currency</b><br><b>Measured at fair value</b><br><b>Financial Institutions</b><br><b>CPFL Paulista</b> |                  |                  |                                    |  |   |
|---|------------------|------------------|------------------------------------|--|---|
| Bank of America Merrill Lynch   | 241,526          | 251,037          | US\$ + 3.69 % (3)                  | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Bank of America Merrill Lynch   | 346,498          | 358,821          | US\$ + Libor 3 months + 1.48% (3)  | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Scotiabank  | 56,766           | 58,748           | US\$ + 3.3125% (3)                 | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Morgan Stanley  | 117,145          | 121,420          | US\$ + Libor 6 months + 1.75% (3)  | 1 installment in September 2016              | CPFL Energia guarantee and promissory notes |
| Citibank  | 117,203          | 121,476          | US\$ + Libor 6 months + 1.77% (3)  | 1 installment in September 2016              | CPFL Energia guarantee and promissory notes |
| Mizuho Bank   | 176,317          | -                | US\$+Libor+1.55% (3)               | 3 semiannual installments from March 2018    | CPFL Energia guarantee and promissory notes |
| Bank of Tokyo-Mitsubishi  | 113,954          | -                | US\$+Libor+0.80% (3)               | 4 semiannual installments from Setember 2017 | CPFL Energia guarantee and promissory notes |
| Citibank  | 118,151          | -                | US\$+Libor 3 months + 1.35% (4)    | 1 installment in March 2019                  | CPFL Energia guarantee and promissory notes |
| Bank of America Merrill Lynch   | 109,978          | -                | US\$+Libor+1.70% (4)               | 1 installment in Setember 2018               | CPFL Energia guarantee and promissory notes |
| <b>CPFL Piratininga</b>   |                  |                  |                                    |  |   |
| Scotiabank  | 74,144           | 76,733           | US\$ + 3.3125% (3)                 | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 18,703           | 19,384           | US\$ + Libor 6 months + 1.69%(3)   | 1 installment in August 2016                 | CPFL Energia guarantee and promissory notes |
| Santander   | 103,891          | 107,150          | US\$ + 2.58% (3)                   | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 145,067          | -                | US\$ + Libor 6 monthss + 1.14% (2) | 1 installment in January 2017                | CPFL Energia guarantee and promissory notes |
| Citibank  | 118,150          | -                | US\$ + Libor 3 months + 1.35% (4)  | 1 installment in March 2019                  | CPFL Energia guarantee and promissory notes |
| <b>CPFL Geração</b>   |                  |                  |                                    |  |   |
| Citibank  | -                | 151,427          | US\$ + Libor 6 months + 1.69%      | 1 installment in August 2016                 | CPFL Energia guarantee and promissory notes |
| HSBC  | 233,228          | -                | US\$+Libor 3 months + 1.30% (3)    | 1 installment in March 2017                  | CPFL Energia guarantee and promissory notes |
| <b>RGE</b>  |                  |                  |                                    |  |   |
| J.P. Morgan   | 109,926          | 113,630          | US\$ + 2.64% (3)                   | 1 installment in July 2016                   | CPFL Energia guarantee and promissory notes |
| Bank of Tokyo-Mitsubishi  | 41,358           | 42,343           | US\$ + Libor 3 months + 0.82%(3)   | 1 installment in April 2018                  | CPFL Energia guarantee and promissory notes |
| Bank of Tokyo-Mitsubishi  | 188,262          | 192,741          | US\$ + Libor 3 months + 0.83%(3)   | 1 installment in May 2018                    | CPFL Energia guarantee and promissory notes |
| Citibank  | 165,715          | 169,371          | US\$ + Libor 6 months + 1.45% (3)  | 1 installment in April 2017                  | CPFL Energia guarantee and promissory notes |
| <b>CPFL Santa Cruz</b>  |                  |                  |                                    |  |   |
| J.P. Morgan   | 22,297           | 23,099           | US\$ + 2.38% (2)                   | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Santander   | 20,573           | 20,943           | USD + 2.544% (3)                   | 1 installment in June 2016                   | CPFL Energia guarantee and promissory notes |
| <b>CPFL Leste Paulista</b>  |                  |                  |                                    |  |   |
| Scotiabank  | 28,304           | 29,309           | US\$ + 2.695% (2)                  | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 10,844           | 11,276           | US\$ + Libor 6 months + 1.52%(2)   | 1 installment in September 2014              | CPFL Energia guarantee and promissory notes |
| <b>CPFL Sul Paulista</b>  |                  |                  |                                    |  |   |
| J.P. Morgan   | 11,705           | 12,127           | US\$ + 2.38% (2)                   | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Scotiabank  | 11,888           | 12,309           | US\$ + 2.695% (2)                  | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 10,844           | 11,276           | US\$ + Libor 6 months + 1.52%(2)   | 1 installment in September 2014              | CPFL Energia guarantee and promissory notes |
| Santander   | 22,631           | 23,037           | US\$ + 2.544% (3)                  | 1 installment in June 2016                   | CPFL Energia guarantee and promissory notes |
| <b>CPFL Jaguarí</b>   |                  |                  |                                    |  |   |
| Scotiabank  | 14,719           | 15,241           | US\$ + 2.695% (2)                  | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 9,930            | 10,334           | US\$ + Libor 6 months + 1.57%(2)   | 1 installment in August 2014                 | CPFL Energia guarantee and promissory notes |
| Santander   | 31,888           | 32,461           | US\$ + 2.544% (3)                  | 1 installment in June 2016                   | CPFL Energia guarantee and promissory notes |
| <b>CPFL Mococa</b>  |                  |                  |                                    |  |   |
| Scotiabank  | 9,488            | 12,896           | US\$ + 2.695% (2)                  | 1 installment in July 2015                   | CPFL Energia guarantee and promissory notes |
| Citibank  | 12,454           | 9,866            | US\$ + Libor 6 months + 1.52%(2)   | 1 installment in September 2014              | CPFL Energia guarantee and promissory notes |
| <b>Total Foreign Currency - fair value</b>  | <b>2,813,544</b> | <b>2,008,454</b> |                                    |  |   |
| <b>Total - Consolidated</b>   | <b>9,837,442</b> | <b>9,229,996</b> |                                    |  |   |

The subsidiaries hold swaps converting the operating cost of currency variation to interest tax variation in reais, corresponding to :

(1) 176.19% of CDI (3) 104.1% to 109% of CDI  
(2) 99% to 104% of CDI (4) 109.1% to 109.5% of CDI

(\*) Effective rate:

CPFL Paulista and CPFL Piratininga - 98.5% of CDI + 2.88%

RGE - 98.5% of CDI + 2.5%

CPFL Santa Cruz, CPFL Sul Paulista, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguarí - 98.5% of CDI + 2.28%

(\*\*) Effective rate:

CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Sul Paulista, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguarí - 99.0% of CDI + 2.38%

(\*\*\*) Effective rate:

CPFL Paulista, CPFL Santa Cruz, CPFL Leste Paulista, CPFL Mococa e CPFL Jaguarí - 100% to 104% of CDI + 2.28%

CPFL Serviços - CDI + 0.10 % p.a + 1.88%

CPFL Piratininga – 98.65% of CDI +0.10%

(\*\*\*\*) Effective rate:

CPFL Piratininga – 104.9% of CDI

In accordance with CPCs 38 and 39 and IAS 32 and 39, the Company and its subsidiaries classified their debts, as segregated in the tables above, as (i) other financial liabilities (or measured at amortized cost), and (ii) financial liabilities measured at fair value through profit and loss.

The objective of classification of financial liabilities measured at fair value is to compare the effects of recognition of income and expense derived from marking hedge derivatives to market, tied to the loans and financing, in order to obtain more relevant and consistent accounting information. At March 31, 2014, the total balance of the loans and financing measured at fair value was R\$ 2,813,544 (R\$ 22,008,454 at December 31, 2013).

Changes in the fair values of these loans and financing are recognized in the financial income (expense) of the subsidiaries. Losses of R\$ 90,547 (R\$ 44,194 at December 31, 2013), on marking the debts to market, less the gains of R\$ 40,863 (R\$ 18,080 at December 31, 2013), of marking to market the derivative financial instruments contracted as a hedge against foreign exchange variations (Note 32), results in a total net loss of R\$ 49,549 (R\$ 26,114 at December 31, 2013).

The maturities of the principal non-current balances of loans and financing are scheduled as follows:

| <b>Maturity</b>    | <b>Consolidated</b> |
|--------------------|---------------------|
| From April 1, 2015 | 717,473             |
| 2016               | 1,799,449           |
| 2017               | 1,232,237           |
| 2018               | 1,307,066           |
| 2019               | 1,460,571           |
| 2020 to 2024       | 1,302,286           |
| 2025 to 2029       | 440,005             |
| 2030 to 2034       | 854                 |
| <b>Subtotal</b>    | <b>8,259,941</b>    |
| Mark to Market     | 90,215              |
| <b>Total</b>       | <b>8,350,156</b>    |

**Main additions in the period:****Brazilian currency****Investment:**

**CPFL Paulista - FINEM VI** - The subsidiary obtained approval for BNDES financing of R\$ 790,000 in 2012, part of a FINEM credit line, to be used for the subsidiary's investment plan. The amount of R\$ 26,969 was released in the first quarter of 2014 and the outstanding balance of R\$ 261,778 was cancelled.

**CPFL Piratininga- FINEM V** - The subsidiary obtained approval for BNDES financing of R\$ 220,000 in 2012, part of a FINEM credit line, to be used for the subsidiary's investment plan. The amount of R\$ 12,442 was released in the first quarter of 2014 and the outstanding balance of R\$ 75,694 was cancelled.

**RGE - FINEM V** - The subsidiary obtained approval for BNDES financing of R\$ 274,997 in 2012, part of a FINEM credit line, to be used for the subsidiary's investment plan. The amount of R\$ 8,354 was released in the first quarter of 2014 and the outstanding balance of R\$ 35,492 was cancelled.

**CPFL Serviços – FINAME** - The subsidiary obtained Banco Itaú BBA financing to purchase vehicles and equipment. An amount of R\$ 4,547 was released in the first quarter of 2014. The agreement has no restrictive covenants.

**CPFL Transmissão - FINAME** - the subsidiary obtained Banco Santander financing of R\$ 23,824 for the acquisition of electrical equipment. An amount of R\$ 3,230 was released in the first quarter of 2014. The agreement has no restrictive covenants.

**CPFL Renováveis – BNB** - The indirect subsidiary Rosa dos Ventos, purchased in February 2014, owned these operations, which are consolidated in the Company's financial statements as from March 2014. The agreement has no restrictive covenants.

**Financial institutions:**

**CPFL Telecom - Banco IBM** - In the first quarter of 2014, the subsidiary raised R\$ 37,989 in bank credit bills from Banco IBM. The principal and interest will be paid half-yearly. The funds will be used to reinforce working capital. The agreement has no restrictive covenants.

**CPFL Renováveis – Banco do Brasil (Promissory Note)** - The outstanding balance of the promissory notes issued by the indirectly owned subsidiaries Atlântica I, Atlântica II, Atlântica IV and Atlântica V was settled in January 2014, using funds from a new issue under the same conditions, totaling R\$ 138,000. There are no restrictive covenants for this transaction.

#### Foreign currency

##### Financial Institutions:

**CPFL Paulista - Mizuho Bank** - In the first quarter of 2012, the subsidiary raised the amount of R\$ 174,900 (R\$ 173,413 net of fundraising) costs, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

**CPFL Paulista - Tokyo-Mitsubishi Bank** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 117,400 (R\$ 116,226 net of fundraising) costs, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

**CPFL Paulista - Citibank** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 117,250, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

**CPFL Paulista - Bank of America Merrill Lynch** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 106,020, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

**CPFL Piratininga - Citibank** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 151,875, under Law 4131/62. The interest will be paid half-yearly. The funds will be used to extend the debt profile.

**CPFL Piratininga - Citibank** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 117,250, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

**CPFL Geração – HSBC** - In the first quarter of 2014, the subsidiary raised the amount of R\$ 232,520, under Law 4131/62. The interest will be paid quarterly. The funds will be used to extend the debt profile.

#### Prepayment

**CPFL Geração – Citibank** - The maturity of the subsidiary CPFL Geração's foreign currency debt to Citibank, originally scheduled for August 2016, was settled in the first quarter of 2014.

#### RESTRICTIVE COVENANTS

The loan and financing agreements are subject to certain restrictive covenants and include clauses that require the Company and/or its subsidiaries to maintain certain financial ratios within pre-established parameters. Some loans contracted in 2014 have the clauses related to financial indicators, which are calculated half yearly in accordance with the Financial Statement of the company:



**Foreign currency loans - Citibank, Tokyo – Mitsubishi Bank, Bank of America Merrill Lynch, Mizuho and HSBC (Law 4.131)**

Foreign currency loans under Law 4131 are subject to certain restrictive covenants, including clauses that require the Company to maintain certain financial ratios within pre-established parameters, calculated half-yearly. The main ratios are as follows:

- Net indebtedness to EBITDA – maximum of 3.75; and
- EBITDA to Net Financial Income (Expense) - minimum of 2.25.

The details of the restrictive conditions for other debts are presented in the Financial Statements of December 31, 2013.

Company Management monitor these ratios systematically and constantly to ensure that the contractual conditions are complied with. Company Management believes that all the restrictive covenants and clauses for which the indicators are measured half yearly or annually have been adequately complied with in accordance with the latest base periods, June 30, 2013 and December 31, 2013, respectively.

**( 16 ) ACCRUED INTEREST ON DEBENTURES AND DEBENTURES**

|                           |                    | Consolidated                    |         |            |           |                                 |         |            |           |
|---------------------------|--------------------|---------------------------------|---------|------------|-----------|---------------------------------|---------|------------|-----------|
|                           |                    | March 31, 2014                  |         |            |           | December 31, 2013               |         |            |           |
|                           |                    | Current and noncurrent interest | Current | Noncurrent | Total     | Current and noncurrent interest | Current | Noncurrent | Total     |
| Parent Company            |                    |                                 |         |            |           |                                 |         |            |           |
| 4th Issue                 | Single series      | 44,966                          | -       | 1,288,280  | 1,333,246 | 12,438                          | -       | 1,287,912  | 1,300,350 |
|                           |                    | 44,966                          | -       | 1,288,280  | 1,333,246 | 12,438                          | -       | 1,287,912  | 1,300,350 |
| CPFL Paulista             |                    |                                 |         |            |           |                                 |         |            |           |
| 6th Issue                 | Single series      | 16,591                          | -       | 658,218    | 674,809   | 31,674                          | -       | 658,134    | 689,808   |
| 7th Issue                 | Single series      | 7,823                           | -       | 503,488    | 511,311   | 20,173                          | -       | 503,433    | 523,607   |
|                           |                    | 24,414                          | -       | 1,161,706  | 1,186,120 | 51,847                          | -       | 1,161,568  | 1,213,415 |
| CPFL Piratininga          |                    |                                 |         |            |           |                                 |         |            |           |
| 3rd Issue                 | Single series      | 13,172                          | -       | 259,717    | 272,889   | 6,331                           | -       | 259,653    | 265,984   |
| 6th Issue                 | Single series      | 2,765                           | -       | 109,574    | 112,339   | 5,279                           | -       | 109,554    | 114,833   |
| 7th Issue                 | Single series      | 3,641                           | -       | 234,256    | 237,896   | 9,388                           | -       | 234,229    | 243,616   |
|                           |                    | 19,578                          | -       | 603,547    | 623,124   | 20,998                          | -       | 603,436    | 624,433   |
| RGE                       |                    |                                 |         |            |           |                                 |         |            |           |
| 6th Issue                 | Single series      | 12,569                          | -       | 498,628    | 511,197   | 23,995                          | -       | 498,564    | 522,559   |
| 7th Issue                 | Single series      | 2,634                           | -       | 169,436    | 172,070   | 6,791                           | -       | 169,415    | 176,206   |
|                           |                    | 15,203                          | -       | 668,064    | 683,267   | 30,786                          | -       | 667,979    | 698,765   |
| CPFL Santa Cruz           |                    |                                 |         |            |           |                                 |         |            |           |
| 1st Issue                 | Single series      | 2,211                           | -       | 64,810     | 67,021    | 416                             | -       | 64,799     | 65,215    |
| CPFL Brasil               |                    |                                 |         |            |           |                                 |         |            |           |
| 2nd Issue                 | Single series      | 8,257                           | -       | 227,501    | 235,758   | 1,948                           | -       | 227,471    | 229,419   |
| CPFL Geração              |                    |                                 |         |            |           |                                 |         |            |           |
| 3rd Issue                 | Single series      | 13,374                          | -       | 263,734    | 277,108   | 6,429                           | -       | 263,668    | 270,097   |
| 4th Issue                 | Single series      | 24,626                          | -       | 678,383    | 703,009   | 5,809                           | -       | 678,288    | 684,097   |
| 5th Issue                 | Single series      | 39,546                          | -       | 1,088,904  | 1,128,450 | 9,329                           | -       | 1,088,721  | 1,098,050 |
| 6th Issue                 | Single series      | 4,735                           | -       | 458,665    | 463,400   | 16,254                          | -       | 458,612    | 474,866   |
|                           |                    | 82,281                          | -       | 2,489,686  | 2,571,967 | 37,821                          | -       | 2,489,289  | 2,527,110 |
| CPFL Renováveis           |                    |                                 |         |            |           |                                 |         |            |           |
| 1st Issue - SIIF          | 1st to 12th Series | 2,147                           | 35,300  | 480,526    | 517,973   | 814                             | 34,872  | 474,172    | 509,858   |
| 1st Issue - PCH Holding 2 | Single series      | 39,185                          | -       | 156,621    | 195,806   | 32,177                          | -       | 158,193    | 190,370   |
| 1st Issue - Renováveis    | Single series      | 17,321                          | -       | 427,518    | 444,839   | 5,065                           | -       | 427,402    | 432,467   |
|                           |                    | 58,653                          | 35,300  | 1,064,664  | 1,158,618 | 38,056                          | 34,872  | 1,059,766  | 1,132,695 |
| Total                     |                    | 255,563                         | 35,300  | 7,568,258  | 7,859,121 | 194,311                         | 34,872  | 7,562,219  | 7,791,402 |

|                           |                    | Consolidated |                     |                       |   |   |
|---------------------------|--------------------|--------------|---------------------|-----------------------|---|---|
|                           |                    | Issued       | Annual Remuneration | Annual Effective rate | Amortization Conditions                           | Collateral  |
| Parent Company            |                    |              |                     |                       |   |   |
| 4th Issue                 | Single series      | 129,000      | CDI + 0.40%         | CDI + 0.51%           | 1 installment in May 2015                         | Unsecured   |
| CPFL Paulista             |                    |              |                     |                       |   |   |
| 6th Issue                 | Single series      | 660          | CDI + 0.8% (2)      | CDI + 0.87%           | 3 annual installments from July 2017              | CPFL Energia guarantee                                |
| 7th Issue                 | Single series      | 50,500       | CDI + 0.83% (3)     | CDI + 0.89%           | 4 annual installments from February 2018          | CPFL Energia guarantee                                |
| CPFL Piratininga          |                    |              |                     |                       |   |   |
| 3rd Issue                 | Single series      | 260          | 107% of CDI         | 107% of CDI + 0.67%   | 1 installment in April 2015                       | CPFL Energia guarantee                                |
| 6th Issue                 | Single series      | 110          | CDI + 0.8% (2)      | CDI + 0.91%           | 3 annual installments from July 2017              | CPFL Energia guarantee                                |
| 7th Issue                 | Single series      | 23,500       | CDI + 0.83% (2)     | CDI + 0.89%           | 4 annual installments from February 2018          | CPFL Energia guarantee                                |
| RGE                       |                    |              |                     |                       |   |   |
| 6th Issue                 | Single series      | 500          | CDI + 0.8% (2)      | CDI + 0.88%           | 3 annual installments from July 2017              | CPFL Energia guarantee                                |
| 7th Issue                 | Single series      | 17,000       | CDI + 0.83% (3)     | CDI + 0.88%           | 4 annual installments from February 2018          | CPFL Energia guarantee                                |
| CPFL Santa Cruz           |                    |              |                     |                       |   |   |
| 1st Issue                 | Single series      | 650          | CDI + 1.4%          | CDI + 1.52%           | 2 annual instalments from June 2017               | CPFL Energia guarantee                                |
| CPFL Brasil               |                    |              |                     |                       |   |   |
| 2nd Issue                 | Single series      | 2,280        | CDI + 1.4%          | CDI + 1.48%           | 2 annual instalments from June 2017               | CPFL Energia guarantee                                |
| CPFL Geração              |                    |              |                     |                       |   |   |
| 3rd Issue                 | Single series      | 264          | 107% of CDI         | 107% of CDI + 0.67%   | 1 installment in April 2015                       | CPFL Energia guarantee                                |
| 4th Issue                 | Single series      | 6,800        | CDI + 1.4%          | CDI + 1.49%           | 2 annual instalments from June 2017               | CPFL Energia guarantee                                |
| 5th Issue                 | Single series      | 10,920       | CDI + 1.4%          | CDI + 1.48%           | 2 annual instalments from June 2017               | CPFL Energia guarantee                                |
| 6th Issue                 | Single series      | 46,000       | CDI + 0.75% (1)     | CDI + 0.75%           | 3 annual instalments from August 2018             | CPFL Energia guarantee                                |
| CPFL Renováveis           |                    |              |                     |                       |   |   |
| 1st Issue - SIIF          | 1st to 12th Series | 432,299,666  | TJLP + 1%           | TJLP + 1% + 0.22%     | 39 consecutive semi-annual installments from 2009 | Fiduciary alienation                                  |
| 1st Issue - PCH Holding 2 | Single series      | 1,581        | CDI + 1.6%          | CDI + 1.6%            | 9 annual installments from 2015 to 2023           | CPFL Renováveis guarantee                             |
| 1st Issue - Renováveis    | Single series      | 43,000       | CDI + 1.7%          | CDI + 1.7%            | Annual installments from May 2015                 | BVP and PCH Holding fiduciary assignment of dividends |

The Company and its subsidiaries hold swaps that convert the prefixed component of interest on the operation to interest rate variation in reais, corresponding to:

(1) 106% to 106,9% of CDI  
(2) 107% to 107,9% of CDI

(3) 108% to 108,1% of CDI

The maturities of the non-current balance of debentures are scheduled as follows:

| Maturity           | Consolidated     |
|--------------------|------------------|
| From April 1, 2015 | 1,877,232        |
| 2016               | 87,001           |
| 2017               | 1,494,079        |
| 2018               | 1,898,266        |
| 2019               | 1,012,050        |
| 2020 to 2024       | 1,076,159        |
| 2025 to 2029       | 123,471          |
| <b>Total</b>       | <b>7,568,258</b> |

## RESTRICTIVE COVENANTS

The debentures are subject to certain restrictive covenants, including clauses that require the Company and its subsidiaries to maintain certain financial ratios within pre-established parameters, calculated half-yearly. The details of these are shown in the December 31, 2013 financial statements.

The details of the restrictive covenants for the other debentures are presented in the December 31, 2013 Financial Statements.

Company Management monitors these ratios systematically and constantly to ensure that the conditions are complied with. Company Management believes that all the restrictive covenants and clauses for which the indicators are measured half yearly or annually have been adequately complied with in accordance with the latest base periods, June 30, 2013 and December 31, 2013, respectively.

#### **( 17 ) POST-EMPLOYMENT BENEFIT OBLIGATION**

The subsidiaries sponsor supplementary retirement and pension plans for their employees. The main characteristics of these plans are as follows:

##### **I - CPFL Paulista**

The plan currently in force for the employees of the subsidiary CPFL Paulista through Fundação CESP is a Mixed Benefit Plan, in the form, to October 31, 1997, of a Defined Benefit Plan (Proportional Supplementary Defined Benefit – BSPS), and after that date, adoption of a mixed variable contribution model for scheduled retirement and a defined benefit plan for benefits for risk (disability and death).

As a result of the Retirement Plan modification occurred in October 1997, a commitment calculated at the time by the external actuaries of Fundação CESP, was established by the subsidiary CPFL Paulista, which will be settled until 2027. Such commitment is annually adjusted at 6% p.a. and monetarily restated at the IGP-DI rate (FGV). At the end of each year, after appraisal by external actuaries, the balance of the commitment is adjusted to reflect the equilibrium of the equity of the Fundação CESP pension plans. The amount of the commitment at March 31, 2014 is R\$ 843,369 (R\$ 840,602 at December 31, 2013), which differs from the carrying amount of the post-employment benefit obligation, that is recorded by the subsidiary, in accordance with CPC 23 (R1) / IAS 19.

The subsidiary's managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by either Banco do Brasil or Bradesco.

##### **II - CPFL Piratininga**

The plan currently in force for the employees of the subsidiary CPFL Piratininga through Fundação CESP is a Supplementary Retirement and Benefit Plan (Plano de Suplementação de Aposentadorias e Pensão), in the form, to March 31, 1998, of a Defined Benefit Plan (Proportional Supplementary Defined Benefit – BSPS), and after that date, adoption of a Defined Benefit Plan and a variable contribution plan.

As a result of the Retirement Plan modification in September 1997, Eletropaulo Metropolitana El. São Paulo S.A. (Bandeirante's predecessor) by the external actuaries of Fundação CESP, was established by the subsidiary CPFL Piratininga, which will be settled up to 2026. Such commitment is annually adjusted at 6% p.a. and monetarily restated at the IGP-DI rate (FGV). At the end of each year, after appraisal by external actuaries, the balance of the commitment is adjusted to reflect the equilibrium of the equity of the Fundação CESP pension plans. The amount of the commitment at March 31, 2014 is R\$ 217,101 (R\$ 217,011 at December 31, 2013), which differs from the carrying amount of the post-employment benefit obligation, that is recorded by the subsidiary, which is in accordance with CPC 33 (R1) / IAS 19.

Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by either Banco do Brasil or Bradesco.

**III - RGE**

A defined benefit type plan, with a benefit level equal to 100% of the adjusted average of the most recent salaries, less the presumed Social Security benefit, with a Segregated Net Asset managed by ELETROCEEE. Only those whose work contracts were transferred from CEEE to RGE are entitled to this benefit. A defined benefit private pension plan was set up in January 2006 with Bradesco Vida e Previdência for employees admitted from 1997.

**IV - CPFL Santa Cruz**

The benefits plan of the subsidiary CPFL Santa Cruz, managed by BB Previdência - Fundo de Pensão do Banco do Brasil, is a defined contribution plan.

**V - CPFL Leste Paulista, CPFL Sul Paulista, CPFL Mococa e CPFL Jaguarí**

In December 2005, the companies joined the CMSPREV private pension plan, managed by IHPREV Pension Fund. The plan is structured as a defined contribution plan.

**VI - CPFL Geração**

The employees of the subsidiary CPFL Geração belong to the same pension plan as CPFL Paulista.

With the modification of the Retirement Plan, at that point maintained by CPFL Paulista, in October 1997, a commitment was recognized by the subsidiary CPFL Geração, calculated by the external actuaries of Fundação CESP to be settled to 2027. Such commitment is annually adjusted at 6% p.a. and monetarily restated at the IGP-DI rate (FGV). At the end of each year, after appraisal by external actuaries, the balance of the commitment is adjusted to reflect the equilibrium of the equity of the Fundação CESP pension plans. The amount of the commitment at March 31, 2014 is R\$ 17,369 (R\$ 17,310 at December 31, 2013), which differs from the carrying amount recorded by the subsidiary, which is in accordance with CPC 03 (R1) / IAS 19.

Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by either Banco do Brasil or Bradesco.

**VII - Changes in the defined benefit plans**

The changes in the period in the net actuarial liability in accordance with CPC 33 (R1) are as follows:

|  | CPFL<br>Paulista | CPFL<br>Piratininga | CPFL<br>Geração | RGE          | Total          |
|--|------------------|---------------------|-----------------|--------------|----------------|
| <b>Net actuarial liabilities as of December 31, 2013</b> | 364,085          | 44,895              | -               | 3,046        | 412,026        |
| Expense (income) recognized in income statement          | 10,091           | 1,995               | 19              | (64)         | 12,041         |
| Sponsors' contributions transferred during the period    | (24,328)         | (7,161)             | (308)           | (1,593)      | (33,390)       |
| Actuarial loss   | -                | -                   | 289             | -            | 289            |
| <b>Net actuarial liabilities as of March 31, 2014</b>    | <b>349,848</b>   | <b>39,729</b>       | <b>-</b>        | <b>1,389</b> | <b>390,966</b> |
| Other contributions                                      | 14,697           | 434                 | 65              | 241          | 15,436         |
| <b>Total liabilities</b>                                 | <b>364,545</b>   | <b>40,163</b>       | <b>65</b>       | <b>1,630</b> | <b>406,402</b> |
| Current  |                  |                     |                 |              | 80,343         |
| Noncurrent   |                  |                     |                 |              | 326,060        |

The income and expense recognized as operating cost in the actuary's report are shown below:

| 1st quarter 2014                                      |               |                  |              |             |               |
|---|---------------|------------------|--------------|-------------|---------------|
|   | CPFL Paulista | CPFL Piratininga | CPFL Geração | RGE         | Consolidated  |
| Service cost  | 290           | 984              | 38           | (11)        | 1,301         |
| Interest on actuarial obligations                     | 101,231       | 26,023           | 2,313        | 6,937       | 136,504       |
| Expected return on plan assets                        | (91,430)      | (25,012)         | (2,365)      | (6,990)     | (125,797)     |
| Effect of the limit on the assets to be accounted for | -             | -                | 33           | -           | 33            |
| <b>Total expense/(income)</b>                         | <b>10,091</b> | <b>1,995</b>     | <b>19</b>    | <b>(64)</b> | <b>12,041</b> |

  

| 1st quarter 2013                  |               |                  |              |            |               |
|-----------------------------------|---------------|------------------|--------------|------------|---------------|
|                                   | CPFL Paulista | CPFL Piratininga | CPFL Geração | RGE        | Consolidated  |
| Service cost                      | 407           | 1,724            | 46           | 164        | 2,341         |
| Interest on actuarial obligations | 94,213        | 24,812           | 2,163        | 6,378      | 127,565       |
| Expected return on plan assets    | (80,337)      | (21,174)         | (1,992)      | (5,874)    | (109,376)     |
| <b>Total expense</b>              | <b>14,283</b> | <b>5,363</b>     | <b>217</b>   | <b>667</b> | <b>20,530</b> |

The principal assumptions taken into consideration in the actuarial calculation were those considered in the December 31, 2013 and 2012 financial statements, as follows:

|   | December 31, 2013  | December 31, 2012  |
|---|--|--|
| Nominal discount rate for actuarial liabilities:                                | 11.72% p.a.  | 8.78% p.a.   |
| Nominal Return Rate on Assets:  | 11.72% p.a.  | 8.78% p.a.   |
| Estimated Rate of nominal salary increase:                                      | 7.10% p.a.   | 6.69% p.a.   |
| Estimated Rate of nominal benefits increase:                                    | 0.0% p.a.  | 0.0% p.a.  |
| Estimated long-term inflation rate (basis for establishing nominal rates above) | 5.00% p.a.   | 4.6% p.a.  |
| General biometric mortality table:  | AT-83  | AT-83  |
| Biometric table for the onset of disability:                                    | Mercer Disability  | Mercer Disability  |
| Expected turnover rate:   | 0.3 / (Service time + 1)                                   | 0.3 / (Service time + 1)                                   |
| Likelihood of reaching retirement age:  | 100% when a beneficiary of the Plan first becomes eligible | 100% when a beneficiary of the Plan first becomes eligible |

#### ( 18 ) REGULATORY CHARGES

| Consolidated                       |                |                   |
|------------------------------------|----------------|-------------------|
|                                    | March 31, 2014 | December 31, 2013 |
| Fee for the use of water resources | 1,779          | 1,590             |
| Global reverse fund - RGR          | 15,993         | 15,983            |
| ANEEL inspection fee - TFSEE       | 1,855          | 1,869             |
| Energy development account - CDE   | 24,570         | 12,937            |
| <b>Total</b>                       | <b>44,197</b>  | <b>32,379</b>     |

**( 19 ) TAXES AND SOCIAL CONTRIBUTIONS PAYABLE**

|                                | Consolidated   |                   |
|--------------------------------|----------------|-------------------|
|                                | March 31, 2014 | December 31, 2013 |
| <b>Current</b>                 |                |                   |
| ICMS (State VAT)               | 241,621        | 117,895           |
| PIS (Tax on Revenue)           | 12,268         | 10,156            |
| COFINS (Tax on Revenue)        | 56,612         | 45,892            |
| IRPJ (Corporate Income Tax)    | 51,823         | 62,771            |
| CSLL (Social Contribution Tax) | 20,329         | 29,659            |
| PIS (REFIS)                    | 4,100          | 4,100             |
| COFINS (REFIS)                 | 18,886         | 18,886            |
| Other                          | 24,121         | 28,704            |
| <b>Total</b>                   | <b>429,760</b> | <b>318,063</b>    |
| <b>Noncurrent</b>              |                |                   |
| PIS (REFIS)                    | 4,782          | 5,807             |
| COFINS (REFIS)                 | 22,026         | 26,748            |
| <b>Total</b>                   | <b>26,808</b>  | <b>32,555</b>     |

**( 20 ) PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS**

|              | Consolidated                             |                  |  |                  |
|--------------|--|------------------|--|------------------|
|              | March 31, 2014                           |                  | December 31, 2013                        |                  |
|              | Provision for tax, civil and labor risks | Escrow Deposits  | Provision for tax, civil and labor risks | Escrow Deposits  |
| <b>Labor</b> |  |                  |  |                  |
| Various      | 135,699                                  | 88,461           | 119,707                                  | 80,516           |
| <b>Civil</b> |  |                  |  |                  |
| Various      | 138,056                                  | 149,133          | 149,735                                  | 174,961          |
| <b>Tax</b>   |  |                  |  |                  |
| FINSOCIAL    | 26,134                                   | 74,506           | 25,682                                   | 73,633           |
| Income Tax   | 130,863                                  | 791,823          | 128,332                                  | 779,899          |
| Other        | 21,003                                   | 34,589           | 20,555                                   | 33,785           |
|              | 178,000                                  | 900,918          | 174,568                                  | 887,318          |
| <b>Other</b> | 23,985                                   | 537              | 23,985                                   | 384              |
| <b>Total</b> | <b>475,740</b>                           | <b>1,139,048</b> | <b>467,996</b>                           | <b>1,143,179</b> |

The changes in the provisions for tax, civil and labor risks are shown below:

|       | Consolidated      |               |                |                 |                      | March 31, 2014 |
|-------|-------------------|---------------|----------------|-----------------|----------------------|----------------|
|       | December 31, 2013 | Addition      | Reversal       | Payment         | Monetary restatement |                |
| Labor | 119,707           | 17,212        | (2,416)        | (4,579)         | 5,774                | 135,699        |
| Civil | 149,735           | 21,127        | (3,877)        | (34,018)        | 5,089                | 138,056        |
| Tax   | 174,568           | 1,463         | -              | (5)             | 1,974                | 178,000        |
| Other | 23,985            | -             | -              | -               | -                    | 23,985         |
|       | <b>467,996</b>    | <b>39,802</b> | <b>(6,293)</b> | <b>(38,602)</b> | <b>12,837</b>        | <b>475,740</b> |

The provisions for tax, civil and labor risks were based on assessment of the risks of losing litigation to which the Company and its subsidiaries are parties, where a loss is probable in the opinion of the external legal advisers and the Management of the Company and its subsidiaries.

Details of the provisions for tax, civil and labor risks and escrow deposits are presented in the financial statements of December 31, 2013.

**Possible losses** - the Company and its subsidiaries are parties to other suits and risks in which Management, supported by its external legal advisers, believes that the chances of a successful outcome are possible, due to a solid defensive position in these cases. Consequently, no provision has been established for these suits. It is not yet possible to predict the outcome of the courts' decisions or any other decisions in similar proceedings considered probable or remote. The claims relating to possible losses, at March 31, 2014, were as follows: (i) R\$ 203,513 labor (R\$ 244,277 at December 31, 2013) related mainly to workplace accidents, risk premium, overtime, etc; (ii) R\$ 408,718 civil, related mainly to bodily injury, environmental impacts and tariff increases (R\$ 413,850 at December 31, 2013); (iii) R\$ 2,825,496 tax, related mainly to Income tax, ICMS, FINSOCIAL, PIS and COFINS (R\$ 2,704,881 at December 31, 2013), one of the main issues is the deductibility of the expense recognized in 1997 in relation to the pension plan for employees of the subsidiary CPFL Paulista with Fundação CESP of R\$ 1,058,402 (estimated), involving an escrow deposit of R\$ 658,500; and (iv) R\$ 27,634 regulatory at March 31, 2014 (R\$ 27,628 at December 31, 2013).

The regulatory possible loss mainly relates to collection of the system service charge – ESS, in accordance with CNPE Resolution nº 03, of March 6, 2013, in which the subsidiaries and jointly-controlled subsidiaries of the Company obtained, through the Brazilian Association of Independent Producers of Electric Energy (Associação Brasileira dos Produtores Independentes de Energia Elétrica – APINE) and the Brazilian Clean Energy Generation Association (Associação Brasileira de Geração de Energia Limpa - ABRAGEL), an injunction suspending collection of the above-mentioned charge, leading the Company's legal advisers to qualify the risk of loss as possible. The total risk amount is R\$ 15,546, related to the indirect subsidiaries CPFL Renováveis (R\$ 11,631), Ceran (R\$ 3,191) and Paulista Lajeado (R\$ 724).

Based on the opinion of their external legal advisers, Management of the Company and its subsidiaries consider that the registered amounts represent recent forecast.

## ( 21 ) USE OF PUBLIC UTILITIES

| Company    | Consolidated   |                   |  | Quantity of remaining installments |
|------------|----------------|-------------------|--|------------------------------------|
|            | March 31, 2014 | December 31, 2013 |  |                                    |
| CERAN      | 84,108         | 83,176            |  | 264                                |
| Current    | 3,823          | 3,738             |  |                                    |
| Noncurrent | 80,285         | 79,438            |  |                                    |
|            | 78             |                   |  |                                    |

**( 22 ) OTHER ACCOUNTS PAYABLE**

|   | Consolidated   |                   |                |                   |
|---|----------------|-------------------|----------------|-------------------|
|   | Current        |                   | Noncurrent     |                   |
|   | March 31, 2014 | December 31, 2013 | March 31, 2014 | December 31, 2013 |
| Consumers and Concessionaires   | 44,145         | 43,804            | -              | -                 |
| Energy Efficiency Program - PEE                                       | 232,813        | 218,419           | 15,348         | 11,537            |
| Research & Development - P&D  | 158,560        | 164,180           | 11,700         | 4,842             |
| National Scientific and Technological Development Fund - FNDCT        | 2,212          | 1,966             | -              | -                 |
| Energy Research Company - EPE   | 1,105          | 982               | -              | -                 |
| Fund of reversal  | -              | -                 | 17,750         | 17,750            |
| Advances  | 44,112         | 34,879            | -              | -                 |
| Provision for socio-environmental costs and decommissioning of assets | -              | -                 | 39,884         | 34,471            |
| Payroll   | 10,188         | 17,639            | -              | -                 |
| Profit sharing  | 38,492         | 36,601            | 4,171          | 4,171             |
| Collections agreement   | 83,789         | 73,240            | -              | -                 |
| Guarantees  | -              | -                 | 28,493         | 29,133            |
| Advance CDE   | 3,606          | 9,246             | -              | -                 |
| Account payable - bussiness combination                               | 10,623         | 10,477            | -              | -                 |
| Other   | 47,615         | 52,095            | 1,891          | 1,981             |
| <b>Total</b>  | <b>677,259</b> | <b>663,529</b>    | <b>119,238</b> | <b>103,886</b>    |

**( 23 ) SHAREHOLDERS' EQUITY**

The shareholders' interest in the Company's equity at March 31, 2014 and December 31, 2013 are shown below:

| Shareholders   | Number of shares   |               |                    |               |
|--|--------------------|---------------|--------------------|---------------|
|  | March 31, 2014     |               | December 31, 2013  |               |
|  | Common shares      | Interest %    | Common shares      | Interest %    |
| BB Carteira Livre I FIA  | 288,569,602        | 29.99         | 288,569,602        | 29.99         |
| Caixa de Previdência dos Funcionários do Banco do Brasil - Previ | 487,700            | 0.05          | 487,700            | 0.05          |
| Camargo Correa S.A.  | 837,860            | 0.09          | 837,860            | 0.09          |
| ESC Energia S.A.   | 234,092,930        | 24.33         | 234,092,930        | 24.33         |
| Bonaire Participações S.A.                                       | 6,308,790          | 0.66          | 6,308,790          | 0.66          |
| Energia São Paulo FIA  | 136,820,640        | 14.22         | 136,820,640        | 14.22         |
| BNDES Participações S.A.   | 64,842,768         | 6.74          | 64,842,768         | 6.74          |
| Antares Holdings Ltda.   | 16,039,720         | 1.67          | 16,039,720         | 1.67          |
| Brumado Holdings Ltda.   | 34,502,100         | 3.59          | 34,502,100         | 3.59          |
| Members of Executive Board                                       | 102,300            | 0.01          | 102,350            | 0.01          |
| Other shareholders   | 179,669,850        | 18.67         | 179,669,800        | 18.67         |
| <b>Total</b>   | <b>962,274,260</b> | <b>100.00</b> | <b>962,274,260</b> | <b>100.00</b> |

Details of the items included in shareholders' equity are described in the financial statements of December 31, 2013.

**( 24 ) EARNINGS PER SHARE****Earnings per share – basic and diluted**

Basic and diluted earnings (loss) per share for the quarters ended at March 31, 2014 and 2013 are calculated by dividing the net income attributable to controlling shareholders by the average weighted number of common shares outstanding in the periods presented. Specifically in the case of diluted earnings per share, the dilutive effects of potential convertible notes are taken into account, as shown below:



|   | 1st quarter 2014 | 1st quarter 2013 |
|---|------------------|------------------|
| Numerator   |                  |                  |
| Net income attributable to controlling shareholders                         | 176,496          | 405,587          |
| Denominator   |                  |                  |
| Weighted average shares outstanding   | 962,274,260      | 962,274,260      |
| <b>Net income per share - basic</b>   | <b>0.18</b>      | <b>0.42</b>      |
| Numerator   |                  |                  |
| Net income attributable to controlling shareholders                         | 176,496          | 405,587          |
| Dilutive effect of convertible debentures of subsidiary CPFL Renováveis (*) | (3,522)          | (1,700)          |
| Net income attributable to the Controlling Shareholders                     | 172,973          | 403,887          |
| Denominator   |                  |                  |
| Weighted average shares outstanding   | 962,274,260      | 962,274,260      |
| <b>Net income per share - diluted</b>                                       | <b>0.18</b>      | <b>0.42</b>      |

(\*) Proportional to the Company's percentage interest in each period in the subsidiary

The dilutive effect of the numerator in calculation of diluted earnings (losing) per share takes into account the dilutive effects of the debentures convertible into shares issued by subsidiaries of the indirectly controlled entity CPFL Renováveis. Calculation of the effects was based on the assumption that these debentures would be converted into common shares of the subsidiary at the beginning of each year.

**( 25 ) OPERATING REVENUE**

|   | Consolidated            |                        |                     |                     |                     |                     |
|---|-------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|
|   | Number of consumers (*) |                        | In GWh (*)          |                     | R\$ thousand        |                     |
|   | 1st<br>quarter<br>2014  | 1st<br>quarter<br>2013 | 1st quarter<br>2014 | 1st quarter<br>2013 | 1st quarter<br>2014 | 1st quarter<br>2013 |
| <b>Revenue from Eletic Energy Operations</b>                        |                         |                        |                     |                     |                     |                     |
| <b>Consumer class</b>   |                         |                        |                     |                     |                     |                     |
| Residential   | 6,580,457               | 6,363,270              | 4,462               | 3,932               | 1,624,851           | 1,599,772           |
| Industrial  | 58,333                  | 58,849                 | 3,480               | 3,615               | 886,393             | 893,972             |
| Commercial  | 489,217                 | 493,883                | 2,574               | 2,336               | 851,638             | 812,880             |
| Rural   | 246,061                 | 243,711                | 575                 | 491                 | 110,426             | 106,091             |
| Public Administration   | 49,780                  | 48,774                 | 331                 | 304                 | 109,359             | 99,646              |
| Public Lighting   | 9,688                   | 9,232                  | 401                 | 385                 | 69,610              | 78,143              |
| Public Services   | 8,031                   | 7,790                  | 483                 | 456                 | 131,785             | 119,319             |
| (-) Adjustment of excess and surplus revenue of reactive            | -                       | -                      | -                   | -                   | (20,998)            | (6,578)             |
| <b>Billed</b>   | <b>7,441,567</b>        | <b>7,225,509</b>       | <b>12,306</b>       | <b>11,519</b>       | <b>3,763,064</b>    | <b>3,703,245</b>    |
| Own consumption   | -                       | -                      | 9                   | 9                   | -                   | -                   |
| Unbilled (Net)  | -                       | -                      | -                   | -                   | (7,898)             | (117,651)           |
| Emergency Charges - ECE/EAAE  | -                       | -                      | -                   | -                   | -                   | (257)               |
| Reclassification to Network Usage Charge - TUSD - Captive Consumers | -                       | -                      | -                   | -                   | (1,341,994)         | (1,637,521)         |
| <b>Electricity sales to final consumers</b>                         | <b>7,441,567</b>        | <b>7,225,509</b>       | <b>12,315</b>       | <b>11,528</b>       | <b>2,413,172</b>    | <b>1,947,816</b>    |
| Furnas Centrais Elétricas S.A.                                      |                         |                        | 746                 | 746                 | 120,610             | 108,117             |
| Other Concessionaires and Licensees                                 |                         |                        | 2,245               | 2,320               | 362,973             | 411,244             |
| Current Electric Energy   |                         |                        | 419                 | 524                 | 217,372             | 162,024             |
| <b>Electricity sales to wholesaler's</b>                            |                         |                        | <b>3,410</b>        | <b>3,591</b>        | <b>700,955</b>      | <b>681,385</b>      |
| Revenue due to Network Usage Charge - TUSD - Captive Consumers      |                         |                        |                     |                     | 1,341,994           | 1,637,521           |
| Revenue due to Network Usage Charge - TUSD - Free Consumers         |                         |                        |                     |                     | 233,632             | 260,372             |
| (-) Adjustment of revenue surplus and excess responsive             |                         |                        |                     |                     | (4,698)             | (2,054)             |
| Revenue from construction of concession infrastructure              |                         |                        |                     |                     | 188,770             | 258,629             |
| Resources provided by the Energy Development Account - CDE          |                         |                        |                     |                     | 199,026             | 118,416             |
| Other Revenue and Income  |                         |                        |                     |                     | 142,971             | 69,903              |
| <b>Other operating revenues</b>                                     |                         |                        |                     |                     | <b>2,101,695</b>    | <b>2,342,786</b>    |
| <b>Total gross revenues</b>   |                         |                        |                     |                     | <b>5,215,823</b>    | <b>4,971,987</b>    |
| <b>Deductions from operating revenues</b>                           |                         |                        |                     |                     |                     |                     |
| ICMS  |                         |                        |                     |                     | (757,444)           | (740,943)           |
| PIS   |                         |                        |                     |                     | (75,444)            | (69,800)            |
| COFINS  |                         |                        |                     |                     | (347,845)           | (321,538)           |
| ISS   |                         |                        |                     |                     | (1,524)             | (1,121)             |
| Global Reversal Reserve - RGR                                       |                         |                        |                     |                     | (583)               | (40)                |
| Fuel Consumption Account - CCC                                      |                         |                        |                     |                     | -                   | (34,432)            |
| Energy Development Account - CDE                                    |                         |                        |                     |                     | (50,445)            | (38,812)            |
| Research and Development and Energy Efficiency Programs             |                         |                        |                     |                     | (30,308)            | (28,658)            |
| PROINFRA  |                         |                        |                     |                     | (24,909)            | (21,458)            |
| Emergency Charges - ECE/EAAE  |                         |                        |                     |                     | -                   | 257                 |
| IPI   |                         |                        |                     |                     | (10)                | (16)                |
|   |                         |                        |                     |                     | <b>(1,288,513)</b>  | <b>(1,256,561)</b>  |
| <b>Net revenue</b>  |                         |                        |                     |                     | <b>3,927,309</b>    | <b>3,715,427</b>    |

(\*) Information not reviewed by the independent auditors

In accordance with ANEEL's Order 4,097 of December 30, 2010, concerning the basic procedures for preparation of the financial statements, the energy distribution subsidiaries reclassified part of the amount related to revenue from under the heading "Electricity sales to final consumers", Commercialization activities, to "Other operating revenues", Distribution activities, under the heading "Revenue from Network Usage Charge - TUSD captive consumers".

**25.1 - Adjustment of surplus and excess reactive power**

The tariff regulation procedure (Proret), approved by ANEEL Resolution n° 463 of November 22, 2011, determined that income received as a result of excess demand and surplus reactive power, from the contractual tariff review date for the 3rd periodic tariff review cycle, should be accounted for as special obligations and would be amortized from the next tariff review.

In accordance with ANEEL Order n° 4991, of December 29, 2011, relating to the basic procedures for preparation of the financial statements, the electric energy subsidiaries adjusted income from adjustment of excess and surplus reactive power, reducing the accounts of "Electric energy supply" and "Tariff for the Use of the Distribution System – TUSD free consumers" as a reduction of intangible assets ("Special Obligations").

On February 7, 2012, the Brazilian Association of Electric Energy Distributors (Associação Brasileira de Distribuidores de Energia Elétrica - ABRADEE) succeeded in suspending the effects of Resolution 463. Consequently, the request for advance final relief was granted and the order to account for income from excess demand and surplus reactive power as special obligations was suspended. The suspensive effect applied for by ANEEL in its interlocutory appeal was granted in June 2012 and the advance relief originally granted in favor of ABRADEE was suspended. The subsidiaries are awaiting the court's decision on the final treatment of this income. At March 31, 2014, a provision for these amounts is registered under Special Obligations, in accordance with CPC 25 and IAS 37, and shown net in the intangible asset of concession.

**25.2 Periodic Tariff Review ("RTP") and Annual Tariff Adjustment ("RTA")**

The details of the tariff adjustments of the distributors are shown below:

| Company             | Month     | 2014                       |                                   | 2013                       |                                   |
|---------------------|-----------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
|                     |           | Annual Tariff Review - RTA | Effect perceived by consumers (a) | Annual Tariff Review - RTA | Effect perceived by consumers (a) |
| CPFL Paulista       | April (b) | 17.18%                     | 17.23%                            | 5.48%                      | 6.18%                             |
| CPFL Piratininga    | October   | (c)                        | (c)                               | 7.42%                      | 6.91%                             |
| RGE                 | June      | (c)                        | (c)                               | -10.32%                    | -10.64%                           |
| CPFL Santa Cruz     | February  | 14.86%                     | 26.00%                            | 9.32%                      | -0.94%                            |
| CPFL Leste Paulista | February  | -7.67%                     | -5.32%                            | 6.48%                      | 3.36%                             |
| CPFL Jaguari        | February  | -3.73%                     | 3.70%                             | 2.71%                      | 2.68%                             |
| CPFL Sul Paulista   | February  | -5.51%                     | 0.43%                             | 2.27%                      | 2.21%                             |
| CPFL Mococa         | February  | -2.07%                     | -9.53%                            | 7.00%                      | 5.10%                             |

(a) Represents the average effect perceived by consumers as a result of elimination from the tariff base of financial components added in the previous tariff adjustment (not reviewed by the independent auditors).

(b) As described in note 35.1, the annual tariff adjustment occurred in April, 2014 for the subsidiary CPFL Paulista.

(c) The related annual tariff adjustment for 2014 has not occurred yet.

**25.3 Extraordinary Tariff Review ("RTE")**

In order to encompass the effects of Provisional Measure 579/2012, (converted into Law 12783 in January 2013) – Extension of the concessions and other topics of interest, ANEEL ratified the result of the 2013 Extraordinary Tariff Review ("RTE"), applied for consumption from January 24, 2013. The extraordinary review encompassed the electric energy quotas of the generation plants that renewed their concession contracts. The total energy produced by these plants was divided into quotas for the distributors. The effects of the elimination of the Global Reversal Reserve - RGR and Fuel Consumption Account - CCC, the reduction in the Energy Development Account - CDE and the decrease in the transmission costs were also computed. This RTE has no impact on the net profit or loss. ANEEL ratified the result of the 2013 extraordinary review for the distribution subsidiaries with the following resolutions. The average effects for the distributors' consumers were:

| Distributors        | Resolution n° | Consumer's perception (*) |
|---------------------|---------------|---------------------------|
| CPFL Paulista       | 1,433         | -20.42%                   |
| CPFL Piratininga    | 1,424         | -26.70%                   |
| RGE                 | 1,411         | -22.81%                   |
| CPFL Santa Cruz     | 1,452         | -23.72%                   |
| CPFL Jaguari        | 1,450         | -25.33%                   |
| CPFL Mococa         | 1,451         | -24.38%                   |
| CPFL Leste Paulista | 1,449         | -26.42%                   |
| CPFL Sul Paulista   | 1,453         | -23.83%                   |

(\*)Information not reviewed by the independent auditors

#### 25.4 – Resources provided by the Energy Development Account - CDE

Provisional Measure 579, of September 11, 2012 (converted into Law 12783 of January 11, 2013) determined that the resources related to the low income subsidy, as well as other tariff discounts should be fully subsidized by resources from the CDE. Income of R\$ 199,026 was recorded in the first quarter of 2014 (R\$ 118,416 in the first quarter of 2013), R\$ 18,095 for the low income subsidy (R\$21,120 in the first quarter of 2013) and R\$ 180,931 for other tariff discounts (R\$ 97,296 in the first quarter of 2013), set against accounts receivable – Resources provided by the CDE/CCEE (Note 10) and payable accounts - Resources provided by the CDE (Note 22).

#### ( 26 ) COST OF ELECTRIC ENERGY

|  | Consolidated     |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | GWh (*)          |                  | R\$ thousand     |                  |
|  | 1st quarter 2014 | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 |
| <b>Electricity Purchased for Resale</b>  |                  |                  |                  |                  |
| Itaipu Binacional  | 2,566            | 2,616            | 342,458          | 295,141          |
| Current Electric Energy  | 2,330            | 696              | 1,424,131        | 206,533          |
| PROINFA  | 235              | 235              | 66,274           | 61,983           |
| Energy purchased of bilateral contracts and through action in the regulated market | 10,138           | 10,889           | 1,933,897        | 1,824,504        |
| Resources provided by the energy development account - CDE/CCEE                    | -                | -                | (1,169,815)      | (431,763)        |
| Credit of PIS and COFINS   | -                | -                | (236,984)        | (177,241)        |
| <b>Subtotal</b>  | <b>15,269</b>    | <b>14,436</b>    | <b>2,359,960</b> | <b>1,779,158</b> |
| <b>Electricity Network Usage Charge</b>  |                  |                  |                  |                  |
| Basic Network Charges  |                  |                  | 146,670          | 127,170          |
| Transmission from Itaipu   |                  |                  | 8,537            | 8,460            |
| Connection Charges   |                  |                  | 11,263           | 11,754           |
| Charges of Use of the Distribution System  |                  |                  | 7,198            | 8,791            |
| System Service Charges - ESS   |                  |                  | 36,733           | 243,990          |
| Reserve Energy charges - EER   |                  |                  | (33)             | (30)             |
| Resources provided by the energy development account - CDE                         |                  |                  | (12)             | (266,443)        |
| Credit of PIS and COFINS   |                  |                  | (18,072)         | (11,737)         |
| <b>Subtotal</b>  |                  |                  | <b>192,284</b>   | <b>121,955</b>   |
| <b>Total</b>   |                  |                  | <b>2,552,244</b> | <b>1,901,112</b> |

(\*) Information not reviewed by the independent auditors

**26.1 Resources provided by the CDE – Law 12.783/2013, Decree 7945/2013 and 8203/2014**

As mentioned in Note 27.1 to the December 31, 2013 financial statements, the Law 12.783/2013 and Decree 7945/2013, amended by Decree 8203, which made certain changes in relation to contracting of energy and the objectives of the Energy Development Account - CDE sector charge and also introduced (i) the passthrough of CDE funds to the distribution concessionaires in relation to hydrological risk, involuntary exposure, energy security - ESS and CVA ESS and Energy costs for the period of 2013 and January 2014, and (ii) passthrough to the distribution concessionaires of costs related to involuntary exposure and output of the thermoelectric plants through the Electric Energy Commercialization Chamber - CCEE from February 2014.

In the first quarter of 2014 a total amount of R\$ 1,169,827 was recognized as a result of these regulations (R\$ 698,206 in the first quarter of 2013).

In relation to CVA ESS and Energy, in the tariff review for the subsidiary CPFL Paulista, in the first quarter of 2013, ANEEL Order 1144 of April 18, 2013 granted full coverage of the positive balances of CVA calculated on energy purchased and the ESS charge for 2012, as well as positive amounts of the CVA for energy purchased in the availability auction, in the accrual period of January 2013 of R\$ 371,460, with no effects on the first quarter of 2014.

The effects of these items were registered as a reduction of the cost of electric energy under resources provided by the CDE/CCEE, set against other credits under Accounts receivable - resources provided by the CDE/CCEE (Note 10), in accordance with CPC 07 / IAS 20 Government Grants and Assistance.

The following table summarizes the resources provided by the CDE/CCEE per distributor controlled by the Company, recognized in the first quarter of 2014 and 2013. To clarify the nature of the effects, the following tables are presented in the same format:

| 1st quarter 2014    |                                  |  |   |                                  |  |                  |
|---------------------|----------------------------------|--|---|----------------------------------|--|------------------|
| Overcontracting     | Electricity purchased for resale |  | Electricity purchased - tariff review (*) | Electricity network usage charge |  | Total            |
|                     | Quotas and hydrological risk     | Electricity purchased - regulated market |   | System service charges - ESS     | System service charges - ESS - tariff review (*) |                  |
| CPFL Paulista       | 413,656                          | (6,241)                                  | 110,769                                   | 7                                | -  | 518,191          |
| CPFL Piratininga    | 254,980                          | (357)                                    | 97,716                                    | 2                                | -  | 352,341          |
| CPFL Santa Cruz     | 35,637                           | (17)                                     | 5,552                                     | 1                                | -  | 41,173           |
| CPFL Leste Paulista | 5,725                            | (8)                                      | (2)                                       | -                                | -  | 5,715            |
| CPFL Sul Paulista   | (1,017)                          | (7)                                      | 2   | -                                | -  | (1,022)          |
| CPFL Jaguari        | (740)                            | (48)                                     | 54  | -                                | -  | (734)            |
| CPFL Mococa         | (243)                            | (5)                                      | -   | -                                | -  | (248)            |
| RGE                 | 250,444                          | (98)                                     | 4,063                                     | 2                                | -  | 254,411          |
| Total               | <b>958,442</b>                   | <b>(6,781)</b>                           | <b>218,154</b>                            | <b>12</b>                        | -  | <b>1,169,827</b> |

  

| 1st quarter 2013    |                                  |  |   |                                  |  |                |
|---------------------|----------------------------------|--|---|----------------------------------|--|----------------|
| Overcontracting     | Electricity purchased for resale |  | Electricity purchased - tariff review (*) | Electricity network usage charge |  | Total          |
|                     | Quotas and hydrological risk     | Electricity purchased - regulated market |   | System service charges - ESS     | System service charges - ESS - tariff review (*) |                |
| CPFL Paulista       | 45,812                           | 24,209                                   | -   | 117,531                          | 44,207   | 559,012        |
| CPFL Piratininga    | 22,537                           | 1,197                                    | -   | 50,228                           | -  | 73,963         |
| CPFL Santa Cruz     | 2,416                            | -  | -   | 6,037                            | -  | 8,452          |
| CPFL Leste Paulista | -                                | -  | -   | 1,712                            | -  | 1,712          |
| CPFL Sul Paulista   | -                                | -  | -   | 2,149                            | -  | 2,149          |
| CPFL Jaguari        | 19                               | 255                                      | -   | 2,464                            | -  | 2,739          |
| CPFL Mococa         | -                                | -  | -   | 1,170                            | -  | 1,170          |
| RGE                 | 8,064                            | -  | -   | 40,945                           | -  | 49,009         |
| Total               | <b>78,848</b>                    | <b>25,661</b>                            | <b>327,253</b>                            | <b>222,236</b>                   | <b>44,207</b>                                    | <b>698,206</b> |

(\*) In the tariff review for the subsidiary CPFL Paulista, through Order 1144 of April 18, 2013, ANEEL granted full coverage of the positive balances of CVA calculated on energy purchased and the ESS charge for 2012, as well as positive amounts of the CVA for energy purchased in the availability auction, in the accrual period of January 2013.

**( 27 ) OPERATING COSTS AND EXPENSES**

|  | Parent company                      |                  |
|--|-------------------------------------|------------------|
|  | Operating expenses                  |                  |
|  | General and administrative expenses |                  |
|  | 1st quarter 2014                    | 1st quarter 2013 |
| Personnel                              | 3,876                               | 3,028            |
| Materials                              | 3                                   | 2                |
| Outside Services                       | 1,663                               | 1,032            |
| Depreciation and amortization          | 43                                  | 18               |
| Other:                                 | 360                                 | 831              |
| Leases and rentals                     | 35                                  | 31               |
| Publicity and advertising              | 7                                   | 153              |
| Legal, judicial and indemnities        | 40                                  | 395              |
| Donations, contributions and subsidies | 202                                 | 196              |
| Other                                  | 76                                  | 56               |
| <b>Total</b>                           | <b>5,945</b>                        | <b>4,911</b>     |

|  | Consolidated                        |                  |                                    |                  |                  |                  |                  |                  |                  |                  |
|--|-------------------------------------|------------------|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Operating expenses                  |                  |                                    |                  |                  |                  |                  |                  |                  |                  |
|  | General and administrative expenses |                  |                                    |                  |                  |                  |                  |                  |                  |                  |
|  | Operating costs                     |                  | Services rendered to third parties |                  | Sales            |                  | Other            |                  | Total            |                  |
|  | 1st quarter 2014                    | 1st quarter 2013 | 1st quarter 2014                   | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 |
| Personnel  | 123,278                             | 113,187          | -                                  | -                | 25,388           | 26,126           | 48,003           | 38,668           | 196,669          | 177,981          |
| Post-employment benefit obligation   | 12,041                              | 20,530           | -                                  | -                | -                | -                | -                | -                | 12,041           | 20,530           |
| Materials  | 25,159                              | 21,964           | 151                                | 587              | 1,012            | 1,065            | 1,562            | 1,355            | 27,883           | 24,971           |
| Outside services   | 36,288                              | 49,188           | 459                                | 580              | 28,578           | 26,757           | 54,030           | 45,798           | 119,355          | 122,323          |
| Depreciation and amortization  | 180,778                             | 164,476          | -                                  | -                | 8,224            | 8,107            | 17,952           | 13,823           | 206,955          | 186,407          |
| Costs related to infrastructure construction                               | -                                   | -                | 188,770                            | 258,629          | -                | -                | -                | -                | 188,770          | 258,629          |
| Other  | 14,305                              | 12,586           | (2)                                | (2)              | 38,120           | 40,665           | 41,530           | 94,323           | 88,090           | 235,662          |
| Collection charges   | -                                   | -                | -                                  | -                | 13,200           | 13,237           | -                | -                | 13,200           | 13,237           |
| Allowance for doubtful accounts  | -                                   | -                | -                                  | -                | 22,726           | 24,731           | -                | -                | 22,726           | 24,731           |
| Leases and rentals   | 7,339                               | 7,744            | -                                  | -                | -                | 4                | 3,103            | 2,695            | 10,442           | 10,443           |
| Publicity and advertising  | 163                                 | 34               | -                                  | -                | 53               | 62               | 2,435            | 2,623            | 2,651            | 2,719            |
| Legal, judicial and indemnities  | -                                   | -                | -                                  | -                | -                | 34,337           | 84,032           | -                | 34,337           | 84,032           |
| Donations, contributions and subsidies                                     | -                                   | -                | -                                  | -                | 1,637            | 2,013            | 1,116            | 1,403            | 2,753            | 3,417            |
| Inspection fee   | -                                   | -                | -                                  | -                | -                | -                | -                | -                | 6,155            | 7,606            |
| Loss/(Gain) on disposal and decommissioning and other on noncurrent assets | -                                   | -                | -                                  | -                | -                | -                | -                | -                | 13,212           | 5,990            |
| Intangible of concession amortization                                      | -                                   | -                | -                                  | -                | -                | -                | -                | -                | 71,644           | 74,492           |
| Financial compensation for water resources utilization                     | 3,078                               | 1,922            | -                                  | -                | -                | -                | -                | -                | -                | 3,078            |
| Other  | 3,725                               | 2,886            | (2)                                | (2)              | 505              | 619              | 539              | 3,570            | 2                | 5,862            |
| <b>Total</b>   | <b>391,850</b>                      | <b>381,931</b>   | <b>189,377</b>                     | <b>259,793</b>   | <b>101,322</b>   | <b>102,720</b>   | <b>163,078</b>   | <b>193,967</b>   | <b>937,733</b>   | <b>1,026,502</b> |

**( 28 ) FINANCIAL INCOME AND EXPENSES**

|   | Parent company   |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2014             | 2013             | 2014             | 2013             |
|   | 1st quarter 2014 | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 |
| <b>Financial Income</b>                   |                  |                  |                  |                  |
| Income from financial investments         | 23,647           | 2,641            | 88,683           | 38,809           |
| Arrears of interest and fines             | -                | -                | 36,867           | 41,684           |
| Restatement of tax credits                | -                | -                | 4,920            | 1,483            |
| Restatement of escrow deposits            | -                | 155              | 14,532           | 8,924            |
| Monetary and exchange adjustment          | -                | -                | 10,499           | 13,534           |
| Adjustment to expected cash flow (note 9) | -                | -                | 59,227           | 31,950           |
| Discount on purchase of ICMS credit       | -                | -                | 1,219            | 5,661            |
| Other                                     | 720              | 1,068            | 12,738           | 13,417           |
| <b>Total</b>                              | <b>24,367</b>    | <b>3,865</b>     | <b>228,686</b>   | <b>155,463</b>   |
| <b>Financial Expense</b>                  |                  |                  |                  |                  |
| Debt charges                              | (32,966)         | (5,354)          | (356,591)        | (261,769)        |
| Monetary and exchange variations          | -                | (163)            | (72,140)         | (20,578)         |
| (-) Capitalized borrowing costs           | -                | -                | 12,296           | 11,607           |
| Public utilities                          | -                | -                | (3,049)          | (2,754)          |
| Other                                     | (240)            | 9                | (32,108)         | (25,618)         |
| <b>Total</b>                              | <b>(33,206)</b>  | <b>(5,508)</b>   | <b>(451,592)</b> | <b>(299,111)</b> |
| <b>Net financial income (expense)</b>     | <b>(8,839)</b>   | <b>(1,644)</b>   | <b>(222,905)</b> | <b>(143,648)</b> |

Interest was capitalized at an average rate of 8.39% p.a. in the first quarter of 2014 (8.04% in the first quarter of 2013) on qualifying assets, in accordance with CPC 20 (R1) and IAS 23.

In the first quarter of 2014, the line monetary and exchange restatement includes the effects of gains of R\$ 109,666 (R\$ 72,493 in the first quarter of 2013) on derivative instruments (Note 32).

**( 29 ) SEGMENT INFORMATION**

The Company's operating segments are based on the internal financial information and management structure and are separated by type of business: electric energy distribution, conventional generation, renewable generation, commercialization and services rendered.

Profit or loss, assets and liabilities per segment include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis, if applicable. Average prices used between segments are based on similar market transactions. Note 1 shows the subsidiaries in accordance with their areas of operation and provides further information about each subsidiary and its business area and segments.



The segregated information by operating segment is shown below, in accordance with the criteria established by Company Management:

|  | Distribution | Generation<br>(conventional<br>sources) | Generation<br>(Renewable<br>sources) | Commercialization | Services | Other (*) | Elimination | Total      |
|--|--------------|---|--------------------------------------|-------------------|----------|-----------|-------------|------------|
| <b>1st quarter 2014</b>                          |              |   |                                      |                   |          |           |             |            |
| Net revenue                                      | 3,089,986    | 193,372                                 | 196,373                              | 423,472           | 24,106   | -         | -           | 3,927,309  |
| (-) Intersegment revenues                        | 4,288        | 75,353                                  | 114,855                              | 77,321            | 37,879   | -         | (309,696)   | -          |
| Income from electric energy service              | 157,630      | 192,984                                 | 18,703                               | 65,683            | 8,265    | (5,952)   | -           | 437,333    |
| Financial income                                 | 160,607      | 13,215                                  | 19,491                               | 8,197             | 4,806    | 24,371    | -           | 228,686    |
| Financial expense                                | (214,731)    | (106,228)                               | (87,697)                             | (6,875)           | (2,852)  | (33,208)  | -           | (451,592)  |
| Income before taxes                              | 103,505      | 171,046                                 | (49,503)                             | 65,005            | 10,239   | (14,789)  | -           | 285,503    |
| Income tax and social contribution               | (52,423)     | (31,797)                                | (4,822)                              | (23,074)          | (3,794)  | 4,809     | -           | (111,101)  |
| Net Income                                       | 51,082       | 139,249                                 | (54,325)                             | 41,931            | 6,445    | (9,980)   | -           | 174,401    |
| Total Assets (**)                                | 16,348,058   | 4,740,342                               | 9,452,747                            | 488,569           | 327,932  | 1,222,295 | -           | 32,579,944 |
| Capital Expenditures and other intangible assets | 170,303      | 223                                     | 42,162                               | 491               | 28,578   | -         | -           | 239,757    |
| Depreciation and Amortization                    | (142,449)    | (32,461)                                | (100,570)                            | (1,106)           | (1,909)  | (104)     | -           | (278,599)  |
| <b>1st quarter 2013 (***)</b>                    |              |   |                                      |                   |          |           |             |            |
| Net revenue                                      | 2,913,949    | 143,170                                 | 166,806                              | 479,142           | 12,328   | 31        | -           | 3,715,427  |
| (-) Intersegment revenues                        | 4,856        | 77,042                                  | 73,895                               | 58,663            | 24,946   | -         | (239,402)   | -          |
| Income from electric energy service              | 592,989      | 124,087                                 | 55,648                               | 18,840            | 1,134    | (4,886)   | -           | 787,812    |
| Financial income                                 | 124,690      | 6,149                                   | 9,557                                | 8,322             | 2,886    | 3,860     | -           | 155,463    |
| Financial expense                                | (143,060)    | (69,415)                                | (75,229)                             | (4,734)           | (1,162)  | (5,510)   | -           | (299,111)  |
| Income before taxes                              | 574,618      | 67,077                                  | (10,024)                             | 22,428            | 2,858    | (6,536)   | -           | 650,420    |
| Income tax and social contribution               | (208,441)    | (21,393)                                | (5,132)                              | (8,719)           | (1,701)  | 267       | -           | (245,118)  |
| Net Income                                       | 366,178      | 45,684                                  | (15,157)                             | 13,709            | 1,157    | (6,269)   | -           | 405,302    |
| Total Assets (**)                                | 15,263,417   | 4,515,880                               | 9,470,564                            | 342,516           | 243,612  | 1,206,806 | -           | 31,042,796 |
| Capital Expenditures and other intangible assets | 232,686      | 2,570                                   | 293,623                              | 517               | 2,327    | -         | -           | 531,723    |
| Depreciation and Amortization                    | (140,549)    | (34,118)                                | (84,666)                             | (969)             | (576)    | (20)      | -           | (260,898)  |

(\*) Other: refers mainly to assets, liabilities and transaction recorded in CPFL Energia that are not related to identified segments.

(\*\*) Intangible assets, net of amortization, was allocated to the respective segments.

(\*\*\*) The amounts for the total assets refer to December 31, 2013.

### ( 30 ) RELATED PARTY TRANSACTIONS

The Company's controlling shareholders are as follows:

- ESC Energia S.A.

Controlled by the Camargo Corrêa group, which operates in a number of segments, including construction, cement, footwear, textiles, aluminum and highway concessions.

- Energia São Paulo Fundo de Investimento em Ações

Controlled by the following pension funds: (a) Fundação CESP, (b) Fundação SISTEL de Seguridade Social, (c) Fundação Petrobras de Seguridade Social - PETROS, and (d) Fundação SABESP de Seguridade Social - SABESPREV.

- Bonaire Participações S.A.

Controlled by Energia São Paulo Fundo de Investimento em Ações.

- Fundo BB Carteira Livre I - Fundo de Investimento em Ações

Fund controlled by PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil.

The direct and indirect participations in operating subsidiaries are described in Note 1.

Controlling shareholders, subsidiaries and associated companies, jointly-controlled entities under common control and that in some way exercise significant influence over the Company are considered to be related parties.

The main transactions are listed below:

- a) **Bank deposits and short-term investments** – refer mainly to bank deposits and short-term financial investments with the Banco do Brasil, as mentioned in note 5. The Company and its subsidiaries also have Exclusive Investment Funds, managed by BB DTVM, among others.

- b) **Loans and Financing and Debentures** – relate to funds raised from the Banco do Brasil in accordance with notes 15 and 16. The Company also guarantees certain loans raised by its subsidiaries, as mentioned in notes 15 and 16.
- c) **Other Financial Transactions** – the amounts in relation to Banco do Brasil are bank costs and collection expenses. The balance recorded in liabilities comprises basically the rights over the payroll processing of certain subsidiaries, negotiated with Banco do Brasil, which are appropriated in the income statement over the term of the contract.
- d) **Energy purchased, energy sales and charges** – Refers to energy purchased or sold by distribution, commercialization and generation subsidiaries through short or long-term agreements and tariffs for the use of the distribution system (TUSD). Such transactions, when performed at the free Market, are made under conditions considered by the Company as being similar to market conditions at the time of the negotiation, in accordance with internal policies established in advance by Company Management. When performed at the regulated market, are in accordance with the rules established by the sector.
- e) **Intangible assets, Property, plant and equipment, Materials and Service** – refer to the acquisition of equipment, cables and other materials for use in distribution and generation, and contracting of services such as construction and information technology consultancy.
- f) **Other revenue** – refers basically to revenue from rental of use of the distribution system for telephony services.
- g) **Intercompany loan** - refers to the agreement with contractual terms of 113.5% of the CDI, with maturity on January 16, 2017.

Certain subsidiaries have supplementary retirement plans operated by Fundação CESP, offered to the employees of the subsidiaries. These plans hold investments in Company's shares (Note 17).

To ensure that commercial transactions with related parties are conducted under normal market conditions, the Company set up a "Related Parties Committee", comprising representatives of the controlling shareholders, responsible for analyzing the main transactions with related parties.

The total remuneration of key management personnel in the first quarter of 2014, in accordance with CVM Decision 560/2008, was R\$ 8,832 (R\$ 8,544 in the first quarter of 2013). This amount comprises R\$ 8,601 in respect of short-term benefits (R\$ 8,274 in the first quarter of 2013) and R\$ 231 for post-employment benefits (R\$ 270 in the first quarter of 2013) and recorded by the accrual method.

Transactions between related parties involving controlling shareholders, entities under common control or with significant influence and jointly-controlled subsidiaries:

|  | Consolidated   |                   |                |                   |                  |                  |                  |                  |
|--|----------------|-------------------|----------------|-------------------|------------------|------------------|------------------|------------------|
|  | Assets         |                   | Liabilities    |                   | Revenue          |                  | Expense          |                  |
|  | March 31, 2014 | December 31, 2013 | March 31, 2014 | December 31, 2013 | 1st quarter 2014 | 1st quarter 2013 | 1st quarter 2014 | 1st quarter 2013 |
| <b>Bank deposits and short-term investments</b>                                |                |                   |                |                   |                  |                  |                  |                  |
| Banco do Brasil S.A.   | 92,944         | 115,968           | -              | -                 | 2,635            | 1,409            | -                | 1                |
| <b>Loans and financing, debentures and derivatives contracts</b>               |                |                   |                |                   |                  |                  |                  |                  |
| Banco do Brasil S.A.   | -              | -                 | 1,501,092      | 1,625,366         | -                | -                | 42,360           | 22,487           |
| <b>Other financial transactions</b>  |                |                   |                |                   |                  |                  |                  |                  |
| Banco do Brasil S.A.   | -              | -                 | -              | -                 | 8                | 408              | 1,527            | 1,491            |
| JBS S/A  | -              | -                 | -              | -                 | -                | 52               | -                | -                |
| BAESA – Energética Barra Grande S.A.   | -              | -                 | -              | -                 | 179              | -                | -                | -                |
| Chapecoense Geração S.A.   | -              | -                 | -              | -                 | 259              | -                | -                | -                |
| ENERCAN - Campos Novos Energia S.A.  | -              | -                 | -              | -                 | 271              | -                | -                | -                |
| <b>Energy purchase and sale and charges</b>                                    |                |                   |                |                   |                  |                  |                  |                  |
| Afluente Transmissão de Energia Elétrica S.A.                                  | -              | -                 | 29             | 24                | -                | -                | 2,876            | 3                |
| Arizona 1 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 205              | -                |
| Baguari I Geração de Energia Elétrica S.A.                                     | -              | -                 | 5              | 5                 | -                | -                | 62               | -                |
| Braskem S.A. (EX-COPELUL)  | -              | -                 | -              | -                 | 694              | -                | -                | -                |
| Caelté 2 Energia Renovável S.A.  | -              | -                 | -              | -                 | -                | -                | 189              | -                |
| Caelté 3 Energia Renovável S.A.  | -              | -                 | -              | 5                 | -                | -                | 190              | -                |
| Calango 1 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 227              | -                |
| Calango 2 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 194              | -                |
| Calango 3 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 227              | -                |
| Calango 4 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 211              | -                |
| Calango 5 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 224              | -                |
| Companhia de Eletricidade do Estado da Bahia – COELBA                          | 530            | 728               | -              | -                 | 18,364           | 945              | -                | 1                |
| Companhia Energética de Pernambuco - CELPE                                     | 408            | 545               | -              | -                 | 15,792           | 1,353            | -                | 1                |
| Companhia Energética do Rio Grande do Norte - COSERN                           | 158            | 223               | -              | 191               | 8,987            | 389              | 443              | -                |
| Energética Águas da Pedra S.A.   | -              | -                 | 106            | 120               | -                | -                | 957              | -                |
| Estaleiro Atlântico Sul S.A.   | -              | -                 | -              | -                 | 1,564            | -                | -                | -                |
| Goiás Sul Geração de Energia S.A.  | -              | -                 | 9              | -                 | -                | -                | 37               | -                |
| Mel 2 Energia Renovável S.A.   | -              | -                 | -              | -                 | -                | -                | 154              | -                |
| NC ENERGIA S.A.  | -              | -                 | -              | -                 | 1,837            | 5,553            | -                | -                |
| Rio PCH I S.A.   | -              | -                 | 199            | 220               | -                | -                | 1,813            | -                |
| SE Naranjinha S.A.   | -              | -                 | -              | -                 | -                | -                | 280              | -                |
| Serra do Falcão Energia S.A. - SEFAC   | -              | -                 | 559            | 547               | -                | -                | 5,127            | -                |
| Tavex Brasil S.A. (antiga Santista Têxtil Brasil S.A.)                         | -              | -                 | -              | -                 | 1,252            | 2,456            | -                | -                |
| ThyssenKrupp Companhia Siderúrgica do Atlântico                                | -              | -                 | 175            | 178               | 1,516            | -                | 1,530            | -                |
| Vale Energia S.A.  | -              | 6,960             | -              | -                 | -                | 20,439           | 1,323            | -                |
| VALE S.A.  | -              | -                 | -              | -                 | -                | 34               | -                | -                |
| BAESA – Energética Barra Grande S.A.   | -              | -                 | 11,358         | 29,568            | -                | -                | 15,302           | 20,974           |
| Chapecoense Geração S.A.   | 1,430          | -                 | 37,245         | 111,019           | 4,154            | -                | 74,592           | 77,270           |
| ENERCAN - Campos Novos Energia S.A.  | 544            | 544               | 45,004         | 103,252           | 1,579            | 1,277            | 52,110           | 53,159           |
| EPASA - Centrais Elétricas da Paraíba  | -              | 2                 | 21,492         | 17,094            | 1,298            | 39,829           | 42,998           | 15,689           |
| <b>Intangible assets, Property, plant and equipment, Materials and Service</b> |                |                   |                |                   |                  |                  |                  |                  |
| Banco do Brasil S.A.   | -              | -                 | -              | -                 | -                | -                | -                | 40               |
| Boa Vista Empreendimento Imobiliário SPE Ltda.                                 | -              | 2                 | -              | -                 | -                | 50               | -                | -                |
| Braskem S.A. (EX-COPELUL)  | -              | -                 | -              | -                 | -                | 14,315           | -                | -                |
| Cia de Saneamento Básico do Estado de São Paulo - SABESP                       | 1              | 85                | 42             | 36                | 32               | 215              | -                | 2                |
| Concessionária do Sistema Anhanguera - Bandeirante S.A.                        | -              | -                 | 5              | -                 | -                | -                | 5                | -                |
| Estaleiro Atlântico Sul S.A.   | -              | -                 | -              | -                 | 4                | 590              | 1                | -                |
| Ferrovia Centro-Atlântica S.A.   | 6              | 507               | -              | -                 | -                | 133              | -                | -                |
| Indústrias Romi S.A.   | 8              | 4                 | -              | -                 | 11               | 11               | -                | -                |
| JBS S/A  | 435            | -                 | -              | -                 | 435              | -                | -                | -                |
| MULTINER S/A   | -              | -                 | -              | -                 | -                | 2                | -                | -                |
| Renovias Concessionária S.A.   | 2              | -                 | -              | -                 | -                | -                | -                | -                |
| Rodovias Integradas do Oeste - SP Vias   | -              | 26                | 16             | 28                | -                | -                | -                | -                |
| SAMM - Sociedade de Atividades em Multimídia Ltda.                             | 23             | 306               | -              | -                 | 67               | 398              | -                | -                |
| TOTVS S.A.   | -              | -                 | -              | 42                | -                | -                | -                | 466              |
| Vale Fertilizantes S.A.  | -              | -                 | -              | -                 | -                | -                | -                | 1,419            |
| BAESA – Energética Barra Grande S.A.   | -              | 66                | 207            | -                 | 355              | 332              | -                | -                |
| Chapecoense Geração S.A.   | -              | -                 | 201            | -                 | 398              | 365              | -                | -                |
| ENERCAN - Campos Novos Energia S.A.  | -              | -                 | 466            | -                 | 355              | 332              | -                | -                |
| EPASA - Centrais Elétricas da Paraíba  | 5              | -                 | 1,803          | -                 | 130              | -                | -                | -                |
| <b>Intercompany loans</b>  |                |                   |                |                   |                  |                  |                  |                  |
| EPASA - Centrais Elétricas da Paraíba S.A.                                     | 87,682         | 86,655            | -              | -                 | 2,462            | 451              | -                | -                |
| <b>Dividends and interest on shareholders' equity</b>                          |                |                   |                |                   |                  |                  |                  |                  |
| BAESA – Energética Barra Grande S.A.   | 48             | 48                | -              | -                 | -                | -                | -                | -                |
| Chapecoense Geração S.A.   | 21,744         | 21,744            | -              | -                 | -                | -                | -                | -                |
| ENERCAN - Campos Novos Energia S.A.  | 16,054         | 16,054            | -              | -                 | -                | -                | -                | -                |
| EPASA - Centrais Elétricas da Paraíba  | 14,891         | 14,891            | -              | -                 | -                | -                | -                | -                |

### ( 31 ) RISK MANAGEMENT

The business of the Company and its subsidiaries mainly comprises the generation, commercialization and distribution of electric energy. As public utilities concessionaires, the operations and/or tariffs of its principal subsidiaries are regulated by ANEEL.

Risk management structure:

The Board of Directors is responsible for directing the way the business is run, which includes monitoring of business risks, exercised by means of the corporate risk management model used by the Company. The responsibilities of the Executive Board are to develop the mechanisms for measuring the impact of the exposure and probability of its occurrence, supervising the implementation of risk mitigation measures and informing the Board of Directors. It is assisted in this process by: i) the Corporate Risk Management Committee, whose mission is to assist in identifying the main business risks, analyzing measurement of the impact and probability and assessing the mitigation measures used; ii) the Risk Management, Internal Control and Consolidated Processes Division, responsible for developing the Corporate Risk Management model for the CPFL Group in respect of strategy (policy, direction and risk maps), processes (planning, measurement, monitoring and reporting), systems and governance.

The risk management policy was established to identify, analyze and treat the risks faced by the Company and its subsidiaries, and includes reviewing the model adopted whenever necessary to reflect changes in market conditions and in the Group's activities, with a view to developing an environment of disciplined and constructive control.

In its supervisory role, the Company's Board of Directors also counts on the support of the Management Procedures Committee to provide guidance for the Internal Auditing work and in preparing proposals for improvements. The Internal Auditing team conducts both periodic and "ad hoc" reviews in order to ensure alignment of the procedures to directives and strategies set by the shareholders and management.

The Fiscal Council's responsibilities include certifying that Management has the means to identify and prevent, through the use of an appropriated information system, (a) the main risks to which the Company is exposed, (b) the probability that these will materialize and (c) the measures and plans adopted.

The main market risk factors affecting the businesses are as follows:

**Exchange rate risk:** This risk derives from the possibility that the subsidiaries might incur losses and cash constraints due to fluctuations in currency exchange rates, increasing the balances of liabilities denominated in foreign currency. The exposure in relation to funds raised in foreign currency is largely covered by contracting swap operations, which allow the Company and its subsidiaries to exchange the original risks of the operation for the cost of the variation in the CDI. This risk is quantified in Note 32. The Company's subsidiaries' operations are also exposed to exchange variations on the purchase of electric energy from Itaipu. The compensation mechanism - CVA protects the companies against possible losses. However, the compensation only comes into effect as a result of consumption and the consequent billing of energy after the next tariff adjustment in which such losses have been considered. Decree 7945 established that the full or partial amount of the accumulated positive balance by the CVA in relation to the system service charge and energy purchased for resale (CVA ESS and Energy) should be passed on through the CDE, at the time of the tariff adjustment or review (Note 26).

**Interest Rate Risk:** This risk derives from the possibility that the Company and its subsidiaries might incur losses due to fluctuations in interest rates that increase financial expenses on loans, financing and debentures. The subsidiaries have tried to increase the proportion of pre-indexed loans or loans tied to indexes with lower rates and little fluctuation in the short and long term. The quantification of this risk is presented in note 32.

**Credit Risk:** This risk arises from the possibility of the subsidiaries incurring losses resulting from difficulties in collecting amounts billed to customers. This risk is evaluated by the subsidiaries as low, as it is spread over the number of customers and in view of the collection policy and cancellation of supply to defaulting consumers.

**Risk of Energy Shortages:** The energy sold by the Company is primarily generated by hydropower plants. A prolonged period of low rainfall could result in a reduction in the volume of water in the power plants' reservoirs, compromising the recovery of water levels and resulting in losses due to the increased cost of energy purchased or a reduction in revenue due to the introduction of comprehensive electric energy saving programs or other rationing programs, as in 2001. The hydrological situation for April, the last month of the wet season in the Southeast/Mid-West regions, has practically been determined, and the current energy scenario for the Interconnected System requires attention and monitoring.

**Risk of Acceleration of Debts:** The Company and its subsidiaries have loans and financing agreements and debentures with restrictive clauses (covenants) normally applicable to these kinds of arrangement, involving compliance with economic and financial ratios, cash generation, etc. These covenants are monitored and do not restrict the capacity to operate normally.

**Regulatory risk:** The electric energy supplied tariffs charged to captive consumers by the distribution subsidiaries are fixed by ANEEL, at intervals established in the Concession Agreements entered into with the Federal Government and in accordance with the periodic tariff review methodology established for the tariff cycle. Once the methodology has been ratified, ANEEL establishes tariffs to be charged by the distributor to the final consumers. In accordance with Law 8.987/1995, the fixed tariffs should insure the economic and financial balance of the concession contract at the time of the tariff review, which could result in lower increases than those expected by the electric energy distributors, albeit offset in subsequent periods by other adjustments.

#### **Risk Management for Financial Instruments**

The Company and its subsidiaries maintain operating and financial policies and strategies to protect the liquidity, safety and profitability of their assets. They accordingly have procedures in place to control and follow-up on the transactions and balances of financial instruments, in order to monitor the risks and current rates in comparison with market conditions.

**Risk management controls:** In order to manage the risks inherent to the financial instruments and to monitor the procedures established by Management, the Company and its subsidiaries use the MAPS software system to calculate the mark to market, stress testing and duration of the instruments, and assess the risks to which the Company and its subsidiaries are exposed. Historically, the financial instruments contracted by the Company and its subsidiaries supported by these tools have produced adequate risk mitigation results. It must be stressed that the Company and its subsidiaries routinely contract derivatives, only in the event of exposure that Management regards as a risk and with the appropriate levels of approval. The Company and its subsidiaries do not enter into transactions involving exotic or speculative derivatives. Furthermore, the Company meets the requirements of the Sarbanes-Oxley Law, and therefore has internal control policies focused on achieving a strict control environment to minimize the exposure to risks.

**( 32 ) FINANCIAL INSTRUMENTS**

The main financial instruments, classified in accordance with the group's accounting practices, are:

|   | Note      | Category | Measurement | Level (*) | Consolidated       |                   |                    |                   |
|---|-----------|----------|-------------|-----------|--------------------|-------------------|--------------------|-------------------|
|   |           |          |             |           | March 31, 2014     |                   | December 31, 2013  |                   |
|   |           |          |             |           | Accounting balance | Fair value        | Accounting balance | Fair value        |
| <b>Asset</b>  |           |          |             |           |                    |                   |                    |                   |
| Cash and cash equivalent  | 5         | (a)      | (2)         | Level 1   | 2,311,870          | 2,311,870         | 2,105,618          | 2,105,618         |
| Cash and cash equivalent  | 5         | (a)      | (2)         | Level 2   | 1,930,886          | 1,930,886         | 2,100,804          | 2,100,804         |
| Consumers, concessionaires and licensees                                    | 6         | (b)      | (1)         | n/a       | 2,368,930          | 2,368,930         | 2,161,643          | 2,161,643         |
| Leases  |           | (b)      | (1)         | n/a       | 51,363             | 51,363            | 48,574             | 48,574            |
| Associates, subsidiaries and parent company                                 |           | (b)      | (1)         | n/a       | 87,682             | 87,682            | 86,655             | 86,655            |
| Financial investments   |           | (a)      | (2)         | Level 1   | 14,439             | 14,439            | 24,806             | 24,806            |
| Derivatives   | 32        | (a)      | (2)         | Level 2   | 194,733            | 194,733           | 318,490            | 318,490           |
| Financial asset of concession   | 9         | (d)      | (2)         | Level 3   | 2,923,769          | 2,923,769         | 2,771,593          | 2,771,593         |
| Financial asset of concession   | 9         | (b)      | (1)         | n/a       | 12,146             | 12,146            | 15,480             | 15,480            |
| Receivables from Resources provided by the Energy Development Account - CDE | 10        | (b)      | (1)         | n/a       | 1,265,299          | 1,265,299         | 170,543            | 170,543           |
| Other finance assets (**)   |           | (b)      | (1)         | n/a       | 249,767            | 249,767           | 250,933            | 250,933           |
|   |           |          |             |           | <b>11,410,883</b>  | <b>11,410,883</b> | <b>10,055,140</b>  | <b>10,055,140</b> |
| <b>Liability</b>  |           |          |             |           |                    |                   |                    |                   |
| Suppliers   | 14        | (e)      | (1)         | n/a       | 2,440,119          | 2,440,119         | 1,884,693          | 1,884,693         |
| Loans and financing - Principal and interest                                | 15        | (e)      | (1)         | n/a       | 7,023,898          | 6,272,982         | 7,221,542          | 6,416,990         |
| Loans and financing - Principal and interest                                | 15 (****) | (a)      | (2)         | Level 2   | 2,813,544          | 2,813,544         | 2,008,454          | 2,008,454         |
| Debentures - Principal and interest   | 16        | (e)      | (1)         | n/a       | 7,859,122          | 7,905,372         | 7,791,402          | 7,859,140         |
| Regulatory charges  | 18        | (e)      | (1)         | n/a       | 44,197             | 44,197            | 32,379             | 32,379            |
| Derivatives   | 32        | (a)      | (2)         | Level 2   | 8,767              | 8,767             | 2,950              | 2,950             |
| Public utility  | 21        | (e)      | (1)         | n/a       | 84,108             | 84,108            | 83,176             | 83,176            |
| Other finance liabilities (****)  |           | (e)      | (1)         | n/a       | 163,230            | 163,230           | 148,220            | 148,220           |
|   |           |          |             |           | <b>20,436,986</b>  | <b>19,732,320</b> | <b>19,172,816</b>  | <b>18,436,002</b> |

(\*) Refers to the hierarchy for determination of fair value

(\*\*) Other financial assets include: (i) Pledges, funds and tied deposits, (ii) Services rendered to third parties, (iii) Collection agreements, as disclosed in note 10

(\*\*\*\*) Other financial liabilities include: (i) Consumers and concessionaires, (ii) Nacional scientific and technological development fund - FNDCT, (iii) Energy research company - EPE, (iv) Collection agreement, (v) Reversal fund, (vi) Business combination and (vii) Advance CDE, as disclosed in note 22.

(\*\*\*\*\*) As a result of the initial designation of this financial liability, the financial statements showed a loss of R\$ 46,264 in the first quarter of 2014 (gain of R\$ 29,119 in the first quarter of 2013)

**Key**

| Category:   | Measurement:                     |
|---|----------------------------------|
| (a) - Measured at fair value through profit or loss | (1) - Measured at amortized cost |
| (b) - Loans and receivables                         | (2) - Measured at fair value     |
| (c) - Held to maturity                              |                                  |
| (d) - Available for sale                            |                                  |
| (e) - Other finance liabilities                     |                                  |

**a) Valuation of financial instruments**

As mentioned in note 4, the fair value of a security relates to its maturity value (redemption value) marked to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest graph, in Brazilian Reais.

CPC 40 (R1) and IFRS 7 require classification at three levels for measurement of the fair value of financial instruments, based on observable and unobservable information in relation to valuation of a financial instrument at the measurement date.

CPC 40 (R1) and IFRS 7 also define observable information as market data obtained from independent sources and unobservable information that reflects market assumptions.

The three levels of fair value are:

- Level 1: quoted prices in an active market for identical instruments;
- Level 2: observable information other than quoted prices in an active market that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the instruments that are not based on observable market data.

Since the distribution subsidiaries have classified their financial asset of concession as available-for-sale, the relevant factors for measurement at fair value are not publicly observable. The fair value hierarchy classification is therefore level 3. The changes between periods and the respective gains (losses) in net income was R\$ 59,227 and are disclosed in note 9. There is no effect on equity.

The Company recognizes in "Investments at cost" in the financial statements the 5,93% interest held by the indirect subsidiary Paulista Lajeado Energia S.A. in the total capital of Investco S.A. ("Investco"), in the form of 28,154 common shares and 18,593 preferred shares. Since Investco's shares are not quoted on the stock exchange and the main objective of its operations is to generate electric energy for commercialization by the shareholders who hold the concession, the Company opted to recognize the investment at cost.

**b) Derivatives**

The Company and its subsidiaries have the policy of using derivatives to reduce their risks of variations in exchange and interest rates, without any speculative purposes. The Company and its subsidiaries have exchange rate derivatives compatible with the exchange rate risks net exposure, including all the assets and liabilities tied to exchange rates.

The derivative instruments entered into by the Company and its subsidiaries are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodical adjustments. As the majority of the derivatives entered into by the subsidiaries (Note 15) have terms fully aligned with the debts protected, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated at fair value, for accounting purposes. Other debts with different terms from their respective derivatives contracted as a hedge continue to be recorded at amortized cost. Furthermore, the Company and its subsidiaries do not adopt hedge accounting for derivative operations.

At March 31, 2014, the Company and its subsidiaries had the following swap operations:

| Market values (accounting balance)                                      |                |                | Fair value, net | Values at cost, net | Gain/(Loss) on marking to market | Currency / index | Maturity range                   | Notional | Negotiation market |
|---|----------------|----------------|-----------------|---------------------|----------------------------------|------------------|----------------------------------|----------|--------------------|
| Company / strategy / counterparts                                       | Assets         | Liabilities    |                 |                     |                                  |                  |                                  |          |                    |
| <b>Derivatives for protection of debts designated at fair value</b>     |                |                |                 |                     |                                  |                  |                                  |          |                    |
| <b>Exchange rate hedge</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| <b>CPFL Paulista</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Bank of America Merrill Lynch   | (1,542)        | -              | (1,542)         | (3,659)             | 2,117                            | dollar           | March 2019                       | 116,600  | over the counter   |
| Bank of Tokyo-Mitsubishi  | (5,535)        | -              | (5,535)         | (5,004)             | (532)                            | dollar           | March 2019                       | 117,400  | over the counter   |
| Citibank  | (5,063)        | -              | (5,063)         | (5,007)             | (55)                             | dollar           | March 2019                       | 117,250  | over the counter   |
| J.P. Morgan   | (773)          | -              | (773)           | (1,829)             | 1,056                            | dollar           | March 2019                       | 58,300   | over the counter   |
| Bank of America Merrill Lynch   | (2,463)        | -              | (2,463)         | (4,453)             | 1,990                            | dollar           | September 2018                   | 106,020  | over the counter   |
| Morgan Stanley  | 30,614         | -              | 30,614          | 27,349              | 3,264                            | dollar           | September 2016                   | 85,475   | over the counter   |
| Bank of America Merrill Lynch   | 78,727         | -              | 78,727          | 67,917              | 10,810                           | dollar           | July 2016                        | 156,700  | over the counter   |
| Bank of America Merrill Lynch   | (3,161)        | -              | (3,161)         | (7,131)             | 3,970                            | dollar           | July 2016                        | 340,380  | over the counter   |
| Citibank  | 30,507         | -              | 30,507          | 27,130              | 3,377                            | dollar           | September 2016                   | 85,750   | over the counter   |
| Scotiabank  | 6,111          | -              | 6,111           | 4,733               | 1,378                            | dollar           | July 2016                        | 49,000   | over the counter   |
|   | <b>127,420</b> | -              | <b>127,420</b>  | <b>100,046</b>      | <b>27,374</b>                    |                  |                                  |          |                    |
| <b>CPFL Piratininga</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Santander   | -              | 7              | 7               | (570)               | 577                              | dollar           | July 2016                        | 100,000  | over the counter   |
| Citibank  | -              | 5,638          | 5,638           | 5,170               | 468                              | dollar           | August 2016                      | 12,840   | over the counter   |
| Citibank  | -              | (10,211)       | (10,211)        | (12,608)            | 2,397                            | dollar           | January 2017                     | 151,875  | over the counter   |
| Citibank  | -              | (5,063)        | (5,063)         | (5,007)             | (56)                             | dollar           | March 2019                       | 117,250  | over the counter   |
| Scotiabank  | -              | 7,981          | 7,981           | 6,181               | 1,800                            | dollar           | July 2016                        | 64,000   | over the counter   |
|   | -              | <b>(1,648)</b> | <b>(1,648)</b>  | <b>(6,834)</b>      | <b>5,186</b>                     |                  |                                  |          |                    |
| <b>CPFL Santa Cruz</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| J.P. Morgan   | 1,722          | -              | 1,722           | 1,428               | 294                              | dolar            | July 2015                        | 20,000   | over the counter   |
| Santander   | (246)          | -              | (246)           | (339)               | 93                               | dolar            | June 2016                        | 20,000   | over the counter   |
|   | <b>1,476</b>   | -              | <b>1,476</b>    | <b>1,089</b>        | <b>388</b>                       |                  |                                  |          |                    |
| <b>CPFL Leste Paulista</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Citibank  | 2,813          | -              | 2,813           | 2,748               | 65                               | dollar           | September 2014                   | 8,000    | over the counter   |
| Scotiabank  | 2,607          | -              | 2,607           | 2,236               | 371                              | dollar           | July 2015                        | 25,000   | over the counter   |
|   | <b>5,421</b>   | -              | <b>5,421</b>    | <b>4,985</b>        | <b>436</b>                       |                  |                                  |          |                    |
| <b>CPFL Sul Paulista</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Citibank  | 2,813          | -              | 2,813           | 2,748               | 65                               | dollar           | September 2014                   | 8,000    | over the counter   |
| J.P. Morgan   | 904            | -              | 904             | 750                 | 155                              | dollar           | July 2015                        | 10,500   | over the counter   |
| Scotiabank  | 1,095          | -              | 1,095           | 939                 | 156                              | dollar           | July 2015                        | 10,500   | over the counter   |
| Santander   | (270)          | -              | (270)           | (373)               | 103                              | dollar           | June 2016                        | 22,000   | over the counter   |
|   | <b>4,542</b>   | -              | <b>4,542</b>    | <b>4,064</b>        | <b>478</b>                       |                  |                                  |          |                    |
| <b>CPFL Jaguarí</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Citibank  | 2,873          | -              | 2,873           | 2,817               | 56                               | dollar           | August 2014                      | 7,000    | over the counter   |
| Scotiabank  | 1,356          | -              | 1,356           | 1,163               | 193                              | dollar           | July 2015                        | 13,000   | over the counter   |
| Santander   | (381)          | -              | (381)           | (526)               | 145                              | dollar           | June 2016                        | 31,000   | over the counter   |
|   | <b>3,848</b>   | -              | <b>3,848</b>    | <b>3,454</b>        | <b>394</b>                       |                  |                                  |          |                    |
| <b>CPFL Mococa</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Citibank  | 2,462          | -              | 2,462           | 2,405               | 57                               | dollar           | September 2014                   | 7,000    | over the counter   |
| Scotiabank  | 1,147          | -              | 1,147           | 984                 | 163                              | dollar           | July 2015                        | 11,000   | over the counter   |
|   | <b>3,609</b>   | -              | <b>3,609</b>    | <b>3,389</b>        | <b>220</b>                       |                  |                                  |          |                    |
| <b>CPFL Geração</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| HSBC  | -              | (3,531)        | (3,531)         | (7,305)             | 3,774                            | dollar           | March 2017                       | 232,520  | over the counter   |
| <b>RGE</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Citibank  | 28,045         | -              | 28,045          | 25,262              | 2,783                            | dollar           | April 2017                       | 128,590  | over the counter   |
| J.P. Morgan   | 12,118         | -              | 12,118          | 10,214              | 1,904                            | dollar           | July 2016                        | 94,410   | over the counter   |
| Bank of Tokyo-Mitsubishi  | 3,302          | -              | 3,302           | 3,809               | (507)                            | dollar           | April 2018                       | 36,270   | over the counter   |
| Bank of Tokyo-Mitsubishi  | 14,007         | -              | 14,007          | 15,573              | (1,566)                          | dollar           | May 2018                         | 168,346  | over the counter   |
|   | <b>57,471</b>  | -              | <b>57,471</b>   | <b>54,858</b>       | <b>2,613</b>                     |                  |                                  |          |                    |
| <b>Subtotal</b>   | <b>203,787</b> | <b>(5,179)</b> | <b>198,608</b>  | <b>157,745</b>      | <b>40,863</b>                    |                  |                                  |          |                    |
| <b>Derivatives for protection of debts not designated at fair value</b> |                |                |                 |                     |                                  |                  |                                  |          |                    |
| <b>Exchange rate hedge</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| <b>CPFL Paulista</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Bank of America Merrill Lynch   | -              | -              | -               | -                   | -                                | dollar           |                                  | 1,002    | over the counter   |
| Bank of America Merrill Lynch   | -              | -              | -               | -                   | -                                | dollar           |                                  | 9,867    | over the counter   |
|   | -              | -              | -               | -                   | -                                |                  |                                  |          |                    |
| <b>CPFL Geração</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Votorantim  | -              | (1,019)        | (1,019)         | (188)               | (831)                            | dollar           | from April 2014 to December 2014 | 43,986   | over the counter   |
| <b>Hedge interest rate variation <sup>(1)</sup></b>                     |                |                |                 |                     |                                  |                  |                                  |          |                    |
| <b>CPFL Geração</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Votorantim  | -              | (997)          | (997)           | 34                  | (1,031)                          | CDI              | August 2020                      | 460,000  | over the counter   |
| <b>CPFL Paulista</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| Bank of America Merrill Lynch   | (3,092)        | -              | (3,092)         | 43                  | (3,135)                          | CDI              | July 2019                        | 660,000  | over the counter   |
| J.P. Morgan   | (1,624)        | -              | (1,624)         | 12                  | (1,636)                          | CDI              | February 2021                    | 300,000  | over the counter   |
| Votorantim  | (511)          | -              | (511)           | 5                   | (516)                            | CDI              | February 2021                    | 100,000  | over the counter   |
| Santander   | (532)          | -              | (532)           | 5                   | (537)                            | CDI              | February 2021                    | 105,000  | over the counter   |
|   | <b>(5,759)</b> | -              | <b>(5,759)</b>  | <b>65</b>           | <b>(5,823)</b>                   |                  |                                  |          |                    |
| <b>CPFL Piratininga</b>   |                |                |                 |                     |                                  |                  |                                  |          |                    |
| J.P. Morgan   | -              | (515)          | (515)           | 7                   | (522)                            | CDI              | July 2019                        | 110,000  | over the counter   |
| Votorantim  | -              | (616)          | (616)           | 9                   | (625)                            | CDI              | February 2021                    | 135,000  | over the counter   |
| Santander   | -              | (441)          | (441)           | 7                   | (448)                            | CDI              | February 2021                    | 100,000  | over the counter   |
|   | -              | <b>(1,572)</b> | <b>(1,572)</b>  | <b>23</b>           | <b>(1,595)</b>                   |                  |                                  |          |                    |
| <b>RGE</b>  |                |                |                 |                     |                                  |                  |                                  |          |                    |
| HSBC  | (2,342)        | -              | (2,342)         | 33                  | (2,375)                          | CDI              | July 2019                        | 500,000  | over the counter   |
| Votorantim  | (954)          | -              | (954)           | 6                   | (960)                            | CDI              | February 2021                    | 170,000  | over the counter   |
|   | <b>(3,296)</b> | -              | <b>(3,296)</b>  | <b>38</b>           | <b>(3,334)</b>                   |                  |                                  |          |                    |
| <b>Subtotal</b>   | <b>(9,055)</b> | <b>(3,588)</b> | <b>(12,643)</b> | <b>(28)</b>         | <b>(12,615)</b>                  |                  |                                  |          |                    |
| <b>Total</b>  | <b>194,732</b> | <b>(8,767)</b> | <b>185,965</b>  | <b>157,717</b>      | <b>28,248</b>                    |                  |                                  |          |                    |
| <b>Current</b>  | <b>56</b>      | <b>(1,019)</b> |                 |                     |                                  |                  |                                  |          |                    |
| <b>Noncurrent</b>   | <b>194,677</b> | <b>(7,748)</b> |                 |                     |                                  |                  |                                  |          |                    |

For further details of terms and information about debts and debentures, see notes 15 and 16

(<sup>1</sup>) The interest rate hedge swaps have half-yearly validity, so the notional value reduces in accordance with amortization of the debt.



Certain subsidiaries opted to mark to market debts for which they have fully tied derivative instruments (Note 15).

The Company and its subsidiaries have recorded gains and losses on their derivatives. However, as these derivatives are used as a hedge, these gains and losses minimized the impact of variations in exchange and interest rates on the protected debts. For the quarters ended March 31, 2014 and 2013, the derivatives resulted in the following impacts on profit or loss, recorded as "Financial expenses – monetary and exchange variations":

| Company             | Hedged risk / transaction | Gain (Loss)      |                  |
|---------------------|---------------------------|------------------|------------------|
|                     |                           | 1st quarter 2014 | 1st quarter 2013 |
| CPFL Energia        | Interest rate variation   | -                | 114              |
| CPFL Energia        | Mark to market            | -                | (122)            |
| CPFL Paulista       | Interest rate variation   | 102              | -                |
| CPFL Paulista       | Exchange variation        | (62,661)         | (22,295)         |
| CPFL Paulista       | Mark to market            | 10,464           | (15,846)         |
| CPFL Piratininga    | Interest rate variation   | 43               | 3                |
| CPFL Piratininga    | Exchange variation        | (27,643)         | (8,985)          |
| CPFL Piratininga    | Mark to market            | 4,463            | (6,266)          |
| RGE                 | Interest rate variation   | 51               | 83               |
| RGE                 | Exchange variation        | (26,507)         | (5,252)          |
| RGE                 | Mark to market            | 5,674            | (3,430)          |
| CPFL Geração        | Interest rate variation   | 109              | -                |
| CPFL Geração        | Exchange variation        | (5,462)          | (3,763)          |
| CPFL Geração        | Mark to market            | 1,087            | (2,817)          |
| CPFL Santa Cruz     | Exchange variation        | (2,246)          | (440)            |
| CPFL Santa Cruz     | Mark to market            | 421              | (217)            |
| CPFL Leste Paulista | Exchange variation        | (1,954)          | (748)            |
| CPFL Leste Paulista | Mark to market            | 243              | (266)            |
| CPFL Sul Paulista   | Exchange variation        | (2,944)          | (657)            |
| CPFL Sul Paulista   | Mark to market            | 483              | (309)            |
| CPFL Jaguarí        | Exchange variation        | (2,939)          | (459)            |
| CPFL Jaguarí        | Mark to market            | 522              | (216)            |
| CPFL Mococa         | Exchange variation        | (1,088)          | (413)            |
| CPFL Mococa         | Mark to market            | 117              | (190)            |
|                     |                           | <b>(109,666)</b> | <b>(72,493)</b>  |

#### c) Sensitivity Analysis

In compliance with CVM Instruction n° 475/08, the Company and its subsidiaries performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising variations in exchange and interest rates.

If the risk exposure is considered active, the risk to be taken into account is a reduction in the pegged indexes, resulting in a negative impact on the income of the Company and its subsidiaries. Similarly, if the risk exposure is considered a liability, the risk is of an increase in the pegged indexes and the consequent negative effect on income. The Company and its subsidiaries therefore quantify the risks in terms of the net exposure of the variables (dollar, CDI, IGP-M and TJLP), as shown below:

**c.1) Exchange rates variation**

If the level of net exchange rate exposure at March 31, 2014 is maintained, the simulation of the consolidated effects by type of financial instrument for three different scenarios would be:

| Instruments                      | Consolidated                      |                    |   |   |   |
|----------------------------------|-----------------------------------|--------------------|---|---|---|
|                                  | Exposure<br>(R\$ thousand)<br>(1) | Risk               | Exchange<br>depreciation of 9,9%<br>(*) | Exchange<br>appreciation<br>of 25,0% (**) | Exchange<br>appreciation<br>of 50,0% (**) |
| Financial liability instruments  | (2,866,974)                       |                    | (283,910)                               | 503,811                                   | 1,291,532                                 |
| Derivatives - Plain Vanilla Swap | 2,870,860                         |                    | 284,295                                 | (504,494)                                 | (1,293,283)                               |
|                                  | <b>3,886</b>                      | Drop in the dollar | <b>385</b>                              | <b>(683)</b>                              | <b>(1,751)</b>                            |
| <b>Total (increase)/decrease</b> | <b>3,886</b>                      |                    | <b>385</b>                              | <b>(683)</b>                              | <b>(1,751)</b>                            |

(1) Exchange rate at March 31, 2014: R\$ 2.26.

(\*) In accordance with exchange graphs contained in information provided by the BM&F. Exchange rate used: R\$ 2.49

(\*\*) In compliance with CVM Instruction 475/08, the percentage of exchange depreciation are related to the information provided by the BM&F.

As the net exposure is an asset, the risk is of a drop in the dollar and the exchange rate is therefore appreciated by 25% and 50% in relation to the probable dollar.

**c.2) Variation in interest rates**

Assuming that (i) the scenario of net exposure of the financial instruments indexed to variable interest rates at March 31, 2014 is maintained, and (ii) the respective accumulated annual indexes for the last 12 months remain stable (CDI 8.86% p.a.; IGP-M 7.30% p.a.; TJLP 5% p.a.), the effects on the Company's financial statements for the next 12 months would be a net financial expense of R\$ 827,963 (CDI R\$ 620,823; IGP-M R\$ 5,801; and TJLP R\$ 201,339). The risk to which the instruments are exposed is evaluated based on the net position. In the event of fluctuations in the indexes in accordance with the three scenarios described, the effect on the net financial expense would as follows:

| Instruments                      | Consolidated               |               |                  |                              |                              |
|----------------------------------|----------------------------|---------------|------------------|------------------------------|------------------------------|
|                                  | Exposure<br>(R\$ thousand) | Risk          | Scenario I (*)   | Raising index by 25%<br>(**) | Raising index by 50%<br>(**) |
| Financial asset instruments      | 5,146,171                  |               | 137,403          | 285,741                      | 434,079                      |
| Financial liability instruments  | (9,468,307)                |               | (252,804)        | (525,728)                    | (798,652)                    |
| Derivatives - Plain Vanilla Swap | (2,684,894)                |               | (71,687)         | (149,079)                    | (226,471)                    |
|                                  | <b>(7,007,031)</b>         | CDI apprec.   | <b>(187,088)</b> | <b>(389,065)</b>             | <b>(591,043)</b>             |
| Financial liability instruments  | (79,468)                   |               | 1,057            | (129)                        | (1,315)                      |
|                                  | <b>(79,468)</b>            | IGP-M apprec. | <b>1,057</b>     | <b>(129)</b>                 | <b>(1,315)</b>               |
| Financial liability instruments  | (4,026,772)                |               | -                | (50,335)                     | (100,669)                    |
|                                  |                            | TJLP apprec.  |                  |                              |                              |
| <b>Total (increase)/decrease</b> | <b>(11,113,271)</b>        |               | <b>(186,031)</b> | <b>(439,529)</b>             | <b>(693,028)</b>             |

(\*) The CDI, IGP-M and TJLP indexes considered of 11.53%, 5.97% and 5%, respectively, were obtained from information available in the market.

(\*\*) In compliance with CVM Instruction 475/08, the percentage of raising index were applied to Scenario I indexes.

**( 33 ) REGULATORY ASSETS AND LIABILITIES**

The Company has the following assets and liabilities for regulatory purposes, which are not recorded in the interim financial statements.

|   | Consolidated     |                   |                  |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | March 31, 2014   | December 31, 2013 | March 31, 2013   | December 31, 2012 |
| <b>Assets</b>                                   |                  |                   |                  |                   |
| <b>Consumers, Concessionaires and Licensees</b> |                  |                   |                  |                   |
| Discounts TUSD (*) and Irrigation               | 5,620            | 16,821            | 60,711           | 65,534            |
|   | <b>5,620</b>     | <b>16,821</b>     | <b>60,711</b>    | <b>65,534</b>     |
| <b>Deferred Costs Variations</b>                |                  |                   |                  |                   |
| CVA (**)  | 688,357          | 547,402           | 686,461          | 897,364           |
|   | <b>688,357</b>   | <b>547,402</b>    | <b>686,461</b>   | <b>897,364</b>    |
| <b>Prepaid Expenses</b>                         |                  |                   |                  |                   |
| Overcontracting                                 | 248,454          | 170,084           | 83,174           | 74,885            |
| Low income consumers' subsidy - Losses          | -                | -                 | -                | 2,064             |
| Neutrality of the sector charges                | 0                | 0                 | 2,845            | 2,850             |
| Tariff adjustment                               | 25,095           | 13,309            | 3,790            | 2,696             |
| Other financial components                      | 26,555           | 41,608            | 84,047           | 92,582            |
|   | <b>300,104</b>   | <b>225,001</b>    | <b>173,856</b>   | <b>175,078</b>    |
| <b>Liabilities</b>                              |                  |                   |                  |                   |
| <b>Deferred Gains Variations</b>                |                  |                   |                  |                   |
| Parcel "A"                                      | (1,454)          | (1,454)           | (1,454)          | (1,443)           |
| CVA (**)  | (339,339)        | (330,266)         | (372,532)        | (373,784)         |
|   | <b>(340,793)</b> | <b>(331,720)</b>  | <b>(373,987)</b> | <b>(375,227)</b>  |
| <b>Other Accounts Payable</b>                   |                  |                   |                  |                   |
| Replacement reimbursement in PTR (***)          | (138,089)        | (138,621)         | (205,913)        | (242,987)         |
| Discounts TUSD and Irrigation (*)               | (64)             | (193)             | (376)            | (363)             |
| Tariff review                                   | (11,614)         | (16,692)          | (0)              | (0)               |
| Overcontracting                                 | (17,513)         | (29,928)          | (26,090)         | (28,919)          |
| Low income consumers' subsidy - Gains           | -                | (5)               | (13,979)         | (22,813)          |
| Neutrality of the sector charges                | (36,611)         | (34,745)          | (60,033)         | (66,985)          |
| Other financial components                      | (36,286)         | (29,393)          | (4,027)          | (4,254)           |
|   | <b>(240,177)</b> | <b>(249,576)</b>  | <b>(310,417)</b> | <b>(366,321)</b>  |
| <b>Total net</b>                                | <b>413,111</b>   | <b>207,928</b>    | <b>236,624</b>   | <b>396,428</b>    |

(\*) Network Usage Charge - TUSD

(\*\*) Deferred Tariff Costs and Gains Variations from Parcel "A" itens - ("CVA")

(\*\*\*) Periodic tariff review

**( 34 ) NON CASH TRANSACTIONS**

|   | Parent company |                   | Consolidated   |                   |
|---|----------------|-------------------|----------------|-------------------|
|   | March 31, 2014 | December 31, 2013 | March 31, 2014 | December 31, 2013 |
| <b>Transactions resulting from business combinations</b>  |                |                   |                |                   |
| Loans, financing and debentures   | -              | -                 | (34,894)       | -                 |
| Property, plant and equipment acquired through business combination                               | -              | -                 | 51,735         | -                 |
| Intangible asset acquired in business combination, net of tax effects                             | -              | -                 | 42,109         | -                 |
| Other net assets acquired through business combination  | -              | -                 | 11,346         | -                 |
|   | -              | -                 | 70,296         | -                 |
| Cash acquired in the business combination   | -              | -                 | (2,466)        | -                 |
| Acquisition price paid  | -              | -                 | 67,830         | -                 |
| <b>Other transactions</b>   |                |                   |                |                   |
| Provision for socio-environmental costs capitalized in property, plant and equipment              | -              | -                 | 3,238          | -                 |
| Reversal of provisions for socio-environmental costs capitalized in property, plant and equipment | -              | -                 | -              | 624               |
| Interest capitalized in property, plant and equipment   | -              | -                 | 10,667         | 8,769             |
| Interest capitalized in intangible concessoin asset - distribution infrastructure                 | -              | -                 | 1,589          | 2,838             |

**( 35 ) RELEVANT FACTS AND SUBSEQUENT EVENT****35.1 – Annual Tariff Adjustment – CPFL Paulista**

On April 7, 2014, ANEEL published Resolution nº 1701, fixing the adjustments in the subsidiary's tariffs from April 8, 2014 on. The tariffs increased by 17.8%, on average, of which 14.56% relates to the annual economic adjustment and 2.62% to the pertinent financial components. The average effect perceived by captive consumers is a 17.23% tariff increase. (as disclosed in the Ratification Resolution).

**35.2 - Dividend**

The AGM/EGM held on April 29, 2014 approved the allocation of net income for 2013 by: (i) ratification of the interim dividend of R\$ 363,049 declared at June 30, 2013 and (ii) declaration of an additional dividend of R\$ 567,802.

**35.3 – Energy supply agreement between CPFL Geração and Furnas**

In a notice to the market dated April 16, 2014, the Company and the subsidiary CPFL Geração advised that the Board of Directors had approved a new energy supply agreement between CPFL Geração and Furnas Centrais Elétricas S.A.

The agreement will include conditions similar to those agreed in the previous agreement, signed in January 1998, detailing the following conditions for the sale of energy from the Serra da Mesa Hydropower Plant ("Serra da Mesa HPP"):

- (i) Amount: 51.54% of the available power and energy of the Serra da Mesa HPP, corresponding to an average of 345.4 MW;
- (ii) Term: April 1, 2014 to April 16, 2028;
- (iii) Annual adjustment: variation in the General Market Price Index ("IGP-M");
- (iv) Price: R\$ 156,70 per MWh, net of sector charges, at the base date of April 1, 2014 (gross price of R\$ 182.90 per MWh, including the sector charges).

**35.4 – Issue of debentures CPFL Generation**

The following issues were approved in a meeting of the Board of Directors of the subsidiary CPFL Geração, held on April 23, 2014:

- (i) the 7th issue of 63,500 unsecured debentures, not convertible into shares, in a single series, guaranteed by the company, for a total amount of R\$ 635,000. The funds will be used to refinance the subsidiary's debts. The debentures will bear maximum interest of 100% of the CDI, plus up to 1.06% a year (the final price will be fixed in the bookbuilding process), paid half-yearly, and the principal will be amortized in a single installment on April 25, 2019. The debentures will be guaranteed by the Company;
- (ii) the 8th issue of 1 (one) unsecured debenture, not convertible into shares, in a single series, guaranteed by the company, for a total amount of R\$ 70,000. The funds will be invested in the subsidiary's projects. The debentures will be remunerated in accordance with the variation in the extended consumer price index (IPCA), paid annually, and the principal will be amortized in the single installment on April 28, 2019. The debenture will be guaranteed by the Company;

**35.5 - Capitalization of the AFAC of the subsidiary CPFL Piratininga**

The AGM/EGM held on April 28, 2014 of the subsidiary CPFL Piratininga, approved an increase of R\$ 50,000 in the capital in respect of capitalization of the advance for future capital increase ("AFAC"), with the issue of 50,000,000 (fifty million) new shares.

**OTHER RELEVANT INFORMATION**

Shareholders of CPFL Energia S/A holding more than 5% of the shares of the same type and class, as of March 31, 2014:

| <b>Shareholders</b>               | <b>Common shares</b> | <b>Interest - %</b> |
|-----------------------------------|----------------------|---------------------|
| BB Carteira Livre I FIA           | 288,569,602          | 29.99               |
| Bonaire Participações S.A.        | 6,308,790            | 0.66                |
| ESC Energia S.A.                  | 234,092,930          | 24.33               |
| Energia São Paulo FIA             | 136,820,640          | 14.22               |
| BNDES Participações S.A.          | 64,842,768           | 6.74                |
| Members of the Executive Officers | 102,300              | 0.01                |
| Other shareholders                | 231,537,230          | 24.06               |
| <b>Total</b>                      | <b>962,274,260</b>   | <b>100.00</b>       |

Quantity and characteristic of securities held by Controlling Shareholders, Executive Officers, Board of Directors, Fiscal Council and Free Float, as of March 31, 2014 and 2013:

| <b>Shareholders</b>               | <b>March 31, 2014</b> |                     | <b>March 31, 2013</b> |                     |
|-----------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                   | <b>Common shares</b>  | <b>Interest - %</b> | <b>Common shares</b>  | <b>Interest - %</b> |
| Controlling shareholders          | 665,791,962           | 69.19               | 666,668,822           | 69.28               |
| Administrator                     | -                     | -                   | -                     | -                   |
| Members of the Executive Officers | 102,300               | 0.01                | 72,077                | 0.01                |
| Members of the Board of Directors | -                     | -                   | -                     | -                   |
| Fiscal Council Members            | -                     | -                   | -                     | -                   |
| Other shareholders - free float   | 296,379,998           | 30.80               | 295,533,361           | 30.71               |
| <b>Total</b>                      | <b>962,274,260</b>    | <b>100.00</b>       | <b>962,274,260</b>    | <b>100.00</b>       |
| Outstanding shares                | <b>296,379,998</b>    | <b>30.80</b>        | <b>295,533,361</b>    | <b>30.71</b>        |

| SHAREHOLDING STRUCTURE  |                      |         |         |                  |         |         | 1st quarter 2014 |         | Date of last change |
|---|----------------------|---------|---------|------------------|---------|---------|------------------|---------|---------------------|
| CPFL ENERGIA S/A  |                      |         |         |                  |         |         | Per units shares |         |                     |
| 1 - SHAREHOLDERS OF THE COMPANY   | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 665,791,962          | 69.19%  | 100.00% | -                | 0.00%   | 0.00%   | 665,791,962      | 69.19%  |                     |
| 1.1 Esc Energia S.A.  | 234,092,930          | 24.33%  | 100.00% | -                | 0.00%   | 0.00%   | 234,092,930      | 24.33%  | 25-Mar-13           |
| 1.2 Fundo Mútuo de Investimentos em Ações - BB Carteira Livre I         | 288,569,602          | 29.99%  | 100.00% | -                | 0.00%   | 0.00%   | 288,569,602      | 29.99%  | 26-Dec-12           |
| 1.3 Bonaire Participações S.A.  | 6,308,790            | 0.66%   | 100.00% | -                | 0.00%   | 0.00%   | 6,308,790        | 0.66%   | 9-Apr-12            |
| 1.4 Energia São Paulo FIA   | 136,820,640          | 14.22%  | 100.00% | -                | 0.00%   | 0.00%   | 136,820,640      | 14.22%  | 25-Mar-13           |
| Noncontrolling shareholders   | 296,482,298          | 30.81%  | 100.00% | -                | 0.00%   | 0.00%   | 296,482,298      | 30.81%  |                     |
| 1.5 BNDES Participações S.A.  | 64,842,768           | 6.74%   | 100.00% | -                | 0.00%   | 0.00%   | 64,842,768       | 6.74%   | 30-Nov-13           |
| 1.6 Board of Directors  | -                    | 0.00%   | 0.00%   | -                | 0.00%   | 0.00%   | -                | 0.00%   | 31-Jul-12           |
| 1.7 Executive officers  | 102,300              | 0.01%   | 100.00% | -                | 0.00%   | 0.00%   | 102,300          | 0.01%   | 31-Jan-13           |
| 1.8 Other shareholders  | 231,537,230          | 24.06%  | 100.00% | -                | 0.00%   | 0.00%   | 231,537,230      | 24.06%  | 31-Jan-13           |
| Total   | 962,274,260          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 962,274,260      | 100.00% |                     |
|   |                      |         |         |                  |         |         |                  |         |                     |
| 2 - Entity: 1.1 Esc Energia S.A.  | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 975,610,433          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 975,610,433      | 100.00% |                     |
| 1.1.1 VBC Energia S.A.  | 975,610,433          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 975,610,433      | 100.00% | 21-Nov-12           |
| Noncontrolling shareholders   | -                    | 0.00%   | 0.00%   | -                | 0.00%   | 0.00%   | -                | 0.00%   |                     |
|   | -                    | 0.00%   | 0.00%   | -                | 0.00%   | 0.00%   | -                | 0.00%   |                     |
| Total   | 975,610,433          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 975,610,433      | 100.00% |                     |
| 3 - Entity: 1.1.1 VBC ENERGIA S/A                                       | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 5,014,978            | 100.00% | 97.41%  | 133,511          | 100.00% | 2.59%   | 5,148,489        | 100.00% |                     |
| 1.1.1.1 Átila Holdings S/A  | 2,405,393            | 47.96%  | 97.15%  | 70,530           | 52.83%  | 2.85%   | 2,475,923        | 48.09%  | 31-Aug-11           |
| 1.1.1.2 Camargo Corrêa Energia S.A.                                     | 1,504,095            | 29.99%  | 96.97%  | 47,018           | 35.22%  | 3.03%   | 1,551,113        | 30.13%  | 5-Sep-11            |
| 1.1.1.3 Camargo Corrêa S.A.   | 717,383              | 14.30%  | 97.82%  | 15,963           | 11.96%  | 2.18%   | 733,346          | 14.24%  | 26-Oct-12           |
| 1.1.1.4 Camargo Corrêa Investimento em Infra-Estrutura S.A.             | 388,107              | 7.74%   | 100.00% | -                | 0.00%   | 0.00%   | 388,107          | 7.54%   | 31-Aug-11           |
| Noncontrolling shareholders   | 5                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 5                | 0.00%   |                     |
| 1.1.1.5 Other shareholders  | 5                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 5                | 0.00%   | 26-Oct-12           |
| Total   | 5,014,983            | 100.00% | 97.41%  | 133,511          | 100.00% | 2.59%   | 5,148,494        | 100.00% |                     |
| 4- Entity: 1.1.1.1 Átila Holdings S/A                                   | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 821,452,787          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 821,452,787      | 100.00% |                     |
| 1.1.1.1.1 Construções e Comércio Camargo Corrêa S.A.                    | 380,575,180          | 46.33%  | 100.00% | -                | 0.00%   | 0.00%   | 380,575,180      | 46.33%  | 31-Aug-11           |
| 1.1.1.1.2 Camargo Corrêa S.A  | 440,877,607          | 53.67%  | 100.00% | -                | 0.00%   | 0.00%   | 440,877,607      | 53.67%  | 1-Sep-09            |
| Noncontrolling shareholders   | -                    | 0.00%   | 0.00%   | -                | 0.00%   | 0.00%   | -                | 0.00%   |                     |
|   | -                    | 0.00%   | 0.00%   | -                | 0.00%   | 0.00%   | -                | 0.00%   |                     |
| Total   | 821,452,787          | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 821,452,787      | 100.00% |                     |
| 5 - Entity: 1.1.1.2 Camargo Corrêa Energia S.A.                         | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 2,360,886            | 100.00% | 77.41%  | 689,071          | 100.00% | 22.59%  | 3,049,957        | 100.00% |                     |
| 1.1.1.2.1 Camargo Corrêa Investimento em Infra-Estrutura S.A.           | 2,360,886            | 100.00% | 77.41%  | 689,071          | 100.00% | 22.59%  | 3,049,957        | 100.00% | 30-Apr-12           |
| Noncontrolling shareholders   | -                    | 0.00%   | 0.00%   | 4                | 0.00%   | 100.00% | 4                | 0.00%   |                     |
| 1.1.1.2.2 Other shareholders  | -                    | 0.00%   | 0.00%   | 4                | 0.00%   | 100.00% | 4                | 0.00%   | 30-Apr-12           |
| Total   | 2,360,886            | 100.00% | 77.41%  | 689,075          | 100.00% | 22.59%  | 3,049,961        | 100.00% |                     |
| 6 - Entity: 1.1.1.3 Camargo Corrêa S.A.                                 | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 48,943               | 99.99%  | 34.46%  | 93,099           | 100.00% | 65.54%  | 142,042          | 100.00% |                     |
| 1.1.1.3.1 Participações Morro Vermelho S.A.                             | 48,943               | 99.99%  | 34.46%  | 93,099           | 100.00% | 65.54%  | 142,042          | 100.00% | 30-Apr-12           |
| Noncontrolling shareholders   | 3                    | 0.01%   | 75.00%  | 1                | 0.00%   | 25.00%  | 4                | 0.00%   |                     |
| 1.1.1.3.2 Other shareholders  | 3                    | 0.01%   | 75.00%  | 1                | 0.00%   | 25.00%  | 4                | 0.00%   | 30-Apr-12           |
| Total   | 48,946               | 100.00% | 34.46%  | 93,100           | 100.00% | 65.54%  | 142,046          | 100.00% |                     |
| 7 - Entity: 1.1.1.4 Camargo Corrêa Investimento em Infra-Estrutura S.A. | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 1,058,326,173        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 1,058,326,173    | 100.00% |                     |
| 1.1.1.4.1 Camargo Corrêa S.A.   | 1,058,326,173        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 1,058,326,173    | 100.00% | 30-abr-12           |
| Noncontrolling shareholders   | 5                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 5                | 0.00%   |                     |
| 1.1.1.4.2 Other shareholders  | 5                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 5                | 0.00%   | 30-abr-12           |
| Total   | 1,058,326,178        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 1,058,326,178    | 100.00% |                     |
| 8 - Entity: 1.1.1.1.1 Construções e Comércio Camargo Corrêa S.A.        | Quotes/common shares | %       | % Total | Preferred shares | %       | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 374,477              | 100.00% | 81.01%  | 87,775           | 99.99%  | 18.99%  | 462,252          | 100.00% |                     |
| 1.1.1.1.1.1 Camargo Corrêa Construções e Participações S.A.             | 374,477              | 100.00% | 81.01%  | 87,775           | 99.99%  | 18.99%  | 462,252          | 100.00% | 28-Aug-12           |
| Noncontrolling shareholders   | 4                    | 0.00%   | 44.44%  | 5                | 0.01%   | 55.56%  | 9                | 0.00%   |                     |
| 1.1.1.1.1.2 Other shareholders  | 4                    | 0.00%   | 44.44%  | 5                | 0.01%   | 55.56%  | 9                | 0.00%   | 30-Apr-12           |
| Total   | 374,481              | 100.00% | 81.01%  | 87,780           | 100.00% | 18.99%  | 462,261          | 100.00% |                     |
| 9 - Entity: 1.1.1.1.1.1 Camargo Corrêa Construções e Participações S.A. | Quotes/common shares | % ON    | % Total | Preferred shares | % PN    | % Total | TOTAL            | % Total |                     |
| Controlling shareholders  | 2,749,756,292        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 2,749,756,292    | 100.00% |                     |
| 1.1.1.1.1.1.1 Camargo Corrêa S.A.                                       | 2,749,756,292        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 2,749,756,292    | 100.00% | 3-Oct-11            |
| Noncontrolling shareholders   | 2                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 2                | 0.00%   |                     |
| 1.1.1.1.1.1.2 Other shareholders  | 2                    | 0.00%   | 100.00% | -                | 0.00%   | 0.00%   | 2                | 0.00%   | 3-Oct-11            |
| Total   | 2,749,756,294        | 100.00% | 100.00% | -                | 0.00%   | 0.00%   | 2,749,756,294    | 100.00% |                     |

(continua)

| 10 - Entity: 1.1.1.3.1 Participações Morro Vermelho S.A.            | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
|---|----------------------|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------|
| <b>Controlling shareholders</b>                                     | <b>2,249,991</b>     | <b>100.00%</b> | <b>33.33%</b>  | <b>4,500,000</b> | <b>100.00%</b> | <b>66.67%</b>  | <b>6,749,991</b> | <b>100.00%</b> |          |
| 1.1.1.3.1.1 RCABON Empreendimentos e Participações S.A              | 749,997              | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 749,997          | 11.11%         | 2-May-12 |
| 1.1.1.3.1.2 RCNON Empreendimentos e Participações S.A               | 749,997              | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 749,997          | 11.11%         | 2-May-12 |
| 1.1.1.3.1.3 RCPDON Empreendimentos e Participações S.A              | 749,997              | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 749,997          | 11.11%         | 2-May-12 |
| 1.1.1.3.1.4 RCABPN Empreendimentos e Participações S.A              | -                    | 0.00%          | 0.00%          | 1,498,080        | 33.29%         | 100.00%        | 1,498,080        | 22.19%         | 1-Oct-08 |
| 1.1.1.3.1.5 RCNPN Empreendimentos e Participações S.A               | -                    | 0.00%          | 0.00%          | 1,498,080        | 33.29%         | 100.00%        | 1,498,080        | 22.19%         | 1-Oct-08 |
| 1.1.1.3.1.6 RCPDPN Empreendimentos e Participações S.A              | -                    | 0.00%          | 0.00%          | 1,498,080        | 33.29%         | 100.00%        | 1,498,080        | 22.19%         | 1-Oct-08 |
| 1.1.1.3.1.7 RRRPN Empreendimentos e Participações S.A               | -                    | 0.00%          | 0.00%          | 5,760            | 0.13%          | 100.00%        | 5,760            | 0.09%          | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>9</b>             | <b>0.00%</b>   | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>9</b>         | <b>0.00%</b>   |          |
| 1.1.1.3.1.8 Other shareholders                                      | 9                    | 0.00%          | 100.00%        | -                | 0.00%          | 0.00%          | 9                | 0.00%          | 1-Oct-08 |
| <b>Total</b>  | <b>2,250,000</b>     | <b>100.00%</b> | <b>33.33%</b>  | <b>4,500,000</b> | <b>100.00%</b> | <b>66.67%</b>  | <b>6,750,000</b> | <b>100.00%</b> |          |
| 11 - Entity: 1.1.1.3.1.1 RCABON Empreendimentos e Participações S.A | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>749,850</b>       | <b>100.00%</b> | <b>99.99%</b>  | <b>40</b>        | <b>26.67%</b>  | <b>0.01%</b>   | <b>749,890</b>   | <b>99.99%</b>  |          |
| 1.1.1.3.1.1.1 Rosana Camargo de Arruda Botelho                      | 749,850              | 100.00%        | 99.99%         | 40               | 26.67%         | 0.01%          | 749,890          | 99.99%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>-</b>             | <b>0.00%</b>   | <b>0.00%</b>   | <b>110</b>       | <b>73.33%</b>  | <b>100.00%</b> | <b>110</b>       | <b>0.01%</b>   |          |
| 1.1.1.3.1.1.2 Other shareholders                                    | -                    | 0.00%          | 0.00%          | 110              | 73.33%         | 100.00%        | 110              | 0.01%          | 1-Oct-08 |
| <b>Total</b>  | <b>749,850</b>       | <b>100.00%</b> | <b>99.98%</b>  | <b>150</b>       | <b>100.00%</b> | <b>0.02%</b>   | <b>750,000</b>   | <b>100.00%</b> |          |
| 12 - Entity: 1.1.1.3.1.2 RCNON Empreendimentos e Participações S.A  | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>749,850</b>       | <b>100.00%</b> | <b>99.99%</b>  | <b>40</b>        | <b>26.67%</b>  | <b>0.01%</b>   | <b>749,890</b>   | <b>99.99%</b>  |          |
| 1.1.1.3.1.2.1 Renata de Camargo Nascimento                          | 749,850              | 100.00%        | 99.99%         | 40               | 26.67%         | 0.01%          | 749,890          | 99.99%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>-</b>             | <b>0.00%</b>   | <b>0.00%</b>   | <b>110</b>       | <b>73.33%</b>  | <b>100.00%</b> | <b>110</b>       | <b>0.01%</b>   |          |
| 1.1.1.3.1.2.2 Other shareholders                                    | -                    | 0.00%          | 0.00%          | 110              | 73.33%         | 100.00%        | 110              | 0.01%          | 1-Oct-08 |
| <b>Total</b>  | <b>749,850</b>       | <b>100.00%</b> | <b>99.98%</b>  | <b>150</b>       | <b>100.00%</b> | <b>0.02%</b>   | <b>750,000</b>   | <b>100.00%</b> |          |
| 13 - Entity: 1.1.1.3.1.3 RCPDON Empreendimentos e Participações S.A | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>749,850</b>       | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>749,850</b>   | <b>99.98%</b>  |          |
| 1.1.1.3.1.3.1 Regina de Camargo Pires Oliveira Dias                 | 749,850              | 100.00%        | 100.00%        | -                | 0.00%          | 0.00%          | 749,850          | 99.98%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>-</b>             | <b>0.00%</b>   | <b>0.00%</b>   | <b>150</b>       | <b>100.00%</b> | <b>100.00%</b> | <b>150</b>       | <b>0.02%</b>   |          |
| 1.1.1.3.1.3.2 Other shareholders                                    | -                    | 0.00%          | 0.00%          | 150              | 100.00%        | 100.00%        | 150              | 0.02%          | 1-Oct-08 |
| <b>Total</b>  | <b>749,850</b>       | <b>100.00%</b> | <b>99.98%</b>  | <b>150</b>       | <b>100.00%</b> | <b>0.02%</b>   | <b>750,000</b>   | <b>100.00%</b> |          |
| 14 - Entity: 1.1.1.3.1.4 RCABPN Empreendimentos e Participações S.A | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>1,499,890</b>     | <b>99.99%</b>  | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,499,890</b> | <b>99.99%</b>  |          |
| 1.1.1.3.1.4.1 Rosana Camargo de Arruda Botelho                      | 1,499,890            | 99.99%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,499,890        | 99.99%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>110</b>           | <b>0.01%</b>   | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>110</b>       | <b>0.01%</b>   |          |
| 1.1.1.3.1.4.2 Other shareholders                                    | 110                  | 0.01%          | 100.00%        | -                | 0.00%          | 0.00%          | 110              | 0.01%          | 1-Oct-08 |
| <b>Total</b>  | <b>1,500,000</b>     | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,500,000</b> | <b>100.00%</b> |          |
| 15 - Entity: 1.1.1.3.1.5 RCNPN Empreendimentos e Participações S.A  | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>1,499,890</b>     | <b>99.99%</b>  | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,499,890</b> | <b>99.99%</b>  |          |
| 1.1.1.3.1.5.1 Renata de Camargo Nascimento                          | 1,499,890            | 99.99%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,499,890        | 99.99%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>110</b>           | <b>0.01%</b>   | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>110</b>       | <b>0.01%</b>   |          |
| 1.1.1.3.1.5.2 Other shareholders                                    | 110                  | 0.01%          | 100.00%        | -                | 0.00%          | 0.00%          | 110              | 0.01%          | 1-Oct-08 |
| <b>Total</b>  | <b>1,500,000</b>     | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,500,000</b> | <b>100.00%</b> |          |
| 16 - Entity: 1.1.1.3.1.6 RCPDPN Empreendimentos e Participações S.A | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>1,499,850</b>     | <b>99.99%</b>  | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,499,850</b> | <b>99.99%</b>  |          |
| 1.1.1.3.1.6.1 Regina de Camargo Pires Oliveira Dias                 | 1,499,850            | 99.99%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,499,850        | 99.99%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>150</b>           | <b>0.01%</b>   | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>150</b>       | <b>0.01%</b>   |          |
| 1.1.1.3.1.6.2 Other shareholders                                    | 150                  | 0.01%          | 100.00%        | -                | 0.00%          | 0.00%          | 150              | 0.01%          | 1-Oct-08 |
| <b>Total</b>  | <b>1,500,000</b>     | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>1,500,000</b> | <b>100.00%</b> |          |
| 17 - Entity: 1.1.1.3.1.7 RRRPN Empreendimentos e Participações S.A  | Quotes/common shares | %              | % Total        | Preferred shares | %              | % Total        | TOTAL            | % Total        |          |
| <b>Controlling shareholders</b>                                     | <b>5,940</b>         | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>5,940</b>     | <b>100.00%</b> |          |
| 1.1.1.3.1.7.1 Rosana Camargo de Arruda Botelho                      | 1,980                | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,980            | 33.33%         | 1-Oct-08 |
| 1.1.1.3.1.7.2 Renata de Camargo Nascimento                          | 1,980                | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,980            | 33.33%         | 1-Oct-08 |
| 1.1.1.3.1.7.3 Regina de Camargo Pires Oliveira Dias                 | 1,980                | 33.33%         | 100.00%        | -                | 0.00%          | 0.00%          | 1,980            | 33.33%         | 1-Oct-08 |
| <b>Noncontrolling shareholders</b>                                  | <b>-</b>             | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>         | <b>0.00%</b>   |          |
|   | -                    | 0.00%          | 0.00%          | -                | 0.00%          | 0.00%          | -                | 0.00%          | 0-Jan-00 |
| <b>Total</b>  | <b>5,940</b>         | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b>   | <b>0.00%</b>   | <b>5,940</b>     | <b>100.00%</b> |          |

(continua)

| 18 - Entity: 1.2 Fundo Mútuo de Investimentos em Ações - BB Carteira Livre I | Quotes/common shares | %              | % Total        | Preferred shares | %            | % Total      | TOTAL              | % Total        |          |
|--|----------------------|----------------|----------------|------------------|--------------|--------------|--------------------|----------------|----------|
| Controlling shareholders   | 130,163,541          | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 130,163,541        | 100.00%        |          |
| 1.2.1 Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI       | 130,163,541          | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 130,163,541        | 100.00%        | 3-Nov-09 |
| Noncontrolling shareholders  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          |          |
|  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          | 0-Jan-00 |
| <b>Total</b>   | <b>130,163,541</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b> | <b>0.00%</b> | <b>130,163,541</b> | <b>100.00%</b> |          |

| 19 - Entity: 1.3 Bonaire Participações S.A.            | Quotes/common shares | %              | % Total        | Preferred shares | %            | % Total      | TOTAL             | % Total        |           |
|--|----------------------|----------------|----------------|------------------|--------------|--------------|-------------------|----------------|-----------|
| Controlling shareholders                               | 66,728,875           | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 66,728,875        | 100.00%        |           |
| 1.3.1 Energia São Paulo Fundo de Investimento em Ações | 66,728,875           | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 66,728,875        | 100.00%        | 19-Dec-12 |
| Noncontrolling shareholders                            | 3                    | 0.00%          | 100.00%        | -                | 0.00%        | 0.00%        | 3                 | 0.00%          |           |
| 1.3.2 Other shareholders                               | 3                    | 0.00%          | 100.00%        | -                | 0.00%        | 0.00%        | 3                 | 0.00%          | 19-Dec-12 |
| <b>Total</b>   | <b>66,728,878</b>    | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b> | <b>0.00%</b> | <b>66,728,878</b> | <b>100.00%</b> |           |

| 20 - Entity: 1.4 Energia São Paulo Fundo de Investimento em Ações                                | Quotes/common shares | %              | % Total        | Preferred shares | %            | % Total      | TOTAL              | % Total        |           |
|--|----------------------|----------------|----------------|------------------|--------------|--------------|--------------------|----------------|-----------|
| Controlling shareholders   | 796,479,768          | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 796,479,768        | 100.00%        |           |
| 1.4.1 Fundos de Investimento em Cotas de Fundo de Investimento em Participações 114              | 353,528,507          | 44.39%         | 100.00%        | -                | 0.00%        | 0.00%        | 353,528,507        | 44.39%         | 16-Nov-04 |
| 1.4.2 Fundação Petrobras de Seguridade Social - Petros   | 181,405,069          | 22.78%         | 100.00%        | -                | 0.00%        | 0.00%        | 181,405,069        | 22.78%         | 16-Nov-04 |
| 1.4.3 Fundação Sabesp de Seguridade Social - Sabesprev   | 4,823,881            | 0.61%          | 100.00%        | -                | 0.00%        | 0.00%        | 4,823,881          | 0.61%          | 16-Nov-04 |
| 1.4.4 Fundação Sistel de Seguridade Social   | 256,722,311          | 32.23%         | 100.00%        | -                | 0.00%        | 0.00%        | 256,722,311        | 32.23%         | 16-Nov-04 |
| Noncontrolling shareholders  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          |           |
|  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          |           |
| <b>Total</b>   | <b>796,479,768</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b> | <b>0.00%</b> | <b>796,479,768</b> | <b>100.00%</b> |           |
| 21 - Entity: 1.4.1 Fundos de Investimento em Cotas de Fundo de Investimento em Participações 114 | Quotes/common shares | %              | % Total        | Preferred shares | %            | % Total      | TOTAL              | % Total        |           |
| Controlling shareholders   | 353,528,507          | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 353,528,507        | 100.00%        |           |
| 1.4.1.1 Fundação CESP  | 353,528,507          | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 353,528,507        | 100.00%        | 16-Nov-04 |
| Noncontrolling shareholders  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          |           |
|  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -                  | 0.00%          |           |
| <b>Total</b>   | <b>353,528,507</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b> | <b>0.00%</b> | <b>353,528,507</b> | <b>100.00%</b> |           |

| 22 - Entity: 1.5 BNDES Participações S.A.                | Quotes/common shares | %              | % Total        | Preferred shares | %            | % Total      | TOTAL    | % Total        |           |
|--|----------------------|----------------|----------------|------------------|--------------|--------------|----------|----------------|-----------|
| Controlling shareholders                                 | 1                    | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 1        | 100.00%        |           |
| 1.5.1 Banco Nacional de Desenv. Econômico e Social ( 1 ) | 1                    | 100.00%        | 100.00%        | -                | 0.00%        | 0.00%        | 1        | 100.00%        | 15-Dec-09 |
| Noncontrolling shareholders                              | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -        | 0.00%          |           |
|  | -                    | 0.00%          | 0.00%          | -                | 0.00%        | 0.00%        | -        | 0.00%          |           |
| <b>Total</b>   | <b>1</b>             | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>         | <b>0.00%</b> | <b>0.00%</b> | <b>1</b> | <b>100.00%</b> |           |

( 1 ) State agency - Federal Government Number of shares is expressed in units.



## Quarterly Social Report 2014 /2013 (\*)

Company: CPFL ENERGIA S.A.

| 1 - Basis for Calculation   | 1st quarter of 2014 Value (R\$ 000)   |                            |                               | 1st quarter of 2013 Value (R\$ 000)   |                            |                               |
|---|---|----------------------------|-------------------------------|---|----------------------------|-------------------------------|
| Net Revenues (NR)   | 3,927,309   |                            |                               | 3,715,427   |                            |                               |
| Operating Result (OR)   | 285,503   |                            |                               | 650,420   |                            |                               |
| Gross Payroll (GP)  | 163,940   |                            |                               | 158,300   |                            |                               |
| 2 - Internal Social Indicators  | Value (000)   | % of GP                    | % of NR                       | Value (000)   | % of GP                    | % of NR                       |
| Food  | 14,707  | 8.97%                      | 0.37%                         | 13,842  | 8.74%                      | 0.37%                         |
| Mandatory payroll taxes   | 44,272  | 27.01%                     | 1.13%                         | 42,761  | 27.01%                     | 1.15%                         |
| Private pension plan  | 8,624   | 5.26%                      | 0.22%                         | 8,732   | 5.52%                      | 0.24%                         |
| Health  | 9,555   | 5.83%                      | 0.24%                         | 8,126   | 5.13%                      | 0.22%                         |
| Occupational safety and health  | 619   | 0.38%                      | 0.02%                         | 507   | 0.32%                      | 0.01%                         |
| Education   | 586   | 0.36%                      | 0.01%                         | 566   | 0.36%                      | 0.02%                         |
| Culture   | 0   | 0.00%                      | 0.00%                         | 0   | 0.00%                      | 0.00%                         |
| Training and professional development   | 1,210   | 0.74%                      | 0.03%                         | 2,547   | 1.61%                      | 0.07%                         |
| Day-care / allowance  | 249   | 0.15%                      | 0.01%                         | 246   | 0.16%                      | 0.01%                         |
| Profit / income sharing   | 10,956  | 6.68%                      | 0.28%                         | 11,830  | 7.47%                      | 0.32%                         |
| Others  | 1,543   | 0.94%                      | 0.04%                         | 1,556   | 0.98%                      | 0.04%                         |
| <b>Total - internal social indicators</b>   | <b>92,321</b>   | <b>56.31%</b>              | <b>2.35%</b>                  | <b>90,713</b>   | <b>57.36%</b>              | <b>2.44%</b>                  |
| 3 - External Social Indicators  | Value (000)   | % of OR                    | % of NR                       | Value (000)   | % of OR                    | % of NR                       |
| Education   | 30  | 0.01%                      | 0.00%                         | 230   | 0.04%                      | 0.01%                         |
| Culture   | 659   | 0.23%                      | 0.02%                         | 1,892   | 0.29%                      | 0.05%                         |
| Health and sanitation   | 343   | 0.12%                      | 0.01%                         | 288   | 0.04%                      | 0.01%                         |
| Sport   | 0   | 0.00%                      | 0.00%                         | 150   | 0.02%                      | 0.00%                         |
| War on hunger and malnutrition  | 0   | 0.00%                      | 0.00%                         | 0   | 0.00%                      | 0.00%                         |
| Others  | 1,038   | 0.36%                      | 0.03%                         | 883   | 0.14%                      | 0.02%                         |
| <b>Total contributions to society</b>   | <b>2,070</b>  | <b>0.73%</b>               | <b>0.05%</b>                  | <b>3,443</b>  | <b>0.53%</b>               | <b>0.09%</b>                  |
| Taxes (excluding payroll taxes)   | 1,102,931   | 386.31%                    | 28.08%                        | 1,273,073   | 195.73%                    | 34.26%                        |
| <b>Total - external social indicators</b>   | <b>1,105,001</b>  | <b>387.04%</b>             | <b>28.14%</b>                 | <b>1,276,516</b>  | <b>196.26%</b>             | <b>34.36%</b>                 |
| 4 - Environmental Indicators  | Value (000)   | % of OR                    | % of NR                       | Value (000)   | % of OR                    | % of NR                       |
| Investments related to company production / operation   | 9,718   | 3.40%                      | 0.25%                         | 7,683   | 1.18%                      | 0.21%                         |
| Investments in external programs and/or projects  | 13,851  | 4.85%                      | 0.35%                         | 11,816  | 1.82%                      | 0.32%                         |
| <b>Total environmental investments</b>  | <b>23,569</b>   | <b>8.26%</b>               | <b>0.60%</b>                  | <b>19,499</b>   | <b>3.00%</b>               | <b>0.52%</b>                  |
| Regarding the establishment of "annual targets" to minimize residues, the consumption in production / operation and increase efficiency in the use of natural resources, the company: | ( ) do not have targets ( ) fulfill from 51 to 75%<br>( ) fulfill from 0 to 50% (X) fulfill from 76 to 100% |                            |                               | ( ) do not have targets ( ) fulfill from 51 to 75%<br>( ) fulfill from 0 to 50% (X) fulfill from 76 to 100% |                            |                               |
| 5 - Staff Indicators  | 1st quarter of 2014   |                            |                               | 1st quarter of 2013   |                            |                               |
| Nº of employees at the end of period  | 8,636   |                            |                               | 8,639   |                            |                               |
| Nº of employees hired during the period   | 674   |                            |                               | 620   |                            |                               |
| Nº of outsourced employees  | ND  |                            |                               | ND  |                            |                               |
| Nº of interns   | 194   |                            |                               | 242   |                            |                               |
| Nº of employees above 45 years age  | 2,024   |                            |                               | 1,987   |                            |                               |
| Nº of women working at the company  | 1,977   |                            |                               | 2,169   |                            |                               |
| % of management position occupied by women  | 8.77%   |                            |                               | 10.24%  |                            |                               |
| Nº of Afro-Brazilian employees working at the company   | 1,462   |                            |                               | 1,232   |                            |                               |
| % of management position occupied by Afro-Brazilian employees   | 2.34%   |                            |                               | 1.96%   |                            |                               |
| Nº of employees with disabilities   | 264   |                            |                               | 270   |                            |                               |
| 6 - Relevant Information regarding the exercise of corporate citizenship  | 1st quarter of 2014   |                            |                               | 1st quarter of 2013   |                            |                               |
| Ratio of the highest to the lowest compensation at company  | 23.08   |                            |                               | 24.07   |                            |                               |
| Total number of work-related accidents  | 12  |                            |                               | 6   |                            |                               |
| Social and environmental projects developed by the company were decided upon by:  | ( ) directors   | (X) directors and managers | ( ) all employees             | ( ) directors   | (X) directors and managers | ( ) all employees             |
| Health and safety standards at the workplace were decided upon by:  | ( ) directors and managers  | ( ) all employees          | (X) all + Cipa                | ( ) directors and managers  | ( ) all employees          | (X) all + Cipa                |
| Regarding the liberty to join a union, the right to a collective negotiation and the internal representation of the employees, the company:   | ( ) does not get involved   | ( ) follows the OIT rules  | (X) motivates and follows OIT | ( ) does not get involved   | ( ) follows the OIT rules  | (X) motivates and follows OIT |
| The private pension plan contemplates:  | ( ) directors   | ( ) directors and managers | (X) all employees             | ( ) directors   | ( ) directors and managers | (X) all employees             |
| The profit / income sharing contemplates:   | ( ) directors   | ( ) directors and managers | (X) all employees             | ( ) directors   | ( ) directors and managers | (X) all employees             |
| In the selection of suppliers, the same ethical standards and social / environmental responsibilities adopted by the company:   | ( ) are not considered  | ( ) are suggested          | (X) are required              | ( ) are not considered  | ( ) are suggested          | (X) are required              |
| Regarding the participation of employees in voluntary work programs, the company:   | ( ) does not get involved   | ( ) supports               | (X) organizes and motivates   | ( ) does not get involved   | ( ) supports               | (X) organizes and motivates   |
| Total number of customer complaints and criticisms:   | in the company  | in Procon                  | in the Courts                 | in the company (**)   | in Procon (**)             | in the Courts                 |
|   | 630,386   | 364                        | 1,538                         | 529,167   | 226                        | 1,083                         |
| % of complaints and criticisms attended to or resolved:   | in the company  | in Procon                  | in the Courts                 | in the company (**)   | in Procon (**)             | in the Courts                 |
|   | 100%  | 100%                       | 3.20%                         | 100%  | 100%                       | 5.19%                         |
| Total value-added to distribute (R\$ 000):  | <b>1Q14 1,967,226</b>   |                            |                               | <b>1Q13 2,219,221</b>   |                            |                               |
| Value-Added Distribution (VAD):   | 57.7% government 9.6% employees 0% shareholders<br>23.9% third parties 8.8% retained                        |                            |                               | 58.8% government 8.5% employees 0% shareholders<br>14.4% third parties 18.3% retained                       |                            |                               |
| 7 - Other information   |   |                            |                               |   |                            |                               |

Responsible: Antônio Carlos Bassalo, phone: 55-19-3756-8018, bassalo@cpfl.com.br  
(\*) Information not reviewed by the independent auditors

The Company is committed to arbitration in the Market Arbitration Chamber, in accordance with the Arbitration Clause in Article 44 of the Company's By-Laws.

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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors and Shareholders of  
CPFL Energia S.A.  
São Paulo - SP

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of CPFL Energia S.A. (“CPFL Energia” or “Company”), identified as Parent Company and Consolidated, respectively, included in the Interim Financial Information Form (“ITR”), for the quarter ended March 31, 2014, which comprises the balance sheets as of March 31, 2014, and related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of these individual interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (“CVM”) applicable to the preparation of Interim Financial Information (“ITR”). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International standards on review of interim financial information statement (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the Interim Financial Information Form referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) applicable to the preparation of Interim Financial Information (“ITR”) and presented in accordance with the standards issued by the Brazilian Exchange and Securities Commission (“CVM”).

#### **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Interim Financial Information Form referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information ("ITR") and presented in accordance with the standards issued by the Brazilian Securities Commission ("CVM").

#### **Emphases of matter**

Law 12783/13, Decrees 7.945/13, 8.203/14 and 8.221/14

As mentioned in note 26.1, the Company and its subsidiaries recorded as a reduction of cost of energy purchased, funds transferred directly from the Energy Development Account ("CDE") and through the Chamber of Electric Energy Commercialization ("CCEE") concerning to the quarter ended March 31, 2014. Our conclusion is not modified due to this matter.

#### **Other matters**

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA") for the three-month period ended March 31, 2014, prepared under Management's responsibility, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission ("CVM") applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for IFRSs that do not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that there are not fairly presented, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Campinas, April 30, 2014

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marcelo Magalhães Fernandes  
Engagement Partner

The sheets related to the Interim Financial Information (ITR) reviewed by us are marked for identification purposes only.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 8, 2014

CPFL ENERGIA S.A.

By: \_\_\_\_\_ /s/ GUSTAVO ESTRELLA

**Name: Gustavo Estrella**

**Title: Chief Financial Officer and Head of Investor Relations**

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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