Operator: Good afternoon ladies and gentlemen. We would like to welcome everyone to CPFL ENERGIA 2008 Earnings Results conference call.

Today we have here with us the executives **Mr. Wilson Ferreira Júnior**, CEO of CPFL Energia and **Mr. José Antonio de Almeida Filippo**, Financial Vice-President and Head of Investor Relations, and other officers of the company.

This call is being broadcasted simultaneously through the Internet in the website: www.cpfl.com.br/ir. In that address you can also find a banner through which the presentation will be available for download. We inform that all participants will only be able to listen to the conference call during the company's presentation. After the presentation, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this conference, please press *0 for an operator. It is important to mention that this teleconference is being recorded.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of CPFL ENERGIA management, and on information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of CPFL ENERGIA and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to **Mr. Wilson Ferreira Junior**. **Mr. Wilson**, you may proceed.

Mr. Wilson Ferreira Junior: Good morning to everyone joining us for our disclosure of the fourth quarter 08 results. I would like to welcome the analysts and investors who are following this conference call with us. We have a brief presentation with about 25 slides that I will follow, letting you know where we're at as we go.

So, starting with the highlights of 2008, particularly those in the fourth quarter, on page 2 we have the Company's main figures. We can see a 3.1% increase in our net revenue in 2008, and a 4% decrease in the fourth quarter. Actually, this is already reflecting the impact of the crisis in the fourth quarter. We will try to show that these amounts, this behavior, especially in the energy market, are in the process of recovering, and we have important elements to share with you at this time.

The Company's Ebitda fell 16% in the year to 2,808 million, falling 10.5% in the fourth quarter. Here, I wanted to point out—and we will also comment on this throughout the presentation—the impacts in 2008 resulting from, naturally, our distributors' tariff review.

Finally, on the last line, 1,276 million in net income, a 22.2% decrease. And behavior in the quarter was a little better, decreasing 9.3% to R$336 million.

What things stood out over the year as driving this result, particularly in the fourth quarter? First, the growth of total energy sales—even in the fourth quarter it was 3.4%—was 4.6% in 2008. Now let's remember that the fourth quarter was really when we were hit hardest by the crisis, just like everywhere else, and Brazil in particular.

Other landmark events were the start of operations at the Castro Alves plant at the end of last February and finishing construction of the 14 de Julho plant with commercial start-up on December 25. So now we only have one big plant under construction, and let's talk about the status of that in more detail.

We created Bioenergia and closed the first deal with the Baldin plant, and that was around a R$100 million investment, for what should be operational in March 2010.

New business expansion—this is something that is very important to us right now, as reinforcement—and even to build customer loyalty—for value added services and collections, and serving CPFL Total and CPFL Atende consumers.

We traded R$7 million in carbon credit last year. Disclosure of provisional indices of the second tariff review cycle of Paulista, RGE and Piratininga, because of the noted effects of the revision of net regulatory bases. And the final indexes of our five small distributors in the state of São Paulo, of Santa Cruz, and the CPFL Jaguariúna distributors.

Our credit rating—of CPFL Energia—and subsidiaries was increased by Standard & Poor's to "AA+." And distribution… right now we are declaring R$1,208 million in dividends, a dividend yield of 7.3% over the past twelve months.

I also want to point out that we are already preparing the manual for participation in the Shareholders' Meeting, which will be held on April 23.

On page 3, we made it a point to show that, last year, in addition to the effects from the tariff review, some exclusively from reconciliations, et cetera, we had some non-recurring effects. So it is important, especially for you analysts, to have a clearer idea of what the Company's recurring results will be.

So when we see the 2008 result, it's a little different from the one we have just shown, when we take into consideration, as you can see on the left, the non-recurring effects in 2007: a recalculation of Paulista's tariff readjustment index in 2004, applied in 2006, with effects in 2007, referring, for example, to Itaipu.

We also have some tax credits that CPFL Geração got from the Semesa merger. The hedge expense in the purchase of Jaguariúna, and the write-off of assets and liabilities from free energy, referring to the period of rationing.

In 2008, besides the extraordinary effects of the tariff review, and here, just the non-recurring effects like subcontracting, the purchase of electric power due to delays in the operation of both Castro Alves and 14 de Julho--this had been communicated to the market. And the pass-through of amounts from the CUSD-G agreement, subtracting the cost of Distribution System usage by Geradores, which was closed at the beginning of this year at Aneel’s first meeting of the year, also had positive effects.

So excluding these positive and negative effects from 2007 and 2008 as recurring results, here we would have revenue increasing in 2008 4.5%, Ebitda falling 8.8% and net income -9,7%, so it would be 1,412 million instead of the 1,276 million we have just reported.

These are important data because they’re about 2008, and because CPFL is a group with a special focus on distribution, it was a year that was clearly affected by tariff review, because those are the rules of engagement, I mean, the Company saw increased productivity, better results, and there was a reset in new bases.

So from here forward, we will be working towards doing the same things we have been doing for the past four, five years, and that is growing, adding bases, increasing productivity, improving service quality and, with this, sharing good results with shareholders and consumers.

Let’s move on to page 4, just reporting on our corporate structure. We’re also going to show you some things we will develop during the next few days, so the Company reaches…. I guess there are two highlights here – free float hitting 28.2% and VBC with the operation you’re already familiar with, it has already been communicated to the market, where the Camargo Corrêa Group acquired the share in VBC from the Votorantim Group.

On page 5, the first details of an important operation, the merger of Perácio into CPFL Jaguariúna. Remember that Perácio was the acquisition vehicle created by CPFL to acquire CMS’s assets in Brazil. And this merger is important because it gives us that a R$47 million tax benefit, I mean, the goodwill of this operation is higher than 120 million, which makes for a tax benefit of R$47 million.

Subsequently, what we have here, which we have until March 30 this month to conclude, and then here we’ll have merged CPFL Jaguariúna; and the connection of each of the distributors to CPFL Energia, according to the Brazilian regulatory model, are not the only assets we acquired in CPFL Jaguariúna, so we’ll also be bringing the CPFL Planalto and CPFL Serviços assets on board—those are the commercialization company and the equipment and services provider that were part of the CMS group. And, finally, merging CPFL Geração, on our generation line, with Jaguari, through which we have a stake in Paulista Lajeado and Investco.

So this was a major simplification of our structure, and after we got approval from Aneel at the end of the year, we have until March 30 of this year to conclude the operation.

Let's move on to page 7, where we start to detail—and I think these slides are important, about past market behavior, and especially some prospects, so we're sharing with you—investors and analysts—a little of our vision of the energy consumption prospects in the country for the first quarter

So starting here, this slide details the southeastern and southern regions, where we have a large market share with our eight distributors. Of note here is the residential and business segment, especially in the fourth quarter. Here we had an increase in total salaries of 8%, 20% in the sales of furniture and home appliances in São Paulo, and 13% in retail sales—this was also in São Paulo in 2008.

And we see at the bottom, in this segment behavior is similar in the South, 9% instead of 8% in total salaries, 12% in home appliances sales, and 7% in retail sales. So these are important data that determine energy sales volumes, which we'll talk about in the following slides.

It is worth pointing out, with respect to climate, 2008 was cooler, particularly in the fourth quarter, and here we detail the region of Campinas, Sorocaba and Santos, basically covered by our concessionaires in the southeast.

Note that in the fourth quarter, in a comparison with the third quarter – exactly when the crisis hits – and the crisis has deep impacts on industry. Production in São Paulo State decreases 8%, with industries connected to the auto industry being the most affected.

So metallurgy decreased 14%, auto makers with -14% as well, steel with -10%, and machinery and equipment with -8%. But note that on the other hand some industries are even growing with the crisis, which is the specific case of the food industry.

This behavior in the auto industry was repeated in Rio Grande do Sul, with a 10% decline in industrial production, still a little higher than in the southeast. Chemical products stood out with -21% and the auto industry with -13%. So the impact was clearly restricted to industry and in just part of it, especially industries related to auto production.

Because of this, if we go to page 8, we'll start seeing a little of the sales results in the concession area, both in 2008 and in the fourth quarter.

Starting with 2008, first we included an important observation, so you'll see two figures in the comparisons, for instance, sales in the concession area, 5.5% and 3.9%.

The one on top is for... for the purpose of comparison of our assets with Jaguariúna; this will not happen in the fourth quarter, because we already had Jaguariúna, but in the annual comparison it would be relevant for us to highlight that. So we grew—using the same base—3.9%, and with the acquisition of Jaguariúna, 5.5%, reaching a little more than 49,000 GWh in the concession area.

Note here on the right, the behavior of the captive market, in the residential segment 8.2%, and on the same comparative base, 6.8%—this is robust growth. Followed by the commercial segment, on the same base, 5.4%; this is the 2008 result. The industry, 2.3%, and this industrial is the captive industrial segment, served and billed directly by the distributors. And other segments with 1.1%.

Note that in the Distribution System Usage Tariff, which on the graph corresponds to the light green part, we had a same-base increase of 3.7%. So this year is a year with a very positive fourth quarter impact in terms of energy sales.

And note that in the regional comparison, while the southern region of the country grows 4.2%, the CPFL Group and Rio Grande Energia distributor grow 5.4%. In the southeast, which grows 3.3%, the seven CPFL Group distributors grow 3.7%, and while nationwide, energy sales grow 3.8% in 2008, the CPFL Group grows 3.9% in the distribution systems.

On the right we see the free market, practically stable, and it is strongly affected by the fourth quarter, otherwise we would have seen growth for the year.

And what the captive market of 3.9% does in the composition of our sales... 5.5%, sorry, and the stability of the free market: our total billed sales amounted to 46,227,000 GWh. So this is pretty significant robust growth above regional growth, which explains CPFL's results for 2008.

Now let's have a look at more details on the fourth quarter, on page 9. This is a quarter that should be looked at in more detail, because of the crisis. In this quarter, we see a 2.3% increase in the total amount.

But note the 4.4% in the captive market, while there is a 4.3% decrease in the free market. This already explains... the biggest impact is on large companies, and large companies obviously adjust their production faster, if only because they operate in the free market where they have more flexibility.

But note that in the captive market, on the right, the crisis practically didn't even affect some sectors. So we have the residential segment continuing to increase 8%—and were doing the comparison here with Jaguariúna—both in 2007 and in 2008, year-on-year.

In the commercial segment, 6.9%, so it's also an important segment. The industrial segment is affected by the crisis, but it still grows 1.6%. And the other sectors, 1%. Here we're basically talking about municipal governments, basic food, public lighting, et cetera.

And the TUSD, as I had mentioned before, which reflects the behavior of large free consumers, decreasing -4.3%. It does not directly impact the distributors' sales results.

In the free market, CPFL came out practically untouched, I mean, sales drop 0.4%, and the fourth quarter actually presents a year-on-year increase of 3.4%. Note that the biggest impact is also restricted to the southeastern region where you have most of the big factories—in the states of São Paulo and Minas Gerais—especially steel, metallurgy and autos are concentrated in these states.

So 1.5% growth in the southeast and the Group's distributors, 2.4%. And in the Southern Region, a 2.2% increase, so just a little higher than in the southeast, and distributors with 1.9%. Brazil as whole increased 2.5% versus the Group with 2.3%. And this is our snapshot of the fourth quarter, that is, the crisis quarter.

Now I'm going to discuss in a little more detail the composition of the industrial market, so we can better qualify and characterize the segments that are a part of sales of the CPFL Energia Group's companies.

Note that the industrial segment is pretty dispersed, with the highest concentration in metallurgy, different from some companies, food with 15%, chemicals with 10%—these are the main segments served by the Group.

And here there is some important information. From the revenue perspective, I had said that the impact was small; the decrease in consumer demand can only happen, a request and its execution, 180 days after the request. This is why we're not going to see decreased revenue over the coming months from reduced consumption, especially of large consumers.

In commercialization, I mean, the activities mainly from the commercialization companies and the generators which use their energy for sale on the free market, these unregulated contracts are bilateral between commercialization agents and the free consumer and they usually have an average take or pay from contracts; 96% in our case, but it's relatively common for this take or pay to be higher than 90%. So, there is a direct impact in the reduction of consumption, but it's regular, it is minimized because in our case the expected maximum reduction is 4%, and in our average amounts of on the order of 10%.

And in the generation area, in our case, 100% of the energy we produce is contracted in the long term, old pluri-annual plans executed with the distributors authorized by Aneel that can't be reduced. So, in the generation area, the Group has no impact. Naturally, it can be impacted in the distribution area by the behavior of segments that are detailed above, but not immediately. We are very strong in the commercialization area, even a little above the market.

And I wanted to point this out, on the right, that up to December 2008, so, at the height of the crisis, no large customers had requested a reduction in the contracted energy demand. We will start to understand why a little bit in the following figures.

Here on page 11, we provided some details. We serve some automakers, who were hit hardest by the crisis—that's these areas marked in green—in December, when there was a 50% decline.

Note that in the beginning of January it recovers a little to -16%, and today we are already selling vehicles as fast as we can put license plates on them, nearly 10.5 thousand vehicles a day, and this is identical to where we were in February 2008.

So there was some decoupling, these variations... in these graphs, each point is a week, from April 2008 up to February 2009, so each of these points are weeks. You can see here that February 15 we had—last year Carnival came little earlier. But they are getting closer; look at metallurgy, which is an important producer of raw material for the auto industry, where we can see an even clearer recovery, with declines decreasing from 37% to 23%.

And these sectors are the ones most affected by the crisis, taking into consideration the incentives, both of the Excise Tax, and especially now of financing, this industry has recovered significantly.

When we take a look at page 12, we understand a little about the reason for the decline in consumption. Remembering the concentration, the dispersion of the CPFL Group's consumer market, we already see important industries, such as food, beverages and meatpacking, already operating above 2008. The blue curve is 2009, the red curve is for the same period in 2008. Then we get here... the sector took a hit at the end of last year, a 1% decrease, but this year consumption is already 7% higher.

When we consider paper, pulp and packaging, which are also industries that are indicators of recovering consumption in Brazil, you can see a 13% decrease in December, and already in this period here, from January 25 to February 15, it is already operating with 2% growth over the previous year.

So these are important elements, I mean, there are some industries that were hit, and we believe that the government has acted quickly, very promptly. Some industries that benefit mainly from the Brazilian consumer market, whose income increased last year on the whole, increased financing—and this tends to get a little stronger now, because in March the minimum wage will increase 6.6% in real terms.

So we expect this movement will continue robustly, which really puts Brazil, like all the magazines have done, in a different position in this crisis. The crisis doesn't seem to have affected the residential or the commercial sectors, and we can already see some growth in the industrial sector. And for the hardest hit industries, there has been direct intervention from the government, which has been responsive to these actions.

Let's move on to page 13, detailing our results for the fourth quarter in the comparisons. So we show net revenue decreasing by 4%. It is only important... the net revenue reported in the fourth quarter of 2007, of 2,628 million, but we detail the write-off of the free energy liability, which was a non-recurring event.

And we can see very slight variations, the R$36 million decrease in revenue is related to the 3.4% increase in sales, but strongly impacted by the 11% tariff reduction of our distributors, the result of tariff reviews.

And that provision at the end of the year, we received the net compensation basis of Rio Grande Energia; this company's basis was verified with amounts lower than those it had provisorily, and we immediately provisioned the 26 million difference; and 17 million is non-recurring.

In this, there is also a decrease in the TUSD revenue, but it is not by volume, it just because of the effects from the negative 11% TUSD tariff adjustment. So it is very proportional to this, and it also shows that, because during the year the sales volume increased—not in the fourth quarter, but in the year—we saw a reduction of just 6.4% in this revenue.

There is a 22.1% decrease in other revenues, basically followed here by the increase in revenue from VAS and CPFL Total, the Group's value generation initiatives, a 0.7% decrease in revenue deductions. And, finally, the net revenue from amortization of the 2001 Parcel A of 28 million.

The results are very stable, considering a significant reduction in the energy tariff from the tariff review. And there is the agreement signed in January with the transmitters and generators, where we bring this non-recurring revenue—it is included in revenue and taken out of expenses, so it has zero effect, or almost zero, for our Company. So the recurring amount would be... without the non-recurring effect, it would be a 3.5% increase.

So moving on to page 14, where we detail Ebitda, also making these previous observations. We now have here in the Ebitda a non-recurring effect of -8.5% and total of -10.5%, a R$82 million decrease. This can be explained by the 4% decrease in net revenue that we just saw, and a 3.7% increase in the cost of energy and charges. It is important to highlight that the market has grown, in part because the consumer tariffs decreased, and we had to purchase more energy, which explains these 3.7% or R$48 million.

The positive effect from the 3.3% reduction in costs and operating expenses resulting from the continuous pursuit of productivity in the Group's companies, is R$11 million. And highlighting some reversals of provisions for doubtful accounts, we can see that our consumer delinquency rate continues to decrease, already around 1% in the Group.

Reduction of expenses such as advertising and publicity because the Company is adjusting to this new period of austerity. Personnel cost increase of R$12 million, mainly due, in this quarter, to the restructuring in Jaguariúna and Santa Cruz; I will discuss this is more detail later.

And the amortization—that we had already mentioned—of the 2001 Parcel A in energy costs, which is free energy. Here we get to the amount of 699 million, highlighting these two non-recurring elements, which are the write-off of free energy assets, and the agreement of CUSD – Cost of Use of Generators' Distribution System charge, which I also reported in the revenue. So they are pretty clear, and the recurring amount is R$700 million.

Finally we're at net income. We are reporting a net income of R$336 million, compared to R$370 million last year. This was directly affected by the Ebitda—as I had mentioned, a result of tariff adjustment in spite of the increased consumption—and so this effect is R$82 million.

The financial result of negative 39 million… this financial result is affected because our financial investments grow in the amount of 6 million, because of higher cash, but we have already started to include the financial expenses of both plants that went online – Castro Alves and 14 de Julho.

Finally, the beneficial part of the Ebitda reduction and the financial result is exactly the counterpart of income tax and social contribution on net income, there is a lower operating result, corresponding to lower income taxes, and in the year-on-year comparison we have a R$73 million gain.

And finally, depreciation and amortization, and the private pension entity, our pension foundation, with the positive result of R$13 million. So we are reporting a 9.3% decrease. If we did not have the non-recurring effect, especially from Rio Grande Energia, in that provision, the result would be 6.6%, like we said.

The figure on page 16 provides a clearer view of the behavior during 2008 of each of the three businesses in which the Company is positioned. Note that the Ebitda, the generation of the Company's operating income, was highly concentrated in distribution, which after the tariff review at the eight distributors, loses its 73% share and drops to 64%. At the same time, in the other two activities in which the Company is well positioned, let's look at generation; by the entry of two plants and also by the effect of repowering two small hydroelectric plants, it starts at 17% and goes to 23%. And in the energy and service commercialization area, as a result of a growth strategy, mainly in the service area, its share increased from 10% to 13%.

This guarantees us, as it can be observed below, a recurring Ebitda margin of 30.3% in the year-on-year comparison, and 32.1% for the year. Above, we have the changes in Ebitda.

We can clearly observe the decrease in distribution in the Ebitda breakdown for the quarter, which is the effect of tariff review, that generation increased to 18.5% of Ebitda, especially in this case from Castro Alves, because 14 de Julho went online exactly in the last week of the year, so Ebidta still isn't affected at all by the 14 de Julho start up. We will see this in the coming quarters.

And in the commercialization area, increasing from 76 to 92 million, there is a 20.1% increase, as a result of this strategy I have just mentioned in the service area. As a result, considering that we had had a significant 22.5% reduction in distribution, the result for the quarter is a 10.5% decrease, to R$700 million.

With this, on page 17, with the proposal of the Dividend Distribution Council of R$1,208 million, or R$2.52 per share, we closed this period with a 7.3% yield, as you can see in this graph on the right, at an average share price over the past twelve months of 33.38, so we declared R$606 million in dividends for this half, and a total of 1,208 in 2008. Remember that this is something we've been doing since the end of 2007, CPFL has done and we completed here, that those who bought at the IPO already enjoy a dividend yield of 64.3% over the a four year period.

Comparing our stock with the other indices, on page 18, we can see that the Company had a slight decrease of 3.4% during 2008, against the electric power index of -11.6%, and Bovespa's decreasing 41.2%. So ours was a stock that performed very well despite the crisis.

In the United States, also due to the effects of foreign exchange variation, the stock decreases 25.6% against Dow Jones Brazil Titans of the 20 highest Brazilian ADRs traded in New York decrease of 53.7% and the Dow Jones of 33.8%. The highlight here is that in 2008, as a defensive action of investors, the Company's daily average volume increased and it remained in the main indices, with IBX, Ibovespa, standing out, and traded nearly R$36 million daily, practically fifty-fifty between Bovespa and New York.

As I had mentioned, on page 19 we can see the conclusion of the Santa Cruz and Jaguariúna restructuring, and this happens at the same time that we finally conclude the tariff reviews of these distributors, and these are the main figures, in terms of energy sales. In two years, these companies have grown 8.2% and 12.7%. Delinquency dropped by more than 20% in each of them, and productivity increases, but the number of employees decreases 35.4% in each of them, generating gains of nearly R$8.4 million.

On page 20 we can see the conclusion of the Ceran Complex plants, remembering that we brought Monte Claro on line in 2004, and last year we brought the other two plants – Castro Alves and 14 de Julho – which will now be, very probably in March, inaugurated with the presence of the President.

And here we highlight the main figures; this undertaking exceeds 350 MW, 360 MW, of which CPFL, with 65%, holds 234 MW, 112 average. This is an investment, on our part, of nearly R$900 million, an annual revenue of R$121 million. These plants are automated and very efficient, and work with a net Ebitda margin over net revenue of nearly 85… 90%. Most of this is converted into operating income.

Finally, on page 21, we also report on the status of a large project, the Foz do Chapecó plant. It's right on schedule, even a little ahead, this plant, as you can see in the photos. We started construction on this plant in December of 2006, beginning of 2007, and by December of 2007 we already had 24% built, and by last December, 60%.

We can clearly see the progress in the detail of the construction caisson of the plant's spillway. This will be the second largest spillway by water volume in Brazil, behind Tucurui. Practically 85% of the water volume that passes through Tucurui will pass through this spillway. So this is a large project, more than R$2.2 billion in investment, and half of it is CPFL's responsibility, which in the last year invested R$367 million in the construction.

And just to follow-up on CPFL Bionergia, here is a view of the thermoelectric plant, cogeneration at the Baldin plant, which is in progress, and by February construction was 25% concluded. We also intend to conclude, as I had said, in March of next year, an investment of nearly R$100 million: the installation of a 45MW cogeneration plant, where we will have CPLF Brasil receiving 24 average-MW per harvest.

In this area we are moving at a very fast pace evaluating other projects, and in the next quarters we will be disclosing that, I mean, CPFL Bioenergia hopes to really channel investments to lead the bioenergy industry.

As I said, also on page 23, here is an important report on CPFL Brasil's strategy and its subsidiaries in the electric power and service commercialization segment to use the service area as an instrument for building loyalty with large consumers. As you can see on the right, in value-added services – agreements with consumers, companies, et cetera – last year we signed 359 agreements with sales of nearly R$105 million, with 20% of this billed last year.

Down here you can see the significant increase this area had in our group, a 74% increase in the revenue from these services, reaching R$80 million, but out of these R$80 million, only R$21 million refer to works, to the portfolio we signed. The other 84 million are to be developed in 2009.

This is also reinforced by initiatives such as CPFL Total, a company that… that facilitates consumers' lives – not only electricity consumers, but also of telephone, cellular, sanitation and other services – this Company has nearly 1,000 points of service, and it has already made more than 2,450 million transactions - per quarter, it has already surpassed one million per month right now – with a net revenue in the fourth quarter... a gross revenue of nearly R$2.830 million.

And this growth has been extended to Rio Grande do Sul to deliver quality services to all consumers of the group's companies, but it is important to highlight that in these transactions, only a third of them are from consumers of CPFL Group company electricity. The remaining 65% are from property tax payments, cell phone payments, water bill payments and others that are incorporated here.

We believe it is a very important service, even for reducing the delinquency of distributers themselves, since consumers' lives become easier, they have more access to points of service, and can pay their bills more conveniently.

In conclusion I wanted to make two reports from page 24 on the Group's debt profile, which varied very little in the last quarter, reaching R$5.65 billion in net debt, recording cash and cash equivalents of 738 million and total financial debt of R$6,378 million.

I think it's important that, considering that last year our debt – net debt – increased from 5.09 billion to 5.65, while we had a reduction in Ebitda as a consequence of the tariff review.

So we have a net debt/Ebitda ratio of 2x. But I wanted to point out that if we discount all the financing of the 14 de Julho plant – which was concluded at the end of the year – and Foz do Chapecó that will go online next year of more than 700 million without Ebitda production – if we normalize this ratio by the future Ebitda that these projects will make – 14 de Julho is already – this ratio becomes more comparable and adequate at 1.76 instead of 2.01 million.

On page 25 we detail the cost of this debt by the CDI increase at the end of the year, because 56% is in CDI, and even the 2770 operations are swapped to CDI. We had a small increase in this debt in nominal and real terms, but still a very low level - 8% in real terms and 13.9% in nominal terms – once again remembering that the Company has the highest rating in the industry, Standard and Poor's AA+.

On page 26 we detail Capex. We closed last year with more than R$1 billion in investment, organic investment. We did not let up on the accelerator! We expect investments this year of R$1,235 million as approved by our Board, with R$738 million for the distribution area, 429 million for the hydroelectric generation area and 68 million for the generation area – here its listed as thermal, but in fact its cogeneration fired by sugarcane bagasse.

So it is nearly R$500 million in generation and 738 in distribution, and we are also planning investments, as you can see, growing in the distribution area for the next four years, and here we just have the generation investments – in the green part – which have already been contracted.

As we conclude plants, it is natural for these amounts for increasing generation to be reduced, and they will increase as we obtain approval for new projects and participate in new generation projects. But we're talking about R$5 billion in long-term investments.

There were the considerations about 2008 and the fourth quarter of 2008. My team and I are available to answer any questions. Thank you.

Q&A Session

Operator: Excuse me, ladies and gentlemen, we will now start the question and answer session. To ask a question, please dial star (*) one (1). To remove your question from the list, please dial star (*) two (2).

Our first question comes from **Mr. Marcos Sequeira, from Deutsche Bank.**

Mr. Marcos Sequeira: Good morning everyone. Just a very broad question. With today's economic scenario and the outlook for the end of the year, what would be CPFL's strategy for 2009?

Will it be a year for a new focus on cost cutting, since the smaller growth of demand makes high performance difficult when compared to the model company?

Would the current scenario represent an opportunity for you to grow via M&A or will CPFL adopt a more conservative position this year? Your considerations are welcome. Thank you.

Mr. Ferreira: Well, the strategy, obviously with the conclusion—with the final conclusion of the tariff reviews, this is the year when you have to give… we prepared a set of actions—we have been doing this since last year—so that we can really see a reduction in operating costs.

This is the basic strategy, together with the conclusion of the tariff review process, in which we now have four, or in some cases five years, to significantly add value through higher performance in terms of productivity than the so-called benchmark company.

So it's a set of actions – I provided some details on the effects of these actions on small concessionaires, but obviously the largest impact will come from the conclusion of Paulista, Piratininga and Rio Grande Energy, which are the largest distributors and this is a year for us to implement some new technologies; detailing here the conclusion of CCS, the service, commercial, billing management system, also detailing the creation of shared service centers for us to be more... to be more agile, more effective in the acquisition of materials, contracting services for our operations; something which came from our creation of the administrative vice-presidency, which is centralizing IT management, purchase management, inventories, the management of the administration of our vehicles, properties—you know, there is a set of leverages of value creation resulting from the implementation of projects that we imagine we could see operational this year and next year too.

This is the time to gain efficiency, to perform above agency benchmarks. Now is the time to be attentive too. I always say that the final conclusion of the tariff review processes gives a new prospect for all companies.

Obviously, it is incumbent upon the agency to establish more efficient standards that are therefore more challenging to each of the operators of distributors – and we are a group focused on this business – obviously with the difficulties at this new level.

So now our consolidation processes are facilitated, because according to the new parameters we can tell who the winners are, who performs best, and who starts losing money as they can't meet or surpass the standards established by the regulator.

Right now consolidation is more probable, it's easier, and we continue to be alert to these things.

Brazil also has, as we have discussed, a very low concentration of the main players. I mean, CPFL is the largest distribution group and has less than 14%. If we combine the three largest groups we'll reach a concentration level of around 30 percent – Combining CPFL to the AES Group, with Cemig – and remember that in consolidated countries these shares of the three largest are higher than 60%, ideally reaching 70%, because there is the logic of concentration and economies of scale that this sector has to have in order to produce a higher quality service with lower tariffs.

We obviously have the financial capacity; you can see that the Group's leverage. We have the liquidity of our shares—and the group is privileged in this respect. It is the only group listed on the Novo Mercado; we have Level III ADRs with an average daily trading volume of nearly R$40 million; 28% free float; good corporate governance – acknowledged, awarded – so we would pay attention to this.

On the other hand, the strategy is supplemented by generation. Like I said, we started a bioenergy undertaking in what we imagine we will be able to share with the market in the following quarters.

This activity is very important because it increases the Group's electric power commercialization capacity in a market that has all the factors for growth, the A4 consumer market, these are average customers. This is the free market's next step if it wants to keep growing. Today it is responsible for 25% of the sales volume in Brazil, but it can reach something like 35, even 40% when, by using renewable energy, which is encouraged, like bioenergy, wind power, especially small hydroelectric power plants, we can serve these markets.

CPFL has significant penetration. It also leads the free market and intends to consolidate this position by increasing investments in bioenergy and small hydroelectric plants, to be used in this area.

And obviously, beyond this, we also want to be alert to large investments that could pop up this year, and this is where I want to bring up our outlook for Belo Monte, where the Company is positioned, studying the project, and it is also developing studies, basic project and environmental studies for two hydroelectric projects in the south, and I think one of them could be bid on this year.

So the outlook for now, as I said, suggest investment for organic and non-organic growth, chiefly from acquisitions – mergers and acquisitions – naturally, if they make sense and the financial capacity of liquidity capacity of CPFL's stock are available.

I went a little long, but I think it was important to go into detail on this.

Mr. Sequeira: Thank you, but just a follow-up, if possible. In the case of distributors – RGE, Paulista and Piratininga – they already come from an efficiency level higher than the other subsidiaries. Could you tell us how much you expect from possible cost cuts in these subsidiaries?

Mr. Ferreira: No, I prefer to answer—to share the plan as we conclude the tariff review process. We have some final decisions – either by the application of P52 or by the approval of the investment schedule approved by Aneel jointly with the X factor – I think they give the "V 0" we need to establish a more detailed plan. I don't want to go out on a limb with any amount right now.

Mr. Sequeira: Okay, thank you very much.

Operator: Excuse me, our next question comes from **Mr. Fabiano Custódio from Credit-Suisse.**

Mr. Fabiano Custódio: Hello, good morning everyone, thank you for the call. My question is about this extraordinary tariff reduction proposed by Aneel at Paulista and RGE from the updated reference price methodology.

I would like to know how you see this risk at Piratininga, Jaguariúna and Santa Cruz, at the other companies of the group, if you expect something marginal like at Paulista and RGE, or if there is anything different in these distributors that could mean a higher risk.

Also, if possible, could you follow-up on that R$165 million provision you made in the first quarter of 2008 related to CPFL Brasil's agreements with the group's distributors? I remember you filed a suit at Aneel, an argument which seemed to make sense. I would like to know if you have any idea when they will rule, and if you can say anything about this. Thank you.

Mr. Ferreira: Well, starting with the last one, Fabiano, we actually filed an administrative proceeding at the agency, which is naturally something the company and the agency are discussing.

We don't know when they will hand down the ruling. Ideally, the case will be considered—the defense, the company's arguments—when the tariff review process is concluded in April.

That is our best guess, even because this particular proceeding should ideally have already been resolved. We can't be positive, but I think it's a reasonable expectation.

About the benchmark company, just to make it clear: in the case of Santa Cruz and Jaguariúna, AP52 has been completely applied as well as the net compensation basis concept, so the tariff review of these companies is final.

With RGE, and especially Paulista and Piratininga, our base is safeguarded, nothing can be done with it, it is already closed. What was in question making the reviewss provisory not just in the two but all three plants was that in the case of RGE, the base hadn't been verified, it was provisory and even a little higher than with the strict application of its correction indicators and the application of AP52 to the three companies.

Concerning the base, the initial understanding of the agency – part of this is still undergoing authentication separately from an interactive process with the agency – but the agency has previously ruled on the ascertainment of the base, and gave an amount lower than the provisory one. This was the reason for the provision we made on the 2008 balance sheet, of exactly what was ascertained in excess from the consumer at this point.

Concerning the application of AP52 in this public hearing, of the conclusion of the benchmark company, it has a provisory amount, but the process is negotiated—just like all of our companies' tariff reviews—with the agency.

I would say that at first glance I don't see any risk above these amounts. There is always a reduction intended by the agency, the incorporation of part of the efficiency ascertained by the Company on this new parameter, but it is not significant.

Mr. Custódio: Okay, thank you.

Mr. Ferreira: Thank you, Fabiano.

Operator: Excuse me, our next question comes from **Mr. Subhojit Daripa from Morgan Stanley.**

Mr. Subhojit Daripa: Good morning, everyone. I have two questions. One is more strategic – political, I guess. In April, you mentioned there will be a General Meeting and if I am not mistaken – please correct me if I am wrong – I believe your contract is up in April.

With this corporate change, I would like to know your professional prospects a little, are you talking ro the controlling shareholders and the management to renew your contract? I mean, how do you see your future at CPFL in the next couple of years? Can this corporate change cause any impact on what CPFL has been until now? This is the first question.

The second question, could you explain Capex for 2009/2010 a little better? I imagine that in 2009, there was a decrease in distribution because of volume review, et cetera; but in 2010 there was a significant jump in Capex of around an additional R$130 million that we didn't see in the previous plan.

What exactly is causing this Capex increase in distribution? Thank you.

Mr. Ferreira: Very well, Subhojit. Thank you for the question. I would like to start with the first one: the corporate change of Votorantim, with Camargo Corrêa coming in, in fact, the VBC vehicle continues to be valid.

The strategy I have shared with the market is the strategy shared with representatives of this group on the Board of Directors and the Company's shareholders, and it was publicly confirmed by Camargo Corrêa itself when it consolidated the process of acquisition of Votorantim's share. In other words, the Company believes in the industry, it believes in the Company as a leader of this process of consolidation and confirms the strategy – any strategy… it is always important to reiterate the strategy that has been shared with CPFL's capital markets.

CPFL is a group with origins in distribution; from the management's point of view this is its primary specialty, but it has – and has had mainly over the past five years – a significant share in terms of growth, and this even to diversify the risk in the industry, in commercialization – which it also leads, jointly with distribution – and in generation where it reaches, here at the end of the year, nearly 1700 MW and is, if you could look at the ranking, the fourth largest private company with generation undertakings, and is moving toward third... but the actors above us are at a stand-still, while we keep on growing.

This Company is moving very quickly toward being the second largest in the generation area. So CPFL is a group that pursues leadership in the sectors where it is positioned, so we naturally have this alignment with our shareholders. This strategy was explicitly confirmed by Camargo Corrêa when it completed the acquisition and it has, without a doubt, a lot of trust in its executive officers, because they are the ones who execute this strategy.

Answering your first question, signs indicate we will stay on. Our term of office really does end in April and we are already in negotiations – but this negotiation is very simple, because we are all willing to maintain the continuity of this leadership.

The challenges that are being presented to us delight us as executive officers, this is what we want, we believe that we have an important role to play in consolidating CPFL.

Over the past five years, CPFL has had strong presence, but it can be even stronger, it can consolidate this share and it needs the executive officers – not only me in particular, but all executive officers—on the Board of Executive Officers: Filippo, Paulo César, Hélio Viana, Miguel Saad, Marco Chaves—and then each of us leading each of our management units will make it happen, that these growth prospects are consolidated, are executed.

And I feel, we have had meetings... we have a committee of people that has given positive signs about renewing our contracts. This is just a detail, and in April we will be formalizing it.

You also asked about Capex. Just to justify the Capex... this is a year in which you have to be attentive to two matters: liquidity, naturally, and the investment volumes approved by Aneel in the tariff cycle.

And so what we did... looking at and understanding the vision we had at the end of the year, when we approved our strategic plan, our pluriannual plan, and also an ongoing discussion with Aneel about the investments, we put the 1.2 billion in investments—understanding here the important effort to conclude Foz do Chapecó—this amount was determined – and the supplementary amount, a minimum amount to be developed in distribution taking into account the prospect that is not confirmed. I want to make this very clear, from the market point of view – our belief that the market will grow another 3.2% this year, we believe that GDP will be higher than 2%, and the amounts related to 2010 are from a group of works that are being contracted this year, and part of them will be delivered in 2010.

If the industry had the capacity to implement these processes in a year, we would probably have higher investment in 2009, but it doesn't.

The truth is that it doesn't, and even in some cases, it wouldn't be justified. But we made a set of important acquisitions last year – more than 15 substations to reinforce our platforms, and they will be delivered sometime in the next 9 to 18 months.

That is what accounts for a significant part of the investments that is going to be made in 2010 – a year when we'll be more comfortable financially, because investments in generation will decrease with the conclusion of Foz do Chapecó.

And that is what is causing this variation, especially from 2009 to 2010. After that, investment will reach a level of about eight or nine million reais, which is a more sustainable level.

But some important investments are being made right now. Okay?

Mr. Subhojit: Perfect, Wilson, thank you.

Mr. Ferreira: Thank you, Subho.

Operator: Excuse me, **Mr. Felipe Leal from Merrill Lynch** is going to ask the next question.

Mr. Felipe Leal: Good afternoon, Wilson, I have three quick questions. About Jaguariúna's restructuring process, besides the tax credit of R$47 million that you have already announced, are you expecting any additional tax credits? Do you intend to move the minority shareholders, which are only a few in Jaguariúna, to the level of the Holding, as you've done with the other subsidiaries?

The second question is about requests for demand reduction from industrial consumers. You said here that up to December there weren't any requests. I would like to know if this situation remains unchanged up to March.

Thirdly, I would like to know your opinion about the prospect of a merger of private networks or cooperatives in your concession area. Do you think that in 2009 we will have this opportunity, or perhaps only in 2010? That's all.

Mr. Ferreira: Felipe, thank you for your questions. In regard to the tax credit, this is all: R$47 million.

About the possible migration, that is something we'll examine as soon as we conclude the operation.

About the reduction in demand, yes, we have received some requests, but they are irrelevant in terms of proportion. We've received about seven requests for reduction in demand, but this amount is pretty insignificant. So I would say that you shouldn't even consider it, because the organic growth exceeds that, so there's no impact in terms of demand.

And about acquiring cooperatives and private networks… By the way, this is another issue that I had brought up, but ended up forgetting to comment on it with Subhojit's question… But another amount concerning 2010... Because, you know, we are in the final stage of interaction with the agency to lay down the rules for mergers of these networks and in 2009... since we did not have any objective sign in relation to 2009, we have planned for part of these mergers to be carried out in 2010.

This is also a reason – in addition to the delivery of a few substations by the end of December – why we have a higher investment volume in 2010... because, you know, these mergers have to be made before the next tariff review, so there is a detailed timetable for these mergers, beginning in 2010 and not in 2009. This causes investment to be slightly higher in 2010.

We do have a lot of merger potential. It makes a lot of sense for us and for consumers, so that is something that we are going to do; it is included in our investment plan and, in the case of cooperatives—they are also going through… it is almost a tariff review for the cooperatives, and as this goes in, signs increasingly point to negotiation processes.

Right now, we are analyzing two possible mergers in our concession areas. I can't disclose any details, but these are cooperatives. Usually, in the case of cooperatives you acquire the assets, like we are doing with the private grids.

So this remains on our radar; it is important; it increases our net basis; it makes our operation more efficient because it increases their scale and provides better quality to our consumers. And from our own experience with cooperatives, today we expect affordable tariffs for consumers.

So, it is win-win: the cooperative is now managed by a more efficient company, its service quality is improved, as a result, tariffs are reduced, but, on the other hand, there is a reversal of resources.

In a cooperative, the enterprise is owned by the people themselves, so the acquisition of these assets provides a reimbursement to its owners. So, our strategy remains the same; we'll keep going in this direction.

Mr. Leal: All right, thank you.

Operator: Excuse me, **Mr. Bruno Pascon from Citibank** is going to ask the last question.

Mr. Bruno Pascon: Good morning, everyone. I have a question concerning the Belo Monte project. With the current credit market situation in Brazil and, consequently, the increase in assumptions about the cost of capital because of the crisis, how has CPFL's participation in this project been possible? Thank you.

Mr. Ferreira: Well, Bruno, thank you for your question. If you look at a company like ours, a company that wants to continue to grow in power generation, the Belo Monte Project will allow us to grow in hydropower generation, which is one of our areas of activity, between 2014 and 2018, which is the timetable for the installation of the equipment.

This is the largest project, this is the project that adds hydropower to the country in this period; so you have to choose: if you want to grow in this area, you have to participate in this project.

I think that the conditions that will involve this project's development are similar to those in the Madeira, Santo Antônio and Jirau projects, in other words, it is a "project finance" by the Brazilian National Bank for Economic and Social Development. This is essential for a project of these proportions, for a project superior to 10,000 MW—we are talking about roughly R$20 billion.

So, this is a project that will have something like R$14 billion in financing and R$6 billion in equity to be developed by the companies that will participate in it.

CPFL ... We don't have any doubts about financing, because it has been guaranteed by the BNDES and this project is extremely good for Brazil, so I believe we can definitely continue to count on BNDES financing.

On the other hand, as far as equity is concerned, this is where the company's strategy of participating in the control bloc comes into play – the bloc can be made up of more than 50% private companies with governance similar to those of CPFL – two or three; it will depend on the process, what will be formed – and the company will have cash generation, and as you will be able to see. It will reduce its investments in generation, not because it desires to do so, but because of the conclusion of projects. So there is room—it has financial capacity. If you look at the diagram on page 26, it has financial capacity to play an important role in this project.

The company is interested in participating in the control bloc at a governance level that can be similar to ours, which you all recognize, and, obviously, to continue in a group with predominate private participation, and, so we believe that the company has what it takes to be a big participant in this project.

Mr. Pascon: That's great, thank you very much.

Mr. Ferreira: I would like to answer a question that I received by e-mail. **André Trein from Fundamenta** sent us a question about the possibility of contract reduction by distribution system customers: "I would like to know whether the 180-day term you mentioned applies to both captive and free customers or only to one of these."

Obviously, only customers from what we call group A can terminate these contracts, the consumers that have a demand contract – so this applies to captive customers... and also to free customers… I'm sorry, I got confused. It applies to both categories – captive and free customers.

Operator: Excuse me. At this time we are closing the question & answer session. I would like to offer the floor to Mr. Wilson Ferreira Junior for his closing remarks.

Mr. Ferreira: Okay, I would like once again to thank investors' and analysts' participation in this call discussing the 2008 and 4Q08 results; confirm the Company's strategy, as I said, distribution is in the Group's DNA, it has high capacity for value generation, but as part of a well defined strategy focused on the consolidation of this sector, something that is very important not only for the group but also for consumers and the government; and obviously I wanted to mention our willingness to keep being a company that grows in terms of generation as well, focusing on renewable energy.

It is a group that had 140 MW installed seven years ago, has reached 1700 and next year will reach 2200 or more. So it is a group that has grown significantly – more than fifteen times over eight years – and that has the financial capacity and especially the skills to keep growing in this area as well, intelligently, expanding the electric power commercialization segment.

And this is all because we believe in the country and in the industry. We believe in Brazil for a series of reasons. This is a moment of crisis, it is time for reflection, but it is a moment when we have those who have positioned themselves in infrastructure, they have to look at the long term, and our long term has an outlook that inspires belief in its growth – and the Company is working to support this growth – and the growth of its institutions.

This is also an important acknowledgement of the regulation, where we can—based on good regulations, and those have been perfected over time—we can show our value even more: the value of efficiency, the value of technology, the value of sustainability; a set of values, and right now, a time for austerity, is a time when it's important for companies to share the good practices that naturally inspire long-term growth even more.

We have worked on this too, we have an ongoing program with significant reductions in water consumption, telephone services, paper consumption; all of our instruments are electronic, we do not share... we use instruments to be more rational – business trips, mileage. The Company prepared an important menu that is being implemented this year and should reinforce its results even more.

So we have a positive vision, like I said, of belief in the country, the sector, in our leaders – including the Company's – so we can really to be able to create a growth project that we all want, and that is sustainable.

CPFL will keep on playing this role. Well, that's it. See you here at APIMEC today or at other conferences we may have in the future. Thank you very much.

Operator: The audio conference of CPFL Energia has ended. We appreciate everyone's participation and wish you all a good afternoon. Thank you.