

**Local Conference Call
CPFL ENERGIA
Fourth Quarter of 2011
March 13, 2012**

Operator: Good morning ladies and gentlemen. Welcome to the conference call of First Quarter Earnings Results CPFL Energia for 2012

With us today are executives Wilson Ferreira Junior, President of CPFL, as well as other company executives.

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Before proceeding, let me mention that statements of forecasts may be made during this conference call regarding the CPFL's business prospects, projections, and operating and financial targets, and are based on the beliefs and assumptions of the management of the Company based on currently available information. Forward-looking statements are not guarantees of future performance. As they relate to future events, they involve risks, uncertainties and assumptions, and therefore depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors could affect the future of CPFL ENERGIA and may cause results to differ materially from those expressed in such forward-looking statements.

Now I want to pass the microphone to Mr. Wilson Ferreira Junior. Please, Wilson, you may proceed.

Mr. Wilson Ferreira Junior: Good morning to all and to all analysts and investors who follow us in this conference of our earnings results for the fourth quarter of 2011. We have a presentation and I'll go immediately to the highlights of this quarter. On page 3, our result is in some way driven by these highlights. The first is the growth of sales in the concession area in our eight distributors — strong growth in the fourth quarter, of 4.6%. We can see some differences between the concession areas of the distribution companies and the behavior in the regions where they operate.

The second set of observations relates to the transactions made by CPFL Renováveis, a company that we created over the last year and that has been

very active in this period. We have highlighted here not only the conclusion of the acquisition of SHP Santa Luzia in December, but the completion of the merger of SIIF the end of the year. During the year there were some transactions, one recently announced - yesterday - the acquisition of biomass co-generation through the Ester Mill for R\$ 111.5 million concluded in March. The Bons Ventos Wind farms with more than 157 MW in operation for R\$ 1.062 billion made in February, and the acquisition of Atlântica wind farms of 120 MW, that is under construction by CPFL Renováveis, a deal that occurred in January.

We are, in announcing these earnings results, proposing a distribution of 1.506 billion in dividends for the year 2011, which makes a dividend yield of 7.1%. We concluded investments of R\$ 703 million in the 4th quarter and nearly R\$ 1.900 billion in 2011, with Capex estimated at R\$ 8.3 billion for the next five years - 2012 -2016. We also think it is important, the fruit of the merger with SIIF, to highlight the increasing participation of CPFL Energia and CPFL Renováveis through two of our subsidiaries, and now our participation to 63%. Also in the case of EPASA, the result of a meeting we had earlier this year, where we had an adjustment in our ownership interest, now at 52.75%.

Furthermore, we are highlighting some funding obtained, in the case of BNDES, for the SHP Salto Goes. Possibly as a result of these actions in generation and distribution, the market perception raised the value of our shares by 34%, beating the Ibovespa and the IEE indexes, and this also happened in the United States, on the New York Stock Exchange with a rise of 26%, surpassing the Dow Jones, which was up 5.5%. For the seventh consecutive year, our company was listed on the Bovespa Business Sustainability Index. These are the highlights. We'll have the opportunity throughout the presentation to detail them a bit more.

Here on page 4 just to make an update of our business, in the variation of the control block, in our free float, here is just a ... perhaps a greater explanation of the business in which our company is involved, especially CPFL Renováveis, our 63% stake in the company. Also here is a clearer breakdown of the division between power sales and services.

Turning to page 5 then we use the next two pages to detail the behavior of energy sales of the Group in the fourth quarter and full year 2011. On page 5 we see the behavior of sales in the concession area, a growth of 4.6% - it is the weighted sum of the growth of the captive market of 3.2%, and growth of sales to free consumer in our distribution concession area, which was up 8.5%.

Adding this all now, besides the captive sales, sales on the free market (selling power on the free market), we see growth of 2.3%, since our free market energy sales were practically stable. And just detailing the 4.6% growth in power in the concession area, here the emphasis is the commercial sector, 6.8%, the residential segment of 5.3%, also the industrial segment of 2.8% for this quarter, totaling then, along with others 6.6, 4.6.

Here it is important that we make the comparison on the right side and featuring some of the potential of the concession area of our eight distributors in the regional comparison and the comparison with Brazil. While Brazil last year increased in this quarter, our sales rose by 4.6. This is a result of significant growth by 2.8% growth in the southeast region, of 4.2 versus 1.6 by the distributors the same regional area, and also the important behavior of RGE in the South, up 6.4%, while the south region grew by 4.5%.

Note that in the next slide, on page 6, the behavior is similar, in this case 4.9% of total of the concession areas, therefore a bit higher. We're talking here of a behavior in the captive market of 1.7 and the free consumer market of 14.7. Detailing this 4.9 at the bottom we see sales in the concession area behaving similar to that presented in the fourth quarter - the most vibrant commercial segment, at 6.6%; the residential segment at around 5%; the others driven mainly by rural and government, of 6.1%; industry at 3.9, making a total of 4.9. In the total energy sales growth of 1.1%, that is 1.7% in sales to the captive market, we have here a decline of 0.7 in the marketing, which gives a total of 52.90 million GWh I, a growth of 1.1% versus last year.

Note that the right side in the regional comparison the behavior is similar, that is the group grows 4.9 whereas Brazil grows 6.6. In the Southeast region the group grows 4.6 compared to 3.5 in the Southeast. In the South there is 4.2 growth whereas our assets were up 6.5%. An important result in an important year, and we have an outstanding performance in relation to the regions where we operate, and which demonstrates some evidence — that we present on page 7 — of the potential of the concession areas of our assets.

Looking at the top portion of the projected opening of shopping malls in the next two years, where of the total of 25 malls under construction in São Paulo, we have 14. Moving to the right side we show here the behavior also in residential segment, a comparison for the period of ten years (until 2010) and a projection for the next twelve years. Note that the state of São Paulo during this period grew 11.4% and the area where we serve grew 14.1%. Looking at the bottom shows that this behavior is expected to continue ... that is, there is a forecast of growth in São Paulo of 7.7 and in the concession area of our distributors 9.5% - all of these are projections by the IBGE, elaborated by the LCA.

Similar behavior is seen in Rio Grande do Sul. Two of the six shopping malls in our concession area with also a higher increase in the number of consumers, whether in the recent past or the forecasts for the future. Here we have evidence that the two segments that are leaders and are naturally serviced at low voltage and, therefore, higher average tariffs, behave differently in the concession area of our distributors.

Following this introduction, we will now evaluate the results. On page 8 what we have, whether in the IFRS format (the format published, reported), or the format that we believe to be most appropriate, especially for analysts in evaluating recurring results. We have a table evaluating non-recurring whether regarding EBITDA, or net income. Let me stress here that we are reporting, in IFRS, revenue growth of 7.1%, reaching R\$ 3.4 billion this quarter. This led to EBITDA growth of close to 21%, reaching R\$ 978 million this quarter and a net income rising 22.6% reaching R\$ 443 million this quarter.

When we go to the recurring earnings, mainly here considering the costs of structuring our operations, either with Ersa — that is, the merging of Jantus — along with gains through selling assets of Piratininga, a property we disposed of in the fourth quarter of 2010, it would add up here ...the non-recurring events are quite small, and their impact here also on the line of EBITDA for net income in proportion, as well as CPFL Piratininga's provisional net revenues and other regulatory assets and liabilities, with smaller variations.

Considering, then, these non-recurring event, which this year are of lesser magnitude, or in the quarterly comparison, we have practically the same behavior in terms of net revenue, reaching R\$ 3,370 million, and the recurring EBITDA is a little higher, reaching R\$ 989 million in this fourth quarter, an increase of 18.6% over the same quarter last year, and net income would reach R\$ 448 million, slightly higher than reported, an increase of 19.8%. I mean, whether in the result as reported, or the recurring income, we are talking here about vigorous and important results in terms of the activity of the Group.

When we come to the next page of results for 2011 as a whole, we have an additional assessment of non-recurring events. Just highlighting the first of them is the Encouraged Retirement Program - an initiative that we negotiated with the labor unions to foment, facilitate indemnified retirement on the part of some of the company's employees, something close to 450 people, representing an investment of R\$ 50 million here and leading us to a reduction in costs through the replacement of these professionals, of about R\$ 25 million a year. An important investment, whether in terms of economic results or modernization that we may have - which is something important at the moment — is shown here, the periodic tariff reviews.

I had already spoken of the structuring costs and Ersa and Jantus, the forecast for ISS at the Campos Novos plant, a non-recurring event happened in the third quarter. The difference in the cost of Epasa's power in 2010, has been reported to you during the previous meetings. The accounting adjustments for depreciation and UBP of the plants, the result of the new IFRS rules, provisions for labor contingencies at Paulista, this occurred in 2010 through a lawsuit we had to pay. The PIS/COFINS at Paulista and Piratininga, where we had a positive effect, also was recognized in 2010. Finally, the lawsuit regarding a Piratininga asset in the amount of R\$ 11 million in the last quarter of last year.

This gives a total of R\$ 31 million in non-recurring items for the effect of EBITDA for the year 2010 and a negative R\$ 68 million in 2011, the same behavior here deducted from income tax in 2010 of 23, and 58 in net income in 2011.

With all this then we are reporting, as I said, a result in the year of net revenue growth of 6.2%, reaching 12.764 billion, an increase in EBITDA of 12.5%, reaching 3.769 billion. Then, in the last line, net income, growing by 1.4%, R\$ 1,852 billion. The recurring amounts then grow 4.2% in net revenues, reaching 12,605, and 14.8% in EBITDA, reaching 3,786 billion, therefore a little higher than reported. Finally, the last line 1.583 billion, virtually the reported result, an increase of 4.4%.

We will detail these results a bit from the perspective of EBITDA and net income, on page 10. Our EBITDA, as can be seen in the figure, we are considering with respect to the inside part of these sources, reporting here the growth of EBITDA from R\$ 810 million to R\$ 978. Basically the big driver is increased net revenues. Here it is comprised of sales to the captive market and tariff adjustments, sales up 3.2% in volume, distribution tariff adjustments of 7.4%, all of which has accounted for R\$ 314 million. A TUSD increase of R\$ 13 million, 4.1% in this revenue, besides the additional revenue from businesses that started up at the end of 2010, primarily Foz do Chapecó, and CPFL Renováveis throughout 2011, giving R\$ 108 million, of which R\$ 80 million outside of the group, accounted for outside the... the word is escaping me here ... compensation.

Otherwise an 11.7% increase in revenue reductions, impacting the high growth of these three revenue elements. The revenue deductions totaled R\$ 166 million, mainly in the increase in sector charges of R\$ 65 million. We had here an important increase of R\$ 219 million in our net revenues. It is accompanied by a very slight increase of 0.1% in the cost of power and charges (R\$ 2 million) and it is accompanied by an increase of 12.5% in operating expenses (remembering it totals R\$ 48 million). But also emphasizing the recurring income, situated somewhere between the entry into operation, for example, of Foz do Chapecó, Epasa and CPFL Renováveis, through the effects of consolidation, the gain from selloff of Piratininga's assets that we commented on last year, the non-recurring costs of structuring the Ersa and Jantus operations, the reductions in expenses involving environmental damages by CPFL Geração, and higher recovery of RGE un-billables, are non-recurring effects.

Thus, then, with the non-recurring effects, the first three, we have an account of personnel, materials, third-party services and other recurring expenses declining 2.4% or R\$ 9 million, and we're comparing it here with the PGI-M, for example, of 5.1%. So, an important result, market growth, volume and revenues, accompanied by a slight growth in purchasing power and taxes, and a reduction in the company's recurring operating costs of 2.4%. So I think it gives a fairly clear picture of the Group's strategy, pursuit of excellence and operational efficiency.

When we go to page 11 and there is the reporting a net income, obviously the main driver of growth in net income of R\$ 362 million to R\$ 443 is due especially to the increase in EBITDA of 20.8%, 168 million. On the other hand there is a compensation, a reduction of this variation naturally due to the deterioration of financial income, by 56 million. So we seek to separate them for ease of analysis. There is a 49% increase in financial expenses of R\$ 131 million, especially here focused on investments we have made, acquisitions and pre-funding.

Remembering that we conducted here a set of operations, especially last year, where we could have an advance settlement of some commitments and we have a rollover in 2012 of something over R\$ 200 million. For a company with our profile, it is a very suitable strategy, where we might take funds at low and obviously very advantageous costs to liquidate some commitments and increase the average maturity of our debt, so this is an important action.

On the other hand, the increase in the CDI, for purposes of financial expenses, was up by 0.11 percentage points, which gives R\$ 9 million, and the actual effect of the exchange rate on Itaipu invoices of R\$ 13 million. Moreover, the entry into operation of Chapecó Epasa and Renováveis was naturally accompanied with financial expenses of these investments, where over the course of the construction period we have a shortage of these financial expenses until the moment they come on stream. Here we see the financial costs of these investments, already occurring on a current basis.

In addition, we have here the increased charge and updating of the debts, because we had the acquisition of Jantus and cash for rolling over of R\$ 58 million. Countering this 49% increase in financial expenses we had a 50% increase in interest income, precisely by having more cash over this period, and here we had a R\$ 76 million increase - a balance between R\$ 131 million in financial expenses and increased expenses, and R\$ 76 million of financial income, which gives us exactly the R\$ 56 we're talking about, aggravating the financial results.

Furthermore, we were accompanied here by a 12.1% increase in depreciation and amortization — clearly here because of the entry into operation of new investments (Foz do Chapecó, Epasa and CPFL Renováveis). A positive fact is the change in legislation regarding PIS/COFINS tax credit on depreciation; this anticipated process that gave us 15 million more favoring earnings. A compensation here of R\$ 8 million through the increase in income tax and social contributions, because mainly we had also during this quarter the utilization of tax credits of R\$ 18 million.

Recalling that in 2010 we booked R\$ 17 million, in 2011 it was another R\$ 35 million. Then the change between one year and another was R\$ 18 million or practically double, thus it was a major operation from the point of view the

preservation of the Group's cash. As a result, we justify the growth of 22.6% based on reported net income in IFRS for the fourth quarter of 2011 against 2010.

We now turn to page 12, which is the allocation of profit, and we have proposed a R\$ 758 million dividend, with a dividend yield of 7.1%. Just noting here that almost since the IPO ... since September 2004, the company has distributed 95% of its net profit in this period, a value slightly more than R\$ 9 billion - making it one of the largest distributors of dividends listed on the Bovespa.

We now turn to page 13 just to make a follow up of projects, acquisitions and ongoing projects in the company, especially in the area of renewables. The first consideration is with respect to Bons Ventos Wind Farm, which is in operation. This is a photo of the site, in Ceará, a purchase worth just over R\$ 1 billion, 157 MW installed. The startup occurred in 2008 and 2010, these quarters listed here. The asset is very important, naturally because of proximity with other assets of the Group in the same state of Ceará, especially SIF, and of course the 20-year PPAs of Proinfa in the amount of R\$ 290/MWh.

We also made two acquisitions, one satisfying our diversification strategy; CPFL Renováveis has a distinguishing feature in relation to all comparable such companies in the world: the first is the diversification of energy generation; it seeks to meet a more balanced portfolio of wind, biomass and small hydro plants. This is one distinguishing characteristic of CPFL Renováveis.

A second feature that has now been developed is a little regional differentiation. So the Atlântica wind farm (we made the acquisition at the end of the year) is diversifying the regions a bit. We have wind farms in Northeastern Brazil and in the South with this acquisition. Therefore we have more than 120 MW under construction, with a PPA in August 2010 in the amount of R\$ 147.44 / MWh. The diversification in terms of this region is important. It should be remembered in this regard that we have done the same with biomass; we have a biomass assets in the Northeast, Southeast and under construction in the South.

The Ester plant is an operation that already had a long relationship with CPFL, a biomass operation with important prospects, including volume growth. So some investments will be made to increase the volume of this plant by 50% over the next three years. An installed capacity of 40 MW, a PPA of 7 MW of the 11 MW it has in terms of assured energy, also R\$ 177 through the FFA 15 of 2007, and 4 average MW are being sold on the free market.

This is important, again: we have wind farm assets in the Brazilian Northeast and South, have biomass assets in the Brazilian Northeast, Southeast and South under construction, and we also SHPs, mostly in the Southeast and South. This would be the second distinction, and third naturally, which is implicit and that is the fact that we have, like all the company's assets under construction or in

operation, long-term PPAs, more than 80% of these are PPAs in the Brazilian Electric System, the result of the auctions, and approximately 15-20% of PPAs with CPFL Brazil or with the free market.

Now highlighting on page 14 the startup of assets. Here are the next assets to go into operation, Bio Ipê and Bio Pedra, now starting up in the second quarter of this year. Already financed by the BNDES, Ipê will be operating in the free market and already is almost 95% finished. Bio Pedra, 83% complete, both financed, as I had mentioned, by the BNDES. We also have the Santa Clara wind farm, and this one, yes, with important capacity — of 188 MW — also financed by the BNDES that was also our first operation in terms of the regulated market, the LER of December 2009, a tariff updated to R\$ 168.32 — at the time it was at R\$ 150/MWh. Then the startup in 2012 of 283 MW in 2012 in these three projects, which gives 109 MW average, most of it here as I had said, in System auctions, Aneel auctions.

In the year 2013 we continue delivering projects here, some 348 MW, or 144 average. The SHP Salto Góes in the first quarter of 2013, in the LFA August 2010 at R\$ 160/MWh, an installed capacity of 20 MW. The two biomass thermal plants Coopcana and Alvorada, in Minas Gerais and Paraná, have served this diversification process we mentioned earlier: each at 50 MW and already under construction, with 8% each initiated and negotiations with the BNDES already are underway.

Finally, here the two complementary wind complexes, Macacos I and Campo dos Ventos II, both for the third quarter of 2013, a total of over 100 MW each, also sold in Electric System auctions, the LFA of August 2010 at R\$ 137, and the LER of August 2010 at R\$ 133.70.

Finally, still under construction today are projects totaling 885 MW. We have deliveries in 2014, of 254 MW, primarily the large Campos dos Ventos complex, 138 MW, which is operating in the free market, and the São Benedito complex, also for the second quarter of 2014, another 116 MW, also for operation in the free market, a pioneer within the Group.

With that, my friends, we have here on page 17 the details of Capex. This is announced Capex of R\$ 8.3 billion over five years, R\$ 2.943 billion in 2012. Here there is a breakdown of these operations and this is especially important to highlight ... as we consolidate the operation of renewable energy, the value of 2.943 naturally includes 100% of Capex already announced by the Renewable CPFL Renováveis, of R\$ 1.683, of which the CPFL Group has 63%.

On the same basis of comparison, the 2.943 would be something around 2.350 versus 1.905 in 2011. We remain very active with the growth of our distributors, an investment of 1.207 billion. The investment in renewable and conventional

generation is 1.673, and sales and services went from 54 for the year and 230 for the period.

Let us go now to page 18 just to see the breakdown of the debt, a slight increase of the value in the fourth quarter, due to the growth of the IDC itself, 4.3%, our debt is constantly being reduced. And the *breakdown* of it, going deeper here, of 59% of the CDI, fell slightly as a result of growth in TJLP of course, mainly due to the operations of Renewables, 4% in PSI, also with the BNDES. So then we would have 38% of the volume of BNDES credit, and 3% — the IGP, which is the index of the Pension Fund.

This puts our net debt at the year at R\$ 10.7 billion, with available cash of R\$ 2.7 billion, amounting to a debt/EBITDA ratio of 2.84, which by excluding the debts of the projects that are under construction and therefore not producing EBITDA, would give a value of something like 2.55 times. The rating remains the same, that is by the two agencies that cover CPFL: 'AA'.

Finally on page 19 just to report the behavior of our shares, I had mentioned earlier that CPFL beat its peers in the IEE and the Ibovespa in Brazil and the Dow Jones Index and the Dow Jones Brazilian Titans, the 20 most traded ADRs, also with better performance. And the average daily trading volume on the Bovespa and the NYSE in 2011, reaching R\$ 31 million daily, it was the private company with greatest liquidity among listed stocks.

I'm concluding the presentation, and just want to highlight on page 20 our satisfaction in continuing on the ISE portfolio for the seventh straight year - the ISE has an important weight in the electricity sector with 29%, and CPFL is one of 13 companies that has been on the ISE since it first appeared in December 2005. As I said, a major presence, CPFL represents 1.8% of the ISE.

I'm ending the presentation highlighting our great satisfaction receiving this recognition from Euromoney, with CPFL named the "Best Managed Company in Latin America" in the Utilities category.

These were my considerations. I, along with my team, are here available to you now to answer questions. Thank you very much.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the question and answer session. To ask a question please press asterisk (*) one (1). To remove the question from the list, press asterisk (*) two (2).

Our first question comes from Mr. Diego Moreno, Merrill Lynch.

Mr. Diego Moreno: Good morning everyone. A question about the part regarding the purchase of renewable assets. We're seeing that you are very aggressive in acquisitions, delivering many M&As in this sector. I was wondering what is the vision of the Group for even more M&As, if it still sees plenty of room for new acquisitions, especially of small groups? Or assets such as those from Proinfa, or even the assets sold at energy auctions that have not yet entered into construction and are running out? Thank you."

Mr. Wilson Ferreira Junior: Diego, thanks for the question. No, what we're observing here is that there obviously is still plenty of room for consolidation. This is a sector that has grown recently and grew very fragmented, so there are, indeed, not only assets that were built, but also they are small, have no scale and so on. The perspective of the investors themselves was monetization after a while, after they were concluded. There are also those assets, some known to the press, which were initiated, but are late and will have ... have some implementation difficulties.

For each one of these, naturally, the company has been very selective regarding the opportunities that exist. We try to be very selective in the sense of asset quality, the perspective that they might make sense from the synergistic point of view. Some of these operations that were announced have a prospect — for example, the northeast wind farms that we just announced — of a possibility of joint management with our SIIF assets. Santa Luzia is very close, for example, in our four SHPs in the state of Santa Catarina. So this allows you to make more efficient management of these assets, reduce costs, and of course in doing so, create value.

Obviously there is a direct relationship between the value of these PPAs and of course the comparison with the values that are the subject of the current auctions. There exists a range of opportunities. Just observe, for example, this acquisition we have made, Atlântica, with a PPA value of about R\$ 145/MWh, a construction that has already begun and that will allow us to have a level of return much more suitable than those that we would have, for example, in a market operation now. The company is, yes, very alert, active. But do these movements or having a clear outlook of either creating value by asset quality or value creation due to the synergy these assets may have with the other assets of the Group.

Mr. Diego: Okay, thank you.

Operator: Our next question comes from Mr. Marcos Severine, Itaú BBA.

Mr. Marcos Severine: Hello, good morning everybody, good morning, Wilson. My question is regarding the price of energy on the free market. We are observing here the spot market and spot market prices are very high, especially

considering that we are now still in the rainy season, in March, with prices in the range of R\$ 139 to R\$ 117.

I'd like to know what are your expectations regarding the free market price? If you think we can perhaps expect a recovery in these prices, especially if we have a recovery in industrial activity this year? Recalling that the commercial and residential activity is at a higher pace than industry ... something has changed or people continue with this scenario of an energy surplus, low free market prices?

And if you are able to, please make a link with regard to the price of energy... for incentivated energy, as well, please ... for conventional and incentivated. Thank you."

Mr. Wilson: Well, Marcos, I appreciate your question here. I'll put it in a general way, but I'm here with Fabio (*unintelligible 40:38*), who is our director of planning and can detail this better. The first concept is: we really are in an atypical period, with a slower speed, and this has been reflected in the spot market prices in the terms that you mentioned. Our expectation is for "short and medium term" market to be something between 100 ...R\$ 110 for conventional, and between 120 ... 130 for incentivated.

But I will ask Fabio to discuss the subject a bit more.

Mr. Fabio: Good morning. Your question was interesting because we're in an atypical period where there really is a flow that is actually lower than expected. It should be recalled that storage is still on track ... expected to close this month of March in the range of 80% of total useful volume with the interconnected system. This still ensures a support so that we do not have a stressed price during the dry season, and that obviously the ending of the wet season is crucial for us to determine the next period. But we still expect to see price stability and, therefore, we understand that the price for the market is still around R\$100 to R\$ 110 GWh.

Mr. Marcos: I see. Just a question ...

Mr. Wilson: You said something else, Marcos?

Mr. Marcos: Exactly that, just to close this topic here, on average you think we should expect a higher thermal dispatch this year compared to 2011, for example?

Mr. Fabio: The trend is because, probably, the ONS is starting to think about dispatching out of order of merit because of the operative procedure. 2011 was an atypical year and we had a very rainy month of March — really, storage was actually very positive, it ended the wet season of 2011 very well. And it is natural that the ONS now would use operating procedures that are in its hands to make some thermal dispatch. We really expect some thermal dispatch out of metric

order, the usual procedure that the ONS has used to ensure the target level in the month of November.

Mr. Marcos: I see. Perfect, thank you.

Operator: Next question comes from Mr. Alexandre Kogaki of Citigroup.

Mr. Alexandre Kogaki: Hello Wilson, good morning everyone. My first question is related to other revenues. We see that you have not provisioned the amount collected in Piratininga based on the Abradee lawsuit, so I really have two questions. The first is to know what would be the value of the provision if it had occurred in Piratininga? And also if you could provide a little more detail about the evolution of the process, arguments and what the company expects? That's the first question.

Mr. Wilson: We did not make the provision; [had we done it] the value would be R\$ 4 million, and we did not make the provision on the advice of legal counsel's reporting of the probability of success in this case, which is quite high. This is why there has been no provision.

Mr. Alexandre: Okay, so the value would be R\$ 4 million, right?

Mr. Wilson: That's it.

Mr. Alexandre: If I may ask a second question? I wanted to know something regarding the investment of the Atlântica wind farms, which were acquired earlier this year. I wonder if you could give us an indication of the Capex? And what was the conclusion of the process? Did you have some economy of scale in this process? Could you renegotiate the contract or the issue of Capex is already closed?

Mr. Wilson: I can't pass along any information about Capex. What I can tell you is that this Capex guarantees rates of return equivalent to those we have been seeing in our other wind farms when we started our construction of them. And that, yes, we did not have a closed process and that we closed the process when we made the acquisition. So, the process is concluded.

Mr. Alexandre: I understand, perfect. Thank you very much.

Operator: Next question comes from Mr. Marcelo Ganen, Oceana.

Mr. Marcelo Ganen: Good morning, I have two questions. The first question is about this number that you have about what would be the impact of the tariff revision at Piratininga. If we make a calculation here, we come to an impact that would be for the entire quarter of around 30% of EBITDA at Piratininga. I was

wondering if this magnitude of impact can also be applied to the Paulista and RGE distributors?

And my second question is in relation to wind farms. You have attempted to contract wind farms on the free market through the sales company, right? In this case, the trader ends up taking a long contract and then resells this power in a shorter contract, which creates a market price risk for the sales company. I wonder how scalable is this strategy for you, of contracting wind farms via the energy trader on the free market?

Mr. Wilson: In the first place, Marcelo, the subject of the impact of Piratininga on the other companies. Piratininga was the company in the group that had the biggest market share gain in the past four years. It is, and it was hoped, that it would be the company of the group that theoretically was "most impacted" by the review under the terms you mentioned (between 25% and 30%). The impact that we expect of the other companies that have had lower market share gains and with tariff reviews only in 2013 is between 15% and 20%. So we'll see the total group also in this range, since Piratininga's overall share in the group is less than 15%. The larger companies should have smaller impacts because they had smaller market gains and will have reviews only occurring in 2013.

The second topic of wind farms. First, we have been "restrained" in respect to taking positions in the free market and in prices that make sense over the long term for the group. We are living a bubble at this moment, a bubble of excess supply of wind power that has caused prices remain quite low. We do not believe these prices will always be maintained, this is one side of it. And I think that one should look carefully at the volume of the position we are taking, that is, compared with the size of this market, very small. As we have shared with you, the incentivated energy market is a market that is under-served - it has a demand ... there is market speculation, but that is between 5 and 8 times the amount that the agency itself, the CCEE, is operating with today.

So we, yes, we have positions, the position is small. Overall, our renewables operation is, as I said, quite small, around 15%, and it is diversified between wind, small hydro and biomass. But we have very advanced risk systems that allow us to take fairly safe positions ... that we are taking. I think the main consideration is with respect to market size. We have a very "favorable" position with respect to the growth of this market, which is under served. But, naturally, it demands— and that is what we offer here — the requisite care and attention to risk positions, and that's what we're doing.

Mr. Marcelo: Ok. Thank you, Wilson.

Operator: Again, ladies and gentlemen, if you have any questions, please dial asterisk 1(* 1).

At this time we have ended the session of questions and answers. I would like to give Mr. Wilson Ferreira Junior the floor for final considerations. Please go ahead.

Mr. Wilson: I thank you all again for your attention during this conference call about our fourth quarter earnings results. Especially, I'd like to reemphasize the theme of strategy. The company in recent years has been emphasizing a strategy focused on a very efficient operation and synergy in the distribution area. There is no doubt that every four or five years you have the impact of tariff reviews. I think this impact is important, as are the *drivers* we have here, again highlighting the actions that the group itself is taking in order to mitigate all or part of this impact. We obviously are preparing not only operational actions but also corporate actions to deal with this process, and this is a regular activity.

It is true that the impact of the reviews reduces the tariffs as must also be the case of efficiency gain actions that the company can foment in this market. Actions such as the Retirement Incentive Program, actions such as the expansion of the functions of the group's shared services center, now taking over financial functions. Actions such as the implementation of smart grid technologies to advance this process, notably in the so-called Group A, and linked to the management of our workforce, along with the incorporation of the Zero Base Budget as a basic tool for all group activities. These are actions that will lead to stronger results for the group in the coming years, in a manner and synchronized in a way that mitigates the impacts of the tariff reviews.

On the other hand I think it's important to emphasize the action that the group has taken regarding renewable energy. It is a segment of the EPE's own projections for the future, it is the fastest growing segment for servicing demand in Brazil. This is very good for Brazil. It is a distinguishing characteristic that Brazil has, to be able to have a very clean energy matrix and that will become even cleaner through the development of these sources. We are very proud to know that we thought about this three, four years ago and this business today represents almost half of the group's investments. It is a new activity, with a different prospect for growth, one in which we are absolutely committed and we are delivering these projects on time based on the forecasts we made.

It is an important issue. Of course we view the future in a very positive manner because we believe in the potential of Brazil, and in particular the potential of the areas and businesses in which we are involved. Now, more recently with the improvement ... I often tell our people that if we had a repeat of the CDI costs in 2011 (following that sequence of 2010), we would have a bottom line of earnings results better by about R\$ 120 million. This vision we already have today, with the CDI already with another digit. We're obviously a company that operates in such a way as to optimize its capital structure with the necessary discipline. This will also bring additional benefits to the group.

It is a positive outlook from the perspective of the business year and in those areas where the company is operating. Thank you all again for your attention to this conference. See you soon.

Operator: The CPFL Energia conference call has ended. We appreciate the participation of all and have a good afternoon. Thank you.

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