

CPFL ENERGIA REPORTS NET INCOME OF R\$137 MILLION IN THE SECOND QUARTER OF 2004

São Paulo, Brazil, August 13, 2004 –CPFL Energia S.A. announces today its results for the second quarter 2004. Financial and operational information included in this report is presented on a consolidated basis, according to the dispositions of the Brazilian Corporate Law, except when otherwise indicated, and in thousands of Brazilian reais. Comparisons refer to the second quarter 2003 (2Q03), unless otherwise indicated.

HIGHLIGHTS OF THE SECOND QUARTER OF 2004

- The consolidated volume of billed energy of CPFL Energia grew 5.5% in the 2Q04 compared to 2Q03;
- In the quarter, residential, industrial and commercial consumption classes increased 2.8%, 7.3% and 6.4%, respectively, over 2Q03;
- Gross revenues in the quarter amounted to R\$ 2,447,267, reflecting an 23.2%-increase over 2Q03;
- Operating costs and expenses in the quarter dropped R\$ 69,838, corresponding to a 15,6% reduction over 2Q03;
- Net income in the quarter was R\$ 136,785, representing a significant recovery over 2T03, when the Company posted a loss of R\$ 86,042.

Financial Highlights			
	2Q04	2Q03	Chg.
Gross Operating Revenues	2,447,267	1,986,582	23.2%
Net Operating Revenues	1,850,216	1,500,215	23.3%
Gross Profit	453,264	361,563	25.4%
Net Income (Loss)	136,785	(86,042)	n.a.
Debt / (Shareholders' Equity + Minority Interest + Debt)	0.61	0.62	-2.8%
Net Debt / (Shareholders' Equity + Minority Interest)	1.41 x	1.43 x	-1.2%

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OPERATING PERFORMANCE

The non-operating holding company CPFL Energia depends directly on the results of its subsidiaries' operations.

In the second quarter of 2004, CPFL Energia's subsidiaries presented the following consolidated performance:

GWh Billed – Consolidated				
Consumer Segment	2Q04	2Q03	Chg.	% Total
Residential	2,038	1,983	2.8%	23.3%
Industrial	4,344	4,048	7.3%	49.6%
Commercial	1,205	1,133	6.4%	13.8%
Rural	376	360	4.4%	4.3%
Public Administration	194	198	-2.0%	2.2%
Public Lighting	265	250	6.0%	3.0%
Public Service	332	322	3.1%	3.8%
Total	8,754	8,294	5.5%	100.0%

Total Market

In the second quarter of 2004, CPFL Energia's consolidated billed energy volume increased 5.5% in relation to the same period 2003. The major consumption categories were the residential, industrial and commercial categories, which together accounted for 86.7% of the market.

Performance per consumption category:

■ Residential Category

Residential consumers represent approximately 23.3% of CPFL Energia's consolidated market, growing 2.8% in the second quarter 2004 in relation to the same period 2003. This growth could have been greater, accompanying the economy's growth, if the average temperature in the period had not been so low: 5% under the average registered in the last 5 years.

■ Industrial Category

Consolidated industrial consumption grew 7.3% in relation to the second quarter 2003. This growth was driven by the improvement in industrial production for the domestic market in the quarter, mainly in the region supplied by CPFL Paulista, and by the maintenance of the good performance presented by exporting companies, especially in the region supplied by CPFL Piratininga, and by the increase in the amount of energy sold by CPFL Brasil and free consumers.

■ Commercial Category

Consolidated commercial consumption increased 6.4% in relation to the second quarter 2003. This significant growth is due to the upswing in the economy and resumed growth in the concession areas.

■ Other Categories

Other consumption categories (Rural, Public Administration, Public Lighting and Public Services) account for 13.3% of the total consolidated market for the quarter. These categories grew an average 3.3% in relation to the second quarter 2003.

FINANCIAL PERFORMANCE

As CPFL Energia is a non-operating holding company, it depends directly on the results of operations of its subsidiaries. The table below shows the breakdown of the company's consolidated results.

Breakdown of Consolidated Results				R\$ 000
Company	2Q04	2Q03	1H04	1H03
Parent Company (excl. equity in subsidiaries)	-44,322	-81,811	-80,758	-200,985
CPFL Paulista	140,093	-10,876	117,600	-136,859
CPFL Geração	20,651	-4,378	36,722	-24,242
CPFL Brasil	20,363	11,023	51,262	35,205
Income (Loss) in the Period	136,785	-86,042	124,826	-326,881

The improvement in consolidated net result, from a loss of R\$ 86,042 in the second quarter 2003 to an income of R\$ 136,785 in the second quarter 2004, is due to the following factors.

Gross Operating Revenue

Gross operating revenue totaled R\$ 2,447,267 in the second quarter 2004, a 23.2% increase compared to R\$ 1,986,582 in the same period last year. The factors contributing to this increase were:

- The tariff adjustment of 14.68% for Piratininga in October 2003 and tariff adjustments of 13.63% and 14.37% for Paulista and RGE, respectively, in April 2004. In addition, in April 2004 additional adjustments were established for Paulista and RGE, due to the tariff correction established in 2003 by 1.3% and 0.47%, respectively.
- The 5.5% increase in the amount of energy sold in the first half 2004, compared to the same period 2003.
- The increase of R\$ 46,704 in revenue from electricity network usage charges from consumers that use the distribution network, without directly consuming its energy.
- The recognition of R\$ 65,746 in revenue by Piratininga due to the republication of National Electric Energy Agency (ANEEL) Resolution No. 001/2004, which adjusted the amount

related to purchases of energy from independent suppliers that will be passed on to generators through the extraordinary tariff adjustment. Although this amount affects the Company's operating revenue, there is no impact on the Company's results, since the same amount is recorded under the heading "Electricity purchased for resale".

- Recognition of operating revenue in the subsidiary Piratininga in the amount of R\$ 20,442 referring to the tariff adjustment of 3.4%, which will be applied gradually over the course of coming tariff adjustments.
- The increase of R\$ 14,139 referring to electricity sales to distributors, basically by the subsidiaries of CPFL Geração.

The table below shows the breakdown of gross operating revenue for 2Q04 and 2Q03.

Gross Operating Revenue						R\$ 000
	2Q04	2Q03	Chg.	1H04	1H03	Chg.
Electricity sales to final consumers	2,298,341	1,900,575	20.9%	4,348,340	3,590,586	21.1%
Electricity sales to distributors	72,571	58,432	24.2%	154,871	121,799	27.2%
Electricity network usage charges	54,681	7,978	585.4%	89,745	13,298	574.9%
Other	21,674	19,597	10.6%	43,591	39,441	10.5%
Total	2,447,267	1,986,582	23.2%	4,636,547	3,765,124	23.1%

The increase in deductions from revenue is proportional to the increase in gross revenue.

Electricity Costs

The increase in electricity costs is basically due to:

- the increase in the respective energy purchase tariffs, which are aligned with the increase in distributors' tariff adjustments;
- the increase in electricity costs due to the replacement of 25% of the energy purchased through initial contracts with more expensive energy;
- the increase in tariffs applied to the basic network.

Operating Costs/Expenses

Operating costs and expenses in the second quarter 2004 decreased by R\$ 69,838, or 15.6%, compared to the same period last year.

This decrease was mainly due to the positive effect of the change in the criterion for the new goodwill amortization curve, where the pre-defined 10-year period was substituted by the remaining period of the concessions, based on the projected net income curve.

In addition, the reduction in operating expenses was partially offset by increases in the Fuel Usage Quota (CCC) and Energy Development Account (CDE).



2Q04 Earnings Results

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Income from Electric Utility Service

Income from electric utility service in the second quarter 2004, in the amount of R\$ 390,355, was R\$ 220,508 greater than the result for the same period in 2003, mainly due to the result of tariff reviews and adjustments, and the change in the goodwill amortization curve.

Financial Income (Expenses)

The reduction in financial income (expenses) of approximately R\$ 70,520 in the quarter is basically due to the reduction in the Company's indebtedness in April 2003, the change in the amortization curve for goodwill obtained upon acquisition of subsidiaries (RGE, CPFL Piratininga and Semesa) and the reduction in the main economic-financial indicators.

Income for the Period

Income for the second quarter 2004 was R\$ 136,785, representing a recovery in comparison to the same period 2003, when the Company reported a loss of R\$ 86,042. The reasons for the variation of R\$ 222.827 are explained above.

This press release contains forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of CPFL Energia's management. The words "anticipates", "wishes", "expects", "estimates", "intends", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.



2Q04 Earnings Results

August 13, 2004

CPFL Energia S.A.

Income Statement

R\$000

	Company			Consolidated		
	2Q04	2Q03	Chg.	2Q04	2Q03	Chg.
Gross Operating Income				2,447,267	1,986,582	23.2%
Electricity sales to final consumers	-	-	-	2,298,341	1,900,575	20.9%
Electricity sales to distributors	-	-	-	72,571	58,432	24.2%
Electricity network usage charges	-	-	-	54,681	7,978	585.4%
Other	-	-	-	21,674	19,597	10.6%
Deductions from Gross Operating Revenues				(597,051)	(486,367)	22.8%
ICMS (State VAT)	-	-	-	(406,393)	(338,819)	19.9%
PIS (tax on revenue)	-	-	-	(16,892)	(16,124)	4.8%
COFINS (tax on revenue)	-	-	-	(74,604)	(59,560)	25.3%
ISS (service tax)	-	-	-	(152)	(407)	-62.7%
Global reversion quota	-	-	-	(11,156)	(13,732)	-18.8%
Tariff charges - Resolution No.71/2002	-	-	-	(87,854)	(57,725)	52.2%
Net Operating Revenue	-	-	-	1,850,216	1,500,215	23.3%
Electricity costs	-	-	-	(1,081,601)	(882,270)	22.6%
Electricity purchased for resale	-	-	-	(893,861)	(771,313)	15.9%
Electricity network usage charges	-	-	-	(187,740)	(110,957)	69.2%
Operating costs	-	-	-	(315,351)	(256,382)	23.0%
Personnel	-	-	-	(49,585)	(47,811)	3.7%
Private pension plans	-	-	-	(47,654)	(31,674)	50.5%
Materials	-	-	-	(9,638)	(5,532)	74.2%
Outside services	-	-	-	(21,312)	(21,132)	0.9%
Depreciation and amortization	-	-	-	(64,589)	(64,237)	0.5%
Fuel usage quota (CCC)	-	-	-	(124,110)	(83,835)	48.0%
Other	-	-	-	1,537	(2,161)	n.a.
Gross Profit	-	-	-	453,264	361,563	25.4%
Operating Expenses	(6,451)	(6,020)	7.2%	(62,909)	(191,716)	-67.2%
Selling	-	-	-	(34,895)	(22,674)	53.9%
General and administrative	(6,451)	(6,020)	7.2%	(74,411)	(69,772)	6.6%
Other	-	-	-	(5,779)	(8,044)	-28.2%
Amortization of goodwill from merger	-	-	-	52,176	(91,226)	n.a.
Income (Loss) from Electric Utility Service	(6,451)	(6,020)	7.2%	390,355	169,847	129.8%
Equity in Subsidiaries	181,107	(4,231)	n.a.	-	-	-
Financial Income (Expense)	14,443	(75,791)	n.a.	(154,222)	(224,742)	-31.4%
Financial income	8,705	2,602	234.6%	114,522	156,498	-26.8%
Financial expenses	(46,372)	(78,393)	-40.8%	(265,564)	(381,240)	-30.3%
Interest on own capital	52,110	-	n.a.	(3,180)	-	n.a.
Operating Income (Expense)	189,099	(86,042)	n.a.	236,133	(54,895)	n.a.
Non-Operating Income (Expense)	(204)	-	n.a.	(4,914)	(823)	497.1%
Non-operating income	33	-	n.a.	550	3,808	-85.6%
Non-operating expenses	(237)	-	n.a.	(5,464)	(4,631)	18.0%
Income (Loss) before Income Tax and Social Contribution	188,895	(86,042)	n.a.	231,219	(55,718)	n.a.
Social contribution and deferred social contribution	-	-	-	(22,299)	(4,876)	357.3%
Income tax and deferred income tax	-	-	-	(57,680)	(17,626)	227.2%
Income before Ext. Items, Minority Interest and Interest on Capital	188,895	(86,042)	n.a.	151,240	(78,220)	n.a.
Extraordinary item, net of tax effects	-	-	-	(8,132)	(8,133)	0.0%
Minority interest	-	-	-	(9,503)	311	n.a.
Reversal of interest on capital	(52,110)	-	n.a.	3,180	-	n.a.
Net Income (Loss)	136,785	(86,042)	n.a.	136,785	(86,042)	n.a.



2Q04 Earnings Results

August 13, 2004

CPFL Energia S.A. Balance Sheet at March 31 and June 30, 2004

	Company		Consolidated	
	6/30/2004	3/31/2004	6/30/2004	3/31/2004
Current Assets	523,602	418,710	2,896,729	3,010,045
Cash and cash equivalents	297,044	345,452	591,169	776,851
Consumers, concessionaires and permittees	-	-	1,516,483	1,437,800
Related parties	197,320	53,262	-	-
Other receivables	-	-	73,689	69,936
Recoverable taxes	29,238	19,996	170,766	136,836
Allowance for doubtful accounts	-	-	(33,002)	(41,010)
Inventories	-	-	7,388	7,987
Deferred cost variations – Portion "A" (CVA)	-	-	447,762	482,733
Prepaid expenses	-	-	10,605	10,028
Other	-	-	111,869	128,884
Long Term Assets	57,866	381,818	2,182,228	2,122,447
Consumers, concessionaires and permittees	-	-	747,136	714,298
Related parties	57,866	31,818	-	-
Other receivables	-	-	159,400	149,484
Escrow deposits	-	-	157,366	113,734
Recoverable taxes	-	-	24,255	24,184
Deferred tax credits	-	-	356,062	376,640
Advance for future capital increase	-	350,000	-	-
Deferred cost variations – Portion "A" (CVA)	-	-	637,447	646,397
Prepaid expenses	-	-	2,898	3,673
Other	-	-	97,664	94,037
Permanent Assets	3,924,087	3,600,537	7,356,654	7,199,809
Investments	3,919,427	3,594,278	1,987,664	1,981,702
Property, plant and equipment	-	-	5,857,812	3,699,420
Special liabilities	-	-	(570,952)	(556,092)
Deferred charges	4,660	6,259	82,130	2,074,779
Total Assets	4,505,555	4,401,065	12,435,611	12,332,301



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CPFL Energia S.A. Balance Sheet at March 31 and June 30, 2004

	Companhia		Consolidado	
	6/30/2004	3/31/2004	6/30/2004	3/31/2004
Current Liabilities	261,878	177,304	2,917,099	2,669,266
Suppliers	363	351	600,523	626,963
Payroll	-	-	3,283	3,512
Debt charges	4,536	685	87,378	140,839
Debenture charges	31,148	176,241	45,531	312,122
Loans and financing	100,000	-	941,604	756,793
Debentures	-	-	250,738	94,538
Private pension plans	-	-	100,491	47,607
Regulatory charges	-	-	61,594	61,412
Taxes and payroll charges	998	17	380,841	288,166
Profit sharing	-	-	7,997	16,967
Dividends and interest on capital	124,826	-	140,667	8,513
Related parties	-	-	17,669	16,613
Accrued liabilities	4	8	29,343	25,141
Reserve for contingencies	-	-	449	449
Deferred cost variations – Portion "A"	-	-	139,635	165,009
Other	3	2	109,356	104,622
Long Term Liabilities	846,290	838,334	5,921,259	6,078,282
Suppliers	-	-	290,033	187,748
Loans and financing	124,300	116,344	2,271,789	2,353,451
Debentures	721,990	721,990	2,066,822	2,237,935
Private pension plans	-	-	751,054	765,568
Taxes and payroll charges	-	-	150,814	169,285
Related parties	-	-	-	-
Reserve for contingencies	-	-	304,337	278,732
Deferred cost variations – Portion "A"	-	-	69,118	64,211
Other	-	-	17,292	21,352
Minority Interest	-	-	193,003	192,463
Shareholders' Equity				
Capital stock	3,397,387	4,940,998	3,397,387	4,940,998
Accumulated deficit	-	(1,555,571)	-	(1,555,571)
	3,397,387	3,385,427	3,397,387	3,385,427
Funds for capital increase	-	-	6,863	6,863
Liabilities and Shareholders' Equity	4,505,555	4,401,065	12,435,611	12,332,301