

Local Conference Call
CPFL ENERGIA
2010 Fourth Quarter Results
March 29, 2011

Operator: Good morning and thank you for waiting. Welcome to the CPFL ENERGIA 2010 Fourth Quarter Results conference call.

With us today are executive Wilson Ferreira Júnior, CEO of CPFL *Energia* and Lorival Luz, Vice President for Finance and Investor Relations Officer, as well as other company executives.

This conference call is being simultaneously transmitted online at the CPFL ENERGIA Investor Relations Website: www.cpfl.com.br/ri, where you can download the respective presentation. We inform you that all participants will only be able to hear the teleconference during the company's presentation. Then, we will open a Question and Answer session, at which time you will receive further instructions. If you require any assistance during the conference, please dial the operator at *0. We remind you that this conference is being recorded.

Before proceeding, we would like to clarify that any statements eventually made during this conference call regarding CPFL ENERGIA's business prospects, operating and financial projections and targets are merely beliefs and assumptions made by the Company's management, based on currently available information. Future considerations do not constitute performance guarantees. They involve risks, uncertainties and assumptions, because they refer to future events, and therefore depend upon circumstances that may or may not occur. Investors must understand that general economic conditions of the industry and other operating factors could affect CPFL ENERGIA's future performance and could lead to results to materially differ from those expressed in such future considerations.

We would now like to turn the microphone over to **Mr. Wilson Ferreira Junior**. Please go ahead, **Mr. Wilson**.

Mr. Wilson Ferreira Junior. Ok. Good morning to everyone, and to all the investors and analysts who are listening to the conference on the 2010 annual and 2010 fourth quarter results.

I will begin this presentation by trying to give you a very brief report on the annual result, also including here in this evaluation of the results (which we considered to be very good) the effects deriving from the first-time application of the IFRS norms, which in a sense impact the company's results.

I preferred to conduct this first reconciliation of the annual earnings result, even because they are the base for evaluating the fourth quarter's results. So, let's start with that, beginning by evaluating sales. We had a year, as we have seen

following the different quarters, which could be considered very strong in terms of electric power sales.

In the chart above, you can see that our concession areas from the Group's eight distributors saw energy consumption increasing by 7.2%, for a total of 52,000 GWh sold in these areas. It consists basically of sales to the captive market, which increased 3.8% during the year, and also sales that are obviously in the process of recovery, given the year 2009, sales in the free market that grew approximately 19% for a total of 12,794 GWh.

In this table immediately to the right, you can see the last consideration of the pro-forma result of the CAT97 effect, a São Paulo State resolution on tax substitution that required us to post sales on the first day of the month. This was exactly during the last quarter of 2009, the reason for which we conducted this reconciliation over the course of the entire past year. Starting this year, it will no longer be necessary, even though the results are similar, as you can see.

Of special significance were the concession area sales, shown below, where we have a 7.3% growth overall. Also important were the residential and commercial segments, which continued strong in 2010, with 5.2% growth in the residential area and 6% growth in the commercial segment. The biggest highlight undoubtedly goes to the industrial segment – which as I mentioned before is in the process of recovery – which ended up with nearly 10% sales growth.

To the side here now are the total energy sales. It is important to point out that the total sales are those in which the company sends a bill to its consumers representing their energy consumption. These are basically those from the captive market that we mentioned before, approximately 39,250 GWh during the year 2010, representing a 3.8% growth compared to 2009, primarily from the low and medium tension segment.

This part above shows our sales in the free market, which fell approximately 2% last year, totaling 13,000 GWh. It is important to emphasize here that, during 2009, we had a non-recurring effect today and which was precisely an important sale in the market... the so-called "Adjustment Auction" for the distributors, in which resellers had the opportunity to serve this market.

These regulations changed over time and it was not possible to repeat this event in 2010. Nevertheless, considering this fact, we have important sales here that precisely offset the effects of this Adjustment Auction, directly in the free market since, as you can see, they rose approximately 19%.

So, in all, for the sales invoiced by our companies, involving the distributors and the resellers, we reached 52,245 GWh, representing yearly growth of 2.3%.

In the part below here, we see the evolution of the sales in the concession area, leaving it clear that the results from 2009 were practically the same as those for 2008, with this strong growth of 7.3% seen in 2010.

OK, let's continue on to the next page, page 3, looking at the result in the previous standard, or in other words, the Brazilian GAAP, with the main adjustments promoted through the adoption of the IFRS rules.

Starting, as always, with the net revenue, we'll talk about the EBITDA, then about net income, as per the annual base, and then we'll start that conventional presentation in which we evaluate our last quarter.

Let's begin with the net revenue. Based on the previous standard, the Brazilian GAAP standard, you can see a 3.7% growth in our sales, for a total of R\$ 10,961 million. For this standard... for these sales both in 2009 and in 2010, due to the adoption of the IFRS standard, there are certain adjustments resulting from the adoption of different CPCs. There are over 60 – 67 to be precise – that determine changes.

I will highlight the three main ones here, and as you can see, the other ones have an entirely irrelevant impact on the statements. They are included in the "Others" item here. So starting here, I think it is important to point out the three elements resulting from this adjustment.

The first of these: the adoption of the consolidation in our ownership interests, in all of our generation stakes, with the exception of Ceran, which we adopted here, as established in the procedures, as a proportional consolidation. The only one of our assets in which we had full consolidation was precisely Ceran, where we hold a 65% stake, the result of a shareholders' agreement we have there, with 100% consolidation.

The first difference is precisely the incorporation in the form of revenue. We will also have to do this in the costs as well, for the result stemming from this increased stake of 35% and which will be booked through the equity restatement method on the bottom line. Therefore, at this time it is important to point out that both in 2009 and 2010, we have this additional 35% revenue – which in 2009 totaled R\$ 73 million and in 2010, R\$ 72 million.

The second important element has to do with the recording of regulatory assets and liabilities. It is important to remember that a result of the CVA agreements dating back over 10 years was that our statements were protected from these financial effects. There was no co-incidence between the financial and the economic event.

The CVA adjusted this, which is exactly the standard adopted by the Agency, the reason for which – even to facilitate the analysis of those monitoring the electric sector – the Agency itself determined that, beside the accounting based on the IFRS standard, we also perform the so-called "regulatory accounting." In this way, these events related to the regulatory assets and liabilities, notably those incorporated by the CVA, will become entirely broken down here, and this allows for a more precise assessment of the performance of these concessions.

With the new standard, we are required to immediately book entries during the year, the reason for which we have included here on the revenue side basically

the components related to the so-called "low income subsidies," revenue that is complementary or not associated with these subsidies. In this case here, it is affected positively by R\$ 91 million during 2009, and negatively by R\$ 69 million during 2010. That account now is applied in full during the year in which it occurs.

Finally, a third element that we call "construction revenue" was also the object of several different discussions within the sphere of the CPC.

In the specific case of the electric sector, the conclusive procedure is related to the fact that there was no income for the construction activity. However, because the standard requires the incorporation of this revenue, you will see that we recorded construction revenue (which would be, to a large extent, a proxy of the investments made in the network), and we will deduct its cost in sequence for the exact value. There is no profitability from the construction activity.

Here, the years 2009 and 2010 indicate the revenue resulting from these investments - R\$ 616 million in 2009, R\$1.044 billion in 2010, and in the following table, is fully deducted in the exact value at which it were recorded as revenue.

The others, some 60 procedures, are recorded here in the "Others" item. This includes R\$ 16 million in 2010 and R\$ 12 million in 2009. As you can see, the adjustment's effect on the net revenue for 2010 is then incorporated into R\$ 1.063 billion, with more than 95% associated exclusively with construction revenue.

The same effect occurs during the year 2009, which then determines the new net revenue for our activities based on the new standard - from R\$ 10,961 million to R\$ 12,024 million. In this case here, this represents a 5.9% growth with relation to the adjusted revenue for 2009, which became R\$ 11,358 million.

Let's now go to the second table, found on Page 4, on the company's EBITDA. If we were still using the previous standard, the Brazilian GAAP, we would be reporting a 16.9% growth here in our EBITDA (which is very good), for a total of R\$ 3,232 million. As we said before, the EBITDA is also affected by these new accounting procedures.

What would be the variations that determine the adjustments for us to change from the Brazilian GAAP to the new IFRS standard? First, those resulting from the increase in revenue that we just described, R\$ 1.062 billion in 2010 and R\$ 792 million in 2009. To these totals, we have to add the effects primarily from the three elements mentioned previously.

The first of these is the consolidation of Ceran. Hence, if we consolidate the revenue, we will naturally also consolidate the costs from that activity. Here, it is the adjustment of R\$ 14 million in 2009 and R\$ 12 million in 2010, or in other words, the costs of the 35% now recorded with the CPFL stake in this asset. They are naturally deducted here because they are additional costs.

Afterward, the regulatory assets and liabilities no longer are recorded in the revenue subsidies item but rather in the so-called energy costs and charges – that which is clearly our CVA escrow account.

Therefore, you can see that in 2010, the effect is not significant. We have R\$ 91 million added to the result as company receipts. It is important to point out that in 2009, this addition involved a substantial amount. You will remember that in 2008, we experienced some effects resulting from the crisis.

The main one was the variation... the appreciation of the real compared to the U.S. dollar. Excuse me, I mean the dollar compared to the real at the time reached 2.50 and had a relevant impact on the purchase of power, primarily the purchases indexed to U.S. dollars, such as the acquisition from Itaipu.

This was not the only effect during that year. We also had a year in which we had a higher dispatch from thermoelectric power plants, which ended up generating an additional cost that was not planned for that year and which went entirely to the escrow account, to the CVA, and which was received starting in 2009.

This is the reason for which in 2009, precisely the result of the recognized effect of foreign exchange and the additional dispatch effect, that we had the revenue already paid in 2008 from these effects, totaling R\$ 524 million. In 2010, it is very slight at R\$ 91 million. Objectively speaking, the fact is that our 2009 result was severely affected by these new accounting procedures during the year in terms of their effect on the regulatory assets and liabilities.

In addition to this, only that observation that I made earlier, or in other words, on the topic of construction, the revenues and costs are transparent for the effects of EBITDA. Therefore, we are deducting it here, given that we placed the revenue in the previous item. We are placing the value of the revenues attributed as cost in such a way that the result from the construction activity becomes zero. Therefore, R\$ 1.044 billion for 2010, and R\$ 616 million for 2009.

The others are the effects that I spoke of, which are not very relevant to the Group's balance sheet for the other CPCs. Here, we had the addition of R\$ 21 million in 2010 and R\$ 1 million in 2009. This gives us the final result based on the IFRS standard.

These changes were substantial not during 2010, when there was a growth of approximately 118 million, leading to a new EBITDA of R\$ 3,350 million, but rather, really, in 2009, as a result especially of the non-booking of the regulatory assets and liabilities associated with the cost of power and fees that we began to have... leading to the posting of an EBITDA of R\$ 3,453 million. As a result, there was a 3% drop in the company's EBITDA from 2009 to 2010 based on the IFRS standard.

Finally, we arrive now at the net income composition. With the Brazilian GAAP, we would be reporting a 20% growth in net income, for a total of R\$ 1.544 billion. The adoption of new procedures, as shown in the table in the middle, allows us to identify first the effects that were considered in the EBITDA, R\$ 118 million in 2010, and R\$ 687 million in 2009.

In addition to this, we now have the consolidation of the 35% of additional stake in Ceran in terms of depreciation, the financial result and its impacts on the income tax and social contribution. It results in R\$ 41 million negative during 2010, and R\$ 39 million negative in 2009.

The second element is precisely the incorporation of the financial result and income tax and social contribution result in terms of the non-recording of the regulatory assets and liabilities - R\$ 3 million in 2010. You will remember that it was R\$ 91 million positive in the EBITDA, so a financial effect of R\$ 3 million, which is relevant for the year of 2009, when at the time we were talking about more than R\$ 500 million. Therefore, R\$ 207 million is exactly the financial result produced by that accounting procedure.

Finally, let's look at an item that is new here, associated with the depreciation of generation per attributed cost. This accounting procedure does not affect the dividend, but it occurs both in 2009 and 2010 and results from the re-evaluation of certain assets — primarily our small hydroelectric power plants. These were built at the start of the past century, nearly 100 years ago each, and also the Serra da Mesa asset. This re-evaluation determines this additional depreciation which, as I mentioned before, does not affect the dividend.

This takes us to the net income, which is being reported today for the year 2010 at R\$ 1.560 billion, or in other words, a variation of R\$ 16 million in 2010, but a much higher variation resulting from 2009 of R\$ 402 million, which we would have had during the year 2009 based on the IFRS standard, at R\$ 1.689 billion.

Observe that to a large extent, the result is changed, primarily due to the non-recording of the regulatory assets and liabilities, whether for the revenue from the subsidies or the EBITDA based on the real cost of the fees and power, or especially on the bottom line, due to the financial effect of the variation of this account during the year. With this, I think we have explained the main effects that change the result.

Let's now move on to the fourth quarter's results. Please go to page 6. And I'm using the same logic to report the quarter's results. In the boxes to the left, we have the real result for CPFL Energia during the fourth quarter based on the Brazilian GAAP standard. And to the right, already incorporating the effects, with the main ones highlighted in the annual variation, changing to the IFRS standard.

So we are reporting here, going directly to the IFRS standard, a growth in revenues, one that reaches R\$ 3,179 million - a 6% growth. On the other side, there is a 14.3% drop in EBITDA for a total of R\$ 812 million. Please observe that it is practically the same value that would be reported for the Brazilian

GAAP. What changes, obviously, is the result from the previous year, which is naturally contaminated by the effects of incorporating the regulatory asset and liability, which would have a variation of approximately R\$ 200 million in this case.

The result over the previous year is an increase, and this is the reason we reported the reduction for 2010. This effect is naturally amplified in the net income. Therefore, we are reporting R\$ 362 million for this quarter in the net income, compared to R\$ 544 million for the same quarter of the previous year, corresponding to a 33.5% reduction.

Here, it is important to point out that, besides the effects of the application of the IFRS, where, as I said before, there is emphasis on the use of regulatory assets and liabilities, there is also a non-recurring event from the previous year - the use of tax credits. In 2009, we used approximately R\$ 70 million in tax credits, and in 2010, we used some R\$ 19 million. This variation of approximately R\$ 50 million is also recognized here.

Very well, let's move on now to a very brief evaluation of the main highlights from this fourth quarter. First, the growth of sales in the concession area continued strong, about 3.5%, and I had already reported 7.3% for the year of 2010.

Obviously, the results are affected by the tariff readjustments that occurred during the year, all of which are listed here. Without a doubt, the highlight for this quarter is the startup... we had already had the startup during this quarter of Foz do Chapecó, and at the end of the year, the startup of two Epasa thermoelectric power plants (Termonordeste and Termoparaíba), which totaled approximately 340 MW, in which CPFL has 51%. This adds 174.2 MW to the Group's power... to the Group's installed power.

We announced, the result our Board's approval at the end of last month, that we had won an auction... the parks from the so-called "Campo dos Ventos," and we made the decision, the result of the regulation enacted by the Brazilian Ministry of Mines and Energy, to also include the assured energy from these parks.

In principle, the energy was to be used only for the Reserve Auction, and it was then expanded to use this source of energy, which is now sought after in the market as a source of green energy, of renewable energy, to be used in the free market, especially for consumers of between 500 kW and 3 MW, which then had additional incentives of a discount of 50% of TUSD.

It was the start of wind power as an energy source combining with the PCHs and biomass power to fill an important demand in the market and offer greater competitiveness to industries and businesses that are in this tension and power category.

We made the decision to make the additional investments in the park that was selected in the Reserve Auction, as well as the five adjacent parks (that I will show you below) that will also be built and delivered at the same time, which will

add about 150 MW to our commitment to wind energy.

We are also reporting in the quarter an investment of R\$ 524 million, about R\$ 1.8 billion total in 2010, completing the Capex that we had estimated. We are putting in place a new series of investments over the next the next five years, totaling about R\$ 6.9 billion.

We had financing approved by the BNDES for biomass projects, Bio Buriti, Bio Ipe, Bio Formosa and Bio Pedra for a total of R\$ 973 million, in addition to financing for the Santa Clara 1 to 6, and Euros 6 wind parks. In the projects that are under construction, both in the biomass and wind areas, both already have financing from the BNDES.

We are proposing here the distribution of R\$ 1.260 billion in dividends in 2010, actually the R\$ 1.260 billion includes the proposal for distribution ... to complement the previous distribution of R\$ 774 million, or R\$ 486 million for the second half of 2010. This is equivalent to a dividend yield for the company of 6.9% over the last 12 months.

We are also announcing and we will describe in detail the reverse split and simultaneous split of shares and ADRs, which is an important decision to provide CPFL shares with more liquidity, as a result of the increase in their value in recent years. The shares also showed a gain of 6.5% during the fourth quarter and 25.7% overall in 2010, surpassing the Ibovespa and the IEE itself, which is used as a benchmark for the electricity sector.

We had the satisfaction of having CPFL for the sixth consecutive year in the ISE, one of, I believe, only three companies that have been part of this important index from the start. It is not shown here, but I think it is as important as these highlights, is the selection of Lorival Nogueira Luz to be Vice President of Finance and Investor Relations Officer at CPFL and he is with us here in this conference.

It is important here to note the contributions first because of the extensive experience that Lorival has had in the Financial Sector, he was for nearly 17 years a career bank officer - a solid career at Citibank. As a result he has had considerable experience with Credicard even while he was a professional at Citibank, and he also had opportunities to participate in the GP Group, managing the educational assets for that group.

As part of his career before he arrived at CPFL, Lorival occupied a prominent position in the financial group ... in the financial area of the Votorantim Group. Lorival, welcome and I'm sure that you all can watch the efficiency of this professional, and his contribution to the Group at this important time in the growth for the company.

On page 7 ... now we have the same breakdown of sales. So we're talking about here ... already going on to the proforma, 3.5% growth in the quarter, totaling 13,338 GWh, an increase of 15% in the concession area of free customers and a practically constant number of captive consumers, a total of

9,869 GW.

In the context of 3.5% growth, of note is the residential sector with 3.8%, 2.4% commercial, 2.5% industrial and 7.6% in other segments, for a total of 3.5%. This is natural, because we had a year that began with a strong push from the economic recovery and so on. But it was based, as you will recall, on the second half of 2009. The recovery in Brazil took place precisely in this second semester, so we're making comparisons on volumes that were already high, due to the recovery.

In spite of this we see on the right-hand side our performance, with the southern part of Brazil growing by 2.8%, and our local asset, RGE growing by 4.3% in the Southeast region. The behavior is similar, i.e. 5.1% for the Southeast Region and our assets in the Southeast by 5.6%, Brazil growing by 4.6% and our growth of 5.4%. Obviously this value here refers to the bars on the left-hand side, those that allow comparison with our market.

Finally, we see the total sales, practically unchanged, with a slight drop, the result of maintaining sales in the fourth quarter in the captive market, to the distributors, and as we have already said, the free market, remaining the same, a decline of -1.9% to 3,414 GWh ... 15% in the free market and 13,284 GWh of the total market, both captive and free.

I put this on page 8 a just so you have a little idea of this recovery, the extraordinary macroeconomic performance that we have been seeing in Brazil. One of the factors used here for this evaluation is exactly the evaluation of new jobs - we're at the lowest level of unemployment in Brazilian history ... Brazil's recent history.

We put here some of the effects of these jobs, either from the total number of jobs, or in jobs related to commercial and service activities. You see that in all regions growth was observed throughout 2010, with emphasis on the service area that has been without doubt one of the elements of attraction and creation of new jobs.

I put down some of the highlights in energy sales below. Obviously employment means investments that will require energy to produce products and services. Note that because of the high numbers, in the neighborhood of, 6% ... 7% ... 8%, as shown above, the impact that these jobs have in some of the cities served by the Group is considerable.

I cite some of the numbers from Piratininga here, where we observe, for example, that Piratininga grew in terms of number of jobs as a whole somewhere in the neighborhood of 6.7% ... 6.8% In the area of commerce, activity has also increased. As an example, in the city of Itupeva commerce grew by 29%. In the industrial area there were increases of around 40% in industrial energy consumption in Sorocaba, or Salto/Itu, the numbers were around 15%, the highest values recorded.

We also list in RGE, then the area of commerce we have here ... sales were

always very strongly connected to malls, commercial distribution centers, logistics issues and so on... a growth of around 12% in Vacaria. In the area of Santo Angelo, industrial growth was 38%, in Horizontina 22%, and in Caxias do Sul 15%. This gives an idea of the dynamics that job creation produced for regional economies and in particular, in the cities.

Let us now move to page 9, where we report on EBITDA and net income from operations. This figure shows, on the left- and right-hand sides, the values that we had here under the previous accounting standard (Brazilian GAAP). Obviously the adjustments due to arrive in the middle part, which is the EBITDA reported in this case R\$ 947 million in the fourth quarter of 2009. The previous figure of R\$ 201 million is the very essence of the changes we have made gradually from an annual basis to a quarterly basis, the effects are the same.

We have here the combined influence of the three factors that determine variation in results from the fourth quarter 2009 EBITDA to the fourth quarter of 2010 also in EBITDA. The first is the increase of 1.5% in net sales, which are R\$ 42 million. The main driver here is exactly the result of the growth of TUSD, given the enormous growth of around 19% in the free market.

There is, however, a reduction of free market sales, a decline of 1.9%. There are rate adjustments for the financial components in 2009 referring to the transfer of cost increases in 2008 of R\$ 198 million. This is the main ... these are the main factors determining this R\$ 42 million change in net revenue.

On the other hand we show here a 10% increase in energy costs and fees, which totals R\$ 150 million. As you can see, as the result of increased sales, we have a 9.6% increase in the costs of distributors, fully included in fees and purchased energy costs.

There is a compensatory payment of approximately R\$ 41 million for electricity purchased from EPASA and Foz do Chapecó. You will recall that in the case of Chapecó, as the result of the delay in receiving the operating license, we had a delay of about 44 days.

In the specific case of EPASA in the beginning of the year ... when we bought this plant we were aware of the delays, we believed it would be delivered in October, but it was delivered in mid-December, so we had here additional compensation of approximately R\$ 41 million for two projects that are fully operational.

We have also an increase of 7.2% in costs and operating expenses of R\$ 25 million. This should be compared to the increase of 11.3% in the IGP-M, including R\$ 25 million for issues related to an increase in capacity.

The proportional operating cost of the Foz do Chapecó and the Baldin biomass plants, the expansion of activities in Total CPFL and CPFL Services, allowed us to almost double our capacity for collections through CPFL Total.

In addition to the contract for incorporation of networks, the physical inventory of

assets required by the Agency for distributors, this amount, although not recurring, was mostly recovered through the tariff rate adjustment. There was also a nonrecurring event during the fourth quarter of 2009, which was the assumption of the free energy liability, which was positive, of around R\$ 17 million.

Thus we have a decline of 14.3% under the IFRS, of R\$ 812 million. You will recall that we would have had an increase of 9% under the Brazilian GAAP procedures.

Let us now turn to page 10, net income. For net income we are reporting a decline of 33.5% in IFRS. This is the natural consequence of the decline in EBITDA, which we have just pointed out, of 14.3%. From a fall of 25% in financial income, the result of financial adjustments in the assets of the UBP, and this is the result of the standard application of the IFRS of R\$ 13 million, and the increased cost of debts due to the increase in indebtedness. Naturally, we're here talking about larger investments that have additional charges resulting from these larger investments.

There is also an increase in depreciation and amortization of 14.9%, or R\$ 25 million. In Generation there is depreciation over the length of the concession, and this also affects the IFRS in the amount of R\$ 4 million. In the case of Foz do Chapecó there was also an impact of R\$ 6 million - both resulting from the impact of the new accounting format.

We also have the income from the Cesp Foundation of R\$ 9 million, and the result of all this is an increase in income taxes and social contributions of R\$ 8 million. In this case is important to point out the results of the reduced use of tax credits, a R\$ 59 million change in position from 2009 to 2010, principally during the last quarter of the year. In the end, we reported R\$ 362 million during the last quarter of the year.

Following this additional event, we are suggesting here an income of R\$ 486 million, less than the income for the semester, but this is directly affected by yet another adjustment resulting from the optional adoption of the IFRS.

We made this choice to protect the income of the company over the long term ... to protect it in the sense of providing stability. We have a choice of recognizing the actuarial results from the start to establish a band ... the band around which the accounting reports are not affected by the Pension Fund Plans or booking results on an annual basis.

We chose the first option, recognizing it in the income at the end of 2008, which were negative, because of the worldwide financial crisis. We made an adjustment in our net equity as a result of the merger of this so-called actuarial liability at the time, and we will not make annual modifications, since we have created a band to account for this and to make our balance sheet more closely related to the activities that we carry out rather than the effect of the Foundation itself.

With our proposal of R\$ 486 million, we are talking about R\$ 1.01 per share. So then if we look at 2010, adding the R\$ 774 million to the R\$ 486 million, we're talking about a total of R\$ 1.3 billion in 2010, which yields a ratio of R\$ 2.62/share.

On page 12 I want to discuss some new issues related to our portfolio. We continue to maintain our leadership in distribution, with excellent quality indicators – the best in Brazil – with a payment delinquency rate that is also very good, at about 1.27% of our net revenues.

The segment last year had an EBITDA of R\$ 2.2 billion, and we are still, as I have said, leaders of this activity, well ahead of the second-place company and we are always considering the market share in relation to the total volume sales from the stake the Group has in the distributors in comparison with the other players in the sector.

There is another element here, which is that we are now, because of the startup of Foz do Chapecó and EPASA, the third-largest private generator. By the end of the year we had a total of 2,396 MW installed, and we have in the construction pipeline projects that will take us to close to 3,000 MW. The company is now the third-largest, and with these projects we will soon be the second largest private-sector generator in Brazil.

The segment last year had R\$ 809 million in EBITDA, and naturally the positive effects of the entry of new projects, either from Foz do Chaprcó or from EPASA are not included. This means that our EBITDA this year will surely be greater than R\$1 billion.

Finally, in the field of commercialization, we continue our leadership position with a 16% share of the total market in Brazil, well ahead of the second-place company that has a 10% share.

This activity brought in R\$ 308 million last year to EBITDA, especially at the end of the year when we saw significant growth of our free client platform – which increased from one year to the next by 74%, to a total of 129 free clients.

These clients, the result of our providing value-added services, helped us to expand our base by 45% over the last year, to close to 300 in this comparison. So we can see that our businesses are going well and are still leaders in their respective activities.

At this point we wanted to show something significant with the increase in efficiency of our distributors. Here, the investment is around R\$ 30 million. We have tried to talk about these investments at every one of our conferences.

We are talking about meter automation, 20,000 of which will be installed in Group A clients within the next 24 months. Here the significance is that in addition to being able to read the meters remotely, we have installed protection for our revenues ... there are a set of more precise algorithms to protect us against occasional theft and to help us identify our energy interruptions so that

we can mobilize our emergency repair services more rapidly, in addition to being able to cut off and reconnect services remotely.

Another significant investment that we should discuss here, is that this is the basis of the so-called “smart grid,” which is an investment that the company will be making with all of its clients in Group A during the next two years.

On page 14 we lay out a vision for our wind energy parks. In the green area we show the parks that won the first Reserve Energy Auction. Investments are already underway for delivery during the third quarter of 2012. In the red area, the Campo dos Ventos II was the only one of the six parks selected duration of the second Reserve Energy Auction, held in August of last year, which represented an investment of R\$ 127 million.

And now about the decision to develop the five remaining wind energy projects –and you can imagine that this decision follows naturally from the synergy that these parks can have on the surroundings, including on the use of the transmission network to carry this energy to the market. So the decision to make an additional investment of R\$ 600 million, which will make a total of R\$ 1.5 billion in investment in wind power projects at this time for the Group.

Immediately following, on page 15, we give an overview of EPASA, with our plant already up and functioning, a project that will add an estimated fixed revenue of R\$ 87 million/year.

Then we have an evaluation, or at least a status report, about our investments in biomass, which are all on schedule. Bio Ipê is 40% complete and should be concluded by the end of the semester.

Following this there is a smaller investment, where the plant is already finished and all that is lacking is the connection to the grid.

Then we have Bio Buriti, with an installed capacity of 50 MW, 57% completed in February, which will also be completed by the end of the semester.

Bio Formosa already had 85% of the project completed in February. It is scheduled to begin operating during the third quarter and perhaps even sooner. This is located in Paraiba will provide revenues estimated at R\$ 24 million per year.

Bio Pedra, for which we estimate 12% of the construction of the plant is completed, and the chart shows that this is scheduled for the startup of operations during the second quarter of next year. This represents an investment of more than R\$ 200 million, with estimated revenues of R\$ 33 million per year.

And here, finally, we come to talk a bit about our view of commercialization. Last year, which was an important year in the sense of developing the market, we saw the recovery of the market after the crisis. We made important investments in this area; we increased our service capacity for the entire

network; we increased the number of positions in our call center, and the results can be seen. Our revenues grew by more than 90% in the case of CPFL Total, and by more than 200% in the use of the call center.

Finally we come to an analysis of Capex. Capex is expected to reach R\$ 6.9 billion over the next five years. The Capex for the coming year is R\$ 2.092 billion. And here we have incorporated, naturally, the effects of these investment decisions, notably with respect to the wind energy investments, with 150 MW added.

So here we are talking about the distribution (in blue) to the distributors, for expansion and maintenance, as shown in detail below, in the area of generation (in green). These are investments, by the type of project ... projects that are built over 18 to 24 months. Forecast investment for generation is highly concentrated in the next two years and is around R\$ 2 billion.

Here on page 22 we have shown only the contribution of funding and debt rollovers, which in the fourth quarter showed considerable activity. There are approximately R\$ 2 billion in it and you can see the funding, where we did the rollover for EPASA, and presently the funding for the wind energy projects, Santa Clara, and the funding for biomass thermal plants under the conditions and time schedules pointed out here – all of them quite satisfactory in terms of programs available from the government.

On the other hand, the Capex for distributors totals R\$ 1.128 billion, of which R\$ 905 million is funded with commitments assumed with these instruments, with a three-year maturity, at 109% of the CDI.

Now we can turn to page 23, net debt, which shows an increase from one year to the next of around R\$ 1.2 billion, explained in large part by the additional investments in generation. At the end of the year, we calculated a debt/EBITDA ratio of 2.4 times. It is obvious that this does not include the EBITDA of Foz do Chapecó or EPASA (that began to show up month by month). If we standardized with the new EBITDA, we would be talking about a ratio of debt/EBITDA of less than 2.0 times.

The lower cost of debt flows naturally from improved macroeconomic conditions, which in general fell to 4.4%. Our debt structure, as shown on the chart, is 60% of the CDI, and is mainly composed of instruments taken or “swapped” for the CDI, which were issued originally in CDI, or 33% of the TJLP (long-term interest rate) the original financing currency of the BNDES, and 7% and ITP, which are exactly the same as the commitments assumed with the Employees Pension Fund of the company.

Now let's talk here, on page 24, about the reverse stock split. Now, here we are ... our shares are around R\$ 44.00, our ADRs are around US\$ 80.00, and this sets up a series of natural limits in terms of liquidity, minimum lots and so forth.

The company could simply offer a split of one for two or it could make a slightly different proposal. But it would also permit the company to clean up our

stockholder situation, because as a result of the mergers with companies we have done in the past there are many (situations) ... first, unidentified shareholders, then shareholders with fractions. We have the impression that there are 60,000 CPFs in the company, when in fact, assets, with more than one standard lot, total about 21,000.

So the process of the reverse split and simultaneously split of shares serves precisely the function of cleaning this base up. The reverse split takes place at the rate of 10 ON (common) shares for one, and then we immediately we perform the split ... obviously, as the result of this reverse split, we have cleaned up the base, but the shareholder who holds less than one share remains outside the base, and the splitting of one common share for 20 shares, providing then what would be natural, the effect that we are pointing out here, in other words, is practically a split of 1 for 2.

The common shares then, looking at the value they had yesterday of around R\$ 44.00, would be worth R\$ 22.00, which would then become the minimum lot ... a standard lot more palatable for an investor. The changes with regard to the exchange for ADRs, which today is 3 common shares for 1 ADR, would become 2 common shares for 1 ADR, which will also return to the standards similar to those when they were issued. It would change from R\$ 79.00 in this analysis to something around R\$ 26.00.

Remembering that the company, five years ago when it held its IPO, issued ON shares at R\$ 17.20 and R\$ 18.00. We are practically reestablishing one of the initial conditions and may have more liquidity both with the common shares as well as the ADRs, easier access by the individual investor to trades, because of the lower price per share and the effects of the standard lot. This would increase the base of active shareholders and would provide an optimization of management of the shareholder base.

This was approved at a meeting of the Board during February of this year, and is being submitted for the approval of the General Shareholders Meeting called for April 28. The trading of reverse split and split shares will begin in July. The distribution of the ADRs and common shares at this new price also will begin in July, and the payment of fractions and shares will take place by August of this year.

The share performance can be seen on page 25 and it was a positive performance, as we have already pointed out. We finished ahead of the Ibovespa index and the Dow Jones index in New York, in addition to all of our peers in each sector, with an increase in average daily trading volume of 22%, remaining on the principle Stock Exchange indices.

I want to conclude this presentation by simply reporting that on page 28, the IASC, award, presented by Aneel for Customer Satisfaction, which RGE received for the Southern Region and CPFL Paulista received an awards as the best company in Brazil in its category.

In addition, we continue to be listed as a model company in the Guia Exame for

sustainability for yet another one year, highlighting the above-average point score, 9.5% for transparency, versus 5% for other companies. And for socio-economic performance, 9.1% versus 6.2% which is the average for all companies.

Finally with regard to the evaluation of our corporate risk management and internal controls, and the security system for our call center, we received the ISO9001 certificate for corporate management, and with regard to the ISO27000 we were the first company in the sector to receive the certificate.

I apologize for taking so long. We have been almost one hour discussing these results but this was because of the impact of the IFRS, which was important to discuss.

My team and I place ourselves at your disposal to answer any questions.

Question and answer session

Operator: Excuse me. Ladies and gentlemen, we now are beginning our question-and-answer sessions. To ask a question, please, type asterisk (*) one (1). To remove your question from the list, please type asterisk (*) two (2).

Our first question is from Mr. Marcos Severine from Itaú BBA.

Mr. Marcos Severine: Hello Wilson, hello everybody. Wilson, I would like for you to focus a bit on our conversation here regarding the expansion of your generator park. Leaving aside a bit about the issue of the hydroelectric power plant, let's speak somewhat about the renewable projects — I think that you have had significant success with this, first with the biomass plants and more recently with the wind power plants, as well.

I see that you have here some 368 MW, part of which already sold and some of which you are focusing on the free market. From what I could already perceive you have 43% of load factor in these 150 MW. The first question is: this load factor that appears here would be higher than P90, P50, could you respond to this?

And the second point is, I wanted to understand a little bit about what we can expect from the portfolio; that is, your wind pipeline from here on out. Do you think that we can expect the same pace of growth? Eventually, you could be speeding up a bit, taking advantage of sites that you already have and installing this... that is the new plants?

And could you point out, also if you could, Wilson, something about Capex. I feel that the market is very divided. When I speak with some wind power companies, I see people speaking about turbine prices, that the Capex in a general manner could be a little bit lower than we observed in the auctions last year.

There are other companies saying that Capex has reached a floor, and now are beginning to observe some upwards pressure in the price of turbines on the international market... that is, the wind turbines. I wanted your view about this.

Finally, could you give me a little more updated point of view regarding this supply and demand situation. We see Minister Tolmasquim pointing towards an energy surplus, but at the same time we see in the news articles about thermoelectric plants that were auctioned off, mainly in 2008, being delayed in their operational startup, doubts about when they're going to come on stream.

And more recently, these problems involving Jirau, Santo Antonio, delays in the construction of transmission lines, as well. I want an overview that was a little more... a big picture of your view of the relationship between supply and demand and the price of energy, and the space that this could be bringing to these renewable sources, as well? Thank you, Wilson.

Mr. Wilson Ferreira Junior: Ok, Severine. Thank you for the questions. Speaking a little about the first question, if it was 90 or 50. 50 is more robust, it is more secure. Ours is 50.

With regard to the question regarding the source, I understand the following: if we were to look at the level at which we are reaching in terms of the capacity factor for these clients, it will be seen more and more like it was in Europe. But in our case here, happily we are speaking of the so-called "second generation" parks, with high towers etc. We are speaking about a potential of exploiting wind energy of the same magnitude as water energy potential — with the advantage of Brazil being that it certainly can be carried out in a much shorter timeframe, which is a Brazilian advantage because the great majority of our parks have possibilities for a capacity factor always about 40%. This is not the identical reality of Europe or the United States, where the winds, especially in Europe, are less than they are here.

I see the following: yes, it is big potential, it is renewable, we are focused on this source, we began this evaluation here two years ago approximately and we are quite secure about this investment and the results that will stem from it, now culminating with this action in the so-called "free market," in view of the demand that we have had from a number of companies already sensitive about the planet, about global warming, about naturally seeking renewable, alternative sources. As a result of this market, which is opening up now, what we have done is this... we are making this additional investment in the free market.

It is true that we had to talk a lot in terms of regulations so that the assured energy would have a regularized procedure. This occurs through a measure issued by the Ministry at the end of the year, measuring approval procedures — I would say a relatively expedited procedure, in about two or three months you have a result. That is, assured energy that you can use as soon as your park is concluded, use for the free market.

Is important to highlight this does not take away from the company the

possibility of qualifying this park for the upcoming auctions, as well as disputing Reserve energy. I believe that it is a source that is here to stay. I think that it has shown its advantages compared to the other alternative sources, such as biomass and PCHs, notably with regard to the question of price – and that is perhaps where your last question resides, in terms of these prospects.

We have reached a quite low value, in fact we were surprised the last time, and it is in great measure related to two elements. One, the improvement in the financing conditions between the first to the second auction; this naturally has an impact regarding the final price that these actions could realize.

But certainly, also, last year we had an effect of a reduction in Capex. This occurred for several reasons... evidently, if you have a clearer perspective regarding this source, in the future the factories can more adequately size themselves to meet the demand, and it is a rationalization from the perspective of scale and regularity of the auctions or of the use of this source.

There is a second conjunction that is precisely the fact of the world crisis having generated a surplus in supply stemming from the canceling... cancellation or not very optimistic prospects for using these turbines in Europe, in particular, a result of the economic crisis. Therefore, we also benefited from this.

I think that we already have... if we take this here and compare the Brazilian numbers with the worldwide numbers, we will reach a point that is quite good. I think it is difficult that these values will be reversed. In fact, I believe the contrary; I believe that there should even be a correction.

I would say that this is the best view for now, and this places the source at an advantage. It is at least 10% ahead of biomass, PCHs, in terms of final costs. Therefore, it is very competitive.

I believe that our grid will benefit from these sources. I believe that statements by [Minister] Tolmasquim himself in the recent past are for more continued use of these options for wind energy usage. I think that it offers an adequate outlook for the factories that installed here and for the project owners who are focusing on this source.

Finally, regarding your last question about the supply conditions for the sector. It is our assessment that we are still in a surplus situation, that is tighter for the year of 2011, that we have a surplus of about 0.3% and this is increasing 0.6%, and should reach 5% in 2014... 2013, when Santo Antonio and Jirau come on stream.

This year it is good to remember that besides the project that we ourselves have concluded, we will soon have the startup of Estreito. As you may observe, mainly in the fourth quarter, there will already see a cooling off of two-digit growth, mainly in the industrial area.

Therefore I would say that we do not see ahead of us any type of supply risk... no type of supply risk. These are the answers, I don't know if I answered you.

Mr. Marcos: Yes, Wilson. Just one last question if you'll permit me. We have seen some companies with an interesting pipeline of wind projects. Do some of these companies need funding to develop these projects?

Mr. Wilson: Without a doubt, the evaluation of assets in an opportunistic manner is something that is part of our strategy. Without a doubt we consider this and are aware of this type of movement. It also is true that we work to develop parks and we have our options and our partners with suppliers, so that we can also be very competitive in future parks.

It should be remembered that in this case, given the conditions of financing themselves, in the final price you wind up being much more competitive than with your assets that are already in place. But it is obvious that opportunistic alternatives are always in the company's pipeline.

Mr. Marcos: Thank you for your attention, Wilson.

Operator: Our next question is from Mr. Sergio Tamashiro, of Banco Safra.

Mr. Sergio Tamashiro: Hello, everybody. Wilson, still continuing on the generation side. I wanted to see... in the comment you before about the fourth quarter, EBITDA of R\$ 812 million, you had an expense with the purchase of power because of a delay in the Foz do Chapecó project construction and I believe also with Epasa, of R\$ 41 million.

What I want to know about this is how much would have been the adjusted EBITDA in the case it had entered into operation. I don't know, if you're considering this for two or three month's total? And why in the purchase of power if that would not have existed and also regarding the sale of power?

The second question is also regarding wind power. I wanted to understand what is the rationale behind your selling everything on the free market, if the buyer has some type of incentive for the purchase of energy? For me, I don't know, isn't it all the same if he is going to buy wind or hydroelectric power which at the end of the day will have an even lower price... if he has some type of tax incentive, or if you think that you can be competitive with the other hydroelectric plants that are selling at less than R\$ 100?

Mr. Wilson: Good, Sergio, I can't pass this along, afterwards my people... Gustavo can enter into contact with you to give you a little bit of this "from to".

What I think is important to consider is in the specific case of Foz do Chapecó, regarding the question of what would be a normalized EBITDA, I do not usually do this in terms of perspective. I only say that the company on average works with an EBITDA margin higher than 80%.

In the specific case of Foz do Chapecó, whose amounts are public, the amount of its revenues, we would have here expected revenues for the project on our part of more than R\$ 250 million, which would give us proportionately an

EBITDA of R\$ 200 million.

In the specific case of Epasa, the expected revenues are R\$ 87 million. This is leasing revenue. In this case the EBITDA margin also is high, above 80%. It is based on this that I have said that we certainly will have EBITDA higher than R\$ 1 billion.

The effects of the purchase of Foz do Chapecó's power evidently were not in the business plan because until the beginning of the year the project was about two months ahead of schedule. But we had difficulties, especially due to the results of the IBAMA strike, in obtaining the license on time, for which reason we are little more than 40 days behind schedule to put the plant into operation and we had to acquire power that advanced even into the month of October and was recognized in this quarter.

Also in the specific case of Epasa, no, it was never part of the business plan. We only worked internally with the prospect for October, but we knew that every month... and we signed contracts at the beginning of the investment to meet our market exposure through October and we had additional exposure in the months of November and December, an additional purchase to meet this difference

Gustavo can give you more details regarding this. But it is certain that they all have specific PPAs and that the situation is fine, that the value will be more than this.

Regarding your second question... about consumer incentives. Let me say the following: there are consumers of more than 3 MW that naturally are potentially free, and these consumers only address one type of free market energy – that from the large power plants and etc.

But there is another type, the so-called “special consumers,” who are the consumers who have installed power between contracted demand of 500 KW and 3 MW. These can become free as long as they use this for alternative or special energy. This energy comes from PCH, biomass and now wind power projects.

What type of incentive does this energy have? From the point of view of the price of the energy, none. From the point of view of the use of the distribution network, maybe for the free high tension consumer, there is some... you know that the cost of the network to the high tension consumer is lower than the medium tension because of the components that exist in the medium tension.

What happens to these consumers is a discount; depending upon the source of the conditions of this source, it can reach 50%. It is through this discount of 50% in the use of the network where the energy becomes competitive, upon leaving the distributor's platform to be supplied with this energy.

As a result, it has a small advantage... it could have a small financial advantage and naturally the adhesion here to a set of strategies related to the new

economy, low-carbon and so forth. That is the only incentive that it has.

For the source to which you referred, in the case here of a large hydro-based power plant, it is important to remember that it has a price that is lower for 70% of its production that is tied into the captive market — that is, that which is purchased by the distribution companies and will enter into the mix of the things that are more expensive... generation, for example, from Itaipu, with sources that were previously sold, they are going to enter into the mix as Proinfa.

The captive consumer has the advantage of the new sources and also has the disadvantage of those investments that were made a while back and that have higher costs. If you were to pay the average value that the distribution companies have today for purchased power, this value would be approximately R\$ 125.00 to R\$ 130.00 MWh. In some cases this is why you have a proxy of the so-called “free energy” of the large projects — it is higher, you referred to Teles Pires which went for R\$ 58.00, certainly the amount it will place on the free market, Belo Monte, Santo Antonio and Jirau, will be higher than the price to be practiced on the captive market.

And how much higher? It has to somehow or another become close to the average value that you have from the distributors to meet the needs of the entire market. Then, I would say with great certainty that it is for this reason that there is an expectation of amounts for the stakes in Santo Antonio and Jirau at around R\$ 120.00... R\$ 130.00, R\$ 140.00, because this is the amount, it depends on what the concessionaires have at the captive market side, and that would be passed along completely to the consumer if it is in the captive platform, so he looks for it there.

In the case of the large consumers of more than 3 MW, they do not have any network discount. They will pay exactly the cost that is being incurred by the distributor. On the other hand, they will have the advantage only in the commodity of energy that will have to be compared with these immediate values of R\$ 125.00, R\$ 130.00, and the prospects for future values, naturally, having to look five years down the line.

In the case of the so-called “special” consumers, these naturally will have... they have an advantage. They can have an advantage in the commodity, in the prices that I have spoken about, and they will have an additional advantage, which is a 50% discount off the TUSD, that's it.

Mr. Sergio: Ok, now about the wind plants in Rio Grande do Norte. You must be selling to the Southeast region. Aren't you going to run some kind of market, submarket risk?

Mr. Wilson: The idea is not to run any risks in submarkets. You have to have various consumers... and just making a reference here, these consumers are medium consumers. Therefore, I would say that the platform, the volume of demand, is much higher.

You have all the regions, including the Northeast. You have large groups. Let

me give an example: after we were sought out by supermarket chains that use this and have large-scale installations, it was the shopping centers, also in the Northeast. The idea is not to run market risk, no.

Mr. Sergio: Ok, thank you.

Operator: Our next question is from Mr. Vinicius Canheu, of Credit Suisse.

Mr. Vinicius Canheu: Hi Wilson, good morning. Thank you and the entire CPFL team for this call. I wanted to understand, after looking over your press release, the Capex guidance for the next few years. We saw a considerable increase over the numbers that were presented during the third quarter of 2010 as guidance.

Logically, we identified there the part played by generation, the new wind parks, but even adjusting for this there is a considerable increase, not only in generation but in distribution as well. We wanted to understand what this increase is, if there is some greater growth, the purchase of some networks. What motivates this revision upwards in the numbers for Capex?

Mr. Wilson: Well, Vinicius, the main reason in the case of generation is the new wind projects. I think it is clear here that the increase of about R\$ 600 million over the relation to the previous plan is the R\$ 127 million investment in the wind park that we won. Furthermore, we have biomass investments.

You can observe the variation of about R\$ 130 million over the previous year in distribution, a part of which naturally are price corrections properly speaking — prices of December 2009 for December 2010.

A second topic is related to the increase for the consumers. This is slight, but evidently also summed together with part of the incorporation of private networks, something which was approved by the Agency itself, in order to incorporate all of the private networks of consumers before the tariff review in our area, and this investment also is significant.

There is also this part, as I showed during the previous quarter, referring to the issue of network automation. These are important elements for you to carry out and increase your productivity to be considered in the next tariff review cycle.

This big difference, of R\$ 130 million, R\$ 140 million, is due to the increase in number of consumers, price corrections, incorporation of private networks and network automation. In the part referring to the incorporation of the network, in one of my last presentations I discussed this impact of these costs in greater detail.

Mr. Vinicius: Okay, and just about the incorporation of networks, I remember the last presentation contained some detail, but only in order to understand it, if there is an incorporation of an additional network now expected with relation to what had been presented in the previous quarter?

Mr. Wilson: There was no guidance about network incorporation in the previous quarter, and it now contains incorporation.

Mr. Vinicius: That's fine, thank you.

Operator: Excuse me, we are now closing the question-and-answer session. I would like to turn the microphone back over to Mr. Wilson Ferreira Junior for his final comments.

Sr. Wilson: I believe that of this quarter we are facing the challenge, the challenge of monitoring the results based on the new IFRS format.

I would say that of the measures taken, the one that in some way concerns us in a good way is exactly that we must evaluate recurring events, and in particular the effects that are going to be incorporated into the earnings results, which comes from the incorporation of the so-called regulatory "assets and liabilities" on the date they occur.

I believe that this is the major challenge and it is in order for us to better evaluate recurring value, the concession and so forth, and their future impacts.

On one hand, I wanted to highlight our very positive view regarding the market; that is, the growth of the market in a consistent, sustainable and so forth manner. And, naturally, the positive impacts on the Group's distribution platform, in particular in the concession areas where the Group has operations, which have been benefited with regard to this growth process, and the numbers show this.

On the other hand, I believe that for these distribution assets the most recent statements made by the Agency regarding all of the contributions that were sent in by the agents and by society regarding the third tariff preview cycle...

I understand the need for obtaining time for a more detailed evaluation. This demonstrates the capacity of the interest, the responsibility of the regulatory authority regarding this topic, which is important for the industry and is also a determining factor even for the consolidation process.

In the field of generation, evidently I wanted to say how satisfied we are in being able to expand our renewable energy platform through investments in wind energy in the pipeline that we also are evaluating in the biomass and PCH areas.

This is something we have been focused on. Evidently in installed capacity it does not substitute our ambition regarding large projects. But in added value, and creation of value, it represents an important possibility.

On the other hand, because of this moment the Brazilian market is passing through, particularly the free market because of its magnitude, because of the

recovery of the Brazilian economy, this service is being used. We observe this whether it is on our platform of free consumers or in the demand for added value services.

As a result of all this, our outlook is positive. Naturally, there is the challenge that for every quarter from here on out we must adjust our practices based on the new IFRS reporting model, but I would say this is very positive. I think that now comparability is greater on all levels with all the companies. And for us, a company that is also listed abroad, this substantially facilitates our work.

I would like to end this message expressing our satisfaction in having you during the course of this conference call and we will meet again shortly in one of the APIMEC meetings in São Paulo, Rio and other states as well as the next earnings conference calls. Thank you, everybody, for your attention.

Operator the: A CPFL Energia audio conference call is ended. Thank you all for your participation and good afternoon. Thank you.