2Q14 Results

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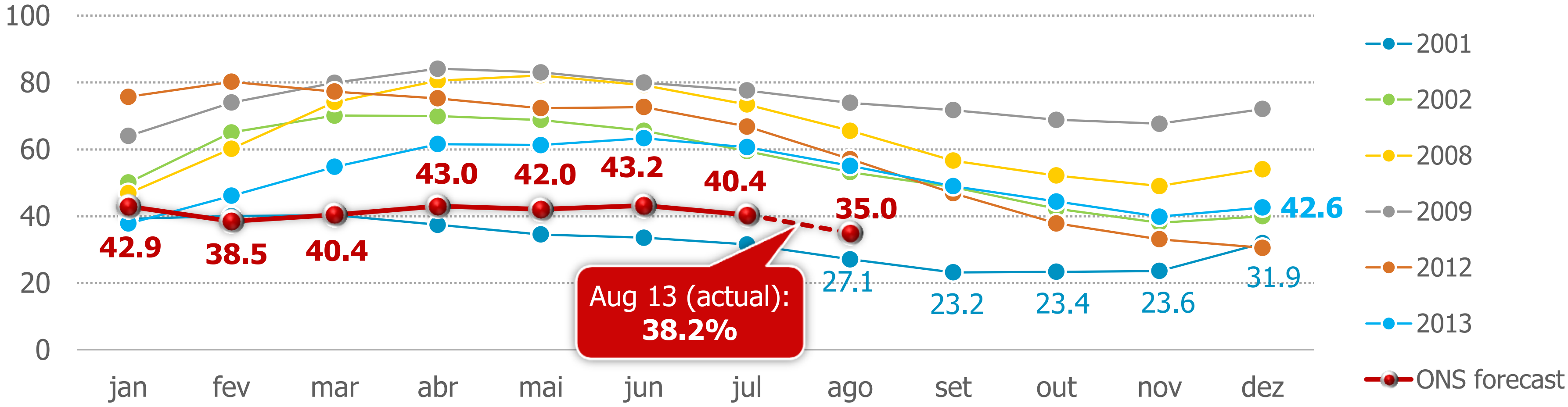
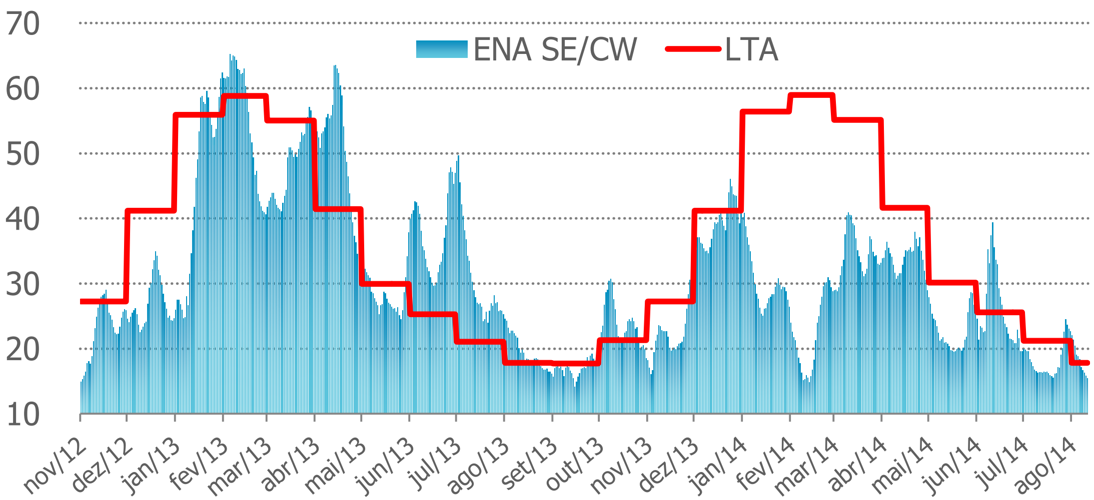
Water storage levels and ENA's performance

Reservoir levels in NIPS | %



Natural Inflow Energy (ENA) | SE/CW | GW average



ENA during 2014 dry period | % LTA

	May	Jun	Jul	Aug[1]	Avg
SE/CW	76%	102%	86%	87%	**86%**
South	135%	423%	151%	81%	**197%**
NIPS	85%	164%	100%	81%	**107%**

1) RV2 - ONS

Load performance in NIPS | Load decrease to help preserving reservoir levels

▶ **Load performance in NIPS in 2014**

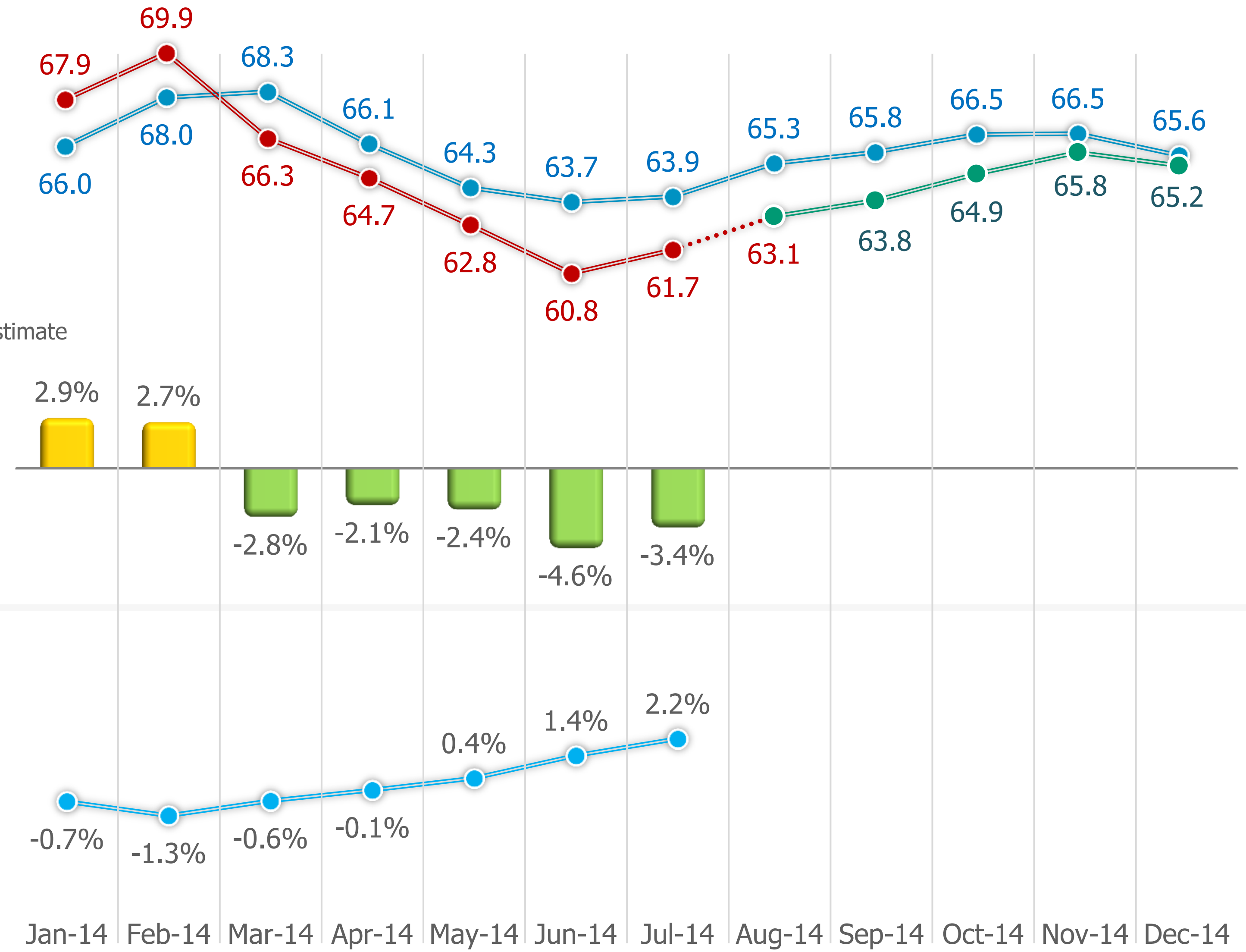
ONS/EPE Load estimate

Actual/Estimate

ONS/EPE Revised Load estimate

▶ **Deviations**

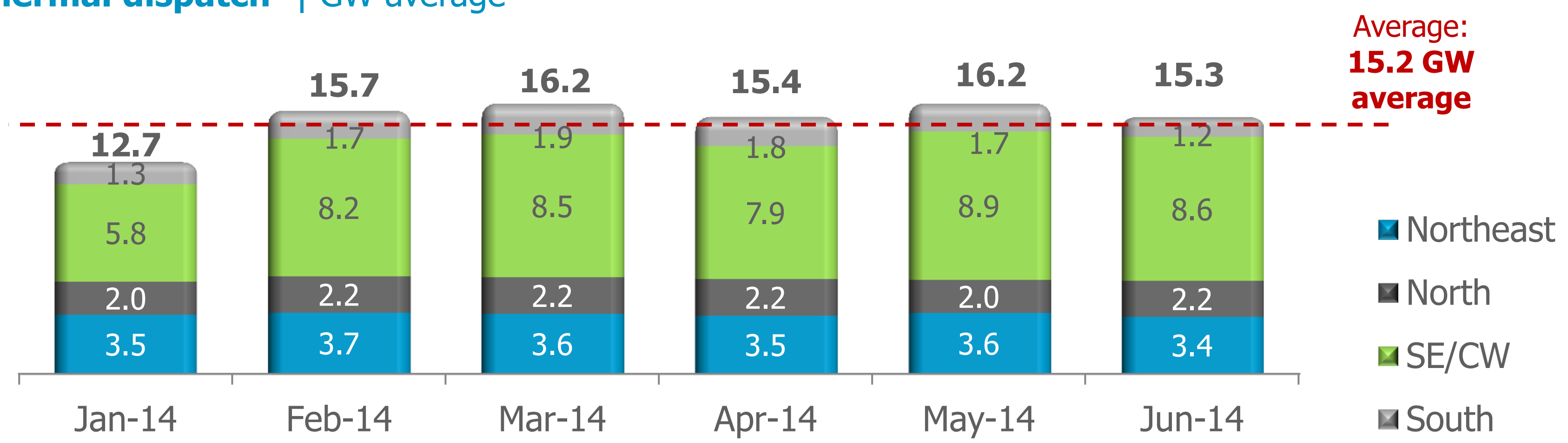
▶ **Accumulated impact of load deviations over NIPS water storage**



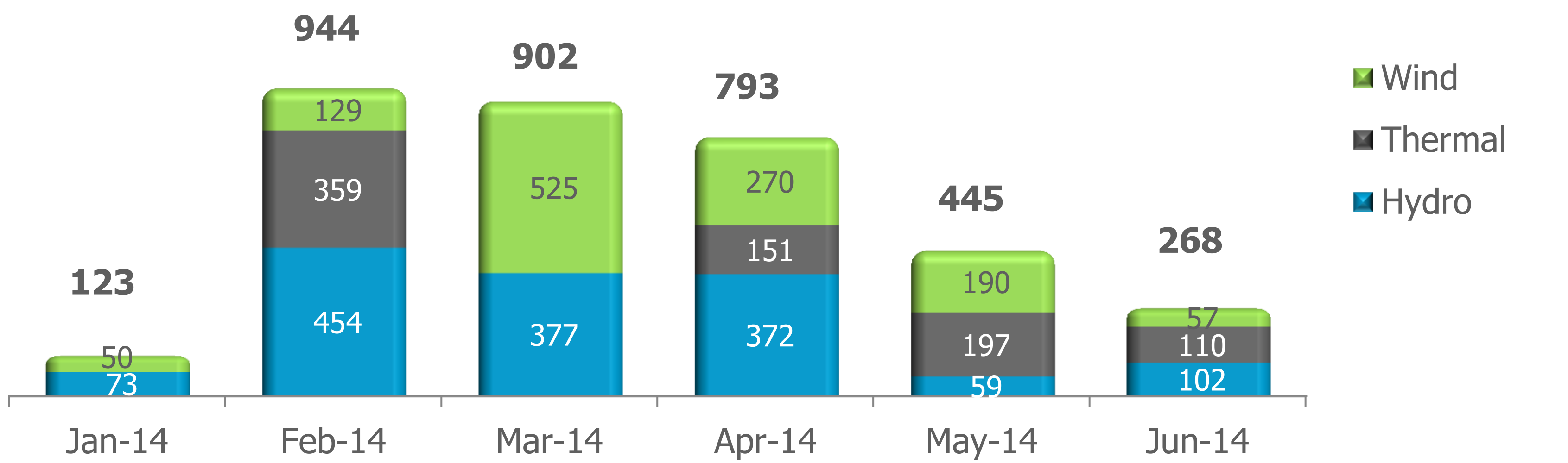
1) Source: ONS/EPE

Thermal dispatch and start-up of new installed capacity

Thermal dispatch[1] | GW average



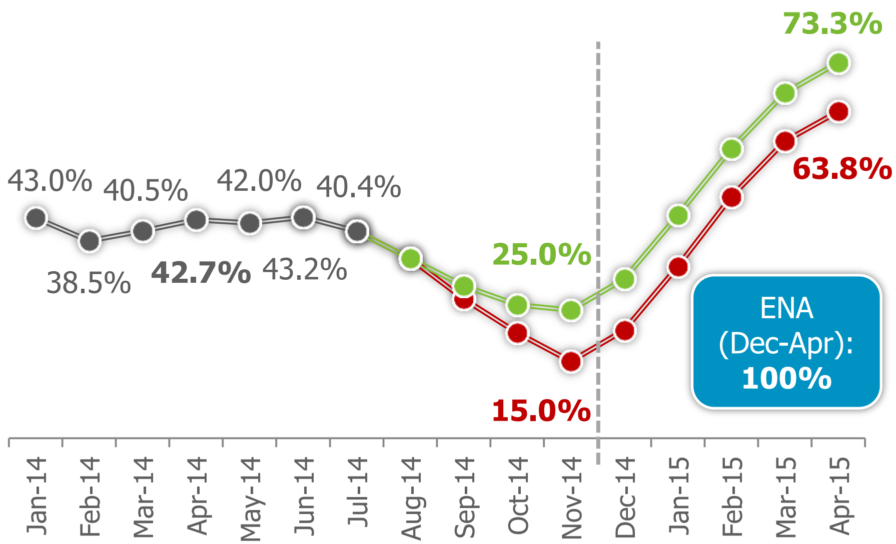
Capacity added in 2014[2] | MW



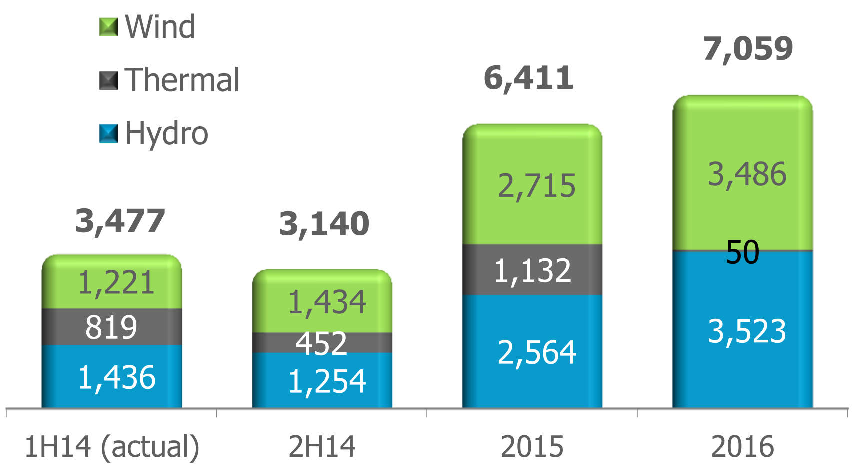
1) Source: ONS. 2) Source: MME.

Perspectives

Performance of reservoir levels in NIPS[1] | %



Expected new installed capacity 2014-2016[2] | MW



CPFL Scenario[1]

Storage Nov 30 (%)	Min ENA (Aug-Nov) (%LTA)	Probability ENA < min ENA
25%	95%	56%
15%	71%	6%

Main power plants

	Source	Installed capacity (MW)	Start-up
Jirau[3]	hydro	2,925	2014-16
Santo Antonio[3]	hydro	1,229	2014-16
Santo Antonio do Jari	hydro	370	2014
Mauá	thermal	570	2015
Maranhão III	thermal	519	2015
Teles Pires	hydro	1,820	2016
Colíder	hydro	300	2016

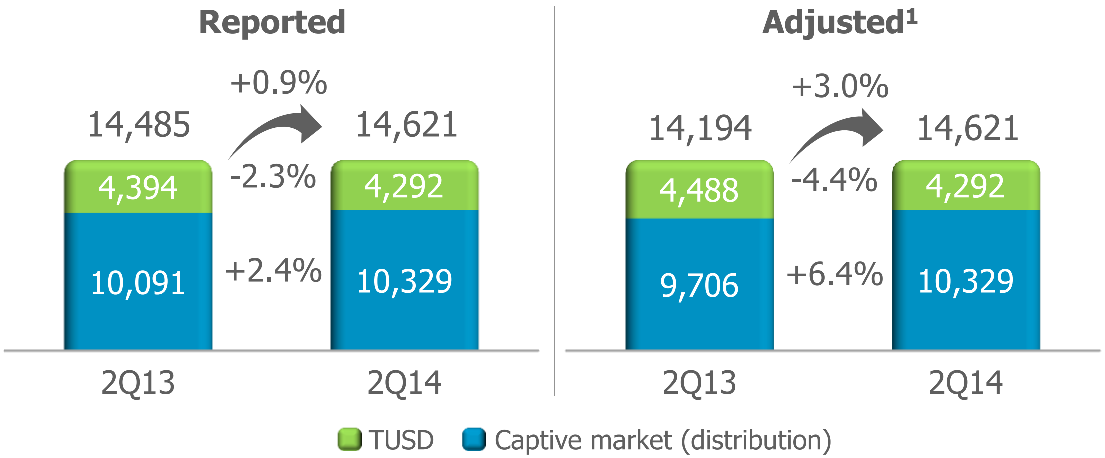
1) Take into account: (i) ONS/EPE load estimate, revised in the beginning of August; (ii) full thermal dispatch reduced by 15%; (iii) lower hydraulic efficiency ("friction"); and (iv) delay of 6 months in wind farms expected to start-up from Sep-14 on, totaling 400 MWavg, from Sep-14 to Dec-14. 2) Take into account delay assumptions in HPPs and wind farms, beyond those already considered by ONS. 3) Remainder capacity to be installed.

Highlights 2Q14

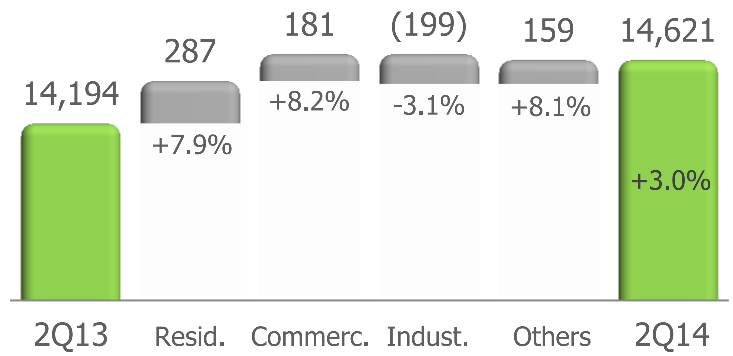
- Increase of **3.0% (adjusted)** in sales in the **concession area** - **residential (+7.9%)**, **commercial (+8.2%)** and **industrial (-3.1%)**
- Disbursement from **sector funding (ACR Account)** in the amount of **R$ 805 million** in 2Q14, to cover the involuntary exposure and thermal dispatch
- Economic tariff readjustment of **21.82%** for **RGE**, in Jun/14
- **Commercialization and Services** - **EBITDA** of **R$ 70 million** in 2Q14
- **Investments** of **R$ 280 million** in 2Q14 and of **R$ 520 million** in 1H14
- **AA+ credit rating** maintained on national scale, with **stable outlook**, by **Standard and Poor's**, for CPFL Energia and its subsidiaries CPFL Paulista, CPFL Piratininga and RGE
- **CPFL Energia's shares** were up **12.7%** on BM&FBOVESPA and **15.0%** on NYSE in 2Q14
- Increase of **6.8%** in the **daily average volume** (BM&FBOVESPA + NYSE), reaching **R$ 41.9 million** in 1H14
- Increase of **38.0%** in the **number of trades** (BM&FBOVESPA), reaching a daily average of **5,819** in 1H14
- **CPFL Paulista** was chosen as the country's best company in energy sector by **EXAME magazine's Largest and Best Companies**

2Q14 Energy sales

Sales in the concession area | GWh



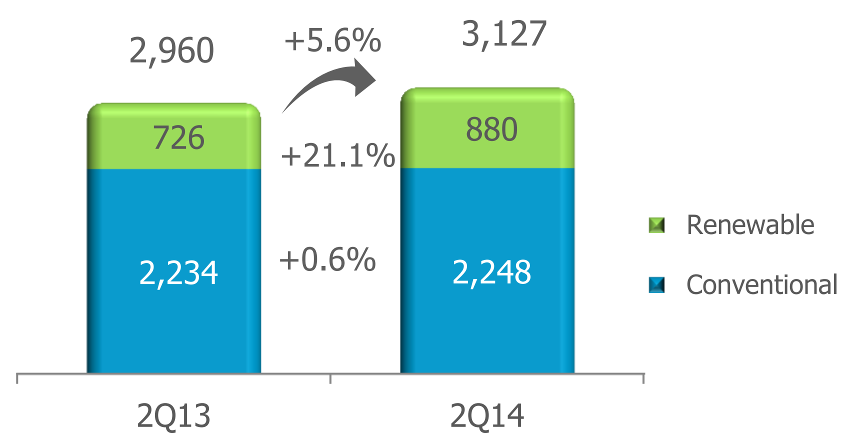
Sales by consumption segment | GWh



Sales growth in the concession area | Comparison by region | %

Brazil	1.3	0.9
Southeast	-0.3	0.5
South	4.4	3.3

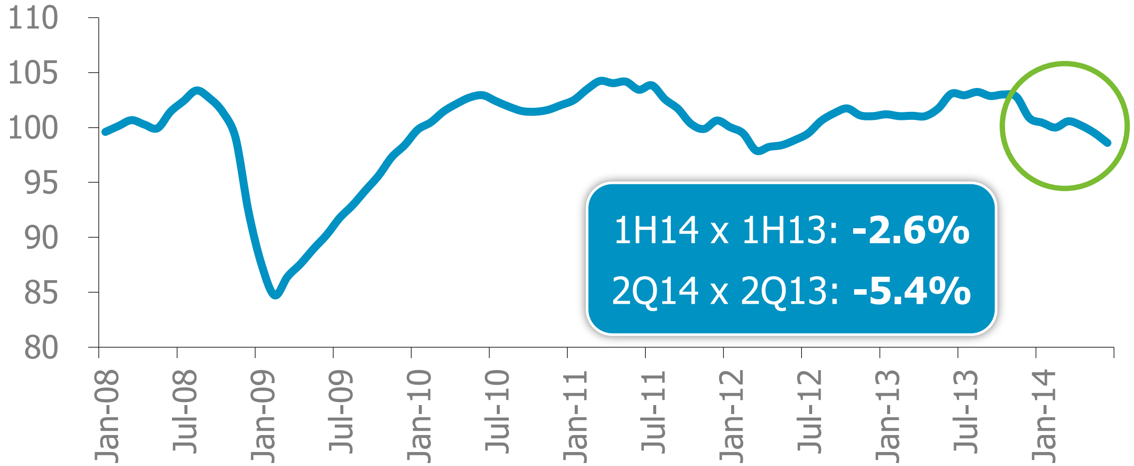
Generation Installed Capacity | MW



1) Adjusted by billing days and migration to the free market.

Industrial sector performance

Industrial production in Brazil[1] | 2012=100



- Industry employment[2]: **-28 thousand jobs in 2014**
- Industry confidence[3]: **-19.9% over 2011** (84.4 points)
- Vehicle production[4]: **-16.8%** until June-14

Bottlenecks – Competitiveness determinants[5]

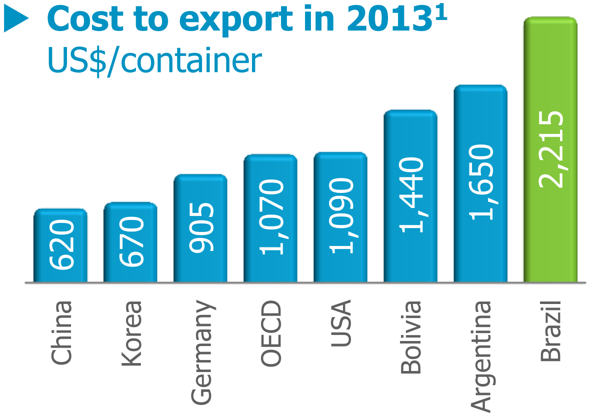
	Brazil	USA	Mexico
Appreciation of local currency vs dollar (2004-2014)	20%	-	-11%
Wage growth (2004-2014)	100%	27%	67%
Increase in labor productivity (2004-2014)	3%	19%	53%
Increase in electricity costs (2004-2014)	90%	30%	55%
Increase in gas prices (2004-2014)	60%	-25%	-37%
Bureaucracy (Ranking Doing Business 2014)	116th	4th	53rd
Nominal interest rate (3 months-2014)	10.90	0.23	3.80
Tax burden (2011)	35.3	24.0	19.7

1) IBGE. 3-month moving average, seasonally adjusted 2) CAGED/MTE 3) FGV 4) ANFAVEA 5) CNI

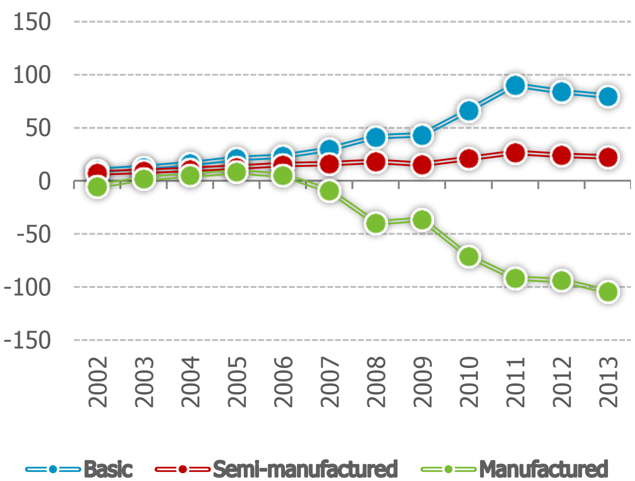
Structural problems in industry and long-term perspectives

Bottlenecks

Cost to export in 2013[1]
US$/container



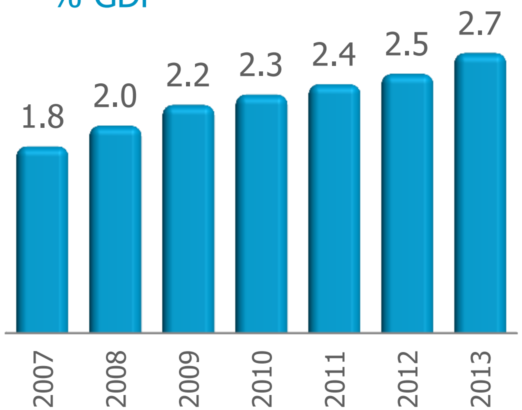
Trade balance by aggregate factor[2] | US$ billion



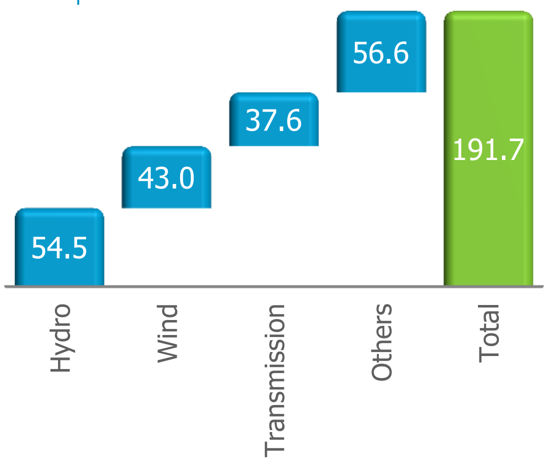
Measures to increase efficiency, productivity and competitiveness

1. Infrastructure **concessions** and **PPPs** (public-private partnership)
2. **Exemption** from payroll taxes (~60 sectors)
3. Programs to **stimulate education** (Fies, Prouni and Pronatec) and **innovation** (Inova Empresa)
4. **New Ports Law** (2012)

Investments in infrastructure[3]
% GDP



Investments in electric energy 2014-17[4]
R$ billion



(1) World Bank (2) Secex/MDIC. Excluding special operations. (3) ABDIB (4) BNDES

2014 World Cup

1 million new jobs, 710 thousand permanent jobs[2]

4 million tourists
1 million foreigners, (95% want to come back)[1]

17.8 million passengers in airports (+13%)
4.1 million only in Guarulhos-SP[3]

3.6 billion viewers

Negative impacts over economic activity
(Jun-14 x May-14)

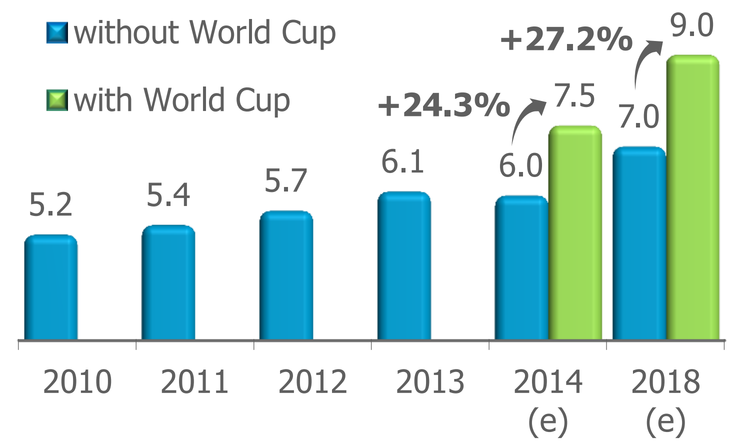
Retail sales:
- Serasa: **-3.2%**
- IBGE: **-0.7%**

Industry:
- IBGE: **-1.4%**
- ANFAVEA: -**19.9%**

Estimates

- Injection of **R$ 26 billion** in resources[4]
  - **R$ 8.6 billion** in urban mobility
  - **R$ 6.8 bi** in airports – Increase capacity to 67 million passengers/year (+52%)
- **R$ 142 bi** in direct, indirect and inducted effects in the period 2010-14[5]
- **Benefited sectors**: construction, foods and beverages, tourism, services
- Impact of ~**1% in GDP** (based on host countries of previous World Cups from 1990 to 2010)[6]

Foreign tourists arrivals[5]
(in million)



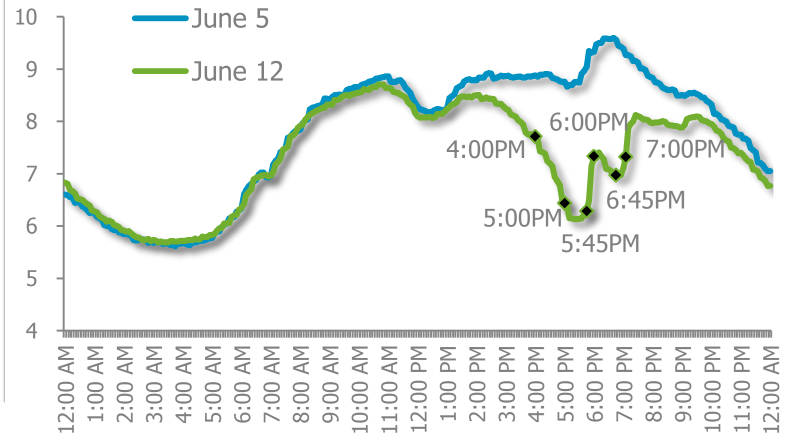
1) Federal Government. 2) Tourism Ministry. 3) Secretariat of Civil Aviation (SAC). 4) World Cup Responsibilities Matrix. 5) Ernst&Young/FGV. 6) LCA Consultores.

CPFL in 2014 World Cup

World Cup Monitoring Center

- **24 hour** team
- **45 key points** (SEs and TTs)
- **7** cities in the concession area hosted teams
- **R$ 2 million** in investments
- **Duty** of field teams

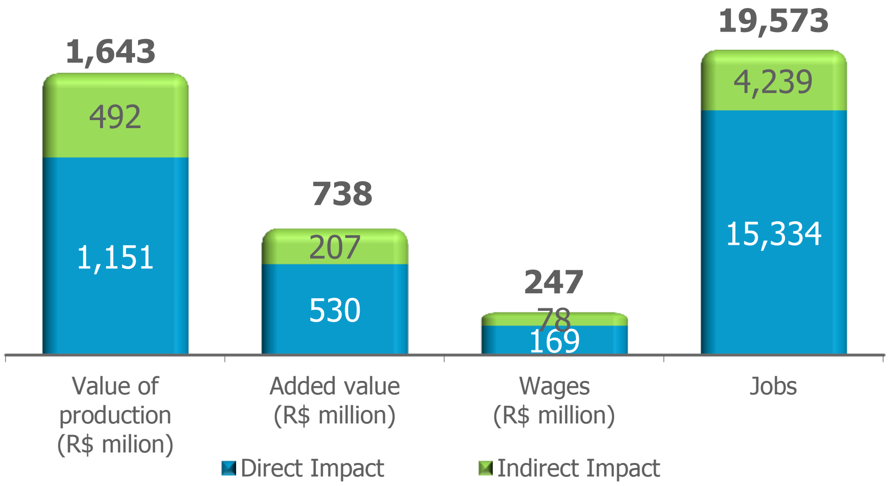
CPFL Energia load performance - MW | 06/12/14 - Brazil X Croatia



Expansion of Viracopos Airport

- Investment: **R$ 2.1 bi[1]** (new passengers terminal)
- Capacity: **22 million** passengers/year

Economic benefits of the expansion | CPFL Energia estimates[2]



1) Investment for the 1st cycle. In total R$ 9.5 billion will be invested in 5 cycles (the next is planned for 2018, 2024, 2033 and 2038). The airport will be ready to receive 80 million passengers/year. 2) Results based on a R&D study conducted by CPFL Energia in partnership with Fipe-USP. Considers only the economic benefits of the 1st cycle.

2Q14 Results

	Net Revenue[1]		EBITDA		Net Income	
IFRS	10.1% R$ 338 million		49.7% R$ 256 million		R$ 279 million	
	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14
	R$ 3,339 million	R$ 3,677 million	R$ 516 million	R$ 772 million	R$ - 134 million	R$ 145 million
Proportionate consolidation for Generation[2] + Regulatory Assets & Liabilities - Non-recurring items	10,9% R$ 357 million		2.0% R$ 18 million		7.5% R$ 18 million	
	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14
	R$ 3,283 million	R$ 3,641 million	R$ 885 million	R$ 903 million	R$ 237 million	R$ 255 million

	EBITDA		Net Income	
	2Q13	2Q14	2Q13	2Q14
Proportionate Consolidation of Generation(A)	**32**	**22**	**14**	**18**
Regulatory Assets & Liabilities (B)	**26**	**38**	**19**	**37**
Exposure to MRE/Energy purchase (CPFL Geração and CPFL Renováveis)	14	59	13	46
Reallocation of costs with basic network losses – Distribution segment		12		8
Financial update of discos' assets			86	
Legal and judicial expenses and other contingencies	277		224	
ESS provision (Conventional Generation and CPFL Renováveis)	11		9	
Write-down of Epasa`s assets	9		6	
Non-recurring items (C)	**311**	**71**	**338**	**54**
Total (A+B+C)	**369**	**131**	**371**	**110**

1) Excluding construction revenues. 2) Take into account all the generation projects.

Resources from CDE/ACR Account in 2014

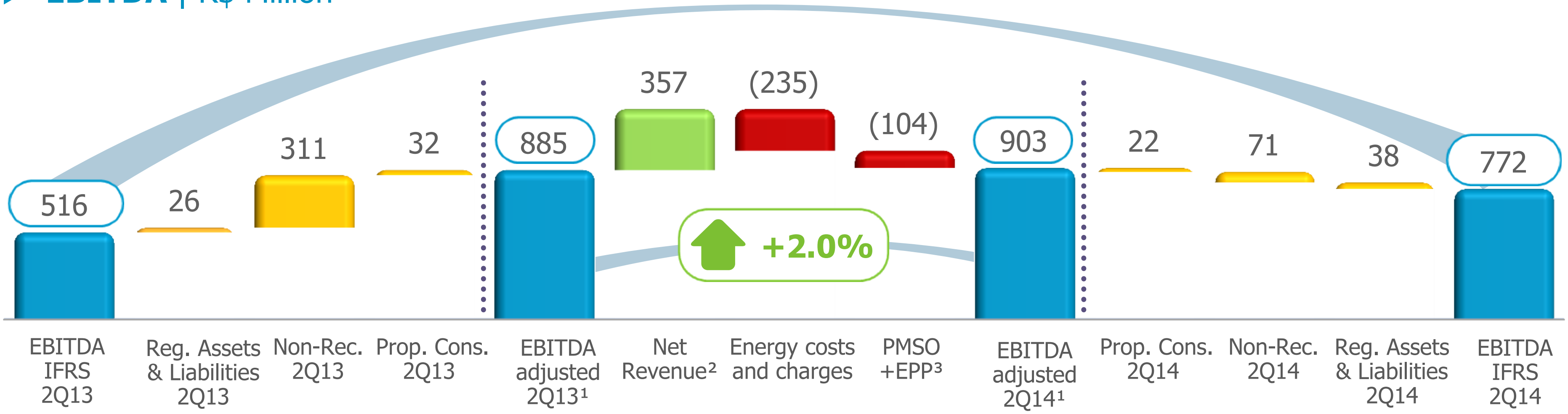
CDE coverage through monthly disbursements (Treasury resources and Decree 8,221/14 – ACR Account)		
Involuntary exposure	Insufficient allocation of PM 579 quotas and partial frustration in A-1 2013 auction exposed Discos to PLD	✓ January[1]: **R$ 167 million** ✓ February[2]: **R$ 560 million** ✓ March[3]: **R$ 382 million** ✓ April[4]: **R$ 264 million** e May: **R$ 97 million** e June: **R$ 61 million** **Subtotal: R$ 1,534 million**
Thermal dispatch	Unfavorable hydrology and high PLD led to thermal dispatch by merit order in 2014, without the proper tariff coverage	January: **Not covered** ✓ February[2]: **R$ 115 million** ✓ March[3]:**R$ 159 million** ✓ April[4]: **R$ 65 million** e May: **R$ 73 million** e June: **R$ 29 million** **Subtotal: R$ 441 million**

Total: R$ 1,975 million

1) Aneel Dispatch 515/14. 2) Aneel Dispatch 1,256/14. 3) Aneel Dispatch 1,443/14. 4) Aneel Dispatch 1,696/14.

2Q14 Results - Adjusted

EBITDA | R$ Million



- **10.9% increase in Net Revenues[2] (R$ 357 million)**
  - Distribution (+ R$ 262 million): tariff effect (+R$ 202 million) and market/mix (+R$ 60 million)
  - Conventional Generation (R$ 138 million), CPFL Renováveis (R$ 24 million)
  - Commercialization and Services (R$ 68 million)
- **12.5% increase in Energy Costs and Charges (R$ 235 million)**
  - Distribution (R$ 285 million), Conventional Generation (R$ 32 million) and CPFL Renováveis (R$ 17 million)
  - Commercialization and Services (R$ 99 million)
- **22.4% increase in Operating Costs and Expenses (R$ 113 million)**
  - Acquisition of fuel oil due to the thermal dispatch of Epasa (R$ 73 million)
  - Increase in Personnel Expenses (R$ 25 million)
  - PMSO related to Services Segment (R$ 13 million)
- **Private Pension Fund (R$ 8 million)**

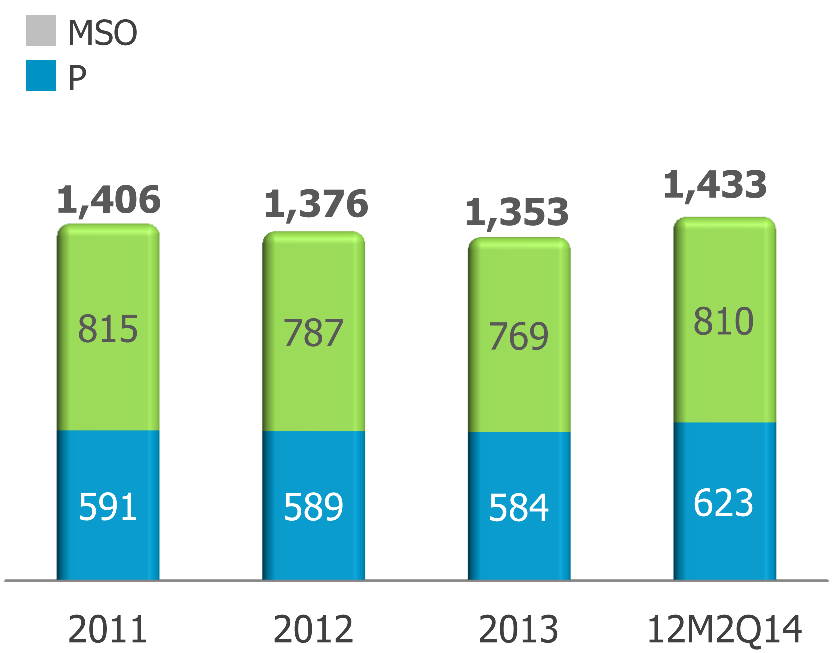
Δ ACR 2014/ CDE 2013 resources: R$ 742 million

	2Q13	2Q14
PLD (R$/MWh)[4]	249.53	680.82
R$/US$	2.07	2.23

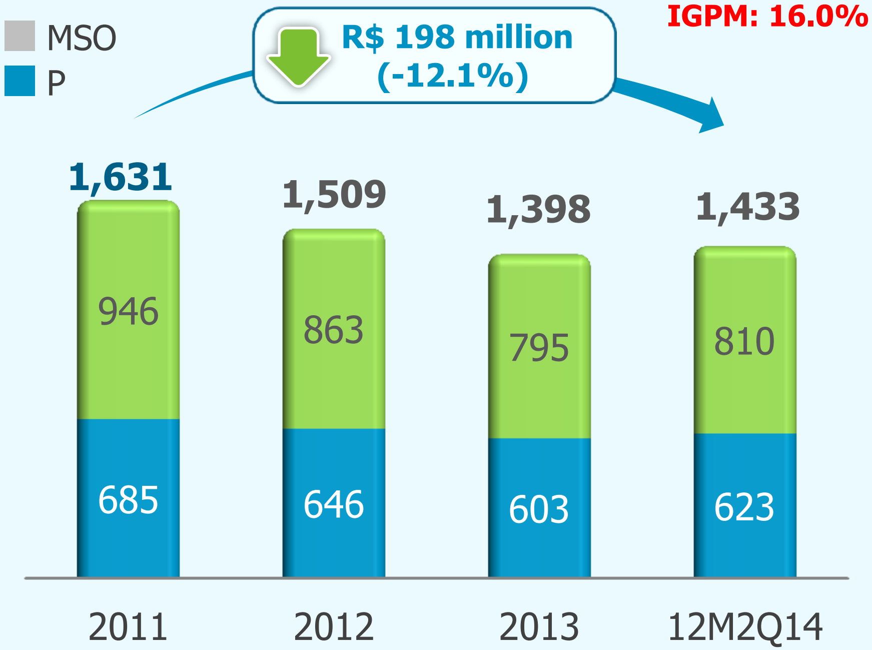
1) Take into account proportionate consolidation of projects; 2) Disregard construction revenues; 3) Personnel, material, third-party services and others + Private Pension Fund ; 4) average PLD SE/CW.

Manageable expenses | Real Adjusted PMSO 2014 x 2011

Nominal Adjusted PMSO | R$ Million



Real Adjusted PMSO[1] | R$ Million



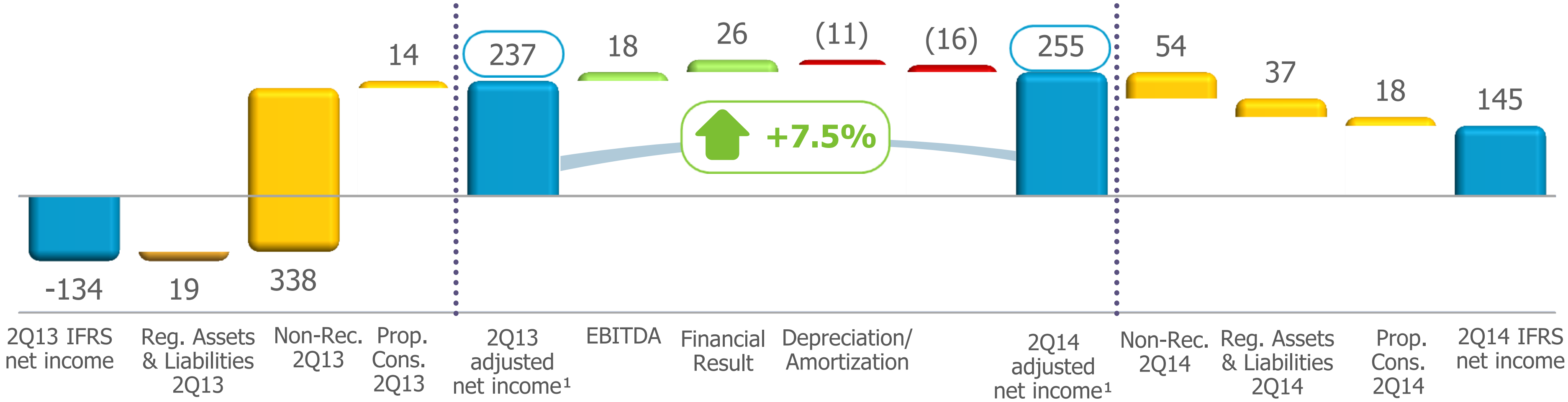
12.1% decrease in PMSO (R$ 198 million), in real terms

- **9.1%** decrease in Personnel **(R$ 62 million)**
- **14.3%** decrease in MSO **(R$ 135 million)**

1)June/14. Variation of IGP-M in the period 2014 x 2011= 16.0%; 2014x2012 = 9.7% and 2014 x 2013 = 3.4%. PMSO disregarding Private Pension Fund

2Q14 Results - Adjusted

Net Income | R$ Million



- **2.0% decrease in EBITDA (R$ 18 million)**
  - R$ 885 million in 2Q13 to R$ 903 million in 2Q14
- **R$ 26 million decrease in Negative Net Financial Result**
  - Net increase in monetary and exchange adjustments (R$ 37 million)
  - Others (UBP, etc) (R$ 9 million)
  - Net increase of debt charges (R$ 20 million)
- **4.1% increase in Depreciation and Amortization (R$ 11 million)**
- **Income Tax and Social Contribution (R$ 16 million)**

	2Q13	2Q14
CDI	7.3% p.a.	10.4% p.a.
R$/US$	2.07	2.23

1) Take into account consolidation of projects

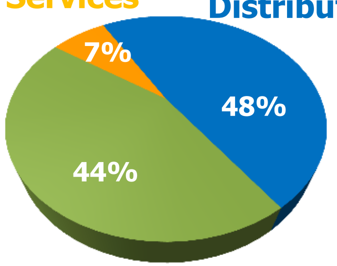
1H14 results by segment | adjusted figures[1]

CPFL Energia	Distribution	Conventional Generation and Renewables	Commercialization and Services
Net Revenue			
R$ 7,468 million + **9.6%**	R$ 5,754 million + **8.7%**	R$ 1,489 million + **35.8%**	R$ 1,081 million − **2.0%**
EBITDA			
R$ 1,988 million[2] + **1.2%**	R$ 982 million − **17.5%**	R$ 896 million + **16.5%**	R$ 147 million + **776.3%**
Net Income			
R$ 650 million[3] − **2.4%**	R$ 439 million − **24.0%**	R$ 205 million + **15.2%**	R$ 98 million + **633.6%**

Highlights

CPFL Energia

EBITDA Breakdown



Distribution

- (+) Increase of **3.0%** in sales in the **concession area** - residential (+7.9%), commercial (+8.2%) e industrial (-3.1%)
- (−) **Tariff Review** in CPFL Paulista e RGE

Conventional Generation and Renewables

- (+) **Seasonality Strategy**
- (+) **6 new projects** of CPFL Renováveis (Coopcana e Alvorada biomass thermal plants, and Campo dos Ventos II, Rosa dos Ventos, Atlântica and Macacos I wind farms)

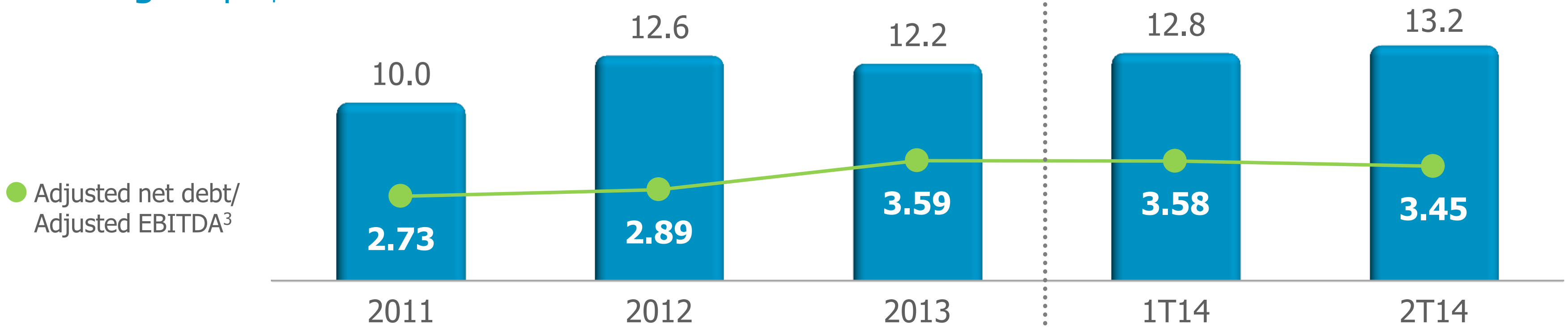
Commercialization and Services

- (+) Expansion of **CPFL Serviços**
- (+) Increase of the energy **Commercialization** margin

1) Take into account proportional consolidation of generation assets (+) Regulatory assets and liabilities (-) Non-recurring assets (-) Construction revenue/cost. Disregard intercompany transactions. 2) Regarding Holding Ebtida. 3) Includes holding result and amortization of merged goodwill

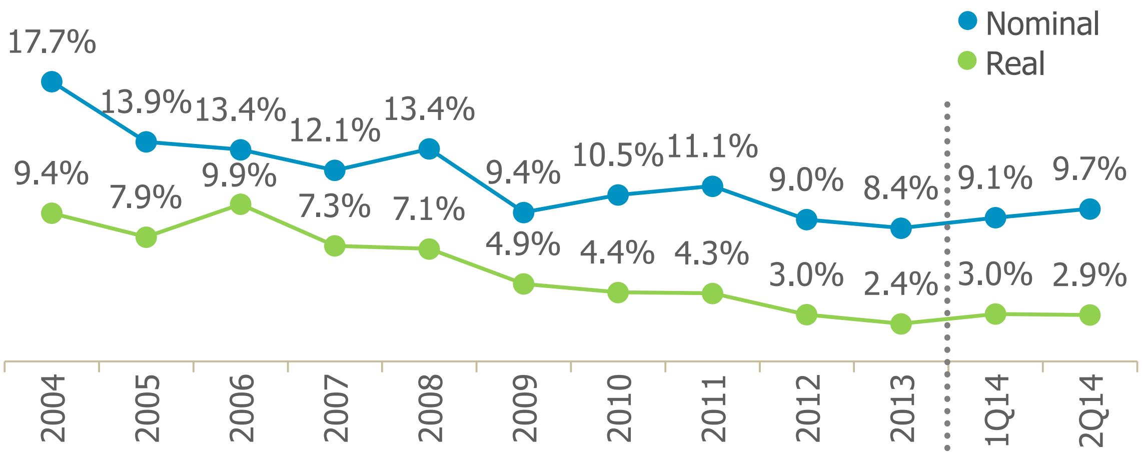
Indebtedness | Control of financial covenants

Leverage[1,2] | R$ billion

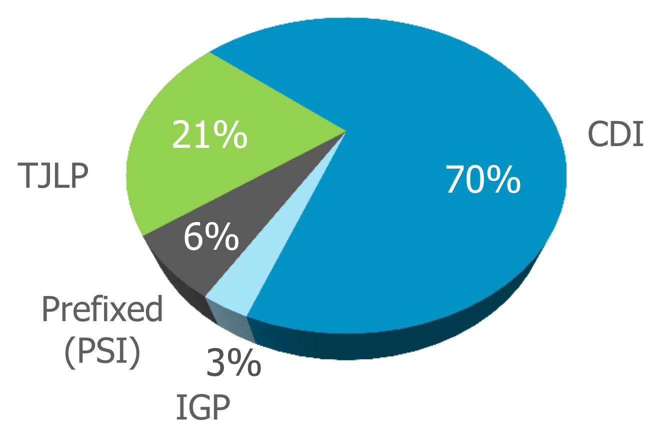


	2011	2012	2013	1T14	2T14
Adjusted EBITDA[3] R$ million	3,665	4,377	3,399	3,570	3,828

Gross debt cost[4,5] | LTM



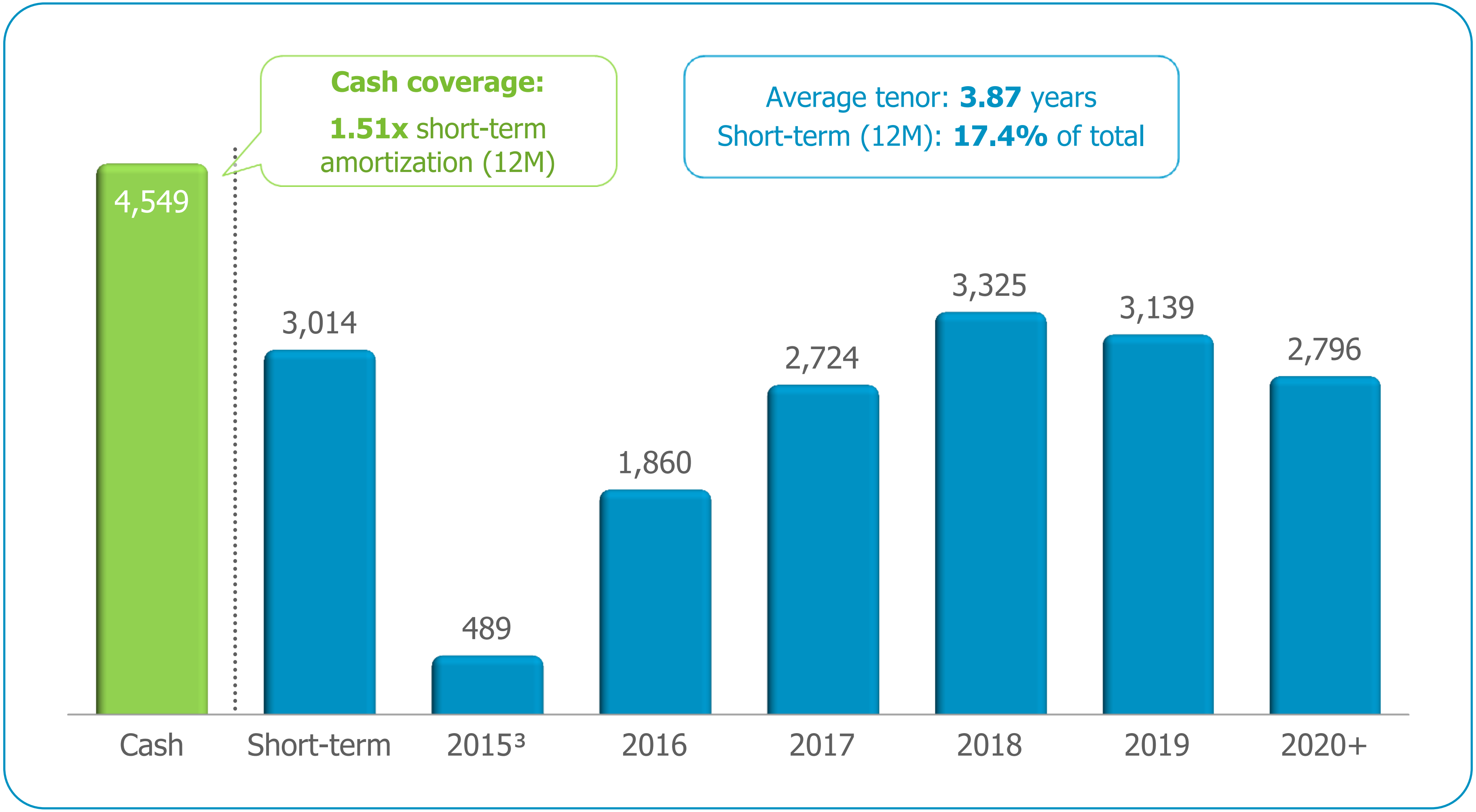
Gross debt breakdown[1,5]



1) Financial covenants criteria; 2) Pending validation of external auditors; 3) LTM recurring EBITDA; 4) IFRS criteria; 5) Financial debt (+) private pension fund (-) hedge.

Debt profile | June 30, 2014

Debt amortization schedule[1,2] | Jun-14 | R$ million



1) Considers Debt Principal; 2) Covenants Criteria; 3) Amortization from July/2015.

Macacos I

Wind Farms

Location	João Câmara - Rio Grande do Norte
Plants	Costa Branca, Juremas, Macacos and Pedra Preta
Commercial start-up	May-14
Installed Capacity	78.2 MW
Assured Energy	37.5 MWaverage
PPA	LFA AGO/10 – R$ 161.50 MWh[2] – until 2033
Annual Estimated Revenues[1]	R$ 52.6 MM

(1) Based in contractual obligations. (2) Price (R$/MWh) constant value of December/13

Generation | Power plants under construction

Commercial Start-up
2016-2018(e)

282
MW

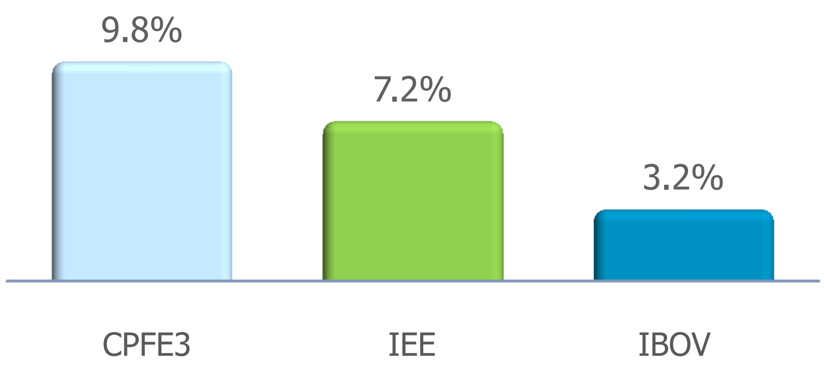
147
MWaverage

	Campo dos Ventos Wind Farms[1,4] and São Benedito Wind Farms[2,4]	Pedra Cheirosa Wind Farms[3]
Commercial Start-up	2016[4]	2018[5]
Installed Capacity	231.0 MW	51.3 MW
Assured Energy[7]	120.9 MWaverage	26.1 MWaverage
PPA	Free market 20 years	A-5 Auction R$ 125.04 MWh[6] until 2037
Status	Contract to supply wind turbines signed; executive projects in progress	Negotiation of wind turbines supply in progress

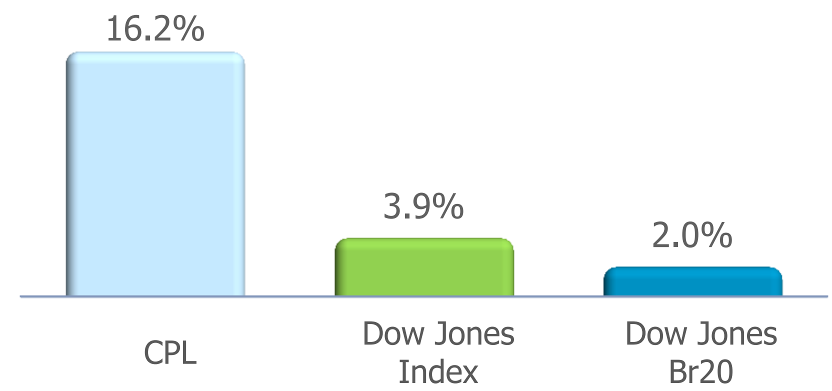
1) Campo dos Ventos I, III, V; 2) Ventos de São Benedito, Ventos de Santo Dimas, Santa Mônica, Santa Úrsula São Domingos and Ventos de São Martinho; 3) Pedra Cheirosa I and II; 4) Gradual commercial start-up from 2Q16; 5) Gradual commercial start-up from 1H18; 6) Constant Currency (Dec-14); 7) Assured Energy calculated in the P90.

Stock Market Performance

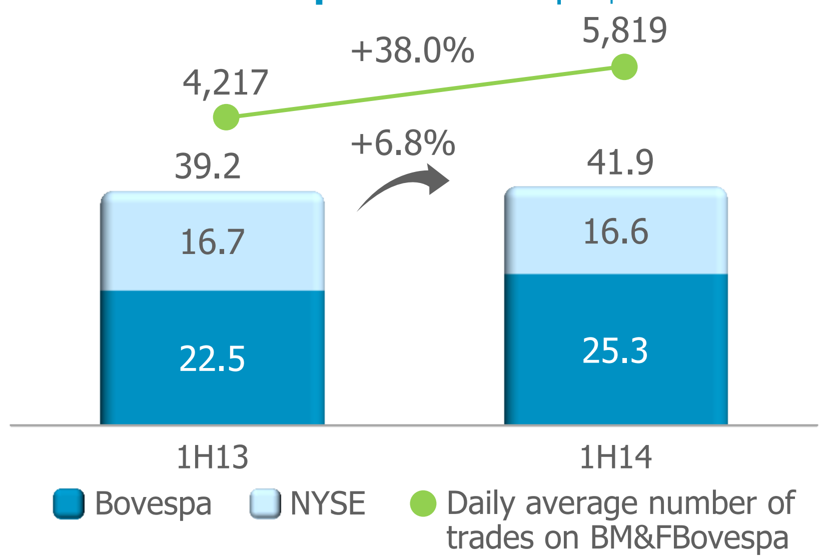
Shares performance on BM&FBovespa | 1H14[1,2]



Shares performance on NYSE | 1H14[1,2]



Daily average trading volume on BM&FBovespa + NYSE [2] | R$ million



CPFL Energia is present in the main indexes

IBOVESPA
IBRX
IEE
ISE
DOW JONES BRAZIL TITANS 20 ADR
MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM
Emerging markets
MSCI Indexes
IGC
IGCT
ITAG
CPFE3 NOVO MERCADO BOVESPA BRASIL
CPL LISTED NYSE

Source: Economatica; 1) Share prices adjusted by dividends; 2) Until 06/30/14.

Company's Excellence and High Quality Recognized and Awarded

▶ 2014 Best and Largest Companies Awards - Exame

CPFL Paulista was the winner of Exame Magazine's Best and Largest Companies Awards, from Abril Group, in the Energy sector. The company overcame gencos, discos, transcos and other players in the electric sector throughout Brazil.

cpfl paulista

▶ 2014 ABRADEE Award

Best Brazil's Energy Operational Management

- **CPFL Leste Paulista** - distributors with 500 thousand clients or less
- **CPFL Piratininga** and **CPFL Paulista** - distributors with more than 500 thousand clients

Best Energy Company in the South Region

- **RGE**

Best Economic and Financial Management

- **CPFL Paulista**