

2Q10 Results



CPFL
ENERGIA

▶ Net Revenue

Reported

2Q10

R\$ 2,640 million

Recurring

2Q10

R\$ 2,613 million

▼ **-0.3%**

▼ **-1.3%**

Reported

2Q09

R\$ 2,648 million

▶ EBITDA

Reported

2Q10

R\$ 793 million

Recurring

2Q10

R\$ 731 million

▲ **+14.8%**

▲ **+4.6%**

Reported

2Q09

R\$ 691 million

Recurring

2Q09

R\$ 699 million

▶ Net Income

Reported

2Q10

R\$ 384 million

Recurring

2Q10

R\$ 337 million

▲ **+33.0%**

▲ **+9.8%**

Reported

2Q09

R\$ 289 million

Recurring

2Q09

R\$ 307 million

- Growth of 10.1% in sales in the concession area
- Annual pure tariff adjustment of 1.55% for CPFL Paulista (Apr/10) and 1.72% for RGE (Jun/10)
- Distribution of R\$ 774 million in half-year dividends (100% from net income). Dividend yield of 8.6% over the past 12 months¹
- Funding of R\$ 500 million through a rural credit line, at an average cost of 98.5% of the CDI
- Continuation of the process of private networks' incorporation, reaching R\$ 6 million in 2Q10 and R\$ 13 million in 1H10
- 11.5% increase in the value of shares on the Bovespa, surpassing Ibovespa (-13.4%) and the IEE (-0.6%) in 2Q10
- CPFL Energia elected the most sustainable electric power company in Latin America in 2010 by Management & Excellence
- CPFL Energia was considered the electric power company with the lowest carbon intensity in the world in conventional generation of power, according to a survey by TRUCOST in 2009
- CPFL Brasil was recognized by the Exame Melhores e Maiores Magazine as the best power company in Brazil with respect to its economic/financial performance in 2009

2Q10 Results- Results without non-recurring effects

▶ Net Revenue



▶ EBITDA



▶ Net Income



Non-recurring effects

2Q10

Recalculations related to RGE's 2009 IRT

- + 23 EBITDA
- + 19 Net Income

Provision in the process for PIS/COFINS for CPFL Paulista and CPFL Piratininga

- + 40 EBITDA
- + 29 Net Income

Total EBITDA = + R\$ 63 million
Total Net Income = + R\$ 48 million

2Q09

Allocation of expenses regarding previous periods in CPFL Serviços

- 8 EBITDA
- 5 Net Income

ANEEL fine related to the RGE's DEC and FEC indicators

- 12 Net Income

Total EBITDA = - R\$ 8 million
Total Net Income = - R\$ 18 million

▶ Concession area sales (GWh)



▶ Total energy sales (GWh)



▶ Concession area sales (GWh) Consumer class



▶ Concession area sales evolution (GWh)



▶ Consumption per residential consumer¹ - CPFL Energia (KWh/day)



Consumption

Income - (12 month comparison)

Employment – CAGED

▲ 2,169 (thousand) formal job positions²

Income mass³

▲ 3.8% (from R\$ 30 billion to R\$ 31 billion)

Credit - (12 month comparison)

Credit supply⁴

▲ 11.5% (from R\$ 28 billion to R\$ 31 billion)

Average financing maturity⁵

▲ From 29 to 37 months

Sales - (12 month comparison)

Furniture and Home Appliances⁶

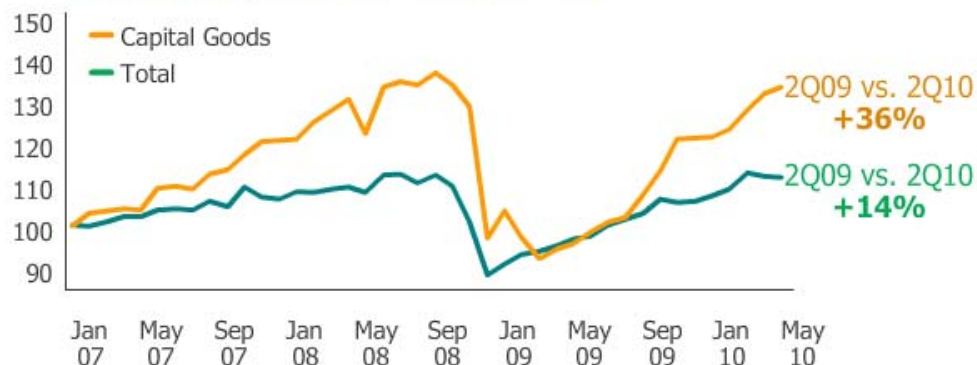
▲ 11.3% Even after the ending of the IPI incentive, sales remained at high levels

Evolution forecast of Credit /GDP⁷

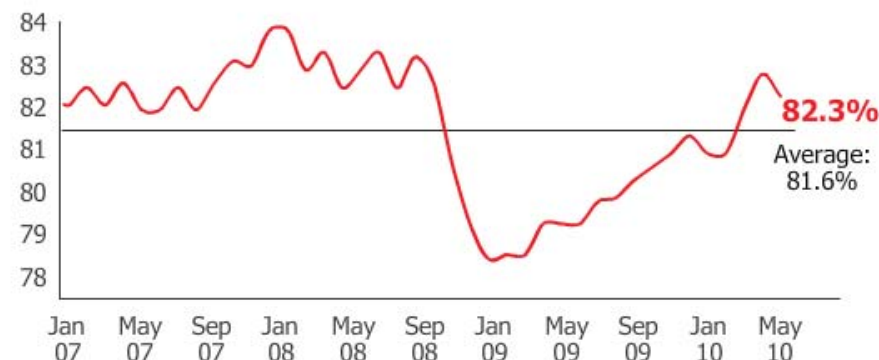


► Industrial production¹

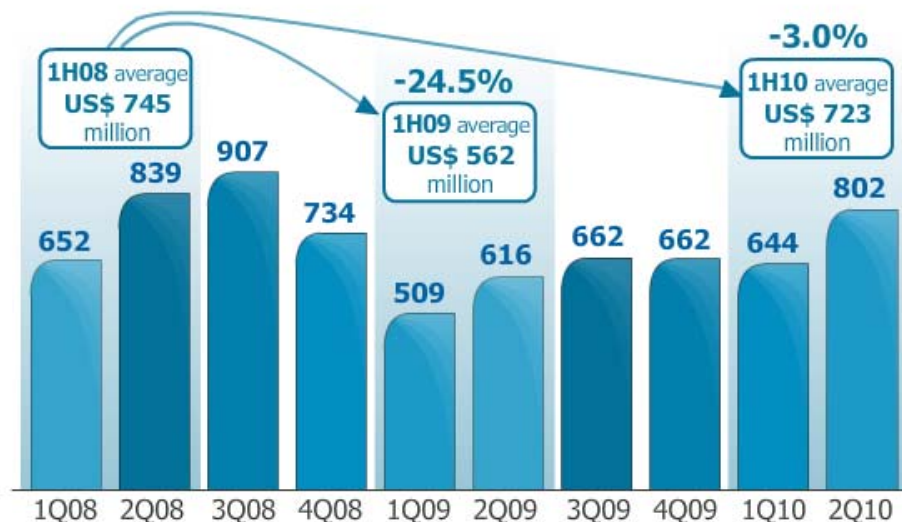
(Seasonally adjusted) base Dec, 06 = 100



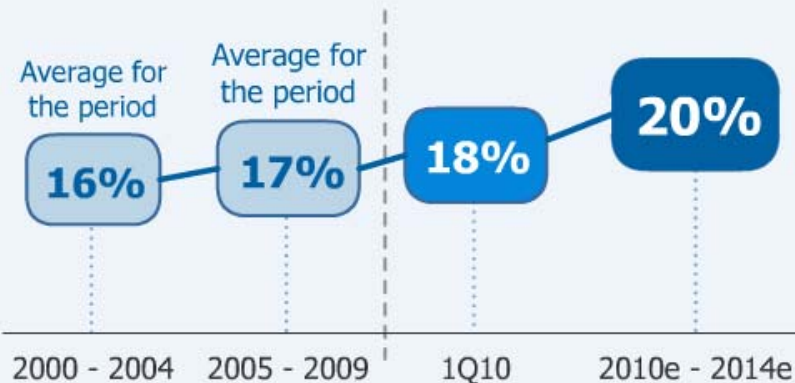
► Capacity utilization²



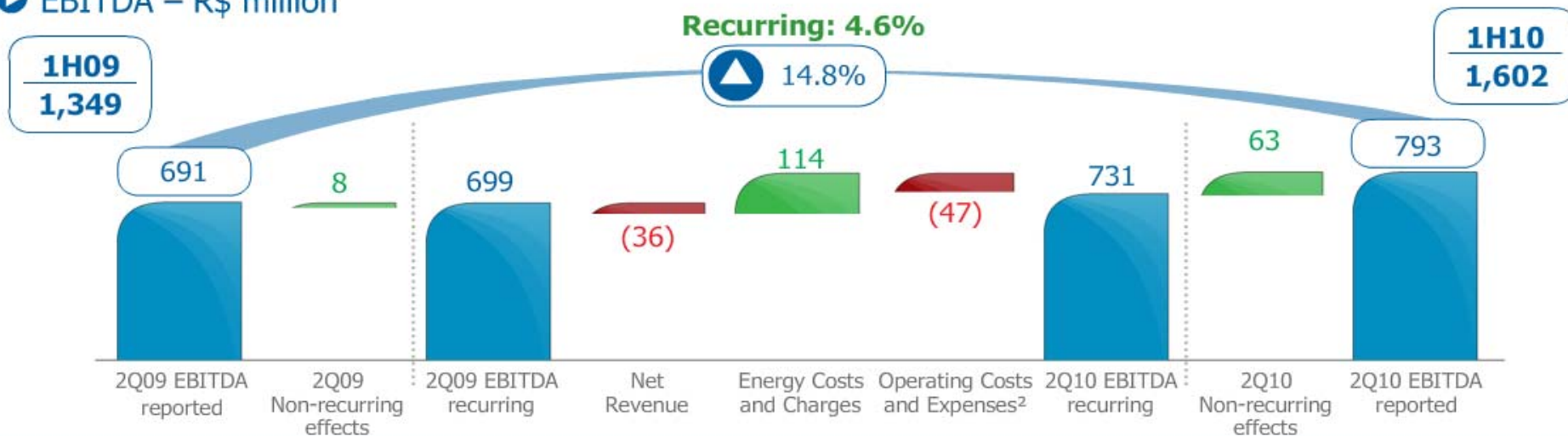
► Exports³ - (average daily in US\$ million)



► Rate of productive investment/GDP⁴



EBITDA – R\$ million



- ⊖ Decrease of 1.3% in Net Revenues (R\$ 36 million)
 - ⊕ Increase of 10.1 % in concession area sales (captive: R\$ 91 million and TUSD – free costumer: R\$ 65 million)
 - ⊖ Decrease of 5.0% in free market sales (R\$ 60 million)
 - ⊖ Tariff adjustments, with a reduction of financial components and Parcel A items (average costumer perception³: -4.1%)
- ⊕ Decrease of 7.0% in the Energy Costs and Charges (R\$ 114 million)
 - ⊕ Reduction in cost of Itaipu energy (R\$ 15 million)⁴
 - ⊕ Decrease in charges, mainly due to lower ESS's amortization (R\$ 75 million)⁴
- ⊖ Increase of 15.2% in Operating Costs and Expenses² (R\$ 47 milhões)
 - ⊖ Payroll expenses - collective bargaining agreement for 2009 and others (R\$ 7 million)
 - ⊖ Royalties due to the increase of energy generated in the period (R\$ 4 million)
 - ⊖ Maintenance of assets and licensing and use of software (R\$ 6 million)
 - ⊖ Legal and judicial expenses and the loss with assets disposal (R\$ 6 million)

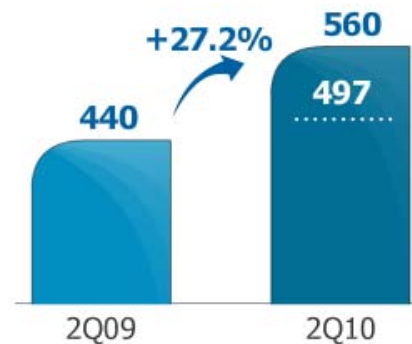
Net Income – R\$ million



- ⊕ Increase of 4.6% of EBITDA (R\$ 32 million)
- ⊖ Decrease of 11.6% in Financial Income (R\$ 9 million)²
 - ⊕ Increase of 38.0% in Financial Revenues (R\$ 28 million)
 - ⊕ Increase of 93.9% in Revenue from Financial Investments (R\$ 17 million)
 - ⊖ Increase of 24.7% in Financial Expenses (R\$ 37 million)
 - ⊖ Increase of 20.2% in financial charges and monetary correction (R\$ 29 million)
- ⊕ Reduction of 0.6% in Depreciation and Amortization (R\$ 1 million)
- ⊕ Private Pension Fund (R\$ 23 million)
- ⊖ Increase in Income Tax and Social Contribution (R\$ 17 million)

	2Q09	2Q10
Selic	2.4%	2.2%
R\$/US\$	-15.7%	+1.2%
IGPD-I	-0.1%	+2.7%
TJLP	1.53%	1.47%

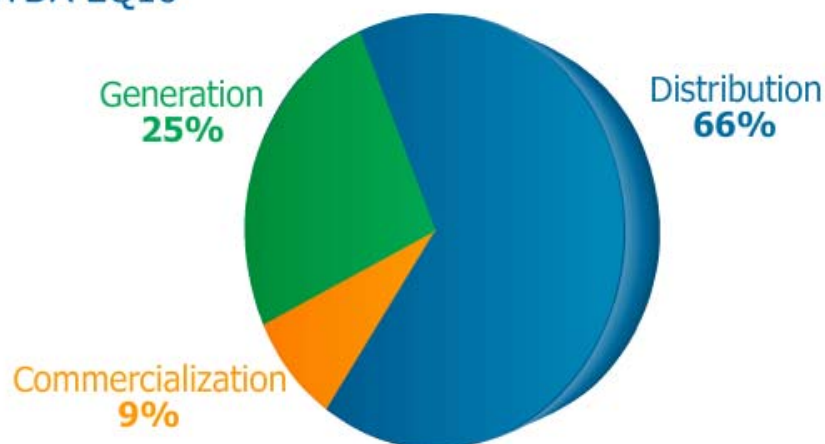
▶ Reported EBITDA – Distribution (R\$ million)



Recurring EBITDA: +12.8%

- ⊕ Increase of 5.4% in captive market sales (R\$ 91 million)
- ⊕ Increase of 27.1% in TUSD volume (R\$ 65 million)
- ⊕ Annual average tariff adjustment of the distribution companies + 1.93% pure
- ⊕ Non-recurring 2Q10:
 - ⊕ Reversal of the PIS/COFINS provision by CPFL Paulista (R\$ 40 million)
 - ⊕ RGE's IRT 2009 recalculations (R\$ 23 million)

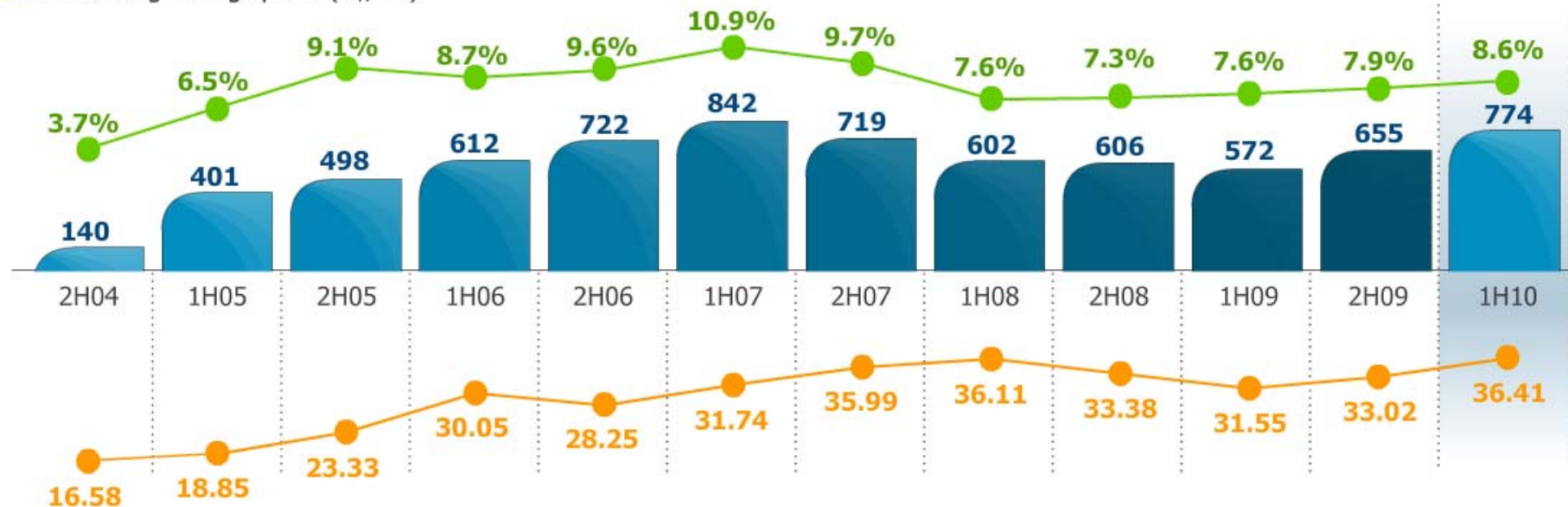
▶ EBITDA 2Q10¹



Consolidated EBITDA margin of 28% and Net margin of 13%¹

▶ Declared dividends and Dividend Yield

- Dividend Yield² (last 12 months)
- Declared dividends¹ (R\$ million)
- CPFL closing average price (R\$/ON)

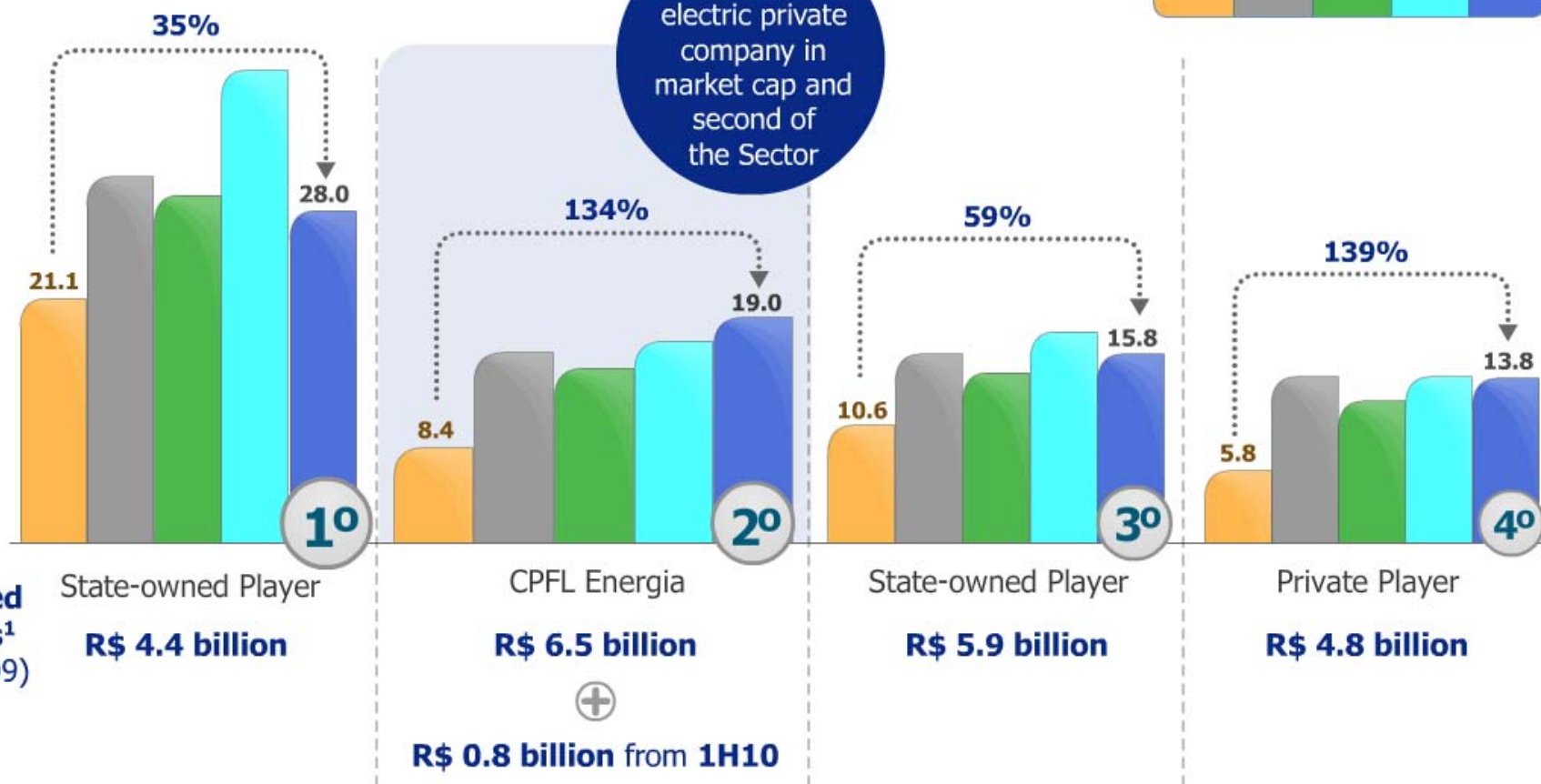
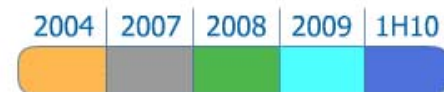


CPFL distributes
100% of the net
income in dividends

R\$ 774 million in 1H10
R\$ 1.61 per share

Accumulated since the IPO
(Sep/04): R\$ **7.1** billion
Dividend Yield: **86.8%**³

▶ CPFL's market cap vs. Three major players of the Brazilian electric sector (R\$ billion)



Distributed dividends already reached approximately 40% of current CPFL's market cap

▶ Delinquency

CPFL Energia¹



São Paulo State²

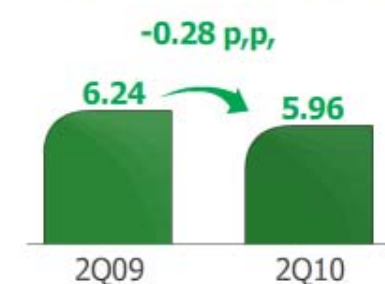


CPFL Energia's delinquency remains stable

▶ DEC and FEC (consolidated)

DEC (in hours)

FEC (number of outages)



Note: DEC and FEC (excluding power outage effect in nov/09)

▶ Commercial losses

Inspected costumers
Legalized costumers

1H10
227 thousands
33 thousands

Recovered revenues 1H10 = R\$ 60 million

Foz do Chapecó HPP: 94% already concluded

Foz do Chapecó HPP: CPFL stake (51%)

- Installed Capacity 436 MW
- Assured Energy 220 avg. MW
- Total Investment R\$ 1,347 million
- Capital Structure ~ 30% Equity and 70% Debt

Start of
construction
Dec, 06

Conclusion of Dam
construction
Apr, 10

94%
concluded
Jun, 10

Commercial
start-up
3Q10

CPFL has already invested: R\$ 1,214 million

CPFL estimated revenue: R\$ 290 million/year

Final step to commercial start-up

- ☐ OL
- ☐ Reservoir filling process begins
- ☐ Final tests

EPASA TPP – CPFL Stake (51%)

- Installed Capacity 174.2 MW
- Total Investment (e) R\$ 310 million
- CPFL has already invested R\$ 242 million
- Location Paraíba
- Capital Structure ~ 35% Equity and 65% Debt

Start of
construction
Oct, 09

72%
concluded
Jun,10

Commercial
start-up
4Q10

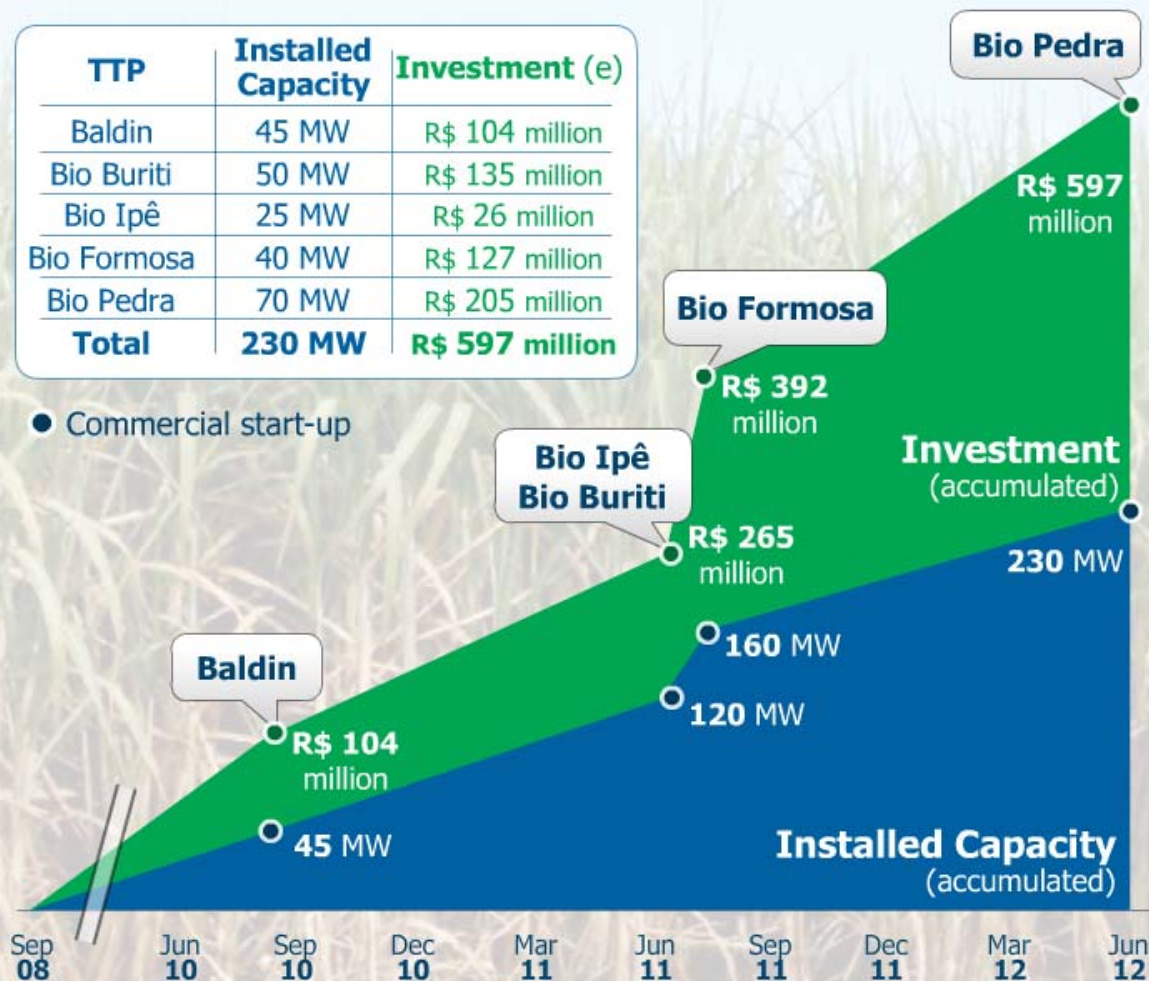
Annual fixed revenue around of R\$ 85 million



Biomass projects already represent investments of about R\$ 600 million

TTP	Installed Capacity	Investment (e)
Baldin	45 MW	R\$ 104 million
Bio Buriti	50 MW	R\$ 135 million
Bio Ipê	25 MW	R\$ 26 million
Bio Formosa	40 MW	R\$ 127 million
Bio Pedra	70 MW	R\$ 205 million
Total	230 MW	R\$ 597 million

- Commercial start-up



CPFL Wind Farms

Santa Clara I, II, III, IV, V, VI and Eurus VI Wind Farms

- Capacity Installed 188 MW
- Commercialized Energy 76 avg. MW
- Total Investment R\$ 768 million
- Location Rio Grande do Norte

Monitoring of Installation

- IL approval Jul, 10
- Financing Approval in progress

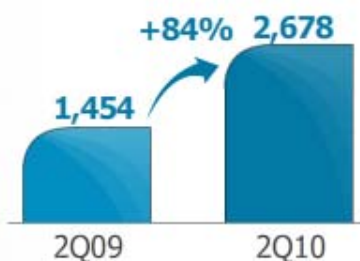
Start of
construction
Aug, 09

Commercial
start-up
Jul, 12

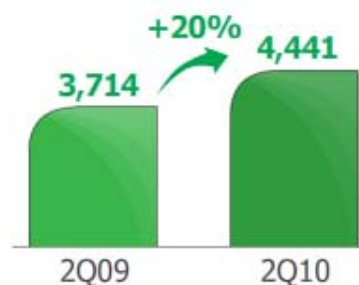
CPFL estimated revenue: R\$ 100 million/year



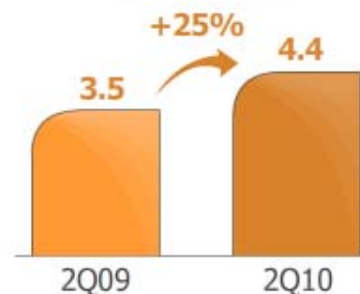
Consumer Service Points¹



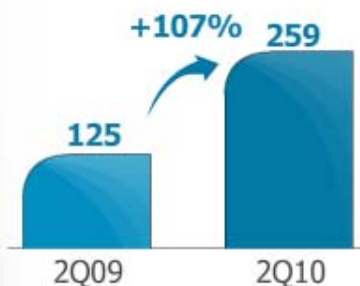
Quantity of Transactions



Gross Revenue (R\$ million)



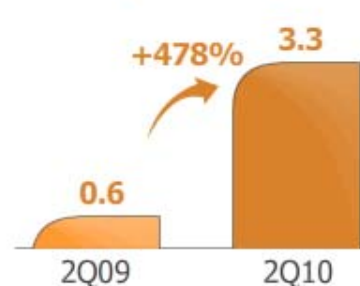
Seat



Call Numbers (thousand)



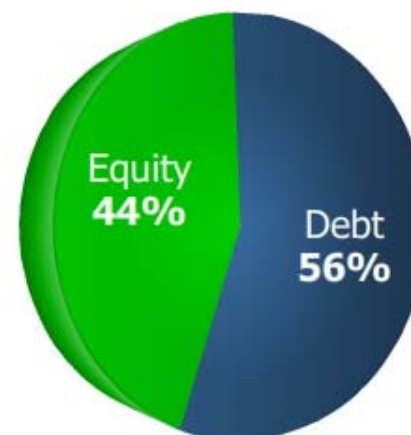
Gross Revenue (R\$ million)



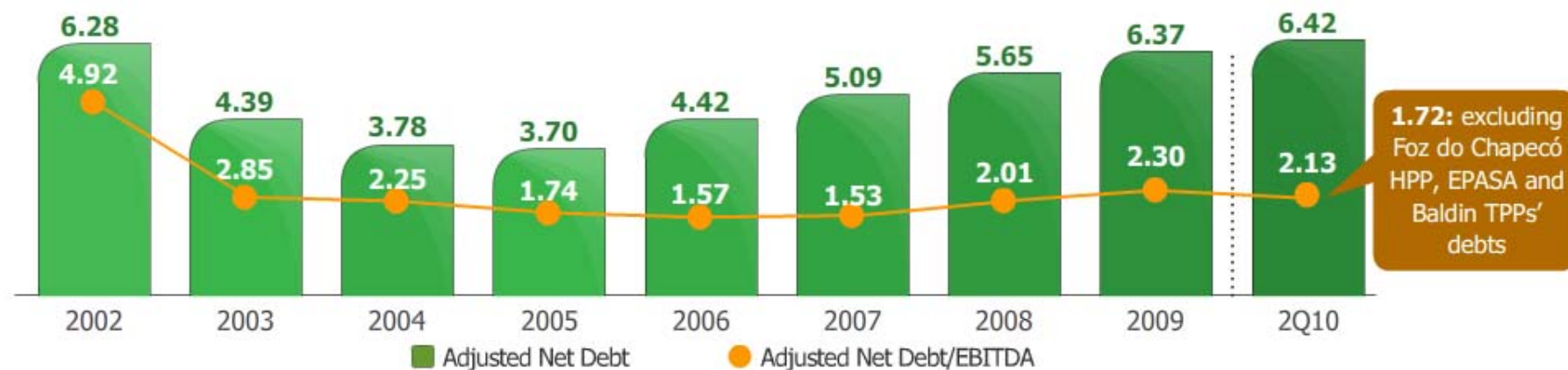
Adjusted Net Debt (R\$ million)



Capital Structure



Adjusted Net Debt/EBITDA³ (R\$ billion)



Funding via rural credit – July/10

 cpfl paulista

 cpfl piratininga

 RGE

 cpfl santa cruz

 cpfl leste paulista

 cpfl jaguari

 cpfl sul paulista

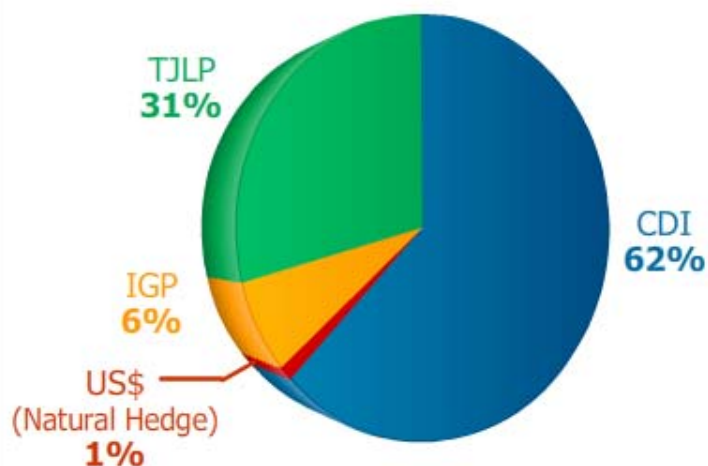
 cpfl mococa

Operation Details

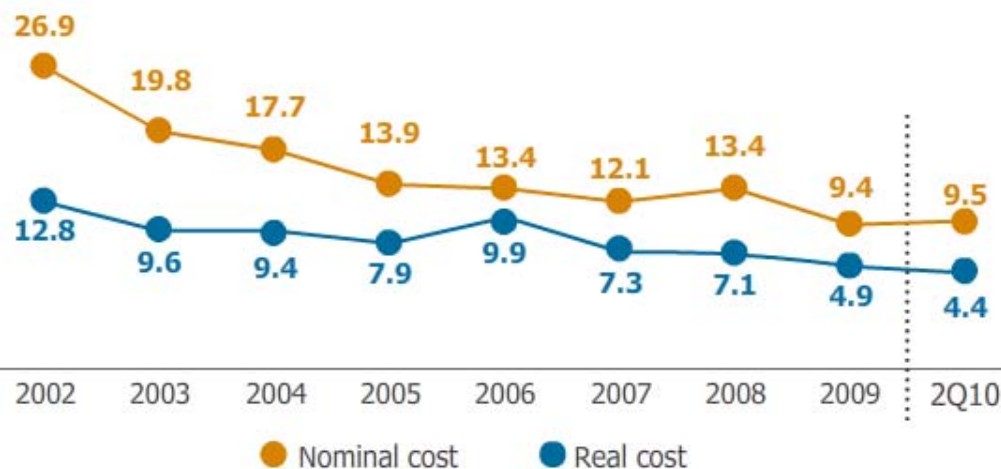
- New financing model
- Maturity: until 5 years
- Remuneration p.y.: 98.5% of CDI
- Destination: debt roll-over and working capital

R\$
500
million

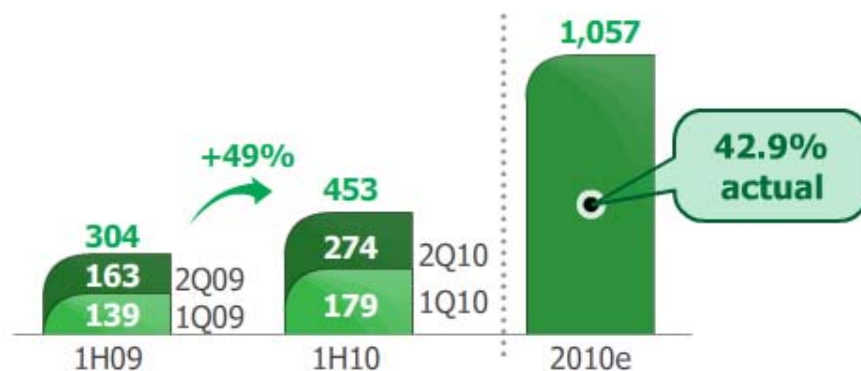
Debt Breakdown



Cost of Debt Evolution¹ - (%)



▶ Actual Capex | Distribution business



- Electric system expansion
- Maintenance and improvements
- Operational infrastructure

▶ Private networks' incorporation CPFL Paulista

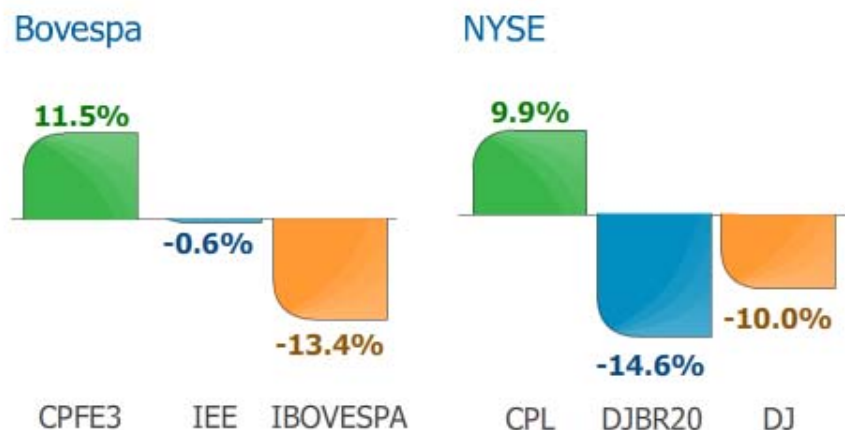


Estimated investment of R\$ 340 million

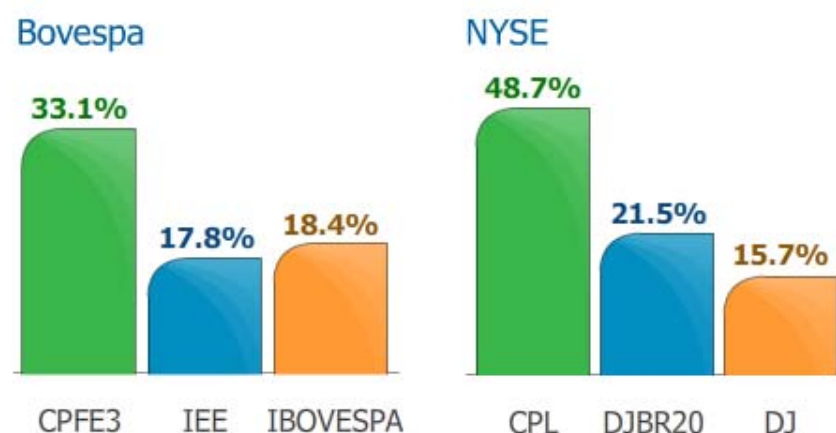
▶ Private networks' incorporation

Company	Estimated Km	Estimated R\$ million	Actual (R\$ million)	Start of incorporation
CPFL Paulista	31,237	340.3	13.1	Jan, 10
RGE	2,366	14.7	0	Aug, 10
CPFL Santa Cruz	1,158	14.4	0	Sep, 10
CPFL Sul Paulista	2,964	18.1	0	Oct, 10
Total	37,725	387.5	13.1	----

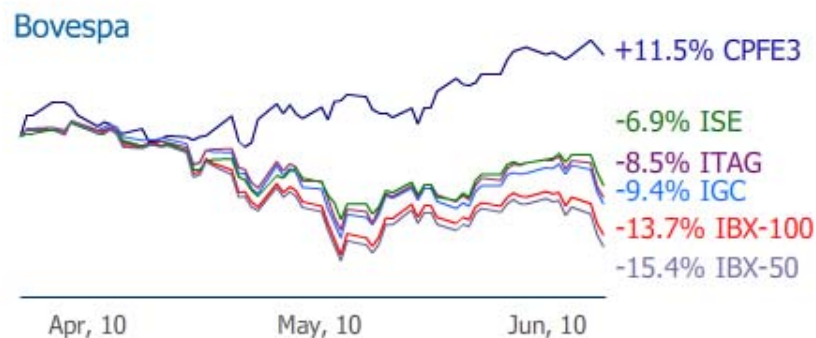
2Q10 shares performance¹



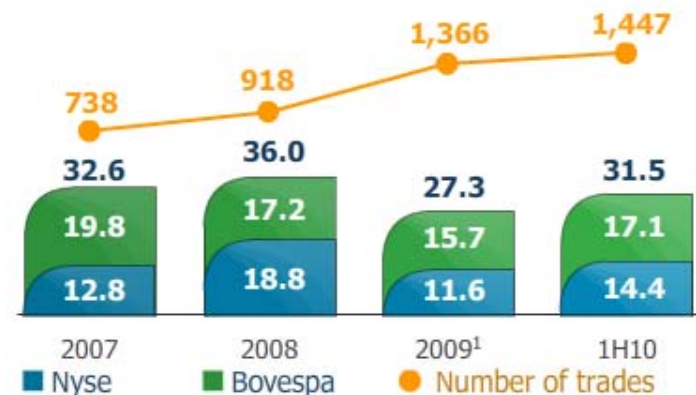
Shares performance¹ - LTM



CPFL's performance¹ vs. main indexes



Daily average volume and number of trades - Bovespa





TRUGOSTTM

POWER UTILITIES

Survey about carbon-intensive energy
of 107 elective companies around
the world in 2009

CPFL Energia was considered the electric power company with the lowest carbon intensity in the world in conventional generation of power in 2009

MANAGEMENT M & EXCELLENCE E

The power of sustainability

LATINFINANCE

1st place

Energy Industry – The Most Sustainable Large Companies in Latin America - May/2010

CPFL Energia was the company with the best results of the sectors studied (Energy, Mining and Oil and Gas)



CPFL Brasil was considered by the Exame Melhores e Maiores Magazine to be the best company in the energy industry in terms of economics-financial performance in 2009 and the second Most Profitable in Brazil in all sectors

- 3,000 companies evaluated
- 20 different industries
- Indicators:
 - Growth in Sales
 - Market Leadership
 - Current Liquidity
 - Profitability of Equity
 - Wealth Created per Employee

2Q10 Results



Investor Relations

Phone.: +55 19 3756 6083

E-mail: ri@cpfl.com.br

Website: www.cpfl.com.br/ir

CPFL
ENERGIA