

Wind farms



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2Q11 Results

Bio Formosa TPP (biomass)

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2Q11 Highlights

- Growth of 2.7% in sales in the concession area (0.2 p.p. more than Brazil: 2.5%)
- Annual economic tariff adjustment of 6.11% for CPFL Paulista in April/11 and 8.58% for RGE in June/11
- Announcement of 2 new biomass projects – by a company controlled by ERSA¹ - the Alvorada (50 MW) and the Coopcana (50 MW) thermoelectric plants with a forecast investment of R\$ 311 million²
- The association with ERSA and the creation of CPFL Renováveis was approved by Aneel, BNDES, CADE and financial institutions and concluded in July/11. GSM for the founding of CPFL Renováveis is expected to be on August
- Distribution of R\$ 748 million in half-year dividends (100% of Net Income)³, with a dividend yield of 6.0% for the last 12 months
- R\$ 3,762 million in financing for extending debt maturities and financing new projects
- Conclusion of the reverse stock split and simultaneous split of shares on June 29 on the Bovespa and on July 6 on the NYSE
- Recognition of CPFL Brasil by the Exame magazine's Maiores e Melhores survey as the best energy company in Brazil for its economic and financial performance in 2010
- IBEF Sustainability Award 2011 for Corporate Governance
- Company shares increased in value by 4.2% on the Bovespa, exceeding the Ibovespa (-23.6%) and the IEE (2.5%) for the year

Net Revenue

IFRS

2Q11
R\$ 3,045
million

 **+6.2%**

2Q10
R\$ 2,868
million

EBITDA

IFRS + Regulatory
Assets & Liabilities
– Non Recurring

IFRS

2Q11
R\$ 815
million

 **+2.9%**

2Q10
R\$ 791
million

2Q11
R\$ 877
million

 **+16.2%**

2Q10
R\$ 755
million

Net Income

IFRS + Regulatory
Assets & Liabilities
– Non Recurring

IFRS¹

2Q11
R\$ 294
million

 **-18.3%**

2Q10
R\$ 360
million





2Q11
R\$ 335
million

 **+0.2%**


2Q10
R\$ 335
million

EBITDA impacts

(Regulatory Assets & Liabilities and Non Recurring Effects)

-  R\$ 48 million: Incentivated Retirement Program
-  R\$ 10 million: Provision of ISS tax in the Campos Novos HPP
-  R\$ 6 million: basic network charges by EPASA incurred in 2010
-  R\$ 1 million: Regulatory Assets & Liabilities

 **EBITDA 2Q11: R\$ 63 million**

-  R\$ 40 million: Provision reversal of PIS/COFINS credits at CPFL Paulista

-  R\$ 3 million: Regulatory Assets & Liabilities²

 **EBITDA 2Q10: R\$ 36 million**

Net Revenue impacts

(Regulatory Assets & Liabilities and Non Recurring Effects)

-  EBITDA 2Q11: R\$ 63 million
-  R\$ 20 million: accounting adjustments related to the UBP recalculation and depreciation of the generation plants
-  R\$ 21 million: Regulatory Assets & Liabilities

 **Net Revenue 2Q11: R\$ 41 million**

-  EBITDA 2Q10: R\$ 36 million
-  R\$ 4 million: Financial Revenue (Net effect of the provision reversal of PIS/COFINS at CPFL Paulista and CPFL Piratininga
-  R\$ 2 million: Regulatory Assets & Liabilities²

 **Net Revenue 2Q10: R\$ 25 million**

Incentivated Retirement Program

Adherences

445 adherences

- 130 employees quit immediately
- 315 will resign until the end of 2011

Dismissal costs

Dismissal costs (registered in 2Q11): R\$ 47.5 million

- Accomplished: R\$ 10.2 million
- Accrued: R\$ 37.3 million

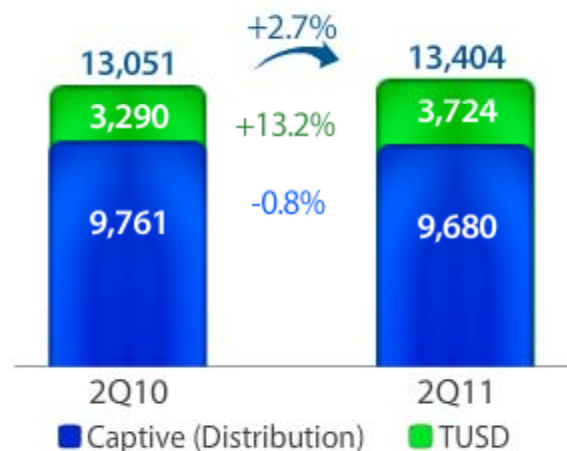
Benefits

Benefits:

- Permanent reduction in wages of this group of employees by 43%, through the review of process and replacement criteria

Pay back: 2.5 years

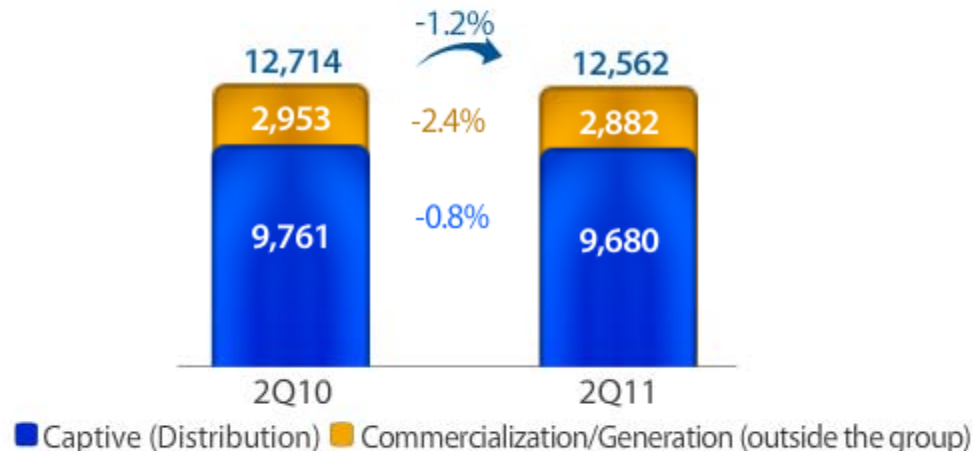
► Concession area sales (GWh)



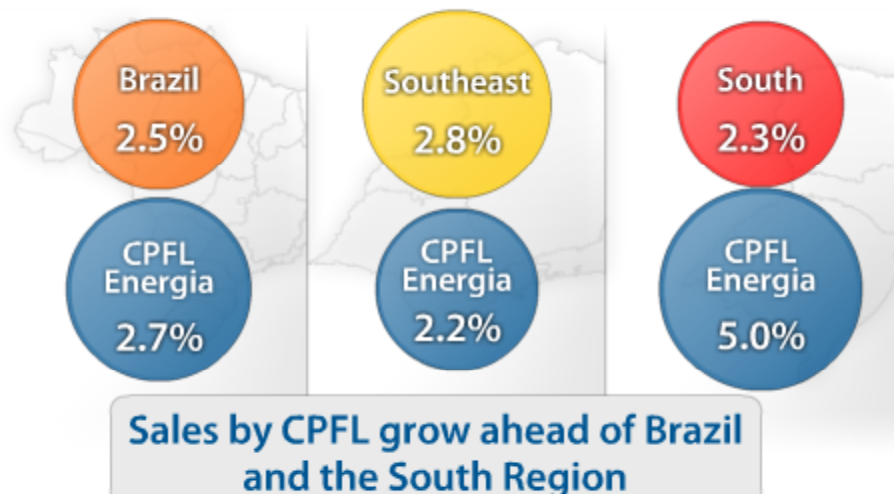
► Concession area sales (GWh) Consumer classes



► Total energy sales¹ (GWh)

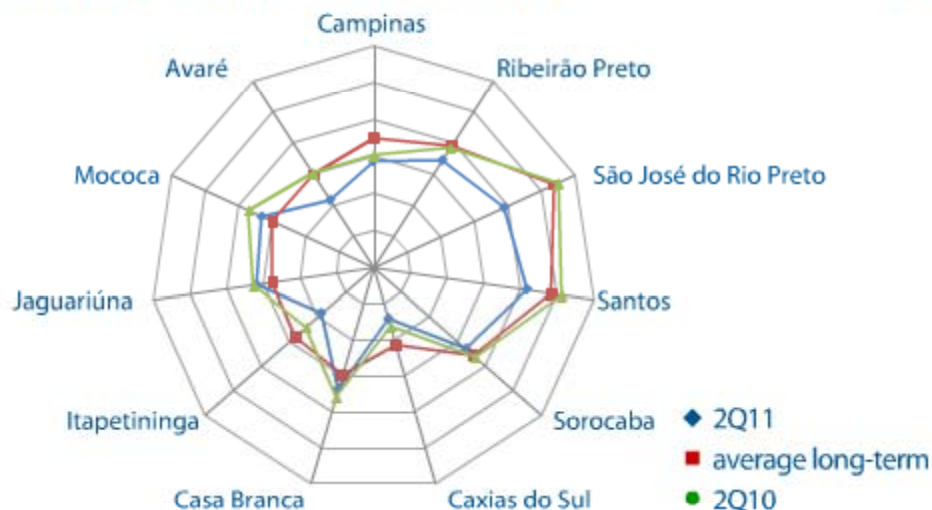


► Concession area sales (GWh) Comparison by region²

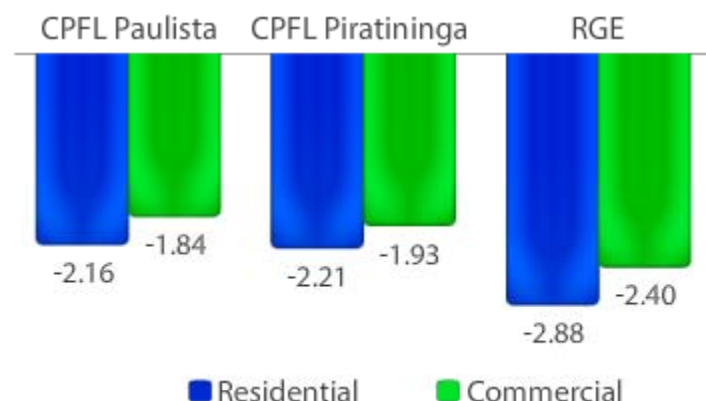


Lower temperature and less days of billing have impacted negatively in the energy consumption in 2Q11

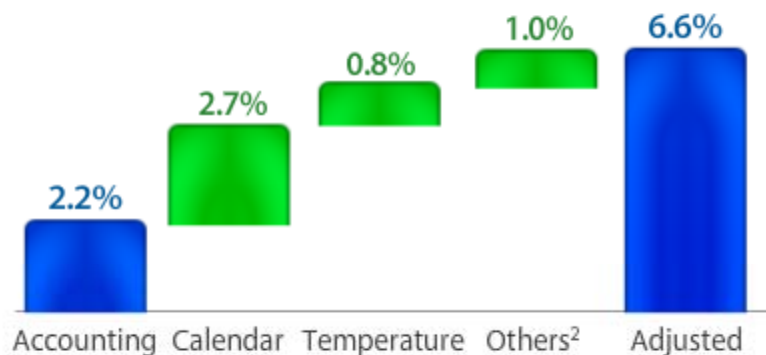
► Temperature | CDD monthly (°C)



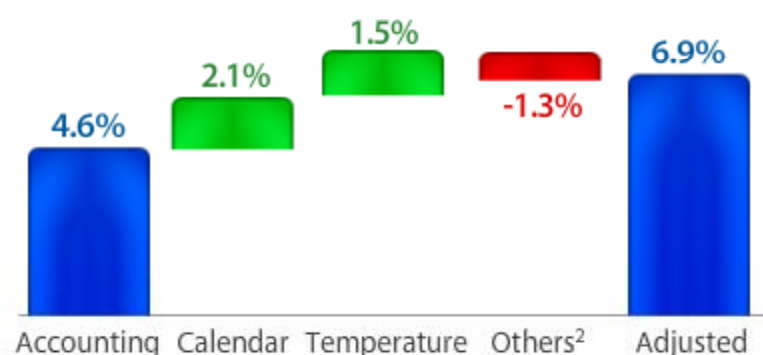
► Billing calendar¹ days billed in 2Q11 vs 2Q10



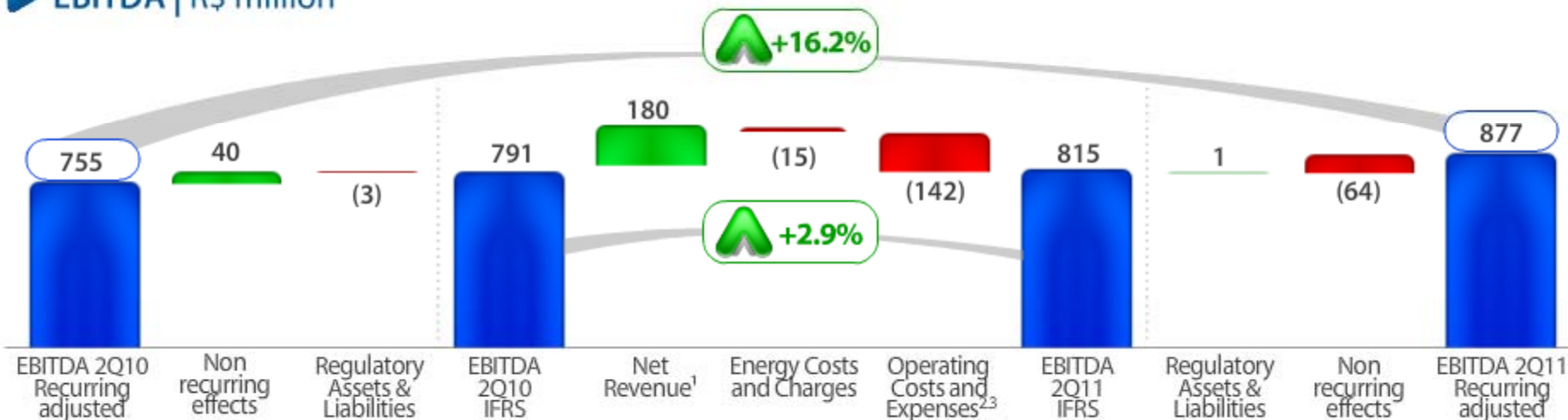
► Adjusted breakdown of residential consumption



► Adjusted breakdown of commercial consumption



EBITDA | R\$ million



+ Increase of 6.9% in Net Revenues¹ (R\$ 180 million)

- + Tariff adjustments of the distribution companies, partially offset by the 0.8% reduction in the sales volume to the captive market (R\$135 million⁴)
- + Increase of 24.0% in TUSD Revenue (free costumers) (R\$ 63 million)
- + Additional net revenue of new power plants – Foz do Chapeco HPP, EPASA and Baldin TPP's (R\$ 66 milion)
- Increase of 8.7% in deductions from the operating revenues (R\$ 118 million)

- Increase of 1.0% in Energy Costs and Charges (R\$ 15 million)

- Increase of 45.2% in Operating Costs and Expenses (R\$ 142 million)

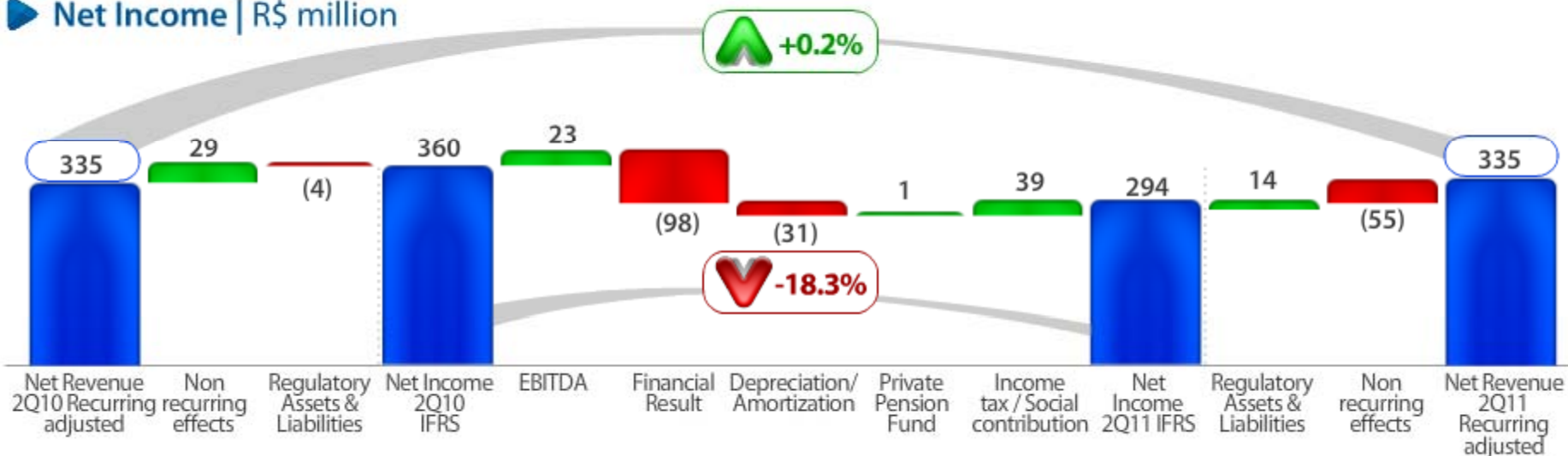
Adjusted = 6.7%

IGPM = 8.6%

- Provision in the process of PIS/COFINS for CPFL Paulista in the 2Q10 (R\$ 40 million)
- Incentivated Retirement Program (R\$ 48 million). Provision of ISS tax in the Campos Novos HPP (R\$ 10 million)
- Physical inventory of assets (R\$ 11 million) and Foz do Chapecó HPP, EPASA and Baldin TPP's (R\$ 10 million)

NON-RECURRING

Net Income | R\$ million



+ Increase of 2.9% in EBITDA (R\$ 23 million)

- Decrease of 116.4% in Financial Result (R\$ 98 million)

- Increase of 65.4% in Financial Expenses (R\$ 122 million)

- Accounting adjustments related to the UBP re-calculation of the generation plants (R\$ 13 million) **NON RECURRING**

- Financial expenses due to the beginning of commercial start-up of the Foz do Chapeco HPP, EPASA and Baldin TPP's (R\$ 26 million)

- Increase of CDI rate in 0.6 percentage points (R\$ 42 million)

+ Increase of 23.2% in Financial Revenues (R\$ 24 million)

- Increase of 18.4% in Depreciation and Amortization (R\$ 31 million)

- Accounting adjustments related to the depreciation of the generation plants (R\$ 7 million) **NON RECURRING**

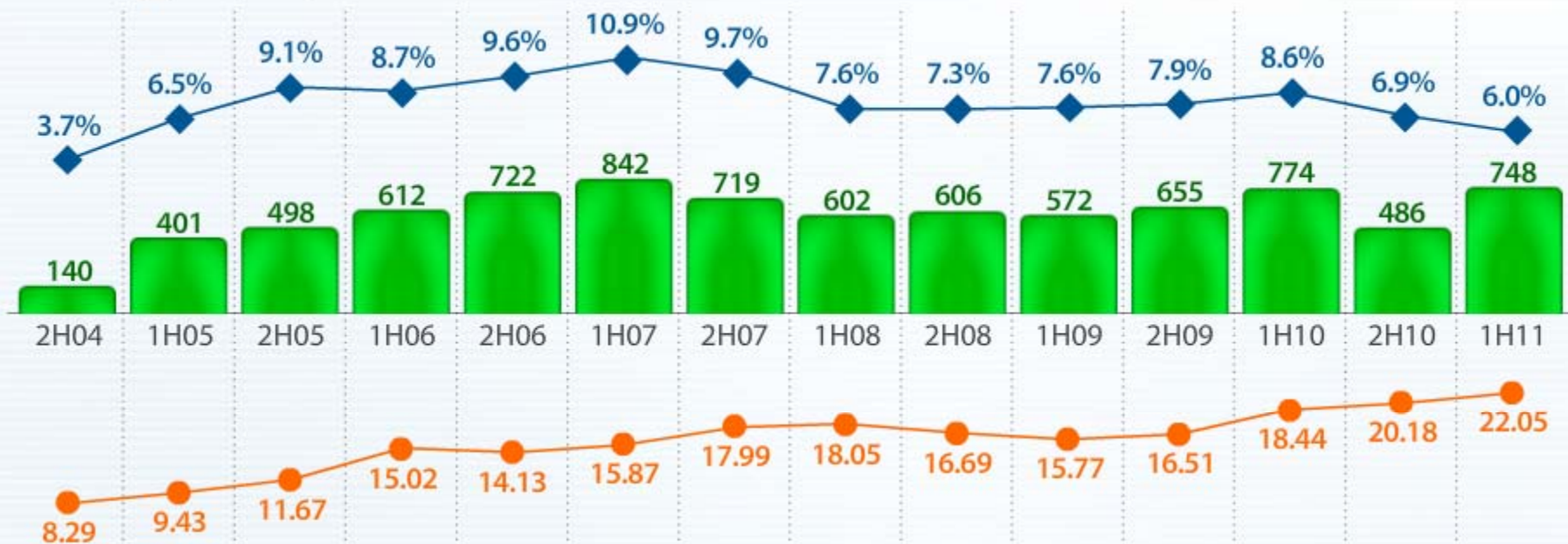
- Commercial start up of the Foz do Chapeco HPP (R\$ 14 million) and EPASA TPP (R\$ 4 million)

+ Decrease in Income Tax and Social Contribution (R\$ 39 million)

Dividends

Dividends and Dividend Yield

- ◆ Dividend Yield² (LTM)
- Declared dividends¹ (R\$ million)
- CPFL average price (R\$/ON)³



CPFL distributes 100% of the net income in dividends

R\$ 748 million in 1H11
R\$ 0.78 per share

Accumulated since the IPO (Sep/04): R\$ 8.4 billion
Dividend yield: 123%³⁴



Project Operation

Greater operating flexibility and lower cost of maintenance

- Outage Management System (OMS) Triage And Reestablishment of Electric Power
- Distribution Management System (DMS) – Control of operations of the grid and electronic calculations in real time
- Automatic Reconfiguration of the Grids



Project Tele-Measurement

Reduction in Losses And Costs in Commercial Processes

- Electronic readings and integration with the billing system
- Continuous monitoring of the client
- Integration with the Operations Center (information about power failures)



Project Mobility

Reduction of losses/costs in the technical and commercial processes

- Mobile Workforce Management (MWM) Speed in dispatching service orders
- Tools for exchanging information with teams in the field

CPFL Energia will invest some R\$ 215 million in new smart grid projects over the next three years

Alvorada TPP

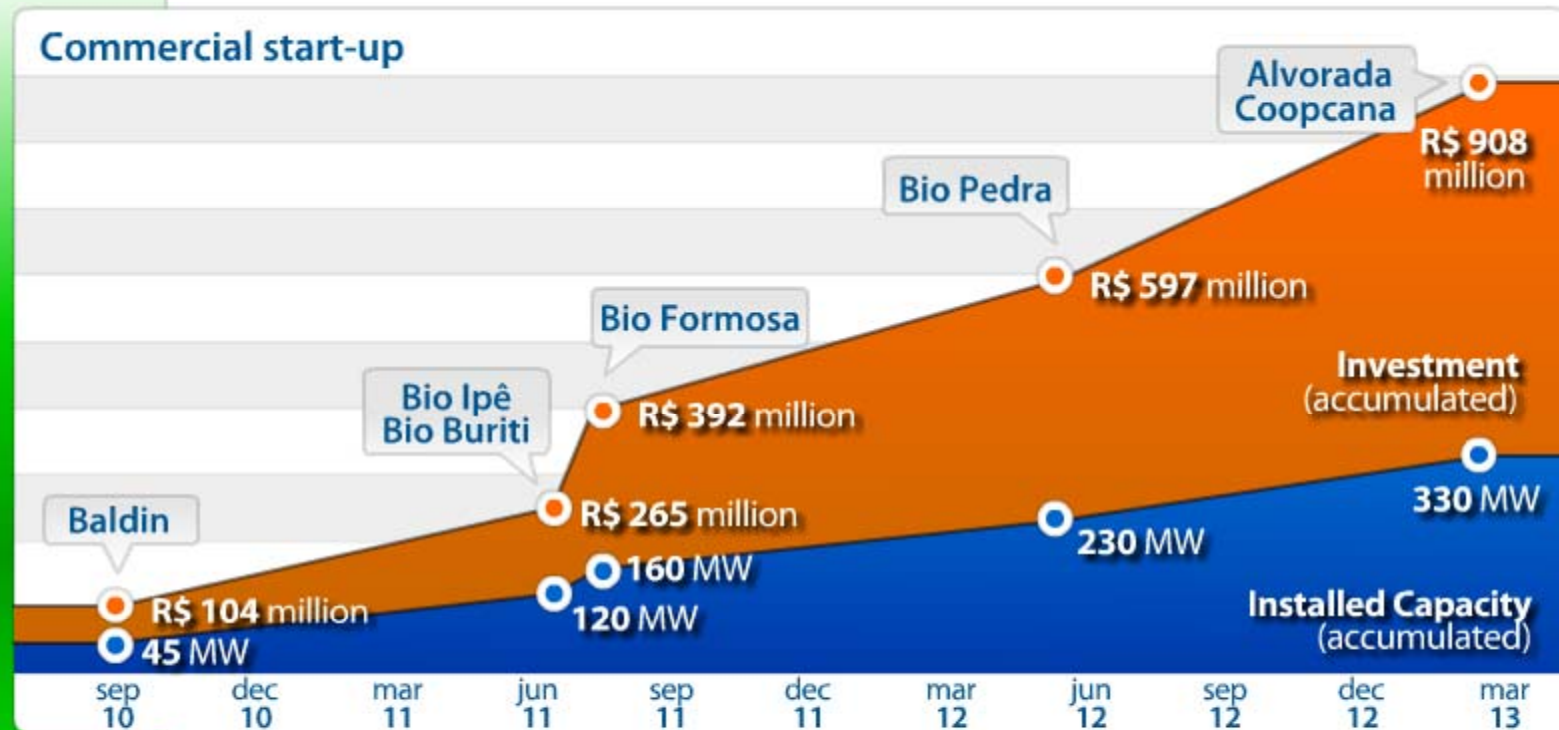
- Installed Capacity: 50 MW
- Exported Energy: 18 avg. MW
- Investment (e): R\$ 156 million
- Location: Araporã/MG
- Start of construction: 3Q11
- Commercial start-up: 2Q13

Coopcana TPP

- Installed Capacity: 50 MW
- Exported Energy: 18 avg. MW
- Investment (e): R\$ 155 million
- Location: São Carlos do Ivaí/PR
- Start of construction: 3Q11
- Commercial start-up: 1Q13



Commercial start-up





**Bio Formosa
TPP**



**Bio Buriti
TPP**



**Bio Ipê
TPP**



**Bio Pedra
TPP**

Status (actual)	97%	87%	70%	29%
Commercial start-up (e)	3Q11	4Q11	4Q11	2Q12
Installed Capacity (MW)	40	50	25	70
Assured Energy (avg. MW)	16	21.2	8.4	24
Estimated Investment (R\$ million)	127	135	26	205
Capital structure (e)	81% BNDES / 19% equity	80% BNDES / 20% equity	87% BNDES / 13% equity	80% BNDES / 20% equity
	36% TJLP + 1.9% p.y.	36% TJLP + 1.9% p.y.	74% TJLP + 1.9% p.y.	26% TJLP + 1.9% p.y.
	64% 5.5% p.y. pre	64% 5.5% p.y. pre	26% 5.5% p.y. pre	74% 5.5% p.y. pre
Average maturity	11 years	11 years	13 years	10 years

Expansion in Generation | Projects under construction

Investments in wind farms of R\$ 1.5 billion



20%
of the
construction
already
concluded

Virtual Model | Santa Clara I, II, III, IV, V, VI and Eurus IV

**Santa Clara I, II, III,
IV, V, VI and Eurus VI**

**Campo dos Ventos I, II,
III, IV, V and Eurus V**

Commercial start-up (e)

3Q12

3Q13

Installed Capacity (MW)

188

180

Assured Energy (avg. MW)

76

78.6

Estimated Investment (R\$ million)

801

727

Capital structure (e)

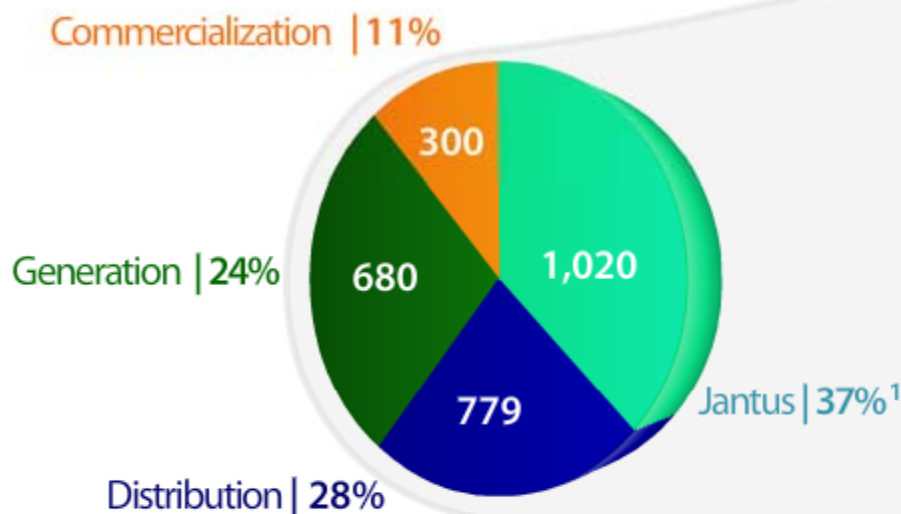
70% BNDES/30% equity
TJLP + 1.7% p.y

70% debt/30% equity

Average maturity

16 years

► Issue of debentures totaling R\$ 2,8 billion in 2Q11 R\$ million



► Details of the Offer

- Use of Funds
 - Debt roll-over
 - Acquisition of Jantus
 - Working Capital
- Average Cost
 - CDI + 1.37% p.y.
- Average maturity
 - 6.1 years

► Law 4131: funding of R\$ 1,0 billion in Jul/2011



Use of funding | 1H12 debt roll-over

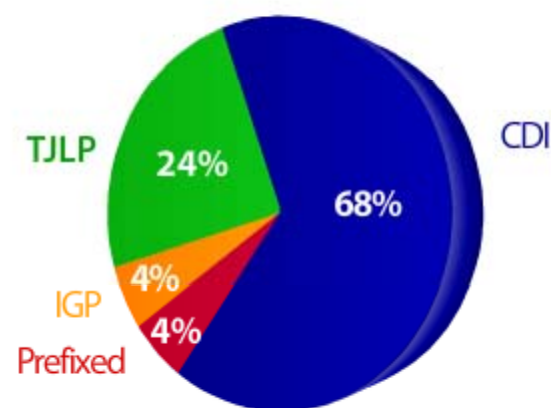
Average Cost | 100% of the CDI (Swap)

Maturity | 3 to 5 years

Adjusted net debt¹ | R\$ billion



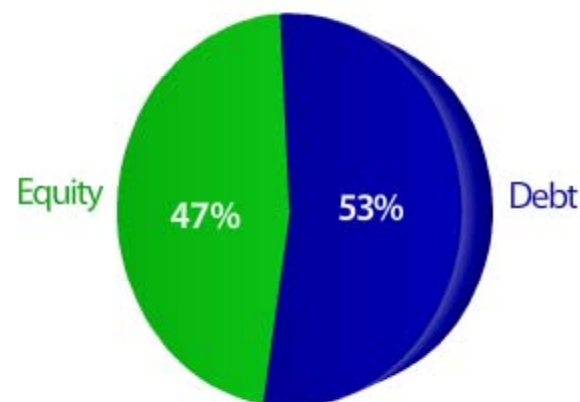
Debt Breakdown



Financial debt | short term vs. long term



Capital Structure



1) Excludes Judicial Deposits of R\$ 570 million – Includes hedging operations; Excludes regulatory assets/liabilities; EBITDA LTM

2) Includes debt roll-over presented in slide 15

▶ 2Q11 shares performance

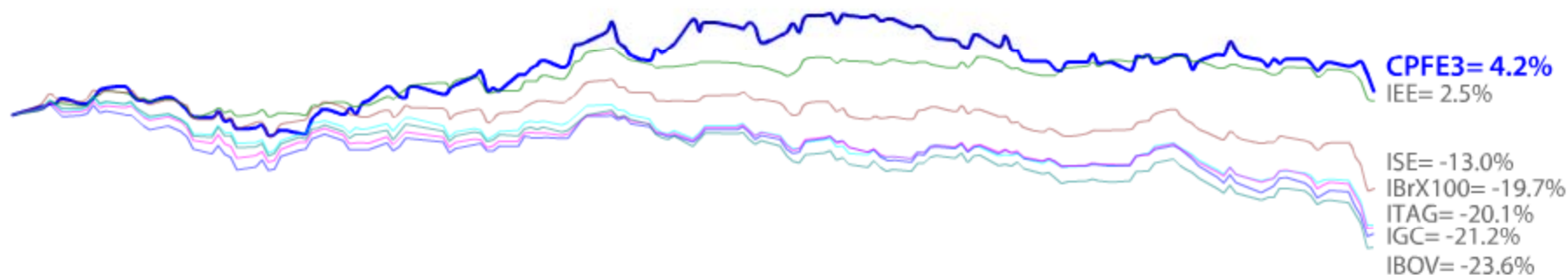


	2Q11	2011 ¹
Bovespa		
CPFE3	-1.8%	4.2%
IEE	0.6%	2.5%
Ibovespa	-9.0%	-23.6%



	2Q11	2011 ¹
NYSE		
CPL	1.5%	9.5%
DJBR20	-4.9%	-16.1%
DJ	-0.8%	-1.1%

▶ CPFL's performance vs. main indexes





Best company in the energy sector and best profitability of the Electric Power Sector

CPFL Energia for the second year in a row was considered to be the best company in the electric power sector, followed by CPFL Paulista (2nd place) and CPFL Piratininga (3rd place)



IBEF Sustainability Award

CPFL was awarded the IBEF Sustainability Award in the Corporate Governance category for the "Blog of the Annual Report 2009" case story

We are a point of reference in Brazil for sustainable initiatives

CPFL won the Greenbest Prize in the Wind Energy category and was in the TOP 10 in the Transportation category for its Electric Vehicles Project



TOP 3  JÚRI POPULAR

VENCEDOR  ACADEMIA

Wind farms



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