

1Q14 Results

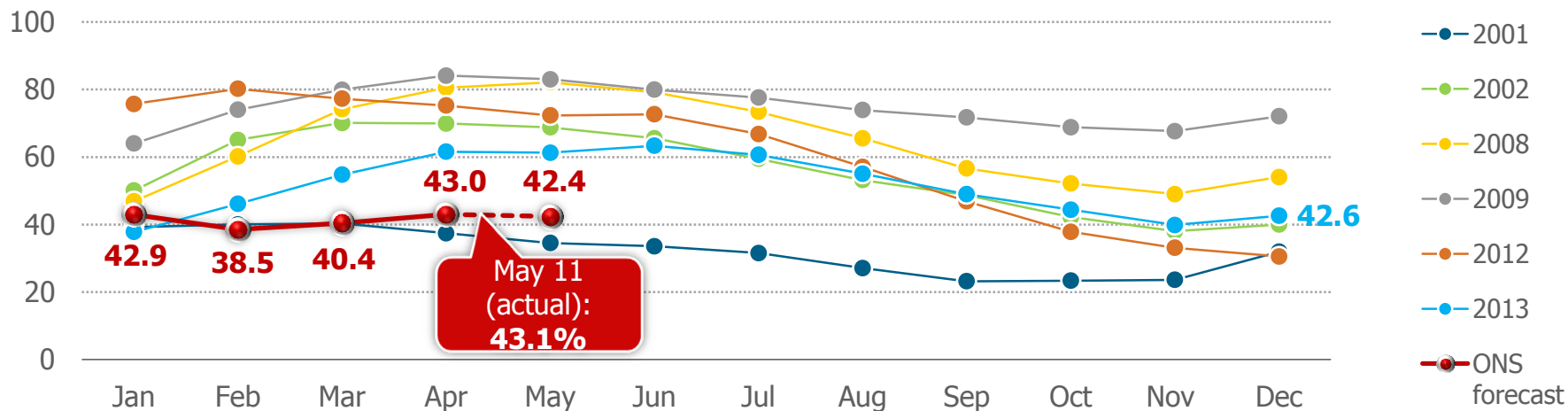


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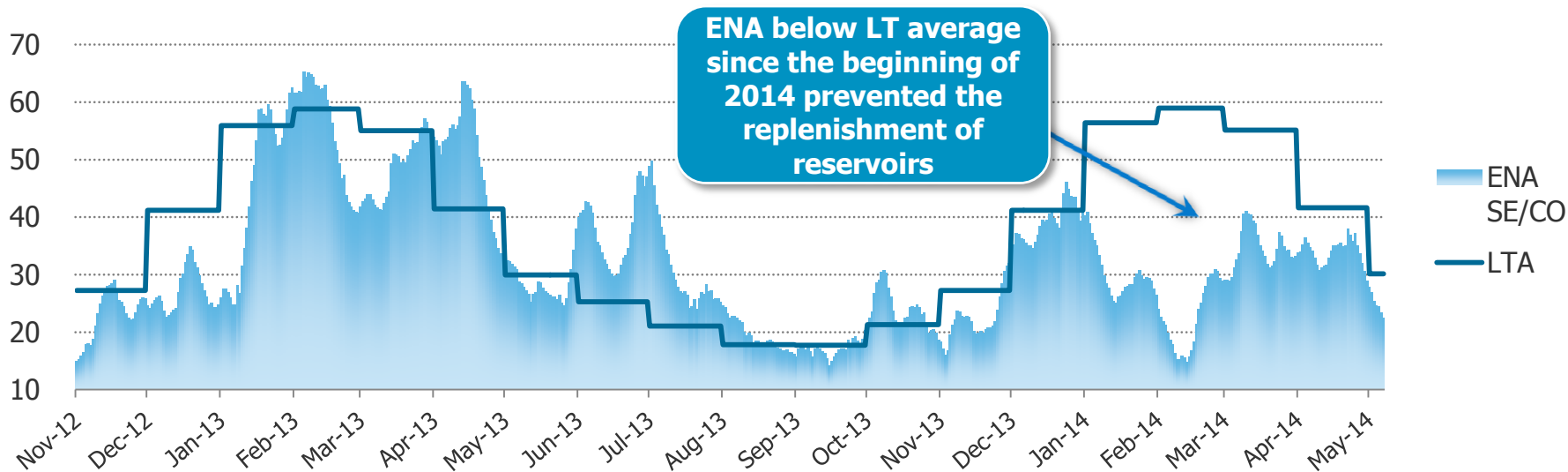
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► Reservoir levels in NIPS | %

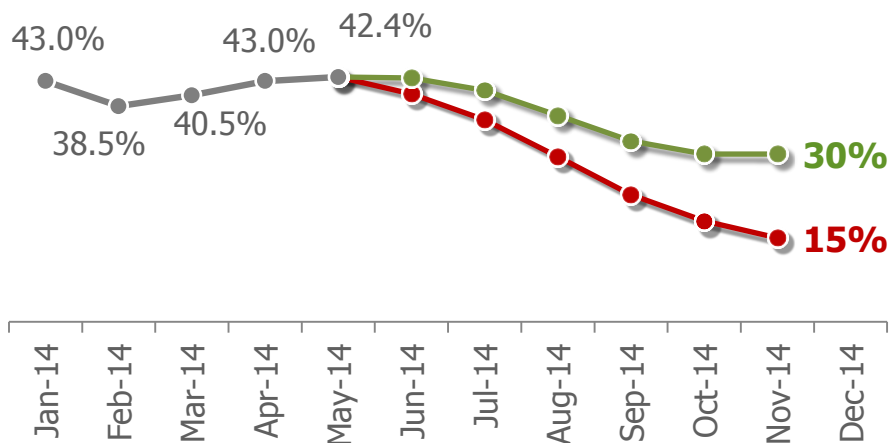


► Natural Inflow Energy (ENA) | SE/CW | GW average



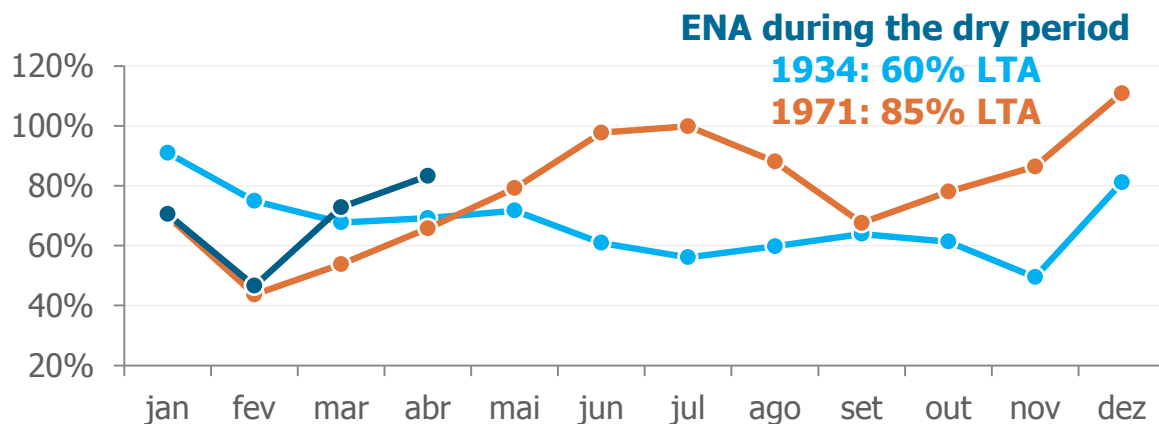
Storage scenarios and historical comparison

► Evolution of water storage in NIPS | % max



	Storage (Nov)	Minimum ENA Jun-Nov (% LTA)	Probability ENA < minimum ENA
ONS Scenario ¹ (May-14)	15%	84%	19%
	30%	104%	70%
CPFL Scenario ^{1,2}	15%	88%	32%
	30%	108%	74%

► Natural Inflow Energy (ENA) of NIPS | % MLT



— Worst dry period NIPS (1934) — 19th worst dry period NIPS (1971) — 2014

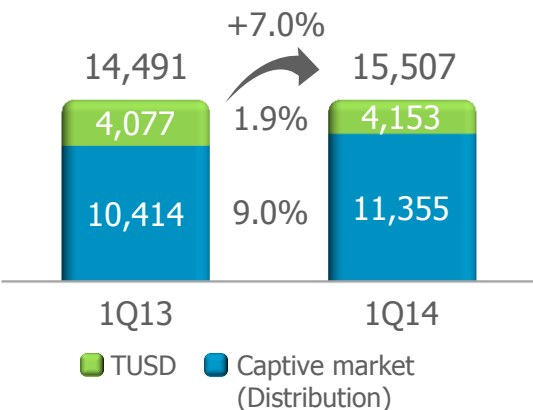
If 1971 hydrology happens again, it is possible to go through 2014 without the need for load shedding, even if there is some delay in the entry into operation of new installed capacity

1) In both scenarios, take into account a thermal failure rate of 10% and lower hydraulic efficiency ("friction"). 2) Includes: (i) delay of 3 months in the operation of the 1st dipole in the transmission system of Madeira; (ii) postponement of 400 MWavg in wind farms, from Aug-14 to Jan-15; (iii) additional rate of 5% in the thermal failure.

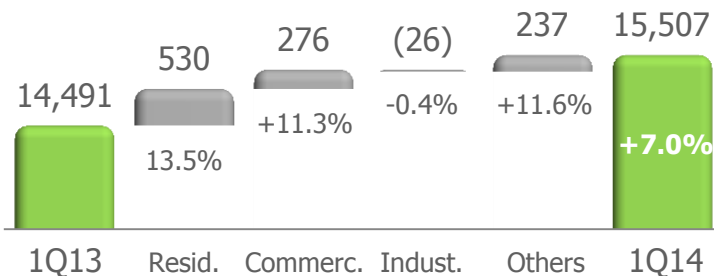
- Increase of **7.0%** in sales in the **concession area** - **residential (+13.5%)** and **commercial (+11.3%)**
 - Disbursement from **sector fund (CDE)** in the amount of **R\$ 1,170 million** in 1Q14, to cover the involuntary exposure and thermal dispatch
 - **Commercialization and Services** - **EBITDA** of **R\$ 77 million** in 1Q14
 - Re-contracting of **Semesa's** energy with **Furnas** for **14 additional years** (until the end of the concession)
 - **CPFL Renováveis** expansion: (i) **CADE** (Apr/14) and **ANEEL** (May/14) approvals, related to the **joint venture with DESA**, and (ii) completion of construction of **Macacos I wind complex** (May/14)
 - **Investments** of **R\$ 240 million** in 1Q14
 - Payment on May 08 of **R\$ 568 million** (R\$ 0.59/share) in **complementary dividends**, related to 2H13, with dividend yield of 4.8% (LTM)
 - Economic tariff readjustment of **17.18%** for **CPFL Paulista**, in Apr/14
 - Increase of **16.6%** in the **daily average volume** (BM&FBOVESPA + NYSE), reaching **R\$ 44.4 million**; increase of **59.9%** in the **number of trades** (BM&FBOVESPA), reaching a daily average of **6,292**
 - **CPFL Telecom** implementation: coverage of **10 cities** and **544 km** of implemented networks

1Q14 Energy sales

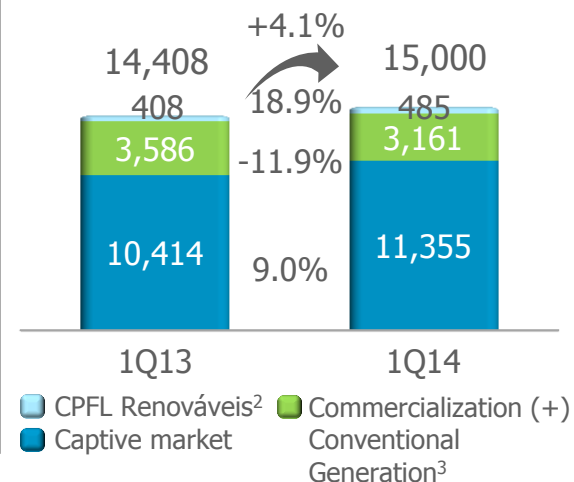
Sales in the concession area | GWh



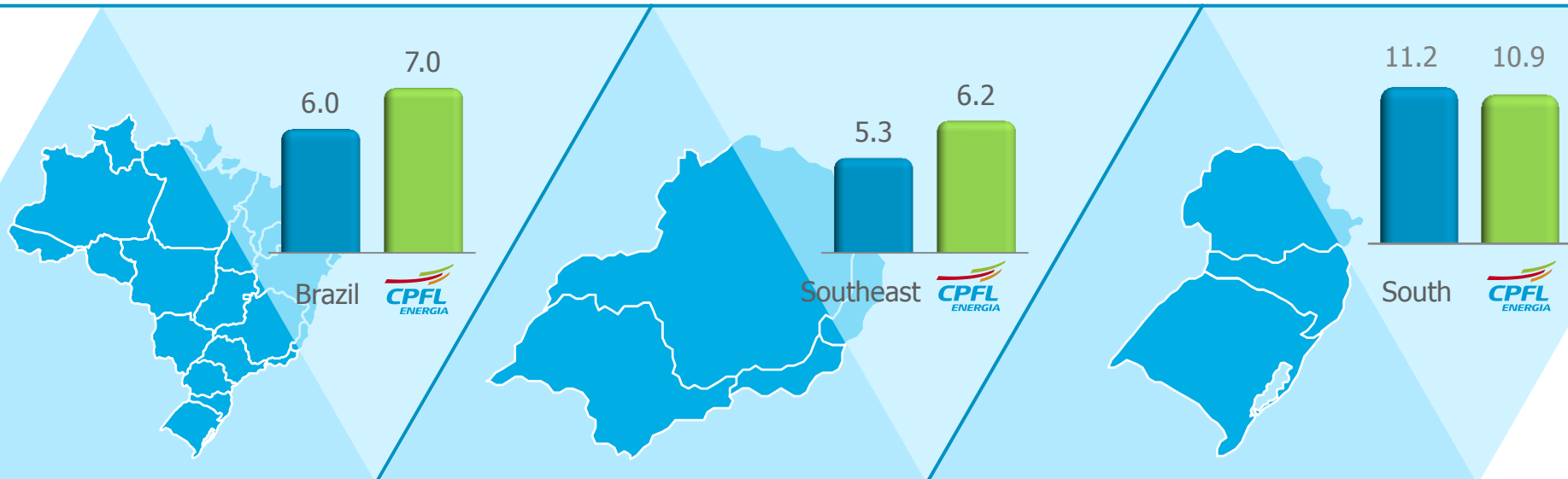
Sales by consumption segment | GWh



Total energy sales¹ | GWh



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

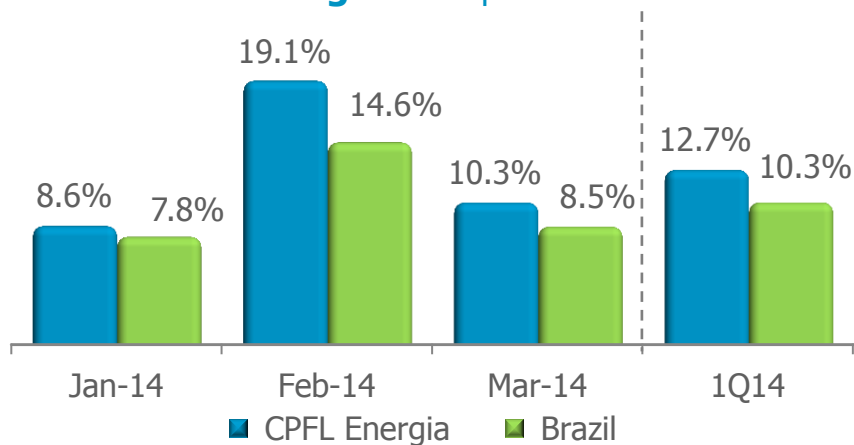


1) Disregard CCEE and sales to related parties. 2) Take into account 58.8% of CPFL Renováveis. 3) Take into account provision adjustment of -13 GWh in 1Q13. Take into account CPFL's stake in each conventional generation asset.

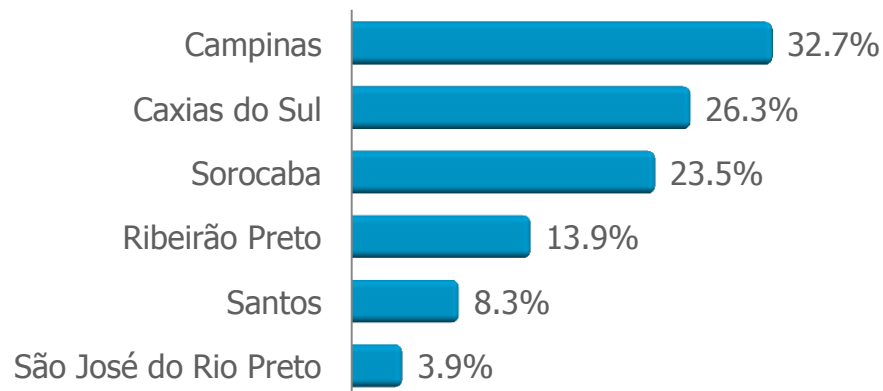
Residential and commercial segments

Record high temperatures to boost growth

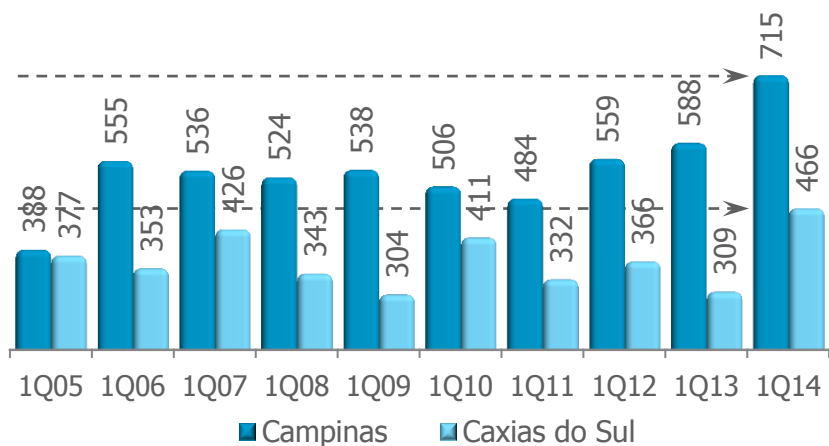
► Monthly growth of residential and commercial segments | %



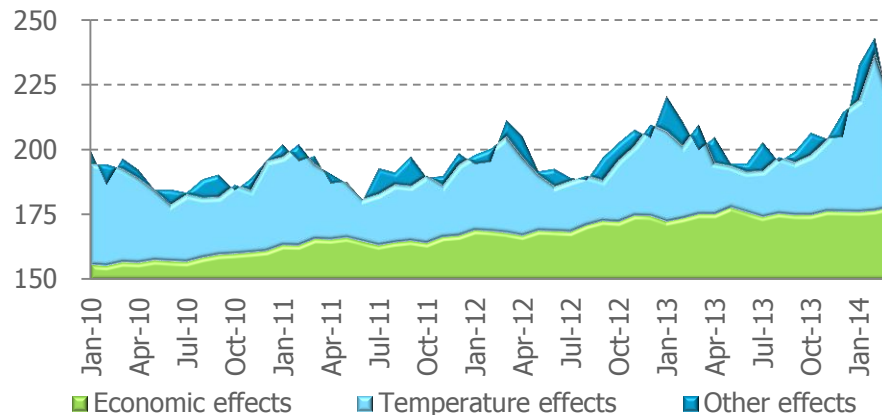
► Temperature 1Q14 - CDD¹ | Deviations to historical average²



► Accumulated CDD¹ in 1Q | °C²



► Breakdown of consumption/residential consumers in CPFL Energia | (kWh/month)³

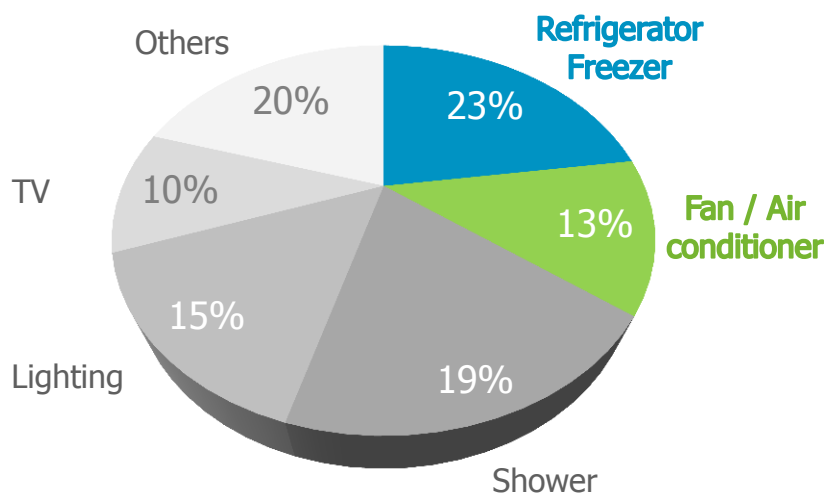


1) CDD - Cooling degree days: index used to measure the temperature and its effect over power market. This methodology consists on the sum, day by day, of the values that correspond to the positive difference between the average daily temperature and the threshold of 18 °C. 2) Source: Somar Meteorologia. 3) Portion which is not explained by weather and economic variables.

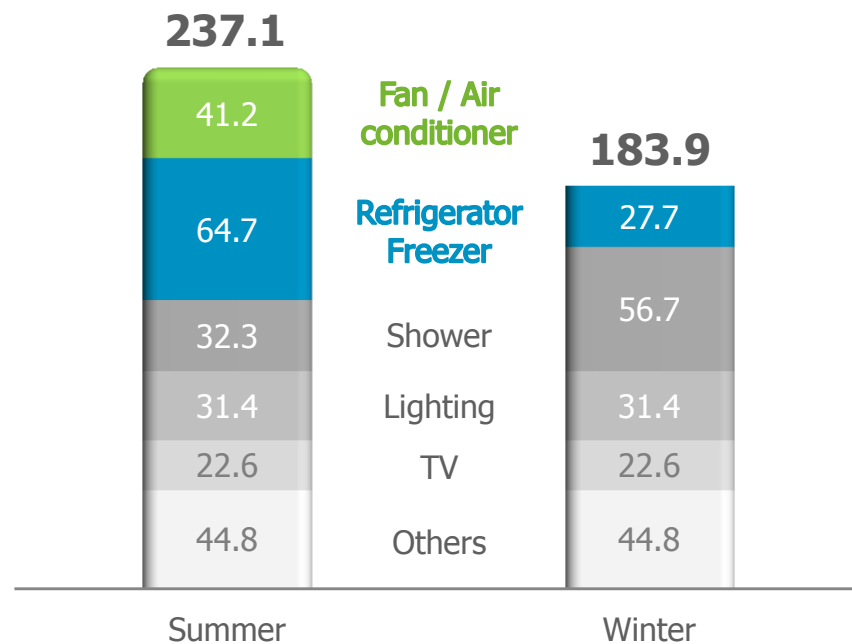
Residential consumption breakdown

36% is positively related to higher temperatures

► Residential consumption breakdown CPFL Paulista and CPFL Piratininga (2013)¹



► Estimated monthly average consumption of electric equipment during Summer and Winter (kWh) | CPFL Paulista and CPFL Piratininga¹



During the Summer, the power consumption of a refrigerator is approximately 2.3 times higher than in Winter. The power consumption during Summer is also favored by the use of fan and air conditioner, which does not occur in Winter.

1Q14 Results

IFRS

Net Revenue¹

 **8.2%**
R\$ 282 million

1Q13 R\$ 3,457 million	1Q14 R\$ 3,739 million
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 **6.2%**
R\$ 217 million

1Q13 R\$ 3,517 million	1Q14 R\$ 3,734 million
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EBITDA

 **-25.4%**
R\$ 268 million

1Q13 R\$ 1,055 million	1Q14 R\$ 787 million
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 **0.5%**
R\$ 5 million

1Q13 R\$ 1,081 million	1Q14 R\$ 1,086 million
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Net Income






























 **-57.0%**
R\$ 231 million

1Q13 R\$ 405 million	1Q14 R\$ 174 million
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 **-7.9%**
R\$ 34 million

1Q13 R\$ 429 million	1Q14 R\$ 396 million
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IFRS + Proportional
consolidation for
Generation²
+ Regulatory Assets &
Liabilities
- Non-recurring items

	EBITDA		Net Income	
	1T13	1T14	1T13	1T14
Proportionate Consolidation of Generation(A)	 3	 25	 1	 5
Regulatory Assets & Liabilities (B)	 147	 181	 95	 123
Legal and judicial expenses and other contingencies	 73		 48	
Exposure to MRE/Energy purchase	 83	 65	 61	 57
Reallocation of costs with basic network losses – Distribution segment		 14		 9
Effective tax PIS/COFINS adjustment – Distribution segment		 13		 9
MTM Law 4,131 – Distribution segment				 17
Write-down of Epasa's assets	 13		 8	
Non-recurring items (C)	 168	 92	 118	 93
Total (A+B-C)	 26	 299	 24	 222

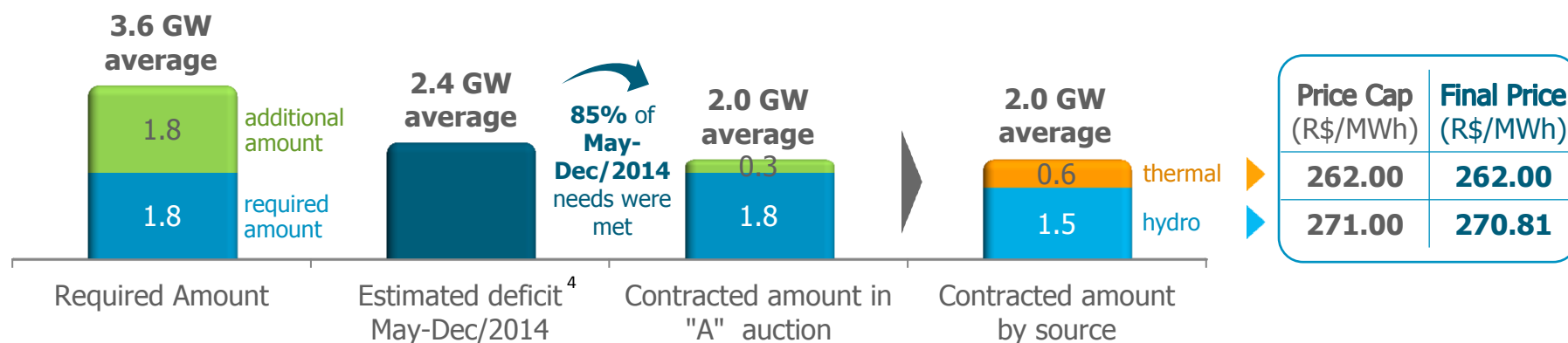
1) Excluding construction revenues. 2) Considers all the generation projects

Involuntary exposure combined to 2014 poor hydrology led to a pressure in Discos cash flow

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	<ul style="list-style-type: none"> ✓ January¹: R\$ 1.2 billion ✓ February²: R\$ 3.8 billion ✓ March³: R\$ 2.3 billion
Thermal dispatch	Unfavorable hydrology and high PLD led to thermal dispatch by merit order in 2014, without the proper tariff coverage	<p>January: Not covered</p> <ul style="list-style-type: none"> ✓ February²: R\$ 0.9 billion ✓ March³: R\$ 1.0 billion
		Total: R\$ 9.2 billion

"A" Auction – 2,046 MW average contracted



1) Aneel Dispatch 515/14; 2) Aneel Dispatch 1,256/14; 3) Aneel Dispatch 1,378/14; 4) Estimated by Abradee.

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 e March: R\$ 225 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 e March: R\$ 103 million
		Total: R\$ 1,170 million

"A" auction

257

MW average

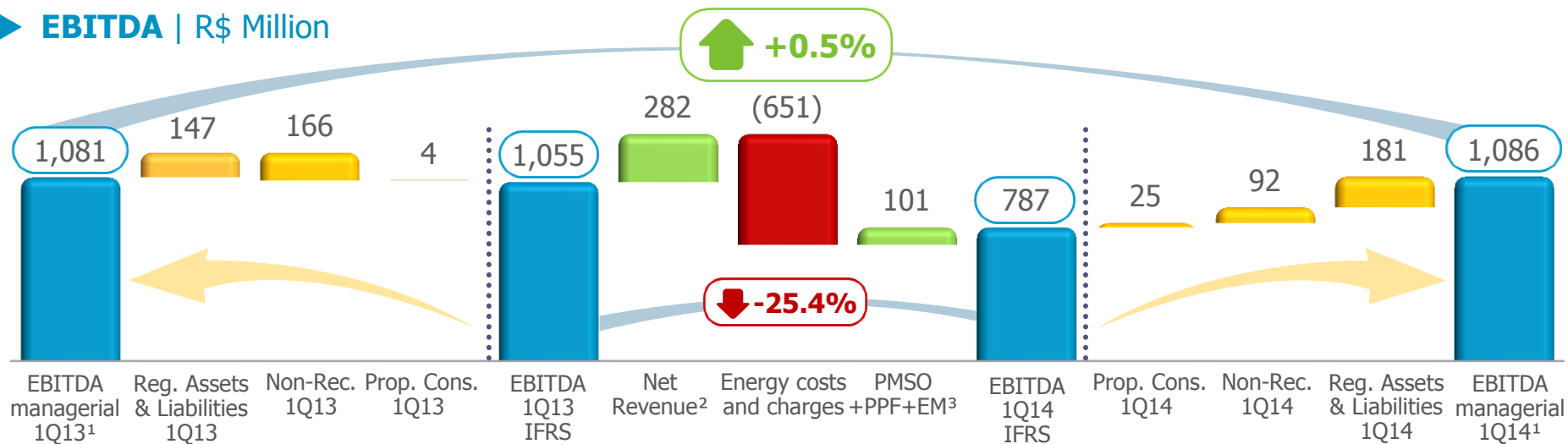
May-14 to Dec-19

CPFL Paulista Tariff Readjustment (April-2014): **17.18%**

- ✓ PLD (spot price): **R\$ 632.24/MWh**
- ✓ Exchange rate: **R\$ 2.34/US\$**
- ✓ IGP-M: **7.30%**
- ✓ CDE quota: **R\$ 145 million**
- ✓ ESS/EER charge: **R\$ 152 million**
- ✓ CVA 2013 pass-through: **R\$ 173 million**

Parcel	Variation	Tariff Impact
A	17.40%	12.84%
B	6.54%	1.71%
Financial components		2.62%
Total		17.18%

► EBITDA | R\$ Million



+ 8.8% increase in Net Revenues² (R\$ 282 million)

- + Distribution (+ R\$ 250 million): market/mix (+R\$ 389 million) and tariff effect (-R\$ 139 million)
- + Conventional Generation (R\$ 50 million), CPFL Renováveis (R\$ 30 million)
- Commercialization and Services (R\$ 44 million)

- 34.3% increase in Energy Costs and Charges (R\$ 651 million) CDE resources: R\$ 911 million

- Distribution (R\$ 730 million), CPFL Renováveis (R\$ 43 million)
- + Commercialization and Services (R\$ 105 million) and Conventional Generation (R\$ 17 million)

+ 5.8% decrease in Operating Costs and Expenses³ (R\$ 28 million)

- + Legal and judicial expenses in 1Q13 (R\$ 73 million) **NON-RECURRING**
- + PMSO CPFL Renováveis (R\$ 3 million) and Third-party services decrease (R\$ 5 million)
- Increase in Others (R\$ 28 million) and increase in personnel expenses (R\$ 13 million) – Collective Bargaining Agreement
- PMSO Serviços (R\$ 11 million)

+ Equity Method (R\$ 65 million)

+ Private Pension Fund (R\$ 8 million)

PLD (R\$/MWh)⁴

R\$/US\$

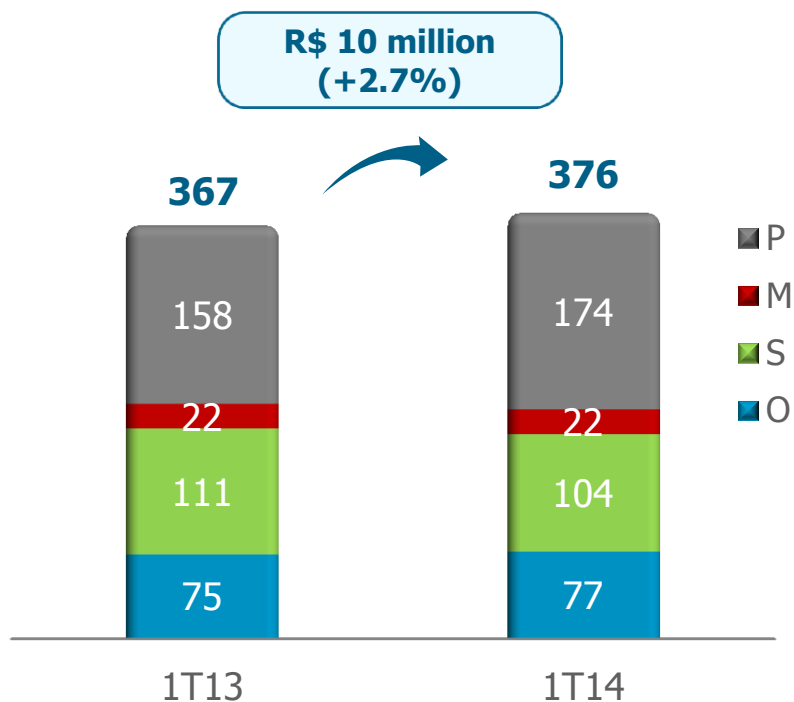
	1Q13	1Q14
PLD (R\$/MWh) ⁴	322.75	674.62
R\$/US\$	2.00	2.37

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

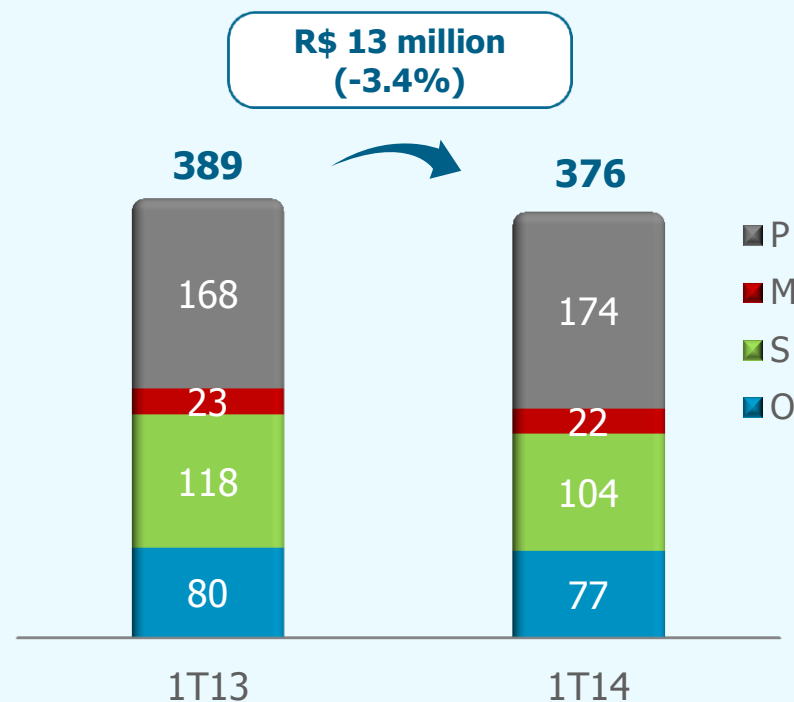
Manageable expenses – 1Q14 PMSO

► Nominal adjusted PMSO | R\$ Million

IGPM: 6,2%



Real adjusted PMSO¹ | R\$ Million

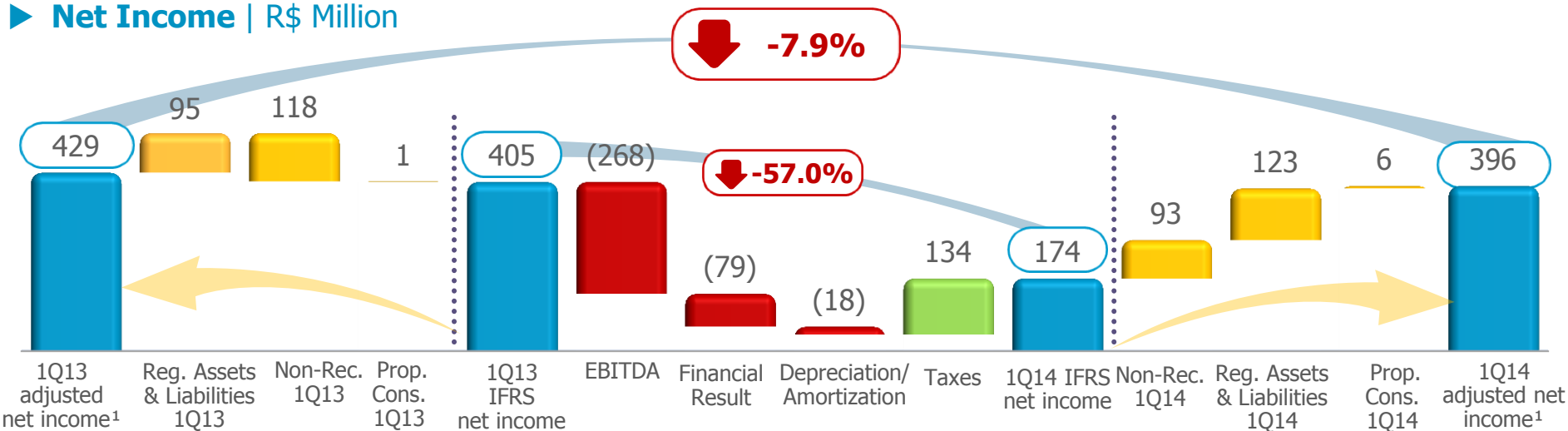


3.4% decrease in MSO (R\$ 13 million), in real terms

1) Variation of IGP-M in the period 1Q14 x 1Q13 = 6,2%

Note: Disregarding Legal, judicial and indemnities provision for comparison purposes – R\$ 84 million in 1Q13 and R\$ 34 million in 1Q14.

► Net Income | R\$ Million



⊖ 25.4% Decrease in EBITDA (R\$ 268 million)

⊖ R\$ 1,055 million in 1Q13 to R\$ 787 million in 1Q14

⊖ R\$ 79 million decrease in Negative Financial Result

⊖ Net increase in debt charges (R\$ -69 million) – **debt increase and monetary indicators**

⊖ Fair value of Law 4,131/62 funding of financing (mark to market) in Distribution Segment (R\$ -26 million)

⊖ Others (R\$ -11 million)

⊕ Financial update of discos' financial assets (R\$ +27 million)

⊖ 6.8% increase in Depreciation and Amortization (R\$ 18 million)

⊕ Income Tax and Social Contribution (R\$ 134 million)

	1Q13	1Q14
CDI	6.7% p.a.	9.9% p.a.
R\$/US\$	2.00	2.37

NON RECURRING

1Q14 results by segment | adjusted figures¹

Distribution²

Conventional Generation and Renewables

Commercialization and Services

Net Revenue

R\$ 2,929 million **+ 7.3%**

R\$ 738 million **+ 34.8%**

R\$ 553 million **- 2.3%**

EBITDA

R\$ 532 million **- 19.4%**

R\$ 506 million **+ 25.3%**

R\$ 77 million **+ 257.8%**

Net Income

R\$ 251 million **- 28.5%**

R\$ 156 million **+ 54.4%**

R\$ 51 million **+ 244.6%**

Highlights

+ Increase of 7.0% in sales in the **concession area** - residential (+13.5%) and commercial (+11.3%)

- Implementation of the 3rd Cycle of Tariff Review in CPFL Paulista and RGE

- PMSO: booking of R\$ 10 million in assets write-off

+ Higher prices for selling energy **in the spot market** in Conventional Generation segment

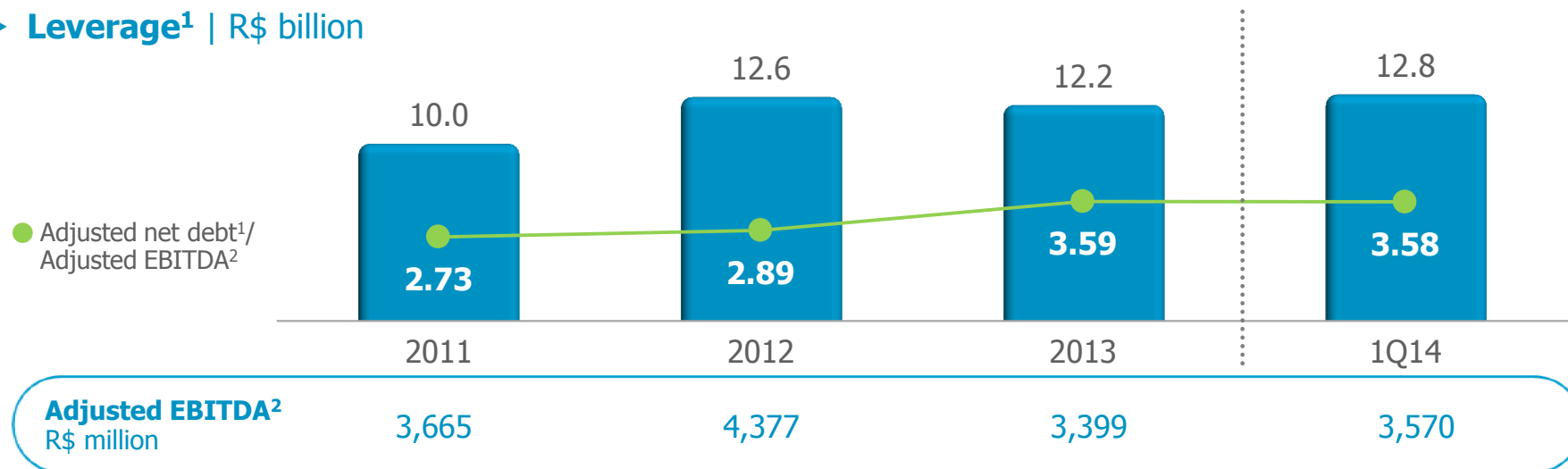
+ 5 new projects of CPFL Renováveis (Coopcana e Alvorada biomass thermal plants, and Campo dos Ventos II, Rosa dos Ventos and Atlântica wind farms)

+ Increase of the Net Revenue with the expansion of **CPFL Serviços** (R\$ 13 million)

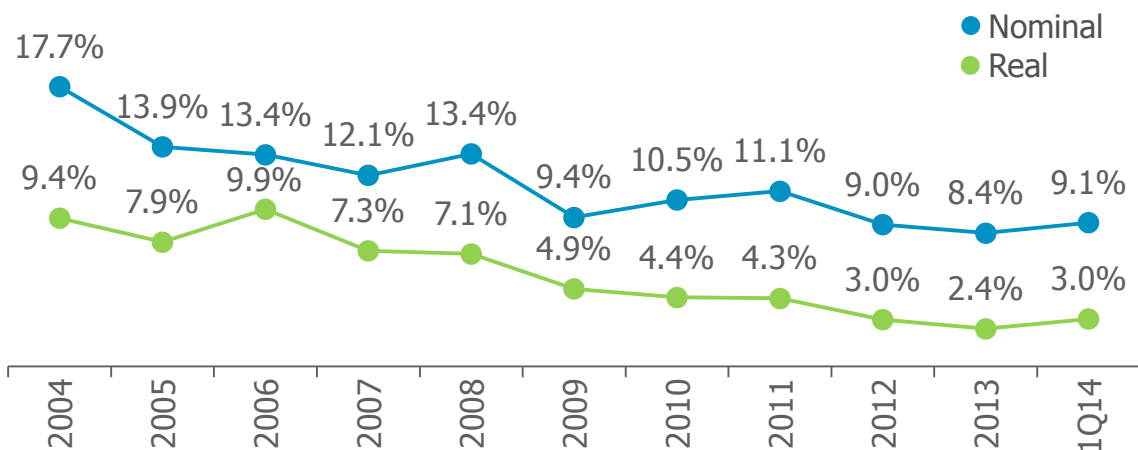
+ Increase of the energy Commercialization margin (R\$ 46 million)

1) Considers proportional consolidation of generation assets (+) Regulatory assets and liabilities (-) Non-recurring assets (-) Construction revenue/cost. Disregard intercompany transactions. 2) Disregarding provision for contingencies - R\$ 83 million in 1Q13 and R\$ 33 million in 1Q14.

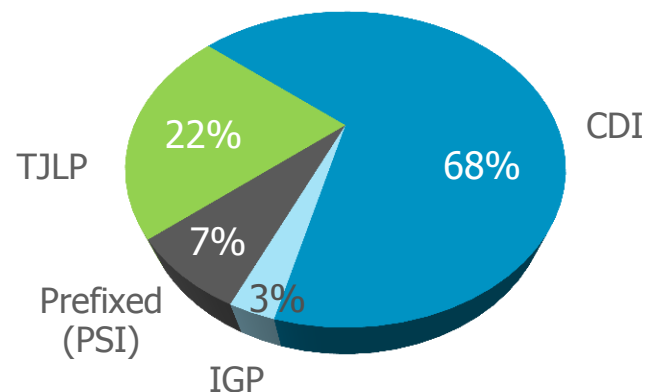
► Leverage¹ | R\$ billion



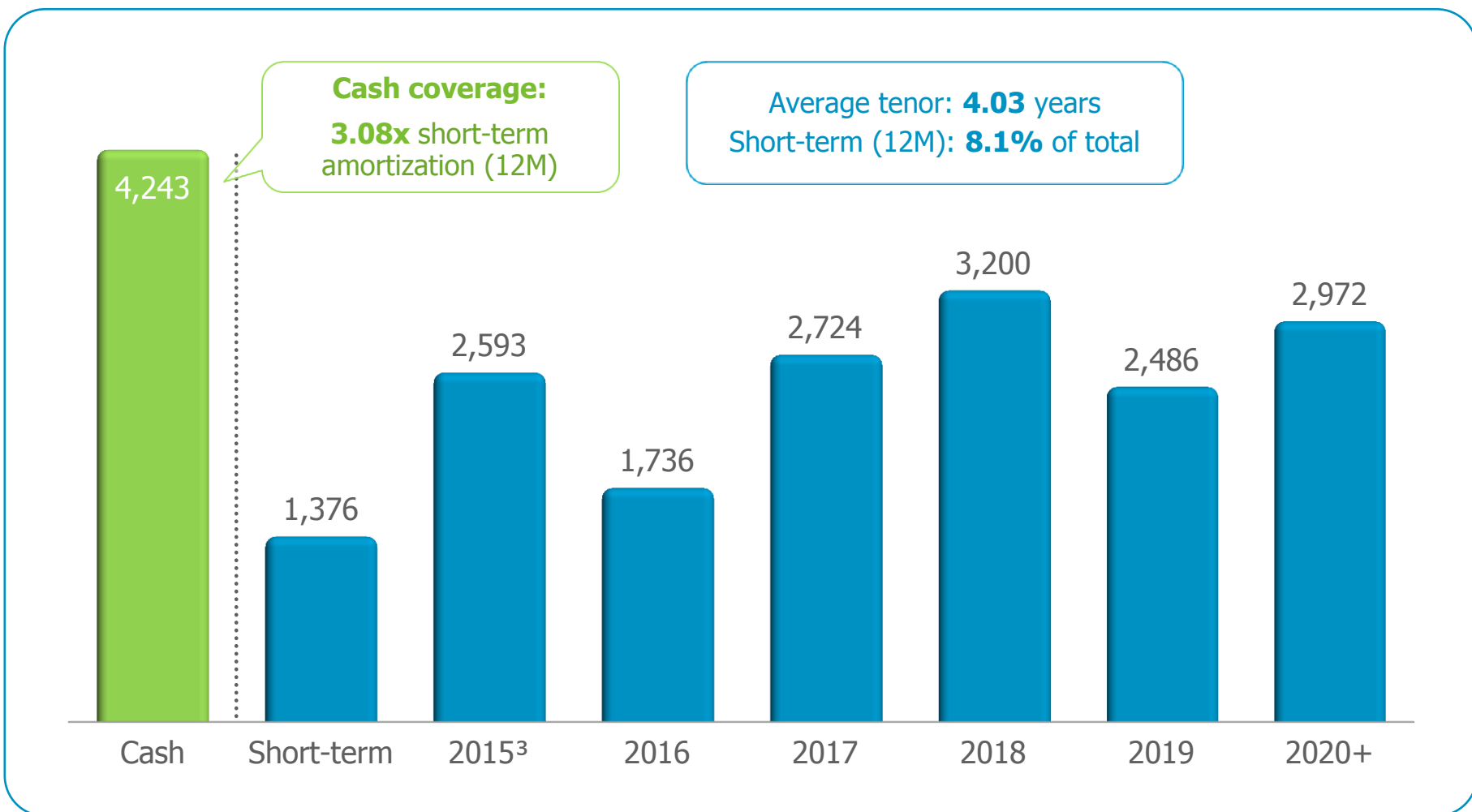
► Gross debt cost^{3,4} | LTM



► Gross debt breakdown^{3,4}





► Debt amortization schedule^{1,2} | Mar-14 | R\$ million



1) Includes hedge (net negative effect of R\$ 186 million) and disregard financial charges (ST = R\$ 298 million; LT = R\$ 95 million), MTM (R\$ 90 million) and debt raising and debenture issuance costs (net negative effect of R\$ 59 million); 2) IFRS Criteria; 3) Amortization from April 30, 2015.

► Commercial start-up **2013-2018 (e)** | **384 MW** | **193 MW** average

 		Commercial start-up (e)	Installed capacity (MW)	Assured Energy (MWavg)	PPA	Status
	Macacos I wind farms¹	2Q14⁵	78.2	37.5	LFA R\$ 161.5 MWh ⁷ until 2033	Turbines' assembly and commissioning concluded; waiting Aneel's dipatch
	Campo dos Ventos wind farms^{2,6}	1H16	82.0	40.2	ACL 20 years	Contract to supply wind turbines signed; executive projects in progress
	São Benedito wind farms^{3,6}	2H16	172.0	89.0	ACL 20 years	Contract to supply wind turbines signed; executive projects in progress
	Pedra Cheirosa wind farms⁴	1H18	51.3	26.1	A-5 Auction R\$ 125.04 MWh ⁷ until 2037	Negotiation of wind turbines supply in progress

Images from Macacos I wind farms

1) Macacos, Pedra Preta, Costa Branca and Juremas; 2) Campo dos Ventos I, III, V; 3) Ventos de São Benedito, Ventos de Santo Dimas, Santa Mônica, Santa Úrsula São Domingos and Ventos de São Martinho; 4) Pedra Cheirosa I and II; 5) Considering the start-up of the first farm in the complex; 6) Projects with energy sold to the free market in the long term, with contract for the supply of equipment and awaiting connection definition to start construction. 7) Constant currency (Dec/13).

Value Creation Processes for Telecom

Objective: To be a reference in the Telecom market as a provider of infrastructure solutions and network connectivity, serving operators and providers of telecommunications services

Growing Market

CPFL Operation in Telecom

CPFL Competences

► **Telecommunications industry grew 4%** in the year of 2013, with investments of R\$ 26.5 bi ¹

► **Drivers of growth:**

- Anatel pressure for 3G quality
- 4G implantation
- Broadband expansion

► **Opportunities for new entrants:**

- World scenario affects/redirects global players Capex

► **Telecom's long-term future:**

- more intensive in data traffic and fibers
- Government/BNDES plans: Relevant investments in Telecom infrastructure (fiber) in the next 10 years

► **Grid's coverage** (distribution poles) and right of usage

► **Neutral player in the market:**

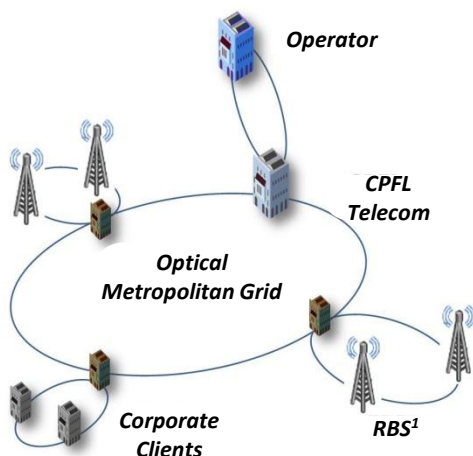
- Attractive for telecom operators that have to grow and expand its services in CPFL's concession area

► **Know-how in grids' implantation**

► The Technology also provide a basis for our **automation projects for the power grid and smart grid**

Characteristics

- **Operation:** Telecommunication market, with Metropolitan Optical Grids (backhaul) in the concession areas of CPFL
- **Focus:** Meet the demand for infrastructure and capacity of the Operators working in the concession area of CPFL Energia
- **Backhaul:** Metropolitan Connectivity

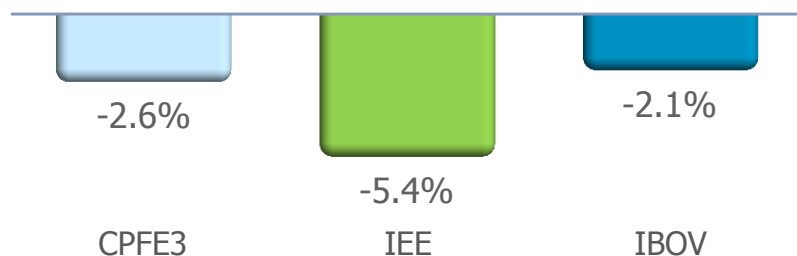


Implantation Strategy

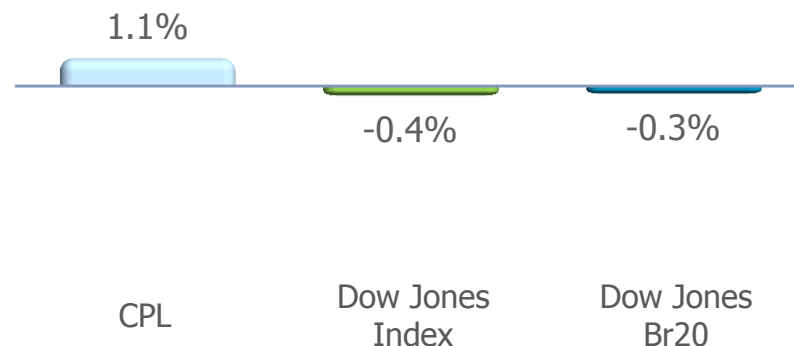
- **Localization:** **42 most economically attractive cities** and with greater concentration of network users
 - CPFL concession area
 - 7.3% of Brazilian PIB
 - Telecom Market estimated in R\$ 13 billion per year
- **Process:**
 - **Phase 1:** 17 cities (total of 649 km of optical cables)
 - **Phase 2:** 25 cities (total of 680 km of optical cables)
- **Built Grid (April/14):** 10 cities (total of 544 km of cables)



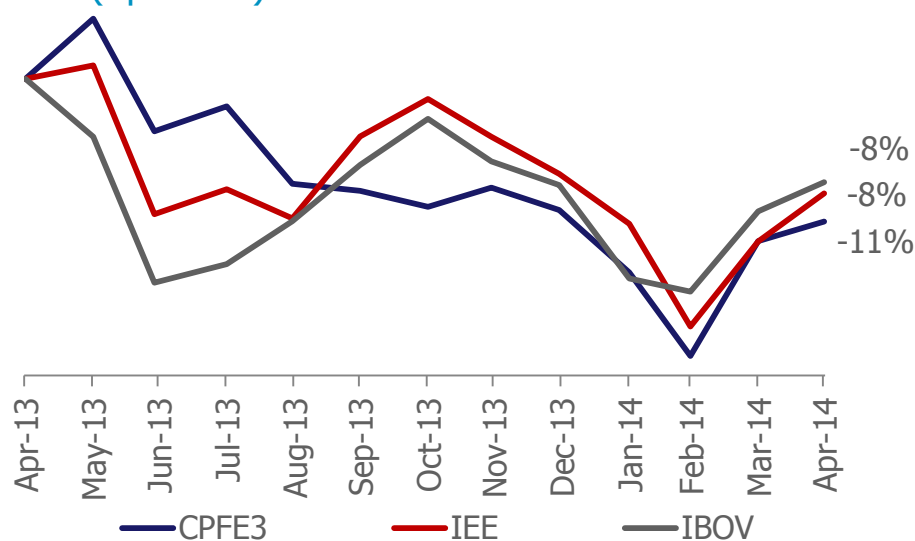
► Shares performance on BM&Fbovespa | 1Q14^{1,2}



► Shares performance on NYSE | 1Q14^{1,2}



► Shares performance^{1,3} LTM (April 30th)



► Daily average trading volume on BM&FBovespa + NYSE | R\$ million

