



4Q06/2006

Highlights and 2006 Results – CPFL Energia

Value Creation Agenda

15.2%

Net Revenue

R\$ 8,914 million (2006)

R\$ 7,739 million (2005)

31.6%

EBITDA

R\$ 2,789 million (2006)

R\$ 2,120 million (2005)

37.5%

Net Income

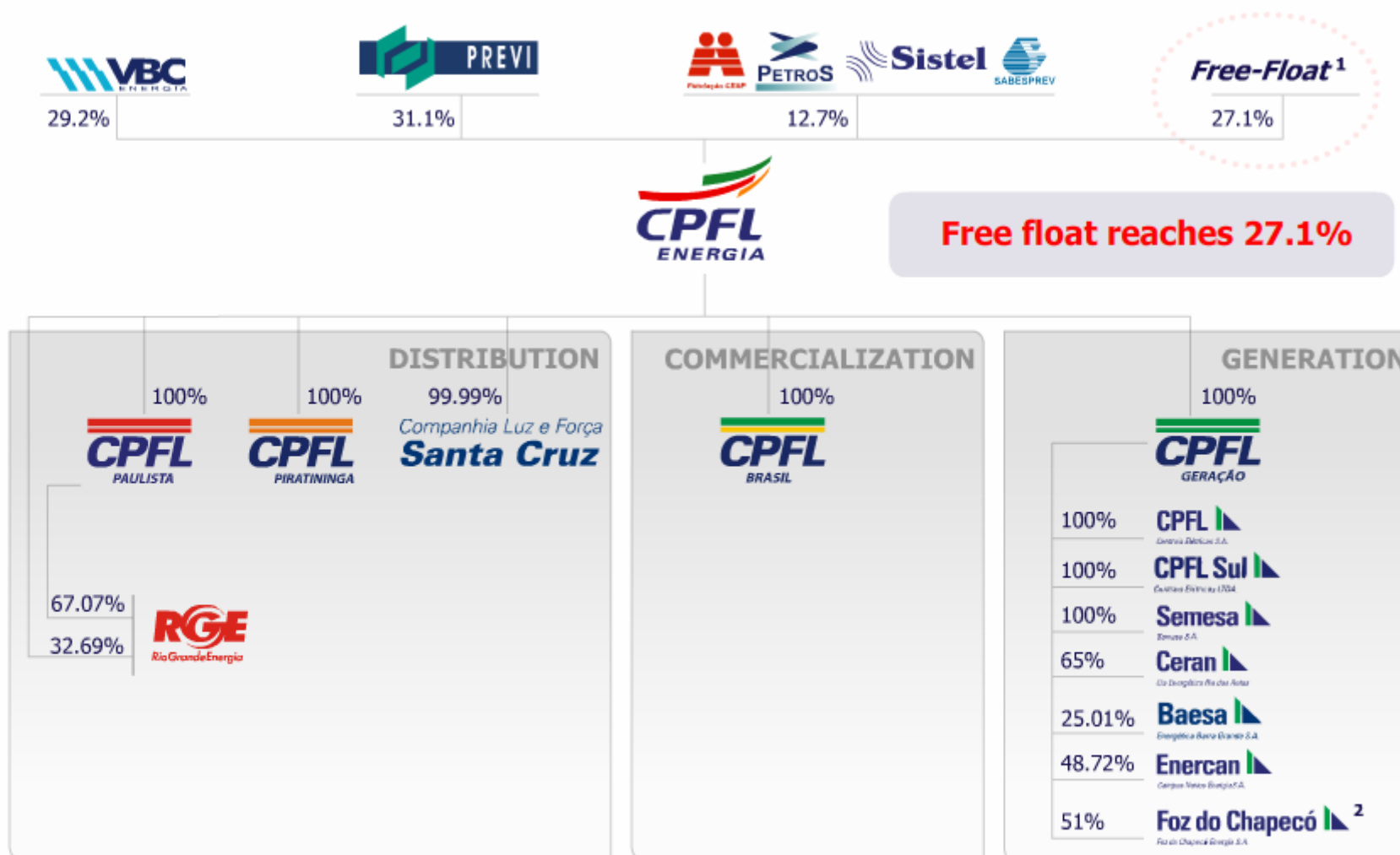
R\$ 1,404 million (2006)

R\$ 1,021 million (2005)

- 7.2% increase in total energy sales¹
- Growth through acquisitions, involving investments of R\$ 830 million²:
 - 32.69% of RGE in May/06
 - 11% of Foz do Chapecó HPP in Aug/06
 - Cia. Luz e Força Santa Cruz in Oct/06
- 144% increase in daily average traded share volume in 2006 (vs. 2005); CPFL included in the IBX-50 index in Jan/07
- Free float increased from 17.86% to 27.08%, due to Bradespar's withdrawal from the controlling group in Dec/06

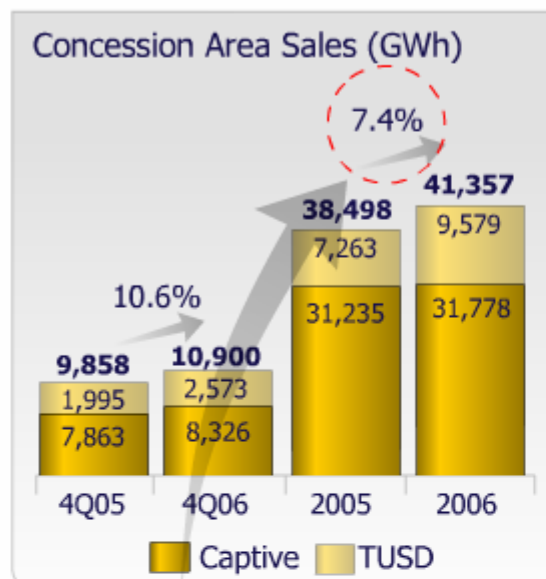
Non-recurring positive effects:

- Sale of 3.93% stake in Comgás, generating a net gain of R\$ 41 million
- Favorable judicial decision referring to PIS/COFINS paid on the increase in the calculation base, rules in favor of CPFL Paulista, CPFL Piratininga and RGE, generating net gain of R\$ 81 million



1) Market position: 27.08 % free float + 0.01% Others

2) Considering combined stakes in Foz do Chapecó Energia S.A. (85%) and Consórcio Energético Foz do Chapecó (60%)



Concession Area Sales



7.4% (3.9% excluding the RGE stake acquisition effect)

Captive Market



Residential

8.0%

without RGE effect 4.7%



Rural

13.6%

4.1%



Commercial

8.0%

4.9%



Industrial

-9.0%

-13.1%

TUSD Sales

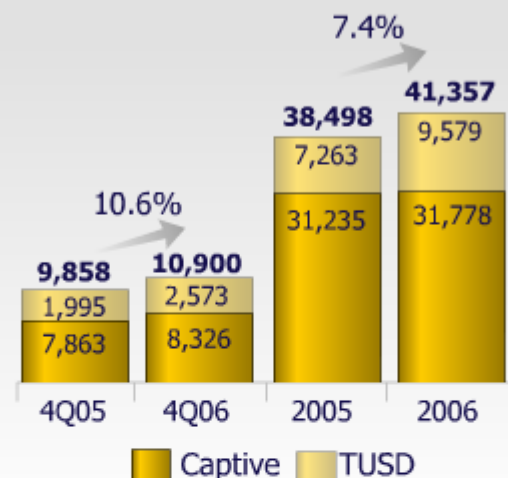


31.9%

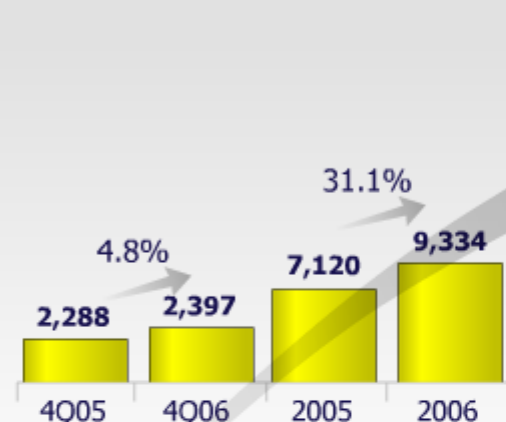
without RGE effect

30.6%

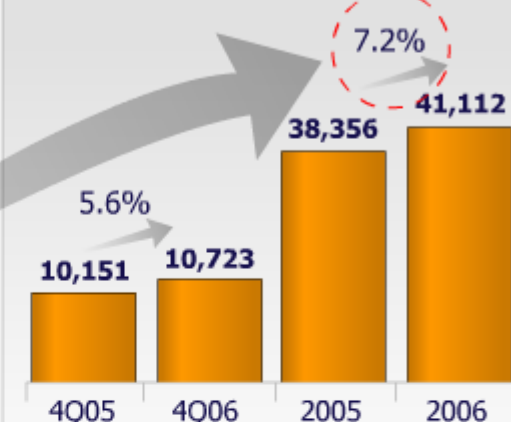
Concession Area Sales (GWh)



Free Market Sales (GWh)¹



Total Energy Sales (GWh)²



● Total Energy Sales



7.2% (4.4% excluding the RGE stake acquisition effect)

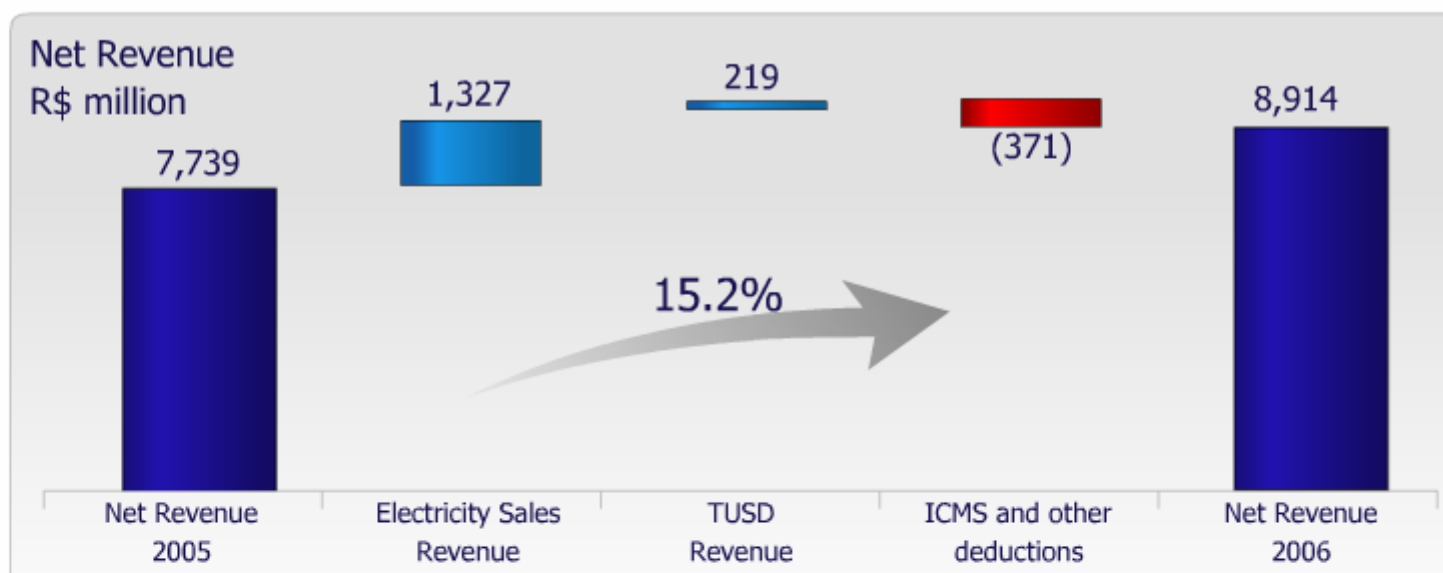
Free Market



31.1%

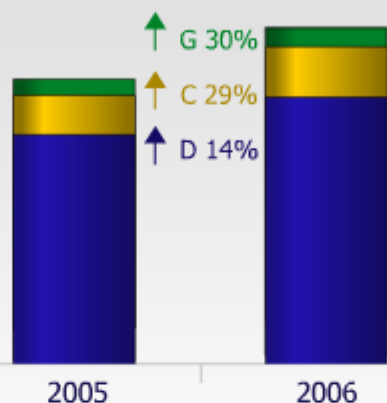
1) Free Market Sales (Commercialization and CPFL Sul Centrais Elétricas), excluding transactions between group companies (consolidation accounting criteria) and CCEE

2) Excluding transactions between groups companies (consolidation accounting criteria), CCEE and generation sales (except to the Free Market)

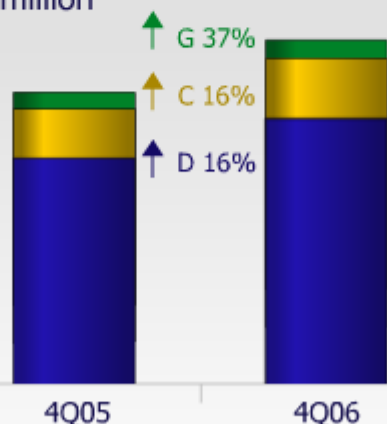


- 15.2% Net Revenue Increase (R\$ 1,175 million)
 - (+) 13.1% Electricity Sales Revenue increase (R\$ 1,327 million)
 - (+) 7.2% Total energy sales growth
 - (+) 2.8% Impact from the increased stake in RGE
 - (+) 31.1% Free market sales increase
 - (+) Annual Tariff Adjustment for CPFL Paulista (Apr/06: 10.8%), RGE (Apr/06: 10.2%) and CPFL Piratininga (Oct/05: 1.5% and Oct/06: 10.8%)
 - (+) 46.4% TUSD revenue increase (R\$ 219 million)
 - (-) 12.6% ICMS tax and other revenue deductions increase (R\$ 371 million)

Net Revenue
R\$ million



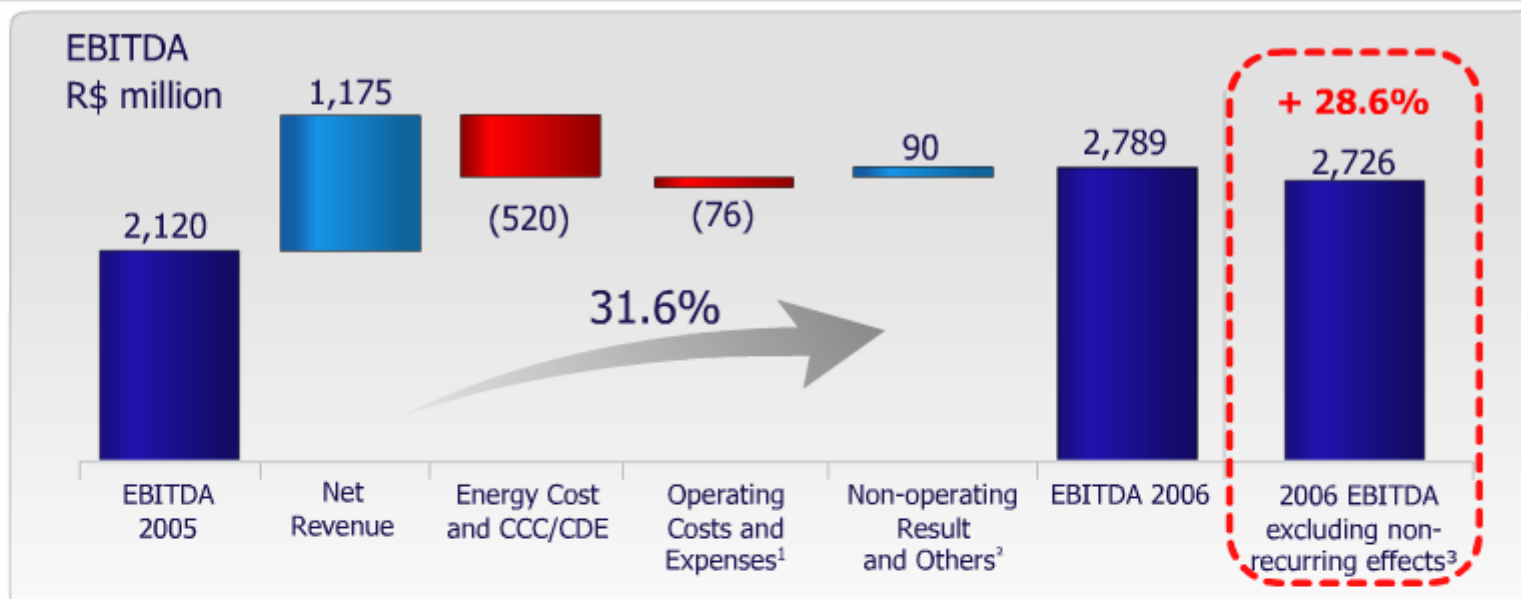
Net Revenue
R\$ million



- Distribution (R\$ 991 million)
 - 7.4% Concession area sales increase
 - Annual tariff adjustments
 - CPFL Paulista 10.8% - Apr/06
 - RGE 10.2% - Apr/06
 - CPFL Piratininga 1.5% (Oct/05) and 10.8% (Oct/06)
 - 47.0% TUSD revenue increase
- Commercialization (R\$ 351 million)
 - 31.1%¹ Free market sales revenue growth
 - 77.0% Added value service revenue growth (R\$ 11 million)
- Generation (R\$ 118 million)
 - Assured energy increase (Barra Grande HPP and CPFL Sul Centrais Elétricas SPP operations), with the addition of 808.6 GWh
 - Adjustments in generators' contracts

Transactions between group companies are eliminated from the pro-forma statements

1) 31.1% increase includes CPFL Sul Centrais Elétricas sales to the free market – not reflected in the commercialization revenue

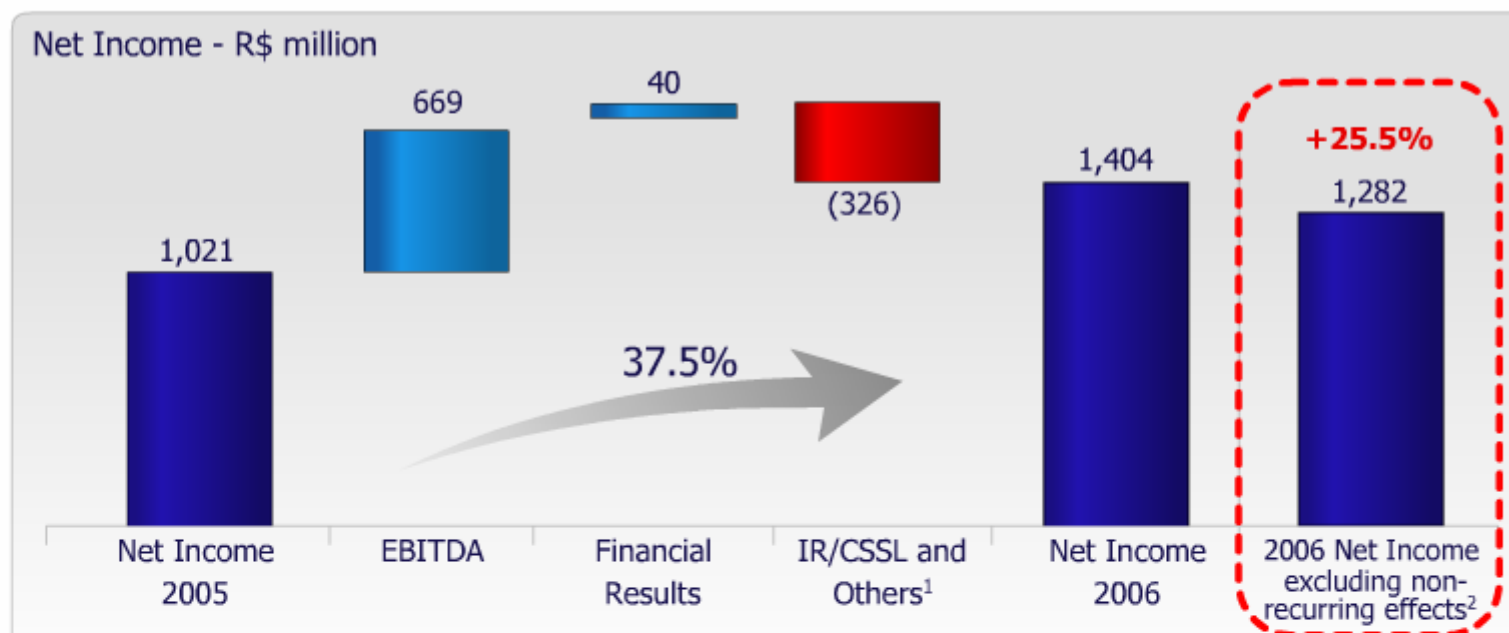


- 31.6% EBITDA increase (R\$ 669 million)
 - (+) 15.2% Net Revenue increase (R\$ 1,175 million)
 - (-) 6.6% Energy Cost increase (R\$ 261 million)
 - (-) 39.0% CCC/CDE Cost increase (R\$ 259 million)
 - (-) 7.7% Operating Costs and Expenses increase¹ (R\$ 76 million)
 - (-) Additional stake in RGE (R\$ 41 million)
 - (-) Barra Grande HPP and CPFL Sul Centrais Elétricas SPP operations (R\$ 11 million)
 - (+) Non-Operating Result and Others² (R\$ 90 million)
 - (+) Sale of stake in Comgás (R\$ 63 million)

1) Including Personnel, Materials, Third Party Services and Others

2) Include Minority Interest

3) Non-recurring effect: sale of stake in Comgás



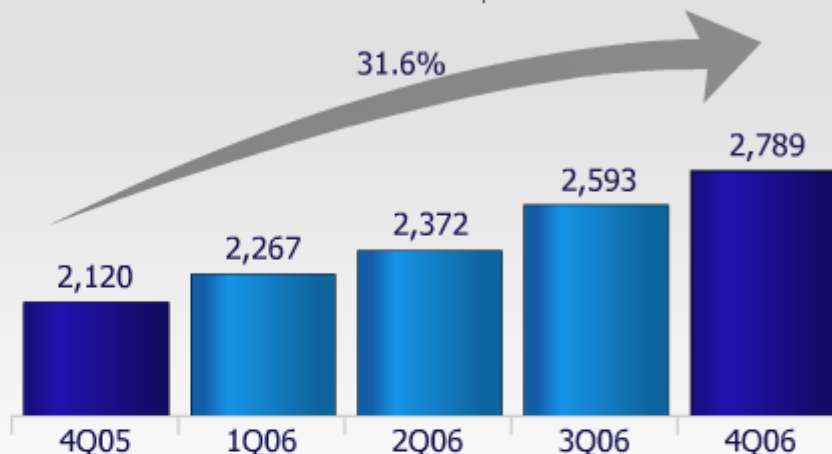
- 37.5% Net Income Increase (R\$ 383 million)
 - (+) 31.6% EBITDA increase (R\$ 669 million)
 - (+) Financial Results improvement (R\$ 40 million)
 - (+) 10.5% Financial Income increase (R\$ 61 million)
 - (-) 2.3% Financial Expenses increase² (R\$ 21 million)
 - (-) Income Tax, Social Contribution Tax and Others increase¹ (R\$ 326 million)

1) Including Pension Fund, Depreciation and Amortization
 2) Includes goodwill amortization

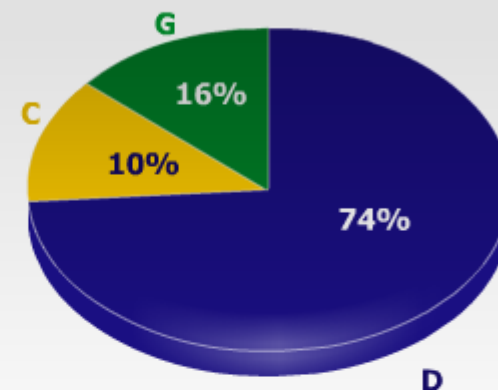
CPFL Energia reports consistent growth in EBITDA and Net Income

Highlights and 2006 Results – CPFL Energia

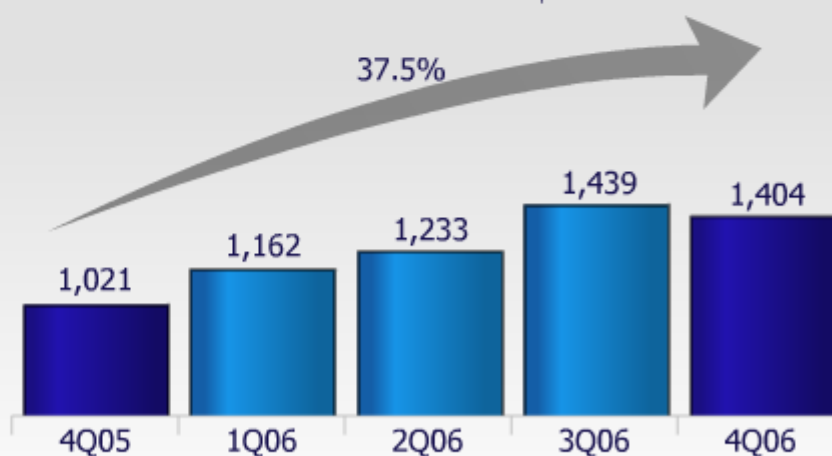
EBITDA – last twelve months - R\$ million



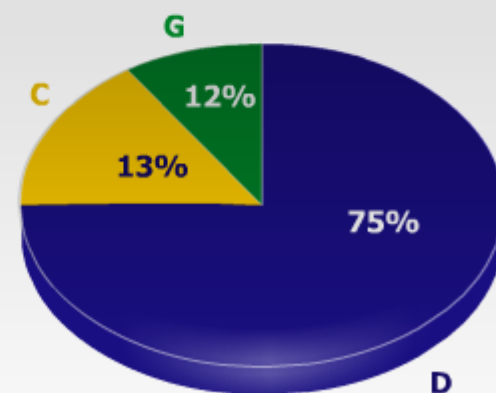
2006 EBITDA Breakdown



Net Income – last twelve months - R\$ million



2006 Net Income Breakdown

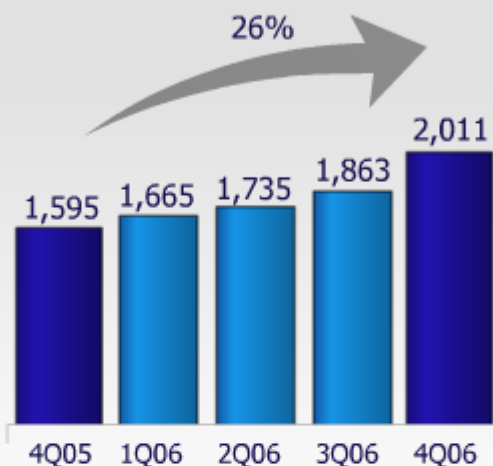


All business units contribute positively to the Group's results

Highlights and 2006 Results – CPFL Energia

Distribution

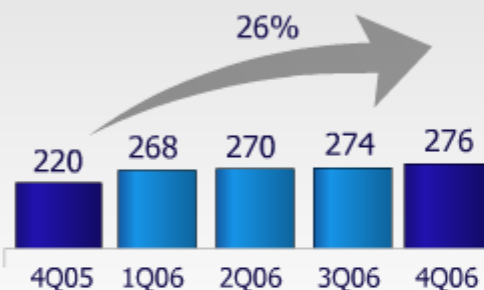
CPFL PAULISTA CPFL PARANÁ RGE Rio Grande Energia



Commercialization

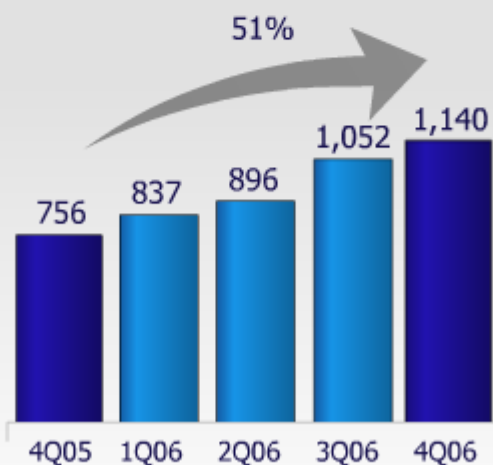
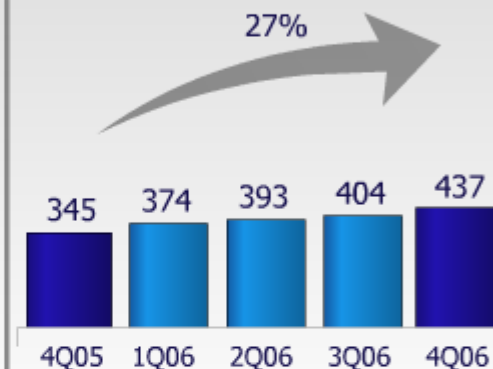
CPFL BRASIL

EBITDA – last twelve months
R\$ million

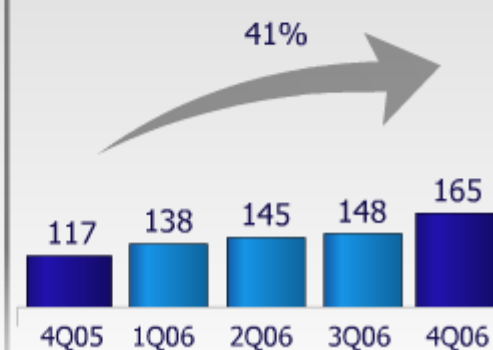
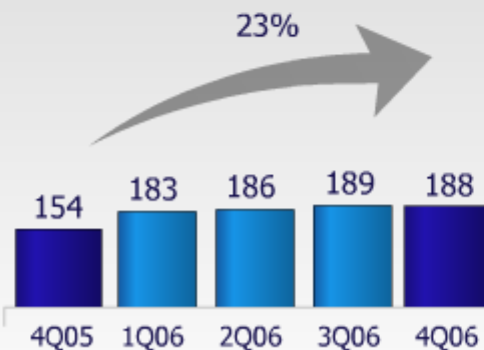


Generation

CPFL GERAÇÃO

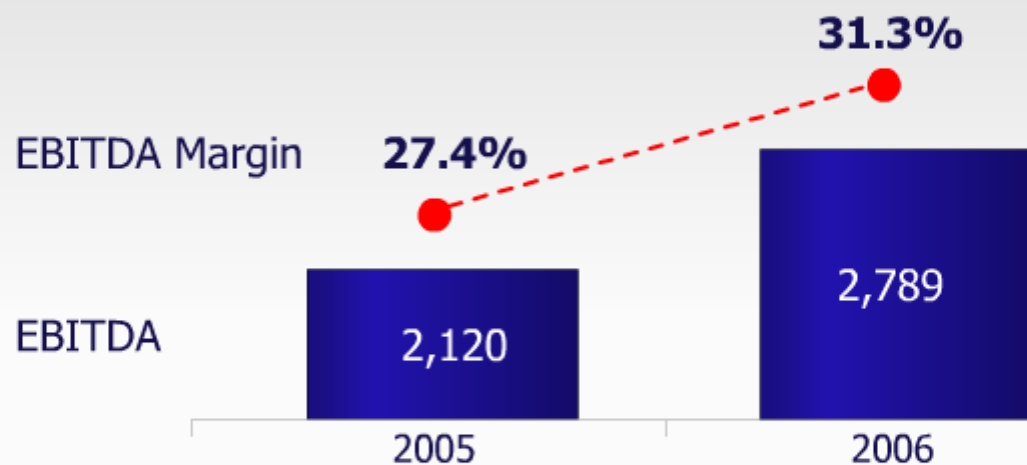


Net Income – last twelve months
R\$ million



In 2006, CPFL Energia's EBITDA margin exceeds 30%

EBITDA Margin Performance

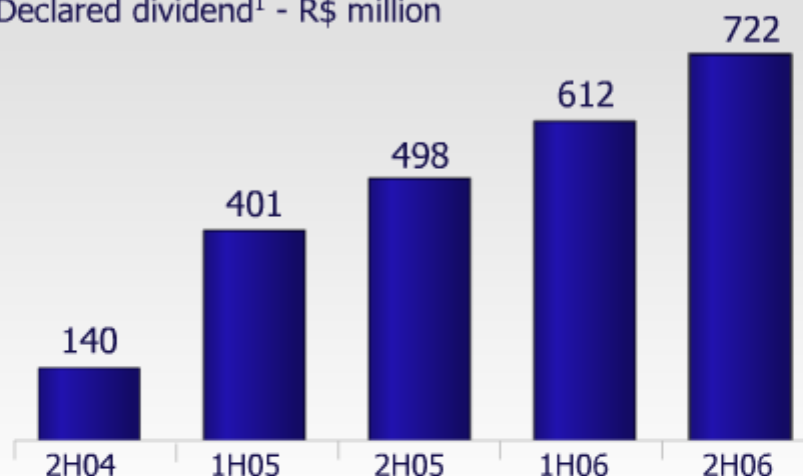


CPFL's EBITDA margin succeeds 30% in 2006

Shareholder's Return Commitment

CPFL distributes 95% of net income in dividends - R\$ 1,334 million in 2006 – R\$ 2.78 per share

Declared dividend¹ - R\$ million



Payment of R\$ 1.28/share in the 1H06 and R\$ 1.50/share in the 2H06 will generate dividend yield above the sector average

Six-month Dividend Yield

Average Price	1.9%	4.6%	4.3%	4.3%	5.3%	9.6%
End of Period Price	1.7%	4.8%	3.7%	4.8%	5.0%	9.8%

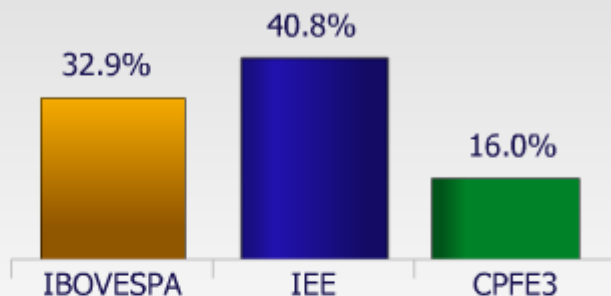
Since the IPO (2H04), CPFL Energia's dividend yield has already reached 29.1%²

(1) Declared dividend: payment in the next half year

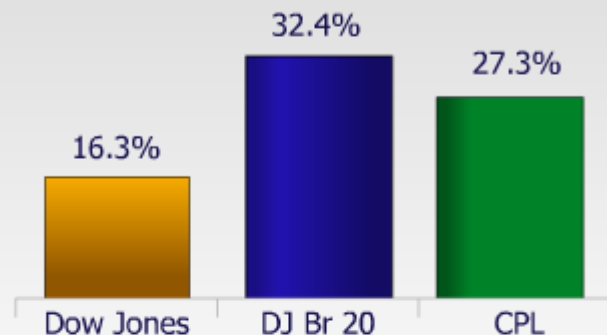
(2) IPO's price per share: R\$ 17.22

CPFL Performance in 2006

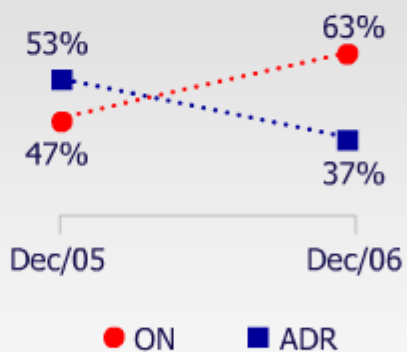
Share performance BOVESPA¹ - 2006



Share performance NYSE¹ - 2006

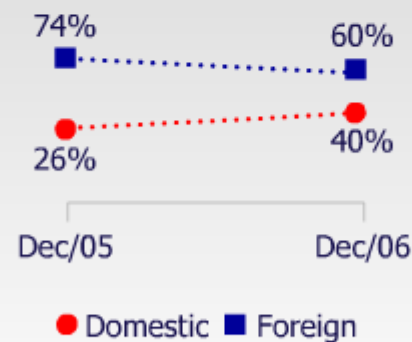


Ownership – ADR vs ON



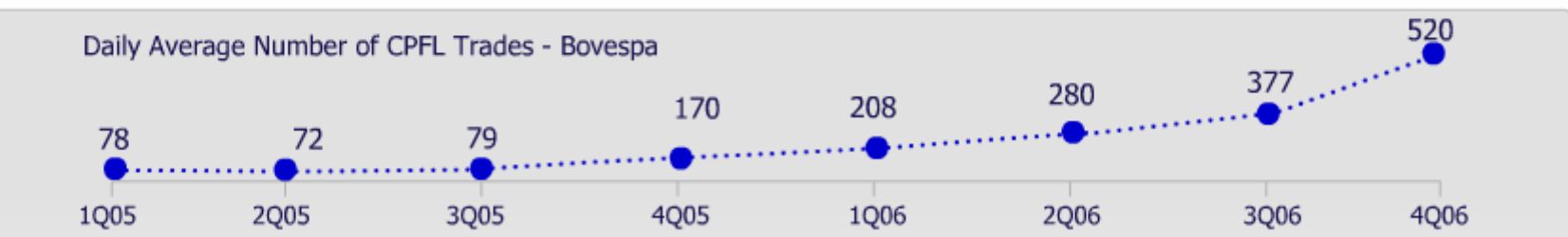
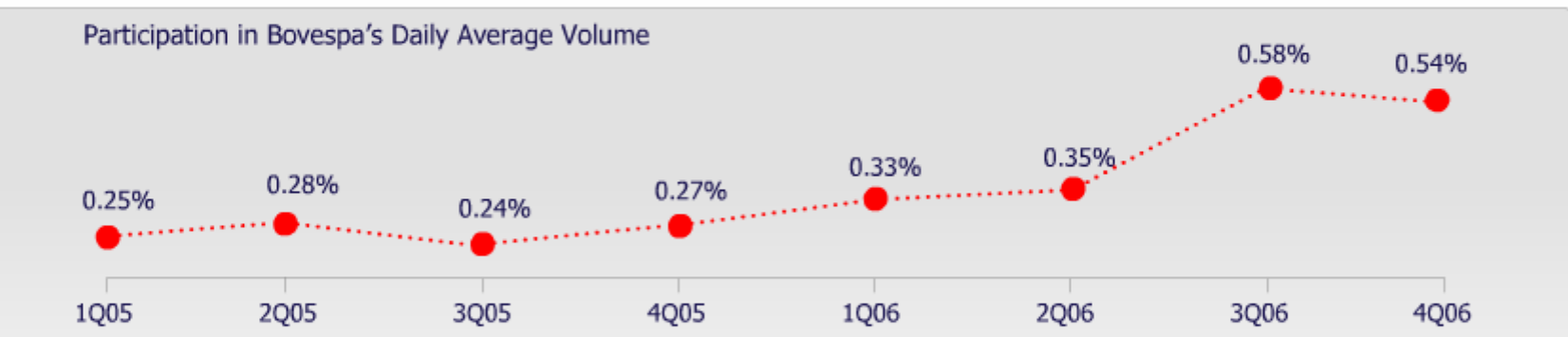
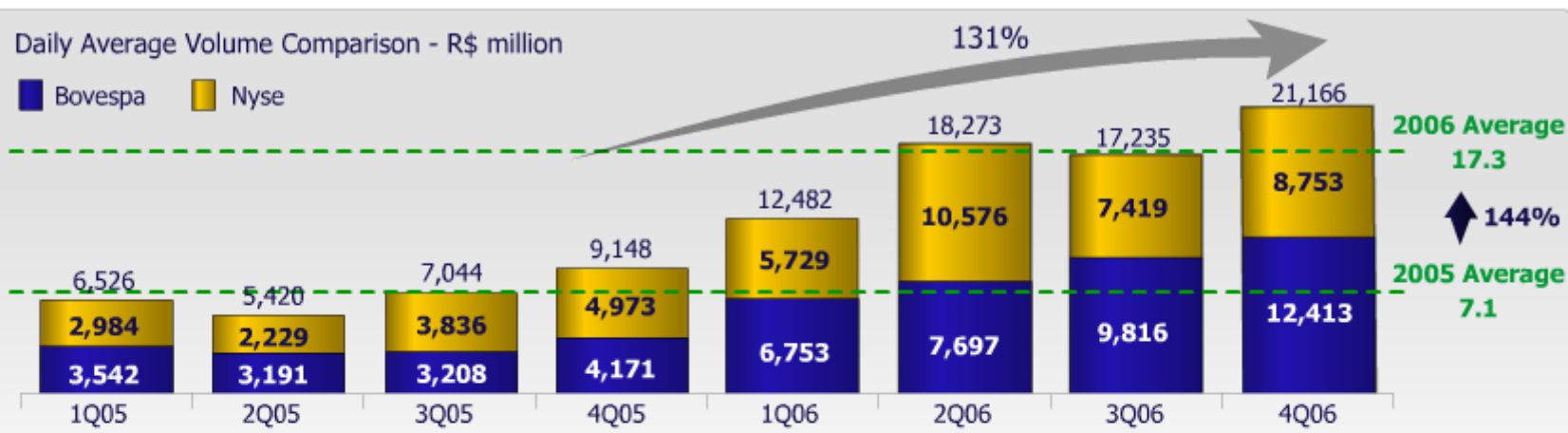
- Substantial increase in ON's stock, due to the increase in domestic investors' positions (retail and institutional)

Ownership – Domestic vs Foreign



- Reduction in foreign investors' share of ADR's stock

Average traded volume growth 144%, with Bovespa's relative participation increase



CPFL Energia has the highest liquidity among private companies in the Brazilian Energy Sector

2nd consecutive year in the ISE-Bovespa and inclusion in the IBrX-50 since January 1st, 2007

- CPFL Energia has been included in the IBX-50 since Jan/07, which includes the 50 most actively traded shares on the Bovespa



Investment funds currently indexed to the IBrX-50 have a Shareholders Equity¹ of R\$ 8.2 billion

- CPFL Energia is among the 34 companies making up the Bovespa's Corporate Sustainability Index – for the 2nd consecutive year





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Highlights and 2006 Results – CPFL Energia

Value Creation Agenda

Success achieved by CPFL Energia is based on a strategic agenda clearly defined, focused on sustainable growth of its businesses

Value Creation Agenda



Synergic growth



Operating efficiency



Financial discipline



Sustainability and Social Responsibility



Differentiated Corporate Governance

Implementation of the synergic growth strategy, with 3 acquisitions in 2006, with additional investments of R\$ 830¹ million

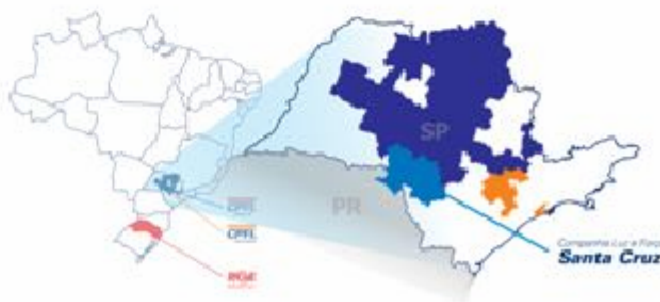


Acquisition of a 32.69% stake in RGE

- Acquisition in May/06²
- Payment of R\$ 383 million
- Financial Statements Consolidation:
 - Balance Sheet: 100% since January/06
 - Income Statement: 67.07% until May/06 and 100% as of June/06

Acquisition of 11% stake in Foz do Chapecó HPP

- Acquisition in August 2006³
- Payment of R\$ 8.8 million
- 94 MW of additional installed capacity, 48 MW medium assured energy and R\$ 230 million CAPEX
- Start-up in 2010



Acquisition of Santa Cruz company

- Acquisition in October 2006⁴
- Payment of R\$ 203 million
- Financial Statements Consolidation:
 - Balance sheet: 100% since Dec/06
 - Income Statement: 100% since 15 of Jan/07

1) R\$ 830 million investments include Foz do Chapecó HPP additional CAPEX
 3) Approved by Aneel on Sep 20, 2006

2) Approved by Aneel on May 25, 2006
 4) Approved by Aneel on Dec 21, 2006

Concluded Activities

- ✓ Organizational restructuring
- ✓ Supply process optimization
- ✓ Human resources process' centralization
- ✓ Infrastructure's optimization (headquarters)
- ✓ Reduction in overtime (Human Resources)

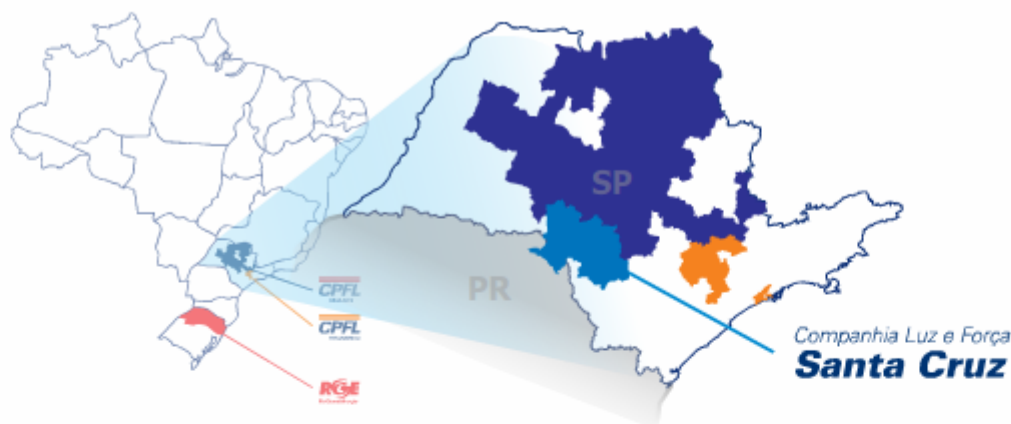
Working-on Activities

- Software's licenses and services of support and programming optimization
- Delinquency recovery
- Cost of debt, banking taxes and insurance reduction
- Tax credit's optimization

Integration process will
generate R\$ 32.5 million gains
annually by synergies



First Stage of Santa Cruz Integration Plan



Consolidation

- Balance sheet as of Dec/06
- Income Statement as of Jan/07

First stage: Definition of the Integration Plan

- Definition of the new organizational structure
- Infrastructure's optimization
- Centralization of processes: migration to a shared operation, generating synergy and productivity gains in operational and administrative processes
- Improvement in the quality of the services provided through more efficient operational management
- Implementation of the SAP R/3 and integration with CPFL Energia
- Financial leverage opportunity analysis

Estimated conclusion of the Integration Plan: 1Q07

Start-up of Campos Novos HPP on February 3rd, 2007



View of the plant

- Beginning of reservoir filling: November 26th, 2006
- Minimum Operating Quota: January 31st, 2007
- Start-up: February 3rd, 2007

1st turbine: 91%
assured energy

With the operation of the Campos Novos HPP, the company will add 429 MW and 184 MWmedium to the Group's current capacity, increasing revenue by R\$200 million/year

Beginning of the construction of Foz do Chapecó HPP



- Beginning of construction: December 21st, 2006
- CPFL Geração's stake: 51%
- Capital structure: 30% Equity and 70% BNDES
- Start-up: August 2010
- Installed capacity: 436 MW
- Assured energy: 220 MWmedium

Foz do Chapecó HPP will represent a R\$ 1.1 billion investment by CPFL and additional annual revenue growth of R\$ 245 million



The Group's installed capacity will reach 2,1 thousand MW in 2010

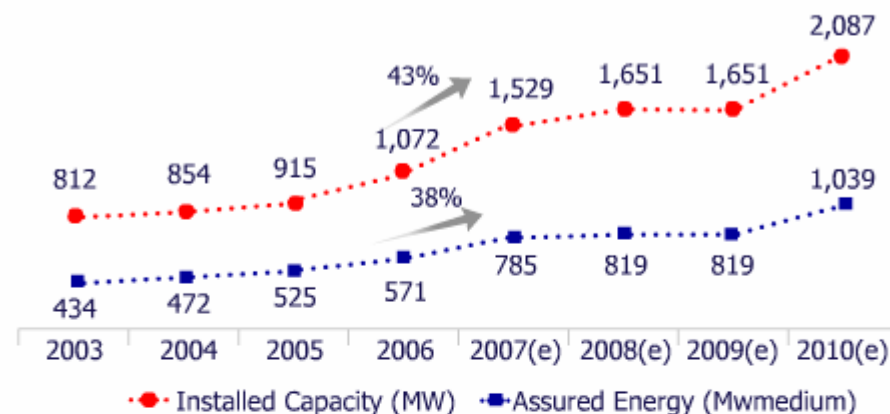
Plants in operation

	Installed Capacity (MW)	Assured Energy (MWmedium)
CPFL <small>Centrais Elétricas S.A.</small>	154,9	88,8
CPFL Sul <small>Centrais Elétricas LTDA</small>	2,7	2,4
Semesa <small>Semosa S.A.</small>	657,1	345,8
Ceran Monte Claro HPP <small>Da Energética Rio das Antas</small>	84,5	38,4
Baesa <small>Energética Barra Grande S.A.</small>	172,5	95,2
Enercan <small>Campos Novos Energia S.A.</small>	428,8	184,1

Plants under construction

	Installed Capacity (MW)	Assured Energy (MWmedium)
Ceran Castro Alves HPP <small>Da Energética Rio das Antas</small>	84,5	41,6
	Commercial Operation: 2007	
14 de Julho HPP	65	32,5
	Commercial Operation: 2008	
Foz do Chapecó <small>Foz da Chapecó Energia S.A.</small>	436,1	220,3
	Commercial Operation: 2010	

Installed Capacity and Assured Energy



Castro Alves HPP

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Value Creation Agenda



Synergic growth

- Acquisition of 32.69% stake in RGE in May/06, 11% stake in Foz do Chapecó HPP's in Aug/06 and Cia. Luz e Força Santa Cruz in Oct/06
- Foz do Chapecó HPP's beginning of construction
- Start-up of Campos Novos HPP



Operating efficiency



Financial discipline



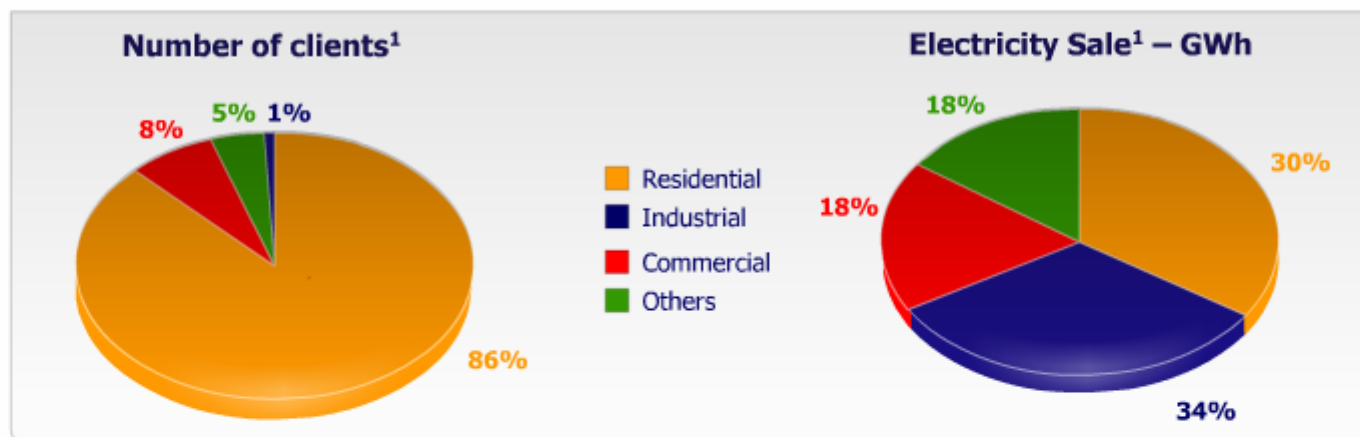
Sustainability and Social Responsibility



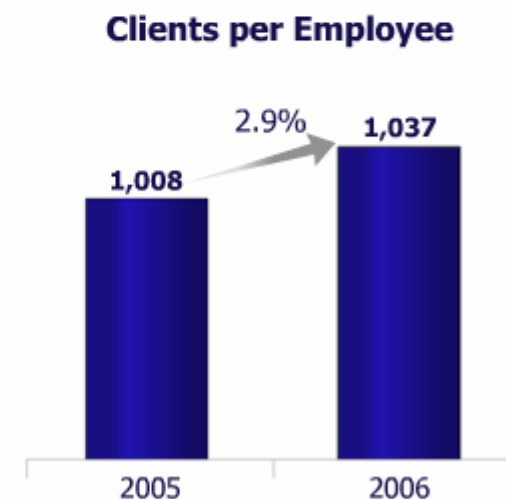
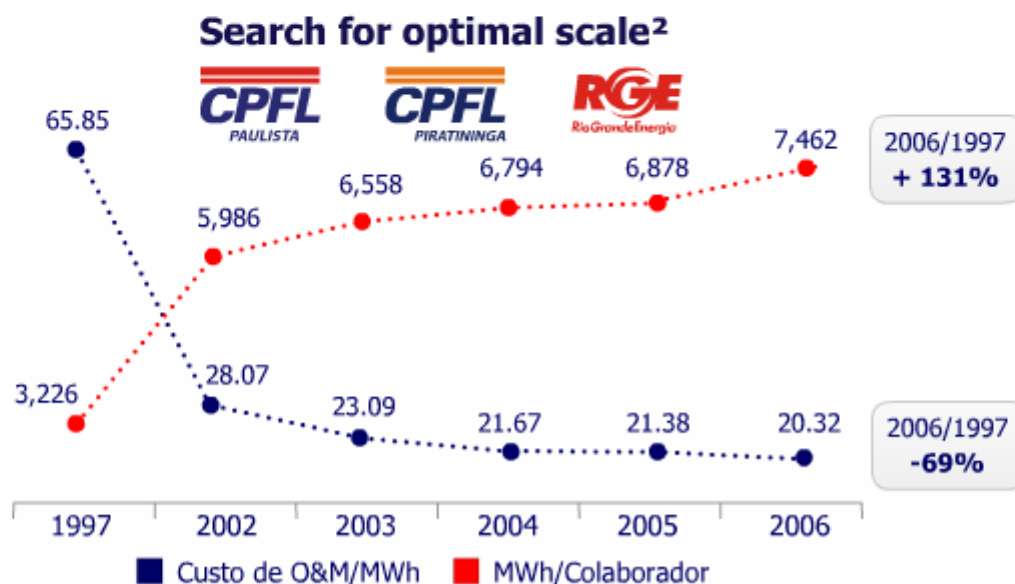
Differentiated Corporate Governance

The solidity achieved by CPFL reflects its operating efficiency and the quality of the markets in which it operates

Consolidated Distribution - 5.9 million clients¹



Value Creation Agenda - Operating Efficiency



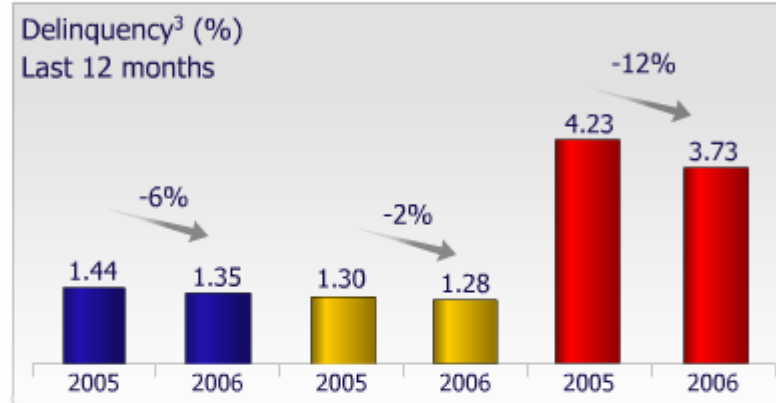
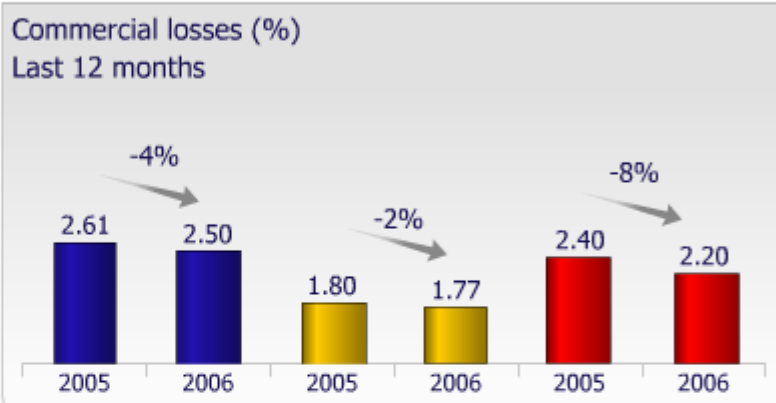
¹ Number of clients and consumption include Sta. Cruz - consider only CAPTIVE MARKET

² Indicators consider only CPFL Paulista until 2000. Values in constant currency based on December/06. MWh refers to captive market sales + TUSD sales.

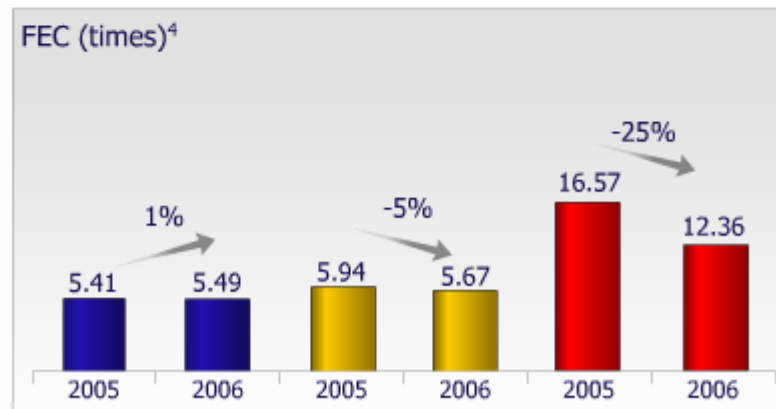
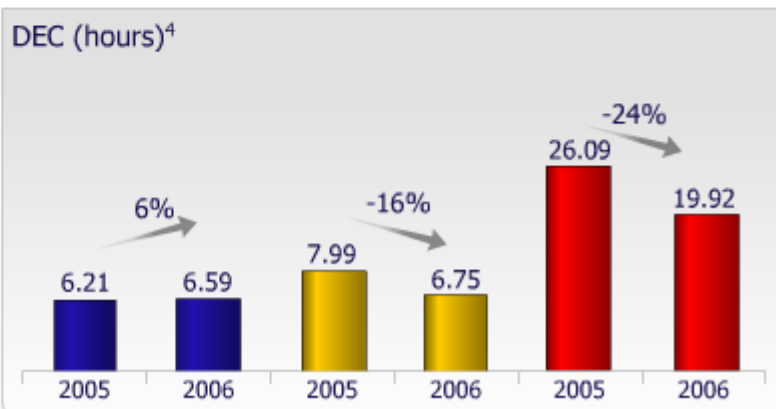
The solidity achieved by CPFL reflects its operating efficiency and the quality of the markets in which it operates

- 205,000 new connections in 2006¹ – average of 17,000 connections per month: 5.5% up on 2005 average
- Commercial losses reduction program: 557,000 inspections – R\$ 141 million revenue recovery²

■ CPFL Paulista ■ CPFL Piratininga ■ RGE



- Initiatives to reduce delinquency levels in RGE:
 - Intensification of debt negotiation with Government and hospitals
 - Intensification of collection in high and low-voltage groups



1) Excluding disconnections

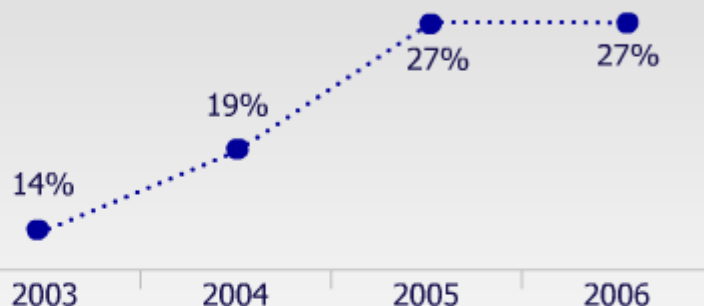
2) Considering 100% of RGE

3) Bills overdue for more than 30 days - % of total billings

4) Source: ANEEL

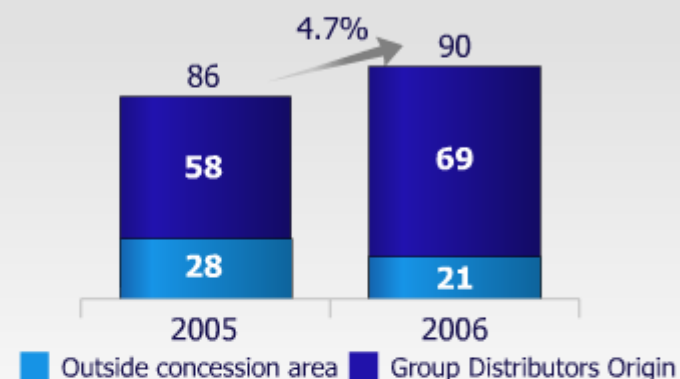
Commercialization's number of clients increase and positive balance in free customers movement

Commercialization Market-share

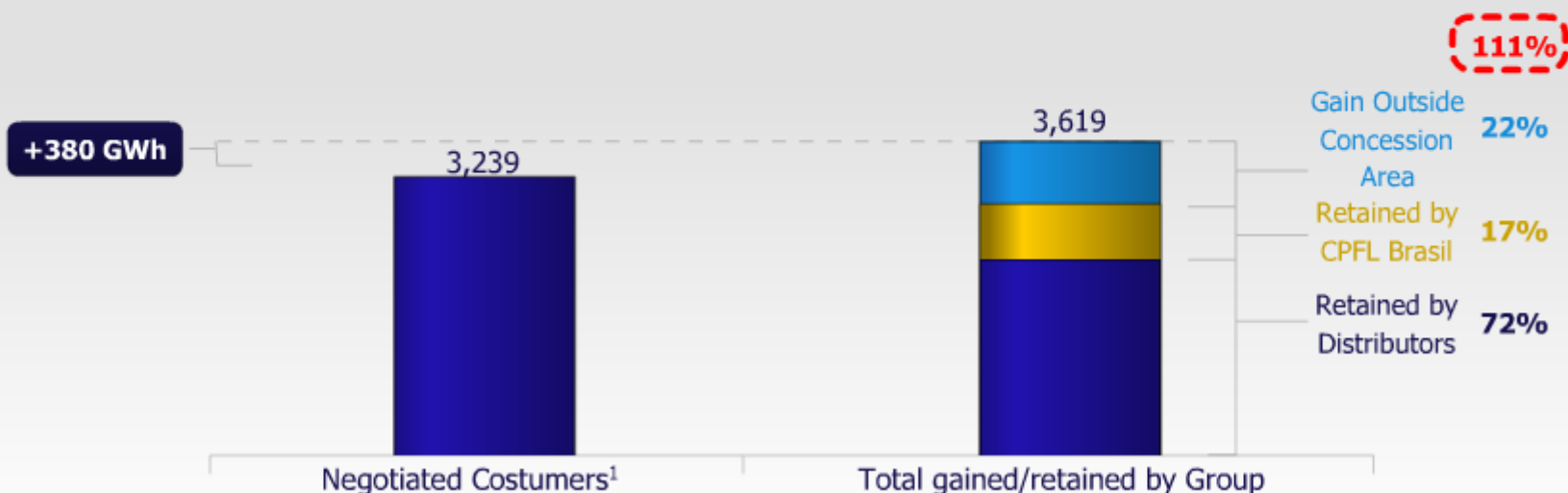


Source: CCEE (acum. Nov/06)

Number of clients in the free market



Free customers flow in 2006 (GWh)



Seis Sigma Program

- **Status:** 7 projects being implemented, including infrastructure, distribution, billing and Call Center
- **Purpose:** Improve business processes performance and efficiency
- **Average term for projects' conclusion:** 2H07



CCS Project - Commercial System

- **Start-up:** March/06
- **Purpose:** Update commercial management system of CPFL Group companies:
 - Unified database and processes' integration
 - Speed up mergers of new companies
 - Cost reductions
- **Conclusion:** December/07



Success achieved by CPFL Energia is based on a strategic agenda clearly defined, focused on sustainable growth of its businesses

Value Creation Agenda



Synergic growth

- Acquisition of 32.69% stake in RGE in May/06, 11% stake in Foz do Chapecó HPP's in Aug/06 and Cia. Luz e Força Santa Cruz in Oct/06
- Foz do Chapecó HPP's beginning of construction
- Start-up of Campos Novos HPP



Operating efficiency

- Efficiency and productivity gains in Distribution
- Competitive performance by Commercialization



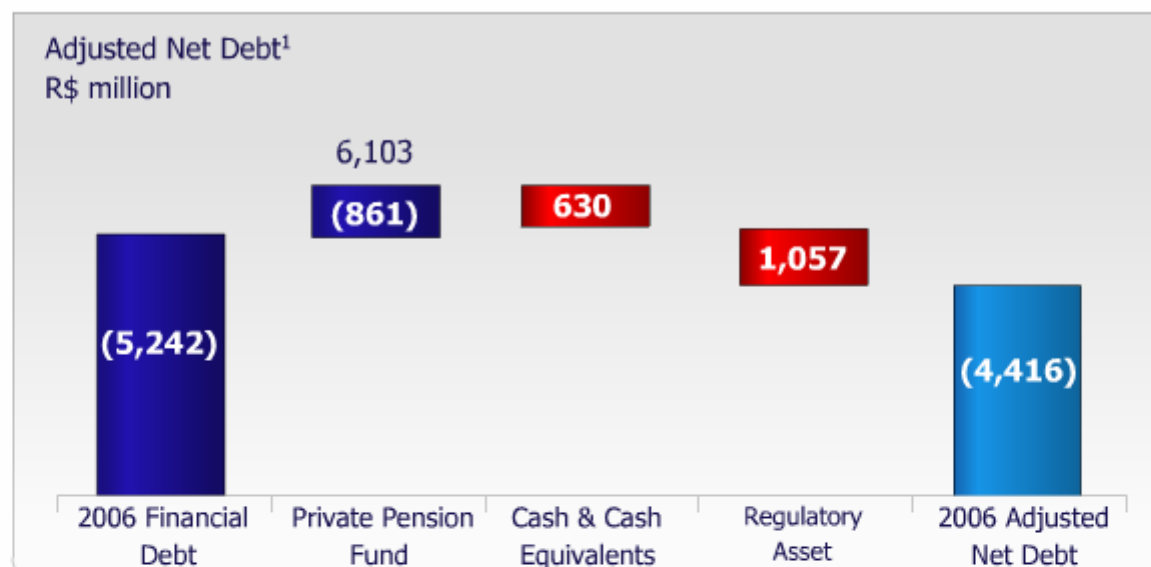
Financial discipline



Sustainability and Social Responsibility



Differentiated Corporate Governance



Adjusted Net Debt¹ / EBITDA²
R\$ billion



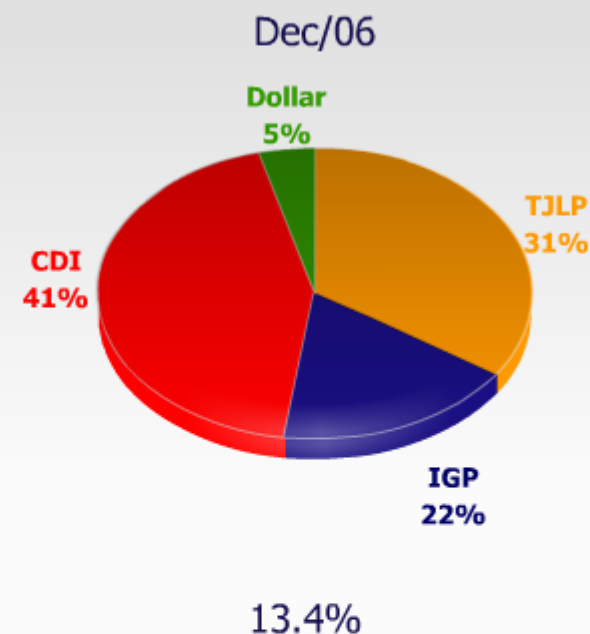
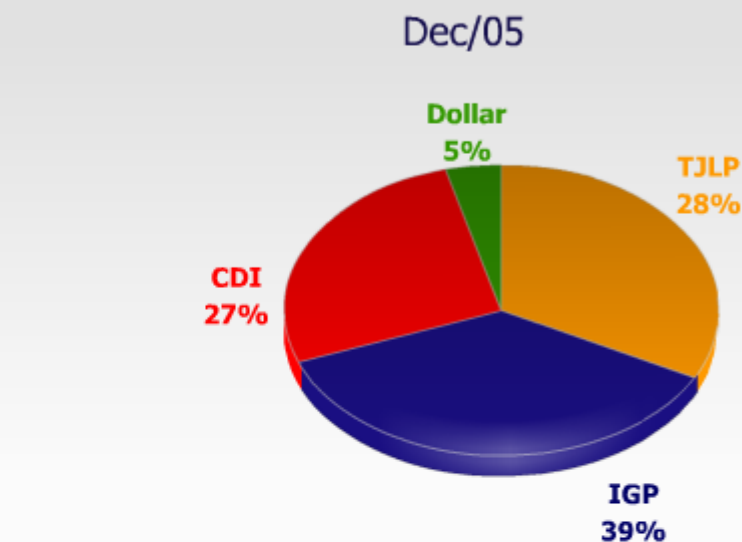
- Financial Debt
 - Funding: R\$ 1.7 billion
 - Amortization: R\$ 1.6 billion
- Regulatory Asset
- Private Pension Fund
- Cash and Cash Equivalents
 - RGE acquisition and debenture
 - Dividend payments

Debt Impact

- ↑ R\$ 0.2 billion
- ↑ R\$ 0.2 billion
- ↓ R\$ 0.1 billion
- ↑ R\$ 0.4 billion
- ↑ R\$ 0.7 billion**

1) Adjusted Net Debt = total financial debt + private pension plan – cash and cash equivalents – regulatory asset
 2) Last 12 months EBITDA

Debt Breakdown



- Increase in CDI stake: CPFL Piratininga and CPFL Paulista debenture issues
- Decrease in IGP-M stake: pre-payment of CPFL Paulista debentures
- Increase TJLP stake: Finem resources in CPFL Paulista and BNDES resources in generation projects

CPFL Paulista issues R\$ 640 million in debentures



CPFL Paulista Offering Details

Offering total value	R\$ 640 million
Issuing Date	December 1st, 2006
Cost	104,4% do CDI
Yield payment	Biannual; the first payment in June/07 and the last on the maturity date

Main objectives: enhance debt profile - higher maturity and lower cost

Rating brA+



CPFL Energia sells its stake in Comgás in Sep/06 and Energias do Brasil in Jan/07



Sale of 3.93% stake - common
shares - Sep/06

Number of shares sold	369,121,217
Final sale price (per 1,000 shares)	R\$ 243.65



Net profit of R\$ 41.4 million



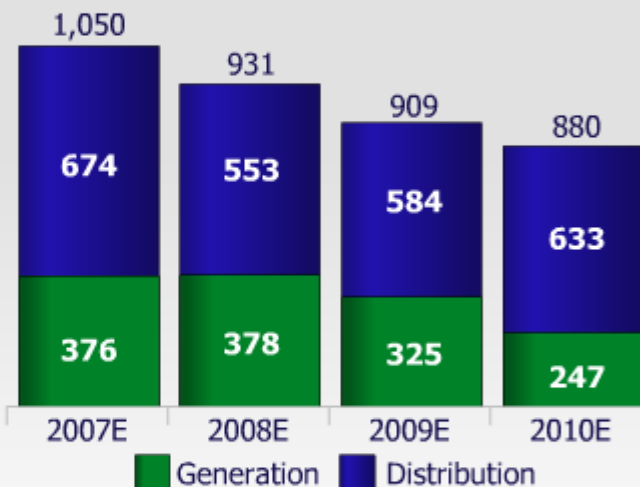
Sale of 0.05% stake in ENBR3
in Jan/07

Number of shares sold	84,610
Final sale price (R\$/share)	R\$ 31.17

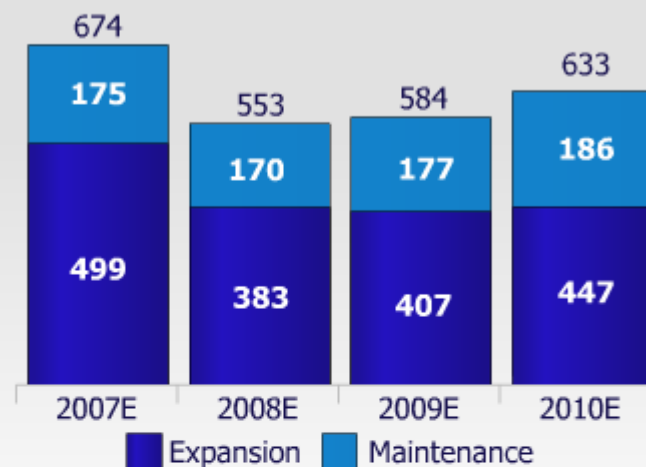


Net profit of R\$ 1.2 million

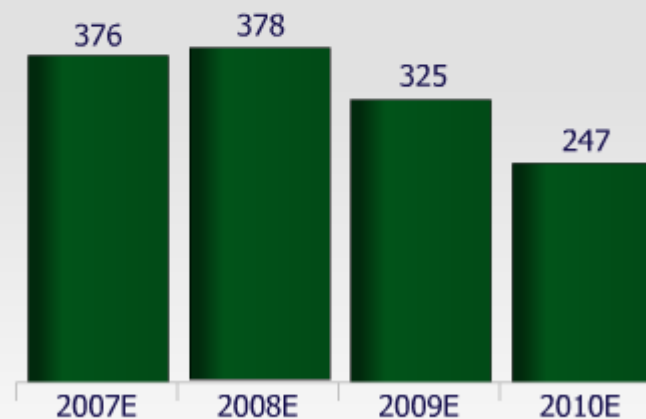
Total Capex - R\$ million



Distribution - R\$ million



Generation - Expansion - R\$ million



Values include 100% of RGE and additional investments in Foz do Chapecó HPP. Do not include investments in Santa Cruz.

Success achieved by CPFL Energia is based on a strategic agenda clearly defined, focused on sustainable growth of its businesses

Value Creation Agenda



Synergic growth

- Acquisition of 32.69% stake in RGE in May/06, 11% stake in Foz do Chapecó HPP's in Aug/06 and Cia. Luz e Força Santa Cruz in Oct/06
- Foz do Chapecó HPP's beginning of construction
- Start-up of Campos Novos HPP



Operating efficiency

- Efficiency and productivity gains in Distribution
- Competitive performance by Commercialization



Financial discipline

- CPFL Piratininga issues R\$ 400 million in debentures and CPFL Paulista issues R\$ 640 million
- Debt cost reduction
- Sale of 3.93% stake in Comgás and 0.05% stake in Energias do Brasil



Sustainability and Social Responsibility



Differentiated Corporate Governance

Dissemination and Management of Ethics and Corporate Directives

Internal

- Respect for Diversity
- Life Quality
- Encouraging Volunteerism

Business Chain

- Monitoring of business impact and decisions on the various constituencies
- Client satisfaction
- Supplier development

Environmental Management

- Development of CDMs (Clean Development Mechanisms) and generation of carbon credits
- Urban Forestation Program
- Environmental Education Actions
- Preservation of Aquatic Environmental
- Support programs for municipal development and historical heritage recovery

Private Social Investment

- Santas Casas and Philanthropic Hospitals revitalization
- Espaço Cultural CPFL (CPFL Cultural Center)
- Conhecer e Crescer Project
- Tear Project

CPFL is recognized for its high standards of Sustainability and Corporate Governance



CPFL is among "The Best Companies to Work for", for the 5th year in succession

- CPFL was above the average of the 150 companies with the best grades in all categories



CPFL Energia was elected Model-Company for the 4th year by the Exame Guide Good Corporate Citizenship

- Among the 10 model-companies, CPFL Energia was rated the best in the final evaluation



CPFL Energia is awarded as "The Best Company in the year" in Corporate Communication and "Investor Relations" – Aberje São Paulo and National Award

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- Programs related to Internal Public, Business Chain, Environmental Management and Private Social Investment
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Differentiated Corporate Governance

● Main points:

- Shares listed on the Bovespa's Novo Mercado and ADR Level III – NYSE
- 100% of common shares with 100% Tag Along
- Subsidiaries' Bylaws aligned with CPFL Energia's Bylaws
- Financial Statements in accordance with US GAAP and BRGAAP
- Self-assessment by Board of Directors and Fiscal Council
- Annual Report in compliance with the GRI



● Code of Ethics and Corporate Conduct Review

- Review based on recommendations in the **Sarbanes-Oxley Act**
 - Expectation of gains in the management system
 - Increasing reflection on ethical conduct in the Company's main stakeholders



● Main changes in the Corporate Governance Structure:

- Reduction in the number of Board of Directors members from 12 (Dec/05) to 7 (Dec/06), with the inclusion of an independent member
- Streamlining of the governance structure, reducing the Board's advisory committees from 7 to 3



Dec/06

27.1%

Free-Float

Sep/06

17.1%

● Free-float exceeds 25%, meeting Novo Mercado requirements:

- Bradespar leaves CPFL Energia's controlling group, retaining 8.97% of shares
- CPFL Energia's free-float reached 27.1% in Dec/06, exceeding the 25% Bovespa's Novo Mercado minimum requirement

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Differentiated Corporate Governance

- Code of Ethics and Corporate Conduct Review
- New Corporate Governance structure
- Free-float exceeds 25%, achieving Novo Mercado requirements



4Q06/2006