Operator: Good morning ladies and gentlemen. We would like to welcome everyone to CPFL ENERGIA 1Q09 Earnings Results conference call. Today we have here with us the executives **Mr. Wilson Ferreira Júnior**, CEO of CPFL Energia and **Mr. José Antonio de Almeida Filippo**, Financial Vice-President and Director of Investor Relations, and other officers of the company.

This call is being broadcasted simultaneously through the Internet in the website: www.cpfl.com.br/ir. In that address you can also find a banner through which the presentation will be available for download. We inform that all participants will only be able to listen to the conference call during the company's presentation. After the presentation, there will be a question and answer session. At that time further instructions will be given. Should any participant need assistance during this conference, please press *0 for an operator. It is important to mention that this teleconference is being recorded.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of CPFL ENERGIA management, and on information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of CPFL ENERGIA and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to **Mr. Wilson Ferreira Junior**. **Mr. Wilson**, you may proceed.

Mr. Wilson Ferreira Junior: Good morning everyone. I would like to thank all the investors and analysts for participating in this conference call, in which we'll share the results of the first quarter of 2009. You already have the presentation with you and I'll try to follow it.

Let's start with the 1Q09 highlights on page 2. In this quarter, net revenue totaled R$2,392 million, declining 3.7% year-on-year. EBITDA amounted to R$659 million, a 2% increase over the first quarter of 2008. And, finally, net income reached R$283 million, a 6.5% increase compared to the R$265 million in the first quarter of the previous year.

I would like to point out that these results are largely due to a 1.8% increase in sales in the captive market, which is served by our distributors, who bill their end users. We also saw remarkable performance in the free market, with an 11.7% growth in sales – we'll talk more about this later on – reaching a total of sales to consumers of 3.6% through the distributors and also the commercialization company.

Another highlight of this quarter was the conclusion of the CPFL Jaguariúna restructuring process, the company we had created to incorporate CMS's assets. So we received Aneel's approval at the end of 2008 and have now completed this operation, directly connecting each one of these assets to CPFL Energia.

It is worth highlighting not only the conclusion of the 14 de Julho HPP at the end of the year, but also the approval to trade the carbon credits of this plant, which will generate revenue of approximately €1 million a year, starting this year.

Another important event in this last quarter and in the beginning of April was the announcement of the definitive indexes for the second periodic tariff revision cycle for CPFL Paulista and RGE in April, and we had already gone through this process – concluded at the end of January and beginning of February – for CPFL Santa Cruz, CPFL Mococa, CPFL Jaguari, CPFL Leste Paulista and CPFL Sul Paulista.

The promissory note issue of our distributors CPFL Paulista, CPFL Sul Paulista, CPFL Leste Paulista, and CPFL Jaguari, in addition to RGE and CPFL Geração is also one of April's highlights. This brought in R$495 million for CPFL Energia's operations. So, that's good news, and we'll talk in a little more detail about this issue in the course of this presentation.

And, finally, a question from analysts expressing their concern with delinquency rates – we're also going to talk about this in more detail later on.… The Group's delinquency rates remained unchanged overall as a whole, with a notable reduction in Rio Grande do Sul State at RGE and CPFL Santa Cruz.

So, in 1Q09 we saw improved results, although this was the result of a set of non-recurring events that took place this year and in the previous year, and also of the conclusion of the tariff revision process. We thought – on page 3 – that we should disclose these results, as we normally do, comparing them with and without the non-recurring effects.

So we can see here, on the left, these "non-recurring events." As you may remember, last year we received a ruling—that's not final yet—about the effects of seasonalization between Paulista and Piratininga with CPFL Brasil. So, when that ruling was handed down, we made a provision of R$164 million in EBITDA, which was equivalent to R$112 million in net income.

In that quarter, we also suffered a delay in the start-up of the Castro Alves HPP, which ended up leading this plant to purchasing energy on the free market at higher prices, at about R$500/MWh. And there was also a negative effect of R$19 million in EBITDA and R$13 million in net income. I would like to point out that this plant has already gone online and is generating results.

In this year's first quarter we had the recalculation, the final adjustment of the tariff revisions that had been provisional for CPFL Paulista and RGE, where we reported a R$17 million loss in EBITDA and R$11 million in net income in this quarter. And then the IRT adjustments for CPFL Paulista and RGE had a negative effect of R$38 million in EBITDA and R$26 million in net income compared to what we had last year.

I'd like to point out that these figures are subject to change, since there are some issues still pending with the agency, although they have already been completely provisioned. And we also had a reversal of the allowance for doubtful accounts at RGE in the amount of R$22 million in EDITDA and R$26 million in net income.

So, let's look on the right side, where we have two comparisons. Let's all remember why we have these two comparisons: obviously, the non-recurring events – especially from seasonalization – happened in only one quarter, but they affected the operations of the entire year.

That is why we thought we should do a gross comparison of the first quarter, and that is in this box here on the left. So without non-recurring events, net revenue posted a decrease of 4.9%, totaling R$2,400 million in 1Q09. EBITDA decreased 16%, amounting to R$692 million, but you can see that it is practically the same figure as this year; the only difference is exactly the effect resulting from the seasonalization last year, which would increase EBITDA to R$829 million. We did the same comparison with the net income, which amounted to R$390 million last year and totaling R$293 million this year without non-recurring effects, a 24% drop.

As I had said, the most important effect, which is the seasonalization effect, is from a whole year, but it was applied in only one quarter. So, to make things easier—and I believe that a comparison during a period of 12 months is more appropriate—so the last 12 months ending this quarter compared with the 12 months ending in 1Q08 would post a decrease of 0.7% in net revenue, so that's a smaller difference. And it would generate a decrease of 13.5% in EBITDA, totaling R$2,858 million, compared to R$3,304 million in 1Q08.

And then we would have incorporated the entire effect from the tariff revision, I mean, it would be the best comparison for these companies starting at the first quarter, with the processes concluded, like I said. And, finally, a decrease in net income, which would reach R$1,580 million in the last 12 months ending in 1Q08 versus R$1,295 million in the last 12 months ending in 1Q09.

Filippo is saying that net revenue in the last 12 months ending in 1Q09 corresponds to R$9,526 million and not R$5,526 million, as reported.

I think this information makes things easier for you, especially for you analysts and investors. On page 4, we have a chart of our corporate structure. Here I would like to highlight the restructuring of CPFL Jaguariúna, where we can see all distribution assets aligned, directly connected to CPFL Energia, so, without the acquisition vehicles, Perácio and CPFL Jaguariúna.

We can see the same thing in our classification of commercialization companies, that was CPFL Planalto, and then the service company CPFL Serviços, formerly CMS

Serviços, in addition to CPFL Atende – which is what we created last year for call center operations.

And finally, to the right, you can see the 6.93% direct stake in the Lajeado HPP. So, we have concluded the acquisition process of CMS assets, or CPFL Jaguariúna.

Let's go to page 5, where there is an evaluation of our results, with a few things. First, an overview of the energy consumption market in this first quarter, then we'll talk about the sales in each of the markets. I think it is worth noting that we are talking about a quarter that was positively influenced by the growth in sales in the residential and commercial sectors, as you can see here, an average of 8.7% in the residential and of 6.6% in the commercial sector.

For distributors from the south and southeast, this is because of effects, especially from last year, related to rising employment, income and credit. We can see an increase in total São Paulo State salaries – where we have seven of our distributors – while in Rio Grande do Sul State this increase was 5%. There was a significant increase in furniture and home appliance sales, especially because of the Christmas season: 17% in São Paulo State and 10% in Rio Grande do Sul State. In addition, there was an increase in retail sales: 11% in São Paulo State and 5% in Rio Grande do Sul State.

These figures are expressive, and in the case of the Southeast were intensified by slightly higher temperatures in 1Q09. Just to give you an idea: in Campinas and around, temperatures were 4.5% higher, in the Ribeirão Pretoregion, 3.3%, and around Sorocaba, 3.6%. Rio Grande do Sul State did not see the same effect.

However, in spite of this good performance in the residential and commercial sectors, the industrial sector is really feeling this crisis and was negatively impacted, presenting an 11.5% decrease in both captive and free markets. On the next page we are going to see this in more detail, but it is worth mentioning that there was a 15% decrease in São Paulo State's industrial output.

The electronic materials and communication equipment sectors stand out with a reported reduction of 60%; followed by a 38% reduction in metallurgy, 34% in machines and equipment, 26% in the automotive industry, and a 21% reduction in chemicals manufacturing – that how São Paulo industry performed.

But that is not exactly reflected by the distributors' consumers – we're going to see this later on. The performance of Rio Grande do Sul industry as a whole decreased 17%: 45% in metallurgy; 30% in the automotive industry; 29% in machines and equipment, 26% in shoes and leather products, and a 25% reduction in chemicals manufacturing.

I say this because in this industry… as a whole, the distributors, because of their service areas, may have to offset the difference caused by these effects, and that is what happened – we're going to see this later on.

Now let's go to page 6, where we can see growth in total energy sales, and when we talk about this, we are talking about the sales billed directly to end-users, that is, the captive market of the distributors, which posted a 1.8% increase, while the free market posted an increase of 11.7%.

First let's talk about the captive market, that is, those consumers who are billed directly by the distributors serving the concession areas. We have here the behavior that I just mentioned, that is, the residential sector grew 8.7% and the commercial sector grew 6.6%.

Sales to factories that are served directly by the distribution concessionaires dropped 7.9%. I wanted to point out that these are small factories, since most large factories – with more than 3 MW – are already in the free market. We can see this below: in concession area sales, in the TUSD tariff, that is, the one that is applied to free consumers, the traded energy volume declined 14.7%.

That is why I was saying that the reduction of industry in the concession area sales would have been 11.5%. It corresponds exactly to the mix of industries served by the distributors with a 7.9% reduction, and to large factories served by commercialization companies and generators, which fell 14.7%. The balance in the distributors is positive, as we can see, with a growth of 1.8%.

Our operations in the free market, of which we could expect a more significant reduction… This reduction also happens in the service to free consumers, but it was offset by our successful participation in the Adjustment Auction, and those sales will be made and come in the course of 2009.

Here we can only see the effect in the first month when these sales were made, the month of March, but it was enough to drive an increase of 11.7%, offsetting the decrease in the free market, in the sales to free consumers, with an 11.7% increase in sales in this market totaling 2,329 GW/h.

So, when we add the effect of our free market sales to these consumers and the captive market sales from distributors, we have total energy sales that gave us this 3.6% increase, which is shown in the chart on the top left of page 6.

Just going into some detail about what happens in the concession area of our distributors: dark green represents the captive market, and light green represents the free market, free consumers who benefit from the grids of our distributors. We can see what happened in our distributors' market, so, a reduction of 2.2%, for a total of 11,790 GWh.

As you can see at the bottom of the page, to the right, sales in the south – and this is sort of recurrent news whenever we present this information – dropped 2.4%. Sales from our operation in Rio Grande do Sul State, RGE, saw a 2.3% reduction, so, less than the region as a whole.

The same thing happened with the southeast, where sales dropped 5.2% in 1Q09, while sales from the Group's seven distributors declined 2.1%, so again, less than in region as a whole.

And in this quarter, Brazil saw a 3.1% drop in energy sales while the Group's eight distributors posted a 2.2% reduction in energy sales.

So, this is what happened in the first quarter of 2009. I think it is important to have this information, so that we can have a clearer picture and even make projections. Also, it's important to look at what is happening in terms of load.

Now on page 7, first I'd like to tell you that load is something that we verify at our operation centers. These are demands that we register in real-time, and later, over the month, they are integrated by our distributors. It's the same type of information that is managed by the National Electric System Operator and by the group of planning companies, especially by the Electric Research Company. So these are verifications of the actual month and they usually billed with a one month delay.

So with this top chart we are trying to show some details about the load evolution. The dark blue is the load evolution in the southeast; in red we have the load evolution in the south, and in green we have the load evolution in all Brazil, so, the demand on the national interconnected system. This light blue line shows the load evolution in the concession area of the CPFL Energia Group's distributors.

We can see that the crisis really got bad in December. This can be seen clearly. All regions presented a decrease: 5.5% in the southeast, 0.4% in the south, 3.2% in Brazil, and then the Group saw a 3.6% decrease in these areas, and as you can see, that was significantly influenced by the southeast, where we have more operations.

In January we start to see a recovery. The declines were already less dramatic in all regions, except in the south, but Brazil as a whole was already showing better numbers, and was did the Group. In February the figures turned positive, only slightly in the south but more significantly in the southeast, Brazil with 0.4%, and the CPFL Energia Group with negative 0.5%. In March we can see this rebound more clearly: the southeast with 1.4%, an amazing recovery of the south with 4.5%, and Brazil with 2.2%.

An important piece of information here is the load evolution of the CPFL Group, which reported a 2.7% increase, from 6,149 average MW in March 2008 to 6,315 average MW in March 2009.

And I really want to point out the contracted demand information, even though it is still not very clear. A lot of analysts have asked about this, for example: what is the behavior of consumers in face of the crisis? As we can see here, the behavior is not very clear, but it is not affecting the Company.

We have received some requests for demand reduction. Just to give you an idea, we serve about 25,000 clients in the so-called "Group A," composed of consumers who pay for demand. And we had about 40 consumers who requested reduction – 44 consumers, more precisely – in demand, and at the same time 86 consumers requested an increased demand. It is true that those who requested demand reductions had a greater reduction, totaling 1.28%, but the 86 consumers who requested an increase corresponded to 1.20% of total demand.

Therefore, total demand reduction was approximately 5 MW, or 0.08%, which is not relevant at all. So the Group continues to meet a significant energy demand, with only a slight reduction, in spite of the crisis. And this is because, as we are going to see later on, the crisis affects the various economic sectors differently.

On page 8 of our presentation, we have a report on the automotive sector. We had already seen this in the months of January and February, but here we can see the detailed behavior in the month of March. As you can see on the chart, the crisis reached its worst in the automotive sector in December, decreasing 46% in relation to the same period in 2008. However, in March, this decrease is much less marked at 18%. I would like to make it clear here that the government measures played an important role in this, especially in with respect to taxes. In April this industry reported another fall, this time of 23%.

And here I want to point out that in April there were two holidays. For the industrial sector this is important, because if a month has 30 days, each day corresponds, from the consumption standpoint – if consumption were uniform – to something around 3%. So we have to wait for May's results to confirm the cause of April's decrease, which could be the holidays rather than a slowdown in the economic activity.

This is, like I said, in the automotive sector, with 23%. Now in the metallurgy sector we see some different behavior: a 37% decrease at the peak of the crisis, 25% in March, and 20% in April. These sectors usually have continuous behavior, so they serve as a positive evidence of what we are trying to point out here.

On page 9, we have the performance of the food, beverage and beef industry, which shows clear signs of recovery. This sector was already doing better in the beginning of the crisis, with an increase of 1%. Then there was a seasonalization effect in December for this sector, but it was already up, and has remained up in March. Then in April this sector saw a 3% decrease, but this could be related to the holidays, as I mentioned before.

Now the pulp, paper and packaging sector performed negatively in December, and then went positive in March and decreased in April. So we should keep an eye on this, because there are clear signs of recovery, and the decrease in April could be due to the holidays, as I said.

Now let's go… they're giving me some information here that I think is relevant and sort of confirms these suspicions that I shared with you. Obviously, if there are holidays, the industrial sector may suffer a reduction, and the opposite should happen to the residential and commercial sectors, which tend to do better because of holidays, and in fact, this was the case. The residential sector increased 8.9% in the month of April compared to April 2008, and the commercial sector grew 10.2%. So this is important information and it shows that holidays are good for some and not so good for others.

Now on page 10, we are going to do a quick analysis of recurring EBITDA and revenue. In the first quarter of 2008 we reported recurring EBITDA of R$646 million, with R$183 million corresponding to non-recurring effects, largely as a result of the seasonalization effect, the allowances that we made at that moment, and the delayed start-up of the Castro Alves HPP.

So EBITDA would amount to R$829 million if non-recurring effects were excluded, but we are reporting, as you saw on page 3 of our presentation, a 16.5% decrease to R$692 million, which corresponds to recurring EBITDA in 1Q09. Why did this happen? First of all, because of a R$92 million (or 3.7%) decrease in net revenue, and this was driven by the final effects of the second tariff revision cycle for the distributors, which together saw an average reduction of 11% in the tariff.

In contrast are the tariff readjustments that came in sequence: in October, Piratininga applied the annual tariff readjustment of 10.9%. We also had generation operations, and the tariff increase of 9.1% for the small hydroelectric power plants in April and of 9.5% for Serra da Mesa HPP in January 2009 stand out.

In addition, we have a 3.6% increase in energy sales in the captive and free markets. So among all these effects, it is obvious that the average tariff reduction was greater than the other readjustments, and that is the reason why we saw a decrease of 3.7% in net revenue.

Now let’s analyze costs. First of all: a 2.3% increase in energy costs and charges, amounting to R$31 million; most of which are regulatory or result from the tariff readjustments. And also, there was a 5% increase in operating costs and expenses.

I would like to point out here that this 5% increase recorded in 1Q09 includes the effects from the start-up of two new plants, which were not included in 1Q08 because the plants had not gone online, or at least not at their full capacity. And there was also the reversal of the allowance for doubtful accounts of CPFL Paulista in the amount of R$5 million in the first quarter of last year.

When we take these two effects into consideration, we have the net effect of an increase in personnel, material, third-party services and others, which corresponds to R$5 million, or 1.7%, against IGP-M of 6.3% and IPCA of 5.6% for the period. These are effects of increased productivity in our operations, which we have verified every quarter, including this one.

We’ll finish up this analysis with the non-recurring effects in 2009, which are mainly the effects of the distributors’ tariff revision, reporting EBITDA of R$659 million.

On the next page, we have the same analysis for net income. In 2008 we reported recurring net income of R$265 million, and excluding non-recurring effects, net income totaled R$390 million.

And we are making comparisons based on this figure – first an EBITDA of R$137 million, which we were just talking about, and then these two positive events: an improvement of 5.9% in the financial result, net a decrease in financial revenues of R$11 million resulting from the drop in the CDI, and a R$16 million or 8.4% reduction in financial expenses, positively affected by the mark to market of financial liabilities, pursuant to the new rules of Law 11,638.

There was also an R$11 million increase in charges and debt, and here the financing of the 14 de Julho HPP, which has gone online, stands out, as well as some draw downs of financing from BNDES and FINEM for the distributors. So it is a positive result, slightly positive, but it has some important figures that we'll talk about later on. This gives the Company much better financial prospects compared to at the beginning of the year, especially because of the relevant participation of the CDI in the Group's loans.

We also have here a reduction, comparing the quarters, of income tax and social contributions in the amount of R$56 million, reflecting the decline in EBITDA. And another negative factor was the private pension fund, with depreciation and amortization, as detailed in our 2008 report, an effect resulting from the actuary's evaluation on this pension plan.

As a result, net income decreased 24.8% year-on-year. By adding non-recurring effects in 1Q09 (negative R$10 million), net income decreases to R$283 million. If we compare the reported net income in this quarter with the one reported in 1Q08, we can see growth of 6.5%.

With the conclusion of the tariff revision processes and the start-up of the Castro Alves and 14 de Julho HPPs, what is our position in terms of operating profit sharing of our generation, distribution and commercialization activities?

This can be seen on page 12. With this second tariff revision cycle over, distribution activity accounts for 64% of the Group's EBITDA, and we have here the increase in the relevant participation of the generation activity to 27%, while commercialization activity accounts for 9%. So, there is more balance now: 36% of our activities are not connected to distribution and 64% are connected exclusively to distribution.

Also, with this second tariff revision process over, which automatically reduces the tariff and sets us at a lower level, we reached a recurring EBITDA margin of approximately 30% in this quarter, and from now on we are going to strive to improve our results.

Let us go to page 13. Here we have an analysis of the tariff revision's effects. To make it easier to understand, we created "Parcel A" and "Parcel B." In Parcel A, from CPFL Paulista and RGE, which is a pass-through, there are some variations, largely resulting from foreign exchange.

What really matters objectively is Parcel B, which is our manageable activity. So, as a result of this process, which in the case of CPFL Paulista incorporated the issues addressed in AP 52/2007, of Public Hearing number 52, which only established the reference company, the variation is small – from R$1,180 million to R$1,179 million. In the case of RGE, the variation is more significant, about R$40 million, but that is because RGE did not have a definitive remuneration basis, and a set of evaluations conducted by Aneel determined a reduction of R$40 million. This would be the reset of this revision.

At the bottom of page 13, we have the effects resulting from the application of Parcel B, which in the net of these two companies, we would have lost R$41 million. So when we apply IGP-M less the X Factor, which comes to approximately 5% for CPFL Paulista and 6% for RGE – we are detailing here the parameters – there is an increase of R$100 million to Parcel B. So, we lost R$41 million in the revision and received R$100 million due to the tariff adjustment for these concessionaires applied in April.

So here is a report on the readjustments. What matters is that in the case of CPFL Paulista we had IGP-M at 6.27%, less total X Factor of 1.19%, which comes to 5.08%. And in the case of RGE, the same 6.27% IGP-M less total X Factor of 0.18% comes to 6.09%.

So these are the numbers. The other amounts come to a total Tariff Readjustment Index of 21% for CPFL Paulista, and almost 19% for RGE, and are financial elements resulting from the fact that the Company was financing the consumers in the course of 2008, either through additional dispatch of the thermoelectric power plants or foreign exchange variation. As you can see on the left, the dollar exchange rate attributed to Itaipu in the 2008 extraordinary tariff recomposition was R$1.75. We had variations, everyone followed this; at one point the rate came close to R$2.40. Every ten days the Company pays Itaipu at the daily exchange rate, so it ended up passing these values on to consumers, which led to these higher figures.

In addition to the application of tariff readjustments for generators, and in the case of Itaipu in addition to the impact of the foreign exchange variation, we had a real increase in the tariff slightly higher than 8% in January.

So that’s the analysis of the tariff revisions. I was saying at the beginning of the presentation, as a highlight, about the conclusion of the spin-off process of CPFL Jaguariúna. This process incorporated Perácio in CPFL Jaguariúna in February. In March, we carried out the spin-off of the Company, incorporating the spun-off parts into the subsidiaries and the rights and liabilities unrelated to the subsidiaries into the Holding Company.

That is why the operations are already connected to the Holding Company, and these are the seven assets: four distributors with their respective stakes; two companies related to energy and service commercialization activities, and one company—a stake in CPFL Jaguari.

So, because of this… which retains something like 7%, 6.93% in the Lajeado plant, because of this we had a capital reduction. This reduction of R$63 million was done with Aneel’s authorization. This has already made some of the payments that had been made when we acquired this company possible, and allowed a few things that I consider important: capital reduction, improvement of the WACC of four distributors by 2.3

percentage points, and the adjustment of the capital structure to be in line with the capital structure proposed by the regulatory agency. So that is a significant advantage.

It has also allowed the incorporation of a tax shield in the amount of R$48 million, resulting from the premium paid on these operations. And a portion of this, R$2 million, was used in the first quarter of 2009.

On page 15 we have delinquency, which is a concern for analysts and investors. As you can see, the Group's delinquency went up from 1.46% in 1Q08 to 1.49% of net revenue, an increase of 0.03 percentage points. At the same time, delinquency in economic activity, for example, in São Paulo State, increased from 7.6% in 1Q08 to 9.2% in 1Q09. I think this explains the reason for the concern.

I would like to point out that at the same time that delinquency in the Group increased 0.003%, the delinquency backlog declined 4.4%, that is, R$194 million was delinquent at the end of the first quarter of 2008, and R$186 million at the end of the first quarter of 2009.

Why are the delinquency backlog figures going in the opposite direction of delinquency in percentage points? Because there was a reduction in our net revenue due to a tariff reduction from tariff revision, like we had talked about earlier; and I wanted to point out both what was a small reduction, from 0.99% to 0.90% in CPFL Santa Cruz, and a larger reduction from 3.15% to 2.45% in RGE, and a slight increase in CPFL Jaguariúna to around 1%.

This is a result of a big effort with consumers from Group B, with litigation settlements, an increase in delinquency recovery if there were purchases—and this element was defining—and measures to anticipate delinquency through daily consumer monitoring. So this is what allowed us to reduce the backlog and maintain the percentage of delinquency on the same level in the Group, and this strategy is working very well.

Now let's go to page 16 and talk about the conclusion of the 14 de Julho HPP. The presentation shows that the plant has an installed capacity of 65 MW, in which we invested R$317 million, generating estimated revenue of R$33 million. It is currently in full operating. The first unit went online on December 25, 2008, and the second unit on March 12, 2009.

And I would like to point out the approval by the UN Clean Development Mechanism Committee of this plant's carbon credit project for the period from 2009 to 2016, which can be renewed for two more 7-year periods, with the recognition of 118,000 CERs (Certified of Emissions Reductions) per year, which, considering the amounts we have been moving, comes to an estimated revenue of around € 1 million per year.

On page 17 let's talk about the Foz do Chapecó HPP and give you the status of the project. We started building this plant in December 2006 and in March 2009, it was 67% completed. Start-up is scheduled for the second half of 2010. We have already invested R$815 million, with total investment, including by our partners, of R$1,328 million. So it is a very big plant in which CPFL holds 51%, and we are absolutely on schedule.

Now on page 18, we have a status report on CPFL Bioenergia, on the construction of the Baldin TPP. In April, 43% of construction, which began at the end of August 2008, was concluded. The plant is scheduled to be concluded in March of 2010, and is expected to generate 24 average MW/harvest for CPFL Brasil.

To wrap up our presentation, page 19 shows the Group's stock performance. In 1Q09 it appreciated 8.9%, compared to an increase of 9% in Ibovespa and 9.4% in the sector. In New York this performance was even stronger: CPFL 19.3% compared to 1.7% in the Dow Jones Brazil Titans, the 20 most traded Brazilian ADRs on the New York Stock Exchange, corresponding to an appreciation of 1.7%, while the Dow Jones lost 13.3%.

This quarter's highlight is the rebound of trade volume on the stock market and also of CPFL Energia transactions. So in April we reached an average daily trading volume of R$30 million – R$18 million on Bovespa and R$12 million in New York –an average of 1,340 thousand trades daily, which is quite significant.

On page 20 we have the promissory notes issue. Promissory notes were issued on April 29, 2009 with a 180-day maturity for CPFL Leste Paulista, CPFL Sul Paulista and CPFL Jaguari, and 360 days for CPFL Paulista, RGE and CPFL Geração, which were the major takers.

This offering raised R$495 million and we earned 118% of the CDI—we fixed the rate. Demand was about four times this volume in the offering, 100% of which was absorbed by the public. That is good news, I mean, the credit market is rebounding and CPFL had the satisfaction of being the first to resume financial operations.

On page 21 we have the adjusted net debt, which amounted to R$6,490 million in 1Q09, but we need to add to this figure the private pension fund of R$529 million, for a total debt of R$7,019 million. At the end of this first quarter, our cash totaled R$869 million and regulatory assets R$556 million, totaling an adjusted net debt of R$5,595 million, which corresponds to a 1% reduction quarter-on-quarter.

On the bottom chart we have a comparison of the adjusted net debt with the ratio of adjusted net debt to EBITDA. The ratio declined to R$1.98 billion in 1Q09. It is important to point out that this includes the debt related to Foz do Chapecó, which isn't generating EBITDA yet. Excluding this debt, adjusted net debt/EBITDA in 1Q09 would total R$1.77 billion.

And the good news, which brings us a promising prospect, largely resulting from the reduction of the CDI, of the Selic, is shown on page 22. We can see the nominal cost of our debt, which decreased from 13.9% in 2008 to 13.5% in 2009. The real cost also declined, reaching 7.4% in 2009. This reduction in the CDI benefits us, as you can see on the chart below. Today CDI corresponds to 57% of our debt, in terms of indexation. TJLP comes second with 30%, and IGP, which is from the indexation of the pension fund debt at IGP-DI + 6, corresponds to 10%. This keeps our capital structure balanced – equity capital at 49%, and loan capital at 51%.

So this is what I had to share with you. Now we – Filippo, and some of the other officers here with us, and I – are available to answer your questions.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question, please press the star (*) key, followed by the one (1) key on your touch-tone phone now. If at any time you would like to remove yourself from the questioning queue, press (*2) star two.

Our first question comes from Mr. Felipe Leal with Merrill Lynch. Please go ahead.

Mr. Felipe Leal: Good morning, Wilson! Good morning, everyone! I have a question about the regulatory structure. How did you interpret Aneel's recent comments about some possible methodological changes in the distribution readjustments, especially related to setting the tariff in the regions at the same level and mechanisms to reduce the impact on end consumers?

Mr. Wilson Ferreira Júnior: Well Felipe, because of the way the newspaper reported it, there is obviously some concern. Every change requires attention, but I am confident, because I know the managing officer very well. He is a highly qualified professional with broad experience in the distribution area. He worked at CEB for many years, he has been an important figure in the Ministry, and today he is at the agency. So he is very well versed in the electricity sector, its importance and its segments.

Obviously, we have to admit that drastic changes for consumers... Consumers usually complain about a 20% increase in the tariff, but also weren't praising the 20% decrease last year. And, of course, if you look at a piece of news in a biased manner, you're not going to fully understand it.

Specifically, of the 21% tariff readjustment that was recently announced, only 1.4% is related to Parcel B; that is the total effect. The other 20% are largely related to the increase in foreign exchange, which is uncontrollable, and that is the reason why the control account was created.

The problem is that the distributors had to bear this increase in foreign exchange in the last year, especially in 3Q08, and pass it on to consumers, because the price of the energy that they purchase from Itaipu, which didn't see any kind of reduced flow or anything, is pegged to the dollar. We have followed these discussions attentively, the demands made by our neighboring country, our partner in this issue, but this company works always has its cash up to date, because no distributor can default on this company. Bear in mind that it receives at the dollar's daily rate, and even had an increase of 8% in January, as I had already mentioned.

So of the 21% increase, almost 20% resulted from incurred costs that were passed on to consumers. These costs resulted either from the generator chain, authorized increases, or from payments to Itaipu pegged to the dollar. In addition to the fact that last year was a dry year, so we had to resort to dispatching thermoelectric power plants.

Obviously, this had a cost, which was totally borne by the distributor with the following characteristic: it was indexed to the CDI. I was telling you about the promissory notes we issued recently at 118% of CDI—it was the same company that financed consumers at 100% of CDI. It had to raise funds to make this loan at 118% possible, so it also had a loss.

So, I think this is definitely something we should talk about, but if we consider the extension of this topic, which is not limited to a particular increase – particular because of the foreign exchange variation and the effect of the dispatch. So you have to bear that in mind.

You also need to bear in mind that if in two years the consumer is paying 0.64% more on the tariff – and this is the figure when we consider last year's decrease and this year's increase – compared to an IGP-M or IPCA higher than 10%, so that is more than ten times the tariff readjustment, actually almost 15 times, they actually profited. And the only agent in the chain that contributed to this profit was exactly the distributors.

But the managing officer knows very well how this sector works, he knows the parts of this sector very well, and he is aware of how important it is to maintain the distributors' ability to make daily investments, as opposed to what happens in generation and transmission. He can manage the entire delinquency chain. Today our delinquency index is actually lower than what we have recorded on the balance sheet.

So this counts too. As opposed to the entire chain above (generation, transmission, charges and taxes) delinquency is zero. So the delinquency in this sector is directly reflected in the distributors. It is a very important agent that needs to be preserved.

I share the managing officer's concern regarding a possible change in the tariffs. I believe that there are elements, or ways of doing this properly. We should also bear in mind that we will have, in the next years, significant CCC (Fossil Fuel Consumption Account) reductions due to the elimination of isolated systems, and also in CDE (Energy Development Account) with the conclusion of the universalization and of initial commitments with Proinfa.

For instance, we have here the effects of what happened with the automotive industry when the tax burden on it was lowered, especially regarding the IPI (Tax on Industrialized Products). In my opinion, there are other means that can be used so that the tariff may be accessible to all consumers. Unfortunately, in the last years only the distributors have brought this prospect to consumers.

For example, if we look at the effect at Paulista, with that 18% reduction: last year it had a 35% reduction of its Parcel B, and it was the only one to have a reduction. This year it recovered only 5%, lower than the IGP-M, since there was the application of the X Factor.

So I believe that we must be confident that the managing officer and Aneel's professionals are aware of the structure of the sector, of the capital flow in the sector, and so they will act responsibly to maintain this sector as one of the few sectors that was able to raise funds, make investments, go public, build a prospect of sustainability, all at the same time that it made electric power tariffs more accessible to several groups of consumers and increased universalization.

I still believe in the competence, in the capacity of professionals in the long run, knowing that there are other means, other elements in the chain that can be changed to make electric power tariffs even more accessible to consumers, promoting more balance among the regions.

Mr. Felipe: All right, thank you.

Operator: Our next question comes from Mr. Sérgio Tamashiro with Banco Itaú. Please go ahead.

Mr. Sérgio Tamashiro: I have a question about M&A opportunities. What is the Company focused on? You had mentioned that EBITDA of generation and commercialization is about 40%. I would like to know about your intentions. Do you intend to increase it to over 50%? Where is the Company's focus regarding generation, transmission, secondary and primary assets?

Are you interested in other assets of Endesa, in which Cemig is also interested? Are you—if these assets go on sale—are you interested in expanding to the northeast, I mean, expanding your focus on south, southeast to include the northeast?

Are you interested in Belo Monte, Tapajós, and other distributors? Thank you.

Mr. Wilson: All right, Sérgio. I am going to divide your question in two parts. In terms of the Group's strategy, our strategy is to remain focused on energy distribution. So, the distribution segment, which accounts for 2/3 of our results, will continue to be our main focus.

We believe that a division of 65% unregulated assets and 35% assets that are already regulated... let me put this way, assets that are less affected by regulations, such as periodic tariff revisions, would be an appropriate division. We are satisfied with this breakdown. Our focus is on organic growth in distribution, and on growth by means of acquisitions.

Now, going into the strategy of the other segments, in generation, the focus continues to be on growth to maintain this breakdown, because we have significant organic growth of the distributors that can be expanded through acquisitions.

So we are on the lookout for opportunities in generation with two qualities: first, large projects. I already made this public last year. We have a team involved with pre-evaluation of all documents available about Belo Monte, which is the next project up for bidding, probably at the end of the year.

So we have a team focused on this, so that we can try to have some elements for optimizing projects and earn an advantage in the auction. We think that with the magnitude of a project like this one, it is likely that right before the auction it consortiums will be formed, so that you can share with other public and private companies the risks inherent to this project, a very large project.

But we think that yes, according to our profile of investing in renewable energy, we should be involved in, and have a significant stake in Belo Monte. So we are preparing ourselves to go in this direction.

But, we also think that this is not the only means for expansion in the energy market. We are also paying attention to the biomass segment, in which we want to be leaders. We are already the largest buyer, but we want to lead energy production. So investment in the Baldin TPP is the first in a series of investments that which we intend to announce in the near future.

And we are also looking at the small hydroelectric power plants complex. And both of them, biomass and SHPs, may increase our presence in the commercialization area in the free market because of the incentives that these two sources have in TUSD reduction, so they complement our strategy in generation, with large projects like Belo Monte, and small projects, which, together with our commercialization company, can give us some competitive edges.

And also, since last year we have been studying wind farms, and we think that in the future we should have companies in this segment. So this is the Company's basic strategy: organic growth and growth through acquisitions in distribution, maintaining the Group's profile as a distribution group, and growth in generation through large projects, such as Belo Monte, and other projects, such as biomass plants and SHPs, and perhaps wind farms as well.

Obviously, we will keep our eyes open for investment and growth opportunities, especially the most interesting ones, and certainly the assets of Endesa are quite interesting. So we will be alert and follow the process.

But we also have the responsibility to work for acquisitions that will be perceived by investors and by analysts as adding value, where we can strengthen our technical and organizational abilities and with that, operate more efficiently each one of these operations. So, obviously, we will be on the lookout and weigh our options.

But now, we also believe that the greatest advantage, in the case of distribution, must be evaluated by the characteristics of the region, in other words, I am not saying that it is not possible to have an efficient operation in the north or northeast; it is possible, but the characteristics of the region do not strengthen our abilities.

So, wrapping up the answer to your question, if we had the option of, for example, price per consumer or per KWh purchased in the north, southeast or south, we would obviously prefer the south, because keeping the same conditions—and also there is no question that operations that are geographically close or even contiguous would be more profitable.

Mr. Sérgio: Okay. Thank you very much.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star (*) key followed by the one (1) key on your touch-tone phone now. Since there are no further questions, I would like to invite **Mr. Wilson Ferreira Junior** to proceed with his closing statements. Please go ahead, sir.

Mr. Wilson Ferreira Júnior: Well, I would like to thank you all for participating in this conference call. I would like to express our satisfaction in the conclusion of these revision processes, which are periodic, difficult, and demanding negotiations. We came out of these processes satisfied, strenghtened, and with prospects that are in line to Brazilian prospects, promising prospects of economic recovery, and we expect to come out of this crisis with growth prospect in 2009.

I think that these figures that I shared with you in terms of the market… I will try to do some more in-depth evaluations with my team and share those with the market, anaylists, etc, but there are already some indicators that allow us to be optimistic. As I said, we had important operations in the free market in this last auction, defining operations that will have a significant impact on our future results, in this year, in this activity. We are optimistic especially in relation to the residential and commercial sectors, with significant volumes, as I shared with you, including in the month of April.

We believe that just like the food and paper industries have already surpassed last year's levels, other sectors will follow suit and the Company, which is already in a good position, will achieve better results.

We are certainly keeping our eyes open for acquisition processes and any movements that might occur in this sense. Our focus, as I said, remains on distribution, with a breakdown of assets that maintains this structure in our business, in generation and commercialization activities. And we are optimistic, in general, regarding these prospects. I thank you all for your attention and I hope we will see you again at the next opportunity. Thank you.

Operator: Thank you. That concludes the CPFL Energia audioconference for today. Thank you very much for your participation. Have a good afternoon!
