

CPFL Energy INC
Form 6-K
May 11, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of May, 2006

Commission File Number 32297

CPFL Energy Incorporated
(Translation of Registrant's name into English)

**Rua Gomes de Carvalho, 1510, 14º andar, cj 1402
CEP 04547-005 - Vila Olímpia, São Paulo SP
Federative Republic of Brazil
(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-_____

CPFL Energia announces acquisition of 32.69% ⁽¹⁾ Share of RGE

São Paulo, May 10, 2006 CPFL Energia signed a purchase agreement with PSEG today for the direct acquisition of 100% of Ipê Energia Ltda., PSEG Brasil Ltda. and PSEG Trader S.A.

After the acquisition, the CPFL Group will own a total of 99.76% ⁽¹⁾ of RGE and 99.95% of Sul Geradora. The company already owns 67.07% ⁽¹⁾ of RGE and 67.20% of Sul Geradora through two of its subsidiaries, CPFL Paulista and CPFL Brasil. Through its acquisition of Ipê Energia Ltda., CPFL Energia will acquire a 32.69% ⁽¹⁾ share of RGE and a 32.75% share of Sul Geradora. The purchase of these assets is in line with the company's growth strategy, and it strengthens CPFL Energia's position as a player in the process of consolidation in the industry, affirmed Wilson Ferreira Junior, Chief Executive Officer of CPFL Energia.

RGE operates in the north of the state of Rio Grande do Sul, where some of the state's most important economic enterprises are located, including those involved in producing food, rubber, plastic, metal goods and automobiles. RGE has 1,095,000 customers and a 2.4% share of the Brazilian electric energy distribution market. In 2005⁽²⁾, its gross revenue reached R\$2.2 billion, with EBITDA of R\$313.8 million and net profit of R\$113.7 million, 269.6% higher than net profit in 2004. With this acquisition, CPFL Energia will hold a 12.4% share of the market⁽³⁾.

The value of the acquisition of 100% of Ipê Energia Ltda., PSEG Brasil Ltda. and PSEG Trader S.A. is U.S.\$185 million. This acquisition has an expected return aligned with the current CPFL Energia business portfolio. It is important to note some of the financial aspects of the transaction, such as the EV/EBITDA index. Considering 2005 financial information for the two companies, the EV/EBITDA index for RGE was 5.3x and 8.7x for CPFL Energia.

¹ Not including shares held in treasury.

² Source: RGE

³ Based on energy sales

Comparison of Principal Financial Indicators

2005 Indicators	CPFL Energia	RGE
EV/ EBITDA	8.7x	5.3x
Equity/ EBITDA	6.3x	3.3x
Price/ Earnings	13.2x	9.1x

Price/ Book Value

2.8x

0.9x

The transaction is still pending regulatory authorities approval.

INVESTOR RELATIONS

José Filippo IRO

Vitor Fagá de Almeida IRM

Alessandra Munhoz Andretta Coordinator

Silvia Emanoele P. de Paula - Coordinator

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CPFL Energia is the largest private corporation in the Brazilian electric sector, active in distribution, commercialization and power generation. CPFL is the only private company in the Brazilian electric sector trading shares simultaneously on the *Novo Mercado* Bovespa and the New York Stock Exchange, with level III ADR s. The company strategy is focused on operational efficiency, growth with synergy between business units, financial discipline and practices of sustainability, social responsibility and differentiated corporate governance.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 10, 2006

CPFL ENERGIA S.A.

By: */s/* JOSÉ ANTONIO
DE ALMEIDA FILIPPO

**Name: José Antonio de
Almeida Filippo
Title: Chief Financial Officer
and Head of Investor
Relations**

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
