

CPFL Energy INC  
Form 6-K  
May 12, 2011

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

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**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, 2011**

**Commission File Number 32297**

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**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-\_\_\_\_\_



Registration Form – 2011 – CPFL ENERGIA S.A.

Version: 1

## Summary

### Registration data

|  |   |
|--|---|
| General information                      | 1 |
| Address                                  | 2 |
| Marketable securities                    | 2 |
| Auditor                                  | 2 |
| Share registrer                          | 3 |
| Investor Relations Officer or equivalent | 3 |
| Shareholders' Department                 | 3 |

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Registration Form – 2011 – CPFL ENERGIA S.A.

Version: 1

**1 - General information**

**Company Name:** CPFL ENERGIA S.A.  
**Initial Company name:** 08/06/2002  
**Type of participant:** Publicly quoted corporation

**Previous**

**company name:** Draft II Participações S.A  
**Date of Incorporation:** 03/20/1998  
**CNPJ (Federal Tax ID):** 02.429.144/0001-93  
**CVM CODE:** 1866-0

**Registration**

**Date CVM:** 05/18/2000  
**State of CVM**  
**Registration:** Active

**Starting date**

**of situation:** 05/18/2000  
**Country:** Brazil

**Country in which the  
marketable securities**

**are held in custody:** Brazil

**Foreign countries in**



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Registration Form – 2011 – CPFL ENERGIA S.A.

Version: 1

Day/Month of

year end: 31/12

Web address: [www.cpfl.com.br](http://www.cpfl.com.br)

Newspapers in which

issuer discloses its information: Name of paper Jornal in which issuer discloses its information  
FU

|           |       |    |
|-----------|-------|----|
| Econômico | Valor | SP |
|-----------|-------|----|

**2 - ADDRESS**

**Company Address: Rua Gomes de Carvalho, 1510, 14º– Cj 2 Vila Olímpia, São Paulo, SP, Brazil, ZIP CODE: 04547-005, TELEPHONE: (019) 3756-8018, FAX: (019) 3756-8392, E-MAIL: [ri@cpfl.com.br](mailto:ri@cpfl.com.br)**

**Company Mailing Address: Rua Gomes de Carvalho,  
1510 14º– Cj 2 Vila Olímpia, São Paulo, SP, Brazil,**

**ZIP CODE: 04547-005, TELEPHONE: (019) 3756-8018,  
FAX: (019) 3756-8392, E-MAIL: ri@cpfl.com.br**



**3 - MARKETABLE SECURITIES**

**Shares  
Trading**

**Listing**

| <u>Trading mkt<br/>date</u> | <u>Managing body</u> | <u>Start date</u> | <u>End</u> | <u>Segment</u> | <u>Start</u> |
|-----------------------------|----------------------|-------------------|------------|----------------|--------------|
| Bolsa<br>9/29/2004          | BM&FBOVESPA          | 05/18/2000        |            | Novo Mercado   |              |

**Debentures  
Trading**

**Listing**

| <u>Trading mkt<br/>date</u> | <u>Managing body</u> | <u>Start date</u> | <u>End</u> | <u>Segment</u> | <u>Start</u> |
|-----------------------------|----------------------|-------------------|------------|----------------|--------------|
| Organized<br>Market         | CETIP                | 05/11/2000        |            | Traditional    | 05/11/2000   |

**4 - AUDITOR INFORMATION**

Is there an auditor? Yes  
 CVM CODE: 418-9  
 Type of Auditor: Brazilian

**INDEPENDENT ACCOUNTANT:** KPMG Auditores Independentes

**CNPJ:** 57.755.217/0011-09

**Service Provision Period:** 04/01/2007

| <b>PARTNER IN CHARGE<br/>ID)</b> | <b>Service Provision Period</b> | <b>CPF (INDIVIDUAL TAX</b> |
|----------------------------------|---------------------------------|----------------------------|
| Jarib Brisola Duarte Fogaça      | 04/01/2007                      | 012.163.378-02             |

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Version: 1

## 5 – SHARE REGISTRAR

**Do you have service provider:** \_\_\_\_\_

Yes \_\_\_\_\_

**Corporate Name:** Banco Bradesco S.A

**CNPJ:** 60.746.948/0001-12

**Service Provision Period:** 01/17/2002 a 12/31/2010

**Address:** Cidade de Deus – Prédio Amarelo Velho, 2ª floor, Vila Yara, Osasco, SP, Brasil, ZIP CODE: 06029-900, Telephone (011) 36849441, FAX: (011) 36842811, e-mail: 4010.acoes@bradesco.com.br

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**Corporate Name:** Banco do  
Brasil

**CNPJ:** 00.000.000/0001-91

**Service Provision Period:** 01/01/2011

**Address:** Rua Lélío Gama, 105 – 38º floor, Gecin, Centro, Rio de Janeiro, RJ, Brasil, ZIP CODE: 20031-080, Telephone (021) 38083551, FAX: (021) 38086088, e-mail: aescriturais@bb.com.br

## 6 – INVESTOR RELATIONS OFFICER

**NAME:** Lourival Nogueira Luz Júnior

Director of Investor Relations

**CNPJ:** 678.741.266-53

**Address:** Rodovia Campinas Mogi Mirim, Km 2,5, Jardim Santana, Campinas, SP, ZIP CODE: 13088-900, Telephone (019) 3756-8700, FAX: (019) 3756-8075, e-mail: wferreira@cpfl.com.br

**Start date of activity:** 03/21/2011

**End date of activity:**

## 7 – SHAREHOLDERS' DEPARTMENT

**Contact** Gustavo Estrella

**Start date of activity:** 11/01/2007

**End date of activity:**

**Address:** Rodovia Campinas Mogi Mirim, Km 2,5, Jardim Santana, Campinas, SP, ZIP CODE: 13088-900, Telephone (019) 3756-8700, FAX: (019) 3756-8075, e-mail: [gustavoestrella@cpfl.com.br](mailto:gustavoestrella@cpfl.com.br)

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**QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A**

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**QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A**

**Identification of Company / Capital Stock**

| Number of Shares       | Closing date          |
|------------------------|-----------------------|
| (in units)             | 03/31/2011            |
| <b>Paid in Capital</b> |                       |
| Common                 | 481,137,130           |
| Preferred              | 0                     |
| <b>Total</b>           | <b>481,137,130</b>    |
|                        | <b>Treasury Stock</b> |
| Common                 | 0                     |
| Preferred              | 0                     |
| <b>Total</b>           | <b>0</b>              |

**Identification of Company/ Cash dividend**

| Event | Approval   | Type     | Beginning of Payment | Type of Share      | Class of share | Amount per Share (Reais/share) |
|-------|------------|----------|----------------------|--------------------|----------------|--------------------------------|
| AGM   | 04/28/2011 | Dividend | 04/29/2011           | ON (Common shares) |                | 1,01019                        |

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## QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## PARENT COMPANY FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS

(in thousands of Brazilian reais – R\$)

| Code          | Description                                    | Previous quarter<br>03/31/2011 | Previous year<br>12/31/2010 |
|---------------|--|--------------------------------|-----------------------------|
| 1             | Total assets                                   | 7,505,400                      | 7,041,917                   |
| 1.01          | Current assets                                 | 572,137                        | 601,635                     |
| 1.01.01       | Cash and cash equivalents                      | 81,004                         | 110,958                     |
| 1.01.02       | Financial Investments                          | 42,929                         | 42,533                      |
| 1.01.02.02    | Financial Investments at amortized cost        | 42,929                         | 42,533                      |
| 1.01.02.02.01 | Held for trade                                 | 42,929                         | 42,533                      |
| 1.01.06       | Recoverable taxes                              | 35,295                         | 34,992                      |
| 1.01.06.01    | Current Recoverable taxes                      | 35,295                         | 34,992                      |
| 1.01.08       | Other current assets                           | 412,909                        | 413,152                     |
| 1.01.08.03    | Other  | 412,909                        | 413,152                     |
| 1.01.08.03.01 | Dividends and interest on shareholders' equity | 412,909                        | 413,152                     |
| 1.02          | Noncurrent assets                              | 6,933,263                      | 6,440,282                   |
| 1.02.01       | Long - term assets                             | 279,468                        | 272,797                     |
| 1.02.01.02    | Financial Investments at amortized cost        | 31,372                         | 39,216                      |
| 1.02.01.02.01 | Held to maturity                               | 31,372                         | 39,216                      |
| 1.02.01.06    | Deferred taxes                                 | 177,771                        | 177,729                     |
| 1.02.01.06.02 | Deferred taxes credits                         | 177,771                        | 177,729                     |
| 1.02.01.08    | Related parties                                | 30,648                         | 14,875                      |
| 1.02.01.08.02 | Subsidiaries                                   | 30,648                         | 14,875                      |
| 1.02.01.09    | Other noncurrent assets                        | 39,677                         | 40,977                      |
| 1.02.01.09.03 | Escrow deposits                                | 10,859                         | 10,676                      |
| 1.02.01.09.04 | Recoverable taxes                              | 2,787                          | 2,787                       |
| 1.02.01.09.05 | Other credits                                  | 26,031                         | 27,514                      |
| 1.02.02       | Investments                                    | 6,653,428                      | 6,167,072                   |
| 1.02.02.01    | Permanent equity interests                     | 6,653,428                      | 6,167,072                   |
| 1.02.02.01.02 | Investments in subsidiaries                    | 6,653,428                      | 6,167,072                   |
| 1.02.03       | Property, plant and equipment                  | 149                            | 158                         |
| 1.02.04       | Intangible assets                              | 218                            | 255                         |





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## QUARTERLY INFORMATION – ITR –Date: March 31, 2011 - CPFL Energia S. A

## PARENT COMPANY FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES

(in thousands of Brazilian reais – R\$)

| Code          | Description                                   | Previous quarter  | Previous year<br>12/31/2010 |
|---------------|---|-------------------|-----------------------------|
|               |   | <b>03/31/2011</b> |                             |
| 2             | Total liabilities                             | 7,505,400         | 7,041,917                   |
| 2.01          | Current liabilities                           | 29,535            | 41,246                      |
| 2.01.01       | Social and Labor Obligations                  | 39                | 204                         |
| 2.01.01.02    | Labor Obligations                             | 39                | 204                         |
| 2.01.01.02.01 | Estimated Labor Obligation                    | 39                | 204                         |
| 2.01.02       | Suppliers                                     | 2,157             | 1,768                       |
| 2.01.03       | Tax Obligations                               | 381               | 437                         |
| 2.01.03.01    | Federal Tax Obligations                       | 381               | 437                         |
| 2.01.04       | Loans and financing                           | 3,701             | 15,529                      |
| 2.01.04.02    | Debentures                                    | 3,701             | 15,529                      |
| 2.01.04.02.01 | Interest on debentures                        | 3,701             | 15,529                      |
| 2.01.05       | Other Current liabilities                     | 23,257            | 23,308                      |
| 2.01.05.02    | Other   | 23,257            | 23,308                      |
| 2.01.05.02.01 | Dividends and interest on shareholders equity | 16,338            | 16,360                      |
| 2.01.05.02.04 | Derivatives                                   | 258               | 123                         |
| 2.01.05.02.05 | Other payable                                 | 6,661             | 6,825                       |
| 2.02          | Noncurrent liabilities                        | 505,819           | 506,963                     |
| 2.02.01       | Loans and financing                           | 450,000           | 450,000                     |
| 2.02.01.02    | Debentures                                    | 450,000           | 450,000                     |
| 2.02.02       | Other Noncurrent liabilities                  | 44,984            | 46,297                      |
| 2.02.02.02    | Other   | 44,984            | 46,297                      |
| 2.02.02.02.03 | Derivatives                                   | 540               | 460                         |
| 2.02.02.02.04 | Other payable                                 | 44,444            | 45,837                      |
| 2.02.04       | Provisions                                    | 10,835            | 10,666                      |
| 2.02.04.01    | Civil, Labor, Social and Tax Provisions       | 10,835            | 10,666                      |
| 2.02.04.01.01 | Tax Provisions                                | 10,835            | 10,666                      |
| 2.03          | Shareholders' equity                          | 6,970,046         | 6,493,708                   |
| 2.03.01       | Capital                                       | 4,793,424         | 4,793,424                   |
| 2.03.02       | Capital reserves                              | 16                | 16                          |
| 2.03.04       | Profit reserves                               | 904,705           | 904,705                     |
| 2.03.04.01    | Legal reserves                                | 418,665           | 418,665                     |
| 2.03.04.08    | Additional Proposed dividend                  | 486,040           | 486,040                     |

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|            |                            |         |         |
|------------|----------------------------|---------|---------|
| 2.03.05    | Accumulated profit or loss | 466,310 | 0       |
| 2.03.06    | Revaluation Reserve        | 805,591 | 795,563 |
| 2.06.06.01 | Revaluation Reserve        | 805,591 | 795,563 |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## PARENT COMPANY FINANCIAL STATEMENTS - INCOME STATEMENT

(in thousands of Brazilian reais – R\$)

| Code       | Description                              | YTD current                           | YTD previous                          |
|------------|--|---------------------------------------|---------------------------------------|
|            |  | period<br>01/01/2011 to<br>03/31/2011 | period<br>01/01/2010 to<br>03/31/2010 |
| 3.01       | Net revenues                             | 1                                     | 0                                     |
| 3.03       | Operating income                         | 1                                     | 0                                     |
| 3.04       | Operating income (expense)               | 463,600                               | 483,621                               |
| 3.04.02    | General and administrative               | (6,198)                               | (4,796)                               |
| 3.04.05    | Other                                    | (36,297)                              | (35,362)                              |
| 3.04.06    | Equity in subsidiaries                   | 506,095                               | 523,779                               |
| 3.05       | Income before financial income and taxes | 463,601                               | 483,621                               |
| 3.06       | Financial income / expense               | (3,863)                               | (2,010)                               |
| 3.06.01    | Financial income                         | 9,256                                 | 14,226                                |
| 3.06.02    | Financial expense                        | (13,119)                              | (16,236)                              |
| 3.07       | Income before taxes                      | 459,738                               | 481,611                               |
| 3.08       | Income tax and social contribution       | 42                                    | 1,315                                 |
| 3.08.01    | Current                                  | 42                                    | 979                                   |
| 3.08.02    | Deferred                                 | 0                                     | 336                                   |
| 3.09       | Net income from continuing operations    | 459,780                               | 482,926                               |
| 3.11       | Net income                               | 459,780                               | 482,926                               |
| 3.99       | Net Income per Share (Reais)             |                                       |                                       |
| 3.99.01    | Basic earnings per share                 |                                       |                                       |
| 3.99.01.01 | Common shares                            | 0,96000                               | 1,01000                               |

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(in thousands of Brazilian reais – R\$)

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS - STATEMENTS OF CASH FLOW – INDIRECT METHOD**

(in thousands of Brazilian reais – R\$)

| <b>Code</b> | <b>Description</b>   | <b>YTD current<br/>period<br/>01/01/2011 to<br/>03/31/2011</b> | <b>YTD previous<br/>period<br/>01/01/2010 to<br/>03/31/2010</b> |
|-------------|--|--|---|
| 6.01        | Net cash from operating activities                               | (25,011)   | (10,023)  |
| 6.01.01     | Cash generated from operations                                   | (736)  | (2,277)   |
| 6.01.01.01  | Net income, including income tax and social contribution         | 459,738  | 481,611   |
| 6.01.01.02  | Depreciation and amortization                                    | 36,342   | 35,392  |
| 6.01.01.04  | Interest and monetary and exchange restatement                   | 9,279  | 4,499   |
| 6.01.01.05  | Equity in subsidiaries   | (506,095)  | (523,779)   |
| 6.01.02     | Variation on assets and liabilities                              | (24,275)   | (7,746)   |
| 6.01.02.01  | Dividend and interest on shareholders' equity received           | 0  | 6,999   |
| 6.01.02.02  | Recoverable taxes  | (150)  | (453)   |
| 6.01.02.03  | Escrow deposits  | (13)   | 0   |
| 6.01.02.05  | Other operating assets   | 1,727  | 76  |
| 6.01.02.06  | Suppliers  | 389  | 7   |
| 6.01.02.08  | Other taxes and social contributions                             | (56)   | 76  |
| 6.01.02.09  | Interest on debts (paid)   | (24,451)   | (19,398)  |
| 6.01.02.10  | Other operating liabilities                                      | (1,721)  | 4,947   |
| 6.02        | Net cash in investing activities                                 | (4,914)  | 9,093   |
| 6.02.02     | Acquisition of property, plant and equipment                     | 0  | (124)   |
| 6.02.03     | Financial investments  | 11,013   | 10,060  |
| 6.02.05     | Sale of noncurrent assets  | 0  | (45)  |
| 6.02.07     | Intercompany loans with subsidiaries and associated companies    | (15,927)   | (799)   |
| 6.02.08     | Other  | 0  | 1   |
| 6.03        | Net cash in financing activities                                 | (29)   | (238)   |
| 6.03.01     | Payments of Loans, financing and debentures , net of derivatives | (7)  | (198)   |
| 6.03.02     | Dividend and interest on shareholders' equity paid               | (22)   | (40)  |
| 6.05        | Increase (decrease) in cash and cash equivalents                 | (29,954)   | (1,168)   |
| 6.05.01     | Cash and cash equivalents at beginning of period                 | 110,958  | 219,126   |
| 6.05.02     | Cash and cash equivalents at end of period                       | 81,004   | 217,958   |

(in thousands of Brazilian reais – R\$)



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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS -  
STATEMENT OF CHANGES IN SHAREHOLDERS'  
EQUITY FROM JANUARY 01, 2011 TO MARCH 31, 2011  
(in thousands of Brazilian reais – R\$)**

| Code       | Description                      | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total |
|------------|----------------------------------|-----------|---|-----------------|-------------------|----------------------------|----------------------------|
| 5.01       | Opening balance                  | 4,793,424 | 16  | 904,705         | 0                 | 795,563                    | 6,493,708                  |
| 5.03       | Adjusted balance                 | 4,793,424 | 16  | 904,705         | 0                 | 795,563                    | 6,493,708                  |
|            | Total                            | 0         | 0   | 0               |                   |                            |                            |
| 5.05       | comprehensive income             |           |   |                 | 466,309           | 10,029                     | 476,338                    |
| 5.05.01    | Net income / Loss for the period | 0         | 0   | 0               | 459,780           | 0                          | 459,780                    |
| 5.05.02    | Other comprehensive income       | 0         | 0   | 0               | 6,529             | 10,029                     | 16,558                     |
| 5.05.02.03 | Equity valuation adjustments     | 0         | 0   | 0               | 6,529             | 10,029                     | 16,558                     |
| 5.07       | Final balance                    | 4,793,424 | 16  | 904,705         | 466,309           | 805,592                    | 6,970,046                  |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS -  
STATEMENT OF CHANGES IN SHAREHOLDERS’  
EQUITY FROM JANUARY 01, 2010 TO MARCH 31, 2010  
(in thousands of Brazilian reais – R\$)**

| Code    | Description                      | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders Equity Total |
|---------|----------------------------------|-----------|---|-----------------|-------------------|----------------------------|---------------------------|
| 5.01    | Opening balance                  | 4,741,175 | 16  | 996,768         | (234,278)         | 765,667                    | 6,269,348                 |
| 5.03    | Adjusted balance                 | 4,741,175 | 16  | 996,768         | (234,278)         | 765,667                    | 6,269,348                 |
| 5.05    | Total comprehensive income       | 0         | 0   | 0               | 489,470           | 6,381                      | 495,851                   |
| 5.05.01 | Net income / Loss for the period | 0         | 0   | 0               | 482,926           | 0                          | 482,926                   |
| 5.05.02 | Other comprehensive income       | 0         | 0   | 0               | 6,544             | 6,381                      | 12,925                    |
| 5.07    | Final balance                    | 4,741,175 | 16  | 996,768         | 255,192           | 772,048                    | 6,765,199                 |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## PARENT COMPANY FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE

(in thousands of Brazilian reais – R\$)

| Code       | Description   | YTD current<br>period<br>01/01/2011 to<br>03/31/2011 | YTD previous<br>period<br>01/01/2010 to<br>03/31/2010 |
|------------|---|--|---|
| 7.01       | Revenues  | 1  | 0   |
| 7.01.01    | Sales of goods, products and services                           | 1  | 0   |
| 7.02       | Inputs  | (4,957)  | (3,873)   |
| 7.02.02    | Material-Energy-Outsourced services-Other                       | (3,572)  | (2,817)   |
| 7.02.04    | Other   | (1,385)  | (1,056)   |
| 7.03       | Gross added value   | (4,956)  | (3,873)   |
| 7.04       | Retentions  | (36,342)   | (35,392)  |
| 7.04.01    | Depreciation and amortization                                   | (45)   | (30)  |
| 7.04.02    | Other   | (36,297)   | (35,362)  |
| 7.04.02.01 | Intangible concession asset - amortization                      | (36,297)   | (35,362)  |
| 7.05       | Net added value generated                                       | (41,298)   | (39,265)  |
| 7.06       | Added value received in transfer                                | 515,351  | 538,005   |
| 7.06.01    | Equity in subsidiaries  | 506,095  | 523,779   |
| 7.06.02    | Financial expense   | 9,256  | 14,226  |
| 7.07       | Added Value to be Distributed                                   | 474,053  | 498,740   |
| 7.08       | Distribution of Added Value                                     | 474,053  | 498,740   |
| 7.08.01    | Personnel   | 865  | 732   |
| 7.08.01.01 | Direct Remuneration   | 854  | 683   |
| 7.08.01.02 | Benefits  | (76)   | 19  |
| 7.08.01.03 | Government severance indemnity fund for employees -<br>F.G.T.S. | 87   | 30  |
| 7.08.02    | Taxes, Fees and Contributions                                   | 274  | (1,178)   |
| 7.08.02.01 | Federal   | 270  | (1,178)   |
| 7.08.02.03 | Municipal   | 4  | 0   |
| 7.08.03    | Remuneration on third parties' capital                          | 13,134   | 16,260  |
| 7.08.03.01 | Interest  | 13,118   | 16,236  |
| 7.08.03.02 | Rental  | 16   | 24  |

(in thousands of Brazilian reais – R\$)



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|            |                              |         |         |
|------------|------------------------------|---------|---------|
| 7.08.04    | Remuneration on own capital  | 459,780 | 482,926 |
| 7.08.04.03 | Profit / loss for the period | 459,780 | 482,926 |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## CONSOLIDATED FINANCIAL STATEMENTS - BALANCE SHEET – ASSETS

(in thousands of Brazilian reais – R\$)

| Code          | Description                             | Current quarter | Previous year |
|---------------|---|-----------------|---------------|
|               |   | 03/31/2011      | 12/31/2010    |
| 1             | Total assets                            | 20,841,707      | 20,056,797    |
| 1.01          | Current assets                          | 4,489,105       | 3,898,190     |
| 1.01.01       | Cash and cash equivalents               | 1,967,201       | 1,562,897     |
| 1.01.02       | Financial Investments                   | 42,929          | 42,533        |
| 1.01.02.02    | Financial Investments at amortized cost | 42,929          | 42,533        |
| 1.01.02.02.01 | Held for trade                          | 42,929          | 42,533        |
| 1.01.03       | Accounts Receivable                     | 1,854,718       | 1,816,073     |
| 1.01.03.01    | Consumers                               | 1,854,718       | 1,816,073     |
| 1.01.04       | Materials and suppliers                 | 29,176          | 24,856        |
| 1.01.06       | Recoverable taxes                       | 198,106         | 193,020       |
| 1.01.06.01    | Current recoverable taxes               | 198,106         | 193,020       |
| 1.01.08       | Other current assets                    | 396,975         | 258,811       |
| 1.01.08.03    | Other                                   | 396,975         | 258,811       |
| 1.01.08.03.01 | Other credits                           | 391,979         | 253,813       |
| 1.01.08.03.02 | Derivatives                             | 189             | 244           |
| 1.01.08.03.03 | Leases                                  | 4,807           | 4,754         |
| 1.02          | Noncurrent assets                       | 16,352,602      | 16,158,607    |
| 1.02.01       | Long Term assets                        | 3,863,585       | 3,787,268     |
| 1.02.01.02    | Financial Investments amortized at cost | 64,437          | 72,823        |
| 1.02.01.02.01 | Held to Maturity                        | 64,437          | 72,823        |
| 1.02.01.03    | Accounts Receivable                     | 194,227         | 195,738       |
| 1.02.01.03.01 | Consumers                               | 194,227         | 195,738       |
| 1.02.01.06    | Deferred taxes                          | 1,109,579       | 1,183,460     |
| 1.02.01.09    | Other noncurrent assets                 | 2,495,342       | 2,335,247     |
| 1.02.01.09.03 | Derivatives                             | 8               | 82            |
| 1.02.01.09.04 | Escrow deposits                         | 938,884         | 890,685       |
| 1.02.01.09.05 | Recoverable taxes                       | 146,092         | 138,966       |
| 1.02.01.09.06 | Leases                                  | 25,577          | 26,315        |
| 1.02.01.09.07 | Concession Financial assets             | 1,016,709       | 934,646       |
| 1.02.01.09.08 | Employee Pension Plan                   | 5,800           | 5,800         |
| 1.02.01.09.09 | Investments at cost                     | 116,654         | 116,654       |
| 1.02.01.09.10 | Other                                   | 245,618         | 222,099       |

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|         |                               |           |           |
|---------|-------------------------------|-----------|-----------|
| 1.02.03 | Property, Plant and Equipment | 5,929,223 | 5,786,465 |
| 1.02.04 | Intangible assets             | 6,559,794 | 6,584,874 |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - BALANCE SHEET – LIABILITIES AND SHAREHOLDRES' EQUITY**

(in thousands of Brazilian reais – R\$)

| <b>Code</b>   | <b>Description</b>               | <b>Current quarter<br/>03/31/2011</b> | <b>Previous year<br/>12/31/2010</b> |
|---------------|----------------------------------|---------------------------------------|-------------------------------------|
| 2             | Total liabilities                | 20,841,707                            | 20,056,797                          |
| 2.01          | Current liabilities              | 4,949,522                             | 4,428,322                           |
| 2.01.01       | Social and Labor Obligations     | 68,434                                | 58,688                              |
| 2.01.01.02    | Labor Obligations                | 68,434                                | 58,688                              |
| 2.01.01.02.01 | Estimated Labor Obligation       | 68,434                                | 58,688                              |
| 2.01.02       | Suppliers                        | 1,100,624                             | 1,047,385                           |
| 2.01.03       | Tax payable                      | 522,544                               | 455,248                             |
| 2.01.04       | Loans and financing              | 2,515,057                             | 2,247,407                           |
| 2.01.04.01    | Loans and financing              | 1,032,360                             | 619,383                             |
| 2.01.04.01.01 | In local currency                | 628,583                               | 615,201                             |
| 2.01.04.01.02 | In foreign currency              | 403,777                               | 4,182                               |
| 2.01.04.02    | Debentures                       | 1,482,697                             | 1,628,024                           |
| 2.01.04.02.01 | Debentures                       | 1,362,464                             | 1,509,958                           |
| 2.01.04.02.02 | Interest on Debentures           | 120,233                               | 118,066                             |
| 2.01.05       | Other Obligations                | 742,863                               | 619,594                             |
| 2.01.05.02    | Other                            | 742,863                               | 619,594                             |
| 2.01.05.02.01 | Dividends and interest on equity | 23,792                                | 23,813                              |
| 2.01.05.02.04 | Derivatives                      | 38,450                                | 3,982                               |
| 2.01.05.02.05 | Employee pension plans           | 38,438                                | 40,103                              |
| 2.01.05.02.06 | Regulatory charges               | 128,712                               | 123,541                             |
| 2.01.05.02.07 | Public Utilities                 | 17,438                                | 17,287                              |
| 2.01.05.02.08 | Other Payables                   | 496,033                               | 410,868                             |
| 2.02          | Noncurrent liabilities           | 8,660,246                             | 8,878,819                           |
| 2.02.01       | Loans and financing              | 7,022,692                             | 7,159,312                           |
| 2.02.01.01    | Loans and financing              | 4,863,758                             | 4,946,998                           |
| 2.02.01.01.01 | In local currency                | 4,814,008                             | 4,481,421                           |
| 2.02.01.01.02 | In foreign currency              | 49,750                                | 465,577                             |
| 2.02.01.02    | Debenture                        | 2,158,934                             | 2,212,314                           |
| 2.02.02       | Other Obligations                | 1,059,679                             | 1,150,475                           |
| 2.02.02.02    | Other                            | 1,059,679                             | 1,150,475                           |
| 2.02.02.02.03 | Derivatives                      | 571                                   | 7,883                               |
| 2.02.02.02.04 | Employee pension plans           | 530,089                               | 570,877                             |
| 2.02.02.02.05 | Tax payable                      | 773                                   | 960                                 |
| 2.02.02.02.06 | Public Utilities                 | 426,224                               | 429,632                             |
| 2.02.02.02.07 | Other Payables                   | 102,022                               | 141,123                             |

(in thousands of Brazilian reais – R\$)

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|            |   |           |           |
|------------|---|-----------|-----------|
| 2.02.03    | Deferred taxes                              | 277,359   | 277,767   |
| 2.02.03.01 | Income tax and social contribution deferred | 277,359   | 277,767   |
| 2.02.04    | Provisions                                  | 300,516   | 291,265   |
| 2.02.04.01 | Civil, Labor, Social and Tax Provisions     | 300,516   | 291,265   |
| 2.03       | Consolidated Shareholders' Equity           | 7,231,939 | 6,749,656 |
| 2.03.01    | Capital                                     | 4,793,424 | 4,793,424 |
| 2.03.02    | Capital reserves                            | 16        | 16        |
| 2.03.03    | Revaluation Reserve                         | 805,591   | 795,563   |
| 2.03.04    | Profit reservers                            | 904,705   | 904,705   |
| 2.03.04.01 | Legal                                       | 418,665   | 418,665   |
| 2.03.04.08 | Additional Proposed Dividend                | 486,040   | 486,040   |
| 2.03.05    | Accumulated profit or loss                  | 466,310   | 0         |
| 2.03.09    | Noncontrolling interests                    | 261,893   | 255,948   |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## CONSOLIDATED FINANCIAL STATEMENTS - INCOME STATEMENT

(in thousands of Brazilian reais – R\$)

| Code    | Description                                 | YTD Current period<br>01/01/2011 to<br>03/31/2011 | YTD previous<br>year 01/01/2010<br>to 03/31/2010 |
|---------|---|---|--|
| 3.01    | Net revenues                                | 3,022,784   | 2,878,725  |
| 3.02    | Cost of electric energy services            | (1,886,241)                                       | (1,799,207)                                      |
| 3.02.01 | Cost of electric energy                     | (1,418,661)                                       | (1,407,308)                                      |
| 3.02.02 | Operation cost                              | (253,813)   | (240,286)  |
| 3.02.03 | Cost of services to third parties           | (213,767)   | (151,613)  |
| 3.03    | Operating income                            | 1,136,543   | 1,079,518  |
| 3.04    | Operating expenses                          | (282,387)   | (237,867)  |
| 3.04.01 | Sales                                       | (73,071)  | (63,910)   |
| 3.04.02 | General and administrative                  | (154,805)   | (119,392)  |
| 3.04.05 | Others                                      | (54,511)  | (54,565)   |
| 3.05    | Income before financial income and taxes    | 854,156   | 841,651  |
| 3.06    | Financial income / expense                  | (131,106)   | (82,007)   |
| 3.06.01 | Financial income                            | 125,914   | 100,427  |
| 3.06.02 | Financial expense                           | (257,020)   | (182,434)  |
| 3.07    | Income before taxes                         | 723,050   | 759,644  |
| 3.08    | Income tax and social contribution          | (257,175)   | (271,781)  |
| 3.08.01 | Current                                     | (188,383)   | (199,239)  |
| 3.08.02 | Deferred                                    | (68,792)  | (72,542)   |
| 3.09    | Net income from continuing operations       | 465,875   | 487,863  |
| 3.11    | Consolidated net income                     | 465,875   | 487,863  |
| 3.11.01 | Attributable to controlling shareholders    | 459,780   | 482,926  |
| 3.11.02 | Attributable to noncontrolling shareholders | 6,095   | 4,937  |
| 3.99    | Earnings per share (reais/share)            |   |  |



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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## CONSOLIDATED FINANCIAL STATEMENTS - STATEMENTS OF CASH FLOW – Indirect method

(in thousands of Brazilian reais – R\$)

| Code       | Description  | YTD Current                           | YTD previous                     |
|------------|--|---------------------------------------|----------------------------------|
|            |  | period<br>01/01/2011 to<br>03/31/2011 | year 01/01/2010<br>to 03/31/2010 |
| 6.01       | Net cash from operating activities                       | 718,754                               | 669,112                          |
| 6.01.01    | Cash generated from operations                           | 1,092,680                             | 1,052,455                        |
| 6.01.01.01 | Net income, including income tax and social contribution | 723,050                               | 759,644                          |
| 6.01.01.02 | Depreciation and amortization                            | 188,171                               | 161,807                          |
| 6.01.01.03 | Reserve for contingencies                                | 7,544                                 | 9,152                            |
| 6.01.01.04 | Interest and monetary and exchange restatement           | 182,653                               | 127,152                          |
| 6.01.01.05 | Gain / (loss) on pension plan                            | (21,579)                              | (21,799)                         |
| 6.01.01.06 | Losses on disposal of noncurrent assets                  | 0                                     | 1,422                            |
| 6.01.01.07 | Deferred taxes - PIS and COFINS                          | 12,841                                | 15,077                           |
| 6.01.02    | Variation on assets and liabilities                      | (373,926)                             | (383,343)                        |
| 6.01.02.01 | Consumers, Concessionaires and Licensees                 | (37,103)                              | (30,368)                         |
| 6.01.02.02 | Recoverable Taxes  | (12,130)                              | 18,396                           |
| 6.01.02.03 | Leases   | (1,063)                               | 0                                |
| 6.01.02.04 | Escrow deposits  | (32,564)                              | (24,740)                         |
| 6.01.02.06 | Other operating assets                                   | (112,492)                             | (24,794)                         |
| 6.01.02.07 | Suppliers  | 53,235                                | (36,720)                         |
| 6.01.02.08 | Taxes and social contributions paid                      | (207,974)                             | (186,329)                        |
| 6.01.02.09 | Other taxes and social contributions                     | 75,410                                | 16,051                           |
| 6.01.02.10 | Employee Pension Plans                                   | (20,874)                              | (21,514)                         |
| 6.01.02.11 | Interest paid on debt                                    | (138,993)                             | (152,252)                        |
| 6.01.02.12 | Regulator charges  | 5,171                                 | 36,891                           |
| 6.01.02.13 | Other operating liabilities                              | 55,451                                | 22,036                           |
| 6.02       | Net cash in investing activities                         | (397,070)                             | (280,223)                        |
| 6.02.02    | Acquisition of property, plant and equipment             | (191,357)                             | (113,839)                        |
| 6.02.03    | Financial investments                                    | 13,464                                | 3,191                            |
| 6.02.04    | Leases   | 1,747                                 | 0                                |
| 6.02.05    | Acquisition of intangible assets                         | (220,924)                             | (175,388)                        |
| 6.02.06    | Sale of noncurrent assets                                | 0                                     | 2,868                            |
| 6.02.08    | Other  | 0                                     | 2,945                            |

(in thousands of Brazilian reais – R\$)



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|         |  |           |           |
|---------|--|-----------|-----------|
| 6.03    | Net cash in financing activities                                 | 82,620    | (185,837) |
| 6.03.01 | Loans, financing and debentures obtained                         | 380,832   | 159,561   |
| 6.03.02 | Payments of Loans, financing and debentures , net of derivatives | (298,190) | (342,398) |
| 6.03.03 | Dividend and interest on shareholders' equity paid               | (22)      | (3,000)   |
| 6.05    | Increase (decrease) in cash and cash equivalents                 | 404,304   | 203,052   |
| 6.05.01 | Cash and cash equivalents at beginning of period                 | 1,562,897 | 1,487,243 |
| 6.05.02 | Cash and cash equivalents at end of period                       | 1,967,201 | 1,690,295 |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 01, 2011 TO MARCH 31, 2011**

(in thousands of Brazilian reais – R\$)

| Code       | Description                         | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity | Noncontrol Sharehold Equity |
|------------|-------------------------------------|-----------|---|-----------------|-------------------|----------------------------|----------------------|-----------------------------|
| 5.01       | Opening balance                     | 4,793,424 | 16  | 904,705         | 0                 | 795,563                    | 6,493,708            | 255,                        |
| 5.03       | Adjusted opening balance            | 4,793,424 | 16  | 904,705         | 0                 | 795,563                    | 6,493,708            | 255,                        |
|            | Total                               | 0         | 0   | 0               |                   |                            |                      |                             |
| 5.05       | comprehensive income                |           |   |                 | 459,793           | 16,545                     | 476,338              | 6,                          |
| 5.05.01    | Net income                          | 0         | 0   | 0               | 459,780           | 0                          | 459,780              | 6,                          |
|            | Other                               | 0         | 0   | 0               |                   |                            |                      |                             |
| 5.05.02    | comprehensive income                |           |   |                 | 13                | 16,545                     | 16,558               |                             |
| 5.05.02.01 | Adjustment of financial instruments | 0         | 0   | 0               | 13                | 25,075                     | 25,088               |                             |
|            | Tax on                              | 0         | 0   | 0               |                   |                            |                      |                             |
| 5.05.02.02 | Adjustment of financial instruments |           |   |                 | 0                 | (8,530)                    | (8,530)              |                             |
|            | Internal                            | 0         | 0   | 0               |                   |                            |                      |                             |
| 5.06       | changes of shareholders equity      |           |   |                 | 6,516             | (6,516)                    | 0                    | (                           |
| 5.06.02    | Realization of revaluation reserve  | 0         | 0   | 0               | 9,875             | (9,875)                    | 0                    |                             |
|            | Tax on                              | 0         | 0   | 0               |                   |                            |                      |                             |
| 5.06.03    | Realization of revaluation reserve  |           |   |                 | (3,359)           | 3,359                      | 0                    |                             |
| 5.06.05    |                                     | 0         | 0   | 0               | 0                 | 0                          | 0                    | (                           |

(in thousands of Brazilian reais – R\$)

|      |   |           |    |         |         |         |           |      |
|------|---|-----------|----|---------|---------|---------|-----------|------|
|      | Other transactions within noncontrolling shareholders |           |    |         |         |         |           |      |
| 5.07 | Final balance   | 4,793,424 | 16 | 904,705 | 466,309 | 805,592 | 6,970,046 | 261, |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 01, 2010 TO MARCH 31, 2010**

(in thousands of Brazilian reais – R\$)

| Code       | Description                                | Capital   | Capital Reserves, options and treasury shares | Profit Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity | Noncontrol Sharehold Equity |
|------------|--|-----------|---|-----------------|-------------------|----------------------------|----------------------|-----------------------------|
| 5.01       | Opening balance                            | 4,741,175 | 16  | 996,768         | (234,278)         | 765,667                    | 6,269,348            | 267,                        |
| 5.03       | Adjusted opening balance                   | 4,741,175 | 16  | 996,768         | (234,278)         | 765,667                    | 6,269,348            | 267,                        |
| 5.05       | Total comprehensive income                 | 0         | 0   | 0               | 482,945           | 12,906                     | 495,851              | 4,                          |
| 5.05.01    | Net income                                 | 0         | 0   | 0               | 482,926           | 0                          | 482,926              | 4,                          |
| 5.05.02    | Other comprehensive income                 | 0         | 0   | 0               | 19                | 12,906                     | 12,925               | (                           |
| 5.05.02.01 | Adjustment of financial instruments        | 0         | 0   | 0               | 19                | 19,564                     | 19,583               | (2                          |
| 5.05.02.02 | Tax on Adjustment of financial instruments | 0         | 0   | 0               | 0                 | (6,658)                    | (6,658)              |                             |
| 5.06       | Internal changes of shareholders equity    | 0         | 0   | 0               | 6,525             | (6,525)                    | 0                    | (2                          |
| 5.06.02    | Realization of revaluation reserve         | 0         | 0   | 0               | 9,887             | (9,887)                    | 0                    |                             |
| 5.06.03    | Tax on Realization of revaluation reserve  | 0         | 0   | 0               | (3,362)           | 3,362                      | 0                    |                             |
| 5.06.05    |  | 0         | 0   | 0               | 0                 | 0                          | 0                    | (2                          |

(in thousands of Brazilian reais – R\$)

|      |   |           |    |         |         |         |           |      |  |
|------|---|-----------|----|---------|---------|---------|-----------|------|--|
|      | Other transactions within noncontrolling shareholders |           |    |         |         |         |           |      |  |
| 5.07 | Final balance   | 4,741,175 | 16 | 996,768 | 255,192 | 772,048 | 6,765,199 | 271, |  |

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QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A

## CONSOLIDATED FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE

(in thousands of Brazilian reais – R\$)

| Code       | Description   | YTD current<br>period<br>01/01/2011 to<br>03/31/2011 | YTD previous<br>period<br>03/01/2010 to<br>03/31/2010 |
|------------|---|--|---|
| 7.01       | Revenues  | 4,606,080  | 4,555,993   |
| 7.01.01    | Sales of goods, products and services                           | 4,296,162  | 4,100,337   |
| 7.01.02    | Other revenue   | 213,602  | 147,917   |
| 7.01.02.01 | Revenue from construction of infrastructure distribution        | 213,602  | 150,444   |
| 7.01.02.02 | Other   | 0  | (2,527)   |
| 7.01.03    | Revenues related to the construction of own assets              | 112,683  | 319,512   |
| 7.01.04    | Allowance for doubtful accounts                                 | (16,367)   | (11,773)  |
| 7.02       | Inputs  | (2,097,537)  | (2,206,596)   |
| 7.02.01    | Cost of sales   | (1,587,464)  | (1,581,836)   |
| 7.02.02    | Material-Energy-Outsourced services-Other                       | (434,893)  | (541,479)   |
| 7.02.04    | Other   | (75,180)   | (83,281)  |
| 7.03       | Gross added value   | 2,508,543  | 2,349,397   |
| 7.04       | Retentions  | (197,737)  | (169,313)   |
| 7.04.01    | Depreciation and amortization                                   | (151,723)  | (123,705)   |
| 7.04.02    | Other   | (46,014)   | (45,608)  |
| 7.04.02.01 | Intangible concession asset - amortization                      | (46,014)   | (45,608)  |
| 7.05       | Net added value generated                                       | 2,310,806  | 2,180,084   |
| 7.06       | Added value received in transfer                                | 126,121  | 101,930   |
| 7.06.02    | Financial income  | 126,121  | 101,930   |
| 7.07       | Added Value to be Distributed                                   | 2,436,927  | 2,282,014   |
| 7.08       | Distribution of Added Value                                     | 2,436,927  | 2,282,014   |
| 7.08.01    | Personnel   | 122,191  | 117,587   |
| 7.08.01.01 | Direct Remuneration   | 101,725  | 89,768  |
| 7.08.01.02 | Benefits  | 12,419   | 20,754  |
| 7.08.01.03 | Government severance indemnity fund for employees -<br>F.G.T.S. | 8,047  | 7,065   |
| 7.08.02    | Taxes, Fees and Contributions                                   | 1,573,158  | 1,476,818   |
| 7.08.02.01 | Federal   | 839,084  | 790,887   |
| 7.08.02.02 | State   | 728,476  | 680,908   |
| 7.08.02.03 | Municipal   | 5,598  | 5,023   |

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|            |  |         |         |
|------------|--|---------|---------|
| 7.08.03    | Remuneration on third parties' capital | 275,703 | 199,746 |
| 7.08.03.01 | Interest                               | 269,451 | 196,775 |
| 7.08.03.02 | Rental                                 | 6,252   | 2,971   |
| 7.08.04    | Remuneration on own capital            | 465,875 | 487,863 |
| 7.08.04.03 | Profit / loss for the period           | 465,875 | 487,863 |

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**(Free Translation of the original in Portuguese)****QUARTERLY INFORMATION – ITR -Date: March 31, 2011 - CPFL Energia S. A****COMMENTS ON PERFORMANCE AND FORECASTS**

The comments on performance are expressed in thousands of Brazilian reais, unless otherwise indicated.

**Analysis of Results – CPFL Energia (parent company)**

Net income was R\$ 465,875 in the quarter, a decrease of 4.8% (R\$ 23,146) compared to the same quarter of the previous year, due mainly to results of equity in subsidiaries, as shown below:

|                      | <b>1st quarter 2011</b> | <b>1st quarter 2010</b> |
|----------------------|-------------------------|-------------------------|
| CPFL Paulista        | 175,528                 | 236,657                 |
| CPFL Piratininga     | 116,880                 | 98,874                  |
| RGE                  | 54,826                  | 53,452                  |
| CPFL Santa Cruz      | 6,366                   | 6,302                   |
| CPFL Leste Paulista  | 2,881                   | 3,138                   |
| CPFL Jaguari         | 3,264                   | 2,508                   |
| CPFL Sul Paulista    | 3,965                   | 3,256                   |
| CPFL Mococa          | 1,293                   | 1,746                   |
| CPFL Geração         | 78,488                  | 52,683                  |
| CPFL Brasil          | 56,132                  | 62,515                  |
| CPFL Atende          | 596                     | (27)                    |
| CPFL Planalto        | 3,279                   | 2,578                   |
| CPFL Serviços        | 341                     | (1,173)                 |
| CPFL Jaguariuna      | (57)                    | (58)                    |
| CPFL Jaguari Geração | 2,205                   | 1,328                   |
| Chumpitaz            | 109                     | -                       |
| <b>Total</b>         | <b>506,096</b>          | <b>523,779</b>          |



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITRDate: March 31, 2011 - CPFL Energia S. A

**Analysis of Results – CPFL Energia Consolidated**

The comments on performance are expressed in thousands of Brazilian reais, unless otherwise indicated.

|  | <b>2011</b>        | <b>Consolidated</b> |                  |
|--|--------------------|---------------------|------------------|
|  | <b>1st quarter</b> | <b>1st quarter</b>  |                  |
|  | <b>of 2011</b>     | <b>of 2010</b>      | <b>Variation</b> |
| <b>OPERATING REVENUES</b>                              | <b>4,509,764</b>   | <b>4,250,781</b>    | <b>6.1%</b>      |
| Electricity sales to final consumers                   | 3,603,676          | 3,559,069           | 1.3%             |
| Electricity sales to wholesaler                        | 276,357            | 229,937             | 20.2%            |
| Revenue from construction of concession infrastructure | 213,602            | 150,444             | 42.0%            |
| Other operating revenues <sup>(1)</sup>                | 416,129            | 311,331             | 33.7%            |
| DEDUCTION FROM OPERATING REVENUE                       | (1,486,980)        | (1,372,056)         | 8.4%             |
| <b>NET OPERATING REVENUE</b>                           | <b>3,022,784</b>   | <b>2,878,725</b>    | <b>5.0%</b>      |
| <b>ENERGY COST</b>                                     | <b>(1,418,661)</b> | <b>(1,407,308)</b>  | <b>0.8%</b>      |
| Electricity purchased for resale                       | (1,114,736)        | (1,126,833)         | -1.1%            |
| Electricity network usage charges                      | (303,926)          | (280,475)           | 8.4%             |
| <b>OPERATING COST/EXPENSE</b>                          | <b>(749,966)</b>   | <b>(629,766)</b>    | <b>19.1%</b>     |
| Personnel  | (152,040)          | (147,235)           | 3.3%             |
| Employee pension plan                                  | 22,351             | 21,802              | 2.5%             |
| Material   | (18,035)           | (16,957)            | 6.4%             |
| Outsourced Services                                    | (121,063)          | (98,877)            | 22.4%            |
| Depreciation and Amortization                          | (142,158)          | (117,119)           | 21.4%            |
| Merged Goodwill Amortization                           | (46,013)           | (44,688)            | 3.0%             |
| Costs related to infrastructure construction           | (213,602)          | (150,444)           | 42.0%            |
| Other  | (79,407)           | (76,248)            | 4.1%             |
| <b>INCOME FROM ELECTRIC UTILITY SERVICES</b>           | <b>854,156</b>     | <b>841,651</b>      | <b>1.5%</b>      |
| <b>FINANCIAL INCOME (EXPENSE)</b>                      | <b>(131,106)</b>   | <b>(82,007)</b>     | <b>59.9%</b>     |
| Income   | 125,914            | 100,427             | 25.4%            |
| Expense  | (257,020)          | (182,434)           | 40.9%            |
| <b>INCOME BEFORE TAX</b>                               | <b>723,050</b>     | <b>759,644</b>      | <b>-4.8%</b>     |
| Social Contribution                                    | (68,792)           | (72,542)            | -5.2%            |
| Income Tax   | (188,383)          | (199,239)           | -5.4%            |
| <b>NET INCOME FOR THE PERIOD</b>                       | <b>465,875</b>     | <b>487,863</b>      | <b>-4.5%</b>     |
| <b>EBITDA</b>  | <b>1,019,976</b>   | <b>981,656</b>      | <b>3.9%</b>      |

**Net Income for the Period and EBITDA Reconciliation <sup>(2)</sup>**

|                                  |                  |                |
|----------------------------------|------------------|----------------|
| <b>NET INCOME FOR THE PERIOD</b> | 465,875          | 487,863        |
| Employee Pension Plan            | (22,351)         | (21,802)       |
| Depreciation and Amortization    | 188,172          | 161,807        |
| Financial Income (Expense)       | 131,106          | 82,007         |
| Social Contribution              | 68,792           | 72,542         |
| Income Tax                       | 188,383          | 199,239        |
| <b>EBITDA</b>                    | <b>1,019,976</b> | <b>981,656</b> |

(1) The reclassification of revenue from the Network Usage Charge - TUSD was not taken into account in presentation of the Comments on consolidated performance

(2) Information not reviewed by our auditors

### Gross Operating Revenue

The Gross Operating Revenue in the first quarter of 2011 was R\$ 4,509,764, up 6.1% (R\$ 258,983) on the same period of the previous year.

The main factors that contributed to this change were:

- An increase of 1.3% (R\$ 44,607) in the electric energy supply billed and unbilled, as a result of the increase of 6.1% in the amount of energy billed to final consumers and of 2.4% in the average tariffs charged, mainly due to the adjustment to the distributors' tariffs compensated by a slight reduction in the volume sold of 0.03%;

- An increase of 20.2% (R\$ 46,420) in the energy supplied, mainly due to the increase of 12.6% in the average tariff charged.
- An increase of R\$ 104,798 in Other Operating Revenue, particularly due to the increase of R\$ 97,654 in income from the Tariff for the Use of the Distribution System – TUSD for free customers, due to the revival of industrial activity and the effects of the tariff adjustment.

#### Ø Quantity of Energy Sold

In the first quarter of 2011, there was a slight decrease of 0.03% in the volume sold to final consumers.

The residential, commercial and industrial classes, which account for 85.5% of the energy sold to final consumers in the quarter and have the highest average tariffs, registered variation of 5.3%, 5.3% and -6.2% respectively, compared with the same quarter of the previous year. The categories residential and commercial classes benefit from the accumulated effect of the expansion of total payroll and credit availability in recent years, which has resulted in increased purchases of household electrical goods and a dynamic retail trade. The amount sold to the industrial class decreased because of the migration of captive consumers to the free market.

Rural class decreased 18.6% when compared to the same quarter of 2010 due to the migration of certain consumers, which became permissionaries. After the migration, these consumers have purchased the volume based on what they need.

Relating to the volume sold in the concession area, that causes effect in the Electricity Sales to Final Consumers as well as in Network Usage Charges, there was an increase of 5.4% when compared to the same period of 2010.

#### Ø Tariffs

In the first quarter of 2011, the energy supply tariffs applied increased by an average of 2.4%, mainly due to the impacts of the tariff adjustments of the distribution subsidiaries:

- CPFL Paulista: -5.69% from April 2010;
- RGE: 3.96% from June 2010;
- CPFL Santa Cruz: -2.53%, CPFL Jaguari: 3.67%, CPFL Mococa: 3.24%, CPFL Leste Paulista: -8.47% and CPFL Sul Paulista: 4.94%, all from February 2010;
- CPFL Piratininga: 5.66% from October 2010.

### Deductions from Operating Revenue

Deductions from Operating Income in the first quarter of 2011 amounted to R\$ 1,486,980, an increase of 8.4% (R\$ 114,924) in relation to the same quarter of 2010, mainly as a result of the increase of 6.5% (R\$ 44,085) on ICMS, due to an increase in the supply billed and increase of 27.2% (R\$ 65,352) on CCC and CDE charges.

## Cost of Electric energy

Cost of Electric Energy in the quarter totaled R\$ 1,418,661, an increase of 0.8% (R\$11,353) in relation to the same period of the previous year:

### Ø Electric energy purchased for Resale

The balance of electric energy purchased for resale was R\$ 1,114,736, a decrease of 1.1% (R\$ 12,097), mainly due to the reduction in the volume purchased of 4.6%, partially compensated by the increase of 3.7% in tariff adjustments. This reduction reflects the operational start-up of the subsidiaries Foz do Chapecó and EPASA.

### Ø Tariff for the Use of the Distribution System

Increase of 8.4% (R\$ 23,451) in the charges for use of the transmission and distribution system, especially in Connection Charges and System Service Charges, due to the operational start-up of the subsidiaries Foz do Chapecó, CPFL Bioenergia and EPASA.

## Operating Costs and Expense

Not considering the revenue from concession infrastructure, operating costs and expenses in the quarter amounted to R\$ 536,365, an increase of 11.9% (R\$ 57,043) compared to the same period of the previous year. This variation is mainly due to:

- Increase of 3.3% (R\$ 4,805) in Personnel, due mainly to the increase in the number of employees, the effects of the 2010 Collective Agreement;
- Increase of 22.4% (R\$22,186) in Outsourced Services, due (i) inventory for regulatory purposes in compliance with ANEEL Resolution 367/09 (R\$ 9,554); (ii) audit and consultant services (R\$2,653); (iii) increase in bill procedures, especially in the subsidiaries CPFL Paulista (R\$2,275) and CPFL Piratininga (R\$798) due to price adjustments; (iv) expansion of CPFL Total activities (R\$2,163) and (v) and the operational start-up of Foz do Chapecó, UTE Baldin, UTEs Termonordeste and Termoparaíba (R\$2,899);
- Increase of 21.4% (R\$25,039) in Depreciation and Amortization, basically due to the operational start-up of Foz do Chapecó and Epasa, and the commencement of depreciation of a specific computer system;
- Increase of 4.1% (R\$ 3,159) in Other Expenses.

## Financial Income (Expense)

The net Financial Income (Expense) in the quarter was an expense of R\$ 131,106, compared with R\$ 82,007 in the same period of 2010, an increase of 59.9% (R\$ 49,099):

Ø The financial income increased R\$ 25,487 (25.4%), mainly due to:

- Increase in the yield on investments (R\$ 12,769) due to higher investment balances and an increase in arrears charges (R\$ 9,256).

Ø The financial expense increased R\$ 74,586 (40.9%), mainly due to:

- Increase of R\$71,762 in debt charges due to higher indebtedness in this quarter, compared to the same quarter of 2010, due to the operational start-up of Foz do Chapecó (R\$22,486) and Epasa (R\$10,438);

- Decrease of R\$ 17,194 in monetary restatement, exchange variations and derivatives expense, due to the variation in the financial indexes;
- Decrease of capitalized interest of R\$19,790, due to the operational start-up of Foz do Chapecó in October 2010 and Epasa in December 2010.

#### Social Contribution and Income Tax

Taxes on income in the first quarter of 2011 totaled R\$ 257,175, a decrease of 5.4% (R\$ 14,606) in relation to the same quarter of 2010, mainly as a result of the decrease in income before taxes (4.8%).

#### Net income and EBITDA

As a result of the above factors, the net income for the quarter was R\$ 465,875, 4.5% (R\$ 21,988) higher than in the same period of 2010.

The adjusted EBITDA (net income for the quarter, eliminating the effects of the private pension plan, depreciation, amortization, financial income (expense), equity accounting, social contribution and income tax) for the first quarter of 2011 was R\$ 1,019,976, 3.9% (R\$ 38,320) higher than the EBITDA for the same period of 2010.

## **COMMENTS ON PERFORMANCE OF SUBSIDIARIES**

### **Subsidiary: COMPANHIA PAULISTA DE FORÇA E LUZ - CPFL**

The subsidiary Companhia Paulista de Força e Luz - CPFL is a public company and its Comments on the performance in this quarter are attached to the Interim Financial Statements as of March 31, 2011, filed with the CVM (Brazilian Securities Commission).

### **Subsidiary: CPFL GERAÇÃO DE ENERGIA S.A.**

The subsidiary CPFL Geração de Energia S.A. is a public company and its Comments on the performance in this quarter (the Company and Consolidated) are attached to the Interim Financial Statements as of March 31, 2011, filed with the CVM (Brazilian Securities Commission).

### **Subsidiary: CPFL PIRATININGA DE FORÇA E LUZ**

The subsidiary CPFL Piratininga de Força e Luz is a public company and its Comments on the performance in this quarter are attached to the Interim Financial Statements as of March 31, 2011, filed with the CVM (Brazilian Securities Commission).

### **Subsidiary: RIO GRANDE ENERGIA S.A.**



The subsidiary Rio Grande Energia S.A. is a public company and its Comments on the performance in this quarter are attached to the Interim Financial Statements as of March 31, 2011, filed with the CVM (Brazilian Securities Commission).

**Subsidiary: CPFL COMERCIALIZAÇÃO BRASIL S.A.**

|                                     | 01/01/2011 to<br>03/31/2011 | Consolidated<br>01/01/2010 to<br>03/31/2010 |
|-------------------------------------|-----------------------------|---|
| NET OPERATING REVENUE               | 357,339                     | 342,886                                     |
| Cost of electric energy             | -252,918                    | -238,960                                    |
| Operating expenses                  | -19,631                     | -11,256                                     |
| Personnel                           | -5,710                      | -3,970                                      |
| Material                            | -562                        | -292  |
| Outside Services                    | -9,592                      | -5,272                                      |
| Depreciation and amortization       | -1,048                      | -591  |
| Other                               | -2,719                      | -1,131                                      |
| INCOME FROM ELECTRIC ENERGY SERVICE | 84,790                      | 92,670                                      |
| FINANCIAL INCOME (EXPENSE)          | -1,345                      | 535   |
| Income                              | 5,219                       | 5,474                                       |
| Expense                             | -6,564                      | -4,939                                      |
| INCOME BEFORE TAXES                 | 83,445                      | 93,205                                      |
| Social contribution                 | -7,293                      | -8,139                                      |
| Income tax                          | -20,020                     | -22,552                                     |
| NET INCOME                          | 56,132                      | 62,514                                      |
| EBITDA                              | 85,838                      | 93,261                                      |

## Net Operation Revenue

Net Operating Revenue for the first quarter of 2011, which includes the operations of the subsidiaries CLION, Sul Geradora and Cone Sul, was R\$ 404,964, an increase of R\$ 20,646 (5.4%) in relation to the same quarter of 2010. This increase is basically explained by: i) increase of R\$35,246 in the Electricity sales to wholesalers due to an increase of volume of 44 GWh (R\$6,893) and an increase of average prices of 23.2% (R\$28,353); (ii) the decrease of R\$28,132 in Electricity sales to wholesalers due to a reduction of volume of 434 GWh (R\$41,951) compensated by a raise in the average prices of 5,8% (R\$13,638); and (iii) increase of R\$13 million basically because of the increase of R\$9,448 of indemnity from Anglos Ferrus for cancellation of energy contracts.

## Net Income and EBITDA

Net income of R\$ 56,132 was recorded in the first quarter of 2011, a decrease of R\$ 5,975 (10.2%), compared with the same quarter of 2010.

EBITDA (net income before Financial Income (Expense), income tax and social contribution, depreciation and amortization) for the first quarter of 2011 was R\$ 85,838, 8% lower than the R\$93,261 recorded in the same quarter of 2010 (information not reviewed by the Independent Auditors).

**COMMENTS ON PERFORMANCE AND FORECASTS**

(Not reviewed by independent auditors)

Our principal capital expenditure in recent years has been on maintaining and upgrading our distribution network and generation projects. The following table sets forth our capital expenditure for the three month-period ended March 31, 2011, as well as the three years ended December 31, 2010, 2009 and 2008.

|                                    | <b>Millions of reais</b>          |              |              |              |
|------------------------------------|-----------------------------------|--------------|--------------|--------------|
|                                    | <b>Year ended on December 31,</b> |              |              |              |
|                                    | <b>1st quarter</b>                |              |              |              |
|                                    | <b>2011</b>                       | <b>2010</b>  | <b>2009</b>  | <b>2008</b>  |
| <b>Distribution</b>                |                                   |              |              |              |
| CPFL Paulista                      | 99                                | 527          | 344          | 279          |
| CPFL Piratininga                   | 73                                | 285          | 132          | 123          |
| RGE                                | 44                                | 237          | 215          | 226          |
| Other                              | 16                                | 79           | 54           | 37           |
|                                    | <b>232</b>                        | <b>1,128</b> | <b>745</b>   | <b>665</b>   |
| <b>Generation</b>                  | <b>192</b>                        | <b>645</b>   | <b>581</b>   | <b>502</b>   |
| <b>Commercialization and other</b> | <b>2</b>                          | <b>29</b>    | <b>12</b>    | <b>11</b>    |
|                                    | <b>426</b>                        | <b>1,802</b> | <b>1,338</b> | <b>1,178</b> |

We plan to make capital expenditure aggregating approximately R\$ 2,092 million in 2011 and approximately R\$ 1,633 million in 2012. Of the total budgeted capital expenditure over this period, R\$ 2,144 million are expected to be invested in distribution and R\$ 1,474 million in generation activities.

**CPFL ENERGIA S.A.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2011**

(Amounts stated in thousands of Brazilian reais, except where otherwise indicated)

**CPFL Energia S. A.**  
**Balance Sheets as of March 31, 2011 and December 31, 2010**  
(in thousands of Brazilian Reais)

| <b>ASSETS</b>   | <b>Parent company</b>     |                              | <b>Consolidated</b>       |                              |
|---|---------------------------|------------------------------|---------------------------|------------------------------|
|   | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> |
| <b>CURRENT ASSETS</b>                                 |                           |                              |                           |                              |
| Cash and cash equivalents (note 5)                    | 81,004                    | 110,958                      | 1,967,201                 | 1,562,897                    |
| Consumers, Concessionaires and Licensees (note 6)     | -                         | -                            | 1,854,718                 | 1,816,073                    |
| Dividends and Interest on Equity                      | 412,648                   | 412,648                      | -                         | -                            |
| Financial Investments (note 7)                        | 42,929                    | 42,533                       | 42,929                    | 42,533                       |
| Recoverable Taxes (note 8)                            | 35,295                    | 34,992                       | 198,106                   | 193,020                      |
| Derivatives (note 32)                                 | -                         | -                            | 189                       | 244                          |
| Materials and Supplies                                | -                         | -                            | 29,176                    | 24,856                       |
| Leases  | -                         | -                            | 4,807                     | 4,754                        |
| Other credits (note 11)                               | 261                       | 505                          | 391,979                   | 253,812                      |
| <b>TOTAL CURRENT ASSETS</b>                           | <b>572,137</b>            | <b>601,635</b>               | <b>4,489,104</b>          | <b>3,898,190</b>             |
| <b>NONCURRENT ASSETS</b>                              |                           |                              |                           |                              |
| Consumers, Concessionaires and Licensees (note 6)     | -                         | -                            | 194,227                   | 195,738                      |
| Subsidiaries, associated companies and parent company | 30,648                    | 14,875                       | -                         | -                            |
| Escrow Deposits (note 21)                             | 10,859                    | 10,676                       | 938,884                   | 890,685                      |
| Financial Investments (note 7)                        | 31,372                    | 39,216                       | 64,437                    | 72,823                       |
| Recoverable Taxes (note 8)                            | 2,787                     | 2,787                        | 146,092                   | 138,966                      |
| Derivatives (note 32)                                 | -                         | -                            | 8                         | 82                           |
| Deferred Tax Credits (note 9)                         | 177,771                   | 177,729                      | 1,109,579                 | 1,183,460                    |
| Leases  | -                         | -                            | 25,577                    | 26,315                       |
| Financial asset of concession (note 10)               | -                         | -                            | 1,016,709                 | 934,646                      |
| Private pension fund (note 18)                        | -                         | -                            | 5,800                     | 5,800                        |

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|  |                  |                  |                   |                   |
|--|------------------|------------------|-------------------|-------------------|
| Investment at cost                         | -                | -                | 116,654           | 116,654           |
| Other credits (note 11)                    | 26,031           | 27,514           | 245,617           | 222,100           |
| Investments (note 12)                      | 6,653,428        | 6,167,072        | -                 | -                 |
| Property, Plant and Equipment<br>(note 14) | 149              | 158              | 5,929,223         | 5,786,465         |
| Intangible assets (note 15)                | 218              | 255              | 6,559,794         | 6,584,874         |
| <b>TOTAL NONCURRENT ASSETS</b>             | <b>6,933,263</b> | <b>6,440,282</b> | <b>16,352,602</b> | <b>16,158,607</b> |
| <b>TOTAL ASSETS</b>                        | <b>7,505,400</b> | <b>7,041,917</b> | <b>20,841,707</b> | <b>20,056,797</b> |

**CPFL Energia S. A.**  
**Balance Sheets as of March 31, 2011 and December 31, 2010**  
(in thousands of Brazilian Reais)

| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>            | <b>Parent company</b> |                          | <b>Consolidated</b>   |
|--|-----------------------|--------------------------|-----------------------|
|  | <b>March 31, 2011</b> | <b>December 31, 2010</b> | <b>March 31, 2011</b> |
| <b>CURRENT LIABILITIES</b>                             |                       |                          |                       |
| Suppliers (note 15)                                    | 2,157                 | 1,768                    | 1,100,624             |
| Accrued Interest on Debts (note 16)                    | -                     | -                        | 86,718                |
| Accrued Interest on Debentures (note 17)               | 3,701                 | 15,529                   | 120,233               |
| Loans and Financing (note 16)                          | -                     | -                        | 945,642               |
| Debentures (note 17)                                   | -                     | -                        | 1,362,464             |
| Private pension fund (note 18)                         | -                     | -                        | 38,438                |
| Regulatory charges (note 19)                           | -                     | -                        | 128,712               |
| Taxes and Social Contributions Payable (note 20)       | 381                   | 437                      | 522,544               |
| Dividends and Interest on Equity                       | 16,338                | 16,360                   | 23,792                |
| Accrued liabilities                                    | 39                    | 204                      | 68,434                |
| Derivatives (note 32)                                  | 258                   | 123                      | 38,450                |
| Public Utilities (note 22)                             | -                     | -                        | 17,438                |
| Other accounts payable (note 23)                       | 6,661                 | 6,824                    | 496,032               |
| <b>TOTAL CURRENT LIABILITIES</b>                       | <b>29,535</b>         | <b>41,246</b>            | <b>4,949,522</b>      |
| <b>NONCURRENT LIABILITIES</b>                          |                       |                          |                       |
| Accrued Interest on Debts (note 16)                    | -                     | -                        | 24,594                |
| Loans and Financing (note 16)                          | -                     | -                        | 4,839,164             |
| Debentures (note 17)                                   | 450,000               | 450,000                  | 2,158,934             |
| Private pension fund (note 18)                         | -                     | -                        | 530,089               |
| Taxes and Social Contributions Payable (note 20)       | -                     | -                        | 773                   |
| Deferred tax debits (note 9)                           | -                     | -                        | 277,359               |
| Reserve for contingencies (note 21)                    | 10,835                | 10,666                   | 300,516               |
| Derivatives (note 32)                                  | 540                   | 460                      | 571                   |
| Public Utilities (note 22)                             | -                     | -                        | 426,224               |
| Other accounts payable (note 23)                       | 44,444                | 45,837                   | 102,020               |
| <b>TOTAL NONCURRENT LIABILITIES</b>                    | <b>505,819</b>        | <b>506,964</b>           | <b>8,660,246</b>      |
| <b>SHAREHOLDERS' EQUITY (note 24)</b>                  |                       |                          |                       |
| Capital  | 4,793,424             | 4,793,424                | 4,793,424             |
| Capital Reserves                                       | 16                    | 16                       | 16                    |
| Profit Reserves  | 418,665               | 418,665                  | 418,665               |
| Additional dividend proposed                           | 486,040               | 486,040                  | 486,040               |
| Revaluation Reserve                                    | 805,591               | 795,563                  | 805,591               |
| Accumulated profit                                     | 466,309               | -                        | 466,309               |
|  | 6,970,046             | 6,493,708                | 6,970,046             |
| Net equity attributable to noncontrolling shareholders | -                     | -                        | 261,893               |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                      | <b>6,970,046</b>      | <b>6,493,708</b>         | <b>7,231,939</b>      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      | <b>7,505,400</b>      | <b>7,041,917</b>         | <b>20,841,707</b>     |

**CPFL Energia S. A.**  
**Statement of income for the period ended on March 31, 2011 and 2010**  
**(in thousands of Brazilian Reais)**

|  | Parent company  |                 | Consolidated     |                  |
|--|-----------------|-----------------|------------------|------------------|
|  | 2011            | 2010            | 2011             | 2010             |
|  | 1st             | 1st             | 1st quarter      | 1st quarter      |
|  | quarter         | quarter         |                  |                  |
| <b>NET OPERATING REVENUE</b>                           | <b>1</b>        | <b>-</b>        | <b>3,022,784</b> | <b>2,878,725</b> |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>                |                 |                 |                  |                  |
| Cost of electric energy(note 27)                       | -               | -               | (1,418,661)      | (1,407,308)      |
| Operating cost   | -               | -               | (253,813)        | (240,286)        |
| Services rendered to third parties                     | -               | -               | (213,767)        | (151,613)        |
| <b>GROSS OPERATING INCOME</b>                          | <b>1</b>        | <b>-</b>        | <b>1,136,543</b> | <b>1,079,518</b> |
| <b>Operating expenses (note 28)</b>                    |                 |                 |                  |                  |
| Sales expenses   | -               | -               | (73,071)         | (63,910)         |
| General and administrative expenses                    | (6,198)         | (4,796)         | (154,805)        | (119,392)        |
| Other Operating Expense                                | (36,297)        | (35,362)        | (54,510)         | (54,565)         |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b>             | <b>(42,495)</b> | <b>(40,158)</b> | <b>854,156</b>   | <b>841,651</b>   |
| <b>Equity in subsidiaries</b>                          | <b>506,095</b>  | <b>523,779</b>  | <b>-</b>         | <b>-</b>         |
| <b>FINANCIAL INCOME (EXPENSE)(note 29)</b>             |                 |                 |                  |                  |
| Income   | 9,256           | 14,226          | 125,914          | 100,427          |
| Expense  | (13,119)        | (16,236)        | (257,020)        | (182,434)        |
|  | <b>(3,863)</b>  | <b>(2,010)</b>  | <b>(131,106)</b> | <b>(82,007)</b>  |
| <b>INCOME BEFORE TAXES</b>                             | <b>459,738</b>  | <b>481,611</b>  | <b>723,050</b>   | <b>759,644</b>   |
| Social contribution (note 9)                           | -               | 336             | (68,792)         | (72,542)         |
| Income tax (note 9)                                    | 42              | 979             | (188,383)        | (199,239)        |
|  | <b>42</b>       | <b>1,315</b>    | <b>(257,175)</b> | <b>(271,781)</b> |
| <b>NET INCOME</b>                                      | <b>459,780</b>  | <b>482,926</b>  | <b>465,875</b>   | <b>487,863</b>   |
| Net income attributable to controlling shareholders    |                 |                 | 459,780          | 482,926          |
| Net income attributable to noncontrolling shareholders |                 |                 | 6,095            | 4,937            |
| Net income per share basic and diluted                 | <b>0.96</b>     | <b>1.01</b>     |                  |                  |



**CPFL Energia S.A.**  
**Statement of changes in shareholders' equity for the period**  
**( thousands of Brazilian Reais )**

|  | <b>Capital</b>   | <b>Capital Reserve</b> | <b>Legal reserve</b> | <b>Additional dividend proposed</b> | <b>Deemed cost</b> | <b>Other comprehensive income</b> |
|--|------------------|------------------------|----------------------|-------------------------------------|--------------------|-----------------------------------|
| <b>Balance as of December 31, 2010</b>       | <b>4,793,424</b> | <b>16</b>              | <b>418,665</b>       | <b>486,040</b>                      | <b>609,732</b>     |                                   |
| Net income for the period                    | -                | -                      | -                    | -                                   | -                  | -                                 |
| Changes in Other Other Comprehensive Income: |                  |                        |                      |                                     |                    |                                   |
| - Gain (Loss) in financial instruments       | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Tax on financial instruments               | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Realization of financial instruments       | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Realization of deemed cost of fixed assets | -                | -                      | -                    | -                                   | (9,875)            | -                                 |
| - Tax on deemed cost realization             | -                | -                      | -                    | -                                   | 3,357              | -                                 |
| Other changes in noncontrolling shareholders | -                | -                      | -                    | -                                   | -                  | -                                 |
| <b>Balance as of March 31, 2011</b>          | <b>4,793,424</b> | <b>16</b>              | <b>418,665</b>       | <b>486,040</b>                      | <b>603,215</b>     |                                   |

**CPFL Energia S.A.**  
**Statement of changes in shareholders' equity for the period**  
**( thousands of Brazilian Reais )**

|  | <b>Capital</b>   | <b>Capital Reserve</b> | <b>Legal reserve</b> | <b>Additional dividend proposed</b> | <b>Deemed cost</b> | <b>Other comprehensive income</b> |
|--|------------------|------------------------|----------------------|-------------------------------------|--------------------|-----------------------------------|
| <b>Balance as of December 31, 2009</b>       | <b>4,741,175</b> | <b>16</b>              | <b>341,751</b>       | <b>655,017</b>                      | <b>635,871</b>     |                                   |
| Net income for the period                    | -                | -                      | -                    | -                                   | -                  | -                                 |
| Changes in Other Other Comprehensive Income: |                  |                        |                      |                                     |                    |                                   |
| - Gain (Loss) in financial instruments       | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Tax on financial instruments               | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Realization of financial instruments       | -                | -                      | -                    | -                                   | -                  | -                                 |
| - Realization of deemed cost of fixed assets | -                | -                      | -                    | -                                   | (9,887)            | -                                 |

|  |                  |           |                |                |                |
|--|------------------|-----------|----------------|----------------|----------------|
| - Tax on deemed cost realization             | -                | -         | -              | -              | 3,362          |
| Other changes in noncontrolling shareholders | -                | -         | -              | -              | -              |
| <b>Balance as of March 31, 2010</b>          | <b>4,741,175</b> | <b>16</b> | <b>341,751</b> | <b>655,017</b> | <b>629,346</b> |

**CPFL Energia S.A.**  
**Statement of Cash Flow**  
**For the periods ended on March 31, 2011 and 2010**  
**(thousands of Brazilian Reais)**

|  | <b>Parent Company</b> |                  | <b>Consolidated</b> |                  |
|--|-----------------------|------------------|---------------------|------------------|
|  | <b>March 31,</b>      | <b>March 31,</b> | <b>March 31,</b>    | <b>March 31,</b> |
|  | <b>2011</b>           | <b>2010</b>      | <b>2011</b>         | <b>2010</b>      |
| <b>OPERATING CASH FLOW</b>   |                       |                  |                     |                  |
| <b>Income (Loss) for the period, before income tax and social contribution</b> | 459,738               | 481,611          | 723,050             | 759,644          |
| <b>ADJUSTMENT TO RECONCILE INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES</b> |                       |                  |                     |                  |
| Depreciation and amortization  | 36,342                | 35,392           | 188,171             | 161,807          |
| Reserve for contingencies  | -                     | -                | 7,544               | 9,152            |
| Interest and monetary restatement  | 9,279                 | 4,499            | 182,653             | 127,152          |
| Pension plan costs   | -                     | -                | (21,579)            | (21,799)         |
| Equity in subsidiaries   | (506,095)             | (523,779)        | -                   | -                |
| Losses on the write-off of noncurrent assets                                   | -                     | -                | -                   | 1,422            |
| Deferred taxes (PIS and COFINS)  | -                     | -                | 12,841              | 15,077           |
| <b>REDUCTION (INCREASE) IN OPERATING ASSETS</b>                                |                       |                  |                     |                  |
| Consumers, concessionaires and licensees                                       | -                     | -                | (37,103)            | (30,368)         |
| Dividend and interest on equity received                                       | -                     | 6,999            | -                   | -                |
| Recoverable taxes  | (150)                 | (453)            | (12,130)            | 18,396           |
| Lease  | -                     | -                | (1,063)             | -                |
| Escrow deposits  | (13)                  | -                | (32,564)            | (24,740)         |
| Other operating assets   | 1,727                 | 76               | (112,492)           | (24,794)         |
| <b>INCREASE (DECREASE) IN OPERATING LIABILITIES</b>                            |                       |                  |                     |                  |
| Suppliers  | 389                   | 7                | 53,235              | (36,720)         |
| Taxes and social contributions paid  | -                     | -                | (207,974)           | (186,329)        |
| Other taxes and social contributions   | (56)                  | 76               | 75,410              | 16,051           |
| Other liabilities with employee pension plans                                  | -                     | -                | (20,874)            | (21,514)         |
| Interest on debts - paid   | (24,451)              | (19,398)         | (138,993)           | (152,252)        |
| Regulatory charges   | -                     | -                | 5,171               | 36,891           |
| Other operating liabilities  | (1,721)               | 4,947            | 55,451              | 22,036           |
| <b>CASH FLOWS PROVIDED (USED) BY OPERATIONS</b>                                | <b>(25,011)</b>       | <b>(10,023)</b>  | <b>718,754</b>      | <b>669,112</b>   |
| <b>ATIVIDADES DE INVESTIMENTOS</b>   |                       |                  |                     |                  |
| Increase in property, plant and equipment                                      | -                     | (124)            | (191,357)           | (113,839)        |
| Financial investments  | 11,013                | 10,060           | 13,464              | 3,191            |
| Lease  | -                     | -                | 1,747               | -                |
| Additions to intangible assets   | -                     | -                | (220,924)           | (175,388)        |
| Sale of noncurrent assets  | -                     | (45)             | -                   | 2,868            |

|   |                 |                |                  |                  |
|---|-----------------|----------------|------------------|------------------|
| Intercompany loans with subsidiaries and associated companies   | (15,927)        | (799)          | -                | -                |
| Other   | -               | 1              | -                | 2,945            |
| <b>GENERATION (UTILIZATION) OF CASH IN INVESTMENTS</b>          | <b>(4,914)</b>  | <b>9,093</b>   | <b>(397,070)</b> | <b>(280,223)</b> |
| <b>FINANCING ACTIVITIES</b>                                     |                 |                |                  |                  |
| Loans, financing and debentures obtained                        | -               | -              | 380,832          | 159,561          |
| Payments of Loans, financing and debentures, net of derivatives | (7)             | (198)          | (298,190)        | (342,398)        |
| Dividend and interest on equity paid                            | (22)            | (40)           | (22)             | (3,000)          |
| <b>(UTILIZATION) GENERATION OF CASH IN FINANCING</b>            | <b>(29)</b>     | <b>(238)</b>   | <b>82,620</b>    | <b>(185,837)</b> |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>         | <b>(29,954)</b> | <b>(1,168)</b> | <b>404,304</b>   | <b>203,052</b>   |
| <b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>             | <b>110,958</b>  | <b>219,126</b> | <b>1,562,897</b> | <b>1,487,243</b> |
| <b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>             | <b>81,004</b>   | <b>217,958</b> | <b>1,967,201</b> | <b>1,690,295</b> |

**CPFL Energia S. A.**  
**Added Value Statements for the periods ended on March 31, 2011 and 2010**  
(in thousands of Brazilian Reais)

|  | Parent company  |                 | Consolidated       |                 |
|--|-----------------|-----------------|--------------------|-----------------|
|  | 2011            | 2010            | 2011               | 2010            |
|  | 1st             | 1st             | 1st quarter        | 1st quarter     |
|  | quarter         | quarter         | 1st quarter        | 1st quarter     |
| <b>1. Revenues</b>   | <b>1</b>        | <b>-</b>        | <b>4,606,080</b>   | <b>4,555,9</b>  |
| 1.1 Operating revenues   | 1               | -               | 4,296,162          | 4,100,3         |
| 1.2 Revenues related to the construction of own assets             | -               | -               | 112,683            | 319,5           |
| 1.3 Revenue from infrastructure construction                       | -               | -               | 213,602            | 150,4           |
| 1.4 Allowance of doubtful accounts                                 | -               | -               | (16,367)           | (11,7           |
| 1.5 Provision for losses on the realization of regulatory assets   | -               | -               | -                  | (2,5            |
| <b>2. (-) Inputs</b>   | <b>(4,957)</b>  | <b>(3,873)</b>  | <b>(2,097,537)</b> | <b>(2,206,5</b> |
| 2.1 Electricity Purchased for Resale                               | -               | -               | (1,587,464)        | (1,581,8        |
| 2.2 Material   | (17)            | (15)            | (184,798)          | (166,8          |
| 2.3 Outsourced Services  | (3,555)         | (2,802)         | (250,095)          | (374,6          |
| 2.4 Other  | (1,385)         | (1,056)         | (75,180)           | (83,2           |
|  |                 | -               |                    |                 |
| <b>3. Gross added value (1 + 2)</b>                                | <b>(4,956)</b>  | <b>(3,873)</b>  | <b>2,508,543</b>   | <b>2,349,3</b>  |
| <b>4. Retentions</b>   | <b>(36,342)</b> | <b>(35,392)</b> | <b>(197,737)</b>   | <b>(169,3</b>   |
| 4.1 Depreciation and amortization                                  | (45)            | (30)            | (151,723)          | (123,70         |
| 4.2 Amortization of intangible assets                              | (36,297)        | (35,362)        | (46,013)           | (45,60          |
| <b>5. Net added value generated (3 + 4)</b>                        | <b>(41,298)</b> | <b>(39,265)</b> | <b>2,310,806</b>   | <b>2,180,0</b>  |
| <b>6. Added value received in transfer</b>                         | <b>515,351</b>  | <b>538,005</b>  | <b>126,121</b>     | <b>101,9</b>    |
| 6.1 Financial Income   | 9,256           | 14,226          | 126,121            | 101,9           |
| 6.2 Equity in Subsidiaries   | 506,095         | 523,779         | -                  | -               |
| 6.3 Non-controlling shareholder's equity                           | -               | -               | -                  | -               |
| <b>7. Added value to be distributed (5 + 6)</b>                    | <b>474,053</b>  | <b>498,740</b>  | <b>2,436,927</b>   | <b>2,282,0</b>  |
| <b>8. Distribution of added value</b>                              | <b>474,053</b>  | <b>498,740</b>  | <b>2,436,927</b>   | <b>2,282,0</b>  |
| 8.1 Personnel and Charges  | 865             | 732             | 122,191            | 117,5           |
| 8.1.1 Direct Remuneration  | 854             | 683             | 101,725            | 89,7            |
| 8.1.2 Benefits   | (76)            | 19              | 12,419             | 20,7            |
| 8.1.3 Government severance indemnity fund for employees - F.G.T.S. | 87              | 30              | 8,047              | 7,0             |
| 8.2 Taxes, Fees and Contributions                                  | 274             | (1,178)         | 1,573,158          | 1,476,8         |
| 8.2.1 Federal  | 270             | (1,178)         | 839,085            | 790,8           |
| 8.2.2 State  | 4               | -               | 728,476            | 680,9           |
| 8.2.3 Municipal  | -               | -               | 5,598              | 5,0             |
| 8.3 Interest and Rentals   | 13,134          | 16,260          | 275,703            | 199,7           |

|                         |                |                |                |              |
|-------------------------|----------------|----------------|----------------|--------------|
| 8.3.1 Interest          | 13,118         | 16,236         | 269,451        | 196,7        |
| 8.3.2 Rental            | 16             | 24             | 6,252          | 2,9          |
| 8.4 Interest on capital | <b>459,780</b> | <b>482,926</b> | <b>465,875</b> | <b>487,8</b> |
| 8.4.1 Retained profits  | 459,780        | 482,926        | 465,875        | 487,8        |

**( 1 ) OPERATIONS**

CPFL Energia S.A. ("CPFL Energia" or "Company") is a publicly quoted corporation incorporated for the principal purpose of acting as a holding company, participating in the capital of other companies primarily dedicated to electric energy distribution, generation and sales activities.

The Company's headquarters are located at Rua Gomes de Carvalho, 1510 - 14º floor - Cj 2 - Vila Olímpia - São Paulo - SP - Brasil.

The Company has direct and indirect interests in the following operational subsidiaries (information on the concession area, number of consumers, energy production capacity and associated data not examined by the independent auditors):

| <b>Energy distribution</b>                                  | <b>Company Type</b>         | <b>Equity Interest</b> | <b>Location (State)</b>          | <b>Number of municipalities</b> | <b>Approximate number of consumers (in thousands)</b> |
|---|-----------------------------|------------------------|----------------------------------|---------------------------------|---|
| Companhia Paulista de Força e Luz ("CPFL Paulista")         | Publicly-quoted corporation | Direct 100%            | Interior of S. Paulo             | 234                             | 3,6   |
| Companhia Piratininga de Força e Luz ("CPFL Piratininga")   | Publicly-quoted corporation | Direct 100%            | Interior of S. Paulo             | 27                              | 1,4   |
| Rio Grande Energia S.A. ("RGE")                             | Publicly-quoted corporation | Direct 100%            | Interior of Rio Grande do Sul    | 262                             | 1,2   |
| Companhia Luz e Força Santa Cruz ("CPFL Santa Cruz")        | Private corporation         | Direct 100%            | Interior of São Paulo and Paraná | 27                              | 18  |
| Companhia Leste Paulista de Energia ("CPFL Leste Paulista") | Private corporation         | Direct 100%            | Interior of S. Paulo             | 7                               | 5   |

|   |                     |             |  |   |   |
|---|---------------------|-------------|--|---|---|
| Companhia Jaguari de Energia ("CPFL Jaguari")           | Private corporation | Direct 100% | Interior of S. Paulo                   | 2 | 3 |
| Companhia Sul Paulista de Energia ("CPFL Sul Paulista") | Private corporation | Direct 100% | Interior of S. Paulo                   | 5 | 7 |
| Companhia Luz e Força de Mococa ("CPFL Mococa")         | Private corporation | Direct 100% | Interior of São Paulo and Minas Gerais | 4 | 4 |

| Energy generation - operational                      | Company Type                | Equity Interest   | Location (State)                     | Number of plants / type of energy        | Installed power |                    |
|--|-----------------------------|-------------------|--------------------------------------|--|-----------------|--------------------|
|  |                             |                   |                                      |  | Total           | CPFL participation |
| CPFL Geração de Energia S.A. ("CPFL Geração")        | Publicly-quoted corporation | Direct 100%       | São Paulo, Goiás and Minas Gerais    | 1<br>Hydroelectric, 20 PCHs e 1 Thermal* | 812 MW          | 812 MW             |
| Foz do Chapecó Energia S.A. ("Foz do Chapecó")       | Private corporation         | Indirect 51%      | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                          | 855 MW          | 436 MW             |
| Campos Novos Energia S.A. ("ENERCAN")                | Private corporation         | Indirect 48,72%   | Santa Catarina                       | 1 Hydroelectric                          | 880 MW          | 429 MW             |
| CERAN - Companhia Energética Rio das Antas ("CERAN") | Private corporation         | Indirect 65%      | Rio Grande do Sul                    | 3 Hydroelectric                          | 360 MW          | 234 MW             |
| BAESA - Energética Barra Grande S.A. ("BAESA")       | Publicly-quoted corporation | Indirect 25,01%   | Santa Catarina and Rio Grande do Sul | 1 Hydroelectric                          | 690 MW          | 173 MW             |
| Centrais Elétricas da Paraíba S.A. ("EPASA")         | Private corporation         | Indirect 51%      | Paraíba                              | 2 Thermals                               | 342 MW          | 174 MW             |
| Paulista Lajeado Energia S.A. ("Paulista Lajeado")   | Private corporation         | Indirect 59,93%** | São Paulo                            | 1 Hydroelectric                          | 903 MW          | 63 MW              |



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|  |                        |                  |                   |   |            |         |
|--|------------------------|------------------|-------------------|---|------------|---------|
| CPFL Bioenergia S.A.<br>("CPFL Bioenergia")                          | Private<br>corporation | Indirect<br>100% | São Paulo         | 1 Thermal<br>(Biomass)                  | 45 MW      | 45 MW   |
| CPFL Sul Centrais Elétricas Ltda.<br>("CPFL Sul Centrais Elétricas") | Limited<br>company     | Indirect<br>100% | Rio Grande do Sul | 4 Small<br>Hydroelectric<br>Plants (RS) | 2.65<br>MW | 2.65 MW |

(\* ) PCH - Small Hydropower Plant Central Hidrelétrica

(\*\* ) Paulista Lajeado has a 7% participation in the installed power of Investco S.A.

| <b>Energy generation - under development</b>                  | <b>Company Type</b> | <b>Equity Interest</b> | <b>Location</b>     | <b>Number of plants / type of energy</b> | <b>Scheduled start-up date</b> | <b>Projected installed power</b> |
|---|---------------------|------------------------|---------------------|--|--------------------------------|----------------------------------|
| CPFL Bio Formosa S.A. ("CPFL Bio Formosa")                    | Private corporation | Indirect 100%          | Rio Grande do Norte | 1 Thermal (Biomass)                      | 2011                           | 40 MW                            |
| CPFL Bio Buriti S.A. ("CPFL Bio Buriti")                      | Private corporation | Indirect 100%          | São Paulo           | 1 Thermal (Biomass)                      | 2011                           | 50 MW                            |
| CPFL Bio Ipê S.A. ("CPFL Bio Ipê")                            | Private corporation | Indirect 100%          | São Paulo           | 1 Thermal (Biomass)                      | 2011                           | 25 MW                            |
| CPFL Bio Pedra S.A. ("CPFL Bio Pedra")                        | Private corporation | Indirect 100%          | São Paulo           | 1 Thermal (Biomass)                      | 2012                           | 70 MW                            |
| Santa Clara I Energias Renováveis Ltda. ("Santa Clara I")     | Limited Company     | Indirect 100%          | Rio Grande do Norte | 1 Wind power                             | 2012                           | 30 MW                            |
| Santa Clara II Energias Renováveis Ltda. ("Santa Clara II")   | Limited Company     | Indirect 100%          | Rio Grande do Norte | 1 Wind power                             | 2012                           | 30 MW                            |
| Santa Clara III Energias Renováveis Ltda. ("Santa Clara III") | Limited Company     | Indirect 100%          | Rio Grande do Norte | 1 Wind power                             | 2012                           | 30 MW                            |
| Santa Clara IV Energias                                       | Limited Company     | Indirect 100%          | Rio Grande do Norte | 1 Wind power                             | 2012                           | 30 MW                            |

Renováveis  
Ltda.  
("Santa Clara  
IV")

Santa Clara V  
Energias  
Renováveis  
Ltda.  
("Santa Clara  
V")

Santa Clara VI  
Energias  
Renováveis  
Ltda.  
("Santa Clara  
VI")

Eurus VI  
Energias  
Renováveis  
Ltda.  
("Eurus VI")

Campo dos  
Ventos I  
Energias  
Renovaveis S.A.  
("Campo dos  
Ventos I")

Campo dos  
Ventos II  
Energias  
Renovaveis S.A.  
("Campo dos  
Ventos II")

Campo dos  
Ventos III  
Energias  
Renovaveis S.A.  
("Campo dos  
Ventos III")

Campo dos  
Ventos IV  
Energias  
Renovaveis S.A.

Limited Company

Indirect  
100%

Rio Grande do Norte

1 Wind power

2012

30 MW

Limited Company

Indirect  
100%

Rio Grande do Norte

1 Wind power

2012

30 MW

Limited Company

Indirect  
100%

Rio Grande do Norte

1 Wind power

2012

30 MW

Private  
corporation

Indirect  
100%

Rio Grande do Norte

1 Wind power

2013

30 MW

Private  
corporation

Indirect  
100%

Rio Grande do Norte

1 Wind power

2013

30 MW

Private  
corporation

Indirect  
100%

Rio Grande do Norte

1 Wind power

2013

30 MW

Private  
corporation

Indirect  
100%

Rio Grande do Norte

1 Wind power

2013

30 MW

("Campo dos Ventos IV")

Campo dos Ventos V

|  |                     |               |                     |              |      |       |
|--|---------------------|---------------|---------------------|--------------|------|-------|
| Energias Renovaveis S.A.<br>("Campo dos Ventos V") | Private corporation | Indirect 100% | Rio Grande do Norte | 1 Wind power | 2013 | 30 MW |
|--|---------------------|---------------|---------------------|--------------|------|-------|

Eurus V

|   |                     |               |                     |              |      |       |
|---|---------------------|---------------|---------------------|--------------|------|-------|
| Energias Renovaveis S.A.<br>("Eurus V") | Private corporation | Indirect 100% | Rio Grande do Norte | 1 Wind power | 2013 | 30 MW |
|---|---------------------|---------------|---------------------|--------------|------|-------|

(\* ) The predicted installed power for the Santa Clara Wind Power complex is 188 MW.

(\*\* ) The projected installed power for the Campo dos Ventos Wind Power complex is 160 MW.

| <b>Commercialization of Energy and Services</b>                                  | <b>Company Type</b> | <b>Core activity</b>   | <b>Equity Interest</b> |
|--|---------------------|--|------------------------|
| CPFL Comercialização Brasil S.A. ("CPFL Brasil")                                 | Private corporation | Energy commercialization, consultancy and advisory services to agents in the energy sector                     | Direct<br>100%         |
| Clion Assessoria e Comercialização de Energia Elétrica Ltda. ("CPFL Meridional") | Limited company     | Commercialization and provision of energy services   | Indirect<br>100%       |
| CPFL Comercialização Cone Sul S.A. ("CPFL Cone Sul")                             | Private corporation | Energy commercialization   | Indirect<br>100%       |
| CPFL Planalto Ltda. ("CPFL Planalto")  | Limited company     | Energy commercialization   | Direct<br>100%         |
| CPFL Serviços, Equipamentos, Industria e Comércio S.A. ("CPFL Serviços")         | Private corporation | Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision | Direct<br>100%         |
| Chumpitaz Serviços S.A. ("Chumpitaz")  | Private corporation | Provision of administrative services   | Direct<br>100%         |
| CPFL Atende Centro de Contatos e Atendimento Ltda. ("CPFL Atende")               | Limited company     | Provision of telephone answering services  | Direct<br>100%         |
| <b>Other</b>   | <b>Company Type</b> | <b>Core activity</b>   | <b>Equity Interest</b> |
| CPFL Jaguariuna S.A. ("CPFL Jaguariuna")   | Private corporation | Venture capital company  | Direct<br>100%         |
| Companhia Jaguari de Geração de Energia ("Jaguari Geração")                      | Private corporation | Venture capital company  | Direct<br>100%         |
| Chapecoense Geração S.A. ("Chapecoense")   | Private corporation | Venture capital company  | Indirect<br>51%        |
| CPFL Bio Anicuns S.A. ("Anicuns")  | Private corporation | Energy generation studies and projects   | Indirect<br>100%       |

|  |                     |  |                 |
|--|---------------------|--|-----------------|
| CPFL Bio Itapaci S.A. ("Itapaci")                | Private corporation | Energy generation studies and projects | Indirect 100%   |
| Sul Geradora Participações S.A. ("Sul Geradora") | Private corporation | Venture capital company                | Indirect 99.95% |

## Operational start-up

### Centrais Elétricas da Paraíba – EPASA

The objective of Epasa is to develop, implement, operate and exploit two thermoelectric plants, “UTE Termoparaíba” and “UTE Termonordeste”, both powered by fuel oil. UTE Termonordeste started its operations on December 24, 2010 and UTE Termoparaíba on January 13, 2011.

### Chapecoense Geração S.A.

Chapecoense Geração jointly controlled has the purpose of construction, development and exploitation of Foz do Chapecó River. In 2010, three out of four generators at this plant started commercial operations on October 14, November 23, December 30, 2010, with installed capacity of 213,75 MW each. The last generator started operations on March 12, 2011.

## **( 2 ) PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS**

### **2.1 Basis of preparation**

The individual (Parent Company) and consolidated quarterly financial statements were prepared in accordance with generally accepted accounting principles in Brazil, based on the guidelines provided by the Brazilian Committee on Accounting Pronouncements (Comitê de Pronunciamentos Contábeis - CPC) and are being presented in accordance with “CPC21 Demonstrações Intermediárias” approved by Brazilian Securities Commission “CVM”.

The Company also follows the guidelines of the Accounting Manual of the Public Electric Energy and the standards laid down by the National Electric Energy Agency (Agência Nacional de Energia Elétrica – ANEEL), when these are not in conflict with generally accepted accounting practices in Brazil and/or international accounting practices.

Accounting practices adopted to elaborate this Interim Financial Statements are consistent with the ones adopted in December 31, 2010, and should be read together then.

### **2.2 Basis of measurement**

The financial quarterly statements have been prepared on the historic cost basis except for the following material items recorded in the balance sheets: i) derivative financial instruments measured at fair value, ii) financial instruments at fair value through profit or loss measured, iii) available-for-sale financial assets are measured at fair value, iv) property, plant and equipment adjusted to reflect the “deemed cost” on the transition date, and v) actuarial assets, recognition of which is limited to the present value of the economic benefits available in the form of reimbursements or future reductions in contributions to the plan.

### **2.3 Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

By definition, the resulting accounting estimates are rarely the same as the actual results. Accordingly, Company Management reviews the estimates and assumptions on an ongoing basis. Adjustments derived from revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimate that are subject to a greater degree of uncertainty and involve the risk of resulting in a material adjustment if these assumptions and estimates suffer significant changes during the next financial year is included in the following notes:

- Note 9 – Deferred tax credits and debits;
- Note 10 – Financial asset of concession;
- Note 14 – Intangible assets;
- Note 18 – Private Pension Fund;
- Note 21 – Reserve for contingency, and
- Note 32 – Financial instruments and Operating Risks.



## 2.4 Functional currency and presentation currency

The individual and consolidated financial quarterly statements are presented in thousands of Brazilian reais, which is the Company's functional currency. Certain figures have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not sum due to rounding.

## 2.5 Basis of consolidation

### (i) Business combinations

In the case of acquisitions made after January 1, 2009, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the excess is negative, a gain arising from the purchase agreement is recognized immediately in profit or loss for the period.

### (ii) Subsidiaries and jointly-owned entities:

The financial statements of subsidiaries and jointly-owned entities (joint ventures) are included in the consolidated financial statements from the date that total or shared control commences until the date that control ceases.

A jointly controlled operation is a venture directly or indirectly controlled together with other investors, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The accounting policies of subsidiaries and jointly controlled entities taken into consideration in consolidation are aligned with the Company's accounting policies.

The financial information of subsidiaries and jointly controlled entities and of the associates is accounted for using the equity method.

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. The balances and transactions of assets, liabilities, income and expenses have been fully consolidated for fully owned subsidiaries and proportionately consolidated for the jointly-owned entities.

Intra-group balances and transactions, and any income and expenses derived from these transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Observing the conditions described above, the amount related to non-controlling interests is shown in shareholders' equity after the statement of income for the period in each year presented.

(iii) Acquisition of non-controlling interest

Accounted for as transactions within equity holders and therefore no goodwill is recognized as a result of such transactions.

## 2.6 Segment information

An operating segment is a component of the Company (i) that engages in operating activities from which it may earn revenues and incur expenses, (ii) whose operating results are regularly reviewed by Management to make decisions about resources to be allocated and assess the segment's performance, and (iii) for which financial information is available.

Company Management bases strategic decisions on reports, segmenting the business into: (i) electric energy distribution activities (“Distribution”); (ii) electric energy generation activities (“Generation”); (iii) energy commercialization and service provision activities (“Commercialization”); and (iv) other, basically corresponding to corporate services and other activities not listed in the previous items.

Presentation of the operating segments includes items directly attributable to them, such as allocations required, including intangible assets.

## **2.7 Information on Corporate Interests**

The interests directly or indirectly held by the Company in the subsidiaries and jointly-owned entities are described in Note 1. Except for the (i) jointly-owned entities ENERCAN, BAESA, Foz do Chapecó and EPASA, which are consolidated proportionately, and (ii) the investment in Investco recorded at cost by the subsidiary Paulista Lajeado, the other units are fully consolidated.

As of March 31, 2011, the participation of non-controlling interests stated in the consolidated statements refers to the third-party interests in the subsidiaries CERAN, Paulista Lajeado.

## **2.8 Value added statements**

The Company prepared individual and consolidated value added statements (“DVA”) in conformity with technical pronouncement CPC 09 - Value Added Statement, which are presented as an integral part of the financial statements in accordance with the CPC standards for public companies, while for the IFRS they represent additional financial information.

## **( 3 ) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these individual and consolidated financial statements.

### **3.1 Concession agreements**

ICPC 01 “Concession Agreements” establishes general guidelines for the recognition and measurement of obligations and rights related to concession agreements and applies to situations in which the granting power controls or regulates which services the concessionaire should provide with the infrastructure, to whom the services should be provided and at what price, and controls any significant residual interest in the infrastructure at the end of the concession period.

These definitions having been attended to, the infrastructure of distribution concessionaires is segregated and rollforwarded from the time of construction, complying with the provisions of the CPCs and IFRSs, so

that the financial statements record (i) an intangible asset corresponding to the right to operate the concession and collect from the users of public utilities, and (ii) a financial asset corresponding to the unconditional contractual right to receive cash (compensation) by reversing the assets at the end of the concession.

The value of the concession financial assets is determined at fair value, based on the remuneration of the assets established by the regulatory authority. The financial asset is classified as available-for-sale and is restated and amortized annually in accordance with the adjustment of its fair value, against the revaluation reserve in equity.

The remaining amount is registered in intangible assets and corresponds to the right to charge consumers for electric energy distribution services, amortized in accordance with the consumption pattern that reflects the estimated economic benefit to the end of the concession.

Provision of infrastructure construction services is registered in accordance with CPC 17 – Construction Contracts, against a financial asset corresponding to the amount subject to compensation. Residual amounts are classified as intangible assets and will be amortized over the concession period in accordance with the economic pattern against which the revenue from consumption of electric energy is collected.

In accordance with (i) the tariff model that does not provide for a profit margin for the infrastructure construction activity, (ii) the way in which the subsidiaries manage the building by using a high level of outsourcing, and (iii) there is no provision for gains on constructions in the Company's business plans, management is of the opinion that the margins on this operation are irrelevant, and therefore no additional value to the cost is considered in the composition of the revenue. The revenue and construction costs are therefore presented in profit or loss for the period at the same amounts.

### **3.2 Financial instruments**

- Financial assets:

Financial assets are recognized initially on the date that they are originated or on trade date at which the Company or its subsidiaries become one of the parties to the contractual provisions of the instrument. Derecognition of a financial asset occurs when the contractual rights to the cash flows from the asset expire or when the risks and rewards of ownership of the financial asset are transferred. The Company and its subsidiaries hold the following main financial assets:

i. Classified at fair value through profit or loss: these assets held for trading or designated as such upon initial recognition. The Company and its subsidiaries manage such assets and make purchase and sale decisions based on their fair value in accordance with their documented risk management or investment strategy. These financial assets are measured at fair value, and changes therein are recognized in profit or loss for the period.

The main financial assets classified by the Company and its subsidiaries in this category are: (i) bank balances and financial investments (Note 5), (ii) financial investments (Note 7) and (iii) derivatives (Note 32).

ii. Held-to-maturity: these are assets that the Company and its subsidiaries have the positive intent and ability to hold to maturity. Held-to-maturity financial assets are recognized initially at fair value and subsequent to initial recognition are measured at recognized cost using the effective interest method, less any impairment losses.

The Company and its subsidiaries classify the following financial assets in this category security receivable from CESP (Note 7).

iii. Loans and receivables: these are assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value and, subsequent to initial recognition,

measured at recognized cost using the effective interest method, less any impairment losses.

The main financial assets of the Company and its subsidiaries classified in this category are: (i) consumers, concessionaires and licensees (Note 6), and (ii) other credits (Note 11).

iv. Available-for-sale: these are non-derivative financial assets that are designated as available-for-sale or that are not classified in any of the previous categories. Subsequent to initial recognition, interest calculated by the effective rate method is recognized in profit or loss as part of the net operating income. Changes for registration at fair value are recognized in the **revaluation reserve in equity. The accumulated result in other comprehensive income is transferred to profit or loss when the asset is realized.**

The main asset of the Company and its subsidiaries classified in this category is the right to compensation at the end of the concession. The option to designate this instrument as available-for-sale is due to its non-classification in the previous categories described. Since Management believes that the compensation will be made at least in accordance with the current tariff pricing model, this instrument cannot be registered as loans and receivables as the compensation will not be fixed or determinable, due to the uncertainty in relation to impairment for reasons other than deterioration of the credit. The main uncertainties relate to the risk of non-recognition of part of these assets by the regulatory authority and their replacement values at the end of the concession (Note 4).

- Financial liabilities:

Financial liabilities are initially recognized on the date that they are originated or on the trade date at which the Company or its subsidiaries become a party to the contractual provisions of the instrument. The Company and its subsidiaries have the following main financial liabilities:

i. Measured at fair value through profit or loss: these are financial liabilities that are: (i) held for short-term trading, (ii) designated at fair value in order to evaluate the effects of recognition of income and expenses to obtain more relevant and consistent accounting information, or (iii) derivatives. These liabilities are registered at fair value and for any change in the subsequent measurement of the fair value, set through profit or loss.

The Company and its subsidiaries classified the following financial liabilities in this category: (i) certain foreign currency debts (Note 16) and (ii) derivatives (Note 32).

ii. Not measured at fair value through profit or loss: these other financial liabilities that are not classified in any of the previous categories. They are measured initially at fair value less any attributable transaction cost and subsequently measured at recognized cost by the effective interest method.

The main financial liabilities classified in this category are: (i) suppliers (note 15), (ii) loans and financing (note 16), (iii) debt charges (Note 16); (iv) debenture charges (Note 17); (v) debentures (Note 17); (vi) public utilities (Note 22); and (vii) other accounts payable (note 23).

The Company accounts for warranties when these are issued to non-controlled entities or when the warranty is granted at a percentage higher than the Company's interest. Such warranties are initially measured at fair value, by (i) a liability equivalent to the income to be appropriated, which will subsequently be recognized as the Company is released from the obligations and (ii) an asset equivalent to the right to compensation by the guaranteed party, subsequently amortized by receipt of cash or on a straight-line basis to profit or loss.

Financial assets and liabilities are offset and the net amount presented when, and only when, there is a legal right to offset the amounts and the intent to settle on a net basis or to realize the asset and settle the liability simultaneously.

- Capital

Common shares are classified as equity. Additional costs directly attributable to and share options are recognized as a deduction from equity, net of any tax effects.



### **3.3 Lease agreements:**

It should be established at the inception of an agreement whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the lessor the right to control the use of the underlying asset.

Leases in which substantially all the risks and rewards are with the lessor are classified as operating leases. Payments/receipts made under operating leases are recognized as expense/revenue in profit or loss on a straight-line basis, over the term of the lease.

Leases which involve not only the right to use assets, but also substantially transfer the risks and rewards to the lessee, are classified as finance leases.

In finance leases in which the Company or its subsidiaries act as lessee, the assets are capitalized to property, plant and equipment at the inception of the agreement against a liability measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The property, plant and equipment is depreciated in accordance with the accounting policy applicable to that asset.

If the Company or its subsidiaries are the lessor in a finance lease, the investment is initially recognized at the construction/acquisition cost of the asset.

In both cases, the financial income/expense is recognized in profit or loss for the period over the term of the lease so as to produce a constant rate of interest on the remaining balance of the investment/liability.

### **3.4 Property, plant and equipment:**

Items of property, plant and equipment are measured at acquisition, construction or formation cost less accumulated depreciation and, if applicable, accumulated impairment losses. Cost also includes any other costs attributable to bringing the assets to the place and in a condition to operate as intended by management, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs on qualifying assets.

The assets were measured at the transition date in accordance with the CPC and IFRS rules by segregation into two groups:

- Assets measured at deemed cost at the transition date: model adopted for assets built and put into long-term service where it is not possible to reconstruct the cost formation or where the cost of the survey is of no benefit in presentation of the financial statements. The cost of these items at the transition date was therefore determined in accordance with market prices ("deemed cost") and the revalued amounts are presented for both cost and accumulated depreciation. The effects of the deemed cost increased property, plant and equipment against equity, net of related tax effects.

- Assets measured at historic cost: model adopted by the Company for recently built assets where the basis for cost formation can be easily confirmed and the values at historic cost approximate the respective market values. In such cases, the subsidiaries performed an analysis to ensure that the cost formation is in accordance with current accounting practices.

The replacement cost of items of property, plant and equipment is recognized if it is probable that it will involve economic rewards for the subsidiaries and if the cost can be reliably measured, and the value of the replaced item is written off. Maintenance costs are recognized in profit or loss as they are incurred

Depreciation is calculated on a straight-line basis, at annual rates of 2% to 20%, taking into consideration the estimated useful life of the assets, as instructed and defined by the regulatory authority. In the case of generators subject to regulation by Decree 2003, of 1996, the assets are depreciated at the rates established by the regulatory authority, provided they do not exceed the term of the concession.

Gains and losses derived from write-down of an item of property, plant and equipment are determined by comparing the resources produced by disposal with carrying amount of the asset, and are recognized net together with other operating income/expense.

Assets and facilities used in the regulated activities are tied to these services and may not be removed, disposed of, assigned or pledged in mortgage without the prior and express authorization of ANEEL. ANEEL regulates the release of Public Electric Energy Utility concession assets, granting prior authorization for release of assets of no use to the concession, intended for disposal and determines that the proceeds of the disposal be deposited in a tied bank account for use in the concession.

### **3.5 Intangible assets:**

Includes rights related to non-physical assets such as goodwill, concession exploration rights, software and rights-of-way.

Goodwill that arises the acquisition of subsidiaries is measured at the difference between the amount paid and/or payable for acquisition of a business and the net fair value of the assets and liabilities of the subsidiary acquired.

Goodwill is measured at cost less accumulated impairment losses. Goodwill and other intangible assets with indefinite useful lives are not subject to amortization and tested annually for impairment.

Negative goodwill are registered as gains in profit or loss at the time of the acquisition.

In the individual financial statements, goodwill is included in the carrying amount of the investment, and stated as intangible in the consolidated financial statements.

Intangible assets corresponding to the right to exploit concessions can have three separate origins, based on the following arguments:

- i. Acquisitions through business combinations: the portion of goodwill arising from business combinations that corresponded to the right to operate the concession is stated as an intangible asset. Such amounts are amortized based on the net income curves projected for the concessionaires for the remaining term of the concession.
  
- ii. Investments in infrastructure (Application of ICPC 01 – Concession agreements): Under the electric energy distribution concession agreements with the subsidiaries, the intangible asset registered corresponds to the concessionaires' right to collection uses for use of the concession infrastructure. Since the exploration term is defined in the agreement, intangible assets with defined useful lives are amortized over the term of the concession in proportion to a curve that reflects the consumption pattern in relation to the anticipated economic rewards. For further information see Note 3.1.

Assets and facilities used in the regulated activities are tied to these services and may not be removed, disposed of, assigned or pledged in mortgage without the prior and express authorization of ANEEL.

ANEEL regulates the release of Public Electric Energy Utility concession assets, granting prior authorization for release of assets of no use to the concession, intended for disposal and determines that the proceeds of the disposal be deposited in a tied bank account for use in the concession.

iii. Public utilities: certain generation concessions were granted against payment to the federal government for use of a public utility. This obligation was registered on the date of signing the respective agreements, at present value, against the intangible assets account. These amounts, capitalized by interest incurred on the obligation to the start-update, are amortized on a straight-line basis over the remaining term of the concession.

### 3.6 Impairment

- Financial assets:

A financial asset not measured at fair value through profit or loss is reassessed at each reporting date to determine whether there is objective evidence that it is impaired. Impairment can occur after the initial recognition of the asset and have a negative effect on the estimated future cash flows.

The Company and its subsidiaries consider evidence of impairment of receivables and held-to-maturity investment securities at both a specific assets and collective level for all significant securities. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together the securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether the assumptions and current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historic trends.

An impairment loss of a financial asset is recognized as follows:

- **Amortized cost:** as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event indicates the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.
- **Available-for-sale:** by reclassification of the cumulative loss that has been recognized in the revaluation reserve in equity, to profit or loss. This reclassified loss is the difference between the acquisition cost, net of any principal repayment and amortization of the principal, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to effective interest rate are reflected as a component of financial income.

If an increase (gain) is identified in periods subsequent to recognition of the loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognized in the revaluation reserve in equity.

- Non-financial assets:

Non-financial assets that have indefinite useful lives, such as goodwill, are tested annually to check that the asset's carrying amount does not exceed the recoverable value. Other assets subject to amortization are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may be impaired.

In impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount, which is the greater of its value in use and its fair value less costs to sell.

The methods used to assess impairment include tests based on the asset's value in use. In such cases, the assets (e.g. goodwill) are segregated and grouped together at the lowest level that generates identifiable cash flows (the "cash generating unit", or CGU). If there is an indication of impairment, the loss is recognized in profit or loss. Except in the case of goodwill, where the loss cannot be reversed in the subsequent period, impairment losses are assessed annually for any possibility to reverse the impairment.

Goodwill included in the carrying amount of an investment in an associate, as it is not recognized individually, is tested with the investment, as if it were a single asset.

### **3.7 Provisions**

A provision is recognized if, as a result of a past event, there is a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If applicable, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessment and the risks specific to the liability.

### **3.8 Employee benefits**

The subsidiaries have post-employment benefits and pension plans, recognized by the accrual method in accordance with CPC 33 "Employee benefits". Although the plans have particularities, they have the following characteristics:

- i. Defined contribution plan: a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no liability for the actuarial deficits of this plan. The obligations are recognized as an expense in profit or loss in the periods during which the services are rendered.
- ii. Defined benefit plan: The net obligation is calculated as the difference between the present value of the actuarial obligation based on assumptions, biometric studies and interest rates in line with market rates, and the fair value of the plan assets of the reporting date. The actuarial liability is calculated annually by independent actuaries using the projected unit credit method. The subsidiaries use the corridor method to avoid fluctuations in the macroeconomic conditions distorting the profit or loss for the period. The accumulated differences between the actuarial estimates and the actual results are therefore not recognized in the financial statements unless they are in excess of 10% of the greater of the plan liabilities and assets. Unrecognized gains and losses in excess of this limit are recognized in profit or loss for the year over the estimated remaining service time of the employees. If the plan records a surplus and it becomes necessary to recognize an asset, recognition is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of reimbursements or future reductions in contributions to the plan.

### **3.9 Dividends and Interest on shareholders' equity**

Under Brazilian law, the Company is required to distribute a mandatory minimum annual dividend of 25% of net income adjusted in accordance with the bylaws. According to international accounting practices, CPC 24 and ICPC 08, a provision may only be made for the minimum mandatory dividend, and dividends declared but not yet approved are only recognized as a liability in the financial statements after approval by the competent body. They will therefore be held in equity, in the "Additional dividend proposed" account, as they do not meet the criteria of present liability at the reporting date.

As established in the Company's bylaws and in accordance with current Corporate law, the Board of Directors is responsible for declaring interim dividends and Interest on shareholders' equity determined in a

half-yearly balance sheet. Interim dividends declared at the base date of June 30 is only recognized as a liability in the Company's financial statement after the date of the Board's decision.

In accordance with the new accounting practice, Interest on shareholders' equity is no longer shown in the statement of income for the year and the effects are only stated in changes in equity and in the effective income tax and social contribution rates.



### **3.10 Revenue recognition**

Operating income in the course of ordinary activities of the subsidiaries is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when persuasive evidence exists that the most significant risks and rewards have been transferred to the buyer, when it is probable that the financial and economic rewards will flow to the entity, that the associated costs can be reliably estimated, and the amount of the operating income can be reliably measured.

Revenue from distribution of electric energy is recognized when the energy is billed. Unbilled income related to the monthly billing cycle is appropriated based on the actual amount of energy provided in the month and the annualized loss rate. Historically, the difference between the unbilled revenue and the actual consumption, which is recognized in the subsequent month, has not been material. Revenue from energy generation sales is accounted for based on the assured energy and at tariffs specified in the terms of the contract or the current market price, as applicable. Energy commercialization revenue is accounted for based on bilateral contracts with market agents and duly registered with the Electric Energy Commercialization Chamber - CCEE. No single consumer represents 10% or more of the total billing.

Service revenue is recognized when the service is effectively provided, under a service agreement between the parties.

Revenue from construction contracts is recognized by the percentage of completion method ("fixed-price"), and losses are recognized in profit or loss as incurred.

### **3.11 Income tax and Social contribution**

Income tax and Social contribution expense for the period is calculated and recognized in accordance with the legislation in force and comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in the revaluation reserve in equity, which is recognized net of tax effects.

Current tax is the expected tax payable or receivable/to be offset on the taxable income or loss for the year. Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the equivalent amounts used for tax purposes.

The Company and certain subsidiaries recorded in their financial statements the effects of tax loss carryforwards and temporary non-deductible differences, based on projections of future taxable profits, approved by the Boards of Directors and examined by the Fiscal Council. The subsidiaries also recognized tax credits on merged goodwill, which is amortized in proportion to the individual projected net incomes for the remaining term of each concession agreement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred income tax and social contribution assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.12 Earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the Company by the weighted average number of common and preferred shares outstanding during the period. Diluted earnings per share is determined by the above-mentioned weighted average number of shares outstanding, adjusted for the effects of all dilutive potential convertible notes for the reporting periods, in accordance with CPC 41 e IAS 33.

### **3.13 Regulatory assets and liabilities**

In accordance with the preliminary interpretation of IASB/IFRIC, regulatory assets and liabilities cannot be recognized in the Company's financial statements as they do not meet the requirements for assets and liabilities described in the Framework for the Preparation and Presentation of Financial Statements. The rights or offsetting are therefore only reflected in the financial statements to the extent that the electric energy is consumed by the captive customers.

#### **( 4 ) DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### **- Property, plant and equipment and intangible assets**

The fair value of property, plant and equipment and intangible assets recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing parties under normal market conditions. The fair value of items of property, plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

##### **- Financial instruments**

Financial instruments measured at fair values were recognized based on quoted prices in an active market, or assessed using pricing models, applied individually for each transaction, taking into consideration the future payment flows, based on the conditions contracted, discounted to present value at market interest rate curves, based on information obtained from the BM&F, BOVESPA and ANDIMA websites, when available. Accordingly, the market value of a security corresponds to its maturity value (redemption value) marked to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest graph in Brazilian reais.

Financial assets classified as available-for-sale refer to the right to compensation to be paid by the Federal Government on reversal of the assets of the distribution concessionaires. The methodology adopted for marking these assets to market is based on the tariff review process for distributors. This review, conducted every four or five years according to each concessionaire, consists of revaluation at market price of the distribution infrastructure. This valuation basis is used for pricing the tariff, which is increased annually up to the next tariff review, based on the parameter of the main inflation indices.

Although the methodology and criteria for valuation of the compensation on reversal of the assets has not yet been defined by the Federal Government, company management believes that it will be based at least on the tariff pricing model. Accordingly, at the time of the tariff review, each concessionaire adjusts the

position of the financial asset base for compensation at the amounts ratified by the regulatory authority and uses the General Market Price Index - IGP-M as best estimate for adjusting the original base to the fair value at subsequent dates, in conformity with the Tariff Review process.

**( 5 ) CASH AND CASH EQUIVALENTS**

|                                  | Parent company |                   | Consolidated     |                   |
|----------------------------------|----------------|-------------------|------------------|-------------------|
|                                  | March 31, 2011 | December 31, 2010 | March 31, 2011   | December 31, 2010 |
| Bank deposits                    | 49             | 4,700             | 152,609          | 361,749           |
| Short-term financial investments | 80,955         | 106,258           | 1,814,592        | 1,201,148         |
| <b>Total</b>                     | <b>81,004</b>  | <b>110,958</b>    | <b>1,967,201</b> | <b>1,562,897</b>  |

Short-term financial investments are short-term transactions with institutions operating in the Brazilian financial market, with daily liquidity, low credit risk and average interest of 100% of the Interbank deposit rate (CDI).

**( 6 ) CONSUMERS, CONCESSIONAIRES AND LICENSEES**

In the consolidated financial statements, the balance derives mainly from the supply of electric energy. The following table shows the breakdown at March 31, 2011 and December 31, 2010:

|                                 | Consolidated       |                        |               | Total            |                   |
|---------------------------------|--------------------|------------------------|---------------|------------------|-------------------|
|                                 | Amounts coming due | Past due until 90 dias | > 90 dias     | March 31, 2011   | December 31, 2010 |
| <b><u>Current</u></b>           |                    |                        |               |                  |                   |
| <b>Consumer classes</b>         |                    |                        |               |                  |                   |
| Residential                     | 319,349            | 214,295                | 19,651        | 553,295          | 502,539           |
| Industrial                      | 145,906            | 49,984                 | 40,956        | 236,846          | 232,943           |
| Commercial                      | 125,091            | 47,915                 | 12,443        | 185,449          | 169,955           |
| Rural                           | 31,259             | 6,635                  | 2,777         | 40,671           | 39,094            |
| Public administration           | 28,560             | 6,771                  | 955           | 36,286           | 32,614            |
| Public lighting                 | 26,988             | 3,781                  | 12,112        | 42,881           | 41,749            |
| Public utilities                | 33,177             | 5,540                  | 725           | 39,442           | 40,055            |
| <b>Billed</b>                   | <b>710,330</b>     | <b>334,921</b>         | <b>89,619</b> | <b>1,134,870</b> | <b>1,058,949</b>  |
| Unbilled                        | 486,269            | -                      | -             | 486,269          | 465,077           |
| Financing of Consumers' Debts   | 80,292             | 8,804                  | 26,623        | 115,719          | 112,141           |
| Free energy                     | 3,838              | -                      | -             | 3,838            | 3,727             |
| CCEE transactions               | 6,930              | -                      | -             | 6,930            | 23,932            |
| Concessionaires and Licensees   | 176,870            | -                      | -             | 176,870          | 193,852           |
| Provision for doubtful accounts | -                  | -                      | (83,903)      | (83,903)         | (80,692)          |
| Other                           | 14,123             | -                      | -             | 14,123           | 39,086            |
| <b>Total</b>                    | <b>1,478,653</b>   | <b>343,725</b>         | <b>32,339</b> | <b>1,854,718</b> | <b>1,816,073</b>  |

**Non current**

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|                               |                |          |          |                |                |
|-------------------------------|----------------|----------|----------|----------------|----------------|
| Financing of Consumers' Debts | 152,926        | -        | -        | 152,926        | 154,436        |
| CCEE transactions             | 41,301         | -        | -        | 41,301         | 41,301         |
| <b>Total</b>                  | <b>194,227</b> | <b>-</b> | <b>-</b> | <b>194,227</b> | <b>195,738</b> |

Allowance for doubtful accounts

|  | <b>Consolidated</b> |
|--|---------------------|
| <b>As of December 31, 2010</b>               | <b>(80,692)</b>     |
| Provision recognized                         | (23,299)            |
| Recovery of revenue                          | 6,931               |
| Write-off of accounts receivable provisioned | 13,156              |
| <b>As of March 31, 2011</b>                  | <b>(83,903)</b>     |

## ( 7 ) FINANCIAL INVESTMENTS

In 2005, through a Private Credit Agreement, the Company acquired the credit arising from the Purchase and Sale of Electric Energy Agreement between Companhia Energética de São Paulo (“CESP”) (seller) and CPFL Brasil (purchaser), referring to the supply of energy for a period of 8 years. The amounts handed over by the Company to CESP will be settled by CPFL Brasil using the funds derived from the acquisition of energy produced by that company.

As of March 31, 2011, the current assets balance of the parent company is R\$ 42,929 (R\$ 42,533 as of December 31, 2010), and the noncurrent assets balance is R\$ 31,372 (R\$ 39,216 as of December 31, 2010). The operation is subject to interest of 17.5% p.a., plus the annual variation of the IGP-M, and is amortized in monthly installments of amounts corresponding to the purchase of energy.

## ( 8 ) RECOVERABLE TAXES

|  | <b>Parent company</b>     |                              | <b>Consolidated</b>       |                              |
|--|---------------------------|------------------------------|---------------------------|------------------------------|
|  | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> |
| <b>Current</b>                                     |                           |                              |                           |                              |
| Prepayments of social contribution - CSLL          | 379                       | 379                          | 1,600                     | 1,425                        |
| Prepayments of income tax - IRPJ                   | 872                       | 872                          | 2,088                     | 2,791                        |
| IRRF on interest on equity                         | 30,039                    | 30,039                       | 30,459                    | 30,347                       |
| Income tax and social contribution to be offset    | 761                       | 761                          | 15,286                    | 11,449                       |
| Withholding tax - IRRF                             | 3,174                     | 2,870                        | 38,375                    | 40,804                       |
| ICMS to be offset                                  | -                         | -                            | 72,835                    | 72,999                       |
| Social Integration Program - PIS                   | -                         | -                            | 5,096                     | 3,801                        |
| Contribution for Social Security financing- COFINS | 42                        | 42                           | 19,592                    | 13,437                       |
| National Social Security Institute - INSS          | 1                         | 1                            | 1,846                     | 2,230                        |
| Other  | 26                        | 26                           | 10,929                    | 13,736                       |
| <b>Total</b>                                       | <b>35,295</b>             | <b>34,992</b>                | <b>198,106</b>            | <b>193,020</b>               |

**Noncurrent**

|   |              |              |                |                |
|---|--------------|--------------|----------------|----------------|
| Social contribution to be offset - CSLL | -            | -            | 34,047         | 32,390         |
| Income tax to be offset - IRPJ          | -            | -            | 1,001          | 1,001          |
| ICMS to be offset                       | -            | -            | 106,776        | 101,380        |
| Social Integration Program - PIS        | 2,787        | 2,787        | 2,855          | 2,855          |
| Other                                   | -            | -            | 1,413          | 1,340          |
| <b>Total</b>                            | <b>2,787</b> | <b>2,787</b> | <b>146,092</b> | <b>138,966</b> |



**( 9 ) DEFERRED TAXES****9.1- Composition of the tax credits:**

|  | <b>Parent company</b>     |                              | <b>Consolidated</b>       |                              |
|--|---------------------------|------------------------------|---------------------------|------------------------------|
|  | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> |
| <b><u>Social contribution credit/(debit)</u></b> |                           |                              |                           |                              |
| Tax loss carryforwards                           | 42,715                    | 42,715                       | 49,910                    | 51,806                       |
| Tax benefit of merged goodwill                   | -                         | -                            | 167,849                   | 172,256                      |
| Temporarily non-deductible differences           | 724                       | 724                          | (22,861)                  | (12,416)                     |
| <b>Subtotal</b>                                  | <b>43,440</b>             | <b>43,440</b>                | <b>194,898</b>            | <b>211,646</b>               |
| <b><u>Income tax credit / (debit)</u></b>        |                           |                              |                           |                              |
| Tax losses                                       | 129,690                   | 129,690                      | 143,426                   | 143,866                      |
| Tax benefit of merged goodwill                   | -                         | -                            | 569,062                   | 583,724                      |
| Temporarily non-deductible differences           | 4,642                     | 4,599                        | (62,403)                  | (33,620)                     |
| <b>Subtotal</b>                                  | <b>134,331</b>            | <b>134,289</b>               | <b>650,085</b>            | <b>693,969</b>               |
| <b><u>PIS and COFINS credit/(debit)</u></b>      |                           |                              |                           |                              |
| Temporary non-deductible differences             | -                         | -                            | (12,763)                  | 78                           |
| <b>Total</b>                                     | <b>177,771</b>            | <b>177,729</b>               | <b>832,220</b>            | <b>905,693</b>               |
| Total tax credit                                 | 177,771                   | 177,729                      | 1,109,579                 | 1,183,460                    |
| Total tax debit                                  | -                         | -                            | (277,359)                 | (277,767)                    |

**9.2 - Tax Benefit on Merged Goodwill:**

The tax benefit on merged goodwill refers to the tax credit calculated on the merged goodwill on acquisition and is recorded in accordance with CVM Instructions nº 319/99 and nº 349/01. The benefit is realized in proportion to amortization of the merged goodwill that gave rise to it, in accordance with the projected net income of the subsidiaries during the remaining term of the concession, as shown in Note 14.

|                     | <b>Consolidated</b>   |                |                          |                |
|---------------------|-----------------------|----------------|--------------------------|----------------|
|                     | <b>March 31, 2011</b> |                | <b>December 31, 2010</b> |                |
|                     | <b>CSLL</b>           | <b>IRPJ</b>    | <b>CSLL</b>              | <b>IRPJ</b>    |
| CPFL Paulista       | 92,365                | 256,571        | 94,584                   | 262,734        |
| CPFL Piratininga    | 20,807                | 71,397         | 21,274                   | 73,002         |
| RGE                 | 40,267                | 166,291        | 41,117                   | 169,805        |
| CPFL Santa Cruz     | 4,415                 | 13,883         | 4,705                    | 14,794         |
| CPFL Leste Paulista | 2,472                 | 7,528          | 2,622                    | 7,986          |
| CPFL Sul Paulista   | 3,561                 | 11,114         | 3,767                    | 11,758         |
| CPFL Jaguari        | 2,165                 | 6,574          | 2,305                    | 7,002          |
| CPFL Mococa         | 1,372                 | 4,266          | 1,456                    | 4,527          |
| CPFL Geração        | -                     | 30,199         | -                        | 30,877         |
| CPFL Serviços       | 425                   | 1,239          | 425                      | 1,239          |
| <b>Total</b>        | <b>167,849</b>        | <b>569,062</b> | <b>172,256</b>           | <b>583,724</b> |

**9.3 – Accumulated balances on temporary nondeductible differences:**

|   | <b>Consolidated</b>   |             |                   |                          |             |                   |
|---|-----------------------|-------------|-------------------|--------------------------|-------------|-------------------|
|   | <b>March 31, 2011</b> |             |                   | <b>December 31, 2010</b> |             |                   |
|   | <b>CSLL</b>           | <b>IRPJ</b> | <b>PIS/COFINS</b> | <b>CSLL</b>              | <b>IRPJ</b> | <b>PIS/COFINS</b> |
| <b>Temporary non-deductible differences:</b>            |                       |             |                   |                          |             |                   |
| Reserve for contingencies                               | 18,928                | 52,860      | -                 | 18,396                   | 50,984      | -                 |
| Private pension fund                                    | 2,841                 | 8,890       | -                 | 3,051                    | 9,473       | -                 |
| Allowance for doubtful accounts                         | 7,194                 | 20,023      | -                 | 7,426                    | 21,026      | -                 |
| Free energy provision                                   | 3,875                 | 10,763      | -                 | 3,730                    | 10,362      | -                 |
| Research and Development and Energy Efficiency Programs | 16,212                | 45,033      | -                 | 15,079                   | 41,883      | -                 |
| Profit-sharing  | 2,573                 | 7,809       | -                 | 2,338                    | 7,160       | -                 |
| Depreciation rate difference - Revaluation              | 9,120                 | 25,335      | -                 | 9,306                    | 25,846      | -                 |
|   | 448                   | 1,245       | -                 | 623                      | 1,595       | -                 |

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|  |                 |                 |                 |                 |                 |           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|
| Financial instruments (IFRS / CPC)   |                 |                 |                 |                 |                 |           |
| Recognition of the concession - adjustment of intangible assets (IFRS / CPC) | (2,488)         | (6,911)         | -               | (1,945)         | (5,404)         | -         |
| Reversal of regulatory assets and liabilities (IFRS / CPC)                   | (12,675)        | (35,255)        | (14,536)        | (1,076)         | (3,030)         | (1,399)   |
| Actuarial losses on the transition of accounting practices (IFRS/CPC)        | 26,401          | 73,332          | -               | 27,035          | 75,098          | -         |
| Other adjustments changes in practices                                       | 10,685          | 29,605          | -               | 9,289           | 26,000          | -         |
| Other  | 3,874           | 10,022          | 1,773           | 3,166           | 7,713           | 1,477     |
| <b>Temporarily non-deductible differences - comprehensive income:</b>        |                 |                 |                 |                 |                 |           |
| Recognition of the concession - financial adjustment (IFRS / CPC)            | (27,594)        | (76,664)        | -               | (25,337)        | (70,388)        | -         |
| Property, plant and equipment - deemed cost adjustments (IFRS/CPC)           | (82,256)        | (228,490)       | -               | (83,497)        | (231,938)       | -         |
| <b>Total</b>   | <b>(22,861)</b> | <b>(62,403)</b> | <b>(12,763)</b> | <b>(12,416)</b> | <b>(33,620)</b> | <b>78</b> |

**9.4 - Reconciliation of the amounts of income tax and social contribution reported in the quarters ended March 31, 2011 and 2010:**

|   | 1st quarter 2011 |                 | Parent company<br>1st quarter 2010 |                |
|---|------------------|-----------------|------------------------------------|----------------|
|   | CSLL             | IRPJ            | CSLL                               | IRPJ           |
| <b>Income before taxes</b>                    | <b>459,738</b>   | <b>459,738</b>  | <b>481,611</b>                     | <b>481,611</b> |
| <b>Adjustments to reflect effective rate:</b> |                  |                 |                                    |                |
| Equity in subsidiaries                        | (506,095)        | (506,095)       | (523,779)                          | (523,779)      |
| Amortization of intangible asset acquired     | 28,641           | 36,297          | 28,945                             | 35,362         |
| Other permanent additions, net                | 17               | 36              | 420                                | 468            |
| <b>Calculation base</b>                       | <b>(17,700)</b>  | <b>(10,024)</b> | <b>(12,803)</b>                    | <b>(6,338)</b> |
| Statutory rate                                | 9%               | 25%             | 9%                                 | 25%            |
| <b>Tax credit result</b>                      | <b>1,593</b>     | <b>2,506</b>    | <b>1,152</b>                       | <b>1,585</b>   |
| Tax credit allocated                          | (1,593)          | (2,464)         | (816)                              | (606)          |
| <b>Total</b>                                  | <b>-</b>         | <b>42</b>       | <b>336</b>                         | <b>979</b>     |
| <b>Current</b>                                | <b>-</b>         | <b>-</b>        | <b>-</b>                           | <b>-</b>       |
| <b>Deferred</b>                               | <b>-</b>         | <b>42</b>       | <b>336</b>                         | <b>979</b>     |

|   | Consolidated     |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | 1st quarter 2011 |                  | 1st quarter 2010 |                  |
|   | CSLL             | IRPJ             | CSLL             | IRPJ             |
| <b>Income before taxes</b>                    | <b>723,050</b>   | <b>723,050</b>   | <b>759,644</b>   | <b>759,644</b>   |
| <b>Adjustments to reflect effective rate:</b> |                  |                  |                  |                  |
| Amortization of intangible asset acquired     | 28,641           | 36,601           | 28,945           | 35,765           |
| Realization CMC                               | 2,592            | -                | 3,190            | -                |
| Effect of presumed profit system              | (6,771)          | (7,837)          | (6,890)          | (7,979)          |
| Elimination Law 11.941/09 art. 4              | 44               | 425              | -                | -                |
| Other permanent additions, net                | (966)            | (8,572)          | 1,922            | (2,994)          |
| <b>Calculation base</b>                       | <b>746,589</b>   | <b>743,666</b>   | <b>786,811</b>   | <b>784,436</b>   |
| Statutory rate                                | 9%               | 25%              | 9%               | 25%              |
| <b>Tax debit result</b>                       | <b>(67,193)</b>  | <b>(185,917)</b> | <b>(70,813)</b>  | <b>(196,109)</b> |
| Tax credit allocated                          | (1,599)          | (2,466)          | (1,729)          | (3,130)          |
| <b>Total</b>                                  | <b>(68,792)</b>  | <b>(188,383)</b> | <b>(72,542)</b>  | <b>(199,239)</b> |
| <b>Current</b>                                | <b>(54,300)</b>  | <b>(150,782)</b> | <b>(56,056)</b>  | <b>(156,446)</b> |
| <b>Deferred</b>                               | <b>(14,492)</b>  | <b>(37,601)</b>  | <b>(16,486)</b>  | <b>(42,793)</b>  |

**( 10 ) FINANCIAL ASSET OF CONCESSION**

|                                | <b>Consolidated</b> |
|--------------------------------|---------------------|
| <b>As of December 31, 2010</b> | <b>934,646</b>      |
| Additions                      | 56,990              |
| Marked to market               | 25,087              |
| Disposal                       | (15)                |
| <b>As of March 31, 2011</b>    | <b>1,016,709</b>    |

The balance refers to the fair value of the financial asset in relation to the right established in the concession agreements of the energy distributors to receive payment on reversal of the assets at the end of the concession.

Under the current tariff model, interest on the asset is recognized in profit or loss on billing of the consumers and realized on receipt of the electric energy bills. The difference in relation to the adjustment to market value is recognized against the revaluation reserve in equity.

**( 11 ) OTHER CREDITS**

|                                     | <b>Consolidated</b>   |                          |                       |                          |
|-------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
|                                     | <b>Current</b>        |                          | <b>Noncurrent</b>     |                          |
|                                     | <b>March 31, 2011</b> | <b>December 31, 2010</b> | <b>March 31, 2011</b> | <b>December 31, 2010</b> |
| Receivables                         | 13,138                | 17,155                   | 45,764                | 39,4                     |
| Advances - Fundação CESP            | 12,958                | 7,995                    | -                     |                          |
| Advances to suppliers               | 20,747                | 16,677                   | -                     |                          |
| Pledges, funds and tied deposits    | 884                   | 2,107                    | 109,983               | 89,0                     |
| Fund tied to foreign currency loans | -                     | -                        | 20,367                | 21,2                     |
| Orders in progress                  | 118,407               | 50,860                   | -                     |                          |
| Reimbursement RGR                   | 5,118                 | 5,683                    | 1,909                 | 1,9                      |
| Advance energy purchase agreements  | 22,927                | 15,817                   | 62,772                | 65,7                     |
| Advances to employees               | 9,171                 | -                        | -                     |                          |
| Collection agreements               | 62,265                | 48,228                   | -                     |                          |
| Prepaid expenses                    | 37,075                | 29,550                   | 2,212                 | 2,7                      |
| Other                               | 89,287                | 59,739                   | 2,611                 | 1,9                      |
| <b>Total</b>                        | <b>391,979</b>        | <b>253,812</b>           | <b>245,617</b>        | <b>222,1</b>             |

**( 12 ) INVESTMENTS**

|  | <b>Parent company</b> |                          |
|--|-----------------------|--------------------------|
|  | <b>March 31, 2011</b> | <b>December 31, 2010</b> |
| Permanent equity interests - equity method |                       |                          |
| By equity method of the subsidiary         | 5,287,351             | 4,764,698                |
| Value-added of assets, net                 | 1,360,023             | 1,396,320                |
| Goodwill                                   | 6,054                 | 6,054                    |
| <b>Total</b>                               | <b>6,653,428</b>      | <b>6,167,072</b>         |

**12.1 - Permanent Equity Interests – equity method:**

The main information on the investments in direct permanent equity interests is as follows:

| Investment           | Number of shares<br>(thousand) | Total assets | March 31, 2011 |                      |                             | March 31, 2011      | December 31, 2010 |
|----------------------|--------------------------------|--------------|----------------|----------------------|-----------------------------|---------------------|-------------------|
|                      |                                |              | Capital        | Shareholders' Equity | Profit or loss for the year | Shareholders Equity | Interest          |
| CPFL Paulista        | 109,810                        | 5,141,915    | 109,810        | 990,978              | 175,528                     | 990,978             | 808,680           |
| CPFL Piratininga     | 53,031,259                     | 2,217,863    | 70,587         | 516,531              | 116,880                     | 516,531             | 396,900           |
| CPFL Santa Cruz      | 371,772                        | 256,447      | 45,331         | 109,653              | 6,366                       | 109,653             | 101,750           |
| CPFL Leste Paulista  | 895,373                        | 167,338      | 12,217         | 70,925               | 2,881                       | 70,925              | 66,900            |
| CPFL Sul Paulista    | 463,482                        | 140,390      | 10,000         | 67,159               | 3,965                       | 67,159              | 62,400            |
| CPFL Jaguari         | 212,126                        | 94,013       | 5,716          | 47,141               | 3,264                       | 47,141              | 43,400            |
| CPFL Mococa          | 121,761                        | 70,406       | 9,850          | 38,369               | 1,293                       | 38,369              | 36,600            |
| RGE                  | 807,168                        | 2,857,450    | 867,604        | 1,244,505            | 54,825                      | 1,244,505           | 1,186,800         |
| CPFL Geração         | 205,487,716                    | 4,068,825    | 1,039,618      | 1,987,361            | 78,486                      | 1,987,361           | 1,908,800         |
| CPFL Jaguari Geração | 40,108                         | 48,671       | 40,108         | 48,539               | 2,205                       | 48,539              | 46,300            |
| CPFL Brasil          | 2,999                          | 638,770      | 2,999          | 150,366              | 56,132                      | 150,366             | 94,200            |
| CPFL Planalto        | 630                            | 12,299       | 630            | 9,632                | 3,282                       | 9,632               | 6,300             |
| CPFL Serviços        | 1,482,334                      | 36,020       | 5,800          | 4,645                | 341                         | 4,645               | 4,300             |
| CPFL Atende (*)      | 1                              | 18,611       | 1              | (158)                | 596                         | (158)               | (750)             |
| Chumpitaz            | 100                            | 470          | 0              | 109                  | 109                         | 109                 | 0                 |
| CPFL Jaguariuna      | 189,620                        | 2,668        | 2,481          | 1,596                | (57)                        | 1,596               | 1,600             |

(\*) Number of quotes

**12.2 – Added value on assets and goodwill**

Added value on assets refers mainly to the right to exploit the concession acquired through business combinations. The goodwill relates mainly to the acquisition of investments, based on projections of future income.

The amounts have been reclassified to intangible assets in the consolidated financial statements.

**( 13 ) PROPERTY, PLANT AND EQUIPMENT**

|                                  | Consolidated   |   |   |                               |               |                              |                |                  |
|----------------------------------|----------------|---|---|-------------------------------|---------------|------------------------------|----------------|------------------|
|                                  | Land           | Reservoirs,<br>dams and<br>water<br>mains | Buildings,<br>construction<br>and<br>improvements | Machinery<br>and<br>equipment | Vehicles      | Furniture<br>and<br>fittings | In progress    | Total            |
| <b>As of December 31, 2010</b>   | <b>180,382</b> | <b>1,533,696</b>                          | <b>1,354,882</b>                                  | <b>1,916,219</b>              | <b>3,695</b>  | <b>12,940</b>                | <b>784,650</b> | <b>5,786,460</b> |
| Cost                             | 182,772        | 1,814,135                                 | 1,674,388   | 2,655,031                     | 7,885         | 16,442                       | 784,650        | 7,135,303        |
| Accumulated depreciation         | (2,390)        | (280,439)                                 | (319,506)   | (738,812)                     | (4,190)       | (3,502)                      | -              | (1,348,830)      |
| Additions                        | -              | 779                                       | 456   | 268                           | -             | -                            | 189,854        | 191,357          |
| Disposals                        | -              | -   | -   | -                             | -             | -                            | -              | -                |
| Transfers                        | (18,461)       | 44  | 54  | (24)                          | 51            | 46                           | 18,290         | -                |
| Depreciation                     | (353)          | (14,706)                                  | (18,318)  | (14,536)                      | (291)         | (395)                        | -              | (48,599)         |
| <b>As of March 31, 2011</b>      | <b>161,568</b> | <b>1,519,813</b>                          | <b>1,337,075</b>                                  | <b>1,901,927</b>              | <b>3,455</b>  | <b>12,591</b>                | <b>992,795</b> | <b>5,929,222</b> |
| Cost                             | 164,310        | 1,814,958                                 | 1,674,898   | 2,655,275                     | 7,937         | 16,496                       | 992,795        | 7,326,679        |
| Accumulated depreciation         | (2,743)        | (295,145)                                 | (337,823)   | (753,348)                     | (4,482)       | (3,905)                      | -              | (1,397,440)      |
| <b>Average depreciation rate</b> | <b>-</b>       | <b>2.00%</b>                              | <b>4.00%</b>                                      | <b>3.69%</b>                  | <b>20.00%</b> | <b>10.00%</b>                | <b>-</b>       | <b>-</b>         |

As mentioned in item 3.4, certain assets were measured at deemed cost at the transition date, while the assets of recently-built plants are recognized at cost, which in Management's opinion, approximates market value. Property, plant and equipment were valued to their market values based on an appraisal carried out by an independent engineering company specializing in equity valuation. Added value of R\$ 1,002,991 was determined at January 1, 2009 and recognized in the revaluation reserve in equity.



In conformity with CPC 20, the interest on the loans taken out by the projects to finance the construction is capitalized during the construction phase. For further details of construction assets and fund raising costs, see note 29.

## ( 14 ) INTANGIBLE ASSETS

|   | <b>Consolidated</b>      |  |                  | <b>December</b>               |
|---|--------------------------|--|------------------|-------------------------------|
|   | <b>Historic<br/>cost</b> | <b>March 31, 2011<br/>Accumulated<br/>amortization</b> | <b>Net value</b> | <b>31, 2010<br/>Net value</b> |
| Goodwill                                  | 6,054                    | -  | 6,054            | 6,054                         |
| Intangible assets - Concession rights:    |                          |  |                  |                               |
| Acquired in business combinations         | 3,734,978                | (1,739,046)  | 1,995,933        | 2,041,944                     |
| Distribution infrastructure - operational | 8,298,347                | (4,955,043)  | 3,343,304        | 3,335,775                     |
| Distribution infrastructure - in progress | 713,570                  | -  | 713,570          | 694,139                       |
| Public utility                            | 407,286                  | (13,155)   | 394,131          | 397,984                       |
| Other intangible assets                   | 165,286                  | (58,483)   | 106,802          | 108,978                       |
| <b>Total intangible assets</b>            | <b>13,325,521</b>        | <b>(6,765,727)</b>                                     | <b>6,559,794</b> | <b>6,584,874</b>              |
| Historic cost                             |                          |  | 13,325,521       | 13,228,310                    |
| Accumulated amortization                  |                          |  | (6,765,727)      | (6,643,433)                   |
|   |                          |  | <b>6,559,794</b> | <b>6,584,874</b>              |

### 14.1 – Intangible asset from business combination

Added value on assets refers mainly to the right to exploit the concession acquired through business combinations.

|   | Consolidated     |                          |                   |                | Annual            |        |
|---|------------------|--------------------------|-------------------|----------------|-------------------|--------|
|   | March 31, 2011   |                          | December 31, 2010 |                | amortization rate |        |
|   | Historic cost    | Accumulated amortization | Net value         | Net value      | 2011              | 2010   |
| <b>Intangible asset - acquired in business combinations</b> |                  |                          |                   |                |                   |        |
| <b>Intangible asset acquired, not merged</b>                |                  |                          |                   |                |                   |        |
| <b>Parent Company</b>                                       |                  |                          |                   |                |                   |        |
| CPFL Paulista   | 304,861          | (105,642)                | 199,219           | 204,045        | 5.96%             | 5.90%  |
| CPFL Piratininga  | 39,065           | (13,046)                 | 26,018            | 26,603         | 5.99%             | 6.19%  |
| RGE   | 3,150            | (644)                    | 2,506             | 2,560          | 6.81%             | 5.80%  |
| CPFL Geração  | 54,555           | (18,590)                 | 35,964            | 36,733         | 5.66%             | 6.53%  |
| CPFL Santa Cruz   | 9                | (2)                      | 8                 | 8              |                   | 8.81%  |
| CPFL Leste Paulista   | 3,333            | (615)                    | 2,718             | 2,887          | 15.8%             | 8.37%  |
| CPFL Sul Paulista   | 7,288            | (1,278)                  | 6,010             | 6,356          | 14.92%            | 7.99%  |
| CPFL Jaguari  | 5,213            | (1,006)                  | 4,207             | 4,503          | 18.00%            | 8.51%  |
| CPFL Mococa   | 9,110            | (1,721)                  | 7,389             | 7,841          | 15.34%            | 8.70%  |
| CPFL Jaguari Geração  | 7,896            | (635)                    | 7,261             | 7,422          | 7.20%             | 3.75%  |
|   | 434,480          | (143,179)                | 291,301           | 298,957        |                   |        |
| <b>Subsidiaries</b>   |                  |                          |                   |                |                   |        |
| ENERCAN   | 10,233           | (2,494)                  | 7,739             | 7,916          | 6.90%             | 6.93%  |
| Barra Grande  | 3,081            | (1,058)                  | 2,023             | 2,069          | 5.98%             | 5.93%  |
| Chapecoense   | 7,376            | (75)                     | 7,301             | 7,376          | 4.08%             | -      |
| EPASA   | 499              | (5)                      | 494               | 499            | 3.85%             | -      |
| Parque eólico Santa Clara                                   | 31,737           | -                        | 31,737            | 31,737         |                   | -      |
| Parque eólico Campo dos Ventos                              | 5,576            | -                        | 5,576             | 5,576          |                   | -      |
| Outros  | 14,480           | (11,410)                 | 3,070             | 3,248          | 4.99%             | 4.99%  |
|   | 72,982           | (15,042)                 | 57,940            | 58,421         |                   |        |
| <b>Subtotal</b>   | <b>507,462</b>   | <b>(158,221)</b>         | <b>349,240</b>    | <b>357,379</b> |                   |        |
| <b>Intangible asset acquired and merged – Deductible</b>    |                  |                          |                   |                |                   |        |
| <b>Subsidiaries</b>   |                  |                          |                   |                |                   |        |
| RGE   | 1,120,266        | (744,256)                | 376,010           | 380,711        | 1.68%             | 1.69%  |
| CPFL Geração  | 426,450          | (224,490)                | 201,960           | 206,491        | 4.25%             | 3.92%  |
| <b>Subtotal</b>   | <b>1,546,716</b> | <b>(968,746)</b>         | <b>577,970</b>    | <b>587,202</b> |                   |        |
| <b>Intangible asset acquired and merged – Reassessed</b>    |                  |                          |                   |                |                   |        |
| <b>Parent company</b>                                       |                  |                          |                   |                |                   |        |
| CPFL Paulista   | 1,074,026        | (430,972)                | 643,054           | 658,503        | 5.96%             | 5.90%  |
| CPFL Piratininga  | 115,762          | (38,660)                 | 77,101            | 78,834         | 5.99%             | 6.19%  |
| RGE   | 310,128          | (71,932)                 | 238,195           | 243,296        | 6.81%             | 6.33%  |
| CPFL Santa Cruz   | 61,685           | (30,927)                 | 30,758            | 32,778         | 21.17%            | 13.07% |
| CPFL Leste Paulista   | 27,034           | (9,581)                  | 17,453            | 18,507         | 20.25%            | 15.48% |

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|                      |                  |                    |                  |                  |        |        |
|----------------------|------------------|--------------------|------------------|------------------|--------|--------|
| CPFL Sul Paulista    | 38,168           | (13,295)           | 24,873           | 26,312           | 18.98% | 15.14% |
| CPFL Mococa          | 15,124           | (5,534)            | 9,590            | 10,174           | 19.87% | 15.96% |
| CPFL Jaguari         | 23,600           | (8,286)            | 15,313           | 16,300           | 22.68% | 15.76% |
| CPFL Jaguari Geração | 15,275           | (2,891)            | 12,384           | 12,659           | 8.17%  | 7.94%  |
| <b>Subtotal</b>      | <b>1,680,801</b> | <b>(612,079)</b>   | <b>1,068,722</b> | <b>1,097,363</b> |        |        |
| <b>Total</b>         | <b>3,734,978</b> | <b>(1,739,046)</b> | <b>1,995,933</b> | <b>2,041,944</b> |        |        |

## 14.2 Changes in Intangible assets

Intangible assets changes for the period ended on March 31, 2011 are as follows:

|  | Goodwill     | Acquired in<br>business<br>combinations | Public<br>utility | Consolidated  |   |                               |
|--|--------------|---|-------------------|---|---|-------------------------------|
|  |              |   |                   | Concession right<br>Distribution<br>infrastructure<br>- operational | Distribution<br>infrastructure<br>- in progress | Other<br>intangible<br>assets |
| <b>Intangible asset at December 31, 2010</b> | <b>6,054</b> | <b>2,041,944</b>                        | <b>397,984</b>    | <b>3,335,775</b>  | <b>694,139</b>                                  | <b>108,978</b>                |
| Additions                                    | -            | -                                       | -                 | 1,963   | 230,554   | 2,132                         |
| Amortization                                 | -            | (46,013)                                | (3,853)           | (93,766)  | -   | (4,308)                       |
| Transfer - intangible assets                 | -            | -                                       | -                 | 99,374  | (99,374)  | -                             |
| Transfer - financial asset                   | -            | -                                       | -                 | -   | (56,990)  | -                             |
| Transfer - other assets                      | -            | -                                       | -                 | (42)  | (54,759)  | -                             |
| <b>Intangible asset at March 31, 2011</b>    | <b>6,054</b> | <b>1,995,933</b>                        | <b>394,131</b>    | <b>3,343,304</b>  | <b>713,570</b>                                  | <b>106,802</b>                |

According to CPC20, interests from loans are capitalized for the qualified intangible assets. For further details about interest capitalized and rates see note 29.

#### ( 15 ) SUPPLIERS

|                                   | Consolidated     |                   |
|-----------------------------------|------------------|-------------------|
|                                   | March 31, 2011   | December 31, 2010 |
| <b>Current</b>                    |                  |                   |
| System Service Charges            | 22,625           | 32,406            |
| Energy purchased                  | 627,676          | 584,018           |
| Electricity Network Usage Charges | 164,129          | 160,099           |
| Materials and Services            | 214,037          | 199,264           |
| Free Energy                       | 72,129           | 70,262            |
| Other                             | 30               | 1,335             |
| <b>Total</b>                      | <b>1,100,624</b> | <b>1,047,385</b>  |

#### ( 16 ) INTEREST ON DEBTS, LOANS AND FINANCING

|                      | Consolidated                 |                |                              |       |                      |            |
|----------------------|------------------------------|----------------|------------------------------|-------|----------------------|------------|
|                      | Interest -<br>Current<br>and | March 31, 2011 |                              | Total | December 31, 2010    |            |
| Principal<br>Current |                              | Noncurrent     | Interest -<br>Current<br>and |       | Principal<br>Current | Noncurrent |

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|                                      | Noncurrent     |                |                  |                  | Noncurrent    |                |                  |                  |
|--------------------------------------|----------------|----------------|------------------|------------------|---------------|----------------|------------------|------------------|
| <b><u>Measured at cost</u></b>       |                |                |                  |                  |               |                |                  |                  |
| <b>Brazilian currency</b>            |                |                |                  |                  |               |                |                  |                  |
| BNDES - Power increases              | 48             | 4,390          | 7,570            | 12,008           | 55            | 5,040          | 8,498            | 13,593           |
| BNDES - Investment                   | 13,627         | 361,503        | 3,022,047        | 3,397,177        | 8,494         | 329,993        | 3,016,364        | 3,354,851        |
| BNDES - Other                        | 983            | 91,252         | 121,392          | 213,627          | 1,028         | 72,123         | 146,414          | 219,565          |
| Financial Institutions               | 85,217         | 70,608         | 1,615,844        | 1,771,669        | 50,269        | 144,624        | 1,255,312        | 1,450,205        |
| Other                                | 594            | 15,038         | 32,478           | 48,109           | 594           | 23,337         | 34,477           | 58,408           |
| <b>Subtotal</b>                      | <b>100,469</b> | <b>542,791</b> | <b>4,799,331</b> | <b>5,442,590</b> | <b>60,440</b> | <b>575,117</b> | <b>4,461,065</b> | <b>5,096,622</b> |
| <b>Foreign currency</b>              |                |                |                  |                  |               |                |                  |                  |
| Financial Institutions               | 926            | 3,666          | 39,833           | 44,425           | 432           | 3,750          | 40,750           | 44,932           |
| <b>Subtotal</b>                      | <b>926</b>     | <b>3,666</b>   | <b>39,833</b>    | <b>44,425</b>    | <b>432</b>    | <b>3,750</b>   | <b>40,750</b>    | <b>44,932</b>    |
| <b>Total at Cost</b>                 | <b>101,395</b> | <b>546,457</b> | <b>4,839,164</b> | <b>5,487,015</b> | <b>60,872</b> | <b>578,867</b> | <b>4,501,815</b> | <b>5,141,554</b> |
| <b><u>Measured at fair value</u></b> |                |                |                  |                  |               |                |                  |                  |
| <b>Foreign currency</b>              |                |                |                  |                  |               |                |                  |                  |
| Financial Institutions               | 9,917          | 399,185        | -                | 409,103          | 8,799         | -              | 416,028          | 424,827          |
| <b>Total</b>                         | <b>9,917</b>   | <b>399,185</b> | <b>-</b>         | <b>409,103</b>   | <b>8,799</b>  | <b>-</b>       | <b>416,028</b>   | <b>424,827</b>   |
| <b>Total</b>                         | <b>111,312</b> | <b>945,642</b> | <b>4,839,164</b> | <b>5,896,118</b> | <b>69,671</b> | <b>578,867</b> | <b>4,917,843</b> | <b>5,566,381</b> |

| Measured at cost<br>Brazilian currency | Consolidated   |                   | Annual interest    |
|--|----------------|-------------------|--------------------|
|  | March 31, 2011 | December 31, 2010 |                    |
| <b>BNDES - Power increases</b>         |                |                   |                    |
| CPFL Geração                           | 12,008         | 13,593            | TJLP + 3.1% up to  |
| <b>BNDES/BNB - Investment</b>          |                |                   |                    |
| CPFL Paulista - FINEM III              | 73,985         | 80,711            | TJLP +             |
| CPFL Paulista - FINEM IV               | 240,537        | 256,572           | TJLP + 3.28% to    |
| CPFL Paulista - FINEM V                | 99,427         | 98,051            | TJLP + 2.12% to    |
| CPFL Paulista - FINEM V                | 35,460         | 35,135            | Fixed rate 5.5% to |
| CPFL Paulista - FINAME                 | 49,176         | 36,067            | Fixed rate         |
| CPFL Piratininga - FINEM II            | 43,950         | 47,945            | TJLP +             |
| CPFL Piratininga - FINEM III           | 100,261        | 106,944           | TJLP + 3.28% to    |
| CPFL Piratininga - FINEM IV            | 55,853         | 55,099            | TJLP + 2.12% to    |
| CPFL Piratininga - FINEM IV            | 13,199         | 13,081            | Fixed rate 5.5% to |
| CPFL Piratininga - FINAME              | 25,627         | 22,905            | Fixed rate         |

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|                     |         |         |                     |
|---------------------|---------|---------|---------------------|
| RGE - FINEM III     | 39,250  | 44,858  | TJLP +              |
| RGE - FINEM IV      | 153,114 | 163,321 | TJLP + 3.28 to      |
| RGE - FINEM V       | 60,852  | 59,967  | TJLP + 2.12 to      |
| RGE - FINEM V       | 9,729   | 9,710   | Fixed rate          |
| RGE - FINAME        | 5,373   | 4,857   | Fixed rate          |
| CPFL Santa Cruz     | 9,864   | 10,483  | TJLP + 2            |
| CPFL Mococa         | 5,171   | 5,475   | TJLP + 2            |
| CPFL Jaguari        | 4,552   | 4,825   | TJLP + 2            |
| CPFL Leste Paulista | 6,357   | 3,261   | TJLP + 2            |
| CPFL Sul Paulista   | 6,884   | 4,735   | TJLP + 2            |
| CPFL Geração        | 78,165  | 74,531  | TJLP + 1            |
| BAESA               | 116,423 | 120,347 | TJLP + 3.125% to 4. |

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|                           |           |         |                     |
|---------------------------|-----------|---------|---------------------|
| BAESA                     | 23,027    | 24,244  | UMBND + 3.125%      |
| ENERCAN                   | 265,689   | 273,992 | TJLP                |
| ENERCAN                   | 15,091    | 15,932  | UMBND               |
| CERAN                     | 545,133   | 557,451 | TJLP + 3.69%        |
| CERAN                     | 51,660    | 53,845  | UMBND + 3.69% to 5% |
| Foz do Chapecó            | 1,016,871 | 996,013 | TJLP + 2.49% to 2%  |
| CPFL Bioenergia - FINEM   | 40,269    | 39,512  | TJLP +              |
| CPFL Bioenergia - FINAME  | 39,805    | 39,369  | Fixed rate          |
| CPFL Sul Centrais - FINEM | 6,681     | -       | TJLP +              |
| CPFL Brasil - FINEM       | 30,061    | -       | TJLP + 1.87% to 1%  |
| CPFL Brasil - FINAME      | 34,038    | -       | Fixed rate          |
| EPASA - BNB               | 95,644    | 95,613  | Fixed rate          |



**BNDES - Other**

|   |         |         |                     |
|---|---------|---------|---------------------|
| CPFL Brasil - Purchase of assets        | 5,249   | 6,785   | TJLP + 1.94% to 2   |
| CPFL Brasil - Purchase of assets        | 1,118   | -       | Fixed rate 4.5% and |
| CPFL Piratininga - Working capital      | 102,946 | 105,652 | TJLP + 5.0          |
| CPFL Geração - FINEM - Working capital  | 54,633  | 53,232  | TJLP + 4            |
| CPFL Geração - FINAME - Working capital | 49,681  | 53,896  | TJLP + 4.95         |

**Financial Institutions****CPFL Paulista**

|  |         |         |           |
|--|---------|---------|-----------|
| Banco do Brasil - Law 8727             | 33,337  | 34,874  | IGP-M + 7 |
| Banco do Brasil                        | 107,896 | 104,890 | 107% c    |
| Banco do Brasil - Working capital (*)  | 205,231 | 199,622 | 98.50% c  |
| Banco do Brasil - Working capital (**) | 147,077 | -       | 99.00% c  |

**CPFL Piratininga**

|  |        |        |         |
|--|--------|--------|---------|
| Banco do Brasil - Working capital (*)  | 18,896 | 18,360 | 98.5% c |
| Banco do Brasil - Working capital (**) | 18,874 | -      | 99.0% c |

**RGE**

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|  |         |         |          |
|--|---------|---------|----------|
| Banco do Brasil - Working capital (*)  | 243,528 | 236,830 | 98.5% c  |
| Banco do Brasil - Working capital (**) | 54,306  | -       | 99.0% c  |
| <b>CPFL Brasil</b>                     |         |         |          |
| FINEP                                  | 3,673   | 3,675   | Fixed-ra |
| <b>CPFL Santa Cruz</b>                 |         |         |          |
| HSBC                                   | 46,526  | 45,206  | CDI + 1  |
| Banco do Brasil - Working capital (*)  | 16,802  | 16,337  | 98.5% c  |
| Banco do Brasil - Working capital (**) | 6,674   | -       | 99.0% c  |
| <b>CPFL Sul Paulista</b>               |         |         |          |
| Banco do Brasil - Working capital (*)  | 10,396  | 10,109  | 98.5% c  |
| Banco do Brasil - Working capital (**) | 9,199   | -       | 99.0% c  |
| <b>CPFL Leste Paulista</b>             |         |         |          |
| Banco do Brasil - Working capital (*)  | 17,274  | 16,798  | 98.5% c  |
| Banco do Brasil - Working capital (**) | 17,155  | -       | 99.0% c  |
| <b>CPFL Mococa</b>                     |         |         |          |
| Banco do Brasil - Working capital (*)  | 8,716   | 8,476   | 98.5% c  |
| Banco do Brasil - Working capital (**) | 2,936   | -       | 99.0% c  |

**CPFL Jaguari**

|                                       |       |       |         |
|---------------------------------------|-------|-------|---------|
| Banco do Brasil - Working capital (*) | 1,837 | 1,786 | 98.5% c |
|---------------------------------------|-------|-------|---------|

|  |       |   |         |
|--|-------|---|---------|
| Banco do Brasil - Working capital (**) | 5,774 | - | 99.0% c |
|--|-------|---|---------|

**CPFL Geração**

|                |         |         |          |
|----------------|---------|---------|----------|
| Banco Itaú BBA | 100,781 | 103,371 | 106.0% c |
|----------------|---------|---------|----------|

|                 |         |         |          |
|-----------------|---------|---------|----------|
| Banco do Brasil | 645,409 | 627,432 | 107.0% c |
|-----------------|---------|---------|----------|

**CERAN**

|                |        |        |         |
|----------------|--------|--------|---------|
| Banco Bradesco | 23,132 | 22,439 | CDI + 1 |
|----------------|--------|--------|---------|

**Foz do Chapecó**

|            |        |   |           |
|------------|--------|---|-----------|
| Banco Alfa | 26,240 | - | 111.45% c |
|------------|--------|---|-----------|

**Other**

Eletrobrás

|               |       |        |               |
|---------------|-------|--------|---------------|
| CPFL Paulista | 9,973 | 10,358 | RGR + 6.0% to |
|---------------|-------|--------|---------------|

|                  |     |     |     |
|------------------|-----|-----|-----|
| CPFL Piratininga | 804 | 925 | RGR |
|------------------|-----|-----|-----|

|     |        |        |     |
|-----|--------|--------|-----|
| RGE | 17,575 | 18,097 | RGR |
|-----|--------|--------|-----|

|                 |       |       |     |
|-----------------|-------|-------|-----|
| CPFL Santa Cruz | 3,768 | 3,947 | RGR |
|-----------------|-------|-------|-----|

|                     |       |       |     |
|---------------------|-------|-------|-----|
| CPFL Leste Paulista | 1,065 | 1,096 | RGR |
|---------------------|-------|-------|-----|

|                   |       |       |     |
|-------------------|-------|-------|-----|
| CPFL Sul Paulista | 1,778 | 1,837 | RGR |
|-------------------|-------|-------|-----|

|              |     |     |     |
|--------------|-----|-----|-----|
| CPFL Jaguari | 105 | 109 | RGR |
|--------------|-----|-----|-----|

|  |                  |                  |                             |           |
|--|------------------|------------------|-----------------------------|-----------|
| CPFL Mococa                                | 406              | 415              |                             | RGR       |
| Other                                      | 12,635           | 21,624           |                             |           |
| <b>Subtotal Brazilian Currency - Cost</b>  | <b>5,442,590</b> | <b>5,096,622</b> |                             |           |
| <b>Foreign Currency</b>                    |                  |                  |                             |           |
| <b>CPFL Paulista (5)</b>                   |                  |                  |                             |           |
| Debt Conversion Bond                       | 2,927            | 2,982            | US\$ + Libor 6 months + 0.8 |           |
| C-Bond                                     | 6,280            | 6,298            |                             | US\$      |
| Discount Bond                              | 14,296           | 14,570           | US\$ + Libor 6 months + 0.8 |           |
| PAR-Bond                                   | 20,923           | 21,082           |                             | US\$      |
| <b>Subtotal Foreign Currency - Cost</b>    | <b>44,425</b>    | <b>44,932</b>    |                             |           |
| <b>Total Measured at cost</b>              | <b>5,487,015</b> | <b>5,141,554</b> |                             |           |
| <b>Foreign Currency</b>                    |                  |                  |                             |           |
| <b>Measured at fair value</b>              |                  |                  |                             |           |
| <b>Financial Institutions</b>              |                  |                  |                             |           |
| <b>CPFL Paulista</b>                       |                  |                  |                             |           |
| Banco ABN AMRO Real                        | 409,103          | 424,827          |                             | Yen +1.49 |
| <b>Total Foreign Currency - fair value</b> | <b>409,103</b>   | <b>424,827</b>   |                             |           |
| <b>Total - Consolidated</b>                | <b>5,896,118</b> | <b>5,566,381</b> |                             |           |

The subsidiaries hold swaps converting the operating cost of currency variation to interest tax variation in reais, corresponding to :

(1) 138.80% of CDI (3) 106.0% of CDI

(2) 138.80% of CDI (4) 106.0% of CDI

(5) As certain assets are dollar indexed, a partial swap of R\$ 23,269 was contracted, converting the currency variation to the CDI.

(6) 104.98% of CDI

(\*) Effective rate:

CPFL Paulista and CPFL Piratininga - 98.5% CDI + 1.0% fee + 1.88% IOF;

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RGE - R\$ 85.1 million 98.5% CDI + 1.0% fee + 1.88% IOF; R\$ 147.4 million 98.5% CDI + 0.4% fee + 1.88% IOF  
CPFL Santa Cruz, CPFL Sul Paulista, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguari - 98.5% CDI + 0.4% fee  
(\*\*) Effective rate: 99.0% of CDI + 1,0% fee + 1,88% IOF

In conformity with CPCs 38 and 39 (Financial Instruments), the Company and its subsidiaries classified their debts, as segregated in the tables above, as (i) financial liabilities not measured at fair value (or measured at cost), and (ii) financial liabilities measured at fair value through profit or loss.

The objective of classification of financial liabilities measured at fair value is to compare the effects of recognition of income and expense derived from marking hedge derivatives to market, tied to the debts, in order to obtain more relevant and consistent accounting information. As of March 31, 2011, the total balance of the debt measured at fair value of CPFL Paulista was R\$ 409,103 (R\$ 424,827 as of December 31, 2010), and the amount related to the cost was R\$ 412,633 (R\$ 429,792 as of December 31, 2010).

The changes in the fair values of this debt are recognized in the financial income (expense) of the subsidiary. The gain of R\$ 3,530 (gain of R\$ 4,965 in 2010) obtained by marking the debts to market are offset by the effects of R\$ 5,640 (R\$ 7,607 in 2010) obtained by marking to market the derivative financial instruments contracted as a hedge against exchange variations (Note 32), resulting in a net accumulated loss of R\$ 2,110 (R\$ 2,642 in 2010).

#### **Main fund-raising in the period:**

##### **Brazilian currency**

##### **BNDES - Investment**

**BNDES –FINEM V Investment (CPFL Paulista)** - The subsidiary obtained the approval of a financing of R\$ 291,043 from the BNDES in 2010, part of a FINEM credit line, to be invested in the expansion and modernization of the Electricity System in the second half of 2010 and in 2011. There was no release in this quarter and the remaining balance of R\$ 157,971 is scheduled to be released by the end of 2011.

**FINAME (CPFL Paulista)** – The subsidiary received approval for financing from the BNDES in 2009, of R\$ 92,183 part of a FINAME credit line, to be invested in acquisition of equipment for the Electricity System in 2010 and 2011. The subsidiary received the amount of R\$ 13,069 in this quarter, and the outstanding balance of R\$ 43,100 is scheduled for release by the end of 2011. The interest will be paid quarterly, and amortized monthly from January 15, 2012.

**FINEM IV (CPFL Piratininga)** – The subsidiary received approval for financing from the BNDES in 2010, of R\$ 165,621 part of a FINEM credit line, to be used for the implementation of the investment plan for the second half-year of 2010 and for 2011. There was no release in this quarter, and the outstanding balance of R\$ 97,501 is scheduled for release by the end of 2011. The interest will be paid quarterly during the grace period and monthly during the amortization term.

**FINAME (CPFL Piratininga)** – The subsidiary received approval for financing of R\$ 48,116 from the BNDES in 2009, part of a FINAME credit line, to be invested in to acquire equipment for the Electricity System in 2010 and 2011. The amount of R\$ 2,718 was received in this quarter and the outstanding balance of R\$ 22,539 is scheduled for release by the end of 2011. The interest will be paid quarterly, and amortized monthly from January 15, 2012.

**FINAME (RGE)** – The subsidiary received approval for financing of R\$ 32,419 from the BNDES in 2009, part of a FINAME credit line, to be invested in to acquire equipment for the Electricity System in 2010 and 2011. The amount of R\$ 515 was received in this quarter and the outstanding balance of R\$ 27,057 is scheduled for release by the end of 2011. The interest will be paid quarterly, and amortized monthly from January 15, 2012.

**BNDES Investment (CPFL Geração)** – The subsidiary obtained approval for FINEM financing of R\$ 574,098 from the BNDES in 2010, to be invested in the subsidiaries Santa Clara I to VI and Eurus VI. The amount of R\$ 2,200 was released in this quarter and the outstanding balance of R\$ 496,360 is scheduled for release by April 2013.

**FINEM/FINAME (CPFL Brasil)** – the subsidiary received approval for financing of a total amount of R\$398,547 from the BNDES in 2010 will be used for the indirect subsidiary CPFL Bio Formosa, CPFL Bio Pedra, CPFL Bio Ipê and CPFL Bio Buriti. The amount of R\$63,762 was released in this quarter and the outstanding balance of R\$ 334,785 is scheduled for release by December 2011, except for CPFL Bio Pedra that is scheduled for release by June 2012. The interest and amortization will be paid monthly, from December, 2011, except for CPFL Bio Pedra which will be from June 2012.

## FINANCIAL INSTITUTIONS

**Banco do Brasil – Working capital (CPFL Paulista, CPFL Piratininga, RGE, CPFL Santa Cruz, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguari e CPFL Sul Paulista)** – these subsidiaries obtained approval for rural credit financing, of which a total amount of R\$ 267,870 was released this quarter (R\$ 261,504 net of costs), to cover working capital. The interest will be capitalized monthly and amortized together with the installments of the principal.

**Financial institutions (Foz do Chapecó)**- the indirect subsidiary Foz do Chapecó obtained a credit line in Alfa bank, in the amount of R\$ 50,000 (R\$25,500 our share), in order to to cover working capital.

The maturities of the principal long-term balances of loans and financing, taking into consideration only the amounts recorded at cost, are scheduled as follows:

| <b>Maturity</b> | <b>Consolidated</b> |
|-----------------|---------------------|
| 2012            | 615,450             |
| 2013            | 791,821             |
| 2014            | 705,018             |
| 2015            | 1,049,582           |
| 2016            | 250,447             |
| After 2016      | 1,426,844           |
| <b>Total</b>    | <b>4,839,164</b>    |

## RESTRICTIVE COVENANTS

Banco do Brasil rural instruments are subject to certain financial covenants, containing clauses that, among other conditions, require the subsidiaries to maintain certain financial ratios within predefined parameters.



The index is the maintenance of a ratio of net indebtedness to EBITDA of less than 3.0

The loan and financing agreements are subject to certain restrictive covenants, containing clauses that, among other conditions, require the subsidiaries to maintain certain financial ratios within predefined parameters. Details of these restrictive covenants are presented in the financial statements as of December 31, 2010.

The Management of the Company and its subsidiaries monitor these indices systematically and constantly to ensure that the contractual conditions are complied with. In the opinion of Management of the Company and its subsidiaries, all restrictive covenants and clauses are being adequately complied with.

**( 17 ) DEBENTURES**

|                                   | Interest      | March 31, 2011 |                | Consolidated   |               | December 31, 2010 |                | Total          |
|-----------------------------------|---------------|----------------|----------------|----------------|---------------|-------------------|----------------|----------------|
|                                   |               | Current        | Noncurrent     | Total          | Interest      | Current           | Noncurrent     |                |
| <b>Parent Company 3rd Issue</b>   |               |                |                |                |               |                   |                |                |
| Single series                     | 3,701         | -              | 450,000        | 453,701        | 15,529        | -                 | 450,000        | 465,529        |
| <b>CPFL Paulista 3rd Issue</b>    |               |                |                |                |               |                   |                |                |
| 1st Series                        | 23,746        | 213,333        | 426,667        | 663,746        | 5,925         | 213,333           | 426,667        | 645,925        |
| <b>4th Issue</b>                  |               |                |                |                |               |                   |                |                |
| Single series                     | 3,159         | 109,774        | -              | 112,933        | 6,323         | 109,601           | -              | 115,924        |
|                                   | <b>26,905</b> | <b>323,107</b> | <b>426,667</b> | <b>776,679</b> | <b>12,248</b> | <b>322,934</b>    | <b>426,667</b> | <b>761,849</b> |
| <b>CPFL Piratininga 1st Issue</b> |               |                |                |                |               |                   |                |                |
| 1st Series                        | -             | -              | -              | -              | 10,733        | 200,000           | -              | 210,733        |
| <b>3rd Issue</b>                  |               |                |                |                |               |                   |                |                |
| Single series                     | 14,566        | -              | 258,932        | 273,498        | 7,013         | -                 | 258,868        | 265,881        |
| <b>4th Issue</b>                  |               |                |                |                |               |                   |                |                |
| Single series                     | 9,974         | -              | 278,204        | 288,178        | 1,845         | -                 | 278,043        | 279,888        |
|                                   | <b>24,540</b> | <b>-</b>       | <b>537,136</b> | <b>561,676</b> | <b>19,591</b> | <b>200,000</b>    | <b>536,911</b> | <b>756,502</b> |
| <b>RGE 2nd Issue</b>              |               |                |                |                |               |                   |                |                |
| 1st Series                        | 2,778         | 29,060         | -              | 31,838         | 2,019         | 28,370            | -              | 30,389         |
| <b>3rd Issue</b>                  |               |                |                |                |               |                   |                |                |
| 1st Series                        | 3,758         | 33,333         | 66,667         | 103,758        | 939           | 33,333            | 66,667         | 100,939        |
| 2nd Series                        | 3,848         | 46,667         | 93,333         | 143,848        | 7,721         | 46,667            | 93,333         | 147,721        |
| 3rd Series                        | 728           | 13,333         | 26,667         | 40,728         | 1,824         | 13,333            | 26,667         | 41,824         |
| 4th Series                        | 2,768         | 16,667         | 33,333         | 52,768         | 1,335         | 16,667            | 33,333         | 51,335         |
| 5th Series                        | 2,768         | 16,667         | 33,333         | 52,768         | 1,335         | 16,667            | 33,333         | 51,335         |
| <b>4th Issue</b>                  |               |                |                |                |               |                   |                |                |
| Single series                     | 5,313         | 184,809        | -              | 190,122        | 10,633        | 184,623           | -              | 195,256        |
|                                   | <b>21,961</b> | <b>340,536</b> | <b>253,333</b> | <b>615,830</b> | <b>25,806</b> | <b>339,660</b>    | <b>253,333</b> | <b>618,799</b> |
| <b>CPFL Leste Paulista</b>        |               |                |                |                |               |                   |                |                |

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|                          |                |                  |                  |                  |                |                  |                  |                  |
|--------------------------|----------------|------------------|------------------|------------------|----------------|------------------|------------------|------------------|
| <b>1st Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 699            | 23,982           | -                | 24,681           | 1,400          | 23,965           | -                | 25,365           |
| <b>CPFL Sul Paulista</b> |                |                  |                  |                  |                |                  |                  |                  |
| <b>1st Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 462            | 15,989           | -                | 16,451           | 926            | 15,979           | -                | 16,905           |
| <b>CPFL Jaguari</b>      |                |                  |                  |                  |                |                  |                  |                  |
| <b>1st Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 291            | 9,991            | -                | 10,282           | 583            | 9,983            | -                | 10,566           |
| <b>CPFL Brasil</b>       |                |                  |                  |                  |                |                  |                  |                  |
| <b>1st Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 4,768          | 164,844          | -                | 169,612          | 9,545          | 164,728          | -                | 174,273          |
| <b>CPFL Geração</b>      |                |                  |                  |                  |                |                  |                  |                  |
| <b>2nd Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 12,155         | 424,574          | -                | 436,729          | 24,327         | 424,266          | -                | 448,593          |
| <b>3rd Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 14,790         | -                | 263,203          | 277,993          | 7,121          | -                | 263,137          | 270,258          |
| <b>EPASA</b>             |                |                  |                  |                  |                |                  |                  |                  |
| <b>2nd Issue</b>         |                |                  |                  |                  |                |                  |                  |                  |
| Single series            | 7,397          | 51,000           | 152,161          | 210,558          | -              | -                | 204,406          | 204,406          |
| <b>BAESA</b>             |                |                  |                  |                  |                |                  |                  |                  |
| 1st Series               | 345            | 3,164            | 14,239           | 17,748           | 357            | 3,165            | 15,030           | 18,552           |
| 2nd Series               | 283            | 2,570            | 11,565           | 14,418           | 294            | 2,569            | 12,207           | 15,070           |
| <b>Enercan</b>           |                |                  |                  |                  |                |                  |                  |                  |
| 1st Series               | 1,936          | 2,708            | 50,630           | 55,274           | 339            | 2,709            | 50,623           | 53,671           |
|                          | <b>120,233</b> | <b>1,362,464</b> | <b>2,158,934</b> | <b>3,641,631</b> | <b>118,066</b> | <b>1,509,958</b> | <b>2,212,314</b> | <b>3,840,338</b> |

|                                       | <b>Issued</b> | <b>Annual Remuneration</b> | <b>Annual Effective rate</b> | <b>Amortization Conditions</b>            | <b>Collateral</b>      |
|---------------------------------------|---------------|----------------------------|------------------------------|---|------------------------|
| <b>Parent Company<br/>3rd Issue</b>   |               |                            |                              |   |                        |
| Single series                         | 45,000        | CDI + 0.45%<br>(1)         | CDI + 0.53%                  | 3 annual installments from September 2012 | Unsecured              |
| <b>CPFL Paulista<br/>3rd Issue</b>    |               |                            |                              |   |                        |
| 1st Series                            | 64,000        | 104.4% of CDI              | 104.4% CDI + 0.05%           | 3 annual installments from December 2011  | CPFL Energia guarantee |
| <b>4th Issue</b>                      |               |                            |                              |   |                        |
| Single series                         | 175,000       | 110.3% of CDI              | 110.3% CDI + 0.79%           | 2 annual installments from June 2010      | CPFL Energia guarantee |
| <b>CPFL Piratininga<br/>1st Issue</b> |               |                            |                              |   |                        |
| 1st Series                            | 40,000        | 104.0% of CDI              | 104.0% CDI + 0.16%           | 2 annual installments from July 2010      | CPFL Energia guarantee |
| <b>3rd Issue</b>                      |               |                            |                              |   |                        |
| Single series                         | 260           | 107.0% of CDI              | 107.0% CDI + 0.67%           | April 1st, 2015                           | CPFL Energia guarantee |
| <b>4th Issue</b>                      |               |                            |                              |   |                        |
| Single series                         | 280           | 109.09% of CDI             | 109.09% CDI + 0.83%          | December 10, 2013                         | CPFL Energia guarantee |
| <b>RGE<br/>2nd Issue</b>              |               |                            |                              |   |                        |
| 1st Series                            | 2,620         | IGP-M + 9.6%               | IGP-M + 9.73%                | April 1st, 2011                           | Unsecured              |
| <b>3rd Issue</b>                      |               |                            |                              |   |                        |
| 1st Series                            | 1             | CDI + 0.60%<br>(2)         | CDI + 0.71%                  | 3 annual installments from December 2011  | CPFL Energia guarantee |
| 2nd Series                            | 1             | CDI + 0.60%<br>(3)         | CDI + 0.71%                  | 3 annual installments from December 2011  | CPFL Energia guarantee |

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|                                      |         |                    |                       |  |                        |
|--------------------------------------|---------|--------------------|-----------------------|--|------------------------|
| 3rd Series                           | 1       | CDI + 0.60%<br>(4) | CDI + 0.71%           | 3 annual installments from December 2011 | CPFL Energia guarantee |
| 4th Series                           | 1       | CDI + 0.60%<br>(5) | CDI + 0.84%           | 3 annual installments from December 2011 | CPFL Energia guarantee |
| 5th Series                           | 1       | CDI + 0.60%<br>(5) | CDI + 0.84%           | 3 annual installments from December 2011 | CPFL Energia guarantee |
| <b>4th Issue</b>                     |         |                    |                       |  |                        |
| Single series                        | 185,000 | 110.30% of CDI     | 110.3% CDI + 0.82%    | July 1st, 2011                           | Unsecured              |
| <b>CPFL Leste Paulista 1st Issue</b> |         |                    |                       |  |                        |
| Single series                        | 2,400   | 111.90% of CDI     | 111.9% CDI + 0.65%    | 1 installment in June 2011               | CPFL Energia guarantee |
| <b>CPFL Sul Paulista 1st Issue</b>   |         |                    |                       |  |                        |
| Single series                        | 1,600   | 111.00% of CDI     | 111% CDI + 0.6%       | 1 installment in July 2011               | CPFL Energia guarantee |
| <b>CPFL Jaguari 1st Issue</b>        |         |                    |                       |  |                        |
| Single series                        | 1,000   | 111.90% of CDI     | 111.9% CDI + 0.79%    | 1 installment in July 2011               | CPFL Energia guarantee |
| <b>CPFL Brasil 1st Issue</b>         |         |                    |                       |  |                        |
| Single series                        | 16,500  | 111% of CDI        | 111% CDI + 0.57%      | 1 installment in July 2011               | CPFL Energia guarantee |
| <b>CPFL Geração 2nd Issue</b>        |         |                    |                       |  |                        |
| Single series                        | 425,250 | 109.8% of CDI      | 109.8% CDI + 0.58%    | 1 installment in July 2011               | CPFL Energia guarantee |
| <b>3rd Issue</b>                     |         |                    |                       |  |                        |
| Single series                        | 264     | 107.0% of CDI      | 107.0% of CDI + 0.67% | 1 installment in April 2015              | CPFL Energia guarantee |
| <b>EPASA 2nd Issue</b>               |         |                    |                       |  |                        |
| Single series                        | 400     | 111% of CDI        |                       |  |                        |

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|                |       |                            |                        |  |                           |
|----------------|-------|----------------------------|------------------------|--|---------------------------|
|                |       |                            | 111% of CDI +<br>0.49% | 12 monthly<br>installments<br>from<br>December<br>2012 | CPFL Energia<br>guarantee |
| <b>BAESA</b>   |       |                            |                        |  |                           |
| 1st Series     | 9,000 | CDI + 0.3%                 | CDI + 0.43%            | Quarterly with<br>settlement in<br>August 2016         | Letters of guarantee      |
| 2nd Series     | 8,100 | CDI + 0.4%                 | 106% CDI + 0.12%       | Annual with<br>settlement in<br>August 2016            | Letters of guarantee      |
| <b>Enercan</b> |       |                            |                        |  |                           |
| 1st Series     | 110   | 100% of CDI +<br>1.25% p.a | 111.1% of CDI          | Quarterly with<br>settlement in<br>December<br>2025    | No guarantees             |

The Company and its subsidiaries hold swap converting the local cost of currency variation to interest tax variation in reais, corresponding to

|                    |                    |                    |
|--------------------|--------------------|--------------------|
| (1) 104.4% of CDI  | (3) 104.85% of CDI | (5) 104.87% of CDI |
| (2) 105.07% of CDI | (4) 104.9% of CDI  |                    |

The maturities of the long-term balance of debentures are scheduled as follows:

| <b>Maturity</b> | <b>Consolidated</b> |
|-----------------|---------------------|
| 2012            | 650,090             |
| 2013            | 777,575             |
| 2014            | 159,370             |
| 2015            | 531,506             |
| 2016            | 7,931               |
| After 2016      | 32,462              |
| <b>Total</b>    | <b>2,158,934</b>    |

## **RESTRICTIVE COVENANTS**

The debentures are subject to certain restrictive covenants and include clauses that require the Company and its subsidiaries to maintain certain financial ratios within pre-established parameters. The details of these restrictive covenants are set forth in the December 31, 2010 financial statements.

The Management of the Company and its subsidiaries monitor these ratios systematically and constantly to ensure that the conditions are complied with.

In the opinion of the managements of the subsidiaries, these restrictive conditions and clauses are being adequately complied with.

## **( 18 ) EMPLOYEE PENSION PLANS**

The subsidiaries sponsor supplementary retirement and pension plans for their employees. The main characteristics of these plans are as follows:

### **I – CPFL Paulista**

The plans currently in effect for the employees of the subsidiary CPFL Paulista, through Fundação CESP, are composed by a Defined Plan (Proportional Paid-Up Supplementary Benefit Plan) up to October 31, 1997, and after then a Mixed Benefit Plan for programmed retirements and a Benefit Plan for death and disability.

On modification of the Pension Plan in October 1997, the subsidiary recognized an obligation to pay in respect of the plan deficit determined at the time by the external actuaries of Fundação CESP. This deficit will be liquidated in 240 monthly installments and 20 annual installments, maturing in October 2017, plus interest of 6% p.a. and restatement based on the IGP-DI (FGV). Through the addendum to the agreement with Fundação CESP dated January 17, 2008, the payment terms were changed to 238 monthly payments and 19 annual installments, in relation to the base date of December 31, 2007, with final maturity on October 31, 2027. The balance of the liability as of March 31, 2011 is R\$ 483,647 (R\$ 479,877 as of December 31, 2010). The contract amount differs from the accounting recording of the subsidiary, which is in conformity with CPC 33.

Managers may opt for a Free Benefit Generator Plan – PGBL (Defined Contribution), operated by either Banco do Brasil or Bradesco.



## **II – CPFL Piratininga**

The plans currently in effect for the employees of the subsidiary CPFL Piratininga, through Fundação CESP, are composed by a Defined Plan (Proportional Paid-Up Supplementary Benefit Plan) up to March 31, 1998, and after then a Benefit Plan and another of variable contributions.

In September 1997, through a contractual instrument of adjustment of reserves to be amortized, Eletropaulo Metropolitana Eletricidade São Paulo S.A. (the predecessor of Bandeirante) recognized an obligation to pay in respect of the plan deficit determined at the time by the external actuaries of Fundação CESP, to be liquidated in 240 monthly installments and 20 annual installments, maturing in October 2017, plus interest of 6% p.a. and restatement based on the IGP-DI (FGV). Under the Contractual Amendment, signed with Fundação CESP on January 17, 2008, the payment terms were amended to 221 monthly payments and 18 annual installments, in relation to the base date of December 31, 2007, with final maturity on May 31, 2026. The balance of the liability as of March 31, 2011 is R\$ 133,930 (R\$ 133,170 as of December 31, 2010). The contract amount differs from the accounting entries made by the subsidiary, which are in conformity with CPC 33.

Managers may opt for a Free Benefit Generator Plan – PGBL (Defined Contribution), operated by either Banco do Brasil or Bradesco.

## **III – RGE**

In the case of employees whose work contracts were transferred from CEEE to RGE, the plan is a defined benefit type plan, with a benefit level equal to 100% of the adjusted average of the most recent salaries, including the presumed Social Security benefit, with a Segregated Net Asset administered by ELETROCEEE.

For employees admitted as from 1997, a defined contribution Benefit Generating Plan (PGBL – defined contribution) private pension plan was set up with Bradesco Vida e Previdência in January 2006. This plan does not generate any actuarial responsibility for the company.

## **IV – CPFL Santa Cruz**

The benefits plan of the subsidiary CPFL Santa Cruz, administered by BB Previdência - Fundo de Pensão do Banco do Brasil, is a defined contribution plan.

## **V – CPFL Geração**

The plans currently in force for the employees of subsidiary CPFL Geração are a Proportional Supplementary Defined Benefit (“BSPS”) and a Mixed Benefit Plan, along the same lines as the CPFL Paulista plan.

With the modification of the Retirement Plan, at that point maintained by CPFL Paulista, in October 1997, a liability was recognized as payable by the subsidiary CPFL Geração, relating to the plan deficit calculated by the external actuaries of Fundação CESP, which is being amortized on a 240 monthly installments and 20 annual installments, maturing in October 2017, plus interest of 6% p.a. and restatement according to the IGP-DI (FGV). Under the Contractual Amendment, signed with Fundação CESP on January 17, 2008, the payment terms were amended to 238 monthly installments and 19 annual installments, in relation to the base date of December 31, 2007, with final maturity on October 31, 2027. The balance of the obligation, as of March 31, 2011, is R\$ 9,646 (R\$ 9,571 as of December 31, 2010). The contract amount differs from the accounting recording of the subsidiary, which is in conformity with CPC 33.

Managers may opt for a Free Benefit Generator Plan – PGBL (Defined Contribution), operated by either Banco do Brasil or Bradesco.

## VI – CPFL Jaguariúna

In November 2005, the companies joined the CMSPREV private pension plan, administered by IHPREV Pension Fund. The plan is a defined contribution plan.

## VII – Changes in the defined benefit plans

Changes occurred in this quarter related to the net actuarial liability according to CPC 33 as shown as follows:

|   | March 31, 2011   |                     |                 |                    |    |
|---|------------------|---------------------|-----------------|--------------------|----|
|   | CPFL<br>Paulista | CPFL<br>Piratininga | CPFL<br>Geração | Total<br>liability | R  |
| <b>Actuarial liabilities /(assets) at the beginning of the period</b> | 469,623          | 111,574             | 11,452          | 592,649            | (5 |
| Expense recognized in income statement                                | (17,075)         | (4,656)             | (621)           | (22,351)           |    |
| Sponsors' contributions transferred during the period                 | (14,910)         | (4,582)             | (136)           | (19,628)           |    |
| <b>Actuarial liabilities /(assets) at the end of the period</b>       | <b>437,637</b>   | <b>102,336</b>      | <b>10,695</b>   | <b>550,669</b>     | (5 |
| Other contributions   | 13,728           | 303                 | 85              | 14,116             |    |
| <b>Subtotal</b>   | <b>451,365</b>   | <b>102,640</b>      | <b>10,780</b>   | <b>564,785</b>     | (5 |
| Other contributions RGE   | -                | -                   | -               | 3,742              |    |
| <b>Total liabilities</b>  | <b>451,365</b>   | <b>102,640</b>      | <b>10,780</b>   | <b>568,527</b>     |    |
| Current   |                  |                     |                 | <b>38,438</b>      |    |
| Noncurrent  |                  |                     |                 | <b>530,089</b>     |    |

Expense and income recognized as operating cost in the actuarial report are shown below:

|  | 1st quarter 2011 |                     |                 |     |              |
|--|------------------|---------------------|-----------------|-----|--------------|
|  | CPFL<br>Paulista | CPFL<br>Piratininga | CPFL<br>Geração | RGE | Consolidated |
| Cost of service                              | 261              | 945                 | 34              | -   | 1,240        |
| Interest on actuarial obligations            | 76,183           | 19,482              | 1,668           | -   | 97,333       |
| Expected return on plan assets               | (92,336)         | (24,472)            | (2,176)         | -   | (118,984)    |
| Amortization of unrecognized actuarial gains | (1,183)          | (611)               | (147)           | -   | (1,941)      |

|  |                          |                             |                         |                |                     |
|--|--------------------------|-----------------------------|-------------------------|----------------|---------------------|
| <b>Total income</b>                          | (17,075)                 | (4,656)                     | (621)                   | -              | (22,351)            |
|  | <b>1st quarter 2010</b>  |                             |                         |                |                     |
|  | <b>CPFL<br/>Paulista</b> | <b>CPFL<br/>Piratininga</b> | <b>CPFL<br/>Geração</b> | <b>RGE</b>     | <b>Consolidated</b> |
| Cost of service                              | 275                      | 1,202                       | 36                      | 288            | 1,801               |
| Interest on actuarial obligations            | 73,114                   | 18,883                      | 1,586                   | 4,587          | 98,170              |
| Expected return on plan assets               | (91,072)                 | (23,288)                    | (1,921)                 | (5,929)        | (122,210)           |
| Amortization of unrecognized actuarial gains | -                        | -                           | -                       | -              | -                   |
| <b>Subtotal</b>                              | <b>(17,683)</b>          | <b>(3,203)</b>              | <b>(299)</b>            | <b>(1,054)</b> | <b>(22,239)</b>     |
| Expected contributions from participants     | (9)                      | (314)                       | -                       | 760            | 437                 |
| <b>Total income</b>                          | <b>(17,692)</b>          | <b>(3,517)</b>              | <b>(299)</b>            | <b>(294)</b>   | <b>(21,802)</b>     |

Since the changes in the RGE plan indicate the need to recognize an asset, and the amount to be recognized is restricted to the present value of the economic rewards available at the time, recognition in 2011 will require analysis of the possibility of recovery of the asset at the end of the year.

The principal assumptions considered in the actuarial calculations, based on actuarial report prepared for December 31, 2010 and 2009 were:

|   | CPFL Paulista, CPFL Piratininga<br>and CPFL Geração                    |  | RGE  |                                     |
|---|--|--|--|-------------------------------------|
|   | December 31,<br>2010 <sup>(1)</sup>                                    | December 31,<br>2009 <sup>(1)</sup>                                    | December 31,<br>2010 <sup>(1)</sup>                                    | December 31,<br>2009 <sup>(1)</sup> |
| Nominal discount rate for actuarial liabilities:                                | 10.24% p.a.  | 10.24% p.a.  | 10.24% p.a.  | 10.24% p.a.                         |
| Nominal Return Rate on Assets:  | (*)  | (**)   | 10.24% p.a.  | 11.28% p.a.                         |
| Estimated Rate of nominal salary increase:                                      | 6.08% p.a.   | 6.08% p.a.   | 6.08% p.a.   | 6.08% p.a.                          |
| Estimated Rate of nominal benefits increase:                                    | 0.0% p.a.  | 0.0% p.a.  | 0.0% p.a.  | 0.0% p.a.                           |
| Estimated long-term inflation rate (basis for establishing nominal rates above) | 4.0% p.a.  | 4.0% p.a.  | 4.0% p.a.  | 4.0% p.a.                           |
| General biometric mortality table:  | AT-83  | AT-83  | AT-83  | AT-83                               |
| Biometric table for the onset of disability:                                    | MERCER TABLE<br>0.30 / (Service<br>time + 1)                           | MERCER TABLE<br>0.30 / (Service<br>time + 1)                           | MERCER TABLE<br>0.30 / (Service<br>time + 1)                           | Light-A<br>n                        |
| Expected turnover rate:   | 100% when a<br>beneficiary of<br>the Plan first<br>becomes<br>eligible | 100% when a<br>beneficiary of<br>the Plan first<br>becomes<br>eligible | 100% when a<br>beneficiary of<br>the Plan first<br>becomes<br>eligible |                                     |
| Likelihood of reaching retirement age:  |  |  |  |                                     |

(1) Refers to the date of issuance of the actuarial report

(\*) CPFL Paulista and CPFL Geração 12.73% p.a, and CPFL Piratininga 12.71% p.a.

(\*\*) CPFL Paulista and CPFL Geração 14.36% p.a. e CPFL Piratininga 14.05% a.a.

## ( 19 ) REGULATORY CHARGES

|                                    | Consolidated      |                      |
|------------------------------------|-------------------|----------------------|
|                                    | March 31,<br>2011 | December 31,<br>2010 |
| Fee for the Use of Water Resources | 5,806             | 4,452                |
| Global Reverse Fund - RGR          | 18,474            | 16,484               |
| ANEEL Inspection Fee               | 2,293             | 2,285                |
| Fuel Consumption Account - CCC     | 58,288            | 58,288               |
| Energy Development Account - CDE   | 43,852            | 42,033               |
| <b>Total</b>                       | <b>128,712</b>    | <b>123,541</b>       |



**( 20 ) TAXES AND CONTRIBUTIONS PAYABLE**

|                                | <b>Consolidated</b>       |                              |
|--------------------------------|---------------------------|------------------------------|
|                                | <b>March 31,<br/>2011</b> | <b>December 31,<br/>2010</b> |
| <b><u>Current</u></b>          |                           |                              |
| ICMS (State VAT)               | 321,235                   | 247,891                      |
| PIS (Tax on Revenue)           | 13,448                    | 13,563                       |
| COFINS (Tax on Revenue)        | 63,305                    | 63,668                       |
| IRPJ (Corporate Income Tax)    | 80,689                    | 86,853                       |
| CSLL (Social Contribution Tax) | 23,556                    | 22,280                       |
| Other                          | 20,311                    | 20,993                       |
| <b>Total</b>                   | <b>522,544</b>            | <b>455,248</b>               |
| <b><u>Noncurrent</u></b>       |                           |                              |
| COFINS (Tax on Revenue)        | 773                       | 960                          |
| <b>Total</b>                   | <b>773</b>                | <b>960</b>                   |

**( 21 ) RESERVE FOR CONTINGENCIES**

|   | <b>Consolidated</b>                  |                            |                                      |                            |
|---|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
|   | <b>March 31, 2011</b>                |                            | <b>December 31, 2010</b>             |                            |
|   | <b>Reserve for<br/>contingencies</b> | <b>Escrow<br/>Deposits</b> | <b>Reserve for<br/>contingencies</b> | <b>Escrow<br/>Deposits</b> |
| <b><u>Labor</u></b>                               |                                      |                            |                                      |                            |
| Various   | 44,398                               | 156,323                    | 39,136                               | 147,056                    |
| <b><u>Civil</u></b>                               |                                      |                            |                                      |                            |
| General Damages                                   | 12,448                               | 80,536                     | 11,126                               | 75,033                     |
| Tariff Increase                                   | 10,748                               | 5,841                      | 10,813                               | 9,200                      |
| Other   | 8,981                                | 15,584                     | 10,677                               | 16,663                     |
|   | 32,177                               | 101,961                    | 32,616                               | 100,897                    |
| <b><u>Tax</u></b>                                 |                                      |                            |                                      |                            |
| FINSOCIAL   | 18,752                               | 53,456                     | 18,714                               | 53,322                     |
| Income Tax  | 76,203                               | 551,580                    | 73,401                               | 539,601                    |
| Increase in basis - PIS and COFINS                | 866                                  | 721                        | 866                                  | 721                        |
| Interest on Shareholders' Equity - PIS and COFINS | 10,835                               | 10,835                     | 10,666                               | 10,666                     |
| PIS and COFINS - Non-Cumulative Method            | 88,879                               | -                          | 87,672                               | -                          |
| Other   | 28,406                               | 63,199                     | 28,193                               | 38,422                     |
|   | 223,941                              | 679,791                    | 219,513                              | 642,732                    |
| <b>Other</b>                                      |                                      |                            |                                      |                            |

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|              |         |         |         |         |
|--------------|---------|---------|---------|---------|
| Various      | -       | 808     | -       | 1       |
| <b>Total</b> | 300,516 | 938,884 | 291,265 | 890,685 |

The change in the balances related to reserve for contingencies and escrow deposits are shown below:



|                                      | <b>Consolidated</b>          |                 |                 |                | <b>Monetary<br/>Restatement</b> | <b>March<br/>31, 2011</b> |
|--------------------------------------|------------------------------|-----------------|-----------------|----------------|---------------------------------|---------------------------|
|                                      | <b>December<br/>31, 2010</b> | <b>Addition</b> | <b>Reversal</b> | <b>Payment</b> |                                 |                           |
| Labor                                | 39,136                       | 7,659           | (1,116)         | (1,281)        | -                               | 44,398                    |
| Civil                                | 32,616                       | 4,196           | (4,166)         | (515)          | 47                              | 32,177                    |
| Tax                                  | 219,513                      | 2,769           | (1)             | -              | 1,660                           | 223,941                   |
| <b>Reserve for<br/>Contingencies</b> | <b>291,265</b>               | <b>14,624</b>   | <b>(5,283)</b>  | <b>(1,796)</b> | <b>1,707</b>                    | <b>300,516</b>            |
| <b>Escrow Deposits</b>               | <b>890,685</b>               | <b>34,300</b>   | <b>(1,808)</b>  | <b>2,578</b>   | <b>13,129</b>                   | <b>938,884</b>            |

The reserves for contingencies were based on appraisal of the risks of losing litigation to which the Company and its subsidiaries are parties, where a loss is probable in the opinion of the legal advisers and the management of the Company and its subsidiaries.

Details of the nature of the provisions for contingencies and judicial deposits are presented in the financial statements as of December 31, 2010.

Possible Losses - The Company and its subsidiaries are parties to other suits processes and risks in which management, supported by its legal advisers, believes that the chances of a successful outcome are possible, due to a solid defensive base in these cases. These questions do not yet indicate a trend in the decisions of the courts or any other decision in similar proceedings considered probable or remote, and therefore no provision has been established for these. As of March 31, 2011, the claims relating to possible losses were as follows: (i) R\$ 337,189 for labor suits (R\$ 341,608 as of December 31, 2010); (ii) R\$ 574,447 for civil suits, mainly for suits for personal injuries, environmental damages and tariff increases (R\$ 604,603 as of December 31, 2010); and (iii) R\$ 836,239 in respect of tax suits, relating basically to Income Tax, ICMS, INSS, FINSOCIAL and PIS and COFINS (R\$ 823,872 as of December 31, 2010).

Based on the opinion of their legal advisers, Management of the Company and of its subsidiaries consider that there are no significant contingent risks that are not covered by adequate provisions in the Financial Statements, or that might result in the significant impact on future earnings.

## ( 22 ) PUBLIC UTILITIES

| <b>Companies</b> | <b>Consolidated</b>       |                              |   | <b>Interest rates</b>     |
|------------------|---------------------------|------------------------------|---|---------------------------|
|                  | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> | <b>Number of<br/>remaining<br/>installments</b> |                           |
| CERAN            | 71,895                    | 71,987                       | 295   | IGP-M + 9.6% p.a.         |
| ENERCAN          | 9,853                     | 9,884                        | 285   | IGP-M + 8% p.a.           |
| BAESA            | 52,713                    | 52,865                       | 297   | IGP-M + 8% p.a.           |
| Foz do Chapecó   | 309,201                   | 312,183                      | 310   | IGP-M / IPC-A + 5,3% p.a. |
| <b>TOTAL</b>     | <b>443,662</b>            | <b>446,919</b>               |   |                           |

|                   |                |                |
|-------------------|----------------|----------------|
| <b>Current</b>    | <b>17,438</b>  | <b>17,287</b>  |
| <b>Noncurrent</b> | <b>426,224</b> | <b>429,632</b> |

**( 23 ) OTHER ACCOUNTS PAYABLE**

|   | <b>Consolidated</b>       |                              |                           |                              |
|---|---------------------------|------------------------------|---------------------------|------------------------------|
|   | <b>Current</b>            |                              | <b>Noncurrent</b>         |                              |
|   | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> |
| Consumers and Concessionaires                                     | 62,727                    | 63,635                       | -                         | -                            |
| Energy Efficiency Program - PEE                                   | 106,159                   | 63,698                       | 3,761                     | 32,039                       |
| Research & Development - P&D                                      | 124,487                   | 110,418                      | 20,682                    | 29,680                       |
| National Scientific and Technological<br>Development Fund - FNDCT | 3,676                     | 3,077                        | -                         | -                            |
| Energy Research Company - EPE                                     | 1,213                     | 1,206                        | -                         | -                            |
| Fund for Reversal   | -                         | -                            | 17,751                    | 17,751                       |
| Advances  | 15,829                    | 11,030                       | 6,043                     | 7,418                        |
| Provision for environmental<br>expenditure                        | 6,880                     | 11,685                       | 2,437                     | 2,455                        |
| Payroll   | 11,848                    | 6,722                        | -                         | -                            |
| Profit sharing  | 36,827                    | 36,296                       | -                         | -                            |
| Collections agreement   | 77,444                    | 56,260                       | -                         | -                            |
| Founder shares  | 2,046                     | 1,674                        | -                         | -                            |
| Guarantees  | -                         | -                            | 44,429                    | 45,831                       |
| Other   | 46,896                    | 45,169                       | 6,917                     | 5,950                        |
| <b>Total</b>  | <b>496,032</b>            | <b>410,869</b>               | <b>102,020</b>            | <b>141,124</b>               |

**( 24 ) SHAREHOLDERS' EQUITY**

The shareholders' participations in the Company's equity as of March 31, 2011 and December 31, 2010 are distributed as follows:

| <b>Shareholders</b>        | <b>Number of shares</b>  |                   |                          |                   |
|----------------------------|--------------------------|-------------------|--------------------------|-------------------|
|                            | <b>March 31, 2011</b>    |                   | <b>December 31, 2010</b> |                   |
|                            | <b>Common<br/>Shares</b> | <b>Interest %</b> | <b>Common<br/>Shares</b> | <b>Interest %</b> |
| VBC Energia S.A.           | 122,948,720              | 25.55             | 122,948,720              | 25.55             |
| BB Carteira Livre I FIA    | 149,233,727              | 31.02             | 149,233,727              | 31.02             |
| Bonaire Participações S.A. | 60,713,511               | 12.62             | 60,713,511               | 12.62             |
| BNDES Participações S.A.   | 40,526,739               | 8.42              | 40,526,739               | 8.42              |

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|                       |                    |               |                    |               |
|-----------------------|--------------------|---------------|--------------------|---------------|
| Brumado Holdings S.A. | 17,251,048         | 3.59          | 17,251,048         | 3.59          |
| Antares Holding LTDA  | 8,019,852          | 1.67          | 8,019,852          | 1.67          |
| Board of Directors    | 112                | -             | 112                | -             |
| Executive officers    | 3,174              | -             | 2,354              | -             |
| Other                 | 82,440,247         | 17.13         | 82,441,067         | 17.13         |
| <b>Total</b>          | <b>481,137,130</b> | <b>100.00</b> | <b>481,137,130</b> | <b>100.00</b> |

**( 25 ) EARNINGS PER SHARE**

Basic earnings per share

Calculation of the basic earnings per share at December 31, 2011 was based on the profit of R\$ 459,780 (R\$482,926 at March 31, 2010) attributable to CPFL Energia and the average weighted number of common shares outstanding during the year ended March 31, 2011, as shown below:

|  | <b>March 31,<br/>2011</b> | <b>March 31,<br/>2010</b> |
|--|---------------------------|---------------------------|
| <b>Net income attributable to the Parent Company</b>                 | <b>459,780</b>            | <b>482,926</b>            |
| Shares issued on January 1   | 481,137,130               | 479,910,938               |
| Shares issued on March 31, 2011                                      | 481,137,130               | 479,910,938               |
| <b>Weighted average number of common shares held by Shareholders</b> | <b>481,137,130</b>        | <b>479,910,938</b>        |
| <b>Earnings per share</b>  | <b>0.96</b>               | <b>1.01</b>               |

**Diluted earnings per share**

On March 31, 2011 and December 31, 2010, the Company held no notes convertible into shares to be taken into account in calculating the earnings per share.

**( 26 ) GROSS SALES AND SERVICES INCOME**

| <b>Revenue from Eletric Energy Operations</b> | <b>N. of consumers(*)</b> |                           | <b>Consolidated<br/>GWh (*)</b> |                                 |
|---|---------------------------|---------------------------|---------------------------------|---------------------------------|
|   | <b>March 31,<br/>2011</b> | <b>March 31,<br/>2010</b> | <b>1st<br/>quarter<br/>2011</b> | <b>1st<br/>quarter<br/>2010</b> |
| <b>Consumer class</b>                         |                           |                           |                                 |                                 |
| Residential                                   | 5,909,733                 | 5,737,724                 | 3,460                           | 3,2                             |
| Industrial                                    | 77,125                    | 77,785                    | 3,548                           | 3,7                             |
| Commercial                                    | 502,000                   | 496,614                   | 2,126                           | 2,0                             |
| Rural   | 239,079                   | 236,137                   | 452                             | 5                               |
| Public Administration                         | 45,693                    | 44,208                    | 281                             | 2                               |
| Public Lighting                               | 8,175                     | 8,008                     | 370                             | 3                               |
| Public Services                               | 7,258                     | 6,974                     | 445                             | 4                               |
| Billed  | 6,789,063                 | 6,607,450                 | 10,681                          | 10,6                            |
| Own consumption                               |                           |                           | 8                               |                                 |
| Unbilled (Net)                                |                           |                           | -                               |                                 |
| Emergency Charges - ECE/EAAE                  |                           |                           | -                               |                                 |

|   |               |             |
|---|---------------|-------------|
| Reclassification to Network Usage Charge - TUSD - Captive Consumers | -             |             |
| <b>Electricity sales to final consumers</b>                         | <b>10,689</b> | <b>10,6</b> |
| Other Concessionaires and Licensees                                 | 2,418         | 2,4         |
| Current Electric Energy   | 536           | 3           |
| <b>Electricity sales to wholesaler</b>                              | <b>2,955</b>  | <b>2,7</b>  |
| Revenue due to Network Usage Charge - TUSD - Captive Consumers      |               |             |
| Revenue due to Network Usage Charge - TUSD - Free Consumers         |               |             |
| Revenue from construction of concession infrastructure              |               |             |
| Other Revenue and Income  |               |             |
| <b>Other operating revenues</b>                                     |               |             |
| <b>Total gross revenues</b>   |               |             |
| <b>Deductions from operating revenues</b>                           |               |             |
| ICMS  |               |             |
| PIS   |               |             |
| COFINS  |               |             |
| ISS   |               |             |
| Global Reversal Reserve - RGR                                       |               |             |
| Fuel Consumption Account - CCC                                      |               |             |
| Energy Development Account - CDE                                    |               |             |
| Research and Development and Energy Efficiency Programs             |               |             |
| PROINFA   |               |             |
| Emergency Charges - ECE/EAEE  |               |             |

**Net revenue**

(\*) Information not revised by the independent auditors.

The details of tariff adjustments are as follows:

| Company             | Month      | 2011             |                                   | 2010             |                                   |
|---------------------|------------|------------------|-----------------------------------|------------------|-----------------------------------|
|                     |            | Total adjustment | Effect perceived by consumers (*) | Total adjustment | Effect perceived by consumers (*) |
| CPFL Paulista       | April (**) | 7.38%            | 7.23%                             | 2.7%             | -5.69%                            |
| CPFL Piratininga    | October    | (***)            | (***)                             | 10.11%           | 5.66%                             |
| RGE                 | June       | (***)            | (***)                             | 12.37%           | 3.96%                             |
| CPFL Santa Cruz     | February   | 23.61%           | 15.38%                            | 10.09%           | -2.53%                            |
| CPFL Leste Paulista | February   | 7.76%            | 16.44%                            | -13.21%          | -8.47%                            |
| CPFL Jaguari        | February   | 5.47%            | 6.62%                             | 5.16%            | 3.67%                             |
| CPFL Sul Paulista   | February   | 8.02%            | 7.11%                             | 5.66%            | 4.94%                             |
| CPFL Mococa         | February   | 9.50%            | 9.77%                             | 3.98%            | 3.24%                             |

(\*) Represents the average effect perceived by consumers, as a result of the elimination from the tariff base of financial components added in the annual adjustment for the previous year.

(\*\*) As described in Note 34, the rate increase occurred in the period subsequent to April 5, 2011.

(\*\*\*) The respective tariff increases have not yet occurred.

## ( 27 ) COST OF ELECTRIC ENERGY

|  | Consolidated     |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | GWh (*)          |                  | R\$ thousand     |                  |
|  | 1st quarter 2011 | 1st quarter 2010 | 1st quarter 2011 | 1st quarter 2010 |
| <b><u>Electricity Purchased for Resale</u></b> |                  |                  |                  |                  |
| Itaipu Binacional                              | 2,682            | 2,733            | 240,233          | 260,761          |
| Current Electric Energy                        | 1,282            | 1,022            | 34,875           | 7,885            |
| PROINFA  | 220              | 231              | 42,502           | 49,580           |
| Energy purchased of bilateral contracts        | 8,064            | 8,881            | 914,723          | 940,682          |
| Credit of PIS and COFINS                       | -                | -                | (117,597)        | (132,075)        |
| <b>Subtotal</b>                                | <b>12,248</b>    | <b>12,867</b>    | <b>1,114,736</b> | <b>1,126,833</b> |
| <b><u>Electricity Network Usage Charge</u></b> |                  |                  |                  |                  |
| Basic Network Charges                          |                  |                  | 235,127          | 230,219          |
| Transmission from Itaipu                       |                  |                  | 21,677           | 20,426           |
| Connection Charges                             |                  |                  | 25,200           | 12,931           |
| Charges of Use of the Distribution System      |                  |                  | 5,187            | 6,728            |

|                              |                  |                  |
|------------------------------|------------------|------------------|
| System Service Charges - ESS | 47,347           | 39,045           |
| Reserve Energy charges       | 4,550            | 1,680            |
| Credit of PIS and COFINS     | (35,161)         | (30,554)         |
| <b>Subtotal</b>              | <b>303,926</b>   | <b>280,475</b>   |
| <b>Total</b>                 | <b>1,418,661</b> | <b>1,407,308</b> |

(\*) Information not revised by the independent auditors.



**( 28 ) OPERATING EXPENSES**

|  | Parent Company         |                        |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | Operating Expenses     |                        |                        |                        |                        |                        |
|  | General                |                        | Other                  |                        | Total                  |                        |
|  | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 |
| Personnel                              | 1,177                  | 870                    | -                      | -                      | 1,177                  | 870                    |
| Materials                              | 17                     | 15                     | -                      | -                      | 17                     | 15                     |
| Outside Services                       | 3,555                  | 2,802                  | -                      | -                      | 3,555                  | 2,802                  |
| Depreciation and Amortization          | 45                     | 30                     | -                      | -                      | 45                     | 30                     |
| Other:                                 | 1,405                  | 1,079                  | 36,297                 | 35,362                 | 37,702                 | 36,441                 |
| Leases and Rentals                     | 16                     | 23                     | -                      | -                      | 16                     | 23                     |
| Publicity and Advertising              | 717                    | 386                    | -                      | -                      | 717                    | 386                    |
| Legal, Judicial and Indemnities        | 351                    | 346                    | -                      | -                      | 351                    | 346                    |
| Donations, Contributions and Subsidies | 139                    | 161                    | -                      | -                      | 139                    | 161                    |
| Intangible of concession amortization  | -                      | -                      | 36,297                 | 35,362                 | 36,297                 | 35,362                 |
| Other                                  | 182                    | 163                    | -                      | -                      | 182                    | 163                    |
| <b>Total</b>                           | <b>6,198</b>           | <b>4,796</b>           | <b>36,297</b>          | <b>35,362</b>          | <b>42,495</b>          | <b>40,158</b>          |

|  | Consolidated           |                        |  |                        |                        |                        |                        |                        |
|--|------------------------|------------------------|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | Operating costs        |                        |  |                        | Operating Expenses     |                        |                        |                        |
|  | Operating costs        |                        | Services<br>Rendered to<br>Third Parties |                        | Sales                  |                        | General                |                        |
|  | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 | 1st<br>quarter<br>2011                   | 1st<br>quarter<br>2010 | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 | 1st<br>quarter<br>2011 | 1st<br>quarter<br>2010 |
| Personnel                                    | 87,705                 | 87,803                 | -  | 116                    | 20,833                 | 17,671                 | 43,502                 | 43,502                 |
| Employee Pension Plans                       | (22,351)               | (21,802)               | -  | -                      | -                      | -                      | -                      | -                      |
| Materials                                    | 11,807                 | 13,419                 | 86                                       | 192                    | 650                    | 630                    | 5,492                  | 5,492                  |
| Outside Services                             | 41,725                 | 35,769                 | 79                                       | 695                    | 25,589                 | 17,220                 | 53,670                 | 53,670                 |
| Depreciation and Amortization                | 123,827                | 109,153                | -  | 166                    | 672                    | 2,187                  | 17,659                 | 17,659                 |
| Costs related to infrastructure construction | -                      | -                      | 213,602                                  | 150,444                | -                      | -                      | -                      | -                      |
| Other:                                       | 11,100                 | 15,944                 | -  | -                      | 25,326                 | 26,202                 | 34,483                 | 34,483                 |
| Collection charges                           | -                      | -                      | -  | -                      | 8,459                  | 11,309                 | -                      | -                      |
| Allowance for doubtful accounts              | -                      | -                      | -  | -                      | 16,367                 | 11,773                 | -                      | -                      |
| Leases and Rentals                           | 149                    | (4)                    | -  | -                      | 61                     | -                      | 5,702                  | 5,702                  |
| Publicity and Advertising                    | 56                     | -                      | -  | -                      | 28                     | -                      | 3,051                  | 3,051                  |
| Legal, Judicial and Indemnities              | 37                     | -                      | -  | -                      | -                      | -                      | 12,362                 | 12,362                 |
| Donations, Contributions and Subsidies       | -                      | -                      | -  | -                      | -                      | -                      | 2,617                  | 2,617                  |
| Inspection fee                               | -                      | -                      | -  | -                      | -                      | -                      | -                      | -                      |
| Free energy adjustment                       | -                      | -                      | -  | -                      | -                      | -                      | -                      | -                      |

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|                                       |                |                |                |                |               |               |                |           |
|---------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|-----------|
| Intangible of concession amortization | -              | -              | -              | -              | -             | -             | -              | -         |
| Other                                 | 10,858         | 15,948         | -              | -              | 410           | 3,120         | 10,750         | 1         |
| <b>Total</b>                          | <b>253,813</b> | <b>240,286</b> | <b>213,767</b> | <b>151,613</b> | <b>73,071</b> | <b>63,910</b> | <b>154,805</b> | <b>11</b> |

**( 29 ) FINANCIAL INCOME AND EXPENSES**

|                                       | <b>Parent Company</b>       |                             | <b>Consolidated</b>         |                             |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                       | <b>1st quarter<br/>2011</b> | <b>1st quarter<br/>2010</b> | <b>1st quarter<br/>2011</b> | <b>1st quarter<br/>2010</b> |
| <b><u>Financial Income</u></b>        |                             |                             |                             |                             |
| Income from Financial Investments     | 6,273                       | 9,861                       | 43,131                      | 30,362                      |
| Arrears of interest and fines         | -                           | -                           | 42,157                      | 32,901                      |
| Restatement of tax credits            | -                           | -                           | 1,825                       | 1,018                       |
| Restatement of Escrow Deposits        | -                           | -                           | 12,823                      | 14,511                      |
| Monetary and Exchange Variations      | -                           | -                           | 12,754                      | 6,115                       |
| Discount on purchase of ICMS credit   | -                           | -                           | 3,663                       | 2,003                       |
| Other                                 | 2,982                       | 4,365                       | 9,560                       | 13,517                      |
| <b>Total</b>                          | <b>9,256</b>                | <b>14,226</b>               | <b>125,914</b>              | <b>100,427</b>              |
| <b><u>Financial Expense</u></b>       |                             |                             |                             |                             |
| Debt Charges                          | (12,736)                    | (9,843)                     | (226,439)                   | (154,677)                   |
| Monetary and Exchange Variations      | (209)                       | (153)                       | (15,717)                    | (32,911)                    |
| (-) Capitalized borrowing costs       | -                           | -                           | 13,601                      | 33,391                      |
| Public utilities                      | -                           | -                           | (2,371)                     | (4,618)                     |
| Other                                 | (174)                       | (6,240)                     | (26,093)                    | (23,619)                    |
| <b>Total</b>                          | <b>(13,119)</b>             | <b>(16,236)</b>             | <b>(257,020)</b>            | <b>(182,434)</b>            |
| <b>Net financial income (expense)</b> | <b>(3,863)</b>              | <b>(2,010)</b>              | <b>(131,106)</b>            | <b>(82,007)</b>             |

Applicable interests are capitalized on a rate of 9.95% p.a. for qualified intangible assets and property, plant and equipment according to rules of CPC 20. In 2010, the total amount of R\$ 22,572 refers to generation projects under development, especially Foz do Chapecó and EPASA.

**( 30 ) SEGMENT OPERATION**

The Company's operating segments are separated by business segment (electric energy distribution, generation and commercialization), based on the internal financial information and management structure.

Profit or loss, assets and liabilities per segment include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis, if applicable. Prices charged between the segments are based on similar market transactions. Note 1 shows the subsidiaries in accordance with their areas of operation and provides further information about each subsidiary and its business area.

The segregated information by segment of activity is shown below, in accordance with the criteria established by Company management:



|  | Distribution | Generation | Commercialization | Other (*) |
|--|--------------|------------|-------------------|-----------|
| <b>1st quarter 2011</b>                          |              |            |                   |           |
| Net revenue                                      | 2,618,082    | 143,039    | 261,661           | 1         |
| (-) Intersegment revenues                        | 3,277        | 215,954    | 118,926           | -         |
| Income from electric energy service              | 549,722      | 220,380    | 90,584            | (6,530)   |
| Financial income                                 | 92,434       | 20,124     | 4,689             | 8,667     |
| Financial expense                                | (123,208)    | (114,387)  | (6,894)           | (12,530)  |
| Income before taxes                              | 518,947      | 126,117    | 88,379            | (10,393)  |
| Income tax and social contribution               | 189,038      | 40,370     | 27,809            | (42)      |
| Net Income                                       | 329,909      | 85,747     | 60,570            | (10,350)  |
| Total Assets (**)                                | 12,244,312   | 7,780,208  | 399,844           | 417,343   |
| Capital Expenditures and other intangible assets | 218,789      | 191,607    | 1,885             | -         |
| Depreciation and Amortization                    | 91,332       | 59,044     | 1,452             | 36,343    |
| <b>1st quarter 2010</b>                          |              |            |                   |           |
| Net revenue                                      | 2,534,704    | 119,729    | 224,292           | -         |
| (-) Intersegment revenues                        | 3,952        | 144,856    | 136,520           | -         |
| Income from electric energy service              | 601,022      | 150,858    | 94,622            | (4,851)   |
| Financial income                                 | 73,677       | 7,653      | 5,431             | 13,666    |
| Financial expense                                | (92,255)     | (68,739)   | (5,198)           | (16,242)  |
| Income before taxes                              | 582,444      | 89,772     | 94,855            | (7,427)   |
| Income tax and social contribution               | 209,454      | 32,680     | 30,962            | (1,315)   |
| Net Income                                       | 372,990      | 57,092     | 63,893            | (6,112)   |
| Total Assets (**)                                | 10,972,177   | 6,851,868  | 426,485           | 604,034   |
| Capital Expenditures and other intangible assets | 168,083      | 119,388    | 1,632             | 124       |
| Depreciation and Amortization                    | 83,606       | 41,789     | 1,023             | 35,389    |

(\*) Other - Refers basically to the CPFL Energia figures after eliminations of balances with related parties

(\*\*) The goodwill created in an acquisition and recorded in CPFL Energia was allocated to the respective segments

### ( 31 ) TRANSACTIONS WITH RELATED PARTIES

The Company is controlled by the following Companies:

- VBC Energia S.A.

Controlled by the Camargo Corrêa group, with operations in a number of segments, such as construction, cement, footwear, textiles, aluminum and highway concessions, among others.

- Bonaire Participações S.A.

Controlled by Energia São Paulo Fundo de Investimento em Participações, which in turn is controlled by the following pension funds: (a) Fundação CESP, (b) Fundação SISTEL de Seguridade Social, (c) Fundação Petrobras de Seguridade Social - PETROS, and (d) Fundação SABESP de Seguridade Social -

SABESPREV.

- Fundo BB Carteira Livre I - Fundo de Investimento em Ações ("Fund")

Fund controlled by PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil.

The direct and indirect participations in operating subsidiaries are described in Note 1.

Controlling shareholders, subsidiaries and associated companies, jointly controlled corporations and entities under common control and that in some way exercise significant influence over the Company are regarded as related parties.

The financial statements for the year ended December 31, 2010 show the balances and changes that took place in the normal course of operating activities of the Company and its subsidiaries.

The main transactions are described below:

- a) Bank deposits and short-term investments – refer mainly to bank deposits and short-term financial investments, as mentioned in Note 5.
- b) Loans and Financing, Debentures and Derivatives – relate to funds raised from Banco do Brasil in accordance with Notes 16 and 17, contracted under the normal market conditions at the time. In addition, the Company is guarantor of some of the loans obtained by its subsidiaries, as described in Notes 16 and 17.
- c) Other Financial Transactions – the amounts in relation to Banco do Brasil are bank costs and collection expenses. The balance recorded in liabilities comprises basically the rights over the payroll processing of certain subsidiaries, negotiated with Banco do Brasil, which are appropriated as an income in the statement of operations over the term of the contract. The Company also has an Exclusive Investment Fund managed by BB DTVM, which charges management fees under normal market conditions for such management.
- d) Property, plant and equipment, Materials and Service Provision – refers to the acquisition of equipment, cables and other materials for use in distribution and generation, and contracting of services such as construction and information technology consultancy. These operations were contracted under normal market conditions.
- e) Energy sales to the free market – refers basically to energy sales to free consumers, through short or long-term contracts made under conditions regarded by the Company as being market conditions at the time of the negotiation, in accordance with internal policies established in advance by Company management.
- f) Energy purchased in the free market – refers basically to energy purchased by the trading companies in accordance with short or long-term agreements made under conditions regarded by the Company as being market conditions at the time of the negotiation, in accordance with policies established in advance by Company management.
- g) Other revenue – refers basically to revenue from rental of use of the distribution system for telephony services.
- h) Purchase and sale of energy in the regulated market - The subsidiaries that are public distribution service concessionaires charge tariffs for the use of the distribution system (TUSD) and sell energy to related parties in their respective concession areas (captive consumers). The amounts charged are established in accordance with prices regulated by the regulatory agency. These distributors also purchase energy from related parties, mainly involving long-term agreements, in conformity with the rules established by the sector (principally by auction); these prices are also regulated and approved by ANEEL.

Additionally, certain subsidiaries have supplementary retirement plan maintained with Fundação CESP and offered to the employees of the subsidiaries, as mentioned in Note 18.

To ensure that commercial transactions with related parties are conducted under normal market conditions, the Company set up a Related Parties Committee, comprising representatives of the controlling shareholders, responsible for analyzing the main transactions with related parties.

In this quarter, subsidiaries obtained releases regarding rural credit financings from Banco do Brasil as described in note 16.



## ( 32 ) FINANCIAL INSTRUMENTS AND OPERATING RISKS

### a) Risk Considerations:

The business of the Company and its subsidiaries comprises principally generation, commercialization and distribution of electric energy. As public service concessionaires, the operations and/or tariffs of its principal subsidiaries are regulated by ANEEL.

The main market risk factors affecting the businesses are as follows:

**Exchange rate risk:** This risk derives from the possibility of the subsidiaries incurring losses and cash constraints on account of fluctuations in exchange rates, increasing the balances of foreign currency denominated liabilities. The exposure in relation to raising funds in foreign currency is largely covered by contracting swap operations, which allow the Company and its subsidiaries to exchange the original risks of the operation for the cost of the variation in the CDI. The operations of the Company's subsidiaries are also exposed to exchange variations on the purchase of electric energy from Itaipu. The compensation mechanism - CVA protects the companies against possible losses. However, the compensation only comes into effect through consumption and the consequent billing of energy after the next tariff adjustment in which such losses have been considered.

**Interest Rate Risk:** This risk derives from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in interest rates that increase financial expenses on loans, financing and debentures. The subsidiaries have tried to increase the proportion of pre-indexed loans or loans tied to indexes with lower rates and little fluctuation in the short and long term.

**Credit Risk:** This risk arises from the possibility of the subsidiaries incurring losses resulting from difficulties in receiving amounts billed to customers. This risk is evaluated by the subsidiaries as low, as it is spread over the number of customers and in view of the collection policy and cancellation of supply to defaulting consumers.

**Risk of Energy Shortages:** The energy sold by the subsidiaries is basically generated by hydropower plants. A prolonged period of low rainfall, together with an unforeseen increase in demand, could result in a reduction in the volume of water in the power plants' reservoirs, compromising the recovery of their volume, and resulting in losses due to the increase in the cost of purchasing energy or a reduction in revenue due to the introduction of another rationing program, as in 2001. According to the Annual Energy Operation Plan – PEN 2010, drawn up by the National Electricity System Operator, the risk of any energy deficit is very low for 2010, and the likelihood of another energy rationing program is remote.

**Risk of Acceleration of Debts:** The subsidiaries have loan agreements, financing and debentures with restrictive clauses (covenants) normally applicable to these kinds of operation, related to compliance with economic and financial ratios, cash generation, etc. These covenants are monitored appropriately and do not restrict the capacity to operate normally.

**Regulatory risk:** The electric energy supplied tariffs charged to captive consumers by the distribution subsidiaries are fixed by ANEEL, at intervals established in the Concession Agreements entered into with the Federal Government and in conformity with the periodic tariff review methodology established for the

tariff cycle. Once the methodology has been ratified, ANEEL establishes tariffs to be charged by the distributed to the final consumers. In accordance with Law 8.987/1995, the tariffs fixed should insure the economic and financial balance of the concession contract at the time of the tariff review, however, the risk of application of the tariffs falls to the electric energy distributors.

Risk Management for Financial instruments

The Company and its subsidiaries maintain operating and financial policies and strategies to protect the liquidity, safety and profitability of their assets. They accordingly control and follow-up procedures are in place on the transactions and balances of financial instruments, for the purpose of monitoring the risks and current rates in relation to market conditions.

Risk management controls: In order to manage the risks inherent to the financial instruments and to monitor the procedures established by management, the Company and its subsidiaries use the MAPS software system to calculate the Mark to Market, Stress Testing and Duration of the instruments, and assess the risks to which the Company and its subsidiaries are exposed. Historically, the financial instruments contracted by the Company and its subsidiaries supported by these tools have produced adequate risk mitigation results. It must be stressed that the Company and its subsidiaries have a formal policy of contracting derivatives, always with the appropriate levels of approval, only in the event of exposure that management regards as a risk. The Company and its subsidiaries do not enter into transactions involving exotic or speculative derivatives. Furthermore, the Company and its subsidiaries meet the requirements of the Sarbanes-Oxley Law, and accordingly have internal control policies that aim for a strict control environment to minimize the exposure to risks.

**b) Valuation of Financial Instruments**

The estimates of the market value of the financial instruments were based on pricing models, applied individually for each transaction, taking into consideration the future payment flows, based on the conditions contracted, discounted to present value at market interest rates, based on information obtained from the BM&F, BOVESPA and ANDIMA websites (see note 4).

Accordingly, the market value of a security corresponds to its maturity value (redemption value) marked to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest graph.

In the case of specific electricity sector operations, where there are no similar transactions in the market and with low liquidity, mainly related to regulatory aspects, the subsidiaries assumed that the market value is represented by the respective book value. This is due to the uncertainties reflected in the variables which have to be taken into consideration in creating a pricing model.

In addition to the assets and financial liabilities calculated at fair value through profit or loss, the Company and its subsidiaries have other financial liabilities not calculated at fair value. The market values of these financial instruments as of March 31, 2011 and December 31, 2010, applying the above methodology, are shown below:

|                       | <b>Parent Company</b>    |
|-----------------------|--------------------------|
| <b>March 31, 2011</b> | <b>December 31, 2010</b> |

|                      | <b>Book Value</b> | <b>Fair Value</b> | <b>Book Value</b> | <b>Fair Value</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Debentures (note 17) | (453,701)         | (458,029)         | (465,529)         | (470,262)         |
| <b>Total</b>         | <b>(453,701)</b>  | <b>(458,029)</b>  | <b>(465,529)</b>  | <b>(470,262)</b>  |

|                               | <b>Consolidated</b>   |                    |                          |                    |
|-------------------------------|-----------------------|--------------------|--------------------------|--------------------|
|                               | <b>March 31, 2011</b> |                    | <b>December 31, 2010</b> |                    |
|                               | <b>Book Value</b>     | <b>Fair Value</b>  | <b>Book Value</b>        | <b>Fair Value</b>  |
| Loans and financing (note 16) | (5,487,015)           | (5,122,818)        | (5,141,554)              | (4,870,909)        |
| Debentures (note 17)          | (3,641,631)           | (3,684,177)        | (3,840,338)              | (3,891,397)        |
| <b>Total</b>                  | <b>(9,128,646)</b>    | <b>(8,806,995)</b> | <b>(8,981,892)</b>       | <b>(8,762,306)</b> |

## c) Derivatives

As previously mentioned, the Company and its subsidiaries use derivatives as a hedge against the risks of variations in exchange and interest rates, without any speculative purposes. The Company and its subsidiaries have an exchange hedge compatible with the net exposure to exchange risks, including all the assets and liabilities tied to exchange variation.

The hedge instruments contracted by the Company and its subsidiaries are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodical adjustments. As terms of the majority of the derivatives contracted by the subsidiary CPFL Paulista are fully aligned with the debts protected, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, the respective debts were denominated, for accounting purposes, at fair value. Other debts with different terms from the derivatives contracted as a hedge continue to be recorded at cost. Furthermore, the Company and its subsidiaries do not use hedge accounting for derivative operations.

As of March 31, 2011, the Company and its subsidiaries had the following swap operations:

| Company / strategy / counterparts | Market values (book values) |             | Market values, net | Values at cost, net | Gain (Loss) on marking to market | Currency / index | Maturity range |
|-----------------------------------|-----------------------------|-------------|--------------------|---------------------|----------------------------------|------------------|----------------|
|                                   | Asset                       | (Liability) |                    |                     |                                  |                  |                |

**Derivatives for protection of debts designated at fair value**

**Exchange variation hedge:**

**CPFL Paulista**

|                 |   |                 |                 |                 |                |     |          |
|-----------------|---|-----------------|-----------------|-----------------|----------------|-----|----------|
| ABN             | - | (34,532)        | (34,532)        | (28,892)        | (5,640)        | yen | Jan 2012 |
| <b>Subtotal</b> | - | <b>(34,532)</b> | <b>(34,532)</b> | <b>(28,892)</b> | <b>(5,640)</b> |     |          |

**Derivatives for protection of debts not designated at fair value**

**Exchange variation hedge:****CPFL Paulista**

|          |   |         |         |         |     |        |          |
|----------|---|---------|---------|---------|-----|--------|----------|
| Bradesco | - | (1,682) | (1,682) | (1,674) | (7) | dollar | Apr 2011 |
|----------|---|---------|---------|---------|-----|--------|----------|

**CPFL Geração**

|           |   |       |       |       |       |        |          |
|-----------|---|-------|-------|-------|-------|--------|----------|
| Santander | - | (793) | (793) | (244) | (549) | dollar | Jun 2011 |
|-----------|---|-------|-------|-------|-------|--------|----------|

**Hedge interest rate variation (1):****CPFL Energia**

|          |   |       |       |      |       |              |                 |
|----------|---|-------|-------|------|-------|--------------|-----------------|
| Citibank | - | (798) | (798) | (12) | (787) | CDI + spread | Sep 2011 to Sep |
|----------|---|-------|-------|------|-------|--------------|-----------------|

**RGE**

|           |     |     |     |    |    |              |                 |
|-----------|-----|-----|-----|----|----|--------------|-----------------|
| Santander | 160 | (9) | 151 | 72 | 79 | CDI + spread | Jun 2011 to Dec |
|-----------|-----|-----|-----|----|----|--------------|-----------------|

|          |    |      |    |    |     |              |                 |
|----------|----|------|----|----|-----|--------------|-----------------|
| Citibank | 37 | (23) | 14 | 23 | (9) | CDI + spread | Jun 2011 to Dec |
|----------|----|------|----|----|-----|--------------|-----------------|

**Hedge interest rate variation (2):****CPFL Piratininga**

|      |   |       |       |      |       |      |          |
|------|---|-------|-------|------|-------|------|----------|
| HSBC | - | (292) | (292) | (12) | (280) | TJLP | Jan 2013 |
|------|---|-------|-------|------|-------|------|----------|

|           |   |       |       |      |       |      |          |
|-----------|---|-------|-------|------|-------|------|----------|
| Santander | - | (314) | (314) | (21) | (293) | TJLP | Jan 2013 |
|-----------|---|-------|-------|------|-------|------|----------|

**CPFL Geração**

|      |   |       |       |      |       |      |          |
|------|---|-------|-------|------|-------|------|----------|
| HSBC | - | (578) | (578) | (44) | (534) | TJLP | Dec 2012 |
|------|---|-------|-------|------|-------|------|----------|

|                 |            |                |                |                |                |  |  |
|-----------------|------------|----------------|----------------|----------------|----------------|--|--|
| <b>Subtotal</b> | <b>197</b> | <b>(4,489)</b> | <b>(4,292)</b> | <b>(1,912)</b> | <b>(2,380)</b> |  |  |
|-----------------|------------|----------------|----------------|----------------|----------------|--|--|

|              |            |                 |                 |                 |                |  |  |
|--------------|------------|-----------------|-----------------|-----------------|----------------|--|--|
| <b>Total</b> | <b>197</b> | <b>(39,021)</b> | <b>(38,824)</b> | <b>(30,804)</b> | <b>(8,020)</b> |  |  |
|--------------|------------|-----------------|-----------------|-----------------|----------------|--|--|

|         |     |          |  |  |  |  |  |
|---------|-----|----------|--|--|--|--|--|
| Current | 189 | (38,450) |  |  |  |  |  |
|---------|-----|----------|--|--|--|--|--|

|             |   |       |  |  |  |  |  |
|-------------|---|-------|--|--|--|--|--|
| Non-current | 8 | (571) |  |  |  |  |  |
|-------------|---|-------|--|--|--|--|--|

|              |            |                 |  |  |  |  |  |
|--------------|------------|-----------------|--|--|--|--|--|
| <b>Total</b> | <b>197</b> | <b>(39,021)</b> |  |  |  |  |  |
|--------------|------------|-----------------|--|--|--|--|--|

For further details of terms and information about debts and debentures, see Notes 16 and 17

(1) The interest rate hedge swaps have half-yearly validity, so the notional value reduces in accordance with amortization.

(2) The interest rate hedge swaps have monthly validity, so the notional value reduces in accordance with amortization.

The subsidiary CPFL Paulista opted to mark to market the debt with fully tied hedge instruments, resulting in a gain of R\$3,530 as of March 31, 2011 (Note 16). The gain minimized the loss on derivatives stated previously.

The Company and its subsidiaries have recorded gains and losses on their derivatives. However, as these derivatives are used as a hedge, these gains and losses minimized the impact of variations in exchange and interest rates on the protected indebtedness. For the quarter ended in March 31, 2011 and 2010, the derivatives resulted in the following impacts on the consolidated result:

| <b>Company</b>   | <b>Hedged risk / transaction</b> | <b>Account</b>           | <b>Gain (Loss)</b>        |                              |
|------------------|----------------------------------|--------------------------|---------------------------|------------------------------|
|                  |                                  |                          | <b>March 31,<br/>2011</b> | <b>December<br/>31, 2010</b> |
| CPFL Energia     | Interest rate variation          | Swap of interest rate    | 13                        | 98                           |
| CPFL Energia     | Mark to Market                   | Adjustment to fair value | 196                       | (251)                        |
| CPFL Paulista    | Exchange variation               | Swap of currency         | (30,146)                  | (789)                        |
| CPFL Paulista    | Mark to Market                   | Adjustment to fair value | 1,960                     | 685                          |
| CPFL Piratininga | Interest rate variation          | Swap of interest rate    | (573)                     | -                            |
| CPFL Piratininga | Mark to Market                   | Adjustment to fair value | (33)                      | -                            |
| CPFL Geração     | Exchange variation               | Swap of currency         | (5,353)                   | 2,793                        |
| CPFL Geração     | Interest rate variation          | Swap of interest rate    | (94)                      | 458                          |
| CPFL Geração     | Mark to Market                   | Adjustment to fair value | 1,916                     | 832                          |
| RGE              | Interest rate variation          | Swap of interest rate    | 75                        | 182                          |
| RGE              | Mark to Market                   | Adjustment to fair value | (151)                     | 106                          |
|                  |                                  |                          | <b>(32,190)</b>           | <b>4,114</b>                 |

#### d) Sensitivity Analysis

In compliance with CVM Instruction n° 475/08, the Company and its subsidiaries performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising variations in exchange and interest rates, as shown below:

Exchange variation

If the level of exchange exposure at March 31, 2011 were maintained, the simulation of the consolidated effects by type of financial instrument for three different scenarios would be:



| Instruments                      | Exposure        | Risk           | Consolidated                   |                                |                                |
|----------------------------------|-----------------|----------------|--------------------------------|--------------------------------|--------------------------------|
|                                  |                 |                | Exchange depreciation of 9.6%* | Exchange depreciation of 25%** | Exchange depreciation of 50%** |
| Financial asset instruments      | 20,367          | apprec. dollar | 1,961                          | 5,092                          | 10,183                         |
| Financial liability instruments  | (134,204)       | apprec. dollar | (12,920)                       | (33,551)                       | (67,103)                       |
| Derivatives - Plain Vanilla Swap | 78,280          | apprec. dollar | 7,536                          | 19,570                         | 39,141                         |
|                                  | <b>(35,557)</b> |                | <b>(3,423)</b>                 | <b>(8,889)</b>                 | <b>(17,779)</b>                |
| Financial liability instruments  | (409,103)       | apprec. yen    | (39,386)                       | (102,276)                      | (204,552)                      |
| Derivatives - Plain Vanilla Swap | 409,103         | apprec. yen    | 39,386                         | 102,276                        | 204,552                        |
|                                  | -               |                | -                              | -                              | -                              |
|                                  | <b>(35,557)</b> |                | <b>(3,423)</b>                 | <b>(8,889)</b>                 | <b>(17,779)</b>                |

\* In accordance with exchange graphs contained in information provided by the BM&F

\*\*In compliance with CVM Instruction 475/08

#### Variation in interest rates

Supposing that (i) the scenario of exposure of the financial instruments indexed to variable interest rates as of March 31, 2011 were to be maintained, and (ii) the respective accumulated annual indexes as of that date were to remain stable (CDI of 10.37% p.a.; IGP-M of 10.95% p.a.; TJLP of 6.0% p.a.), the effects on the consolidated financial statements for the next 12 months would be a net financial expense of R\$ 565,715. In the event of fluctuations in the indexes in accordance with the three scenarios described, the effect on the net financial expense would as follows:

| Instruments                      | Exposure           | Risk            | Consolidated    |                        |                        |
|----------------------------------|--------------------|-----------------|-----------------|------------------------|------------------------|
|                                  |                    |                 | Scenario I*     | Raising index by 25%** | Raising index by 50%** |
| Financial asset instruments      | 2,340,485          | CDI variation   | 44,936          | 60,677                 | 121,354                |
| Financial liability instruments  | (5,371,110)        | CDI variation   | (103,121)       | (139,240)              | (278,480)              |
| Derivatives - Plain Vanilla Swap | (625,785)          | CDI variation   | (12,015)        | (16,224)               | (32,447)               |
|                                  | <b>(3,656,410)</b> |                 | <b>(70,200)</b> | <b>(94,787)</b>        | <b>(189,573)</b>       |
| Financial assets instruments     | 74,301             | IGP-M variation | (3,173)         | 2,034                  | 4,068                  |
| Financial liability instruments  | (65,175)           | IGP-M variation | 2,782           | (1,785)                | (3,568)                |
|                                  | <b>9,126</b>       |                 | <b>(391)</b>    | <b>249</b>             | <b>500</b>             |

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|                                  |                    |                |                 |                  |                  |
|----------------------------------|--------------------|----------------|-----------------|------------------|------------------|
| Financial liability instruments  | (3,225,324)        | TJLP variation | 646             | (48,379)         | (96,760)         |
| Derivatives - Plain Vanilla Swap | 99,578             | TJLP variation | (20)            | 1,493            | 2,987            |
|                                  | <b>(3,125,746)</b> |                | <b>626</b>      | <b>(46,886)</b>  | <b>(93,773)</b>  |
| Total increase                   | <b>(6,773,030)</b> |                | <b>(69,965)</b> | <b>(141,424)</b> | <b>(282,846)</b> |

\* The CDI, IGP-M and TJLP indexes considered of 12.29%, 6.68% and 5.98%, respectively, were obtained from information available in the market

\*\*In compliance with CVM Instruction 475/08

**( 33 ) REGULATORY ASSETS AND LIABILITIES**

The Company accounts for the following assets and liabilities for regulatory purposes, which are not recognized in the consolidated financial statements, as mentioned in Note 3.13.

|   | <b>Consolidated</b> |                  |                  |                  |
|---|---------------------|------------------|------------------|------------------|
|   | <b>March 31,</b>    | <b>December</b>  | <b>March 31,</b> | <b>December</b>  |
|   | <b>2011</b>         | <b>31, 2010</b>  | <b>2010</b>      | <b>31, 2009</b>  |
| <b><u>Assets</u></b>                            |                     |                  |                  |                  |
| <b>Consumers, Concessionaires and Licensees</b> |                     |                  |                  |                  |
| Discounts TUSD (*) and Irrigation               | 71,630              | 54,407           | 16,828           | 12,753           |
| Other financial components                      | -                   | -                | -                | 199              |
|   | <b>71,630</b>       | <b>54,407</b>    | <b>16,828</b>    | <b>12,952</b>    |
| <b>Deferred Costs Variations</b>                |                     |                  |                  |                  |
| Parcel "A"                                      | -                   | 333              | 1,333            | 1,290            |
| CVA (**)  | 330,339             | 333,622          | 366,741          | 374,336          |
|   | <b>330,339</b>      | <b>333,955</b>   | <b>368,074</b>   | <b>375,626</b>   |
| <b>Prepaid Expenses</b>                         |                     |                  |                  |                  |
| Overcontracting                                 | 8,899               | 23,860           | 70,752           | 100,326          |
| Low income consumers' subsidy - Losses          | 31,011              | 34,994           | 48,186           | 55,506           |
| Neutrality of the sector charges                | 381                 | -                | -                | -                |
| Tariff adjustment                               | 5,194               | 13,891           | -                | -                |
| Other financial components                      | 50,189              | 53,314           | 36,467           | 11,557           |
|   | <b>95,674</b>       | <b>126,059</b>   | <b>155,405</b>   | <b>167,389</b>   |
| <b><u>Liabilities</u></b>                       |                     |                  |                  |                  |
| <b>Deferred Gains Variations</b>                |                     |                  |                  |                  |
| Parcel "A"                                      | -                   | (11,472)         | (45,772)         | (44,419)         |
| CVA   | (402,013)           | (364,365)        | (506,543)        | (377,735)        |
|   | <b>(402,013)</b>    | <b>(375,837)</b> | <b>(552,315)</b> | <b>(422,154)</b> |
| <b>Other Accounts Payable</b>                   |                     |                  |                  |                  |
| Tariff review                                   | -                   | -                | (49,315)         | (89,261)         |
| Discounts TUSD and Irrigation                   | (1,190)             | (1,923)          | (3,273)          | (991)            |
| Tariff adjustment                               | -                   | (3,556)          | (14,225)         | -                |
| Overcontracting                                 | (127,196)           | (61,391)         | (46,119)         | (17,541)         |
| Low income consumers' subsidy - Gains           | (5,923)             | (6,280)          | (5,890)          | (6,011)          |
| Neutrality of the sector charges                | (111,798)           | (63,905)         | (1,521)          | -                |
| Other financial components                      | (16,168)            | (26,110)         | (24,110)         | (12,138)         |
|   | <b>(262,275)</b>    | <b>(163,165)</b> | <b>(144,453)</b> | <b>(125,942)</b> |
| <b>Total net</b>                                | <b>(166,645)</b>    | <b>(24,581)</b>  | <b>(156,461)</b> | <b>7,871</b>     |

(\*) Network Usage Charge - TUSD

(\*\*) Deferred Tariff Costs and Gains Variations from Parcel "A" itens - ("CVA")

## **( 34 ) RELEVANT FACTS AND SUBSEQUENT EVENTS**

### **34.1 Acquisition of Jantus**

In this quarter, CPFL Energia, through its subsidiary CPFL Comercialização Brasil S.A. acquired all the shares of Jantus, a company that controls SIIF Énergies do Brasil Ltda. and SIIF Desenvolvimento de Projetos de Energia Eólica Ltda., this transaction is subject to accomplish certain conditions stipulated in the Sale and Purchase Agreement, including authorizations from all regulatory agencies concerned. Together they hold (i) four wind farms in operation (Formosa, Icaraizinho, Paracuru SIIF Cinco) in the state of Ceara with an installed capacity of 210 MW and energy sale agreements for 20 years with Eletrobras, (ii) a wind farm project located in the State of Rio de Janeiro with an installed capacity of 135 MW potential and also long-term sale power agreement with Eletrobrás, and iii) a portfolio of wind projects with total installed capacity of 732 MW in the Ceara and Piaui, of which 412 MW are already certified and eligible to participate in the upcoming auctions of energy.

The acquisition price of Jantus that includes wind farms in operation and the portfolio of projects was R\$ 950 million, and a net debt of R\$ 544.2 million will be assumed.

### **34.2 Association of CPFL Energia with ERSA**

On April 19, 2011, CPFL Energia signed an agreement with the shareholders of ERSA Energias Renováveis S.A. (ERSA), whereby intend to merge assets and projects relating to renewable energy sources held by the subsidiaries CPFL Geração and CPFL Brasil, which includes wind farms, biomass and small hydroelectric power plants.

After a series of predicted restructurings, CPFL Geração and CPFL Brasil will join the control of ERSA, as majority shareholder, holding together, 63.6% of total voting capital of ERSA, while the current shareholders of ERSA will hold 36.4%. When the merger transaction described above is completed, ERSA will have its corporate name changed to CPFL Energias Renováveis S.A. (CPFL Renováveis).

The exchange ratio between the shares of ERSA and Nova CPFL shares for purposes of the merger, is based on the economic value of ERSA and economic value of assets owned by CPFL Geração and CPFL Brasil that will be contributed to Nova CPFL, and will be confirmed by appraisal reports prepared by specialized firms, in compliance with applicable law. In the context of the association, the assets involved were valued at R\$ 4.5 billion.

This association is subject to certain conditions set by the Joint Venture Agreement, including

authorizations to regulatory agencies and corporate reorganizations of companies controlled by CPFL Energia, as well as to be in compliance with terms and conditions regarding the acquisition of Jantus, a company that controls SIIF Énergies do Brazil Ltda. and SIIF Desenvolvimento de Projetos de Energia Eólica Ltda.

### 34.3 Dividend payment

The general shareholders' meeting held on April 28, 2011 approved the destination of the net income for the fiscal year ended on December 31, 2010, through (i) constitution of capital reserve in the amount of R\$76,914; (ii) declaration of R\$ 774,429 paid as interim dividend on September 30, 2010, and (iii) approval of R\$486,040 related to additional dividend proposed. On April 29 we paid the additional dividend proposed.

### 34.4 CPFL Paulista 2011 Tariff adjustment

Through Resolution No. 1130 of April 5, 2011, the rates of the subsidiary CPFL Paulista were, on average, adjusted from April 8 in 7.38% (seven point thirty-eight percent). This is composed by 6.11% (six point eleven percent) for the economic annual tariff adjustment, and 1.26% (one point twenty six percent) is related to the regulatory adjustment, corresponding to an average increase of 7.23% (twenty-seven point three percent) to captive consumers

**OTHER RELEVANT INFORMATION**

Shareholders of CPFL Energia S/A holding more than 5% of the shares of the same type and class, as of March 31, 2011:

| <b>Shareholders</b>        | <b>Common shares</b> | <b>Interest - %</b> |
|----------------------------|----------------------|---------------------|
| VBC Energia S.A.           | 122,948,720          | 25.55               |
| BB Carteira Livre I FIA    | 149,233,727          | 31.02               |
| Bonaire Participações S.A. | 60,713,511           | 12.62               |
| BNDES Participações S.A.   | 40,526,739           | 8.42                |
| Board of directors         | 112                  | -                   |
| Executive officers         | 3,174                | -                   |
| Other shareholders         | 107,711,147          | 22.39               |
| <b>Total</b>               | <b>481,137,130</b>   | <b>100.00</b>       |

Quantity and characteristic of securities held by the Controlling Shareholders, Executive Officers, Board of Directors, Fiscal Council and Free Float, as of March 31, 2011 and 2010:

| <b>Shareholders</b>             | <b>03/31/2011</b>    |                     | <b>03/31/2010</b>    |                     |
|---------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                 | <b>Common shares</b> | <b>Interest - %</b> | <b>Common shares</b> | <b>Interest - %</b> |
| Controlling shareholders        | 333,314,879          | 69.28               | 333,314,879          | 69.45               |
| Administrator                   |                      |                     |                      |                     |
| Executive officers              | 3,174                | 0.00                | 14,759               | -                   |
| Board of directors              | 112                  | 0.00                | 112                  | -                   |
| Fiscal Council Members          | -                    | -                   | -                    | -                   |
| Other shareholders - free float | 147,818,965          | 30.72               | 146,581,188          | 30.54               |
| <b>Total</b>                    | <b>481,137,130</b>   | <b>100.00</b>       | <b>479,910,938</b>   | <b>100.00</b>       |
| Outstanding shares              | <b>147,818,965</b>   | <b>30.72</b>        | <b>146,581,188</b>   | <b>30.54</b>        |



**Shareholders of VBC Energia S/A holding more than 5% of the shares of the same type and class, up to and including March 31, 2011:**

| <b>Shareholders</b>             | <b>Common Shares</b>   | <b>%</b> | <b>Preferred Shares</b> |
|---------------------------------|------------------------|----------|-------------------------|
| (a) Átila Holdings S/A          | 1,815,92746.55         |          | 70,530                  |
| (b) Camargo Corrêa Energia S.A. | 1,339,14934.33         |          | 47,018                  |
| (c) Camargo Corrêa S.A.         | 581,20114.90           |          | 23,512                  |
| Other shareholders              | 164,9514.22            |          | -                       |
| <b>Total</b>                    | <b>3,901,228100.00</b> |          | <b>141,060</b>          |

**(a) Átila Holdings S/A**

| <b>Shareholders</b>                            | <b>Common Shares</b>     | <b>%</b> |
|--|--------------------------|----------|
| (d) Construções e Comércio Camargo Corrêa S.A. | 280,767,65538.91         |          |
| Camargo Corrêa S.A                             | 440,877,60761.09         |          |
| <b>Total</b>                                   | <b>721,645,262100.00</b> |          |

**(b) Camargo Corrêa Energia S.A.**

| <b>Shareholders</b>                                     | <b>Common Shares</b> | <b>%</b> | <b>Preferred Shares</b> |
|---|----------------------|----------|-------------------------|
| (e) Camargo Corrêa Investimento em Infra-Estrutura S.A. | 518,860100.00        |          | 518,854                 |
| Other shareholders                                      | -                    | -        | 6                       |
| <b>Total</b>  | <b>518,860100.00</b> |          | <b>518,860</b>          |

**(c) Camargo Corrêa S.A.**

| <b>Shareholders</b>                   | <b>Common Shares</b> | <b>%</b> | <b>Preferred Shares</b> |
|---------------------------------------|----------------------|----------|-------------------------|
| (f) Participações Morro Vermelho S.A. | 48,94199.99          |          | 93,099                  |
| Other shareholders                    |                      | 50.01    | 1                       |
| <b>Total</b>                          | <b>48,946100.00</b>  |          | <b>93,100</b>           |

**(d) Construções e Comércio Camargo Corrêa S.A.**

| <b>Shareholders</b>     | <b>Common Shares</b> | <b>%</b>      | <b>Preferred Shares</b> |
|-------------------------|----------------------|---------------|-------------------------|
| (c) Camargo Corrêa S.A. | 430,616              | 100.00        | 87,772                  |
| Other shareholders      |                      | 5-            | 8                       |
| <b>Total</b>            | <b>430,621</b>       | <b>100.00</b> | <b>87,780</b>           |

**(e) Camargo Corrêa Investimento em Infra-Estrutura S.A.**

| <b>Shareholders</b>     | <b>Common Shares</b> | <b>%</b>      |
|-------------------------|----------------------|---------------|
| (c) Camargo Corrêa S.A. | 685,162,736          | 100.00        |
| Other shareholders      |                      | 6-            |
| <b>Total</b>            | <b>685,162,742</b>   | <b>100.00</b> |

**(f) Participações Morro Vermelho S.A.**

| <b>Shareholders</b>                             | <b>Common Shares</b> | <b>%</b>      | <b>Preferred Shares</b> |
|---|----------------------|---------------|-------------------------|
| (g) RCABON Empreendimentos e Participações S.A  | 749,998              | 33.33         | -                       |
| (h) RCNON Empreendimentos e Participações S.A   | 749,998              | 33.33         | -                       |
| (i) RCPODON Empreendimentos e Participações S.A | 749,998              | 33.33         | -                       |
| (j) RCABPN Empreendimentos e Participações S.A  | -                    | -             | 1,498,080               |
| (k) RCNPN Empreendimentos e Participações S.A   | -                    | -             | 1,498,080               |
| (l) RCPODPN Empreendimentos e Participações S.A | -                    | -             | 1,498,080               |
| (m) RRRPN Empreendimentos e Participações S.A   | -                    | -             | 5,760                   |
| Other shareholders                              |                      | 60.01         | -                       |
| <b>Total</b>                                    | <b>2,250,000</b>     | <b>100.00</b> | <b>4,500,000</b>        |

**(g) RCABON Empreendimentos e Participações S.A**

| <b>Shareholders</b>           | <b>Common Shares</b> | <b>%</b>      | <b>Preferred Shares</b> |
|-------------------------------|----------------------|---------------|-------------------------|
| Rosana Camargo Arruda Botelho | 749,850              | 100.00        | 40                      |
| Other shareholders            | -                    | -             | 110                     |
| <b>Total</b>                  | <b>749,850</b>       | <b>100.00</b> | <b>150</b>              |

**(h) RCNON Empreendimentos e Participações S.A**

| <b>Shareholders</b>          | <b>Common Shares</b> | <b>%</b>   | <b>Preferred Shares</b> |
|------------------------------|----------------------|------------|-------------------------|
| Renata de Camargo Nascimento | 749,850              | 100        | 40                      |
| Other shareholders           | -                    | -          | 110                     |
| <b>Total</b>                 | <b>749,850</b>       | <b>100</b> | <b>150</b>              |

**(i) RCPODON Empreendimentos e Participações S.A**

| <b>Shareholders</b>                   | <b>Common Shares</b> | <b>%</b>      | <b>Preferred Shares</b> |
|---------------------------------------|----------------------|---------------|-------------------------|
| Regina de Camargo Pires Oliveira Dias | 749,850              | 100.00        | -                       |
| Other shareholders                    | -                    | -             | 150                     |
| <b>Total</b>                          | <b>749,850</b>       | <b>100.00</b> | <b>150</b>              |

**( j ) RCABPN Empreendimentos e Participações S.A**

| <b>Shareholders</b>           | <b>Common Shares</b> | <b>%</b>      |
|-------------------------------|----------------------|---------------|
| Rosana Camargo Arruda Botelho | 1,499,890            | 99.99         |
| Other shareholders            | 1100                 | 0.01          |
| <b>Total</b>                  | <b>1,500,000</b>     | <b>100.00</b> |

**(k) RCNPN Empreendimentos e Participações S.A**

| <b>Shareholders</b> | <b>Common Shares</b> | <b>%</b> |
|---------------------|----------------------|----------|
|---------------------|----------------------|----------|

|                              |                     |
|------------------------------|---------------------|
| Renata de Camargo Nascimento | 1,499,89099.99      |
| Other shareholders           | 1100.01             |
| <b>Total</b>                 | <b>1,500,000100</b> |

**(l) RCPODPN Empreendimentos e Participações S.A**

| <b>Shareholders</b>                   | <b>Common Shares</b>   | <b>%</b> |
|---------------------------------------|------------------------|----------|
| Regina de Camargo Pires Oliveira Dias | 1,499,85099.99         |          |
| Other shareholders                    | 1500.01                |          |
| <b>Total</b>                          | <b>1,500,000100.00</b> |          |

**(m) RRRPN Empreendimentos e Participações S.A**

| <b>Shareholders</b>                   | <b>Common Shares</b> | <b>%</b> |
|---------------------------------------|----------------------|----------|
| Rosana Camargo Arruda Botelho         | 1,98033.33           |          |
| Renata de Camargo Nascimento          | 1,98033.33           |          |
| Regina de Camargo Pires Oliveira Dias | 1,98033.34           |          |
| <b>Total</b>                          | <b>5,940100.00</b>   |          |

**Shareholder's composition of Fundo Mútuo de Investimentos em Ações - BB Carteira Livre I holding more than 1% of the total shares of the same type and class up to the individuals level, as of March 31, 2011:**

**Fundo Mútuo de Investimentos em Ações - BB Carteira Livre I**

| <b>Shareholders</b>  | <b>Cotas</b>       | <b>%</b>      |
|--|--------------------|---------------|
| Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI | 130,163,541        | 100.00        |
| <b>Total</b>   | <b>130,163,541</b> | <b>100.00</b> |



**Shareholder's composition of BONAIRE Participações S.A. holding more than 5% of the shares of the same type and class, up to the individuals level, as of March 31, 2011:**

| <b>Shareholders</b>                                      | <b>Common Shares</b> | <b>%</b>      |
|--|----------------------|---------------|
| Energia São Paulo Fundo de Investimento em Participações | 66,728,872           | 100.00        |
| (a) Other shareholders                                   | 6-                   |               |
| <b>Total</b>   | <b>66,728,878</b>    | <b>100.00</b> |

**(a) Energia São Paulo Fundo de Investimento em Participações**

| <b>Shareholders</b>   | <b>Cotas</b>       | <b>%</b>      |
|---|--------------------|---------------|
| Fundo de Investimento em Cotas de Fundos de Investimento em Participações 114 | 353,528,507        | 44.39         |
| Fundação Petrobrás de Seguridade Social - Petros                              | 181,405,069        | 22.78         |
| Fundação Sabesp de Seguridade Social – Sabesprev                              | 4,823,881          | 0.61          |
| Fundação Sistel de Seguridade Social  | 256,722,311        | 32.22         |
| <b>Total</b>  | <b>796,479,768</b> | <b>100.00</b> |

**Fundo de Investimento em Cotas de Fundos de Investimento em Participações 114**

| <b>Shareholders</b> | <b>Cotas</b>       | <b>%</b>      |
|---------------------|--------------------|---------------|
| Fundação CESP       | 353,528,507        | 100.00        |
| <b>Total</b>        | <b>353,528,507</b> | <b>100.00</b> |

**Shareholder's composition of BNDES Participações S.A. holding more than 5% of the shares of the same type and class, up to the individuals level, as of March 31, 2011:**

| <b>Shareholders</b>                              | <b>Common Shares</b> | <b>%</b>      |
|--|----------------------|---------------|
| Banco Nacional de Desenv. Econômico e Social (*) | 1                    | 100.00        |
| <b>Total</b>                                     | <b>1</b>             | <b>100.00</b> |

(\*) State agency - Federal Government

*Number of shares is expressed in units*



Quarterly Social Report / 2011 \*  
**Company: CPFL ENERGIA S.A.**

|                       |  |  |  |           |
|-----------------------|--|--|--|-----------|
| Net Revenues (NR)     |  |  |  | 3,022,784 |
| Operating Result (OR) |  |  |  | 723,050   |
| Gross Payroll (GP)    |  |  |  | 131,931   |

|   |               |               |              |               |
|---|---------------|---------------|--------------|---------------|
| Food                                      | 11,978        | 9.08%         | 0.40%        | 10,179        |
| Mandatory payroll taxes                   | 31,064        | 23.55%        | 1.03%        | 34,328        |
| Private pension plan                      | 7,177         | 5.44%         | 0.24%        | 6,278         |
| Health                                    | 4,753         | 3.60%         | 0.16%        | 7,422         |
| Occupational safety and health            | 0             | 0.00%         | 0.00%        | 428           |
| Education                                 | 424           | 0.32%         | 0.01%        | 522           |
| Culture                                   | 0             | 0.00%         | 0.00%        | 0             |
| Training and professional development     | 1,740         | 1.32%         | 0.06%        | 1,924         |
| Day-care / allowance                      | 217           | 0.16%         | 0.01%        | 367           |
| Profit / income sharing                   | 7,112         | 5.39%         | 0.24%        | 10,679        |
| Others                                    | 1,151         | 0.87%         | 0.04%        | 1,565         |
| <b>Total - internal social indicators</b> | <b>65,616</b> | <b>49.74%</b> | <b>2.17%</b> | <b>73,692</b> |

|   |                  |                |               |                  |
|---|------------------|----------------|---------------|------------------|
| Education                                 | 65               | 0.01%          | 0.00%         | 53               |
| Culture                                   | 2,045            | 0.24%          | 0.07%         | 3,038            |
| Health and sanitation                     | 0                | 0.00%          | 0.00%         | 62               |
| Sport                                     | 2                | 0.00%          | 0.00%         | 0                |
| War on hunger and malnutrition            | 0                | 0.00%          | 0.00%         | 0                |
| Others                                    | 367              | 0.04%          | 0.01%         | 147              |
| <b>Total contributions to society</b>     | <b>2,479</b>     | <b>0.29%</b>   | <b>0.08%</b>  | <b>3,300</b>     |
| Taxes (excluding payroll taxes)           | 1,550,172        | 181.49%        | 51.28%        | 1,348,858        |
| <b>Total - external social indicators</b> | <b>1,552,651</b> | <b>181.78%</b> | <b>51.36%</b> | <b>1,352,158</b> |

|   |               |              |              |               |
|---|---------------|--------------|--------------|---------------|
| Investments related to company production / operation | 8,630         | 1.01%        | 0.29%        | 24,157        |
| Investments in external programs and/or projects      | 6,984         | 0.82%        | 0.23%        | 11,167        |
| <b>Total environmental investments</b>                | <b>15,614</b> | <b>1.83%</b> | <b>0.52%</b> | <b>35,324</b> |

Regarding the establishment of "annual targets" to minimize residues, the consumption in production / operation and increase efficiency in the use of natural resources, the company:

|                           |                  |                       |
|---------------------------|------------------|-----------------------|
| (X) do not have targets   | ( ) fulfill from | ( ) do not have t     |
| 51 to 75%                 |                  | 51 to 75%             |
| ( ) fulfill from 0 to 50% | ( ) fulfill from | ( ) fulfill from 0 to |
| 76 to 100%                |                  | 76 to 100%            |

|   |       |
|---|-------|
| Nº of employees at the end of period    | 8,018 |
| Nº of employees hired during the period | 399   |
| Nº of outsourced employees              | 64    |



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|   |   |   |                                     |   |  |
|---|---|---|-------------------------------------|---|--|
| Nº of interns   |   | 271   |                                     |   |  |
| Nº of employees above 45 years age  |   | 2,102   |                                     |   |  |
| Nº of women working at the company  |   | 1,893   |                                     |   |  |
| % of management position occupied by women  |   | 11.41%  |                                     |   |  |
| Nº of Afro-Brazilian employees working at the company   |   | 961   |                                     |   |  |
| % of management position occupied by Afro-Brazilian employees   |   | 2.81%   |                                     |   |  |
| Nº of employees with disabilities   |   | 282   |                                     |   |  |
|   |   |   |                                     |   |  |
| Ratio of the highest to the lowest compensation at company  |   | 74.24   |                                     |   |  |
| Total number of work-related accidents  |   | 3   |                                     |   |  |
| Social and environmental projects developed by the company were decided upon by:  | ( ) directors<br>( ) directors and managers                 | (X) directors and managers<br>( ) all employees | ( ) all employees<br>(X) all + Cipa | ( ) directors<br>( ) directors and managers                 | (X) directors and managers<br>( ) directors and managers |
| Health and safety standards at the workplace were decided upon by:  | ( ) does not get involved                                   | ( ) follows the OIT rules                       | (X) motivates and follows OIT       | ( ) does not get involved                                   | ( ) does not get involved                                |
| Regarding the liberty to join a union, the right to a collective negotiation and the internal representation of the employees, the company: | ( ) directors and managers                                  | ( ) directors and managers                      | (X) all employees                   | ( ) directors and managers                                  | ( ) directors and managers                               |
| The private pension plan contemplates:  | ( ) directors and managers                                  | ( ) directors and managers                      | (X) all employees                   | ( ) directors and managers                                  | ( ) directors and managers                               |
| The profit / income sharing contemplates:   | ( ) are not considered                                      | (X) are suggested                               | ( ) are required                    | ( ) are not considered                                      | ( ) are not considered                                   |
| In the selection of suppliers, the same ethical standards and social / environmental responsibilities adopted by the company:               | ( ) does not get involved                                   | ( ) supports                                    | (X) organizes and motivates         | ( ) does not get involved                                   | ( ) does not get involved                                |
| Regarding the participation of employees in voluntary work programs, the company:   | in the company  | in Procon                                       | in the Courts                       | in the company  | in the company   |
| Total number of customer complaints and criticisms:   | 87,712  | 472   | 1,068                               | 276,462   |  |
| % of complaints and criticisms attended to or resolved:   | in the company<br>100%                                      | in Procon<br>100%                               | in the Courts<br>9.34%              | in the company<br>100%                                      | in the company<br>100%                                   |
|   | <b>1st quarter 2011</b>                                     | <b>2,438,486</b>                                |                                     | <b>1st quarter 2010</b>                                     |  |
| Total value-added to distribute (R\$ 000):  |   |   |                                     | <b>Value (R\$ 000)</b>                                      |  |
|   | 65% government employees<br>0% shareholders<br>19% retained | 5%<br>11% third parties                         |                                     | 65% government employees<br>0% shareholders<br>21% retained |  |
| Value-Added Distribution (VAD):   |   |   |                                     |   |  |

**Consolidated information**

\* Adjusted to adequate to IFRS

In the financial items were utilized the percentage of stock participation. For the other information, as number of employees and legal lawsuits, the informations were available in full numbers.

**Responsible: Antônio Carlos Bassalo, phone: 55-19-3756-8018,  
bassalo@cpfl.com.br**

(\*) Information not reviewed by the independent auditors

**REPORT ON SPECIAL REVIEW-UNQUALIFIED**

***(Convenience Translation into English from the Original  
Previously Issued in Portuguese)***

Independent auditors' review report

To Board of directors and Shareholders of

CPFL Energia S.A.

São Paulo - SP

**Introduction**

We have reviewed the interim financial information, individual and consolidated, of CPFL Energia S.A., comprised in Quarterly Information Form related to the quarter ended March 31, 2011, comprising the balance sheets and the respective statements of income, comprehensive income, shareholders' equity and cash flows for the quarter and three months period ended in that date, which include the summary of accounting practices and the footnotes.

The management is responsible for the preparation of the interim financial information in accordance to CPC 21 - Interim financial information and the consolidated interim financial information in accordance to Technical Pronouncement CPC 21 and with the international rule IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, such as the presentation of these information in accordance with the rules issued by Brazilian Securities Commission - CVM, applicable to the preparation of quarterly information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

**Review scope**

We conducted our review in accordance with the Brazilian and international rule of the interim information review (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information involves performing inquiries, mainly to the people responsible to the financial and accounting matters, performing analytical procedures and other review procedures. The reach of a review is significantly minor of an audit conducted in accordance with the audit rules and, consequently, do not permit us to obtain assurance that we know all the significant issues that may be identified in an audit. Therefore, we do not express an audit opinion.

### **Conclusion over the individual interim financial information**

Based on our review, we are not aware of any fact that makes us believe that the individual interim financial information included in the quarterly information abovementioned was not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the rules issued by Brazilian Securities Commission - CVM.

## **Conclusion over the consolidated interim financial information**

Based on our review, we are not aware of any fact the make us to believe that the consolidated interim financial information included in the quarterly information abovementioned was not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the rules issued by Brazilian Securities Commission - CVM.

## **Emphasis**

As described in explanatory notes 2.1, the individual financial information were prepared in accordance with accounting practices adopted in Brazil and presented in accordance with CPC 21 applicable to the preparation of Quarterly Information - ITR, in accordance with the rules issued by Brazilian Securities Commission - CVM. In the case of CPFL Energia S.A. those practices differ from IFRS, applicable to the stand alone financial statements, only for the evaluation of investments in subsidiary, associate and joint ventures for the equity method, while for IFRS it would be evaluated by cost or fair value.

## **Others matters**

### *Interim information of the additional value*

We have also reviewed, the individual and consolidated interim financial information of statements of additional value (DVA), related to the quarterly ended March 31, 2011, whose presentation in the interim information is required by the Brazilian statutory law for public companies in the preparation of Quarterly Information, and considered as a supplemental information for IFRS that do not requires the DVA presentation. Those statements were subject to the same aforementioned review procedures, and in accordance with our review, we are not aware of any fact the make us to believe that was not prepared, in all material respects, in accordance with the individual and consolidated interim financial information as a whole.

Campinas, May 4, 2011

KPMG Auditores Independentes

CRC 2SP014428/O-6

Jarib Brisola Duarte Fogaça

Contador CRC 1SP125991/O-0

