

CPFL Energy INC  
Form 6-K  
August 07, 2012

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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 August, 2012**

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



**Summary**

**Registration data**

|  |   |
|--|---|
| General information                      | 1 |
| Address                                  | 3 |
| Marketable securities                    | 4 |
| Auditor                                  | 5 |
| Share registrer                          | 5 |
| Investor Relations Officer or equivalent | 6 |
| Shareholders' Department                 | 7 |

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Registration Form – 2012 – CPFL ENERGIA S.A.

Version: 2

**1 - General information**

|  |                             |                   |
|--|-----------------------------|-------------------|
| Company Name:  | CPFL ENERGIA S.A.           |                   |
| Initial Company name:  | 08/06/2002                  |                   |
| Type of participant:   | Publicly quoted corporation |                   |
| Previous<br>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<br>Date CVM:  | 05/18/2000                  |                   |
| State of CVM<br>Registration:  | Active                      |                   |
| Starting date<br>of situation:   | 05/18/2000                  |                   |
| Country:   | Brasil                      |                   |
| Country in which the<br>marketable securities<br>are held in custody:                  | Brasil                      |                   |
| Foreign countries in<br>which the marketable<br>securities are accepted<br>for trading |                             |                   |
|  | Country                     | Date of admission |
|  | United States               | 09/29/2004        |
| Sector of activity:  | Holding ( Electric Energy)  |                   |
| Description of activity:   | Holdings                    |                   |
| Issuer's Category:   | Category A                  |                   |
| Registration Date<br>on actual category:   | 01/01/2010                  |                   |
| Issuer's Situation:  | Operational                 |                   |

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Starting date  
of situation: 05/18/2000  
Type of share control: Private Holding  
Date of last change of  
share control: 11/30/2009

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Version: 2

Date of last change of company year:

Day/Month of

year end: **12/31**

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

**Valor Econômico**

FU

**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) 3756-6083, FAX:  
(019) 3756-6089, E-MAIL: [ri@cpfl.com.br](mailto:ri@cpfl.com.br)**

**Company Mailing Address: Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telefone (019) 3756-6083, Fax (019) 3756-6089, E-MAIL: ri@cpfl.com.br**





**3 - MARKETABLE SECURITIES**

| <b>Shares</b>           |                        | <b>Trading</b>    |     |                     | <b>Listing</b>    |     |
|-------------------------|------------------------|-------------------|-----|---------------------|-------------------|-----|
| Trading mkt             | Managing body          | Start date        | End | Segment             | Start date        | End |
| <b>Bolsa</b>            | <b>BM&amp;FBOVESPA</b> | <b>09/29/2004</b> |     | <b>Novo Mercado</b> | <b>9/29/2004</b>  |     |
| <b>Debentures</b>       |                        | <b>Trading</b>    |     |                     | <b>Listing</b>    |     |
| Trading mkt             | Managing body          | Start date        | End | Segment             | Start date        | End |
| <b>Organized Market</b> | <b>CETIP</b>           | <b>05/18/2000</b> |     | <b>Traditional</b>  | <b>05/19/2000</b> |     |

**4 - AUDITOR INFORMATION**

Is there an auditor? **Yes**

CVM CODE: **385-9**

Type of Auditor: **Brazilian**

INDEPENDENT ACCOUNTANT: **Deloitte Touche Tomatsu Auditores Independentes**

CNPJ: **49.928.567/0001-11**

Service Provision Period: **03/12/2012**

| PARTNER IN CHARGE                  | Service Provision Period | CPF (INDIVIDUAL TAX ID) |
|------------------------------------|--------------------------|-------------------------|
| <b>Marcelo Magalhães Fernandes</b> | <b>03/12/2012</b>        | <b>110.931.498-17</b>   |

**5 – SHARE REGISTRAR**

Do you have service provider: **Yes**

Corporate Name: **Banco do Brasil**

CNPJ: **00.000.000/0001-91**

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

Address: Rua Lélio 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: Lorival Nogueira Luz Junior  
Director of Investor Relations  
CPF/CNPJ: 678.741.266-53

Address: Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telefone (019) 3756-6083, Fax (019) 3756-6089, e-mail: [lorival.luz@cpfl.com.br](mailto:lorival.luz@cpfl.com.br).

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

**7 – SHAREHOLDERS' DEPARTMENT**

|                         |                         |
|-------------------------|-------------------------|
| Contact                 | Eduardo Atsushi Takeiti |
| Start date of activity: | 12/13/2011              |
| End date of activity:   |                         |

Address: Rodovia Engenheiro Miguel Noel Nascentes Burnier, 1755, Km 2,5, Parque São Quirino, Campinas, SP, Brasil, CEP 13088-140, Telefone (019) 3756-6083, Fax (019) 3756-6089, e-mail: [eduardot@cpfl.com.br](mailto:eduardot@cpfl.com.br)

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## Table of Contents

---

|   |    |
|---|----|
| <b>Identification of Company</b>                    |    |
| Capital Stock                                       | 1  |
| Cash dividend                                       | 1  |
| <b>Parent Company Financial Statements</b>          |    |
| Balance Sheet Assets                                | 2  |
| Balance Sheet Liabilities                           | 3  |
| Income Statement                                    | 4  |
| Cash Flow Statements                                | 5  |
| <b>Statement of Changes in Shareholders' Equity</b> |    |
| 01/01/2012 to 06/30/2012                            | 6  |
| 01/01/2011 to 06/30/2011                            | 6  |
| Statements of Added Value                           | 7  |
| <b>Consolidated Financial Statements</b>            |    |
| Balance Sheet Assets                                | 8  |
| Balance Sheet Liabilities                           | 9  |
| Income Statement                                    | 10 |
| Statement of Comprehensive Income                   | 11 |
| Cash Flow Statements                                | 12 |
| <b>Statement of Changes in Shareholders' Equity</b> |    |
| 01/01/2012 to 06/30/2012                            | 13 |
| 01/01/2011 to 06/30/2011                            | 13 |
| Statements of Added Value                           | 14 |
| Comments on Performance                             | 15 |
| Notes to Financial Statements                       | 23 |
| Other relevant information                          | 90 |
| <b>Reports</b>                                      |    |
| Independent Auditors' Report Unqualified            | 95 |





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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

Identification of Company / Capital Stock

| Number of Shares | Closing date   |
|------------------|----------------|
| (in units)       | 06/30/2012     |
| Paid in Capital  |                |
| Common           | 962,274,260    |
| Preferred        | 0              |
| Total            | 962,274,260    |
|                  | Treasury Stock |
| Common           | 0              |
| Preferred        | 0              |
| Total            | 0              |

Identification of Company/ Cash dividend

| Event | Approval   | Type     | Beginning of Payment | Type of Share   | Class of share | Amount per Share (Reais/share) |
|-------|------------|----------|----------------------|-----------------|----------------|--------------------------------|
| AGM   | 04/12/2012 | Dividend | 04/27/12             | ON              |                | 0.78821                        |
|       |            |          |                      | (Common shares) |                |                                |
| AGM   | 08/06/2012 | Dividend |                      | ON              |                | 0.66534                        |
|       |            |          |                      | (Common shares) |                |                                |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS**  
(in thousands of Brazilian reais – R\$)

| <b>Code</b>   | <b>Description</b>                             | <b>Current Quarter<br/>06/30/2012</b> | <b>Previous Year<br/>12/31/2011</b> |
|---------------|--|---------------------------------------|-------------------------------------|
| 1             | Total assets                                   | 7,540,586                             | 7,607,793                           |
| 1.01          | Current assets                                 | 828,164                               | 764,388                             |
| 1.01.01       | Cash and cash equivalents                      | 43,974                                | 549,189                             |
| 1.01.02       | Financial Investments                          | 28,060                                | 45,668                              |
| 1.01.02.02    | Financial Investments at amortized cost        | 28,060                                | 45,668                              |
| 1.01.02.02.01 | Held for trade                                 | 28,060                                | 45,668                              |
| 1.01.06       | Recoverable taxes                              | 63,329                                | 40,783                              |
| 1.01.06.01    | Current Recoverable taxes                      | 63,329                                | 40,783                              |
| 1.01.08       | Other current assets                           | 692,801                               | 128,748                             |
| 1.01.08.03    | Others   | 692,801                               | 128,748                             |
| 1.01.08.03.01 | Other Credits                                  | 2,684                                 | 2,833                               |
| 1.01.08.03.02 | Dividends and interest on shareholders' equity | 689,724                               | 125,913                             |
| 1.01.08.03.03 | Derivative                                     | 393                                   | 2                                   |
| 1.02          | Noncurrent assets                              | 6,712,422                             | 6,843,405                           |
| 1.02.01       | Noncurrent assets                              | 217,348                               | 228,060                             |
| 1.02.01.02    | Financial Investments at amortized cost        | 0                                     | 2,854                               |
| 1.02.01.02.01 | Held to maturity                               | 0                                     | 2,854                               |
| 1.02.01.06    | Deferred taxes                                 | 184,911                               | 193,874                             |
| 1.02.01.06.02 | Deferred taxes credits                         | 184,911                               | 193,874                             |
| 1.02.01.08    | Related parties                                | 4,317                                 | 2,610                               |
| 1.02.01.08.02 | Subsidiaries                                   | 4,317                                 | 2,610                               |
| 1.02.01.09    | Other noncurrent assets                        | 28,120                                | 28,722                              |
| 1.02.01.09.03 | Escrow deposits                                | 12,156                                | 11,744                              |
| 1.02.01.09.05 | Derivatives                                    | 264                                   | 0                                   |
| 1.02.01.09.06 | Other credits                                  | 15,700                                | 16,978                              |
| 1.02.02       | Investments                                    | 6,494,600                             | 6,614,915                           |
| 1.02.02.01    | Permanent equity interests                     | 6,494,600                             | 6,614,915                           |
| 1.02.02.01.02 | Investments in subsidiaries                    | 6,494,600                             | 6,614,915                           |
| 1.02.03       | Property, plant and equipment                  | 378                                   | 312                                 |
| 1.02.04       | Intangible assets                              | 96                                    | 118                                 |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**PARENT COMPANY INTERIM FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES**  
(in thousands of Brazilian reais – R\$)

| <b>Code</b>   | <b>Description</b>                             | <b>Current Quarter<br/>06/30/2012</b> | <b>Previous Year<br/>12/31/2011</b> |
|---------------|--|---------------------------------------|-------------------------------------|
| 2             | Total liabilities                              | 7,540,586                             | 7,607,793                           |
| 2.01          | Current liabilities                            | 229,307                               | 200,258                             |
| 2.01.01       | Social and Labor Obligations                   | 20                                    | 7                                   |
| 2.01.01.02    | Labor Obligations                              | 20                                    | 7                                   |
| 2.01.01.02.01 | Estimated Labor Obligation                     | 20                                    | 7                                   |
| 2.01.02       | Suppliers                                      | 1,648                                 | 1,618                               |
| 2.01.02.01    | National Suppliers                             | 1,648                                 | 1,618                               |
| 2.01.03       | Tax Obligations                                | 31,019                                | 197                                 |
| 2.01.03.01    | Federal Tax Obligations                        | 31,019                                | 197                                 |
| 2.01.03.01.02 | Others   | 31,019                                | 197                                 |
| 2.01.04       | Loans and financing                            | 163,258                               | 166,403                             |
| 2.01.04.02    | Debentures                                     | 163,258                               | 166,403                             |
| 2.01.04.02.01 | Interest on debentures                         | 13,258                                | 16,403                              |
| 2.01.04.02.02 | Debentures                                     | 150,000                               | 150,000                             |
| 2.01.05       | Other Current liabilities                      | 33,362                                | 32,033                              |
| 2.01.05.02    | Others   | 33,362                                | 32,033                              |
| 2.01.05.02.01 | Dividends and interest on shareholders' equity | 15,946                                | 15,575                              |
| 2.01.05.02.05 | Other payable                                  | 17,416                                | 16,458                              |
| 2.02          | Noncurrent liabilities                         | 339,985                               | 340,378                             |
| 2.02.01       | Loans and financing                            | 300,000                               | 300,000                             |
| 2.02.01.02    | Debentures                                     | 300,000                               | 300,000                             |
| 2.02.02       | Other Noncurrent liabilities                   | 27,876                                | 28,665                              |
| 2.02.02.02    | Others   | 27,876                                | 28,665                              |
| 2.02.02.02.03 | Derivatives                                    | 0                                     | 24                                  |
| 2.02.02.02.04 | Other payable                                  | 27,876                                | 28,641                              |
| 2.02.04       | Provisions                                     | 12,109                                | 11,713                              |
| 2.02.04.01    | Civil, Labor, Social and Tax Provisions        | 12,109                                | 11,713                              |
| 2.02.04.01.01 | Tax Provisions                                 | 12,109                                | 11,713                              |
| 2.03          | Shareholders' equity                           | 6,971,294                             | 7,067,157                           |
| 2.03.01       | Capital  | 4,793,424                             | 4,793,424                           |
| 2.03.02       | Capital reserves                               | 226,951                               | 229,955                             |
| 2.03.04       | Profit reserves                                | 495,185                               | 1,253,655                           |
| 2.03.04.01    | Legal reserves                                 | 495,185                               | 495,185                             |
| 2.03.04.08    | Additional Proposed dividend                   | 0                                     | 758,470                             |
| 2.03.05       | Retained earnings                              | 656,747                               | 0                                   |
| 2.03.06       | Other Comprehensive Income                     | 798,987                               | 790,123                             |
| 2.03.06.01    | Other Comprehensive Income                     | 798,987                               | 790,123                             |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS - INCOME STATEMENT**  
(in thousands of Brazilian reais – R\$)

| Code       | Description  | Current<br>year<br>Second<br>quarter<br>04/01/2012 to<br>06/30/2012 | Current<br>year<br>YTD<br>01/01/2012<br>to<br>06/30/2012 | Previous<br>year<br>Second<br>quarter<br>04/01/2011<br>to<br>06/30/2011 | Previous<br>year<br>YTD<br>01/01/2011<br>to<br>06/30/2011 |
|------------|--|---|--|---|---|
| 3.01       | Net revenues   | 21  | 22   | 1   | 2   |
| 3.03       | Operating income   | 21  | 22   | 1   | 2   |
| 3.04       | Operating income (expense)   | 270,096   | 676,629  | 324,811   | 788,413   |
| 3.04.02    | General and administrative   | -5,762  | -11,827  | -9,942  | -16,140   |
| 3.04.05    | Other  | -34,145   | -68,258  | -36,297   | -72,593   |
| 3.04.06    | Equity income  | 310,003   | 756,714  | 371,050   | 877,146   |
| 3.05       | Income before financial income and taxes   | 270,117   | 676,651  | 324,812   | 788,415   |
| 3.06       | Financial income / expense   | -10,999   | -6,458   | -15,894   | -19,757   |
| 3.06.01    | Financial income   | -938  | 15,476   | -2,232  | 7,024   |
| 3.06.02    | Financial expense  | -10,061   | -21,934  | -13,662   | -26,781   |
| 3.07       | Income before taxes  | 259,118   | 670,193  | 308,918   | 768,658   |
| 3.08       | Income tax and social contribution   | -29,784   | -29,954  | -20,988   | -20,949   |
| 3.08.01    | Current  | -20,991   | -20,991  | -14,749   | -14,749   |
| 3.08.02    | Deferred   | -8,793  | -8,963   | -6,239  | -6,200  |
| 3.09       | Net income from continuing operations  | 229,334   | 640,239  | 287,930   | 747,709   |
| 3.11       | Net income   | 229,334   | 640,239  | 287,930   | 747,709   |
|            | Basic and diluted earnings per share<br>attributable to the holder of the parent | 0.24000   | 0.67000  | 0.30000   | 0.78000   |
| 3.99.01.01 | equity   |   |  |   |   |

**PARENT COMPANY FINANCIAL STATEMENTS - INCOME STATEMENT**  
(in thousands of Brazilian reais – R\$)

| Code | Description | Current<br>year<br>Second<br>quarter<br>04/01/2012<br>to | Current<br>year<br>YTD<br>01/01/2012<br>to<br>06/30/2012 | Previous<br>year<br>Second<br>quarter<br>04/01/2011<br>to | Previous<br>year<br>YTD<br>01/01/2011<br>to<br>06/30/2011 |
|------|-------------|--|--|---|---|
|------|-------------|--|--|---|---|

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|      |   | <b>06/30/2012</b> |         | <b>06/30/2011</b> |         |
|------|---|-------------------|---------|-------------------|---------|
| 4.01 | Net income                                | 229,334           | 640,239 | 287,930           | 747,709 |
| 4.02 | Other comprehensive income                | 23,017            | 23,352  | 9,508             | 26,065  |
| 4.03 | Comprehensive income, net of taxes impact | 252,351           | 663,591 | 297,438           | 773,774 |

4

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - 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/>year<br/>01/01/2012 to<br/>06/30/2012</b> | <b>YTD previous<br/>year<br/>01/01/2011 to<br/>06/30/2011</b> |
|-------------|--|--|---|
| 6.01        | Net cash from operating activities                       | 248,283  | 950,059   |
| 6.01.01     | Cash generated from operations                           | -201   | -16,921   |
| 6.01.01.01  | Net income, including income tax and social contribution | 670,193  | 768,655   |
| 6.01.01.02  | Depreciation and amortization                            | 68,260   | 72,684  |
| 6.01.01.03  | Interest and monetary and exchange restatement           | 18,060   | 18,886  |
| 6.01.01.04  | Equity in subsidiaries                                   | -756,714   | -877,146  |
| 6.01.02     | Variation on assets and liabilities                      | 248,484  | 966,980   |
| 6.01.02.01  | Dividend and interest on shareholders' equity received   | 268,239  | 981,808   |
| 6.01.02.02  | Recoverable taxes  | -6,254   | -762  |
| 6.01.02.03  | Escrow deposits  | -14  | -13   |
| 6.01.02.04  | Other operating assets                                   | 1,541  | 4,304   |
| 6.01.02.05  | Suppliers  | 30   | 1,404   |
| 6.01.02.06  | Other taxes and social contributions                     | 9,832  | 9,503   |
| 6.01.02.07  | Interest on debts (paid)                                 | -24,956  | -24,451   |
| 6.01.02.08  | Income tax and social contribution paid                  | -140   | -200  |
| 6.01.02.09  | Other operating liabilities                              | 206  | -4,613  |
| 6.02        | Net cash in investing activities                         | 2,582  | 4,573   |
| 6.02.01     | Acquisition of property, plant and equipment             | -190   | 0   |
| 6.02.02     | Financial investments                                    | 23,322   | 22,922  |
| 6.02.04     | Mutual Operations with Subsidiaries and Affiliates       | -1,544   | -18,349   |
| 6.02.05     | Increase in Invested Capital                             | -19,006  | 0   |
| 6.03        | Net cash in financing activities                         | -756,080   | -482,646  |
| 6.03.02     | Dividend and interest on shareholders' equity paid       | -756,080   | -482,646  |
| 6.05        | Increase (decrease) in cash and cash equivalents         | -505,215   | 471,986   |
| 6.05.01     | Cash and cash equivalents at beginning of period         | 549,189  | 110,958   |
| 6.05.02     | Cash and cash equivalents at end of period               | 43,974   | 582,944   |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM JANUARY 01, 2012 TO JUNE 30, 2012**  
(in thousands of Brazilian reais – R\$)

| Code       | Description  | Capital<br>Reserves,<br>Capital options and<br>treasury<br>shares | Profit<br>Reserves | Retained<br>earnings | Other<br>comprehensive<br>income | Shareholders'<br>Equity Total |           |
|------------|--|---|--------------------|----------------------|----------------------------------|-------------------------------|-----------|
| 5.01       | Opening balance  | 4,793,424   | 229,956            | 1,253,655            | 0                                | 790,123                       | 7,067,158 |
| 5.03       | Adjusted balance   | 4,793,424   | 229,956            | 1,253,655            | 0                                | 790,123                       | 7,067,158 |
| 5.04       | Capital transactions within shareholders                             | 0   | -3,005             | -758,470             | 2,020                            | 0                             | -759,455  |
| 5.04.08    | Business combinations CPFL Renováveis                                | 0   | -3,005             | 0                    | 0                                | 0                             | -3,005    |
| 5.04.09    | Dividend approved  | 0   | 0                  | -758,470             | 0                                | 0                             | -758,470  |
| 5.04.10    | Prescribed dividend  | 0   | 0                  | 0                    | 2,020                            | 0                             | 2,020     |
| 5.05       | Total comprehensive income   | 0   | 0                  | 0                    | 654,726                          | 8,865                         | 663,591   |
| 5.05.01    | Net income / Loss for the period                                     | 0   | 0                  | 0                    | 640,239                          | 0                             | 640,239   |
| 5.05.02    | Other comprehensive income   | 0   | 0                  | 0                    | 14,487                           | 8,865                         | 23,352    |
| 5.05.02.03 | Equity valuation adjustments on comprehensive income of subsidiaries | 0   | 0                  | 0                    | 14,487                           | 8,865                         | 23,352    |
| 5.07       | Final balance  | 4,793,424   | 226,951            | 495,185              | 656,746                          | 798,988                       | 6,971,294 |

**PARENT COMPANY FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS'  
EQUITY FROM JANUARY 01, 2011 TO JUNE 30, 2011  
(in thousands of Brazilian reais – R\$)**

| Code       | Description  | Capital<br>Reserves,<br>Capital options and<br>treasury<br>shares | Profit<br>Reserves | Retained<br>earnings | Other<br>comprehensive<br>income | Shareholders'<br>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 |
| 5.04       | Capital<br>transactions<br>within<br>shareholders                                | 0   | 0                  | -486,040             | 0                                | 0                             | -486,040  |
| 5.04.06    | Dividend<br>Total  | 0   | 0                  | -486,040             | 0                                | 0                             | -486,040  |
| 5.05       | comprehensive<br>income  | 0   | 0                  | 0                    | 760,744                          | 13,030                        | 773,774   |
| 5.05.01    | Net income / Loss<br>for the period  | 0   | 0                  | 0                    | 747,709                          | 0                             | 747,709   |
| 5.05.02    | Other<br>comprehensive<br>income   | 0   | 0                  | 0                    | 13,035                           | 13,030                        | 26,065    |
| 5.05.02.03 | Equity valuation<br>adjustments on<br>comprehensive<br>income of<br>subsidiaries | 0   | 0                  | 0                    | 13,035                           | 13,030                        | 26,065    |
| 5.07       | Final balance  | 4,793,424   | 16                 | 418,665              | 760,744                          | 808,593                       | 6,781,442 |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**PARENT COMPANY FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE**  
(in thousands of Brazilian reais – R\$)

| Code       | Description  | YTD current YTD previous            |                                     |
|------------|--|-------------------------------------|-------------------------------------|
|            |  | year<br>01/01/2012 to<br>06/30/2012 | year<br>01/01/2011 to<br>06/30/2011 |
| 7.01       | Revenues   | 24                                  | 2                                   |
| 7.01.01    | Sales of goods, products and services                      | 24                                  | 2                                   |
| 7.02       | Inputs   | -5,881                              | -14,031                             |
| 7.02.02    | Material-Energy-Outsourced services-Other                  | -3,260                              | -11,435                             |
| 7.02.04    | Other  | -2,621                              | -2,596                              |
| 7.03       | Gross added value  | -5,857                              | -14,029                             |
| 7.04       | Retentions   | -68,260                             | -72,684                             |
| 7.04.01    | Depreciation and amortization                              | -33                                 | -89                                 |
| 7.04.02    | Other  | -68,227                             | -72,595                             |
| 7.04.02.01 | Intangible concession asset - amortization                 | -68,227                             | -72,595                             |
| 7.05       | Net added value generated                                  | -74,117                             | -86,713                             |
| 7.06       | Added value received in transfer                           | 782,121                             | 893,563                             |
| 7.06.01    | Equity in subsidiaries                                     | 756,714                             | 877,145                             |
| 7.06.02    | Financial income   | 25,407                              | 16,418                              |
| 7.07       | Added Value to be Distributed                              | 708,004                             | 806,850                             |
| 7.08       | Distribution of Added Value                                | 708,004                             | 806,850                             |
| 7.08.01    | Personnel  | 4,992                               | 1,538                               |
| 7.08.01.01 | Direct Remuneration  | 2,950                               | 1,538                               |
| 7.08.01.02 | Benefits   | 1,767                               | 0                                   |
| 7.08.01.03 | Government severance indemnity fund for employees-F.G.T.S. | 275                                 | 0                                   |
| 7.08.02    | Taxes, Fees and Contributions                              | 40,781                              | 30,785                              |
| 7.08.02.01 | Federal  | 40,777                              | 30,781                              |
| 7.08.02.02 | State  | 4                                   | 4                                   |
| 7.08.03    | Remuneration on third parties' capital                     | 21,992                              | 26,818                              |
| 7.08.03.01 | Interest   | 21,933                              | 26,772                              |
| 7.08.03.02 | Rental   | 59                                  | 46                                  |
| 7.08.04    | Remuneration on own capital                                | 640,239                             | 747,709                             |
| 7.08.04.03 | Profit / loss for the period                               | 640,239                             | 747,709                             |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - BALANCE SHEET -  
ASSETS**  
(in thousands of Brazilian reais – R\$)

| <b>Code</b>   | <b>Description</b>                             | <b>Current Quarter<br/>06/30/2012</b> | <b>Previous Year<br/>12/31/2011</b> |
|---------------|--|---------------------------------------|-------------------------------------|
| 1             | Total assets                                   | 29,462,327                            | 27,413,057                          |
| 1.01          | Current assets                                 | 4,879,642                             | 5,363,055                           |
| 1.01.01       | Cash and cash equivalents                      | 2,014,281                             | 2,699,837                           |
| 1.01.02       | Financial Investments                          | 44,304                                | 47,521                              |
| 1.01.02.02    | Financial Investments at amortized cost        | 44,304                                | 47,521                              |
| 1.01.02.02.01 | Held for trade                                 | 44,304                                | 47,521                              |
| 1.01.03       | Accounts receivable                            | 1,916,634                             | 1,874,280                           |
| 1.01.03.01    | Consumers                                      | 1,916,634                             | 1,874,280                           |
| 1.01.04       | Materials and suppliers                        | 53,220                                | 44,872                              |
| 1.01.06       | Recoverable taxes                              | 317,961                               | 277,463                             |
| 1.01.06.01    | Current Recoverable taxes                      | 317,961                               | 277,463                             |
| 1.01.08       | Other current assets                           | 533,242                               | 419,082                             |
| 1.01.08.03    | Other  | 533,242                               | 419,082                             |
| 1.01.08.03.01 | Other credits                                  | 515,660                               | 409,938                             |
| 1.01.08.03.02 | Derivatives                                    | 10,840                                | 3,733                               |
| 1.01.08.03.03 | Leases   | 5,912                                 | 4,581                               |
| 1.01.08.03.04 | Dividends and interest on shareholders' equity | 830                                   | 830                                 |
| 1.02          | Noncurrent assets                              | 24,582,685                            | 22,050,002                          |
| 1.02.01       | Noncurrent assets                              | 5,921,125                             | 4,830,487                           |
| 1.02.01.02    | Financial Investments at amortized cost        | 159,332                               | 109,964                             |
| 1.02.01.02.01 | Held to maturity                               | 159,332                               | 109,964                             |
| 1.02.01.03    | Accounts receivable                            | 168,510                               | 182,300                             |
| 1.02.01.03.01 | Consumers                                      | 168,510                               | 182,300                             |
| 1.02.01.06    | Deferred taxes                                 | 1,235,752                             | 1,176,535                           |
| 1.02.01.06.02 | Deferred taxes credits                         | 1,235,752                             | 1,176,535                           |
| 1.02.01.09    | Other noncurrent assets                        | 4,357,531                             | 3,361,688                           |
| 1.02.01.09.03 | Derivatives                                    | 449,036                               | 215,642                             |
| 1.02.01.09.04 | Escrow deposits                                | 1,207,658                             | 1,128,616                           |
| 1.02.01.09.05 | Recoverable taxes                              | 221,473                               | 216,715                             |
| 1.02.01.09.06 | Leases   | 28,244                                | 24,521                              |
| 1.02.01.09.07 | Financial asset of concession                  | 1,995,821                             | 1,376,664                           |
| 1.02.01.09.08 | Private pension fund                           | 3,416                                 | 3,416                               |
| 1.02.01.09.09 | Investments in subsidiaries                    | 116,654                               | 116,654                             |
| 1.02.01.09.10 | Other credits                                  | 335,229                               | 279,460                             |
| 1.02.03       | Property, plant and equipment                  | 9,290,004                             | 8,292,076                           |
| 1.02.03.01    | Fixed assets - in service                      | 8,023,737                             | 7,226,461                           |

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|            |                            |           |           |
|------------|----------------------------|-----------|-----------|
| 1.02.03.03 | Fixed assets - in progress | 1,266,267 | 1,065,615 |
| 1.02.04    | Intangible assets          | 9,371,556 | 8,927,439 |
| 1.02.04.01 | Intangible assets          | 9,371,556 | 8,927,439 |

8

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS - BALANCE SHEET****-LIABILITIES**

(in thousands of Brazilian reais – R\$)

| <b>Code</b>   | <b>Description</b>                             | <b>Current Quarter<br/>06/30/2012</b> | <b>Previous Year<br/>12/31/2011</b> |
|---------------|--|---------------------------------------|-------------------------------------|
| 2             | Total liabilities                              | 29,462,327                            | 27,413,057                          |
| 2.01          | Current liabilities                            | 4,842,313                             | 4,499,437                           |
| 2.01.01       | Social and Labor Obligations                   | 89,349                                | 70,771                              |
| 2.01.01.02    | Labor Obligations                              | 89,349                                | 70,771                              |
| 2.01.01.02.01 | Estimated Labor Obligation                     | 89,349                                | 70,771                              |
| 2.01.02       | Suppliers                                      | 1,399,011                             | 1,240,143                           |
| 2.01.02.01    | National Suppliers                             | 1,399,011                             | 1,240,143                           |
| 2.01.03       | Tax Obligations                                | 437,322                               | 483,028                             |
| 2.01.03.01    | Federal Tax Obligations                        | 247,483                               | 182,510                             |
| 2.01.03.01.01 | Income tax and Social Contribution             | 139,734                               | 90,120                              |
| 2.01.03.01.02 | PIS (Tax on Revenue)                           | 14,446                                | 12,446                              |
| 2.01.03.01.03 | COFINS (Tax on Revenue)                        | 66,101                                | 59,429                              |
| 2.01.03.01.04 | Others   | 27,202                                | 20,515                              |
| 2.01.03.02    | State Tax Obligations                          | 189,839                               | 300,518                             |
| 2.01.04       | Loans and financing                            | 2,011,149                             | 1,653,053                           |
| 2.01.04.01    | Loans and financing                            | 1,398,810                             | 1,038,316                           |
| 2.01.04.01.01 | Brazilian currency                             | 1,377,310                             | 1,016,068                           |
| 2.01.04.01.02 | Foreign Currency                               | 21,500                                | 22,248                              |
| 2.01.04.02    | Debentures                                     | 612,339                               | 614,737                             |
| 2.01.04.02.01 | Debentures                                     | 539,798                               | 531,185                             |
| 2.01.04.02.02 | Interest on debentures                         | 72,541                                | 83,552                              |
| 2.01.05       | Other liabilities                              | 905,482                               | 1,052,442                           |
| 2.01.05.02    | Others   | 905,482                               | 1,052,442                           |
| 2.01.05.02.01 | Dividends and interest on shareholders' equity | 20,892                                | 24,525                              |
| 2.01.05.02.05 | Private pension fund                           | 41,224                                | 40,695                              |
| 2.01.05.02.06 | Regulatory charges                             | 129,581                               | 145,146                             |
| 2.01.05.02.07 | Charge for the use of Public Utilities         | 28,584                                | 28,738                              |
| 2.01.05.02.08 | Other payable                                  | 685,201                               | 813,338                             |
| 2.02          | Noncurrent liabilities                         | 16,143,178                            | 14,361,110                          |
| 2.02.01       | Loans and financing                            | 13,598,070                            | 11,954,734                          |
| 2.02.01.01    | Loans and financing                            | 8,470,139                             | 7,406,082                           |
| 2.02.01.01.01 | Brazilian currency                             | 6,388,300                             | 5,677,756                           |
| 2.02.01.01.02 | Foreign Currency                               | 2,081,839                             | 1,728,326                           |
| 2.02.01.02    | Debentures                                     | 5,127,931                             | 4,548,652                           |

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|               |   |           |           |
|---------------|---|-----------|-----------|
| 2.02.02       | Other payable                               | 946,983   | 1,030,154 |
| 2.02.02.02    | Other                                       | 946,983   | 1,030,154 |
| 2.02.02.02.03 | Derivatives                                 | 0         | 24        |
| 2.02.02.02.04 | Private pension fund                        | 378,720   | 414,629   |
| 2.02.02.02.05 | Taxes and Contributions                     | 0         | 165       |
| 2.02.02.02.06 | Charge for the use of Public Utilities      | 447,537   | 440,926   |
| 2.02.02.02.07 | Other payable                               | 114,908   | 174,410   |
| 2.02.02.02.08 | Suppliers                                   | 5,818     | 0         |
| 2.02.03       | Deferred taxes                              | 1,241,240 | 1,038,101 |
| 2.02.03.01    | Deferred Income tax and Social Contribution | 1,241,240 | 1,038,101 |
| 2.02.04       | Provisions                                  | 356,885   | 338,121   |
| 2.02.04.01    | Civil, Labor, Social and Tax Provisions     | 356,885   | 338,121   |
| 2.02.04.01.01 | Tax Provisions                              | 257,495   | 248,760   |
| 2.02.04.01.02 | Labor and tax provisions                    | 46,964    | 43,850    |
| 2.02.04.01.04 | Civil provisions                            | 49,314    | 28,484    |
| 2.02.04.01.05 | Others                                      | 3,112     | 17,027    |
| 2.03          | Shareholders' equity - consolidated         | 8,476,836 | 8,552,510 |
| 2.03.01       | Capital                                     | 4,793,424 | 4,793,424 |
| 2.03.02       | Capital reserves                            | 226,951   | 229,956   |
| 2.03.04       | Profit reserves                             | 495,185   | 1,253,655 |
| 2.03.04.01    | Legal reserves                              | 495,185   | 495,185   |
| 2.03.04.08    | Additional Proposed dividend                | 0         | 758,470   |
| 2.03.05       | Retained earnings                           | 656,747   | 0         |
| 2.03.06       | Other comprehensive income                  | 798,987   | 790,123   |
| 2.03.06.01    | Other comprehensive income                  | 798,987   | 790,123   |
| 2.03.09       | Noncontrolling interest                     | 1,505,542 | 1,485,352 |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - INCOME STATEMENT**  
(in thousands of Brazilian reais – R\$)

| Code    | Description  | Current<br>year<br>Second<br>quarter<br>04/01/2012<br>to<br>06/30/2012 | Current<br>year<br>YTD<br>01/01/2012<br>to<br>06/30/2012 | Previous<br>year<br>Second<br>quarter<br>04/01/2011<br>to<br>06/30/2011 | Previous<br>year<br>YTD<br>01/01/2011<br>to<br>06/30/2011 |
|---------|--|--|--|---|---|
| 3.01    | Net revenues   | 3,533,449  | 6,954,437  | 3,044,857   | 6,067,641   |
| 3.02    | Cost of electric energy services                       | -2,588,245   | -4,833,775   | -2,104,885  | -3,991,110  |
| 3.02.01 | Cost of electric energy                                | -1,882,621   | -3,548,350   | -1,524,451  | -2,943,113  |
| 3.02.02 | Operating cost   | -382,262   | -692,029   | -329,572  | -583,369  |
| 3.02.03 | Services rendered to third parties                     | -323,362   | -593,396   | -250,862  | -464,628  |
| 3.03    | Operating income                                       | 945,204  | 2,120,662  | 939,972   | 2,076,531   |
| 3.04    | Operating income (expense)                             | -317,863   | -625,568   | -303,082  | -585,485  |
| 3.04.01 | Sales expenses   | -99,235  | -192,289   | -105,131  | -178,202  |
| 3.04.02 | General and administrative                             | -141,127   | -282,505   | -141,273  | -296,094  |
| 3.04.05 | Others   | -77,501  | -150,774   | -56,678   | -111,189  |
| 3.05    | Income before financial income and taxes               | 627,341  | 1,495,094  | 636,890   | 1,491,046   |
| 3.06    | Financial income / expense                             | -238,384   | -452,932   | -182,049  | -313,155  |
| 3.06.01 | Financial income                                       | 126,735  | 270,236  | 125,524   | 251,438   |
| 3.06.02 | Financial expense                                      | -365,119   | -723,168   | -307,573  | -564,593  |
| 3.07    | Income before taxes                                    | 388,957  | 1,042,162  | 454,841   | 1,177,891   |
| 3.08    | Income tax and social contribution                     | -155,329   | -385,336   | -160,758  | -417,933  |
| 3.08.01 | Current  | -204,945   | -441,574   | -156,186  | -361,268  |
| 3.08.02 | Deferred   | 49,616   | 56,238   | -4,572  | -56,665   |
| 3.09    | Net income from continuing operations                  | 233,628  | 656,826  | 294,083   | 759,958   |
| 3.11    | Net income   | 233,628  | 656,826  | 294,083   | 759,958   |
| 3.11.01 | Net income attributable to controlling shareholders    | 229,333  | 640,239  | 287,929   | 747,709   |
| 3.11.02 | Net income attributable to noncontrolling shareholders | 4,295  | 16,587   | 6,154   | 12,249  |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENT OF COMPREHENSIVE INCOME**  
(in thousands of Brazilian reais – R\$)

| <b>Code</b> | <b>Description</b>  | <b>Current<br/>year<br/>Second<br/>quarter<br/>04/01/2012<br/>to<br/>06/30/2012</b> | <b>Current<br/>year<br/>YTD<br/>01/01/2012<br/>to<br/>06/30/2012</b> | <b>Previous<br/>year<br/>Second<br/>quarter<br/>04/01/2011<br/>to<br/>06/30/2011</b> |
|-------------|---|---|--|--|
| 4.01        | Net income  | 233,628   | 656,826  | 294,083  |
| 4.02        | Other comprehensive income  | 23,018  | 23,352   | 9,508  |
| 4.02.01     | Gain on financial instruments - financial asset of concession     | 34,386  | 35,211   | 14,405   |
| 4.02.02     | Tax on financial instruments - financial asset of concession      | -11,368   | -11,859  | -4,897   |
| 4.03        | Comprehensive income  | 256,646   | 680,178  | 303,591  |
| 4.03.01     | Comprehensive income attributable to controlling shareholders     | 252,351   | 663,591  | 297,437  |
| 4.03.02     | Comprehensive income attributable to non controlling shareholders | 4,295   | 16,587   | 6,154  |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENTS OF CASH FLOW – INDIRECT METHOD**  
**(in thousands of Brazilian reais – R\$)**

| <b>Code</b> | <b>Description</b>                                       | <b>YTD current<br/>year<br/>01/01/2012<br/>to<br/>06/30/2012</b> | <b>YTD<br/>previous<br/>year<br/>01/01/2011<br/>to<br/>06/30/2011</b> |
|-------------|--|--|---|
| 6.01        | Net cash from operating activities                       | 1,029,679  | 1,176,307   |
| 6.01.01     | Cash generated from operations                           | 2,153,313  | 1,988,411   |
| 6.01.01.01  | Net income, including income tax and social contribution | 1,042,162  | 1,177,891   |
| 6.01.01.02  | Depreciation and amortization                            | 523,038  | 388,142   |
| 6.01.01.03  | Reserve for contingencies                                | 14,602   | 19,569  |
| 6.01.01.04  | Interest and monetary and exchange restatement           | 595,095  | 432,133   |
| 6.01.01.05  | Gain on pension plan                                     | -5,040   | -44,704   |
| 6.01.01.06  | Losses on disposal of noncurrent assets                  | 12,048   | 846   |
| 6.01.01.07  | Deferred taxes - PIS and COFINS                          | -20,623  | 14,534  |
| 6.01.01.08  | Other  | -7,969   | 0   |
| 6.01.02     | Variation on assets and liabilities                      | -1,123,634   | -812,104  |
| 6.01.02.01  | Consumers, Concessionaires and Licensees                 | -12,336  | 24,950  |
| 6.01.02.02  | Recoverable Taxes  | -15,117  | -16,924   |
| 6.01.02.03  | Leases   | 1,820  | -2,196  |
| 6.01.02.04  | Escrow deposits  | -44,603  | -122,906  |
| 6.01.02.05  | Other operating assets                                   | -112,325   | -119,207  |
| 6.01.02.06  | Suppliers  | 144,377  | 46,566  |
| 6.01.02.07  | Taxes and social contributions paid                      | -399,637   | -326,941  |
| 6.01.02.08  | Other taxes and social contributions                     | -107,576   | 197   |
| 6.01.02.09  | Employee Pension Plans                                   | -30,338  | -35,485   |
| 6.01.02.10  | Interest paid on debt                                    | -495,520   | -363,467  |
| 6.01.02.11  | Regulator charges  | -14,024  | 16,204  |
| 6.01.02.12  | Contingencies  | -27,639  | 0   |
| 6.01.02.13  | Other operating liabilities                              | -10,716  | 87,105  |
| 6.02        | Net cash in investing activities                         | -2,068,497   | -709,207  |
| 6.02.01     | Acquisition of property, plant and equipment             | -657,717   | -297,286  |
| 6.02.02     | Marketable Securities, Deposits and Escrow Deposits      | -51,553  | 24,580  |
| 6.02.03     | Leases   | -3,360   | 3,609   |
| 6.02.04     | Acquisition of intangible assets                         | -612,146   | -440,110  |
| 6.02.05     | Sale of Non-Current Assets                               | 5,760  | 0   |
| 6.02.07     | Acquisition of subsidiaries net of cash acquired         | -739,267   | 0   |

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|         |  |           |           |
|---------|--|-----------|-----------|
| 6.02.08 | Other  | -10,214   | 0         |
| 6.03    | Net cash in financing activities                                 | 353,262   | 2,372,951 |
| 6.03.01 | Loans, financing and debentures obtained                         | 1,584,053 | 3,410,792 |
| 6.03.02 | Payments of Loans, financing and debentures , net of derivatives | -466,072  | -547,541  |
| 6.03.03 | Dividend and interest on shareholders' equity paid               | -764,719  | -490,300  |
| 6.05    | Increase (decrease) in cash and cash equivalents                 | -685,556  | 2,840,051 |
| 6.05.01 | Cash and cash equivalents at beginning of period                 | 2,699,837 | 1,562,897 |
| 6.05.02 | Cash and cash equivalents at end of period                       | 2,014,281 | 4,402,948 |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY F**  
**2012 TO JUNE 30, 2012**  
**(in thousands of Brazilian reais – R\$)**

| Code       | Description  | Capital   | Capital Reserves, options and treasury shares | Profit Retained Reserves | Retained earnings | Other comprehensive income | Shareholders' Equity Total | Noncontrolling Shareholders' Equity |
|------------|--|-----------|---|--------------------------|-------------------|----------------------------|----------------------------|-------------------------------------|
| 5.01       | Opening balance  | 4,793,424 | 229,956                                       | 1,253,655                | 0                 | 790,123                    | 7,067,158                  | 1,4                                 |
| 5.03       | Adjusted opening balance   | 4,793,424 | 229,956                                       | 1,253,655                | 0                 | 790,123                    | 7,067,158                  | 1,4                                 |
| 5.04       | Capital transactions within shareholders Business combinations CPFL Renováveis | 0         | -3,005  | -758,470                 | 2,020             | 0                          | -759,455                   |                                     |
| 5.04.08    | Dividend approved  | 0         | -3,005  | 0                        | 0                 | 0                          | -3,005                     |                                     |
| 5.04.09    | Prescribed dividend  | 0         | 0   | -758,470                 | 0                 | 0                          | -758,470                   |                                     |
| 5.04.10    | Capital Increase   | 0         | 0   | 0                        | 2,020             | 0                          | 2,020                      |                                     |
| 5.04.11    | Noncontrolling shareholders Total  | 0         | 0   | 0                        | 0                 | 0                          | 0                          |                                     |
| 5.05       | comprehensive income   | 0         | 0   | 0                        | 640,635           | 22,956                     | 663,591                    |                                     |
| 5.05.01    | Net income   | 0         | 0   | 0                        | 640,239           | 0                          | 640,239                    |                                     |
| 5.05.02    | Other comprehensive income   | 0         | 0   | 0                        | 396               | 22,956                     | 23,352                     |                                     |
| 5.05.02.01 | Adjustment on financial instruments  | 0         | 0   | 0                        | 396               | 34,815                     | 35,211                     |                                     |
| 5.05.02.02 | Tax on Adjustment on financial instruments                                     | 0         | 0   | 0                        | 0                 | -11,859                    | -11,859                    |                                     |
| 5.06       | Internal changes of shareholders equity  | 0         | 0   | 0                        | 14,092            | -14,092                    | 0                          |                                     |
| 5.06.04    | Realization of Comprehensive Income  | 0         | 0   | 0                        | 21,352            | -21,352                    | 0                          |                                     |
| 5.06.05    |  | 0         | 0   | 0                        | -7,260            | 7,260                      | 0                          |                                     |

|         |  |           |         |         |         |         |           |     |
|---------|--|-----------|---------|---------|---------|---------|-----------|-----|
|         | Taxes on the<br>Realization of<br>Comprehensive<br>Income      |           |         |         |         |         |           |     |
|         | Other transactions<br>within<br>noncontrolling<br>shareholders | 0         | 0       | 0       | 0       | 0       | 0         | 0   |
| 5.06.06 |  |           |         |         |         |         |           |     |
| 5.07    | Final balance  | 4,793,424 | 226,951 | 495,185 | 656,747 | 798,987 | 6,971,294 | 1,5 |

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM  
2011 TO JUNE 30, 2011  
(in thousands of Brazilian reais – R\$)**

| Code       | Description   | Capital   | Capital<br>Reserves,<br>options<br>and<br>treasury<br>shares | Profit<br>Reserves | Retained<br>earnings | Other<br>comprehensive<br>income | Shareholders'<br>Equity | Noncontrol<br>Sharehold<br>Equity |
|------------|---|-----------|--|--------------------|----------------------|----------------------------------|-------------------------|-----------------------------------|
| 5.01       | Opening<br>balance                                  | 4,793,424 | 16   | 904,705            | 0                    | 795,563                          | 6,493,708               | 255,                              |
| 5.03       | Adjusted<br>opening<br>balance                      | 4,793,424 | 16   | 904,705            | 0                    | 795,563                          | 6,493,708               | 255,                              |
|            | Capital<br>transactions<br>within<br>shareholders   | 0         | 0  | -486,040           |                      |                                  |                         |                                   |
| 5.04       |   |           |  |                    | 0                    | 0                                | -486,040                | -3,                               |
| 5.04.06    | Dividend  | 0         | 0  | -486,040           | 0                    | 0                                | -486,040                | -3,                               |
|            | Total<br>comprehensive<br>income                    | 0         | 0  | 0                  |                      |                                  |                         |                                   |
| 5.05       |   |           |  |                    | 747,709              | 26,065                           | 773,774                 | 12,                               |
| 5.05.01    | Net income  | 0         | 0  | 0                  | 747,709              | 0                                | 747,709                 | 12,                               |
|            | Other<br>comprehensive<br>income                    | 0         | 0  | 0                  |                      |                                  |                         |                                   |
| 5.05.02    | Adjustment of<br>financial<br>instruments           | 0         | 0  | 0                  | 0                    | 26,065                           | 26,065                  |                                   |
| 5.05.02.01 | Tax on<br>Adjustment of<br>financial<br>instruments | 0         | 0  | 0                  | 0                    | 39,492                           | 39,492                  |                                   |
| 5.05.02.02 |   |           |  |                    | 0                    | -13,427                          | -13,427                 |                                   |
| 5.06       | Internal<br>changes of<br>shareholders              | 0         | 0  | 0                  | 13,035               | -13,035                          | 0                       |                                   |

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|         |                |           |    |         |         |         |           |   |      |
|---------|----------------|-----------|----|---------|---------|---------|-----------|---|------|
|         | equity         |           |    |         |         |         |           |   |      |
|         | Realization of | 0         | 0  | 0       |         |         |           |   |      |
|         | revaluation    |           |    |         |         |         |           |   |      |
| 5.06.02 | reserve        |           |    |         | 19,734  | -19,734 |           | 0 |      |
|         | Tax on         | 0         | 0  | 0       |         |         |           |   |      |
|         | Realization of |           |    |         |         |         |           |   |      |
| 5.06.03 | revaluation    |           |    |         |         |         |           |   |      |
|         | reserve        |           |    |         | -6,699  | 6,699   |           | 0 |      |
|         | Other          | 0         | 0  | 0       |         |         |           |   |      |
|         | transactions   |           |    |         |         |         |           |   |      |
|         | within         |           |    |         |         |         |           |   |      |
| 5.06.05 | noncontrolling |           |    |         |         |         |           |   |      |
|         | shareholders   |           |    |         | 0       | 0       |           | 0 |      |
| 5.07    | Final balance  | 4,793,424 | 16 | 418,665 | 760,744 | 808,593 | 6,781,442 |   | 264, |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CONSOLIDATED FINANCIAL STATEMENTS - STATEMENTS OF ADDED VALUE**  
**(in thousands of Brazilian reais – R\$)**

| Code       | Description   | YTD current year            | YTD previous year           |
|------------|---|-----------------------------|-----------------------------|
|            |   | 01/01/2012 to<br>06/30/2012 | 01/01/2011 to<br>06/30/2011 |
| 7.01       | Revenues  | 10,230,838                  | 9,168,733                   |
| 7.01.01    | Sales of goods, products and services                       | 9,533,713                   | 8,561,235                   |
| 7.01.02    | Other revenue   | 591,050                     | 464,017                     |
| 7.01.02.01 | Revenue from construction of infrastructure distribution    | 591,050                     | 464,017                     |
| 7.01.03    | Revenues related to the construction of own assets          | 149,223                     | 180,899                     |
| 7.01.04    | Allowance for doubtful accounts                             | -43,148                     | -37,418                     |
| 7.02       | Inputs  | -5,096,208                  | -4,332,669                  |
| 7.02.01    | Cost of sales   | -3,936,477                  | -3,288,691                  |
| 7.02.02    | Material-Energy-Outsourced services-Other                   | -1,002,544                  | -886,833                    |
| 7.02.04    | Other   | -157,187                    | -157,145                    |
| 7.03       | Gross added value   | 5,134,630                   | 4,836,064                   |
| 7.04       | Retentions  | -527,732                    | -404,474                    |
| 7.04.01    | Depreciation and amortization                               | -393,007                    | -312,448                    |
| 7.04.02    | Other   | -134,725                    | -92,026                     |
| 7.04.02.01 | Intangible concession asset - amortization                  | -134,725                    | -92,026                     |
| 7.05       | Net added value generated                                   | 4,606,898                   | 4,431,590                   |
| 7.06       | Added value received in transfer                            | 280,166                     | 260,379                     |
| 7.06.02    | Financial income  | 280,166                     | 260,379                     |
| 7.07       | Added Value to be Distributed                               | 4,887,064                   | 4,691,969                   |
| 7.08       | Distribution of Added Value                                 | 4,887,064                   | 4,691,969                   |
| 7.08.01    | Personnel   | 307,975                     | 299,495                     |
| 7.08.01.01 | Direct Remuneration   | 206,526                     | 200,476                     |
| 7.08.01.02 | Benefits  | 82,325                      | 83,052                      |
| 7.08.01.03 | Government severance indemnity fund for employees- F.G.T.S. | 19,124                      | 15,967                      |
| 7.08.02    | Taxes, Fees and Contributions                               | 3,185,703                   | 3,039,598                   |
| 7.08.02.01 | Federal   | 1,609,934                   | 1,592,993                   |
| 7.08.02.02 | State   | 1,567,518                   | 1,439,503                   |
| 7.08.02.03 | Municipal   | 8,251                       | 7,102                       |
| 7.08.03    | Remuneration on third parties' capital                      | 736,560                     | 592,918                     |
| 7.08.03.01 | Interest  | 719,441                     | 579,735                     |
| 7.08.03.02 | Rental  | 17,119                      | 13,183                      |

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|            |                              |         |         |
|------------|------------------------------|---------|---------|
| 7.08.04    | Remuneration on own capital  | 656,826 | 759,958 |
| 7.08.04.03 | Profit / loss for the period | 656,826 | 759,958 |

14

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## Table of Contents

### COMMENTS ON PERFORMANCE

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

### Analysis of Results

#### CPFL Energia (Parent Company)

Net income for this quarter was R\$ 229.334 or 20.3% (R\$ 58.596) lower than net income for in the same quarter of the previous year, mainly due to results of equity in subsidiaries, as shown below:

|                      | <b>2nd quarter 2012</b> | <b>2nd quarter 2011</b> |
|----------------------|-------------------------|-------------------------|
| CPFL Paulista        | 105,621                 | 129,620                 |
| CPFL Piratininga     | 31,582                  | 73,929                  |
| RGE                  | 58,289                  | 60,360                  |
| CPFL Santa Cruz      | 8,640                   | 8,746                   |
| CPFL Leste Paulista  | 2,094                   | 3,646                   |
| CPFL Jaguari         | 1,799                   | 3,557                   |
| CPFL Sul Paulista    | 3,579                   | 4,361                   |
| CPFL Mococa          | 1,224                   | 1,611                   |
| CPFL Geração         | 78,850                  | 52,589                  |
| CPFL Brasil          | 7,276                   | 25,332                  |
| CPFL Atende          | 1,061                   | 339                     |
| CPFL Planalto        | 541                     | 3,262                   |
| CPFL Serviços        | 3,653                   | 1,173                   |
| CPFL Jaguariuna      | (9)                     | (13)                    |
| CPFL Jaguari Geração | 2,417                   | 2,245                   |

|              |                |                |
|--------------|----------------|----------------|
| Nect         | 1,842          | 294            |
| CPFL Total   | 1,543          | -              |
| <b>Total</b> | <b>310,003</b> | <b>371,050</b> |

15

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## COMMENTS ON CONSOLIDATED PERFORMANCE

|  | Consolidated<br>2nd quarter |                    |              | Consolidated<br>1st semester |                    |              |
|--|-----------------------------|--------------------|--------------|------------------------------|--------------------|--------------|
|  | 2012                        | 2011               | %            | 2012                         | 2011               | %            |
| <b>OPERATING REVENUES</b>                              | <b>5,082,649</b>            | <b>4,515,489</b>   | <b>12.6%</b> | <b>10,124,764</b>            | <b>9,025,253</b>   | <b>12.2%</b> |
| Electricity sales to final consumers (*)               | 3,861,560                   | 3,587,803          | 7.6%         | 7,793,304                    | 7,191,479          | 8.4%         |
| Electricity sales to wholesaler's                      | 481,069                     | 298,447            | 61.2%        | 899,680                      | 574,804            | 56.5%        |
| Revenue from construction of concession infrastructure | 321,741                     | 250,415            | 28.5%        | 591,051                      | 464,017            | 27.4%        |
| Other operating revenues (*)                           | 418,279                     | 378,823            | 10.4%        | 840,729                      | 794,953            | 5.8%         |
| Deductions from operating revenues                     | (1,549,200)                 | (1,470,631)        | 5.3%         | (3,170,328)                  | (2,957,612)        | 7.2%         |
| <b>NET OPERATING REVENUE</b>                           | <b>3,533,449</b>            | <b>3,044,857</b>   | <b>16.0%</b> | <b>6,954,437</b>             | <b>6,067,641</b>   | <b>14.6%</b> |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>                | <b>(1,882,621)</b>          | <b>(1,524,451)</b> | <b>23.5%</b> | <b>(3,548,350)</b>           | <b>(2,943,113)</b> | <b>20.6%</b> |
| Electricity purchased for resale                       | (1,539,419)                 | (1,215,522)        | 26.6%        | (2,857,915)                  | (2,330,257)        | 22.6%        |
| Electricity network usage charges                      | (343,202)                   | (308,930)          | 11.1%        | (690,435)                    | (612,856)          | 12.7%        |
| <b>OPERATING COST/EXPENSE</b>                          | <b>(1,023,486)</b>          | <b>(883,515)</b>   | <b>15.8%</b> | <b>(1,910,993)</b>           | <b>(1,633,482)</b> | <b>17.0%</b> |
| Personnel  | (172,291)                   | (205,759)          | -16.3%       | (331,199)                    | (357,799)          | -7.4%        |
| Employee pension plans                                 | 2,504                       | 22,352             | -88.8%       | 5,040                        | 44,704             | -88.7%       |
| Materials  | (19,491)                    | (23,325)           | -16.4%       | (44,969)                     | (41,536)           | 8.3%         |
| Outside Services                                       | (136,901)                   | (136,059)          | 0.6%         | (268,911)                    | (257,022)          | 4.6%         |
|  | (235,472)                   | (154,019)          | 52.9%        | (388,312)                    | (296,115)          | 31.1%        |

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|   |                |                |               |                  |                  |               |
|---|----------------|----------------|---------------|------------------|------------------|---------------|
| Depreciation and Amortization Intangible of concession amortization   | (69,226)       | (46,013)       | 50.4%         | (134,726)        | (92,026)         | 46.4%         |
| Costs related to infrastructure construction                          | (321,741)      | (250,415)      | 28.5%         | (591,051)        | (464,017)        | 27.4%         |
| Other   | (70,869)       | (90,276)       | -21.5%        | (156,865)        | (169,669)        | -7.5%         |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE FINANCIAL INCOME (EXPENSE)</b> | <b>627,341</b> | <b>636,891</b> | <b>-1.5%</b>  | <b>1,495,094</b> | <b>1,491,046</b> | <b>0.3%</b>   |
| <b>INCOME BEFORE TAXES</b>  | <b>388,957</b> | <b>454,841</b> | <b>-14.5%</b> | <b>1,042,162</b> | <b>1,177,891</b> | <b>-11.5%</b> |
| Social Contribution   | (41,648)       | (41,890)       | -0.6%         | (103,669)        | (110,682)        | -6.3%         |
| Income Tax  | (113,680)      | (118,868)      | -4.4%         | (281,667)        | (307,251)        | -8.3%         |
| <b>NET INCOME</b>   | <b>233,628</b> | <b>294,083</b> | <b>-20.6%</b> | <b>656,826</b>   | <b>759,958</b>   | <b>-13.6%</b> |
| Net income attributable to the shareholders of the company            | 229,334        | 287,930        | -20.4%        | 640,239          | 747,709          | -14.4%        |
| Net income attributable to the non controlling interests              | 4,295          | 6,153          | -30.2%        | 16,587           | 12,248           | 35.4%         |
| <b>EBITDA</b>   | <b>929,535</b> | <b>814,571</b> | <b>14.1%</b>  | <b>2,013,092</b> | <b>1,834,484</b> | <b>9.7%</b>   |

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

**Net Income for the Period and Adjusted EBITDA Reconciliation (\*\*)**

|                               |                |                |  |                |                |
|-------------------------------|----------------|----------------|--|----------------|----------------|
| <b>NET INCOME</b>             | <b>233,628</b> | <b>294,083</b> |  | <b>656,826</b> | <b>759,958</b> |
| Employee Pension Plans        | (2,504)        | (22,352)       |  | (5,040)        | (44,704)       |
| Depreciation and Amortization | 304,698        | 200,032        |  | 523,038        | 388,142        |
| Financial Income (Expense)    | 238,385        | 182,050        |  | 452,933        | 313,156        |
| Social Contribution           | 41,648         | 41,890         |  | 103,669        | 110,682        |

|               |                |                |                  |                  |
|---------------|----------------|----------------|------------------|------------------|
| Income Tax    | 113,680        | 118,868        | 281,667          | 307,251          |
| <b>EBITDA</b> | <b>929,535</b> | <b>814,571</b> | <b>2,013,092</b> | <b>1,834,484</b> |

(\*\*) Information not reviewed by the independent auditors

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **Gross Operating Revenue**

The Gross Operating Revenue in the 2nd quarter of 2012 was R\$ 5,082,649, or 12.6% (R\$567,160) higher than in the same period of the previous year.

The main factors in this change were:

- An increase of 7.6% (R\$ 273,757) in the supply of electric energy, due to the increase of 6.1% in the volume sold and average increase of 1.5% in tariffs charged;
- An increase of 61.2% (R\$ 182,622) in the energy supplied, caused mainly because of the consolidation of CPFL Renováveis (R\$147,138). Except of CPFL Renováveis effects, the increase of R\$35,484 was due to an increase of 5.7% in the average selling price charged and the increase of 5.9% in the amount of energy sold;
- An increase of 28.5% (R\$ 71,325) in the Revenue of construction of concession infrastructure.

## **Ø Quantity of Energy Sold**

There was an increase of 6.1% in the quantity of energy billed to final consumers in the 2nd quarter of 2012.

The residential, commercial and industrial categories, which account for 84.8% of the energy billed to end users in the quarter, recorded growth of 10.4% and 10.3% and a drop of 1.0%, respectively, compared with the same quarter of the previous year. The residential and commercial categories benefit from the accumulated effect of the overall salary increase and access to credit in recent years, which resulted in increased purchases of household electrical appliances and a dynamic retail trade. The amount sold to the industrial category decreased as a result of the migration of a number of customers to the free market, and it was also influenced by the drop in industrial production.

There was an increase of 4.0% in the energy sold and transported within the concession area, which affects both the supply billed and collection of the TUSD, compared to the same period of the previous

year. There was an increase of 10.4% in residential class, 9.5% in commercial class, 10.0% in rural, and 7.1% in other, partially offset by the 2.0% drop in industrial class.

## Ø Tariffs

In the 2nd quarter of 2012, the energy prices increased by an average of 3.6%, mainly due to the following tariff adjustments for each distributors subsidiaries:

- CPFL Paulista: 2.89% from April 2012;
- RGE: 6.74% from June 2011 and 3.38% from June 2012.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### **Deductions from Operating Revenue**

Deductions from Operating Revenue in the 2nd quarter of 2012 amounted to R\$ 1,549,200, an increase of 5.3% (R\$ 78,569) in relation to the same quarter of 2011, largely due to an: (i) increase of 10.5% (R\$74,649) in ICMS, as a result of the increase of the energy supplied, partially offset by (ii) reductions of 2.2% (R\$8,237) in PIS and Cofins because of the register of R\$49 million in PIS and Cofins expenses, related to reclassification of these taxes credits on depreciation, previously registered in Depreciation and Amortization, transferred to Deductions from Operating Revenue for better accounting classification.

### **Cost of Electric Energy**

The cost of electric energy in the quarter totaled R\$ 1,882,621, an increase of 23.5% (R\$ 358,170) in relation to the same period of the previous year.

#### **Ø Electricity purchased for Resale**

The electricity purchased for resale was R\$ 1,539,419, an increase of 26.6% (R\$ 323,897), explained by the increase of 10.6% in the amount of energy purchased and 14.5% due to the tariff adjustment.

Part of this increase (R\$162,180) refers to an increase of 92.8% in the volume sold (1,035 GWh) and 130,0% in the price of current electric energy purchased. The remaining increase amount of R\$161,717 is due to increases in PLD and charge variation and contract seasonality.

#### **Ø Electricity Network Usage Charge**

An increase of 11.1% (R\$ 34,273) in electricity network usage charge, mainly due to the Basic Network Charges (R\$ 30,907) due to transmission company's readjustments, Reserve Energy Charges (R\$22,083), partially offset by a decrease of (R\$ 18,533) in System Service Charges.

Significant part of these increases are not component of tariff reviews and they will be passed through in the next tariff readjustment.



\*Find further details about regulatory assets and liabilities impacts at the end of these Comments on Consolidated Performance.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### **Operating Costs and Expense**

Not considering the cost of construction of the concession infrastructure, Operating Costs and Expense in the second quarter of 2012 amounted to R\$ 701,746, up 10.8% (R\$ 68.646) on the same quarter of previous year. This was mainly due to:

- An increase of 16.3% (R\$ 33,469) in Personnel. Except the impact of R\$47,528 of early retirement program occurred in 2011, the increase would be R\$14,059 (8.9%) due to the consolidation of CPFL Renováveis (R\$6,893) and the Collective Agreement;
- A decrease of Pension Plan gain of 88.8% (R\$19,848) due to actuarial reports for 2012;
- A decrease of 16.4% (R\$ 3,834) in Material, basically due to (i) equipment maintenance and operation (R\$4,814);
- An increase of 52.9% (R\$ 81,453) in Depreciation and Amortization, mainly due to (i) the consolidation of CPFL Renováveis (R\$22,176); (ii) reclassification of PIS and Cofins credits of CPFL Paulista, CPFL Piratinga and RGE subsidiaries (see further details in Deductions from Operating Revenue) and (iii) reduction of depreciation and amortization expenses of R\$11,489 due to changes in the depreciation rates established by ANEEL for distribution and generation companies and (iv) increase of R\$ 20,828 of depreciation in Baesa and Enercan subsidiaries due to an adjustment in the Public Utilities Amortization and in the depreciation, partially offset by the depreciation adjustment made by Foz in the second quarter of 2011 of R\$ 4,568.
- An increase of amortization of intangible asset of concession of 50.4% (R\$23,213), due to the amortization of the intangible asset from CPFL Renováveis Business Combination occurred in 2011 (R\$25,475);
- A reduction of 21.5% (R\$19,408) in Other Expense, mainly due to the reduction of: (i) R\$10,028 in legal, judicial and indemnization, because of a provision of R\$9,626 that occurred in 2011 related to ISS in the joint controlled entity Enercan; and (iii) reduction of 71.7% (R\$5.046) in the Fee for the Use of Water Resources.

### **Financial Income (Expense)**

The net Financial Income (Expense) in the second quarter was an expense of R\$ 238,385, compared with R\$ 182,050 in the same period of 2011, an increase of 30.9% (R\$ 56,335) in the net expense. This variation reflects the increase in financial expenses of 18.7% (R\$57,545), mainly due to:

- An increase of R\$ 81,907, (i) R\$47,818 because of the consolidation of CPFL Renováveis, and (ii) R\$34,089 in interest debt charges and monetary and exchange restatement because of higher indebtedness in the second quarter when compared to the same period of the previous year offset by the reduction of CDI rates. Higher indebtedness is related to CPFL Brasil raising funds to the acquisition of Jantus.
- Reduction of R\$17,353 in the Charge for the use of Public Utilities, mainly because of Public Utilities recalculation in the second quarter of 2011.

### **Social Contribution and Income Tax**

Taxes of R\$ 155,328 on income in the 2<sup>nd</sup> quarter of 2012 were 3.4% (R\$5,430) lower than in the same quarter of 2011, mainly as a result of the decrease in income before taxes.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### **Net income and Adjusted EBITDA**

As a result of the above factors, the net income for the quarter was R\$ 233,628, or 20.6% (R\$60,454) lower than in the same period of 2011.

The adjusted EBITDA (net income for the quarter, before the private pension plan, depreciation, amortization, financial income (expense), social contribution and income taxes) for the 2<sup>nd</sup> quarter of 2012 was R\$ 929,535, or 14.1% (R\$ 114,965) higher than the adjusted EBITDA for the same period of 2011.

### **Regulatory assets and liabilities**

The regulatory assets and liabilities are no longer recorded in the Company's books, in accordance with the pronouncements issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS). If they were recorded, they would represent a positive impact in our EBITDA in R\$126 million in the 2<sup>nd</sup> quarter 2012 (R\$1 million in the same quarter of 2011) and R\$81 million in the adjusted net income in the 2<sup>nd</sup> quarter 2012 (negative impact of R\$13 million in the same quarter of 2011). . The amounts related to the deferral of the regulatory assets and liabilities will be passed through the tariffs in the next tariff readjustment, through the financial components. The amounts related to the amortization are reflected in the tariffs of each period.

It is important to note that, as directed by Aneel, values include preliminary amounts of the liability related to the provisory tariff procedures for the 3rd cycle of tariff review of CPFL Piratininga, CPFL Santa Cruz, CPFL Mococa, CPFL Jaguari, CPFL Leste Paulista e CPFL Sul Paulista (corresponding to a reduction of R\$ 63 million in the EBITDA and R\$42 million in net income). The application of this methodology should have occurred on October 23, 2011 for CPFL Piratininga and February 3, 2012 for the remaining distributors.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARIES/ASSOCIATES

**Subsidiary: Companhia Paulista de Força e Luz - CPFL**

The subsidiary Companhia Paulista de Força e Luz - CPFL is a publicly quoted corporation, and its individual comments on performance are provided in its Interim Financial Statements - ITR, at June 30, 2012, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary: CPFL Geração de Energia S.A.**

The subsidiary CPFL Geração de Energia S/A is a publicly quoted corporation, and its individual comments on performance are provided in its Interim Financial Statements - ITR, at June 30, 2012, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary: Companhia Piratininga de Força e Luz**

The subsidiary Companhia Piratininga de Força e Luz is a publicly quoted corporation, and its individual comments on performance are provided in its Interim Financial Statements - ITR, at June 30, 2012, filed with the CVM – Comissão de Valores Mobiliários.

**Subsidiary: Rio Grande Energia S.A.**

The subsidiary Rio Grande Energia S/A is a publicly quoted corporation, and its individual comments on performance are provided in its Interim Financial Statements - ITR, at June 30, 2012, filed with the CVM – Comissão de Valores Mobiliários.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

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

|   | 2nd quarter      |                  | %             | Consolidated     |                  |
|---|------------------|------------------|---------------|------------------|------------------|
|   | 2012             | 2011             |               | 2012             | 2011             |
| <b>OPERATING REVENUES</b>   | <b>462,502</b>   | <b>433,703</b>   | <b>6.6%</b>   | <b>886,992</b>   | <b>838,666</b>   |
| Electricity sales to final consumers                                    | 197,539          | 161,000          | 22.7%         | 377,339          | 318,199          |
| Electricity sales to wholesaler´s                                       | 272,585          | 259,776          | 4.9%          | 481,482          | 465,252          |
| Other operating revenues  | (7,621)          | 12,927           | -159.0%       | 28,170           | 55,215           |
| Deductions from operating revenues                                      | (56,153)         | (51,631)         | 8.8%          | (107,711)        | (99,256)         |
| <b>NET OPERATING REVENUE</b>  | <b>406,349</b>   | <b>382,071</b>   | <b>6.4%</b>   | <b>779,280</b>   | <b>739,410</b>   |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>                                 | <b>(365,374)</b> | <b>(314,095)</b> | <b>16.3%</b>  | <b>(651,438)</b> | <b>(567,013)</b> |
| Electricity purchased for resale  | (365,374)        | (314,095)        | 16.3%         | (651,438)        | (567,013)        |
| <b>OPERATING COST/EXPENSE</b>   | <b>(6,600)</b>   | <b>(24,734)</b>  | <b>-73.3%</b> | <b>(21,105)</b>  | <b>(44,365)</b>  |
| Personnel   | (4,188)          | (5,879)          | -28.8%        | (8,706)          | (11,589)         |
| Materials   | (60)             | (694)            | -91.3%        | (452)            | (1,256)          |
| Outside Services  | (480)            | (10,551)         | -95.5%        | (6,953)          | (20,143)         |
| Depreciation and Amortization   | (328)            | (1,032)          | -68.2%        | (1,211)          | (2,080)          |
| Other   | (1,544)          | (6,578)          | -76.5%        | (3,782)          | (9,297)          |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b>                              | <b>34,375</b>    | <b>43,243</b>    | <b>-20.5%</b> | <b>106,738</b>   | <b>128,033</b>   |
| <b>FINANCIAL INCOME (EXPENSE)</b>                                       | <b>(24,719)</b>  | <b>(3,757)</b>   | <b>558.0%</b> | <b>(54,911)</b>  | <b>(5,101)</b>   |
| Income  | 9,016            | 5,464            | 65.0%         | 17,033           | 10,683           |
| Expense   | (33,735)         | (9,221)          | 265.9%        | (71,944)         | (15,784)         |
| Equity in subsidiaries  | (491)            | -                | 0.0%          | 2,537            | -                |
| <b>INCOME BEFORE TAXES</b>  | <b>9,164</b>     | <b>39,486</b>    | <b>-76.8%</b> | <b>54,364</b>    | <b>122,931</b>   |
| Social Contribution   | (861)            | (3,713)          | -76.8%        | (4,762)          | (11,006)         |
| Income Tax  | (2,339)          | (10,442)         | -77.6%        | (13,079)         | (30,462)         |
| <b>NET INCOME</b>   | <b>5,964</b>     | <b>25,332</b>    | <b>-76.5%</b> | <b>36,522</b>    | <b>81,464</b>    |
| Net income attributable to the shareholders of the company              | 5,964            | 25,332           | -76.5%        | 36,522           | 81,464           |
| Net income attributable to the non controlling interests                | (0)              | (0)              | -61.4%        | (0)              | (0)              |
| <b>EBITDA</b>   | <b>34,702</b>    | <b>44,275</b>    | <b>-21.6%</b> | <b>107,949</b>   | <b>130,113</b>   |
| <b>Net Income for the Period and Adjusted EBITDA Reconciliation (*)</b> |                  |                  |               |                  |                  |
| <b>NET INCOME FOR THE PERIOD</b>  | <b>5,964</b>     | <b>25,332</b>    |               | <b>36,522</b>    | <b>81,464</b>    |
| Depreciation and Amortization   | 328              | 1,032            |               | 1,211            | 2,080            |

|                            |               |               |                |                |
|----------------------------|---------------|---------------|----------------|----------------|
| Financial Income (Expense) | 24,719        | 3,757         | 54,911         | 5,101          |
| Equity in subsidiaries     | 491           | -             | (2,537)        | -              |
| Social Contribution        | 861           | 3,713         | 4,762          | 11,006         |
| Income Tax                 | 2,339         | 10,442        | 13,079         | 30,462         |
| <b>Adjusted EBITDA</b>     | <b>34,702</b> | <b>44,275</b> | <b>107,949</b> | <b>130,113</b> |

(\*) Information not reviewed by the independent auditors

## Operation Revenue

Operating Revenue for the second quarter of 2012 was R\$ 462,502, an increase of R\$ 28,799 (6.6%) in relation to the same quarter of 2011. This increase is basically explained by an increase of R\$49,348 in revenues, due to increases of 98 GWh in the volume sold and 8.6% in average prices. This increase was offset by the transfer of R\$20,549 related to revenues of collection services and assets construction/maintenance for CPFL Total and CPFL Serviços, respectively.

## Net Income and EBITDA

Net income of R\$ 5,964 was recorded in the second quarter of 2012, a decrease of R\$ 19,368 (76.5%), compared with the same quarter of 2011.

The EBITDA (Income before Financial Income (Expense), income tax and social contribution, depreciation and amortization) for this quarter was R\$ 34,702, 21.6% lower than the R\$ 45,275 recorded in the same quarter of 2011 .



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

**CPFL Energia S.A.**  
**Balance Sheets as of June 30, 2012 and December 31, 2011**  
(in thousands of Brazilian Reais)

| <b>ASSETS</b>  | <b>Parent company</b> |                          | <b>Conso</b>           |
|--|-----------------------|--------------------------|------------------------|
|  | <b>June 30, 2012</b>  | <b>December 31, 2011</b> | <b>June 30, 2012 D</b> |
| <b>CURRENT ASSETS</b>                                    |                       |                          |                        |
| Cash and cash equivalents (note 5)                       | 43,974                | 549,189                  | 2,014,281              |
| Consumers, Concessionaires and Licensees (note 6)        | -                     | -                        | 1,916,634              |
| Dividends and Interest on Shareholders' Equity (note 12) | 689,724               | 125,913                  | 830                    |
| Financial Investments (note 7)                           | 28,060                | 45,668                   | 44,304                 |
| Recoverable Taxes (note 8)                               | 63,329                | 40,783                   | 317,961                |
| Derivatives (note 32)                                    | 393                   | 2                        | 10,840                 |
| Materials and Supplies                                   | -                     | -                        | 53,220                 |
| Leases   | -                     | -                        | 5,912                  |
| Other credits (note 11)                                  | 2,684                 | 2,833                    | 515,659                |
| <b>TOTAL CURRENT ASSETS</b>                              | <b>828,164</b>        | <b>764,388</b>           | <b>4,879,642</b>       |
| <b>NONCURRENT ASSETS</b>                                 |                       |                          |                        |
| Consumers, Concessionaires and Licensees (note 6)        | -                     | -                        | 168,510                |
| Due from Related Parties                                 | 4,317                 | 2,610                    | -                      |
| Escrow Deposits (note 21)                                | 12,156                | 11,744                   | 1,207,658              |
| Financial Investments (note 7)                           | -                     | 2,854                    | 159,332                |
| Recoverable Taxes (note 8)                               | -                     | -                        | 221,473                |
| Derivatives (note 32)                                    | 264                   | -                        | 449,036                |
| Deferred Taxes Credits (note 9)                          | 184,911               | 193,874                  | 1,235,752              |
| Leases   | -                     | -                        | 28,244                 |
| Financial asset of concession (note 10)                  | -                     | -                        | 1,995,821              |
| Private pension fund (note 19)                           | -                     | -                        | 3,416                  |
| Investment at cost                                       | -                     | -                        | 116,654                |
| Other credits (note 11)                                  | 15,699                | 16,978                   | 335,231                |
| Investments (note 12)                                    | 6,494,600             | 6,614,915                | -                      |

|   |                  |                  |                   |
|---|------------------|------------------|-------------------|
| Property, Plant and Equipment (note 13) | 378              | 312              | 9,290,004         |
| Intangible assets (note 14)             | 96               | 118              | 9,371,556         |
| <b>TOTAL NONCURRENT ASSETS</b>          | <b>6,712,422</b> | <b>6,843,405</b> | <b>24,582,685</b> |
| <b>TOTAL ASSETS</b>                     | <b>7,540,586</b> | <b>7,607,793</b> | <b>29,462,327</b> |

The accompanying notes are an integral part of these financial statements.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| <b>CPFL Energia S.A.</b>  |                       |                   |                            |
|---|-----------------------|-------------------|----------------------------|
| <b>Balance Sheets as of June 30, 2012 and December 31, 2011</b> |                       |                   |                            |
| (in thousands of Brazilian Reais)                               |                       |                   |                            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                     | <b>Parent company</b> |                   | <b>Consolidated</b>        |
|   | June 30, 2012         | December 31, 2011 | June 30, 2012 Dec 31, 2011 |
| <b>CURRENT LIABILITIES</b>                                      |                       |                   |                            |
| Suppliers (note 15)   | 1,648                 | 1,618             | 1,399,011                  |
| Accrued Interest on Debts (note 16)                             | -                     | -                 | 203,668                    |
| Accrued Interest on Debentures (note 17)                        | 13,258                | 16,403            | 72,541                     |
| Loans and Financing (note 16)                                   | -                     | -                 | 1,195,142                  |
| Debentures (note 17)  | 150,000               | 150,000           | 539,798                    |
| Private pension fund (note 18)                                  | -                     | -                 | 41,224                     |
| Regulatory charges (note 19)                                    | -                     | -                 | 129,581                    |
| Taxes and Social Contributions Payable (note 20)                | 31,019                | 196               | 437,322                    |
| Dividends and Interest on Equity                                | 15,946                | 15,575            | 20,891                     |
| Accrued liabilities related to personnel                        | 20                    | 7                 | 89,349                     |
| Charge for the use of Public Utilities (note 22)                | -                     | -                 | 28,584                     |
| Other accounts payable (note 23)                                | 17,415                | 16,457            | 685,200                    |
| <b>TOTAL CURRENT LIABILITIES</b>                                | <b>229,307</b>        | <b>200,258</b>    | <b>4,842,312</b>           |
| <b>NONCURRENT LIABILITIES</b>                                   |                       |                   |                            |
| Suppliers (note 15)   | -                     | -                 | 5,818                      |
| Accrued Interest on Debts (note 16)                             | -                     | -                 | 185                        |
| Loans and Financing (note 16)                                   | -                     | -                 | 8,469,954                  |
| Debentures (note 17)  | 300,000               | 300,000           | 5,127,931                  |
| Private pension fund (note 18)                                  | -                     | -                 | 378,720                    |
| Taxes and Social Contributions Payable (note 20)                | -                     | -                 | -                          |
| Deferred taxes debits (note 9)                                  | -                     | -                 | 1,241,240                  |
| Reserve for tax, Civil and labor Risks.                         | 12,109                | 11,713            | 356,885                    |
| Derivatives (note 32)   | -                     | 24                | -                          |
| Charge for the use of Public Utilities (note 22)                | -                     | -                 | 447,537                    |
| Other accounts payable (note 23)                                | 27,876                | 28,641            | 114,907                    |
| <b>TOTAL NONCURRENT LIABILITIES</b>                             | <b>339,985</b>        | <b>340,378</b>    | <b>16,143,178</b>          |
| <b>SHAREHOLDERS' EQUITY (note 24)</b>                           |                       |                   |                            |
| Capital   | 4,793,424             | 4,793,424         | 4,793,424                  |
| Capital Reserves  | 226,951               | 229,956           | 226,951                    |
| Profit Reserves   | 495,185               | 495,185           | 495,185                    |

|  |                  |                  |                   |
|--|------------------|------------------|-------------------|
| Additional dividend proposed                           | -                | 758,470          | -                 |
| Other Comprehensive Income                             | 798,987          | 790,123          | 798,987           |
| Retained earnings                                      | 656,747          | -                | 656,747           |
|  | 6,971,294        | 7,067,157        | 6,971,294         |
| Net equity attributable to noncontrolling shareholders | -                | -                | 1,505,542         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                      | <b>6,971,294</b> | <b>7,067,157</b> | <b>8,476,836</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      | <b>7,540,586</b> | <b>7,607,793</b> | <b>29,462,327</b> |

The accompanying notes are an integral part of these financial statements.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| <b>CPFL Energia S.A.</b>  |                       |                 |                |                 |                     |                  |                  |                  |
|---|-----------------------|-----------------|----------------|-----------------|---------------------|------------------|------------------|------------------|
| <b>Statement of income for the periods ended on June 30, 2012 e de 2011</b> |                       |                 |                |                 |                     |                  |                  |                  |
| (in thousands of Brazilian Reais, except for Earnings per share)            |                       |                 |                |                 |                     |                  |                  |                  |
|   | <b>Parent company</b> |                 |                |                 | <b>Consolidated</b> |                  |                  |                  |
|   | <b>2012</b>           |                 | <b>2011</b>    |                 | <b>2012</b>         |                  | <b>2011</b>      |                  |
|   | <b>2nd</b>            | <b>1st</b>      | <b>2nd</b>     | <b>1st</b>      | <b>2nd</b>          | <b>1st</b>       | <b>2nd</b>       | <b>1st</b>       |
|   | <b>quarter</b>        | <b>semester</b> | <b>quarter</b> | <b>semester</b> | <b>quarter</b>      | <b>semester</b>  | <b>quarter</b>   | <b>semester</b>  |
| <b>NET OPERATING REVENUE</b><br>(note 26)                                   | <b>21</b>             | <b>22</b>       | <b>1</b>       | <b>2</b>        | <b>3,533,449</b>    | <b>6,954,437</b> | <b>3,044,857</b> | <b>6,067,641</b> |
| <b>COST OF ELECTRIC ENERGY SERVICES</b>                                     |                       |                 |                |                 |                     |                  |                  |                  |
| Cost of electric energy (note 27)   | -                     | -               | -              | -               | (1,882,621)         | (3,548,350)      | (1,524,451)      | (2,943,113)      |
| Operating cost (note 28)  | -                     | -               | -              | -               | (382,262)           | (692,029)        | (329,572)        | (583,369)        |
| Services rendered to third parties (note 28)                                | -                     | -               | -              | -               | (323,362)           | (593,396)        | (250,861)        | (464,628)        |
| <b>GROSS OPERATING INCOME</b>   | <b>21</b>             | <b>22</b>       | <b>1</b>       | <b>2</b>        | <b>945,204</b>      | <b>2,120,662</b> | <b>939,972</b>   | <b>2,076,531</b> |
| <b>Operating expenses (note 28)</b>   |                       |                 |                |                 |                     |                  |                  |                  |
| Sales expenses  | -                     | -               | -              | -               | (99,235)            | (192,289)        | (105,131)        | (178,202)        |
| General and administrative expenses   | (5,762)               | (11,827)        | (9,942)        | (16,140)        | (141,127)           | (282,505)        | (141,273)        | (296,094)        |
| Other Operating   | (34,144)              | (68,257)        | (36,297)       | (72,595)        | (77,501)            | (150,774)        | (56,678)         | (111,189)        |

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|   |                 |                 |                 |                 |                  |                  |                  |                  |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Expense   | (39,906)        | (80,084)        | (46,239)        | (88,735)        | (317,862)        | (625,568)        | (303,082)        | (585,485)        |
| <b>INCOME FROM ELECTRIC ENERGY SERVICE</b>                            | <b>(39,885)</b> | <b>(80,062)</b> | <b>(46,238)</b> | <b>(88,733)</b> | <b>627,341</b>   | <b>1,495,094</b> | <b>636,890</b>   | <b>1,491,046</b> |
| <b>Equity in subsidiaries (note 12)</b>                               | 310,003         | 756,714         | 371,050         | 877,146         | -                | -                | -                | -                |
| <b>FINANCIAL INCOME (EXPENSE) (note 29)</b>                           |                 |                 |                 |                 |                  |                  |                  |                  |
| Income  | (938)           | 15,476          | (2,232)         | 7,024           | 126,734          | 270,236          | 125,524          | 251,438          |
| Expense   | (10,061)        | (21,934)        | (13,662)        | (26,781)        | (365,119)        | (723,168)        | (307,574)        | (564,593)        |
|   | <b>(10,999)</b> | <b>(6,459)</b>  | <b>(15,894)</b> | <b>(19,757)</b> | <b>(238,385)</b> | <b>(452,933)</b> | <b>(182,050)</b> | <b>(313,156)</b> |
| <b>INCOME BEFORE TAXES</b>  | <b>259,118</b>  | <b>670,193</b>  | <b>308,918</b>  | <b>768,655</b>  | <b>388,957</b>   | <b>1,042,162</b> | <b>454,841</b>   | <b>1,177,891</b> |
| Social contribution (note 9)  | (6,894)         | (6,955)         | (4,533)         | (4,533)         | (41,648)         | (103,669)        | (41,890)         | (110,682)        |
| Income tax (note 9)   | (22,890)        | (22,999)        | (16,455)        | (16,413)        | (113,680)        | (281,667)        | (118,868)        | (307,251)        |
|   | <b>(29,784)</b> | <b>(29,954)</b> | <b>(20,988)</b> | <b>(20,946)</b> | <b>(155,328)</b> | <b>(385,335)</b> | <b>(160,758)</b> | <b>(417,933)</b> |
| <b>NET INCOME</b>   | <b>229,334</b>  | <b>640,239</b>  | <b>287,930</b>  | <b>747,709</b>  | <b>233,628</b>   | <b>656,826</b>   | <b>294,083</b>   | <b>759,958</b>   |
| Net income attributable to controlling shareholders                   |                 |                 |                 |                 | 229,334          | 640,239          | 287,930          | 747,709          |
| Net income attributable to noncontrolling shareholders                |                 |                 |                 |                 | 4,295            | 16,587           | 6,153            | 12,249           |
| Net income per share attributable to shareholders - basic and diluted | 0.24            | 0.67            | 0.30            | 0.78            | 0.24             | 0.67             | 0.30             | 0.78             |

The accompanying notes are an integral part of these financial statements.



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CPFL Energia S.A.**  
**Statement of comprehensive income for the periods ended at June 30, 2012 and 2011**  
**(in thousands of Brazilian Reais)**

|   | Parent company |                 |                |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | 2012           |                 | 2011           |                 |
|   | 2nd<br>quarter | 1st<br>semester | 2nd<br>quarter | 1st<br>semester |
| <b>Net income</b>   | <b>229,334</b> | <b>640,239</b>  | <b>287,930</b> | <b>747,709</b>  |
| Other comprehensive income on the Company's investment      | 23,017         | 23,352          | 9,508          | 26,065          |
| <b>Comprehensive income for the period - parent company</b> | <b>252,351</b> | <b>663,591</b>  | <b>297,438</b> | <b>773,774</b>  |

|   | Consolidated   |                 |                |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | 2012           |                 | 2011           |                 |
|   | 2nd<br>quarter | 1st<br>semester | 2nd<br>quarter | 1st<br>semester |
| <b>Net income</b>   | <b>233,628</b> | <b>656,826</b>  | <b>294,083</b> | <b>759,958</b>  |
| <b>Other comprehensive income</b>                                 |                |                 |                |                 |
| - Gain in financial instruments - Financial asset of concession   | 34,386         | 35,211          | 14,405         | 39,492          |
| - Tax on financial instruments - Financial asset of concession    | (11,368)       | (11,859)        | (4,897)        | (13,427)        |
| <b>Comprehensive income for the period</b>                        | <b>256,646</b> | <b>680,178</b>  | <b>303,591</b> | <b>786,023</b>  |
| Comprehensive income attributable to controlling shareholders     | 252,351        | 663,591         | 297,437        | 773,773         |
| Comprehensive income attributable to non controlling shareholders | 4,295          | 16,587          | 6,153          | 12,249          |

The accompanying notes are an integral part of these financial statements.



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

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

|   | Capital          | Capital Reserve | Legal reserve  | Dividends      | Deemed cost    | Other Comprehensive Income<br>Financial instruments |
|---|------------------|-----------------|----------------|----------------|----------------|---|
| <b>Balance as of December 31, 2011</b>          | <b>4,793,424</b> | <b>229,956</b>  | <b>495,185</b> | <b>758,470</b> | <b>563,005</b> | <b>227,118</b>                                      |
| Capital increase by noncontrolling shareholders | -                | -               | -              | -              | -              | -   |
| Net income for the period                       | -                | -               | -              | -              | -              | -   |
| Approval of dividends proposed                  | -                | -               | -              | (758,470)      | -              | -   |
| Prescribed dividend                             | -                | -               | -              | -              | -              | -   |
| Changes in Other Comprehensive Income:          |                  |                 |                |                |                |   |
| - Gain in financial instruments                 | -                | -               | -              | -              | -              | 35,211  |
| - Tax on financial instruments                  | -                | -               | -              | -              | -              | (11,859)  |
| - Realization of financial instruments          | -                | -               | -              | -              | -              | (396)   |
| - Realization of deemed cost of fixed assets    | -                | -               | -              | -              | (21,352)       | -   |
| - Tax on deemed cost realization                | -                | -               | -              | -              | 7,260          | -   |
| Business combination - CPFL Renováveis          | -                | (3,005)         | -              | -              | -              | -   |
| Other changes in noncontrolling shareholders    | -                | -               | -              | -              | -              | -   |
| <b>Balance as of June 30, 2012</b>              | <b>4,793,424</b> | <b>226,951</b>  | <b>495,185</b> | <b>-</b>       | <b>548,913</b> | <b>250,074</b>                                      |

CPFL Energia S.A.

**Statement of changes in shareholders' equity for the six month period ended  
( thousands of Brazilian Reais )**

|  | Capital          | Capital Reserve | Legal reserve  | Dividends      | Other Comprehensive Income<br>Deemed cost | Financial instruments |
|--|------------------|-----------------|----------------|----------------|---|-----------------------|
| <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>                            | <b>185,831</b>        |
| Net income for the period                    | -                | -               | -              | -              | -   | -                     |
| Approval of dividends proposed               | -                | -               | -              | (486,040)      | -   | -                     |
| Changes in Other Comprehensive Income:       |                  |                 |                |                |   |                       |
| - Gain in financial instruments              | -                | -               | -              | -              | -   | 39,492                |
| - Tax on financial instruments               | -                | -               | -              | -              | -   | (13,427)              |
| - Realization of financial instruments       | -                | -               | -              | -              | -   | (30)                  |
| - Realization of deemed cost of fixed assets | -                | -               | -              | -              | (19,704)                                  | -                     |
| - Tax on deemed cost realization             | -                | -               | -              | -              | 6,699                                     | -                     |
| Other changes in noncontrolling shareholders | -                | -               | -              | -              | -   | -                     |
| <b>Balance as of June 30, 2011</b>           | <b>4,793,424</b> | <b>16</b>       | <b>418,665</b> | <b>-</b>       | <b>596,727</b>                            | <b>211,866</b>        |

The accompanying notes are an integral part of these financial statements.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CPFL Energia S.A.**  
**Statement of Cash Flow**  
**For the periods ended on June 30, 2012 and 2011**

|  | Parent company<br>2012<br>1st semester | 2011<br>1st semester | Con<br>2012<br>1st semes |
|--|--|----------------------|--------------------------|
| <b>OPERATING CASH FLOW</b>   |  |                      |                          |
| <b>Income for the periods, before income tax and social contribution</b> | <b>670,193</b>                         | <b>768,655</b>       | <b>1,042,</b>            |
| ADJUSTMENT TO RECONCILE INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES  |  |                      |                          |
| Depreciation and amortization  | 68,260                                 | 72,684               | 523,                     |
| Reserve for tax, civil and labor risks                                   | -                                      | -                    | 14,                      |
| Interest and monetary restatement  | 18,060                                 | 18,886               | 595,                     |
| Pension plan costs   | -                                      | -                    | (5,0                     |
| Equity in subsidiaries   | (756,714)                              | (877,146)            |                          |
| Losses on the write-off of noncurrent assets                             | -                                      | -                    | 12,                      |
| Deferred taxes (PIS and COFINS)  | -                                      | -                    | (20,6                    |
| Other  | -                                      | -                    | (7,9                     |
| <b>REDUCTION (INCREASE) IN OPERATING ASSETS</b>                          |  |                      |                          |
| Consumers, concessionaires and licensees                                 | -                                      | -                    | (12,3                    |
| Dividend and interest on equity received                                 | 268,239                                | 981,808              |                          |
| Recoverable taxes  | (6,254)                                | (762)                | (15,1                    |
| Lease  | -                                      | -                    | 1,                       |
| Escrow deposits  | (14)                                   | (13)                 | (44,6                    |
| Other operating assets   | 1,541                                  | 4,304                | (112,3                   |
| <b>INCREASE (DECREASE) IN OPERATING LIABILITIES</b>                      |  |                      |                          |
| Suppliers  | 30                                     | 1,404                | 144,                     |
| Taxes and social contributions paid                                      | (140)                                  | (200)                | (399,6                   |
| Other taxes and social contributions                                     | 9,832                                  | 9,503                | (107,5                   |
| Other liabilities with employee pension plans                            | -                                      | -                    | (30,3                    |
| Interest on debts - paid   | (24,956)                               | (24,451)             | (495,5                   |
| Regulatory charges   | -                                      | -                    | (14,0                    |
| Losses on the write-off of noncurrent assets                             | -                                      | -                    | (27,6                    |
| Other operating liabilities  | 206                                    | (4,613)              | (10,7                    |

|   |                  |                  |                 |
|---|------------------|------------------|-----------------|
| <b>CASH FLOWS PROVIDED BY OPERATIONS</b>                        | <b>248,283</b>   | <b>950,059</b>   | <b>1,029,4</b>  |
| <b>FINANCING ACTIVITIES</b>                                     |                  |                  |                 |
| Acquisition of subsidiaries net of cash acquired                | -                | -                | (739,2          |
| Capital increase in investments                                 | (19,006)         | -                | (657,7          |
| Increase in property, plant and equipment                       | (190)            | -                | (51,5           |
| Financial investments   | 23,322           | 22,922           | (3,3            |
| Lease   | -                | -                | (612,1          |
| Additions to intangible assets                                  | -                | -                | 5,              |
| Sale of noncurrent assets                                       | -                | -                | (10,2           |
| Intercompany loans with subsidiaries and associated companies   | (1,544)          | (18,349)         |                 |
| Other   | -                | -                |                 |
| <b>GENERATION (UTILIZATION) OF CASH IN INVESTMENTS</b>          | <b>2,582</b>     | <b>4,573</b>     | <b>(2,068,4</b> |
| <b>FINANCING ACTIVITIES</b>                                     |                  |                  |                 |
| Loans, financing and debentures obtained                        | -                | -                | 1,584,0         |
| Payments of Loans, financing and debentures, net of derivatives | -                | -                | (466,0          |
| Dividend and interest on shareholders' equity paid              | (756,080)        | (482,646)        | (764,7          |
| <b>(UTILIZATION) GENERATION OF CASH IN FINANCING</b>            | <b>(756,080)</b> | <b>(482,646)</b> | <b>353,1</b>    |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>         | <b>(505,215)</b> | <b>471,986</b>   | <b>(685,5</b>   |
| <b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>             | <b>549,189</b>   | <b>110,958</b>   | <b>2,699,8</b>  |
| <b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>             | <b>43,974</b>    | <b>582,944</b>   | <b>2,014,1</b>  |

The accompanying notes are an integral part of these financial statements.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CPFL Energia S.A.**  
**Added Value Statements for the periods ended on June 30, 2012 and 2011**  
(in thousands of Brazilian Reais)

|  | Parent company  |                 | Consolidated       |                    |
|--|-----------------|-----------------|--------------------|--------------------|
|  | 2012            | 2011            | 2012               | 2011               |
|  | 1st             | 1st             | 1st                | 1st                |
|  | semester        | semester        | semester           | semester           |
| <b>1. Revenues</b>                                     | <b>24</b>       | <b>2</b>        | <b>10,230,838</b>  | <b>9,130,838</b>   |
| 1.1 Operating revenues                                 | 24              | 2               | 9,533,713          | 8,533,713          |
| 1.2 Revenues related to the construction of own assets | -               | -               | 149,223            | 149,223            |
| 1.3 Revenue from infrastructure construction           | -               | -               | 591,051            | 491,051            |
| 1.4 Allowance of doubtful accounts                     | -               | -               | (43,148)           | (43,148)           |
| <b>2. (-) Inputs</b>                                   | <b>(5,881)</b>  | <b>(14,031)</b> | <b>(5,096,208)</b> | <b>(4,300,208)</b> |
| 2.1 Electricity Purchased for Resale                   | -               | -               | (3,936,477)        | (3,236,477)        |
| 2.2 Material   | (143)           | (32)            | (419,031)          | (319,031)          |
| 2.3 Outsourced Services                                | (3,117)         | (11,403)        | (583,513)          | (583,513)          |
| 2.4 Other  | (2,621)         | (2,596)         | (157,187)          | (157,187)          |
| <b>3. Gross added value (1 + 2)</b>                    | <b>(5,857)</b>  | <b>(14,029)</b> | <b>5,134,630</b>   | <b>4,830,630</b>   |
| <b>4. Retentions</b>                                   | <b>(68,260)</b> | <b>(72,684)</b> | <b>(527,733)</b>   | <b>(460,733)</b>   |
| 4.1 Depreciation and amortization                      | (33)            | (89)            | (393,007)          | (393,007)          |
| 4.2 Amortization of intangible assets                  | (68,226)        | (72,595)        | (134,726)          | (67,726)           |
| <b>5. Net added value generated (3 + 4)</b>            | <b>(74,117)</b> | <b>(86,713)</b> | <b>4,606,898</b>   | <b>4,369,898</b>   |
| <b>6. Added value received in transfer</b>             | <b>782,121</b>  | <b>893,563</b>  | <b>280,167</b>     | <b>280,167</b>     |
| 6.1 Financial Income                                   | 25,407          | 16,418          | 280,167            | 280,167            |
| 6.2 Equity in Subsidiaries                             | 756,714         | 877,146         | -                  | -                  |
| <b>7. Added value to be distributed (5 + 6)</b>        | <b>708,004</b>  | <b>806,850</b>  | <b>4,887,064</b>   | <b>4,650,064</b>   |

|  |                |                |                  |            |
|--|----------------|----------------|------------------|------------|
| <b>8. Distribution of added value</b>                              | <b>708,004</b> | <b>806,850</b> | <b>4,887,064</b> | <b>4,6</b> |
| 8.1 Personnel and Charges  | <b>4,992</b>   | <b>1,538</b>   | <b>307,975</b>   | <b>2</b>   |
| 8.1.1 Direct Remuneration  | 2,950          | 1,538          | 206,526          | 2          |
| 8.1.2 Benefits   | 1,767          | -              | 82,325           |            |
| 8.1.3 Government severance indemnity fund for employees - F.G.T.S. | 275            | -              | 19,124           |            |
| 8.2 Taxes, Fees and Contributions                                  | <b>40,781</b>  | <b>30,785</b>  | <b>3,185,704</b> | <b>3,0</b> |
| 8.2.1 Federal  | 40,777         | 30,782         | 1,609,934        | 1,5        |
| 8.2.2 State  | 4              | 4              | 1,567,518        | 1,4        |
| 8.2.3 Municipal  | -              | -              | 8,252            |            |
| 8.3 Interest and Rentals   | <b>21,992</b>  | <b>26,818</b>  | <b>736,560</b>   | <b>5</b>   |
| 8.3.1 Interest   | 21,933         | 26,772         | 719,441          | 5          |
| 8.3.2 Rental   | 59             | 46             | 17,119           |            |
| 8.4 Interest on capital  | <b>640,239</b> | <b>747,709</b> | <b>656,826</b>   | <b>7</b>   |
| 8.4.2 Retained Earnings  | 640,239        | 747,709        | 656,826          | 7          |

The accompanying notes are an integral part of these financial statements.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**CPFL ENERGIA S.A.**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**AT JUNE 30, 2012**

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

**( 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 in Brazil.

The Company's headquarter is located at Rua Gomes de Carvalho, 1510 - 14<sup>o</sup> floor - Room 142 - 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 are not reviewed 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> |
|---|-----------------------------|------------------------|-------------------------|---------------------------------|
| Companhia Paulista de Força e Luz ("CPFL Paulista")       | Publicly-quoted corporation | Direct 100%            | Interior of S. Paulo    | 234                             |
| Companhia Piratininga de Força e Luz ("CPFL Piratininga") | Publicly-quoted corporation | Direct 100%            | Interior of S. Paulo    | 27                              |
| Rio Grande Energia S.A. ("RGE")                           |                             |                        |                         | 253                             |

|   |                             |             |  |    |
|---|-----------------------------|-------------|--|----|
|   | Publicly-quoted corporation | Direct 100% | Interior of Rio Grande do Sul          |    |
| Companhia Luz e Força Santa Cruz ("CPFL Santa Cruz")        | Private corporation         | Direct 100% | Interior of São Paulo and Paraná       | 27 |
| Companhia Leste Paulista de Energia ("CPFL Leste Paulista") | Private corporation         | Direct 100% | Interior of S. Paulo                   | 7  |
| Companhia Jaguari de Energia ("CPFL Jaguari")               | Private corporation         | Direct 100% | Interior of S. Paulo                   | 2  |
| Companhia Sul Paulista de Energia ("CPFL Sul Paulista")     | Private corporation         | Direct 100% | Interior of S. Paulo                   | 5  |
| Companhia Luz e Força de Mococa ("CPFL Mococa")             | Private corporation         | Direct 100% | Interior of São Paulo and Minas Gerais | 4  |

| Energy generation                                    | Company Type                | Equity Interest | Location (State)                     | Number of plants / type of energy <sup>1</sup> | Installed power |                    |
|--|-----------------------------|-----------------|--------------------------------------|--|-----------------|--------------------|
|  |                             |                 |                                      |  | Total           | CPFL participation |
| CPFL Geração de Energia S.A. ("CPFL Geração")        | Publicly-quoted corporation | Direct 100%     | São Paulo, Goiás and Minas Gerais    | Hydroelectric, 2 SHPs(*) and 1 Thermal         | 695 MW          | 695 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             |



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|  |                             |                   |           |                 |        |        |
|--|-----------------------------|-------------------|-----------|-----------------|--------|--------|
| Centrais Elétricas da Paraíba S.A. ("EPASA")       | Private corporation         | Indirect 52.75%   | Paraíba   | 2 Thermals      | 342 MW | 180 MW |
| Paulista Lajeado Energia S.A. ("Paulista Lajeado") | Private corporation         | Indirect 59.93%** | São Paulo | 1 Hydroelectric | 903 MW | 63 MW  |
| CPFL Energias Renováveis S.A. ("CPFL Renováveis")  | Publicly-quoted corporation | Indirect 63%      | (***)     | (***)           | (***)  | (***)  |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| <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.<br>("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.<br>("CPFL Serviços")         | Private corporation | Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision | Direct<br>100%              |
| NECT Serviços Administrativos Ltda ("Nect") (a)                                     | Limited company     | 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%              |
| CPFL Total Serviços Administrativos Ltda. ("CPFL Total")                            | Limited company     | Billing and collection services  | Direct and indirect<br>100% |
| CPFL Telecom S.A<br>("CPFL Telecom") (b)  | Private corporation | Telecommunication services   | Direct<br>100%              |
| (a) Former Chumpitaz<br>(b) Former Bio Itapaci - see note 12.1.1                    |                     |  |                             |
| <b>Other</b>  | <b>Company Type</b> | <b>Core activity</b>   | <b>Equity Interest</b>      |
|   | Limited company     |  | Direct                      |

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|  |                        |                            |                  |
|--|------------------------|----------------------------|------------------|
| CPFL Jaguariúna Participações Ltda<br>("CPFL Jaguariuna")      |                        | Venture capital<br>company | 100%             |
| CPFL Jaguari de Geração de Energia Ltda<br>("Jaguari Geração") | Limited company        | Venture capital<br>company | Direct           |
| Chapecoense Geração S.A.<br>("Chapecoense")                    | Private<br>corporation | Venture capital<br>company | 100%<br>Indirect |
| Sul Geradora Participações S.A.<br>("Sul Geradora")            | Private<br>corporation | Venture capital<br>company | 51%<br>Indirect  |
| (* ) SHP – Small Hydropower Plant                              |                        |                            | 99.95%           |

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

(\*\*\*) CPFL Renováveis has operations in São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná and Rio Grande do Sul states and its main activities are: (i) holding investments in renewable generation sources; (ii) identification, development, and exploitation of generation potential sources; and (iii) commercialization of electric energy. At June 30, 2012, CPFL Renováveis had a portfolio of 1,694.4 MW installed capacity (our share 1,067.5 MW), as follows:

- Hydropower generation: 34 SHP's operational (306.7 MW) and 1 SHP under construction (20 MW);
- Wind power generation: 8 projects operational (367.5 MW) and 25 projects under construction (670.2 MW);
- Biomass power generation: 5 plants operations (230 MW) and 2 under construction (100 MW).

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

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

### **2.1 Basis of preparation**

The individual (Parent Company) interim financial statements were prepared in accordance with the accounting practices adopted in Brazil, following the guidelines issued by the Brazilian Committee on Accounting Pronouncements (Comitê de Pronunciamentos Contábeis - CPC) and are presented in accordance with CPC 21 Demonstração Intermediária and diverge from of the Separate Financial Statements which, under IFRSs, must account for investments in subsidiaries, associates, and joint ventures at cost or fair value.

The consolidated interim financial statements were prepared in accordance with the Accounting Practices Adopted in Brazil and with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standard Board – IASB and are being presented in accordance with CPC 21 and IAS 34 requirements.

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

The accounting practices adopted in preparing these Interim Financial Statements are consistent with those adopted in December 31, 2011, and should be read together with those statements.

These Interim Financial Statements were authorized for issue by the Board of Directors on July 27, 2012.

### **2.2 Basis of measurement**

The interim financial 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 measured at fair value through profit or loss, iii) available-for-sale financial assets measured at fair value, and iv) 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**

Preparation of the interim 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 results of accounting estimates are rarely the same as the actual results. Accordingly, Company Management revise the estimates and assumptions on an ongoing basis. Adjustments derived from revisions of accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

The main accounting balances related to assumptions and estimates 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 in future periods are included in the following notes:

- Note 6 – Consumers, concessionaire and licensees (Allowance for doubtful accounts);
- Note 9 – Deferred tax credits and debits;
- Note 10 – Financial asset of concession;
- Note 13 – Property, plant and equipment;
- Note 14 – Intangible assets;
- Note 18 – Private Pension Fund;
- Note 21 – Reserve for contingencies and scrow deposits;
- Note 26 – Net operating revenues, and
- Note 32 – Financial instruments.

## **2.4 Functional currency and presentation currency**

The individual and consolidated interim financial 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 tally due to rounding.

## **2.5 Basis of consolidation**

### **(i) Business combinations**

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-controlled entities (joint ventures) are included in the consolidated financial statements from the date that total or joint 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 are aligned with the Company's accounting policies for consolidation purposes.

The individual interim financial statements of the parent of subsidiaries and jointly controlled entities and associates is accounted by the equity method of accounting.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

The consolidated interim 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 subsidiaries and proportionately consolidated for the jointly-controlled entities. Before the consolidation of the Company's Financial Statements, CPFL Geração, CPFL Brasil, CPFL Jaguari Geração and CPFL Renováveis financial statements are fully consolidated with their subsidiaries or proportionally consolidated, for the jointly controlled entities.

Intra-group balances and transactions, and any income and expenses derived from these transactions, are eliminated in 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 and after the statement of income for each period presented.

(iii) Acquisition of non-controlling interest

Accounted for as transactions between 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 decision makers to allocate resources and assess the segments' performance, and (iii) for which discrete 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) electric energy generation from renewable sources ("Renewables"); (iv) energy commercialization ("Commercialization"); (v) service activities; and (vi) other activities not listed in the previous items.

From August 1, 2011, a new operating segment was created, as a result of the CPFL Renováveis' Business Combination, as discussed on the note 12, to segregate the activities related to renewable energy.

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-controlled entities are described in Note 1. Except for the (i) jointly-controlled entities ENERCAN, BAESA, Foz do Chapecó and EPASA, which are consolidated proportionately, and (ii) the investment in Investco S.A. recorded at cost by the subsidiary Paulista Lajeado, the other units are fully consolidated.

As of June 30, 2012 and as of December 31, 2011, the non-controlling interests stated in the consolidated statements refers to the third-party interests in the subsidiaries CERAN, Paulista Lajeado and CPFL Renováveis. As of June 30, 2011, non-controlling interests stated in the consolidated financial statements refers to the third-party interests in the subsidiaries CERAN and Paulista Lajeado.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **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, and these are presented as an integral part of the interim financial statements.

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

Interim Financial Statements of the Company and of its subsidiaries are prepared based on the same accounting policies set out on notes 3.1 to 3.14 presented in our consolidated financial statements as of December 31, 2011.

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

A number of the Company’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 based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the specific notes of the purposed 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. The fair value of intangible assets is based on price quotations in an active market. When no active market exists, the fair value is the price that the Company would have paid for the asset on the purchase date, in an arm’s length transaction, wherein the parties had each acted knowledgeably and willingly on the basis on best available information.

- Financial instruments

Financial instruments measured at fair values were recognized based on quoted prices in an active market, or, if such prices were not available, 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&FBovespa S.A. and ANDIMA (note 32a).

Financial assets classified as available-for-sale refer to the right to indemnification, to be paid by the Federal Government regarding the assets of the distribution concessionaires when the concession contract is over. 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 of the distribution infrastructure at market price. 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 indemnification to the Shareholders' Company when the concession contract is over have not yet been defined by the Federal Government, the 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.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 5 ) CASH AND CASH EQUIVALENTS**

|                                  | <b>Parent company</b> |                          | <b>Consolidated</b>  |                          |
|----------------------------------|-----------------------|--------------------------|----------------------|--------------------------|
|                                  | <b>June 30, 2012</b>  | <b>December 31, 2011</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| Bank deposits                    | 788                   | 723                      | 104,278              | 147,126                  |
| Short-term financial investments | 43,186                | 548,466                  | 1,910,002            | 2,552,710                |
| <b>Total</b>                     | <b>43,974</b>         | <b>549,189</b>           | <b>2,014,281</b>     | <b>2,699,837</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 June 30, 2012 and December 31, 2011:

|                               | <b>Amounts coming due</b> | <b>Consolidated Past due</b> |                     | <b>Total</b>         |                          |
|-------------------------------|---------------------------|------------------------------|---------------------|----------------------|--------------------------|
|                               |                           | <b>until 90 days</b>         | <b>&gt; 90 days</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b><u>Current</u></b>         |                           |                              |                     |                      |                          |
| <b>Consumer classes</b>       |                           |                              |                     |                      |                          |
| Residential                   | 344,430                   | 219,518                      | 37,694              | 601,642              | 573,936                  |
| Industrial                    | 116,264                   | 54,570                       | 37,637              | 208,471              | 227,474                  |
| Commercial                    | 121,726                   | 44,762                       | 19,231              | 185,719              | 195,270                  |
| Rural                         | 32,167                    | 6,784                        | 1,683               | 40,634               | 43,612                   |
| Public administration         | 30,862                    | 5,540                        | 666                 | 37,068               | 34,601                   |
| Public lighting               | 29,650                    | 3,109                        | 12,615              | 45,374               | 42,270                   |
| Public utilities              | 39,773                    | 8,769                        | 1,530               | 50,072               | 41,560                   |
| <b>Billed</b>                 | <b>714,872</b>            | <b>343,052</b>               | <b>111,056</b>      | <b>1,168,980</b>     | <b>1,158,723</b>         |
| Unbilled                      | 420,061                   | -                            | -                   | 420,061              | 427,661                  |
| Financing of Consumers' Debts | 79,198                    | 11,415                       | 41,528              | 132,141              | 136,882                  |

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|                                 |                  |                |               |                  |                  |
|---------------------------------|------------------|----------------|---------------|------------------|------------------|
| Free energy                     | 3,984            | -              | -             | 3,984            | 3,674            |
| CCEE transactions               | 57,949           | -              | -             | 57,949           | 17,961           |
| Concessionaires and Licensees   | 193,994          | -              | -             | 193,994          | 207,204          |
| Allowance for doubtful accounts | -                | -              | (84,956)      | (84,956)         | (85,318)         |
| Other                           | 24,487           | -              | -             | 24,481           | 7,493            |
| <b>Total</b>                    | <b>1,494,545</b> | <b>354,467</b> | <b>67,628</b> | <b>1,916,634</b> | <b>1,874,280</b> |

**Non current**

|                               |                |          |          |                |                |
|-------------------------------|----------------|----------|----------|----------------|----------------|
| Financing of Consumers' Debts | 126,621        | -        | -        | 126,621        | 140,999        |
| CCEE transactions             | 41,301         | -        | -        | 41,301         | 41,301         |
| Concessionaires and Licensees | 588            | -        | -        | 588            | -              |
| <b>Total</b>                  | <b>168,510</b> | <b>-</b> | <b>-</b> | <b>168,510</b> | <b>182,300</b> |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Allowance for doubtful accounts**

Changes in the allowance for doubtful accounts are shown below:

|  | <b>Consolidated</b> |
|--|---------------------|
| <b>As of December 31, 2011</b>                           | <b>(85,318)</b>     |
| Valuation allowance recognized                           | (49,900)            |
| Recovery of revenue                                      | 6,752               |
| Write-off of accounts receivable and valuation allowance | 43,511              |
| <b>As of June 30, 2012</b>                               | <b>(84,956)</b>     |

**( 7 ) FINANCIAL INVESTMENTS**

The parent company balance refers to a Private Credit Agreement that the Company acquired in 2005 related to 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 would be settled by CPFL Brasil using the funds derived from the acquisition of energy produced by that company.

In the consolidated, balance refers mainly to the parent company balance and financial investments required by financing contracts of indirect subsidiaries CPFL Renováveis, BAESA and ENERCAN.

**( 8 ) RECOVERABLE TAXES**

|  | <b>Parent company</b> |                          | <b>Consolidated</b>  |                          |
|--|-----------------------|--------------------------|----------------------|--------------------------|
|  | <b>June 30, 2012</b>  | <b>December 31, 2011</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b>Current</b>                                     |                       |                          |                      |                          |
| Prepayments of social contribution - CSLL          | -                     | 441                      | 7,370                |                          |
| Prepayments of income tax - IRPJ                   | -                     | -                        | 10,986               |                          |
| IRRF on interest on equity                         | 16,528                | 30,891                   | 16,982               |                          |
| Income tax and social contribution to be offset    | 41,882                | 1,894                    | 97,367               |                          |
| Withholding tax - IRRF                             | 4,850                 | 7,487                    | 54,653               |                          |
| ICMS to be offset                                  | -                     | -                        | 77,085               |                          |
| Social Integration Program - PIS                   | -                     | -                        | 9,873                |                          |
| Contribution for Social Security financing- COFINS | 42                    | 42                       | 39,730               |                          |

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|   |               |               |                |
|---|---------------|---------------|----------------|
| National Social Security Institute - INSS | 1             | 1             | 3,076          |
| Other                                     | 26            | 26            | 839            |
| <b>Total</b>                              | <b>63,329</b> | <b>40,783</b> | <b>317,961</b> |

**Noncurrent**

|  |          |          |                |
|--|----------|----------|----------------|
| Social contribution to be offset - CSLL            | -        | -        | 37,898         |
| Income tax to be offset - IRPJ                     | -        | -        | 2,345          |
| ICMS to be offset                                  | -        | -        | 119,936        |
| Social Integration Program - PIS                   | -        | -        | 10,715         |
| Contribution for Social Security financing- COFINS | -        | -        | 48,950         |
| National Social Security Institute - INSS          | -        | -        | 1,339          |
| Other  | -        | -        | 290            |
| <b>Total</b>                                       | <b>-</b> | <b>-</b> | <b>221,473</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 9 ) DEFERRED TAXES****9.1- Breakdown of tax credits and debits:**

|  | <b>Parent company</b> |                          | <b>Consolidated</b>  |                          |
|--|-----------------------|--------------------------|----------------------|--------------------------|
|  | <b>June 30, 2012</b>  | <b>December 31, 2011</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b><u>Social contribution credit/(debit)</u></b> |                       |                          |                      |                          |
| Tax losses carryforwards                         | 46,270                | 48,352                   | 56,328               | 56,436                   |
| Tax benefit of merged goodwill                   | -                     | -                        | 175,394              | 169,062                  |
| Temporary differences                            | 1,607                 | 1,684                    | (262,816)            | (212,305)                |
| <b>Subtotal</b>                                  | <b>47,877</b>         | <b>50,035</b>            | <b>(31,093)</b>      | <b>13,194</b>            |
| <b><u>Income tax credit / (debit)</u></b>        |                       |                          |                      |                          |
| Tax losses carryforwards                         | 136,254               | 143,281                  | 161,537              | 165,736                  |
| Tax benefit of merged goodwill                   | -                     | -                        | 536,781              | 565,106                  |
| Temporary differences                            | 780                   | 557                      | (688,951)            | (599,330)                |
| <b>Subtotal</b>                                  | <b>137,034</b>        | <b>143,839</b>           | <b>9,367</b>         | <b>131,512</b>           |
| <b><u>PIS and COFINS (debit)</u></b>             |                       |                          |                      |                          |
| Temporary non-deductible differences             | -                     | -                        | 16,238               | (6,272)                  |
| <b>Total</b>                                     | <b>184,911</b>        | <b>193,874</b>           | <b>(5,488)</b>       | <b>138,434</b>           |
| Total tax credit                                 | 184,911               | 193,874                  | 1,235,752            | 1,176,535                |
| Total tax debit                                  | -                     | -                        | (1,241,240)          | (1,038,101)              |

Deferred tax recovery registered on noncurrent assets are based on future profitability, approved by the Board of Directors and appreciated by Fiscal Council, whose composition is described in the Financial Statements of December 31, 2011.

**9.2 - Tax benefit of merged goodwill:**



Refers to the tax credit calculated on the merged goodwill on acquisition of subsidiaries, as shown below, which were merged and are recorded in accordance with CVM Instructions nº 319/99 and nº 349/01 and ICPC 09 – Individual, Separate and Consolidated Financial Statements and Application of the Equity Method. The benefit is realized in proportion to tax 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.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|                     | <b>Consolidated</b>        |                   |                            |                   |
|---------------------|----------------------------|-------------------|----------------------------|-------------------|
|                     | <b>June 30, 2012</b>       |                   | <b>December 31, 2011</b>   |                   |
|                     | <b>Social contribution</b> | <b>Income tax</b> | <b>Social contribution</b> | <b>Income tax</b> |
| CPFL Paulista       | 81,481                     | 226,335           | 85,709                     | 238,079           |
| CPFL Piratininga    | 18,533                     | 63,597            | 19,404                     | 66,584            |
| RGE                 | 35,991                     | 148,634           | 37,714                     | 155,750           |
| CPFL Santa Cruz     | 3,100                      | 9,748             | 3,545                      | 11,148            |
| CPFL Leste Paulista | 1,758                      | 5,350             | 2,024                      | 6,155             |
| CPFL Sul Paulista   | 2,547                      | 7,947             | 2,944                      | 9,183             |
| CPFL Jaguari        | 1,522                      | 4,620             | 1,745                      | 5,289             |
| CPFL Mococa         | 964                        | 2,992             | 1,121                      | 3,483             |
| CPFL Geração        | -                          | 26,890            | -                          | 28,167            |
| CPFL Serviços       | 246                        | 651               | 306                        | 847               |
| CPFL Renováveis     | 29,253                     | 40,016            | 14,552                     | 40,421            |
| <b>Total</b>        | <b>175,394</b>             | <b>536,781</b>    | <b>169,062</b>             | <b>565,106</b>    |

**9.3 - Accumulated balances on temporary differences:**

|   | <b>June 30, 2012</b>       |                   | <b>PIS/COFINS</b> |
|---|----------------------------|-------------------|-------------------|
|   | <b>Social contribution</b> | <b>Income tax</b> |                   |
| <b>Temporary differences:</b>                           |                            |                   |                   |
| Reserve for contingencies                               | 20,281                     | 57,166            |                   |
| Revision tariff - basic pay                             | 11,622                     | 32,284            | 13,1              |
| Private pension fund                                    | 1,802                      | 6,003             |                   |
| Allowance for doubtful accounts                         | 7,529                      | 20,952            |                   |
| Free energy provision                                   | 4,649                      | 12,916            |                   |
| Research and Development and Energy Efficiency Programs | 12,967                     | 36,021            |                   |
| Reserves related to personnel                           | 1,977                      | 5,480             |                   |
| Depreciation rate difference                            | 7,922                      | 22,006            |                   |
| Losses on investments                                   | 804                        | 2,235             |                   |
| Financial instruments (IFRS / CPC)                      | 997                        | 2,768             |                   |

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|  |                  |                  |             |
|--|------------------|------------------|-------------|
| Recognition of the concession - adjustment of intangible assets (IFRS / CPC) | (2,135)          | (5,931)          |             |
| Reversal of regulatory assets and liabilities (IFRS / CPC)                   | (904)            | (2,512)          | (6)         |
| Actuarial losses on the transition of accounting practices (IFRS/CPC)        | 26,151           | 72,933           |             |
| Other adjustments on the transition of accounting practices (IFRS/CPC)       | 20,066           | 57,044           |             |
| Business Combination CPFL Renováveis   | (270,099)        | (706,062)        |             |
| Accelerated depreciation   | (1,614)          | (4,483)          |             |
| Other  | 7,663            | 14,737           | 3,7         |
| <b>Temporary differences - comprehensive income:</b>                         |                  |                  |             |
| Recognition of the concession - financial adjustment (IFRS / CPC)            | (34,053)         | (94,592)         |             |
| Property, plant and equipment - deemed cost adjustments (IFRS/CPC)           | (78,440)         | (217,915)        |             |
| <b>Total</b>   | <b>(262,816)</b> | <b>(688,951)</b> | <b>16,2</b> |

**9.4 - Reconciliation of the amounts of income tax and social contribution reported in the quarters and semesters ended June 30, 2012 and 2011:**

|   | Parent company<br>Social contribution |                |                |                | Parent company<br>Income tax |                 |                 |                |
|---|---------------------------------------|----------------|----------------|----------------|------------------------------|-----------------|-----------------|----------------|
|   | 2012                                  |                | 2011           |                | 2012                         |                 | 2011            |                |
|   | 2nd quarter                           | 1st semester   | 2nd quarter    | 1st semester   | 2nd quarter                  | 1st semester    | 2nd quarter     | 1st semester   |
| <b>Income before taxes</b>                    | <b>259,118</b>                        | <b>670,193</b> | <b>308,918</b> | <b>768,655</b> | <b>259,118</b>               | <b>670,193</b>  | <b>308,918</b>  | <b>768,655</b> |
| <b>Adjustments to reflect effective rate:</b> |                                       |                |                |                |                              |                 |                 |                |
| Equity in subsidiaries                        | (310,003)                             | (756,714)      | (371,050)      | (877,146)      | (310,003)                    | (756,714)       | (371,050)       | (877,146)      |
| Amortization of intangible asset acquired     | 26,972                                | 53,944         | 28,641         | 57,281         | 34,113                       | 68,226          | 36,297          | 57,281         |
| Interest on shareholders' equity - Revenue    | 107,366                               | 107,366        | 101,560        | 101,560        | 107,366                      | 107,366         | 101,560         | 101,560        |
| Other permanent additions, net                | 2,486                                 | 2,486          | -              | 17             | 2,926                        | 2,926           | -               | 17             |
| <b>Calculation base</b>                       | <b>85,939</b>                         | <b>77,274</b>  | <b>68,068</b>  | <b>50,368</b>  | <b>93,520</b>                | <b>91,996</b>   | <b>75,725</b>   | <b>50,368</b>  |
| Statutory rate                                | 9%                                    | 9%             | 9%             | 9%             | 25%                          | 25%             | 25%             | 9%             |
| <b>Tax debit result</b>                       | <b>(7,735)</b>                        | <b>(6,955)</b> | <b>(6,126)</b> | <b>(4,533)</b> | <b>(23,380)</b>              | <b>(22,999)</b> | <b>(18,931)</b> | <b>(4,533)</b> |

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|                         |                |                |                |                |                 |                 |                 |
|-------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Tax credit not recorded | 841            | -              | 1,593          | (0)            | 490             | -               | 2,476           |
| <b>Total</b>            | <b>(6,894)</b> | <b>(6,955)</b> | <b>(4,533)</b> | <b>(4,533)</b> | <b>(22,890)</b> | <b>(22,999)</b> | <b>(16,455)</b> |
| <b>Current</b>          | <b>(4,857)</b> | <b>(4,857)</b> | <b>(3,177)</b> | <b>(3,177)</b> | <b>(16,134)</b> | <b>(16,134)</b> | <b>(11,572)</b> |
| <b>Deferred</b>         | <b>(2,037)</b> | <b>(2,098)</b> | <b>(1,356)</b> | <b>(1,356)</b> | <b>(6,756)</b>  | <b>(6,865)</b>  | <b>(4,883)</b>  |

39

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(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|   | Consolidated<br>Social contribution |                  |                 |                  | Consolidated<br>Income tax |                  |                  |                  |
|---|-------------------------------------|------------------|-----------------|------------------|----------------------------|------------------|------------------|------------------|
|   | 2012                                |                  | 2011            |                  | 2012                       |                  | 2011             |                  |
|   | 2nd quarter                         | 1st semester     | 2nd quarter     | 1st semester     | 2nd quarter                | 1st semester     | 2nd quarter      | 1st semester     |
| <b>Income before taxes</b>                    | <b>388,957</b>                      | <b>1,042,162</b> | <b>454,841</b>  | <b>1,177,891</b> | <b>388,957</b>             | <b>1,042,162</b> | <b>454,841</b>   | <b>1,177,891</b> |
| <b>Adjustments to reflect effective rate:</b> |                                     |                  |                 |                  |                            |                  |                  |                  |
| Amortization of intangible asset acquired     | 52,447                              | 101,169          | 28,641          | 57,281           | 59,912                     | 116,098          | 36,601           | 57,281           |
| Realization CMC                               | 2,029                               | 4,040            | 2,564           | 5,156            | -                          | -                | -                | 5,156            |
| Tax incentives - PIIT                         | (1,544)                             | (2,898)          | (2,149)         | (2,149)          | (1,544)                    | (2,898)          | (2,149)          | (2,149)          |
| Effect of presumed profit system              | (26,492)                            | (64,374)         | (7,441)         | (14,212)         | (35,650)                   | (82,476)         | (8,541)          | (14,212)         |
| Other permanent additions, net                | 13,929                              | 31,807           | 6,077           | 5,158            | 8,930                      | 20,530           | 3,913            | 5,158            |
| <b>Calculation base</b>                       | <b>429,326</b>                      | <b>1,111,905</b> | <b>482,532</b>  | <b>1,229,125</b> | <b>420,605</b>             | <b>1,093,416</b> | <b>484,664</b>   | <b>1,229,125</b> |
| Statutory rate                                | 9%                                  | 9%               | 9%              | 9%               | 25%                        | 25%              | 25%              | 9%               |
| <b>Tax debit result</b>                       | <b>(38,639)</b>                     | <b>(100,071)</b> | <b>(43,428)</b> | <b>(110,621)</b> | <b>(105,151)</b>           | <b>(273,354)</b> | <b>(121,166)</b> | <b>(110,621)</b> |
| Tax credit reversion on Public Utilities      | (3,018)                             | (3,178)          | -               | -                | (6,745)                    | (7,185)          | -                | -                |
| Tax credit not recorded                       | 9                                   | (419)            | 1,538           | (61)             | (1,784)                    | (1,128)          | 2,298            | (61)             |
| <b>Total</b>                                  | <b>(41,648)</b>                     | <b>(103,669)</b> | <b>(41,890)</b> | <b>(110,683)</b> | <b>(113,680)</b>           | <b>(281,667)</b> | <b>(118,868)</b> | <b>(110,683)</b> |
| <b>Current</b>                                | <b>(54,824)</b>                     | <b>(118,871)</b> | <b>(40,935)</b> | <b>(95,235)</b>  | <b>(150,122)</b>           | <b>(322,702)</b> | <b>(115,251)</b> | <b>(95,235)</b>  |
| <b>Deferred</b>                               | <b>13,176</b>                       | <b>15,202</b>    | <b>(955)</b>    | <b>(15,447)</b>  | <b>36,441</b>              | <b>41,035</b>    | <b>(3,617)</b>   | <b>(15,447)</b>  |

**( 10 ) FINANCIAL ASSET OF CONCESSION**

|  | <b>Consolidated</b> |
|--|---------------------|
| <b>As of December 31, 2011</b>         | <b>1,376,664</b>    |
| Additions                              | 186,908             |
| Effect of change in depreciation rates | 399,527             |
| Change in the fair value               | 35,211              |
| Disposal                               | (2,488)             |
| <b>As of June 30, 2012</b>             | <b>1,995,821</b>    |

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

As mentioned in Note 14, ANEEL reviewed the depreciation rates for the electricity sector assets in the first quarter of 2012. The new rates came into effect on January 1, 2012 and on average, increased the useful life of the electric energy distribution assets.

Management believes that this fact changed the contractual conditions of concession related to reimbursement of investments performed in the infrastructure linked to the services rendered.

Therefore, based on the new useful lives specified by the regulatory body, the Company recalculated the financial asset at January 1, 2012, which corresponds to the amount subject to indemnification at the end of the concession, which will be recovered directly from granting authorities and as a result, the amount of R\$ 399,527 was recognized as an increment to the asset, set against the intangible concession asset to adequate the portion which will be recovered through services rendered (sale of energy).

Under the current tariff model, interest on the asset is recognized in profit or loss on billing the consumers and realized on receipt of the electric energy bills. The difference in relation to the adjustment to fair value is recognized in Other Comprehensive Income.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 11 ) OTHER CREDITS**

|                                       | <b>Consolidated</b>  |                          |                      |                          |
|---------------------------------------|----------------------|--------------------------|----------------------|--------------------------|
|                                       | <b>Current</b>       |                          | <b>Noncurrent</b>    |                          |
|                                       | <b>June 30, 2012</b> | <b>December 31, 2011</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| Receivables - consortia               | 27                   | 27                       | -                    | -                        |
| Advances - Fundação CESP              | 19,329               | 15,518                   | -                    | -                        |
| Advances to suppliers                 | 33,600               | 37,951                   | -                    | -                        |
| Pledges, funds and tied deposits      | 675                  | 1,548                    | 165,965              | 115,518                  |
| Fund tied to foreign currency loans   | -                    | -                        | 33,180               | 29,700                   |
| Orders in progress                    | 193,551              | 156,524                  | -                    | -                        |
| Outside services                      | 12,841               | 10,962                   | -                    | -                        |
| Reimbursement RGR                     | 3,787                | 4,590                    | -                    | 1,900                    |
| Advance to energy purchase agreements | 53,173               | 44,399                   | 48,969               | 58,600                   |
| Collection agreements                 | 43,868               | 57,377                   | -                    | -                        |
| Prepaid expenses                      | 50,051               | 5,695                    | 801                  | 1,300                    |
| Receivables - Business acquisitions   | -                    | -                        | 23,950               | 13,900                   |
| Prepayments for employees             | 15,345               | 4,751                    | -                    | -                        |
| Other                                 | 89,414               | 70,596                   | 62,366               | 58,300                   |
| <b>Total</b>                          | <b>515,659</b>       | <b>409,938</b>           | <b>335,231</b>       | <b>279,400</b>           |

**( 12 ) INVESTMENTS**

|  | <b>Parent company</b> |                          |
|--|-----------------------|--------------------------|
|  | <b>June 30, 2012</b>  | <b>December 31, 2011</b> |
| Permanent equity interests - equity method |                       |                          |
| By equity method of the subsidiary         | 5,305,641             | 5,357,729                |
| Value-added of assets, net                 | 1,182,905             | 1,251,131                |
| Goodwill                                   | 6,054                 | 6,054                    |
| <b>Total</b>                               | <b>6,494,600</b>      | <b>6,614,915</b>         |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**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 (thousand) | Total assets | June 30, 2012 |                      |                               | June 30, 2012                 | December 31, 2011      | June 30, 2012 | June 30, 2011 |
|-----------------------|-----------------------------|--------------|---------------|----------------------|-------------------------------|-------------------------------|------------------------|---------------|---------------|
|                       |                             |              | Capital       | Shareholders' Equity | Profit or loss for the period | Shareholders' Equity Interest | Equity in Subsidiaries |               |               |
| CPFL Paulista         | 177,909                     | 6,174,731    | 177,909       | 855,692              | 269,216                       | 855,692                       | 897,984                | 269,216       | 305,148       |
| CPFL Piratininga      | 53,031,259                  | 2,359,426    | 92,183        | 365,101              | 95,128                        | 365,101                       | 388,980                | 95,128        | 190,809       |
| CPFL Santa Cruz Leste | 371,772                     | 291,929      | 60,169        | 117,338              | 16,885                        | 117,338                       | 116,634                | 16,885        | 15,112        |
| CPFL Paulista Sul     | 895,733                     | 163,428      | 23,975        | 66,142               | 4,117                         | 66,142                        | 68,587                 | 4,117         | 6,527         |
| CPFL Paulista         | 463,482                     | 146,332      | 24,866        | 62,107               | 6,482                         | 62,107                        | 64,465                 | 6,482         | 8,326         |
| CPFL Jaguari          | 212,126                     | 119,218      | 16,428        | 41,596               | 4,286                         | 41,596                        | 43,430                 | 4,286         | 6,821         |
| CPFL Mococa           | 121,761                     | 87,153       | 15,945        | 36,090               | 2,533                         | 36,090                        | 37,634                 | 2,533         | 2,903         |
| CPFL RGE              | 807,168                     | 3,069,771    | 901,787       | 1,252,225            | 140,396                       | 1,252,225                     | 1,267,268              | 140,396       | 115,186       |
| CPFL Geração Jaguari  | 205,487,716                 | 4,587,469    | 1,039,618     | 2,495,482            | 154,803                       | 2,495,482                     | 2,483,750              | 156,496       | 131,077       |
| CPFL Geração (*)      | 40,108                      | 46,888       | 40,108        | 46,849               | 4,466                         | 46,849                        | 47,909                 | 4,466         | 4,450         |
| CPFL Brasil           | 11,998                      | 1,614,380    | 11,999        | 85,540               | 36,522                        | (104,760)                     | (112,633)              | 37,834        | 81,464        |
| CPFL Planalto (*)     | 630                         | 8,096        | 630           | 5,731                | 5,101                         | 5,731                         | 8,225                  | 5,101         | 6,541         |
| CPFL Serviços         | 1,482,334                   | 49,437       | 19,966        | 32,470               | 7,900                         | 32,470                        | 25,330                 | 7,900         | 1,514         |
| CPFL Atende (*)       | 1                           | 19,508       | 13,991        | 15,094               | 1,522                         | 15,094                        | 14,329                 | 1,522         | 935           |
| CPFL Nect (*)         | 2,059                       | 12,750       | 2,059         | 5,402                | 3,253                         | 5,402                         | 3,859                  | 3,253         | 403           |
|                       | 19,005                      | 31,003       | 19,005        | 21,163               | 2,170                         | 11,142                        | -                      | 1,142         | -             |



|              |         |       |       |       |      |                  |                  |                |                |
|--------------|---------|-------|-------|-------|------|------------------|------------------|----------------|----------------|
| CPFL Total   |         |       |       |       |      |                  |                  |                |                |
| (*)          |         |       |       |       |      |                  |                  |                |                |
| CPFL         |         |       |       |       |      |                  |                  |                |                |
| Jaguariuna   |         |       |       |       |      |                  |                  |                |                |
| (*)          | 284,430 | 2,506 | 2,926 | 1,936 | (41) | 1,936            | 1,977            | (41)           | (70)           |
| CPFL         |         |       |       |       |      |                  |                  |                |                |
| Telecom      | 19,900  | 6     | 20    | 6     | -    | 6                | -                | -              | -              |
| <b>Total</b> |         |       |       |       |      | <b>5,305,641</b> | <b>5,357,729</b> | <b>756,714</b> | <b>877,146</b> |

(\*) Number of quotes

The amounts related to the subsidiaries CPFL Geração and CPFL Brasil were adjusted for equity purposes, due to the effects of CPFL Renováveis business combination (note 12.4).

Changes on investments in subsidiaries are as follows:

| Investment           | Investment as of December 31, 2011 | Capital increase /payment of capital | Equity in subsidiary (profit or loss) | Equity in subsidiary (Other comprehensive income) | Capital reserve | Dividend and interest on shareholders' equity | Investment as of June 30, 2012 |
|----------------------|------------------------------------|--------------------------------------|---------------------------------------|---|-----------------|---|--------------------------------|
| CPFL Paulista        | 897,984                            | -                                    | 269,216                               | 9,333   | -               | (320,842)                                     | 855,681                        |
| CPFL Piratininga     | 388,980                            | -                                    | 95,128                                | 4,544   | -               | (123,550)                                     | 365,102                        |
| CPFL Santa Cruz      | 116,634                            | -                                    | 16,885                                | 2,159   | -               | (18,340)                                      | 117,338                        |
| CPFL Leste Paulista  | 68,587                             | -                                    | 4,117                                 | 1,446   | -               | (8,008)                                       | 66,142                         |
| CPFL Sul Paulista    | 64,465                             | -                                    | 6,482                                 | 1,044   | -               | (9,884)                                       | 62,113                         |
| CPFL Jaguari         | 43,430                             | -                                    | 4,286                                 | 567   | -               | (6,687)                                       | 41,596                         |
| CPFL Mococa          | 37,634                             | -                                    | 2,533                                 | 554   | -               | (4,631)                                       | 36,000                         |
| RGE                  | 1,267,268                          | -                                    | 140,396                               | 3,705   | -               | (159,144)                                     | 1,252,225                      |
| CPFL Geração         | 2,483,750                          | -                                    | 156,496                               | -   | (1,693)         | (143,071)                                     | 2,495,482                      |
| CPFL Jaguari Geração | 47,909                             | -                                    | 4,466                                 | -   | -               | (5,526)                                       | 46,849                         |
| CPFL Brasil          | (112,633)                          | 9,000                                | 37,834                                | -   | (1,312)         | (37,649)                                      | (104,750)                      |
| CPFL Planalto        | 8,225                              | -                                    | 5,101                                 | -   | -               | (7,595)                                       | 5,731                          |
| CPFL Serviços        | 25,330                             | -                                    | 7,900                                 | -   | -               | (760)   | 32,470                         |
| CPFL Atende          | 14,329                             | -                                    | 1,522                                 | -   | -               | (757)   | 15,094                         |
| Nect                 | 3,859                              | -                                    | 3,253                                 | -   | -               | (1,710)                                       | 5,402                          |
| CPFL Total           | -                                  | 10,000                               | 1,142                                 | -   | -               | -   | 11,142                         |
| CPFL Jaguariuna      | 1,977                              | -                                    | (41)                                  | -   | -               | -   | 1,936                          |
| CPFL Telecom         | -                                  | 6                                    | -                                     | -   | -               | -   | 6                              |
|                      | <b>5,357,729</b>                   | <b>19,006</b>                        | <b>756,714</b>                        | <b>23,352</b>                                     | <b>(3,005)</b>  | <b>(848,155)</b>                              | <b>5,305,641</b>               |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### 12.1.1 – Corporate restructuring of Bio Itapaci (CPFL Telecom)

The Board of Directors' meeting on June 27, 2012, approved the acquisition, by CPFL Energia, of 100% of the shares representing the total capital of CPFL Bio Itapaci held by the subsidiary CPFL Brasil.

Also in June 2012, the corporate name of CPFL Bio Itapaci was changed to CPFL Telecom S.A., and the corporate purpose became the provision and exploration of services in the area of telecommunications and participation in the capital of other companies with similar business activities.

As this transaction was between companies under the same control, it is not within the scope of application of CPC 15/IFRS 3 and it was recorded at cost.

### 12.2 – Net adjustment to fair value, upon Business Combination and goodwill

Net adjustment to fair value, upon Business Combination refers mainly to the right to 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 presented in intangible assets in the consolidated financial statements (note 14).

### 12.3 – Dividends and Interest on shareholders' equity receivable

| Investment          | Dividends     |                   | Parent company<br>Interest on Shareholders' Equity |                   | Total   |
|---------------------|---------------|-------------------|--|-------------------|---------|
|                     | June 30, 2012 | December 31, 2011 | June 30, 2012                                      | December 31, 2011 |         |
| CPFL Paulista       | 293,237       | -                 | 25,367   | -                 | 318,604 |
| CPFL Piratininga    | -             | -                 | 5,879  | -                 | 5,879   |
| CPFL Santa Cruz     | 13,892        | -                 | 4,087  | -                 | 17,979  |
| CPFL Leste Paulista | 5,776         | -                 | 2,051  | -                 | 7,827   |
| CPFL Sul Paulista   | 14,421        | 6,996             | 3,390  | 1,130             | 17,811  |
| CPFL Jaguari        | 11,860        | 6,891             | 2,370  | 790               | 14,229  |
| CPFL Mococa         | 2,969         | -                 | 1,527  | -                 | 4,496   |
| RGE                 | 170,168       | 76,413            | 90,132   | 30,044            | 260,300 |
| CPFL Geração        | -             | -                 | 35,337   | -                 | 35,337  |
| CPFL Brasil         | -             | -                 | 564  | -                 | 564     |
| CPFL Serviços       | 3,648         | 3,648             | 646  | -                 | 4,294   |

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|             |                |               |                |               |                |
|-------------|----------------|---------------|----------------|---------------|----------------|
| CPFL Atende | 337            | -             | 357            | -             | 694            |
| Nect        | 1,710          | -             | -              | -             | 1,710          |
|             | <b>518,019</b> | <b>93,949</b> | <b>171,705</b> | <b>31,964</b> | <b>689,724</b> |

After resolution of the AGM/EGM, the Company recorded in the half-year, dividends and interest on equity receivable of R\$ 740,789 for 2011. During the first half-year, the subsidiaries paid R\$ 268,239 to the Company. Additionally, the subsidiaries declared interim interest on shareholders' equity of R\$ 107,366 (R\$ 91,261 net of income tax withheld at source) during the half-year based on the profits of the first half-year of 2012. As a result of the Board of Directors' approval in June 2012, this amount was recorded as dividend and interest on shareholders' equity receivable.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **12.4 – Business combinations – 2011**

### **12.4.1 – CPFL Renováveis corporate restructuring**

In April 2011, with the objective of consolidating experience in the renewable energy sector and increasing synergies, the Company signed an agreement with the shareholders of ERSA Energia Renováveis S.A (“ERSA”) to merge renewable energy assets and projects held in its subsidiaries (in the case of CPFL, assets of the subsidiaries CPFL Geração and CPFL Brasil). After a series of planned restructurings, fully detailed in Financial Statements as of December 31, 2011, CPFL Geração and CPFL Brasil have joined the shareholders of ERSA as majority shareholders, resulting in the creation of CPFL Energias Renováveis S.A.

In relation to CPFL Renováveis, the business combination is still at the measurement period.

According the shareholders’ agreement of CPFL Renováveis, in the event the indirect subsidiary fails going public an initial public offering (IPO) within 2 years of the date of signing of the agreement, up to August 24, 2013, all of the non-controlling shareholders of CPFL Renováveis, individually, are entitled to sell their shares to CPFL Energia or to any third party(ies) nominated by CPFL Energia, and CPFL Energia has the obligation to buy them, paying in cash, shares issued by CPFL Energia or a combination of cash and shares.

## **12.5 – Business combinations - 2012**

### **Atlântica I Parque Eólico S.A., Atlântica II Parque Eólico S.A., Atlântica IV Parque Eólico S.A. e Atlântica V Parque Eólico S.A. (“Atlântica Complex”)**

In January 2012, the indirect subsidiary CPFL Renováveis signed a share purchase agreement with Cobra Instalaciones Y Servicios S.A., with the objective of acquiring 100% of the shares in Atlântica I Parque Eólico S.A., Atlântica II Parque Eólico S.A., Atlântica IV Parque Eólico S.A. and Atlântica V Parque Eólico S.A.. These companies hold authorizations to generate electric energy from wind power under the Independent Producer System, for a period of 35 years, by installation of their respective wind power plants, with joint installed power of 120 MW (physical information not reviewed by the independent auditors).

ANEEL has approved transfer of the control of the Atlântica Complex to CPFL Renováveis, as published on March 26, 2012. The amount of R\$ 24 million was paid to the sellers in March 2012.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Bons Ventos Geradora de Energia S.A.**

According to an Announcement to the Market, published on June 19, 2012, the indirect subsidiary CPFL Renováveis acquired the total capital stock of BVP S.A., a subsidiary of Bons Ventos Geradora de Energia S.A. (“Bons Ventos”). The total price of the acquisition was R\$ 1,090 million, involving: (i) the payment to the sellers of the amount of R\$ 445 million; (ii) the assumption of net debt in the amount of R\$ 439 million; and (iii) R\$ 128 million for settlement of debentures issued by Bons Ventos Geradora de Energia S.A. Furthermore, the agreement also provides for the payment to the sellers of the amount of approximately R\$ 79 million, after completion of the audit of the adjusted balance sheet, scheduled for the third quarter of 2012.

Bons Ventos has an authorization granted by ANEEL to exploit the Taíba Albatroz, Bons Ventos, Enacel and Canoa Quebrada wind power plants, with installed capacity of 157,5 MW. These wind power plants are located in the State of Ceará and are in full commercial operation. All the energy has been contracted to Eletrobrás for twenty years, under the PROINFA Program (Programa de Incentivo às Fontes Alternativas de Energia Elétrica) (physical information not reviewed by the independent auditors).

As per the Material Fact published on June 19, 2012, ANEEL has approved transfer of the control of BVP to the Company.

The purchase and sale agreement is subject to obtaining the prior consent of ANEEL, the banks and other competent regulatory authorities.

a) Additional information on the acquisition of the subsidiaries Atlântica Complex and BVP (estimated).

|  | <b>Atlântica<br/>Complex<br/>March<br/>23,2012</b> | <b>Bons Ventos<br/>June 19, 2012</b> |
|--|--|--------------------------------------|
| Cash and cash equivalents transferred as consideration by the acquirers: |  |                                      |
| Cash transferred or to be transferred to shareholders                    | 24,000   | 445,124                              |
| Cash transferred directly to BVP to debt payment and sellers expenses    | -  | 127,548                              |

|  |               |                |
|--|---------------|----------------|
| Estimated price adjustment to be paid to sellers according to contractual obligations registered as Accounts payable | -             | 78,551         |
| <b>Total transferred consideration (paid)</b>  | <b>24,000</b> | <b>651,223</b> |

b) Assets acquired and liabilities recognized on the acquisition date

In relation to the acquisition of the Atlântica Complex and Bons Ventos, all the consideration transferred (paid) was allocated to assets acquired and liabilities assumed at their fair values, including the intangible assets associated with the authorized exploration rights, and will be amortized over the remaining terms of the authorizations linked to exploration of the ventures purchased. Consequently, as the whole amount paid was allocated to identified assets and liabilities, no residual amount was allocated to goodwill for this transaction.

Allocation of the amount paid was based on a financial and economic appraisal issued by specialists contracted by the subsidiary's Management and by analyses made by Management itself.



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## QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

The Management of CPFL Renováveis does not expect the amount allocated as the right to exploit these acquisitions to be deductible for tax purposes on the acquisition date, and has therefore recorded deferred income tax and social contribution in relation to the difference between the amounts allocated and the tax bases of these assets.

The initial accounting for the acquisitions of Atlântica Complex and Bons Ventos was determined provisionally at February 29, 2012 and May 31, 2012, respectively. The necessary market appraisals and other calculations had not been finalized by the date on which the interim financial statements were completed and consequently, were only determined provisionally, based on Management's best estimate of the probable values of these acquisitions.

|                            | <b>Atlântica<br/>Complex<br/>March<br/>23,2012</b> | <b>Bons Ventos<br/>June 19, 2012</b> |
|----------------------------|--|--------------------------------------|
| Current assets:            |  |                                      |
| Cash and cash equivalents  | 186  | 28,092                               |
| Receivables                | -  | 16,232                               |
| Taxes recoverable          | -  | 5,116                                |
| Prepaid expenses           | 121  | 848                                  |
| Other Current Assets       | 37   | 1,023                                |
| Noncurrent assets:         |  |                                      |
| Tied financial investments | -  | 38,752                               |
| Deferred taxes             | -  | 57,121                               |
| Other credits              |  | 10,000                               |
| Fixed Assets               | 6,243  | 571,495                              |
| Liabilities:               |  |                                      |
| Suppliers                  | 54   | 14,430                               |
| Loans and debentures       | -  | 39,324                               |
| Tax and labour liabilities | 4  | 4,571                                |
| Consumers prepayment       | -  | 17,553                               |
| Other liabilities          | -  | 603                                  |
| Noncurrent liabilities:    |  |                                      |
| Loans and debentures       | -  | 455,239                              |
| Suppliers                  | -  | 5,818                                |
| Deferred taxes             | -  | 7,675                                |

|  |              |                |
|--|--------------|----------------|
| Reserve for disposal of assets and environmental liabilities | -            | 14,144         |
| Acquired net assets  | <b>6,529</b> | <b>169,322</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## c) Determination of intangible assets (exploration rights)

|   | <b>Atlântica<br/>Complex<br/>March<br/>23,2012</b> | <b>Bons Ventos<br/>June 19, 2012</b> |
|---|--|--------------------------------------|
| Consideration to be transferred (paid)                        | 24,000   | 651,223                              |
| Less: Fair value of identifiable acquired net assets          | (6,528)  | (169,322)                            |
| Amount allocated as a right of exploitation                   | 17,472   | 481,901                              |
| Taxes effects   | 9,001  | 248,252                              |
| Amount allocated to right of exploitation after taxes effects | 26,473   | 730,153                              |

The difference between the considerations transferred (paid) and the fair value of the net identifiable assets acquired was allocated as exploration rights as it is linked to the regulated activity and based on an economic and financial report prepared by specialists contracted by Management. These amounts, adjusted for tax effects, will be amortized over the remaining term of the authorizations to exploit the ventures, over an estimated average term of 23 years for the Atlântica Complex and 21 years for Bons Ventos.

## d) Net cash outflow on acquisition of the subsidiaries

|  | <b>Atlântica<br/>Complex<br/>March<br/>23,2012</b> | <b>Bons Ventos<br/>June 19, 2012</b> |
|--|--|--------------------------------------|
| Cash consideration                       | 24,000   | 651,223                              |
| Less: acquired cash and cash equivalents | (186)  | (28,092)                             |
| Net cash of acquisition                  | 23,814   | 623,131                              |

## e) Impact of the acquisitions of the Atlântica Complex and Bons Ventos on the profit and loss of CPFL Renováveis at June 30, 2012

The acquisition of Atlântica Complex was completed on March 23, 2012, with the opening balance sheet as at February 29, 2012. The interim financial statements on June 30, 2012 therefore include four months of

this indirect subsidiary's operations.

The acquisition of Bons Ventos was completed on June 19, 2012, with the opening balance sheet as at May 31, 2012. As such, the impact of the result of one month's operation of this company was taken into consideration in the consolidated interim financial statements for the half year ended in June 30, 2012.

BVP net operating revenue and loss for the period, from the acquisition date, were fully consolidated in CPFL Renováveis and corresponds to R\$(12,588) and R\$1,002 respectively.

CPFL Renováveis net operating revenue and net income, if the acquisition had occurred in January 1<sup>st</sup> 2012, would be impacted in R\$57,463 and R\$ (25,901).

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Usina Ester**

In March 2012, the subsidiary CPFL Renováveis acquired 100% of the biomass power generation and water vapor assets of SPE Lacenas Participações Ltda., controlled by Usina Açucareira Ester (“Usina Ester”), which has authorization from ANEEL to exploit biomass power energy generation. Around 7 MW average of co-generation energy from Usina Ester was already commercialized in the 2007 alternative sources auction (LFA), for a period of 15 years and at an average selling price of R\$ 177 per MWh (as at January 2012). The rest of the energy of 2.8 MW will be sold on the free market (physical information not reviewed by the independent auditors).

The total acquisition price was R\$ 112 million, comprising, at the date of signing the contract, R\$ 51 million to be paid to the sellers (consideration transferred) and assumption of a net debt of R\$ 61 million.

The shares purchase agreement and therefore, the acquisition confirmation, is conditional on the prior agreement of ANEEL and other competent regulatory bodies. Since the price negotiation is still being finalized, the Company is not disclosing all the additional information required by CPC 15 (R1) in the interim statements at June 30, 2012, as this information is not yet available at the date of these statements.

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

|                                | <b>Consolidated</b> |   |   |                                |                 |                               |                    | <b>Total</b>     |
|--------------------------------|---------------------|---|---|--------------------------------|-----------------|-------------------------------|--------------------|------------------|
|                                | <b>Land</b>         | <b>Reservoirs, dams and water mains</b> | <b>Buildings, construction and improvements</b> | <b>Machinery and equipment</b> | <b>Vehicles</b> | <b>Furniture and fittings</b> | <b>In progress</b> |                  |
| <b>As of December 31, 2011</b> | <b>246,853</b>      | <b>1,577,892</b>                        | <b>2,316,149</b>                                | <b>3,066,272</b>               | <b>3,509</b>    | <b>15,785</b>                 | <b>1,065,615</b>   | <b>8,292,076</b> |
| Cost                           | 250,757             | 1,926,694                               | 2,757,021                                       | 4,006,964                      | 8,799           | 21,657                        | 1,065,615          | 10,037,508       |
| Accumulated depreciation       | (3,903)             | (348,802)                               | (440,873)                                       | (940,692)                      | (5,290)         | (5,873)                       | -                  | (1,745,432)      |

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|  |                |                  |                  |                  |               |               |                  |                  |
|--|----------------|------------------|------------------|------------------|---------------|---------------|------------------|------------------|
| Additions  | -              | 341              | 15,342           | 66,603           | 76            | 172           | 593,563          | 676,097          |
| Disposals  | -              | (2,104)          | (3,999)          | (14,222)         | (542)         | (124)         | (198)            | (21,190)         |
| Reversion of provision to environmental costs              | -              | (66,773)         | -                | -                | -             | -             | -                | (66,773)         |
| Transfers  | (18,543)       | 629,293          | (700,662)        | 465,163          | 2,070         | (111)         | (377,210)        | -                |
| Transfers - other assets                                   | -              | (379)            | 382              | 8,602            | 17            | 1,666         | (15,503)         | (5,216)          |
| Reclassification of cost                                   | -              | 217,453          | (333,674)        | 115,337          | 14            | 870           | -                | -                |
| Depreciation   | (10,685)       | (42,628)         | (28,922)         | (87,775)         | (613)         | (1,090)       | -                | (171,713)        |
| Disposal of depreciation                                   | -              | 1,013            | 157              | 2,155            | 386           | 16            | -                | 3,727            |
| Reclassification of depreciation                           | -              | (85,849)         | 118,799          | (27,322)         | (9)           | (362)         | -                | 5,258            |
| Corporate restructuring - acquired in Business Combination | 60             | -                | 158,036          | 419,535          | -             | 108           | -                | 577,739          |
| <b>As of June 30, 2012</b>                                 | <b>217,686</b> | <b>2,228,259</b> | <b>1,541,607</b> | <b>4,014,347</b> | <b>4,908</b>  | <b>16,929</b> | <b>1,266,267</b> | <b>9,290,004</b> |
| Cost   | 232,273        | 2,704,525        | 1,913,679        | 5,146,571        | 10,375        | 24,118        | 1,266,267        | 11,297,808       |
| Accumulated depreciation                                   | (14,588)       | (476,265)        | (372,072)        | (1,132,223)      | (5,466)       | (7,189)       | -                | (2,007,804)      |
| <b>Average depreciation rate</b>                           | <b>-</b>       | <b>4.22%</b>     | <b>3.39%</b>     | <b>4.35%</b>     | <b>16.62%</b> | <b>11.04%</b> |                  |                  |

On February 4, 2012, with Resolution nº 474, ANEEL established new annual depreciation rates for the operational assets granted in the electricity sector. The new rates substitute those of the Electricity Sector Equity Control Manual – MCPSE, approved by Resolution nº 367 of June 2, 2009, and came into effect on January 1, 2012. This resulted in a reduction in the useful life of the generation assets, and in conformity with CPC 23, the Company changed the depreciation of property, plant and equipment prospectively as from that date, resulting in an incremental in depreciation expense of R\$ 5,862.

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

As a result of reconciliation of the assets base for implementation of the Equity Control Manual, determined by ANEEL Resolution nº 367/2009, certain assets were reclassified, as shown under transfers and reclassification of depreciation.

During the half year, as a consequence of its practice of reviewing and updating provisions, the indirect subsidiary CPFL Renováveis revised its estimates of expenditure on social and environmental costs and, as a result, made a reversal in the amount R\$ 66,773, against property, plant and equipment, where the provision had originally been made.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 14 ) INTANGIBLE ASSETS**

|  | Goodwill     | Acquired in<br>business<br>combinations | Consolidated<br>Concession right                |   | Public<br>utilities | Other<br>intangible<br>assets | T        |
|--|--------------|---|---|---|---------------------|-------------------------------|----------|
|  |              |   | Distribution<br>infrastructure<br>- operational | Distribution<br>infrastructure<br>- in progress |                     |                               |          |
| <b>Intangible asset at December 31, 2011</b> | <b>6,115</b> | <b>4,120,388</b>                        | <b>3,584,408</b>                                | <b>730,807</b>                                  | <b>382,570</b>      | <b>103,150</b>                | <b>8</b> |
| Cost   | 6,152        | 6,016,243                               | 8,975,287                                       | 730,807   | 407,286             | 174,390                       | 16       |
| Amortization Accumulated                     | (37)         | (1,895,854)                             | (5,390,879)                                     | -   | (24,716)            | (71,239)                      | (7,      |
| Additions                                    | -            | 761,912                                 | -   | 611,303   | -                   | 6,659                         | 1        |
| Amortization                                 | -            | (134,726)                               | (183,561)                                       | -   | (25,418)            | (7,621)                       | (        |
| Transfer - intangible assets                 | -            | -                                       | 430,485   | (430,485)                                       | -                   | -                             | (        |
| Transfer - financial asset                   | -            | -                                       | (399,527)                                       | (186,908)                                       | -                   | -                             | (        |
| Transfer - other assets                      | -            | -                                       | 331   | -   | -                   | 1,671                         | (        |
| <b>Intangible asset at June 30, 2012</b>     | <b>6,115</b> | <b>4,747,575</b>                        | <b>3,432,137</b>                                | <b>724,717</b>                                  | <b>357,152</b>      | <b>103,860</b>                | <b>9</b> |
| Cost   | 6,152        | 6,778,154                               | 9,046,069                                       | 724,717   | 383,671             | 185,441                       | 17       |
| Amortization Accumulated                     | (37)         | (2,030,580)                             | (5,613,932)                                     | -   | (26,519)            | (81,582)                      | (7,      |

At June 30, 2012, from the total intangible assets acquired through business combinations, R\$ 761,912 relate to CPFL Renováveis, due to acquisition of indirect subsidiary Atlântica Complex (R\$ 26,473) and Bons Ventos (R\$ 730,153) (note 12).

As mentioned in Note 10, as a result of ANEEL's review of the useful life of electric energy distribution assets, the distributors' intangible concession asset amortization changed effective date from January 1, 2012. Additionally to the effects described in note 10, related to transfer from intangible assets to financial asset, on average, the useful life of these assets increased. Consequently, and in conformity with CPC 23, the Company changed the amortization of the intangible asset prospectively as from that date, resulting in a decrease of R\$ 29,011 in amortization expense in the semester.

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





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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**14.1 Intangible asset acquired in business combinations**

The following table shows the breakdown of the intangible asset of the right to exploit the concession acquired in business combinations:

|   |                  |                          | Consolidated      |                  | Annual amortization rate |        |
|---|------------------|--------------------------|-------------------|------------------|--------------------------|--------|
|   | June 30, 2012    |                          | December 31, 2011 |                  | 2012                     | 2011   |
|   | Historic cost    | Accumulated amortization | Net value         | Net value        |                          |        |
| <b>Intangible asset - acquired in business combinations</b> |                  |                          |                   |                  |                          |        |
| <b>Intangible asset acquired, not merged</b>                |                  |                          |                   |                  |                          |        |
| <b>Parent company</b>                                       |                  |                          |                   |                  |                          |        |
| CPFL Paulista   | 304,861          | (129,337)                | 175,524           | 184,743          | 6.05%                    | 6.33%  |
| CPFL Piratininga  | 39,065           | (15,890)                 | 23,175            | 24,264           | 5.58%                    | 5.99%  |
| RGE   | 3,150            | (914)                    | 2,236             | 2,345            | 6.90%                    | 6.81%  |
| CPFL Geração  | 54,555           | (22,328)                 | 32,226            | 33,659           | 5.28%                    | 5.63%  |
| CPFL Santa Cruz   | 9                | (4)                      | 5                 | 6                | 16.25%                   | 21.17% |
| CPFL Leste Paulista   | 3,333            | (1,391)                  | 1,942             | 2,212            | 16.16%                   | 20.30% |
| CPFL Sul Paulista   | 7,288            | (2,968)                  | 4,321             | 4,973            | 17.90%                   | 18.98% |
| CPFL Jaguari  | 5,213            | (2,268)                  | 2,945             | 3,320            | 14.40%                   | 22.68% |
| CPFL Mococa   | 9,110            | (3,912)                  | 5,198             | 6,031            | 18.29%                   | 19.87% |
| CPFL Jaguari Geração  | 7,896            | (1,421)                  | 6,476             | 6,777            | 7.64%                    | 8.17%  |
|   | 434,480          | (180,431)                | 254,048           | 268,331          |                          |        |
| <b>Subsidiaries</b>   |                  |                          |                   |                  |                          |        |
| ENERCAN   | 10,233           | (3,344)                  | 6,889             | 7,210            | 6.27%                    | 6.90%  |
| Barra Grande  | 3,081            | (1,281)                  | 1,800             | 1,884            | 5.49%                    | 5.98%  |
| Chapecoense   | 7,376            | (531)                    | 6,845             | 7,075            | 6.06%                    | 4.08%  |
| EPASA   | 499              | (31)                     | 468               | 479              | 4.76%                    | 3.85%  |
| CPFL Renováveis   | 3,080,491        | (65,997)                 | 3,014,495         | 2,299,807        | 3.10%                    | 3.82%  |
| Other   | 14,478           | (12,313)                 | 2,166             | 2,527            | 4.99%                    | 4.99%  |
|   | 3,116,157        | (83,495)                 | 3,032,662         | 2,318,983        |                          |        |
| <b>Subtotal</b>   | <b>3,550,637</b> | <b>(263,927)</b>         | <b>3,286,710</b>  | <b>2,587,314</b> |                          |        |

**Intangible asset acquired and merged –****Deductible****Subsidiaries**

|                 |                  |                    |                |                |       |       |
|-----------------|------------------|--------------------|----------------|----------------|-------|-------|
| RGE             | 1,120,266        | (768,088)          | 352,178        | 361,908        | 1.74% | 1.68% |
| CPFL Geração    | 426,450          | (246,620)          | 179,830        | 188,367        | 4.00% | 4.25% |
| <b>Subtotal</b> | <b>1,546,716</b> | <b>(1,014,708)</b> | <b>532,008</b> | <b>550,274</b> |       |       |

**Intangible asset acquired and merged –****Reassessed****Parent company**

|                      |                  |                  |                |                |        |        |
|----------------------|------------------|------------------|----------------|----------------|--------|--------|
| CPFL Paulista        | 1,074,026        | (506,753)        | 567,273        | 596,709        | 5.48%  | 5.75%  |
| CPFL Piratininga     | 115,762          | (47,086)         | 68,675         | 71,903         | 5.58%  | 5.99%  |
| RGE                  | 310,128          | (97,562)         | 212,566        | 222,894        | 6.49%  | 6.58%  |
| CPFL Santa Cruz      | 61,685           | (40,087)         | 21,598         | 24,698         | 10.05% | 13.10% |
| CPFL Leste Paulista  | 27,034           | (14,625)         | 12,408         | 14,289         | 13.91% | 15.59% |
| CPFL Sul Paulista    | 38,168           | (20,382)         | 17,786         | 20,557         | 14.52% | 15.16% |
| CPFL Mococa          | 15,124           | (8,387)          | 6,737          | 7,838          | 14.56% | 15.34% |
| CPFL Jaguari         | 23,600           | (12,832)         | 10,768         | 12,354         | 13.44% | 16.72% |
| CPFL Jaguari Geração | 15,275           | (4,230)          | 11,044         | 11,559         | 6.73%  | 7.20%  |
| Other                | -                | -                | -              | -              |        |        |
| <b>Subtotal</b>      | <b>1,680,801</b> | <b>(751,945)</b> | <b>928,856</b> | <b>982,800</b> |        |        |

|              |                  |                    |                  |                  |  |  |
|--------------|------------------|--------------------|------------------|------------------|--|--|
| <b>Total</b> | <b>6,778,154</b> | <b>(2,030,580)</b> | <b>4,747,574</b> | <b>4,120,388</b> |  |  |
|--------------|------------------|--------------------|------------------|------------------|--|--|

The amortization rates for intangible assets acquired through business combination are based on the projected income curves of the concessionaires for the rest of the concession term, and these projections are reviewed annually.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 15 ) SUPPLIERS**

|                                   | <b>Consolidated</b>  |                          |
|-----------------------------------|----------------------|--------------------------|
|                                   | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b><u>Current</u></b>             |                      |                          |
| System Service Charges            | 18,353               | 33,794                   |
| Energy purchased                  | 857,250              | 730,790                  |
| Electricity Network Usage Charges | 168,806              | 150,013                  |
| Materials and Services            | 272,497              | 247,085                  |
| Free Energy                       | 82,076               | 78,432                   |
| Other                             | 30                   | 30                       |
| <b>Total</b>                      | <b>1,399,011</b>     | <b>1,240,143</b>         |
| <b><u>Non current</u></b>         |                      |                          |
| Material and supplies             | 5,818                | -                        |
| <b>Total</b>                      | <b>5,818</b>         | <b>-</b>                 |

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

|  | <b>Interest -<br/>Current and<br/>Noncurrent</b> | <b>June 30, 2012<br/>Principal</b> |                   | <b>Total</b> | <b>Consolidated<br/>December 31, 2011<br/>Principal</b> |                | <b>Total</b> |                   |
|--|--|------------------------------------|-------------------|--------------|---|----------------|--------------|-------------------|
|  |  | <b>Current</b>                     | <b>Noncurrent</b> |              | <b>Interest -<br/>Current and<br/>Noncurrent</b>        | <b>Current</b> |              | <b>Noncurrent</b> |
| <b>Measured<br/>at cost<br/>Brazilian<br/>currency</b> |  |                                    |                   |              |   |                |              |                   |
| BNDES -<br>Power<br>increases                          | 25   | 3,670                              | 2,958             | 6,652        | 34  | 3,690          | 4,802        | 8,526             |
| BNDES/BNB<br>- Investment                              | 24,165   | 588,048                            | 4,355,294         | 4,967,506    | 25,032  | 542,153        | 4,071,103    | 4,638,287         |

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|                                   |                |                  |                  |                  |                |                |                  |                  |
|-----------------------------------|----------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|
| BNDES -<br>Property<br>income     | 62             | 2,590            | 7,590            | 10,242           | 49             | 2,039          | 5,042            | 7,130            |
| BNDES -<br>Working<br>capital     | 402            | 85,597           | 6,895            | 92,894           | 687            | 111,129        | 36,928           | 148,743          |
| Financial<br>Institutions         | 159,140        | 501,712          | 1,989,323        | 2,650,176        | 119,804        | 221,142        | 1,507,927        | 1,848,874        |
| Other                             | 779            | 11,306           | 26,055           | 38,140           | 782            | 13,154         | 28,327           | 42,263           |
| <b>Subtotal</b>                   | <b>184,574</b> | <b>1,192,922</b> | <b>6,388,115</b> | <b>7,765,611</b> | <b>146,388</b> | <b>893,307</b> | <b>5,654,129</b> | <b>6,693,824</b> |
| <b>Foreign<br/>currency</b>       |                |                  |                  |                  |                |                |                  |                  |
| Financial<br>Institutions         | 476            | 2,220            | 46,552           | 49,248           | 444            | 3,107          | 42,769           | 46,320           |
| <b>Total at<br/>Cost</b>          | <b>185,050</b> | <b>1,195,142</b> | <b>6,434,667</b> | <b>7,814,859</b> | <b>146,832</b> | <b>896,414</b> | <b>5,696,898</b> | <b>6,740,144</b> |
| <b>Measured<br/>at fair value</b> |                |                  |                  |                  |                |                |                  |                  |
| <b>Foreign<br/>currency</b>       |                |                  |                  |                  |                |                |                  |                  |
| Financial<br>Institutions         | 18,804         | -                | 2,035,287        | 2,054,091        | 18,697         | -              | 1,685,557        | 1,704,254        |
| <b>Total at fair<br/>value</b>    | <b>18,804</b>  | <b>-</b>         | <b>2,035,287</b> | <b>2,054,091</b> | <b>18,697</b>  | <b>-</b>       | <b>1,685,557</b> | <b>1,704,254</b> |
| <b>Total</b>                      | <b>203,854</b> | <b>1,195,142</b> | <b>8,469,954</b> | <b>9,868,950</b> | <b>165,530</b> | <b>896,414</b> | <b>7,382,455</b> | <b>8,444,398</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| Measured at<br>amortized<br>cost<br>Brazilian<br>currency | Consolidated  |                      | Annual<br>interest            | Amortization  | Collateral  |
|---|---------------|----------------------|-------------------------------|---|---|
|   | June 30, 2012 | December<br>31, 2011 |                               |   |   |
| <b>BNDES -<br/>Power<br/>increases</b>                    |               |                      |                               |   |   |
| CPFL<br>Renováveis  | 6,652         | 8,526                | TJLP + 3.1%<br>to 4.3%        | 72 to 75 monthly<br>installments from<br>september 2007 to<br>july 2008 | CPFL Energia<br>guarantee and<br>Promissory Note              |
| <b>BNDES/BNB -<br/>Investment</b>                         |               |                      |                               |   |   |
| CPFL Paulista<br>- FINEM III                              | 40,345        | 53,807               | TJLP + 3.3%                   | 72 monthly<br>installments from<br>january 2008                         | CPFL Energia<br>guarantee, receivables<br>and Promissory Note |
| CPFL Paulista<br>- FINEM IV                               | 160,318       | 192,429              | TJLP +<br>3.28% to<br>3.4%    | 60 monthly<br>installments from<br>january 2010                         | CPFL Energia<br>guarantee and<br>receivables                  |
| CPFL Paulista<br>- FINEM V                                | 187,490       | 199,692              | TJLP +<br>2.12% to<br>3.3%    | 72 monthly<br>installments from<br>february 2012                        | CPFL Energia<br>guarantee and<br>receivables                  |
| CPFL Paulista<br>- FINEM V                                | 72,392        | 64,873               | Fixed rate<br>5.5% to<br>8.0% | 114 monthly<br>installments from<br>august 2011                         | CPFL Energia<br>guarantee and<br>receivables                  |
| CPFL Paulista<br>- FINAME                                 | 63,382        | 67,613               | Fixed rate<br>4.5%            | 96 monthly<br>installments from<br>january 2012                         | CPFL Energia<br>guarantee                                     |
| CPFL<br>Piratininga -<br>FINEM II                         | 23,967        | 31,963               | TJLP + 3.3%                   | 72 monthly<br>installments from<br>january 2008                         | CPFL Energia<br>guarantee, receivables<br>and Promissory Note |
| CPFL<br>Piratininga -<br>FINEM III                        | 66,823        | 80,207               | TJLP +<br>3.28% to<br>3.4%    | 60 monthly<br>installments from<br>january 2010                         | CPFL Energia<br>guarantee and<br>receivables                  |
| CPFL<br>Piratininga -<br>FINEM IV                         | 100,951       | 109,734              | TJLP +<br>2.12% to<br>3.3%    | 72 monthly<br>installments from<br>february 2012                        | CPFL Energia<br>guarantee and<br>receivables                  |
|   | 35,398        | 35,611               |                               |   |   |

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|                             |         |         |                         |  |  |
|-----------------------------|---------|---------|-------------------------|--|--|
| CPFL Piratininga - FINEM IV |         |         | Fixed rate 5.5% to 8.0% | 114 monthly installments from august 2011                  | CPFL Energia guarantee and receivables             |
| CPFL Piratininga - FINAME   | 30,055  | 32,062  | Fixed rate 4.5%         | 96 monthly installments from january 2012                  | CPFL Energia guarantee                             |
| RGE - FINEM III             | 11,211  | 22,429  | TJLP + 5.0%             | 60 monthly installments from january 2008 to december 2012 | Receivables / CPFL Energia guarantee               |
| RGE - FINEM IV              | 102,051 | 122,492 | TJLP + 3.28 to 3.4%     | 60 monthly installments from january 2010 to december 2014 | Receivables / CPFL Energia guarantee               |
| RGE - FINEM V               | 113,596 | 109,962 | TJLP + 2.12 to 3.3%     | 72 monthly installments from february 2012 to January 2018 | Receivables / CPFL Energia guarantee               |
| RGE - FINEM V               | 23,252  | 23,308  | Fixed rate 5.5%         | 96 monthly installments from february 2013 to January 2021 | Receivables / CPFL Energia guarantee               |
| RGE - FINAME                | 15,082  | 16,089  | Fixed rate 4.5% to 10%  | 96 monthly installments from january 2012 to december 2021 | CPFL Energia guarantee, Tied to the asset acquired |
| RGE - FINAME II             | 435     | -       | Fixed rate 10,0%        | 90 monthly installments from May 2012                      | Assets related to fiduciary                        |
| CPFL Santa Cruz             | 6,767   | 8,007   | TJLP + 2.0% to 2.90%    | 54 monthly installments from december 2010                 | CPFL Energia guarantee and receivables             |
| CPFL Mococa                 | 3,649   | 4,258   | TJLP + 2.90%            | 54 monthly installments from january 2011                  | CPFL Energia guarantee and receivables             |
| CPFL Jaguari                | 3,186   | 3,732   | TJLP + 2.90%            | 54 monthly installments from december 2010                 | CPFL Energia guarantee and receivables             |
| CPFL Leste Paulista         | 4,794   | 5,497   | TJLP + 2.90%            | 54 monthly installments from june 2011                     | CPFL Energia guarantee and receivables             |
| CPFL Sul Paulista           | 5,191   | 5,952   | TJLP + 2.90%            | 54 monthly installments from june 2011                     | CPFL Energia guarantee and receivables             |
| BAESA                       | 96,776  | 104,649 | TJLP + 3.125% to 4.125% | 144 monthly installments from september 2006               | Pledge of shares, credit rights and revenue        |
| BAESA                       | 23,515  | 23,356  | UMBND + 3.125% (1)      | 144 monthly installments from november 2006                | Pledge of shares, credit rights and revenue        |
| ENERCAN                     | 224,116 | 240,780 | TJLP + 4%               |  | Letters of guarantee                               |

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|                             |           |           |                         |  |   |
|-----------------------------|-----------|-----------|-------------------------|--|---|
| ENERCAN                     | 15,821    | 15,685    | UMBND + 4%              | 144 monthly installments from april 2007<br>144 monthly installments from april 2007 | Letters of guarantee  |
| CERAN                       | 483,408   | 508,179   | TJLP + 3.69% to 5%      | 168 monthly installments from december 2005  | CPFL Energia guarantee  |
| CERAN                       | 56,546    | 55,288    | UMBND + 3.69% to 5% (1) | 168 monthly installments from february 2006  | CPFL Energia guarantee  |
| Foz do Chapecó              | 1,016,027 | 1,044,312 | TJLP + 2.49% to 2.95%   | 192 monthly installments from october 2011   | Pledge of shares, credit and concession rights and revenue and CPFL Energia guarantee |
| CPFL Renováveis - FINEM I   | 400,687   | 416,677   | TJLP + 1.95%            | 168 monthly installments from october 2009 to July 2011                              | PCH Holding a joint debtor, Letters of guarantee                                      |
| CPFL Renováveis - FINEM II  | 37,109    | 38,818    | TJLP + 1.9%             | 144 monthly installments from june 2011  | Mortgage, credit rights and CPFL Energia guarantee                                    |
| CPFL Renováveis - FINEM III | 689,535   | 426,119   | TJLP + 1.72% to 1.9%    | 156 to 192 monthly installments from January 2012 to may 2013                        | Mortgage, equipment and CPFL Energia guarantee  |
| CPFL Renováveis - FINEM IV  | -         | 5,374     | TJLP 3.5%               | 46 monthly installments from April 2011  | CPFL Energia guarantee, pledge of receivables   |
| CPFL Renováveis - FINEM V   | 130,265   | 136,002   | TJLP + 2.8% to 3.4%     | 143 monthly installments from december 2011  | PCH Holding 2 and CPFL Renewable debtor solidarity.                                   |
| CPFL Renováveis - FINEM VI  | 51,014    | -         | TJLP + 2.05%            | 176 to 194 installments from October 2013 and April 2015                             | CPFL Renováveis pledge of shares, pledge of receivables                               |
| CPFL Renováveis - FINEM VII | 224,381   | -         | TJLP + 1.92 %           | 156 monthly installments from October 2010 to September 2023                         | Pledge of shares. Fiduciary alienation. Equipment fiduciary alienation                |
| CPFL Renováveis - FINAME I  | 198,241   | 179,188   | Fixed rate 5.5%         | 102 to 108 monthly installments from January 2012 to August 2020                     | Mortgage, credit rights and CPFL Energia guarantee                                    |
| CPFL Renováveis - FINAME II | 34,992    | 37,356    | Fixed rate 4.5%         | 102 monthly installments from june 2011  | Mortgage, credit rights and CPFL Energia guarantee                                    |
| Epasa - FINEM               | 101,084   | 102,782   | TJLP + 1.82%            | 152 monthly installments from  | CPFL Energia guarantee  |



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|   |         |         |                                |  |                               |
|---|---------|---------|--------------------------------|--|-------------------------------|
| Epasa - BNB                                     | 109,170 | 109,137 | Fixed rate<br>10%              | January 2012<br>132 monthly<br>installments from<br>january 2013     | Bank guarantee                |
| CPFL Brasil -<br>FINEP                          | 4,483   | 4,868   | Fixed rate<br>5%               | 81 monthly<br>installments from<br>august 2011                       | Receivables                   |
| <b>BNDES -</b>                                  |         |         |                                |  |                               |
| <b>Other</b>                                    |         |         |                                |  |                               |
| CPFL Brasil -<br>Purchase of<br>assets          | 5,563   | 3,624   | TJLP +<br>1.72% to<br>2.84%    | 36 monthly<br>installments from<br>may 2009                          | Tied to the asset<br>acquired |
| CPFL Brasil -<br>Purchase of<br>assets          | 4,680   | 3,508   | Fixed rate<br>4.5% to<br>8.70% | 96 monthly<br>installments from<br>march 2012                        | CPFL Energia<br>guarantee     |
| CPFL<br>Piratininga -<br>Working capital        | 50,660  | 78,276  | TJLP + 5.0%<br>(2)             | 24 monthly<br>installments from<br>february 2011 and<br>october 2011 | No guarantee                  |
| CPFL Geração<br>- FINEM -<br>Working capital    | 28,043  | 42,077  | TJLP +<br>4,95%                | 24 monthly<br>installments from july<br>2011                         | CPFL Energia<br>guarantee     |
| CPFL Geração<br>- FINAME -<br>Working capital   | 14,191  | 28,389  | TJLP +<br>4.95% (2)            | 23 monthly<br>installments from<br>february 2011                     | CPFL Energia<br>guarantee     |
| <b>Financial<br/>Institutions</b>               |         |         |                                |  |                               |
| <b>CPFL Paulista</b>                            |         |         |                                |  |                               |
| Banco do<br>Brasil - Law<br>8727                | 21,949  | 26,589  | IGP-M +<br>7.42%               | 240 monthly<br>installments from<br>may 1994                         | Receivables                   |
| Banco do<br>Brasil                              | 104,942 | 105,435 | 107% of CDI                    | 1 installment in April<br>2015                                       | CPFL Energia<br>guarantee     |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 235,028 | 224,124 | 98.50% of<br>CDI               | 4 annual installments<br>from July 2012                              | CPFL Energia<br>guarantee     |
| Banco do<br>Brasil -<br>Working capital<br>(**) | 168,278 | 160,528 | 99.00% of<br>CDI               | 2 annual installments<br>from march 2013.                            | CPFL Energia<br>guarantee     |
| <b>CPFL<br/>Piratininga</b>                     |         |         |                                |  |                               |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 21,616  | 20,613  | 98.5% of<br>CDI                | 4 annual installments<br>from july 2012                              | CPFL Energia<br>guarantee     |
| Banco do<br>Brasil -                            | 21,704  | 20,671  | 99.0% of<br>CDI                | 2 annual installments<br>from march 2013                             | CPFL Energia<br>guarantee     |

|   |         |         |                    |   |                           |
|---|---------|---------|--------------------|---|---------------------------|
| Working capital<br>(**)                         |         |         |                    |   |                           |
| <b>RGE</b>                                      |         |         |                    |   |                           |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 281,786 | 266,046 | 98.5% of<br>CDI    | 4 annual installments<br>from july 2012           | CPFL Energia<br>guarantee |
| Banco do<br>Brasil -<br>Working capital<br>(**) | 59,689  | 59,438  | 99.0% of<br>CDI    | 2 annual installments<br>from march 2013          | CPFL Energia<br>guarantee |
| <b>CPFL Santa<br/>Cruz</b>                      |         |         |                    |   |                           |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 19,392  | 18,551  | 98.5% of<br>CDI    | 2 annual installments<br>from july 2012           | CPFL Energia<br>guarantee |
| Banco do<br>Brasil -<br>Working capital<br>(**) | 7,538   | 7,113   | 99.0% of<br>CDI    | 2 annual installments<br>from march 2013          | CPFL Energia<br>guarantee |
| <b>CPFL Sul<br/>Paulista</b>                    |         |         |                    |   |                           |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 11,999  | 11,479  | 98.5% of<br>CDI    | 2 annual installments<br>from july 2012           | CPFL Energia<br>guarantee |
| Banco do<br>Brasil -<br>Working capital<br>(**) | 10,490  | 9,948   | 99.0% of<br>CDI    | 2 annual installments<br>from march 2013          | CPFL Energia<br>guarantee |
| <b>CPFL Leste<br/>Paulista</b>                  |         |         |                    |   |                           |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 19,937  | 19,073  | 98.5% of<br>CDI    | 2 annual installments<br>from july 2012           | CPFL Energia<br>guarantee |
| Banco do<br>Brasil -<br>Working capital<br>(**) | 19,578  | 18,576  | 99.0% of<br>CDI    | 2 annual installments<br>from march 2013          | CPFL Energia<br>guarantee |
| Banco IBM S/A                                   | 6,580   |         | - 100.0% of<br>CDI | Semi-annual<br>installments from<br>December 2012 | CPFL Energia<br>guarantee |
| <b>CPFL Mococa</b>                              |         |         |                    |   |                           |
| Banco do<br>Brasil -<br>Working capital<br>(*)  | 10,059  | 9,623   | 98.5% of<br>CDI    | 2 annual installments<br>from july 2012           | CPFL Energia<br>guarantee |
| Banco do<br>Brasil -                            | 3,305   | 3,114   | 99.0% of<br>CDI    | 2 annual installments<br>from march 2013          | CPFL Energia<br>guarantee |

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|  |         |         |                       |  |                        |
|--|---------|---------|-----------------------|--|------------------------|
| Working capital (**)                   |         |         |                       |  |                        |
| Banco IBM S/A                          | 6,098   |         | - 100.0% of CDI       | Semi-annual installments from December 2012  | CPFL Energia guarantee |
| <b>CPFL Jaguari</b>                    |         |         |                       |  |                        |
| Banco do Brasil - Working capital (*)  | 1,060   | 2,029   | 98.5% of CDI          | 2 annual installments from July 2012   | CPFL Energia guarantee |
| Banco do Brasil - Working capital (**) | 6,621   | 6,298   | 99.0% of CDI          | 2 annual installments from March 2013  | CPFL Energia guarantee |
| Banco IBM S/A                          | 18,793  |         | - 100.0% of CDI       | Semi-annual installments from December 2012  | CPFL Energia guarantee |
| <b>CPFL Geração</b>                    |         |         |                       |  |                        |
| Banco do Brasil Foz do Chapecó         | 625,988 | 628,632 | 107.0% of CDI         | 1 installment in April 2015  | CPFL Energia guarantee |
| Banco Alfa                             | -       | 3,911   | 111.45% of CDI        | 1 installment in January 2012  | No guarantee           |
| <b>CPFL Renováveis</b>                 |         |         |                       |  |                        |
| Banco Safra                            | 42,810  | 42,925  | CDI+ 0.4%             | annual installment 2014  | No guarantee           |
| Banco Safra                            | 31,938  | 32,022  | CDI + 0.4%            | annual installment 2014  | No guarantee           |
| BNB                                    | 148,685 | 152,136 | TJLP + 8.08%          | 168 monthly installments from January 2009   | Fiduciary alienation   |
| BNB                                    | 189,186 |         | - Fixed rate 10% p.a. | 222 monthly installments from May 2010 up to October 2029                                | CPFL Energia guarantee |
| HSBC                                   | 397,975 |         | - CDI + 0.5%          | Semi-annual interest installments from December 2012 and annual installment in June 2013 | Shares alienation      |
| NIB                                    | 76,938  |         | - IGPM + 8.63% p.a.   | Quarter installments from June 2011 up to September 2023                                 | No guarantee           |
| Banco do Brasil - Working capital      | 80,215  |         | - 108.5% of DI        | Single installment in July 2012  | No guarantee           |
| <b>Other Eletrobrás</b>                |         |         |                       |  |                        |

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|   |                  |                  |                    |  |                                  |
|---|------------------|------------------|--------------------|--|----------------------------------|
| CPFL Paulista                             | 8,599            | 9,046            | RGR + 6.0% to 6.5% | monthly installments up to december 2022 | Receivables and promissory notes |
| CPFL Piratininga                          | 631              | 707              | RGR + 6%           | monthly installments up to july 2016     | Receivables and promissory notes |
| RGE                                       | 15,215           | 16,264           | RGR + 6%           | monthly installments up to june 2020     | Receivables and promissory notes |
| CPFL Santa Cruz                           | 3,094            | 3,381            | RGR + 6%           | monthly installments up to april 2018    | Receivables and promissory notes |
| CPFL Leste Paulista                       | 918              | 986              | RGR + 6%           | monthly installments up to february 2022 | Receivables and promissory notes |
| CPFL Sul Paulista                         | 1,498            | 1,629            | RGR + 6%           | monthly installments up to december 2021 | Receivables and promissory notes |
| CPFL Jaguari                              | 85               | 93               | RGR + 6%           | monthly installments up to may 2017      | Receivables and promissory notes |
| CPFL Mococa                               | 360              | 383              | RGR + 6%           | monthly installments up to february 2022 | Receivables and promissory notes |
| Other                                     | 7,739            | 9,774            |                    |  |                                  |
| <b>Subtotal Brazilian Currency - Cost</b> | <b>7,765,612</b> | <b>6,693,824</b> |                    |  |                                  |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Foreign Currency****Financial institutions  
CPFL Paulista (4)**

|   |                  |  |                           |
|---|------------------|--|---------------------------|
| Debt Conversion Bond                    | -                | 1,119 US\$ + Libor 6 months + 0.875%   | 17 ser<br>install<br>2004 |
| C-Bond                                  | 4,515            | 5,064 US\$ + 8%                        | 21 ser<br>install<br>2004 |
| Discount Bond                           | 18,283           | 16,403 US\$ + Libor 6 months + 0.8125% | 1 insta                   |
| PAR-Bond                                | 26,449           | 23,734 US\$ + 6%                       | 1 insta                   |
| <b>Subtotal Foreign Currency - Cost</b> | <b>49,248</b>    | <b>46,320</b>                          |                           |
| <b>Total Measured at cost</b>           | <b>7,814,859</b> | <b>6,740,144</b>                       |                           |

**Foreign Currency  
Measured at fair value****Financial Institutions  
CPFL Paulista**

|                         |         |  |                 |
|-------------------------|---------|--|-----------------|
| BNP Paribas             | 214,163 | 195,602 US\$ + 2.78% (3)                 | 1 insta         |
| J.P.Morgan              | 107,039 | 95,259 US\$ + 2.74% (3)                  | 1 insta         |
| J.P.Morgan              | 106,245 | 94,364 US\$ + 2.55% (3)                  | 1 insta<br>2014 |
| Morgan Stanley          | 106,069 | 95,086 US\$ + Libor 6 months + 1.75% (3) | 1 insta<br>2016 |
| Bank of America         | 221,580 | 196,645 US\$ + 3.69 % (3)                | 1 insta         |
| Bank of America         | 317,588 | 282,012 US\$ + 2.33% (3)                 | 1 insta         |
| Societe Generale        | 47,492  | 42,106 US\$ + 3.55% (3)                  | 1 insta<br>2016 |
| Citibank                | 106,147 | 95,165 US\$ + Libor 6 months + 1.77% (3) | 1 insta<br>2016 |
| HSBC                    | 50,549  | 44,782 US\$ + Libor 6 months + 2.37%(3)  | 1 insta<br>2014 |
| <b>CPFL Piratininga</b> |         |  |                 |
| BNP Paribas             | 63,953  | 56,862 USD + 2.62% (3)                   | 1 insta         |

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|  |                  |                  |                                       |                 |
|--|------------------|------------------|---------------------------------------|-----------------|
| J.P.Morgan                                 | 212,310          | 188,538          | USD + 2.52% (3)                       | 1 insta<br>2014 |
| Societe Generale                           | 62,316           | 55,249           | USD + 3.55% (3)                       | 1 insta<br>2016 |
| Citibank                                   | 16,949           | 15,190           | US\$ + Libor 6 months + 1.69%(3)      | 1 insta<br>2016 |
| Sumitomo                                   | 105,893          | 94,845           | US\$ + Libor 6 months + 1.75%(3)(***) | 1 insta<br>2016 |
| <b>CPFL Geração</b>                        |                  |                  |                                       |                 |
| Citibank                                   | 132,221          | 118,524          | US\$ + Libor 6 months + 1.69%(3)      | 1 insta<br>2016 |
| <b>RGE</b>                                 |                  |                  |                                       |                 |
| Citibank                                   | 145,575          | -                | US\$ + Libor<br>6 months + 1.45% (5)  | Single<br>2017  |
| <b>CPFL Leste Paulista</b>                 |                  |                  |                                       |                 |
| Citibank - Law 4131                        | 10,021           | 8,972            | US\$ + Libor 6 months + 1.52%(3)      | 1 insta<br>2014 |
| <b>CPFL Sul Paulista</b>                   |                  |                  |                                       |                 |
| Citibank - Law 4131                        | 10,021           | 8,972            | US\$ + Libor 6 months + 1.52%(3)      | 1 insta<br>2014 |
| <b>CPFL Jaguari</b>                        |                  |                  |                                       |                 |
| Citibank - Lei 4131                        | 9,192            | 8,233            | US\$ + Libor 6 months + 1.57%(3)      | 1 insta<br>2014 |
| <b>CPFL Mococa</b>                         |                  |                  |                                       |                 |
| Citibank - Law 4131                        | 8,768            | 7,849            | US\$ + Libor 6 months + 1.52%(3)      | 1 insta<br>2014 |
| <b>Total Foreign Currency - fair value</b> | <b>2,054,091</b> | <b>1,704,254</b> |                                       |                 |
| <b>Total - Consolidated</b>                | <b>9,868,950</b> | <b>8,444,398</b> |                                       |                 |

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

- (1) 143.9% do CDI  
 (2) 106.3%  
 (3) 95.50% up 106.85% of CDI  
 (4) As certain assets are dollar indexed (Note 11), a partial swap of R\$ 22,084 was contracted, converting the currency to reais.  
 (5) 108 % of CDI

(\*) Effective rate:

CPFL Paulista and CPFL Piratininga - 98.5% CDI + 2.88%

RGE - 98.5% of CDI + 2.5%p.a.

CPFL Santa Cruz, CPFL Sul Paulista, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguari - 98.5% CDI + 2.28%

(\*\*) Effective rate:

CPFL Paulista - 99.0% of CDI + 0.5% and CPFL Piratininga - 99.0% of CDI + 2.4%

RGE - 99.0% of CDI + 2.38% p.a.

CPFL Santa Cruz, CPFL Sul Paulista, CPFL Leste Paulista, CPFL Mococa, CPFL Jaguari - 99.0% CDI + 2.88%

(\*\*\*) Effective rate:

CPFL Piratininga - 98.65% of CDI + 0.10%

In conformity with CPCs 38 and 39, 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 amortized cost), and (ii) financial liabilities measured at fair value through profit and loss.

The objective of classifying the financial liabilities as measured at fair value is to offset 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. At June 30, 2012, the total balance of the debt measured at fair value was R\$ 2,054,091 (R\$ 1,704,254 at December 31, 2011), and the corresponding amounts at the amortized cost are as follows:

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| Foreign currency              | Interest -<br>current and<br>noncurrent | June 30, 2012<br>Value at cost |                  | Measured at<br>fair value<br>recorded |
|-------------------------------|---|--------------------------------|------------------|---------------------------------------|
|                               |   | Principal<br>Noncurrent        | Total            |                                       |
| <b>Measured at fair value</b> |   |                                |                  |                                       |
| <b>CPFL Paulista</b>          |   |                                |                  |                                       |
| BNP Paribas                   | 17                                      | 213,988                        | 214,005          | 214,163                               |
| J.P.Morgan                    | 1,368                                   | 104,520                        | 105,888          | 107,039                               |
| J.P.Morgan                    | 1,103                                   | 104,520                        | 105,623          | 106,245                               |
| Morgan Stanley                | 745                                     | 104,520                        | 105,265          | 106,069                               |
| Bank of America               | 3,621                                   | 209,040                        | 212,661          | 221,580                               |
| Bank of America               | 3,430                                   | 313,560                        | 316,990          | 317,588                               |
| Societe Generale              | 669                                     | 45,205                         | 45,874           | 47,492                                |
| Citibank                      | 736                                     | 104,520                        | 105,256          | 106,147                               |
| HSBC                          | 334                                     | 50,170                         | 50,503           | 50,549                                |
|                               | <b>12,022</b>                           | <b>1,250,043</b>               | <b>1,262,065</b> | <b>1,276,872</b>                      |
| <b>CPFL Piratininga</b>       |   |                                |                  |                                       |
| BNP Paribas                   | 694                                     | 62,712                         | 63,406           | 63,953                                |
| J.P.Morgan                    | 2,180                                   | 209,040                        | 211,220          | 212,310                               |
| Societe Generale              | 877                                     | 59,315                         | 60,192           | 62,316                                |
| Citibank                      | 141                                     | 16,723                         | 16,864           | 16,949                                |
| Sumitomo                      | 886                                     | 104,186                        | 105,072          | 105,893                               |
|                               | <b>4,778</b>                            | <b>451,976</b>                 | <b>456,754</b>   | <b>461,421</b>                        |
| <b>RGE</b>                    |   |                                |                  |                                       |
| Citibank                      | 638                                     | 146,328                        | 146,966          | 145,575                               |
| <b>CPFL Geração</b>           |   |                                |                  |                                       |
| Citibank                      | 1,099                                   | 130,650                        | 131,749          | 132,221                               |
| <b>CPFL Sul Paulista</b>      |   |                                |                  |                                       |
| Citibank                      | 67                                      | 9,961                          | 10,028           | 10,021                                |
| <b>CPFL Leste Paulista</b>    |   |                                |                  |                                       |
| Citibank                      | 67                                      | 9,961                          | 10,028           | 10,021                                |
| <b>CPFL Mococa</b>            |   |                                |                  |                                       |
| Citibank                      | 59                                      | 8,716                          | 8,775            | 8,768                                 |
| <b>CPFL Jaguarí</b>           |   |                                |                  |                                       |
| Citibank                      | 73                                      | 9,114                          | 9,187            | 9,192                                 |
|                               | <b>18,803</b>                           | <b>2,016,750</b>               | <b>2,035,553</b> | <b>2,054,091</b>                      |

The changes in the fair values of these debts are recognized in the financial income (expense) of the Company and its subsidiaries. The losses of R\$ 18,538 (R\$ 7,359 at December 31, 2011) obtained by marking the debts to fair value together with the effects of R\$ 2,789 (loss of R\$ 1,241 at December 31,



2011) of marking to market the derivative financial instruments contracted to protect against exchange rate variations (Note 32), resulting in a total loss of R\$ 15,749 (R\$ 8,600 at December 31, 2011).

**Main fund-raising in the year:**

**Brazilian currency**

**BNDES/BNB – Investment:**

**FINAME I (CPFL Renováveis)** – In 2010, the subsidiary CPFL Brasil obtained approval for financing from the BNDES of R\$ 398,547, which will be used for the indirect subsidiaries CPFL Bio Formosa, CPFL Bio Pedra, CPFL Bio Ipê and CPFL Bio Buriti. As a result of the corporate restructuring in 2011, described in note 12, these debts have been recorded in the subsidiary CPFL Renováveis since August 1, 2011. The amount of R\$ 323,959 was released in 2012 and the outstanding amount of R\$ 74,588 is scheduled for release by December 2012.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**FINEM III (CPFL Renováveis)** – In 2010, the subsidiary CPFL Geração obtained approval for financing from the BNDES of R\$ 574,098, which will be used for the indirect subsidiaries Santa Clara I to VI and Eurus VI. As a result of the corporate restructuring in 2011, described in note 12, these debts have been recorded in the subsidiary CPFL Renováveis since August 1, 2011. The amount of R\$ 525,012 was released in 2012 and the outstanding amount of R\$ 49,086 is scheduled for release by April 2013.

**FINEM VI - CPFL Renováveis (Salto Goes)** - In 2012, the BNDES approved financing of up to R\$ 85.244 to be used in the construction of a SHP. R\$ 50,653 was released in the half year and the outstanding balance, of R\$ 34,591, is scheduled for release by April 2013. The financing is to be amortized as from October 2013, with a term of 19 months.

**FINEM VII, BNB Banco do Nordeste do Brasil e NIB Nordic Investment Bank - CPFL Renováveis (Bons Ventos)** –The indirect subsidiary, Bons Ventos, acquired within the context of the business combination described in note 12, had these transactions with BNDES, BNB and NIB, which were consolidated in the Company's financial statements as from June 2012.

#### **Financial institutions:**

**Banco IBM S/A (CPFL Leste Paulista, CPFL Mococa and CPFL Jaguarí)** – In 2012, the subsidiaries obtained approval for financing from Banco IBM of R\$ 31,471. The purpose of this financing is to reinforce working capital and the entire approved amount was released in the first half year of 2012.

**HSBC - CPFL Renováveis**–In June 2012, a financing operation was carried out between the indirect subsidiary Turbina 15 and Banco HSBC, for the purposes of investment to acquire BVP, through the subsidiary issuing redeemable preferred shares. In this transaction, Banco HSBC paid in R\$ 400,000 (R\$ 395,805 net of costs). The preferred shares issued by Turbina 15 have annual redemption from June 2013 to June 2020 and pay calculated dividends half-yearly based on CDI + 0.5% p.a.

**Banco do Brasil–Working capital (CPFL Renováveis)** –In 2012, the indirect subsidiaries Atlântica I to Atlântica IV, Alvorada and Coopcana signed financing agreements with Banco do Brasil for working capital. Total financing was R\$ 79,490 to be used in the construction of four wind farms and two biomass power plants. The full amount was released on signing of the agreement and the financing is scheduled to be amortized in July 2012.

#### **Foreign currency**

#### **Financial institutions**

**Banco Citibank (RGE)** –In March 2012, foreign currency loans of up to R\$ 174 million were approved to cover working capital, of which R\$ 128,590 was released in the first half year of 2012. The interest will be

paid half-yearly and the principal will be paid in April 2017.

The maturities of the principal long-term balances of loans and financing are scheduled as follows:

| <b>Maturity</b>   | <b>Consolidated</b> |
|-------------------|---------------------|
| From July 1, 2013 | 538,036             |
| 2014              | 1,968,584           |
| 2015              | 1,298,912           |
| 2016              | 1,281,591           |
| 2017              | 700,327             |
| After 2017        | 2,663,967           |
| <b>Subtotal</b>   | <b>8,451,416</b>    |
| Marking Market    | 18,538              |
| <b>Total</b>      | <b>8,469,954</b>    |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **RESTRICTIVE COVENANTS**

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 pre-determined parameters:

### **RGE - Citibank**

The foreign currency financing received by the subsidiary RGE in 2012 from Citibank includes clauses that require the Company to maintain certain financial ratios within pre-established parameters:

- Net indebtedness divided by EBITDA - maximum of 3.75;
- EBITDA divided by Financial Income (Expense) – minimum of 2.25.

### **CPFL Renováveis**

#### **FINEM VII, BNB and NIB (Bons Ventos) and FINEM VI (Salto Goes)**

- Debt coverage ratio of 1.2 during the amortization period;
- Own capitalization ratio of 25% or more during the amortization period.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Banco do Brasil – working capital**

During this quarter, amendments were made to working capital financing agreements signed with Banco do Brasil by the subsidiaries CPFL Paulista, CPFL Piratininga, RGE, CPFL Sul Paulista and CPFL Leste Paulista, with the respective restrictive covenants to be calculated on the basis of the Company's financial ratios. The new covenants are:

- Net indebtedness divided by EBITDA - maximum of 3.75;
- EBITDA divided by Financial Income (Expense) – minimum of 2.25.

Details of these restrictive covenants are presented in the financial statements as of December 31, 2011.

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 adequately complied with as of June 30, 2012.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 17 ) DEBENTURES**

|                         |               | June 30, 2012 |                |                | Consolidated   |               |                |                |                |
|-------------------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
|                         |               | Interest      | Current        | Noncurrent     | Total          | Interest      | Current        | Noncurrent     | Total          |
| <b>Parent Company</b>   |               |               |                |                |                |               |                |                |                |
| <b>3rd Issue</b>        | Single series | 13,258        | 150,000        | 300,000        | 463,258        | 16,403        | 150,000        | 300,000        | 466,403        |
| <b>CPFL Paulista</b>    |               |               |                |                |                |               |                |                |                |
| <b>3rd Issue</b>        | Single series | 2,702         | 213,333        | 213,333        | 429,368        | 3,846         | 213,333        | 213,333        | 430,513        |
| <b>5th Issue</b>        | Single series | 3,410         | -              | 482,545        | 485,955        | 4,704         | -              | 482,363        | 487,067        |
|                         |               | <b>6,111</b>  | <b>213,333</b> | <b>695,878</b> | <b>915,323</b> | <b>8,551</b>  | <b>213,333</b> | <b>695,696</b> | <b>917,580</b> |
| <b>CPFL Piratininga</b> |               |               |                |                |                |               |                |                |                |
| <b>3rd Issue</b>        | Single series | 5,715         | -              | 259,259        | 264,974        | 7,310         | -              | 259,129        | 266,439        |
| <b>5th Issue</b>        | Single series | 1,127         | -              | 159,471        | 160,598        | 1,555         | -              | 159,405        | 160,960        |
|                         |               | <b>6,842</b>  | <b>-</b>       | <b>418,730</b> | <b>425,572</b> | <b>8,865</b>  | <b>-</b>       | <b>418,534</b> | <b>427,399</b> |
| <b>RGE</b>              |               |               |                |                |                |               |                |                |                |
| <b>3rd Issue</b>        | 1st Series    | 435           | 33,333         | 33,333         | 67,101         | 609           | 33,333         | 33,333         | 67,275         |
|                         | 2nd Series    | 4,542         | 46,667         | 46,667         | 97,876         | 7,950         | 46,667         | 46,667         | 101,284        |
|                         | 3rd Series    | 1,038         | 13,333         | 13,333         | 27,704         | 1,848         | 13,333         | 13,333         | 28,514         |
|                         | 4th Series    | 734           | 16,667         | 16,667         | 34,068         | 1,226         | 16,667         | 16,667         | 34,560         |
|                         | 5th Series    | 734           | 16,667         | 16,667         | 34,068         | 1,226         | 16,667         | 16,667         | 34,560         |
| <b>5th Issue</b>        | Single series | 491           | -              | 69,732         | 70,223         | 680           | -              | 69,699         | 70,379         |
|                         |               | <b>7,974</b>  | <b>126,667</b> | <b>196,399</b> | <b>331,040</b> | <b>13,539</b> | <b>126,667</b> | <b>196,366</b> | <b>336,572</b> |
| <b>CPFL Santa Cruz</b>  |               |               |                |                |                |               |                |                |                |
| <b>1st Issue</b>        |               | 341           | -              | 64,718         | 65,059         | 454           | -              | 64,694         | 65,148         |

|                              |               |               |                |                  |                  |               |                |                  |                  |
|------------------------------|---------------|---------------|----------------|------------------|------------------|---------------|----------------|------------------|------------------|
|                              | Single series |               |                |                  |                  |               |                |                  |                  |
| <b>CPFL Brasil</b>           |               |               |                |                  |                  |               |                |                  |                  |
| <b>2nd Issue</b>             | Single series | 9,398         | -              | 1,315,919        | 1,325,317        | 12,940        | -              | 1,315,580        | 1,328,520        |
| <b>CPFL Geração</b>          |               |               |                |                  |                  |               |                |                  |                  |
| <b>3rd Issuance</b>          | Single series | 5,803         | -              | 263,269          | 269,072          | 7,423         | -              | 263,137          | 270,560          |
| <b>4th Issuance</b>          | Single series | 4,841         | -              | 677,718          | 682,559          | 6,666         | -              | 677,527          | 684,193          |
|                              |               | <b>10,644</b> | <b>-</b>       | <b>940,987</b>   | <b>951,631</b>   | <b>14,089</b> | <b>-</b>       | <b>940,664</b>   | <b>954,753</b>   |
| <b>EPASA</b>                 |               |               |                |                  |                  |               |                |                  |                  |
| <b>3rd Issuance</b>          | Single series | 7,454         | 14,077         | 54,040           | 75,571           | 3,670         | 5,480          | 62,364           | 71,514           |
| <b>BAESA</b>                 |               |               |                |                  |                  |               |                |                  |                  |
|                              | 1st Series    | 214           | 3,121          | 10,220           | 13,555           | 299           | 3,150          | 11,812           | 15,261           |
|                              | 2nd Series    | 176           | 2,595          | 8,434            | 11,205           | 245           | 2,584          | 9,691            | 12,520           |
|                              |               | <b>390</b>    | <b>5,716</b>   | <b>18,654</b>    | <b>24,760</b>    | <b>544</b>    | <b>5,734</b>   | <b>21,503</b>    | <b>27,781</b>    |
|                              | 1st Series    | 199           | 3,634          | 45,183           | 49,016           | 281           | 3,616          | 47,009           | 50,906           |
| <b>Enercan</b>               |               |               |                |                  |                  |               |                |                  |                  |
| <b>CPFL Renováveis</b>       |               |               |                |                  |                  |               |                |                  |                  |
| 1st Issuance - SIIF          | Single series | 5,213         | 26,371         | 485,740          | 517,324          | 4,214         | 26,355         | 486,241          | 516,810          |
| 2nd Issuance - PCH Holding 2 | Single series | -             | -              | 165,356          | 165,356          | -             | -              | -                | -                |
| 1st Issuance - Renovaveis    | Single series | 4,717         | -              | 426,326          | 431,043          | -             | -              | -                | -                |
|                              |               | <b>9,930</b>  | <b>26,371</b>  | <b>1,077,422</b> | <b>1,113,723</b> | <b>4,214</b>  | <b>26,355</b>  | <b>486,241</b>   | <b>516,810</b>   |
|                              |               | <b>72,541</b> | <b>539,798</b> | <b>5,127,931</b> | <b>5,740,271</b> | <b>83,552</b> | <b>531,185</b> | <b>4,548,651</b> | <b>5,163,388</b> |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|                         |               | <b>Issued</b> | <b>Annual Remuneration</b> | <b>Annual Effective rate</b> | <b>Amortization Conditions</b>            | <b>Collateral</b>      |
|-------------------------|---------------|---------------|----------------------------|------------------------------|---|------------------------|
| <b>Parent Company</b>   |               |               |                            |                              |   |                        |
| <b>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</b>    |               |               |                            |                              |   |                        |
| <b>3rd Issue</b>        | Single series | 64,000        | 104.4% of CDI              | 104.4%<br>CDI + 0.05%        | 3 annual installments from December 2011  | CPFL Energia guarantee |
| <b>5th Issue</b>        | Single series | 4,840         | CDI +1.30%                 | CDI + 1.40%                  | 1 single installment in June 2016         | CPFL Energia guarantee |
| <b>CPFL Piratininga</b> |               |               |                            |                              |   |                        |
| <b>3rd Issue</b>        | Single series | 260           | 107.0% of CDI              | 107.0%<br>CDI + 0.67%        | April 1st, 2015                           | CPFL Energia guarantee |
| <b>5th Issue</b>        | Single series | 1,600         | CDI + 1.30%                | CDI + 1.41                   | June, 1, 2016                             | CPFL Energia guarantee |
| <b>RGE</b>              |               |               |                            |                              |   |                        |
| <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 |
|                         | 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>5th Issue</b>        |               | 700           | CDI + 1.30%                |                              | June, 1, 2016                             |                        |



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|                              |               |             |                          |                       |  |                        |
|------------------------------|---------------|-------------|--------------------------|-----------------------|--|------------------------|
|                              | Single series |             |                          | CDI + 1.43%           |  | CPFL Energia guarantee |
| <b>CPFL Santa Cruz</b>       |               |             |                          |                       |  |                        |
| <b>1st Issue</b>             | Single series | 650         | CDI + 1.40%              | CDI + 1.52%           | June 11, 2018  | CPFL Energia guarantee |
| <b>CPFL Brasil</b>           |               |             |                          |                       |  |                        |
| <b>2nd Issue</b>             | Single series | 13,200      | CDI + 1.40%              | CDI + 1.48%           | 2 annual instalments from June 2017  | CPFL Energia guarantee |
| <b>CPFL Geração</b>          |               |             |                          |                       |  |                        |
| <b>3rd Issuance</b>          | Single series | 264         | 107.0% of CDI            | 107.0% of CDI + 0.67% | 1 installment in April 2015  | CPFL Energia guarantee |
| <b>4th Issuance</b>          | Single series | 6,800       | 100% of CDI + 1.40% a.a. | CDI + 1.49%           | 2 annual instalments from June 2017  | CPFL Energia guarantee |
| <b>EPASA</b>                 |               |             |                          |                       |  |                        |
| <b>3rd Issuance</b>          | Single series | 130         | 113.5% of CDI            | 113.5% + 0.189%       | 48 monthly installments from September 2012  | CPFL Energia guarantee |
| <b>BAESA</b>                 |               |             |                          |                       |  |                        |
|                              | 1st Series    | 9,000       | CDI + 1.3%               | 100% of CDI + 0.43%   | Quarterly with settlement in August 2016   | Letters of guarantee   |
|                              | 2nd Series    | 8,100       | CDI + 1.3%               | 106% of CDI + 0.12%   | Annual with settlement in August 2016  | Letters of guarantee   |
| <b>Enercan</b>               | 1st Series    | 110         | 100% of CDI + 1.25% a.a  | 111.10% of CDI        | Quarterly with settlement in December 2025   | No guarantees          |
| <b>CPFL Renováveis</b>       |               |             |                          |                       |  |                        |
| 1st Issuance - SIIF          | Single series | 528,649,076 | TJLP + 1.00%             | TJLP + 1.00% + 0.22%  | 39 consecutive semi-annual installments from 2009  | Fiduciary              |
| 2nd Issuance - PCH Holding 2 | Single series | 1,581       | CDI + 1.60%              | CDI + 1.60%           | 9 monthly installments from 2015 to 2023 and monthly interest from June 2015               | guarantee              |
| 1st Issuance - Renovaveis    | Single series | 43,000      | CDI + 1.70%              | CDI + 1.70%           | Annual installments from May 2015 and interest semi-annual installments from November 2012 | Fiduciary              |

The Company and its subsidiaries hold swaps that convert the prefixed component of interest on the operation to interest rate variation in reais, corresponding to:

- |                    |                       |                    |
|--------------------|-----------------------|--------------------|
| (1) 104.4% of CDI  | (3) 104.85% of<br>CDI | (5) 104,87% do 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> |
|-------------------|---------------------|
| From July 1, 2013 | 668,132             |
| 2014              | 56,657              |
| 2015              | 346,460             |
| 2016              | 1,077,101           |
| 2017              | 1,115,523           |
| After 2017        | 1,864,057           |
| <b>Total</b>      | <b>5,127,931</b>    |

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **Amounts raised in the period**

### **CPFL Renováveis**

- 2<sup>nd</sup> issuance – unique series

In January 2012, the indirect subsidiary PCH Holding 2 S.A., subsidiary of CPFL Renováveis, issued debentures not convertible into shares, of R\$ 158,193 (R\$ 156,010 net of issue costs), maturing in 2023, to finance the acquisition of PCH Santa Luzia. The interest will be paid monthly from June 2015 and the principal will be paid in nine consecutive annual installments, starting in June 2015.

- 1<sup>st</sup> issuance – unique series

In May 2012, the indirect subsidiary CPFL Renováveis issued debentures not convertible into shares, of R\$ 430,000 (R\$ 426,327 net of issue costs), maturing in 2022, to finance the acquisition of Bons Ventos. The interest will be paid semi-annually from November 2012 and the principal will be paid in nine consecutive annual installments, starting in May 2015.

## **RESTRICTIVE COVENANTS**

### **CPFL Renováveis**

The debentures issued in 2012 by the indirect subsidiary PCH Holding 2 S.A. are subject to restrictive covenants in relation to changes in the corporate structure of the company itself or of the subsidiary CPFL Renováveis. There are also restrictive covenants that require the following financial ratios to be maintained:

- Consolidated leverage ratio of 80% or less;
- Ratio of debt coverage ratio of 1.15 or more.

### **CPFL Piratininga**

During this quarter, amendments were made to the third issuance of CPFL Piratininga debentures, with the respective restrictive covenants to be calculated on the basis of the Company's financial ratios. The new covenants are:

- Net indebtedness divided by EBITDA - maximum of 3.75;
- EBITDA divided by Financial Income (Expense) – minimum of 2.25.

### **CPFL Geração**

During this quarter, amendments were made to the third issuance of CPFL Geração debentures, with the respective restrictive covenants changed to:

- EBITDA divided by Financial Income (Expense) – from minimum of 2.00 to minimum of 2.25.
- Net indebtedness divided by EBITDA - no changes compared to December 31, 2012.

The other 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, 2011 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 adequately complied with as of June 30, 2012.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

## **( 18 ) PRIVATE 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 plan in force for the employees of the subsidiary CPFL Paulista, through Fundação CESP, was a Defined Plan (Proportional Paid-Up Supplementary Benefit Plan) until October 31, 1997, and after such date, a Mixed Benefit Plan for programmed retirement and a Benefit Plan for death and disability.

With the amendment of the Pension Plan in October 1997, the subsidiary recognized an obligation related to pay in respect of the plan deficit determined at the time by the external actuaries of Fundação CESP. This deficit would be settled (260 installments) 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 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 obligation as of June 30, 2012 is R\$ 457,471 (R\$ 452,756 as of December 31, 2011). At the end of each year, after the appraisal by external actuaries, the balance of the debt is adjusted to reflect the equilibrium of the equity of the Fundação CESP Pension Plans. The contract amount differs from the accounting records of the subsidiary, which are in conformity with CPC 33.

Additionally, 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 a Defined Plan (Proportional Paid-Up Supplementary Benefit Plan) up to March 31, 1998, and after that date, a Benefit Plan and a variable contribution.

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 (260 installments) 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 obligation as of June 30, 2012 is R\$ 127,653 (R\$ 126,669 as of December 31, 2011). At the end of each year, after the appraisal by external actuaries, the balance of the debt is adjusted to reflect the equilibrium of the equity of the Fundação CESP Pension Plans. The contract amount differs from the accounting entries made by the subsidiary, which are in conformity with CPC 33.

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

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### **III – RGE**

A defined benefit plan, with a benefit that equals to 100% of the adjusted average of the most recent salaries, less the presumed Social Security benefit, with a Segregated Net Asset managed by ELETROCEEE. Only the employees whose work contracts were transferred from CEEE to RGE are entitled to this benefit. A defined contribution pension plan was set up in January 2006 with Bradesco Vida e Previdência for employees hired after 1997.

### **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 Leste Paulista, CPFL Sul Paulista, CPFL Mococa e CPFL Jaguari**

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

### **VI – CPFL Geração**

The employees of the subsidiary CPFL Geração belong to the same pension plan as CPFL Paulista.

With the modification of the Retirement Plan, at that point maintained by CPFL Paulista, in October 1997, an obligation was recognized as payable by the subsidiary CPFL Geração, in relation to the plan deficit calculated by the external actuaries of Fundação CESP, to be amortized in 260 installments (240 monthly and 20 annual installments), until October 2017, plus interest of 6% p.a. and restatement at the IGP-DI rate (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, as of December 31, 2007, with final maturity on October 31, 2027. The balance of the obligation at June 30, 2012 is R\$ 9,065 (R\$ 8,972 as of December 31, 2011). At the end of each year, after the appraisal by external actuaries, the balance of the debt is adjusted to reflect the equilibrium of the equity of the Fundação CESP Pension Plans. The contract amount differs from the carrying amount recorded by 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.





(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**VII – Changes in the defined benefit plans**

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

|   | June 30, 2012  |                  |              |                 |                | Total Assets   |
|---|----------------|------------------|--------------|-----------------|----------------|----------------|
|   | CPFL Paulista  | CPFL Piratininga | CPFL Geração | Total liability | RGE            |                |
| <b>Actuarial liabilities /(assets) on January 1, 2012</b>       | 352,422        | 77,982           | 7,899        | 438,303         | (3,416)        | (3,416)        |
| Expense (income) recognized in income statement                 | (4,987)        | (1,636)          | (720)        | (7,343)         | 2,300          | 2,300          |
| Sponsors' contributions transferred during the period           | (21,561)       | (6,627)          | (327)        | (28,515)        | (2,300)        | (2,300)        |
| <b>Actuarial liabilities /(assets) at the end of the period</b> | <b>325,874</b> | <b>69,719</b>    | <b>6,853</b> | <b>402,446</b>  | <b>(3,416)</b> | <b>(3,416)</b> |
| Other contributions   | 14,283         | 336              | (52)         | 14,567          | -              | -              |
| <b>Subtotal</b>   | <b>340,157</b> | <b>70,055</b>    | <b>6,800</b> | <b>417,013</b>  | <b>(3,416)</b> | <b>(3,416)</b> |
| Other contributions RGE   | -              | -                | -            | 2,931           | -              | -              |
| <b>Actuarial liabilities /(assets) on June 30, 2012</b>         | <b>340,157</b> | <b>70,055</b>    | <b>6,800</b> | <b>419,944</b>  |                |                |
| Current   |                |                  |              | <b>41,224</b>   |                |                |
| Noncurrent  |                |                  |              | <b>378,720</b>  |                | <b>(3,416)</b> |

Incomes recognized as operating cost in the actuarial report are shown below:

|  | 1st Semester 2012 |                  |              | Consolidated   |
|--|-------------------|------------------|--------------|----------------|
|  | CPFL Paulista     | CPFL Piratininga | CPFL Geração |                |
| Service cost                                 | 594               | 2,174            | 72           | 2,840          |
| Interest on actuarial obligations            | 175,004           | 44,406           | 3,832        | 223,242        |
| Expected return on plan assets               | (180,585)         | (48,216)         | (4,490)      | (233,291)      |
| Amortization of unrecognized actuarial gains | -                 | -                | (134)        | (134)          |
| <b>Total income</b>                          | <b>(4,987)</b>    | <b>(1,636)</b>   | <b>(720)</b> | <b>(7,343)</b> |

|                                   | 1st Semester 2011 |                  |              | Consolidated |
|-----------------------------------|-------------------|------------------|--------------|--------------|
|                                   | CPFL Paulista     | CPFL Piratininga | CPFL Geração |              |
| Service cost                      | 522               | 1,890            | 68           | 2,480        |
| Interest on actuarial obligations | 152,366           | 38,964           | 3,336        | 194,666      |

|  |                 |                |                |                 |
|--|-----------------|----------------|----------------|-----------------|
| Expected return on plan assets               | (184,672)       | (48,944)       | (4,351)        | (237,967)       |
| Amortization of unrecognized actuarial gains | (2,367)         | (1,222)        | (294)          | (3,883)         |
| <b>Total income</b>                          | <b>(34,151)</b> | <b>(9,312)</b> | <b>(1,241)</b> | <b>(44,704)</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 2012 refers to the contributions in the period. The final amount to be recognized will be determined on preparation of the actuarial report, after 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 the actuarial report prepared for December 31, 2011 and 2010 were:

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|   | CPFL Paulista, CPFL Piratininga<br>and CPFL Geração                    |  | RGE  |  |
|---|--|--|--|--|
|   | December 31,<br>2011   | December 31,<br>2010   | December<br>31, 2011   | Decem<br>31, 2                                 |
| Nominal discount rate for actuarial liabilities:                                      | 10.35% p.a.  | 10.24% p.a.  | 10.35% p.a.  | 10.24%   |
| Nominal Return Rate on Assets:  | (*)  | (**)   | 10.24% p.a.  | 11.28%   |
| Estimated Rate of nominal salary increase:  | 6.69% p.a.   | 6.08% p.a.   | 6.69% p.a.   | 6.08%  |
| Estimated Rate of nominal benefits increase:  | 0.0% p.a.  | 0.0% p.a.  | 0.0% p.a.  | 0.0%   |
| Estimated long-term inflation rate (basis for<br>establishing<br>nominal rates above) | 4.6% p.a.  | 4.0% p.a.  | 4.6% p.a.  | 4.0%   |
| General biometric mortality table:  | AT-83  | AT-83  | AT-83  | AT-  |
| Biometric table for the onset of disability:  | MERCER TABLE   | MERCER TABLE   | Light-Average  | Light-Av                                       |
|   | 0.30 / (Service<br>time + 1)   | 0.30 / (Service<br>time + 1)   | 0.30 /<br>(Service time<br>+ 1)  | 0.30 /<br>(Service<br>+ 1)                     |
| Expected turnover rate:   |  |  |  |  |
| Likelihood of reaching retirement age:  | 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 | 100% w<br>benefic<br>the Pla<br>becom<br>eligi |

(\*) CPFL Paulista and CPFL Geração 11.51% p.a, and CPFL Piratininga 11.72% p.a.

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

**( 19 ) REGULATORY CHARGES**

|                                    | Consolidated  |                      |
|------------------------------------|---------------|----------------------|
|                                    | June 30, 2012 | December 31,<br>2011 |
| Fee for the Use of Water Resources | 1,738         | 3,591                |
| Global Reverse Fund - RGR          | 26,670        | 28,060               |
| ANEEL Inspection Fee               | 2,640         | 2,495                |
| Fuel Consumption Account - CCC     | 47,827        | 65,121               |

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Energy Development Account - CDE | 50,706         | 45,879         |
| <b>Total</b>                     | <b>129,581</b> | <b>145,146</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 20 ) TAXES AND CONTRIBUTIONS PAYABLE**

|  | <b>Consolidated</b>  |                          |
|--|----------------------|--------------------------|
|  | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b><u>Current</u></b>                          |                      |                          |
| ICMS (State VAT)                               | 189,839              | 300,518                  |
| PIS (Tax on Revenue)                           | 14,446               | 12,446                   |
| COFINS (Tax on Revenue)                        | 66,101               | 59,429                   |
| IRPJ (Corporate Income Tax)                    | 93,041               | 71,531                   |
| CSLL (Social Contribution Tax)                 | 30,588               | 18,589                   |
| Income tax on interest on shareholders' equity | 16,105               | -                        |
| Other  | 27,202               | 20,515                   |
| <b>Total</b>                                   | <b>437,322</b>       | <b>483,028</b>           |
| <b><u>Noncurrent</u></b>                       |                      |                          |
| COFINS (Tax on Revenue)                        | -                    | 165                      |
| <b>Total</b>                                   | <b>-</b>             | <b>165</b>               |

**( 21 ) RESERVE FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS**

|                 | <b>Consolidated</b>                                       |                            |   |                            |
|-----------------|---|----------------------------|---|----------------------------|
|                 | <b>June 30, 2012</b>                                      |                            | <b>December 31, 2011</b>                                  |                            |
|                 | <b>Reserve for<br/>tax, civil<br/>and labor<br/>risks</b> | <b>Escrow<br/>Deposits</b> | <b>Reserve for<br/>tax, civil<br/>and labor<br/>risks</b> | <b>Escrow<br/>Deposits</b> |
| <b>Labor</b>    |   |                            |   |                            |
| Various         | 46,964  | 212,522                    | 43,850  | 191,221                    |
| <b>Civil</b>    |   |                            |   |                            |
| General Damages | 10,275  | 109,642                    | 13,114  | 95,429                     |
| Tariff Increase | 8,445   | 46,832                     | 8,948   | 31,242                     |
| Other           | 30,593  | 542                        | 20,372  | 448                        |
|                 |   |                            |   | 149                        |

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|   |                |                  |                |                  |
|---|----------------|------------------|----------------|------------------|
|   | 49,314         | 157,016          | 42,434         | 127,119          |
| <b>Tax</b>  |                |                  |                |                  |
| FINSOCIAL   | 18,968         | 54,072           | 18,930         | 53,964           |
| Income Tax  | 87,236         | 685,186          | 82,061         | 660,222          |
| Interest on Shareholders' Equity - PIS and COFINS | 12,109         | 12,109           | 11,713         | 11,713           |
| PIS and COFINS - Non-Cumulative Method            | 93,285         | -                | 91,477         | -                |
| Other   | 45,897         | 70,227           | 44,580         | 68,370           |
|   | 257,495        | 821,594          | 248,761        | 794,268          |
| <b>Various</b>                                    | 3,112          | 16,526           | 3,077          | 16,008           |
| <b>Total</b>                                      | <b>356,885</b> | <b>1,207,658</b> | <b>338,121</b> | <b>1,128,616</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

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

|   | <b>Consolidated</b>          |                 |                 |                 |                                 |                                 |                         |
|---|------------------------------|-----------------|-----------------|-----------------|---------------------------------|---------------------------------|-------------------------|
|   | <b>December<br/>31, 2011</b> | <b>Addition</b> | <b>Reversal</b> | <b>Payment</b>  | <b>Monetary<br/>Restatement</b> | <b>Business<br/>combination</b> | <b>June 30<br/>2012</b> |
| Labor   | 43,850                       | 8,771           | (1,149)         | (4,507)         | -                               | -                               | 46,965                  |
| Civil   | 42,434                       | 5,657           | (1,676)         | (7,101)         | -                               | 10,000                          | 49,314                  |
| Tax   | 248,761                      | 5,231           | (364)           | -               | 3,868                           | -                               | 257,426                 |
| Other   | 3,077                        | 35              | -               | -               | -                               | -                               | 3,112                   |
| <b>Reserve for tax,<br/>civil and labor<br/>risks</b> | <b>338,121</b>               | <b>19,693</b>   | <b>(3,189)</b>  | <b>(11,608)</b> | <b>3,868</b>                    | <b>10,000</b>                   | <b>356,885</b>          |
| <b>Escrow Deposits</b>                                | <b>1,128,616</b>             | <b>65,454</b>   | <b>(6,580)</b>  | <b>(9,265)</b>  | <b>29,433</b>                   | <b>-</b>                        | <b>1,207,658</b>        |

The labor, civil and tax 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 labor, civil and tax contingencies and judicial deposits are presented in the financial statements as of December 31, 2011.

**Possible Losses** - The Company and its subsidiaries are parties to other 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 June 30, 2012, the claims relating to possible losses were as follows: (i) R\$ 354,372 for labor suits (R\$ 340,833 as of December 31, 2011); (ii) R\$ 570,229 for civil suits, mainly for suits for personal injuries, environmental damages and tariff increases (R\$ 553,648 as of December 31, 2011); and (iii) R\$ 993,002 in respect of tax suits, relating basically to Income Tax, ICMS, FINSOCIAL and PIS and COFINS (R\$ 967,952 as of December 31, 2011).

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 Interim Financial Statements, or that might result in a significant impact on future earnings.

**( 22 ) CHARGES FOR THE USE OF PUBLIC UTILITIES**

| <b>Companies</b> | <b>June 30,<br/>2012</b> | <b>December<br/>31, 2011</b> | <b>Consolidated<br/>Number of<br/>remaining<br/>installments</b> | <b>Interest rates</b>  |
|------------------|--------------------------|------------------------------|--|------------------------|
| CERAN            | 76,862                   | 75,472                       | 285  | IGP-M + 9.6%p.a.       |
| ENERCAN          | 10,783                   | 10,782                       | 275  | IGP-M + 8%p.a.         |
| BAESA            | 57,639                   | 57,734                       | 287  | IGP-M + 8%p.a.         |
| Foz do Chapecó   | 330,838                  | 325,676                      | 293  | IGP-M/IPC-A + 5.3%p.a. |
| <b>TOTAL</b>     | <b>476,121</b>           | <b>469,664</b>               |  |                        |
| Current          | 28,584                   | 28,738                       |  |                        |
| Noncurrent       | 447,537                  | 440,926                      |  |                        |



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 23 ) OTHER ACCOUNTS PAYABLE**

|  | <b>Consolidated</b>  |                          |                      |                          |
|--|----------------------|--------------------------|----------------------|--------------------------|
|  | <b>Current</b>       |                          |                      | <b>Noncurrent</b>        |
|  | <b>June 30, 2012</b> | <b>December 31, 2011</b> | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| Consumers and Concessionaires                                  | 42,248               | 66,284                   | -                    | -                        |
| Energy Efficiency Program - PEE                                | 147,319              | 122,601                  | 8,841                | 4,369                    |
| Research & Development - P&D                                   | 160,031              | 139,247                  | 15,942               | 22,370                   |
| National Scientific and Technological Development Fund - FNDCT | 3,422                | 4,014                    | -                    | -                        |
| Energy Research Company - EPE                                  | 1,123                | 1,648                    | -                    | -                        |
| Fund for Reversal  | -                    | -                        | 17,750               | 17,750                   |
| Advances   | 62,213               | 74,292                   | 4,814                | 2,812                    |
| Provision for environmental expenditure                        | 12,284               | 35,617                   | 31,650               | 80,272                   |
| Payroll  | 10,245               | 14,609                   | -                    | -                        |
| Profit sharing   | 29,658               | 42,058                   | 5,366                | 5,366                    |
| Collections agreement  | 73,928               | 70,096                   | -                    | -                        |
| Guarantees   | -                    | -                        | 25,842               | 26,605                   |
| Business combination   | 84,078               | 174,136                  | -                    | -                        |
| Other  | 58,649               | 68,736                   | 4,701                | 14,866                   |
| <b>Total</b>   | <b>685,200</b>       | <b>813,338</b>           | <b>114,907</b>       | <b>174,410</b>           |

**( 24 ) SHAREHOLDER'S EQUITY**

The shareholders' participations in the Company's equity as of June 30, 2012 and December 31, 2011 are shown below:

|                            | Number of shares   |               |                    |               |
|----------------------------|--------------------|---------------|--------------------|---------------|
|                            | June 30, 2012      |               | December 31, 2011  |               |
| Shareholders               | Common Shares      | Interest %    | Common Shares      | Interest %    |
| VBC Energia S.A.           | 245,897,460        | 25.55         | 245,897,454        | 25.55         |
| BB Carteira Livre I FIA    | 298,467,462        | 31.02         | 298,467,458        | 31.02         |
| Energia São Paulo FIP      | 115,118,250        | 11.96         | 102,756,048        | 10.68         |
| Bonaire Participações S.A. | 6,308,790          | 0.66          | 18,670,990         | 1.94          |
| BNDES Participações S.A.   | 81,053,460         | 8.42          | 81,053,460         | 8.42          |
| Brumado Holdings S.A.      | 34,502,100         | 3.59          | 34,502,100         | 3.59          |
| Antares Holding LTDA       | 16,039,720         | 1.67          | 16,039,720         | 1.67          |
| Board of Directors         | 200                | 0.00          | 212                | 0.00          |
| Executive officers         | 50,400             | 0.01          | 49,980             | 0.01          |
| Other                      | 164,836,418        | 17.13         | 164,836,838        | 17.13         |
| <b>Total</b>               | <b>962,274,260</b> | <b>100.00</b> | <b>962,274,260</b> | <b>100.00</b> |

Details of items included in shareholder's equity are described in financial statements of December 31, 2011.

#### 24.1 - Dividends

The AGM/EGM held on April 12, 2012, the Company registered payable dividends of R\$758,470, related to the second semester of 2011. The amount of R\$756,080 was paid in this semester.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 25 ) EARNINGS PER SHARE****Basic earnings per share**

Calculation of the basic earnings per share at June 30, 2012 and 2011 was based on the net profit attributable to controlling shareholders of CPFL Energia and the average weighted number of common shares outstanding during the presented periods as shown below:

|  | <b>2nd quarter<br/>2012</b> | <b>1st<br/>semester<br/>2012</b> | <b>2nd quarter<br/>2011</b> | <b>1st<br/>semester<br/>2011</b> |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| <b>Net income attributable to the<br/>Controlling Shareholders</b> | <b>229,334</b>              | <b>640,239</b>                   | <b>287,930</b>              | <b>747,709</b>                   |
| Weighted average number of common<br>shares held by Shareholders   | 962,274,260                 | 962,274,260                      | 962,274,260                 | 962,274,260                      |
| <b>Basic earnings per share</b>                                    | <b>0.24</b>                 | <b>0.67</b>                      | <b>0.30</b>                 | <b>0.78</b>                      |

In the second quarter 2011, the common shares in the Company were grouped, at a proportion of 10 (ten) to 1 (one), with simultaneous splitting of each grouped share, at a proportion of 1 (one) to 20 (twenty), allowing a period of 60 days for the shareholders to adjust their stock positions on the BM&FBovespa S.A.

The resulting shares were allocated and distributed to the holders of the shares on July 4, 2011 and the fractions of shares of the shareholders who opted not to adjust their positions were identified, separated and grouped by whole numbers, and sold by auction on the BM&FBovespa.

**Diluted earnings per share**

In the quarters and semesters as of June 30, 2012 and 2011, the Company held no instrument which had dilutive impact on the earnings per share.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 26 ) NET OPERATING REVENUE**

|   | Consolidated     |                   |                  | 2011      |
|---|------------------|-------------------|------------------|-----------|
|   | 2012             |                   |                  |           |
|   | 2nd              | 1st               | 2nd              | se        |
|   | quarter          | semester          | quarter          |           |
| <b>Revenue from Eletric Energy Operations</b>                       |                  |                   |                  |           |
| <b>Consumer class</b>   |                  |                   |                  |           |
| Residential   | 1,636,933        | 3,270,500         | 1,413,024        | 2,        |
| Industrial  | 1,026,434        | 1,979,837         | 1,028,327        | 1,        |
| Commercial  | 837,969          | 1,684,446         | 742,720          | 1,        |
| Rural   | 119,149          | 233,853           | 103,659          |           |
| Public Administration   | 115,521          | 219,724           | 105,153          |           |
| Public Lighting   | 87,558           | 169,003           | 80,122           |           |
| Public Services   | 138,284          | 268,942           | 126,047          |           |
| (-) Adjustment of excess and surplus revenue of reactive            | (6,269)          | (12,755)          | -                |           |
| Billed  | 3,955,579        | 7,813,550         | 3,599,051        | 7,        |
| Unbilled (Net)  | (94,020)         | (20,246)          | (11,249)         |           |
| Emergency Charges - ECE/EAAE  | 1                | 1                 | 1                |           |
| Reclassification to Network Usage Charge - TUSD - Captive Consumers | (2,021,576)      | (3,881,605)       | (1,755,692)      | (3,4      |
| <b>Electricity sales to final consumers</b>                         | <b>1,839,983</b> | <b>3,911,699</b>  | <b>1,832,111</b> | <b>3,</b> |
| Furnas Centrais Elétricas S.A.                                      | 101,347          | 202,741           | 96,429           |           |
| Other Concessionaires and Licensees                                 | 297,371          | 594,719           | 164,240          |           |
| Current Electric Energy   | 82,351           | 102,221           | 37,778           |           |
| <b>Electricity sales to wholesalers</b>                             | <b>481,069</b>   | <b>899,680</b>    | <b>298,447</b>   |           |
| Revenue due to Network Usage Charge - TUSD - Captive Consumers      | 2,021,576        | 3,881,605         | 1,755,692        | 3,        |
| Revenue due to Network Usage Charge - TUSD - Free Consumers         | 345,675          | 690,205           | 324,639          |           |
| (-) Adjustment of revenue surplus and excess responsive             | (1,374)          | (4,621)           | -                |           |
| Revenue from construction of concession infrastructure              | 321,741          | 591,051           | 250,415          |           |
| Other Revenue and Income  | 73,978           | 155,145           | 54,185           |           |
| <b>Other operating revenues</b>                                     | <b>2,761,596</b> | <b>5,313,385</b>  | <b>2,384,931</b> | <b>4,</b> |
| <b>Total gross revenues</b>   | <b>5,082,649</b> | <b>10,124,764</b> | <b>4,515,489</b> | <b>9,</b> |
| <b>Deductions from operating revenues</b>                           |                  |                   |                  |           |
| ICMS  | (788,032)        | (1,564,919)       | (713,383)        | (1,4      |
| PIS   | (66,111)         | (141,330)         | (67,502)         | (1        |
| COFINS  | (304,138)        | (650,222)         | (310,984)        | (6        |

|   |                  |                  |                  |              |
|---|------------------|------------------|------------------|--------------|
| ISS   | (1,258)          | (2,773)          | (1,240)          |              |
| Global Reversal Reserve                                 | (27,315)         | (53,986)         | (14,708)         |              |
| Fuel Consumption Account - CCC                          | (160,690)        | (356,054)        | (181,504)        | (3,900)      |
| Energy Development Account - CDE                        | (145,696)        | (291,796)        | (131,211)        | (2,685)      |
| Research and Development and Energy Efficiency Programs | (36,779)         | (73,745)         | (33,890)         |              |
| PROINFA   | (19,154)         | (35,442)         | (16,202)         |              |
| Emergency Charges - ECE/EAAE                            | (1)              | (1)              | (1)              |              |
| IPI   | (27)             | (60)             | (6)              |              |
|   | (1,549,200)      | (3,170,328)      | (1,470,631)      | (2,900)      |
| <b>Net revenue</b>                                      | <b>3,533,449</b> | <b>6,954,437</b> | <b>3,044,857</b> | <b>6,900</b> |

In accordance with ANEEL's Order nº 4.722 of December 18, 2009, concerning the basic procedures for preparation of the financial statements, the energy distribution subsidiaries reclassified part of the amount related to revenue from under the heading "Supply of Electric Energy", Commercialization activities, to "Other Operating Income", Distribution activities, with the title "Income from the tariff for the use of the distribution system – TUSD captive consumer".

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|   | Consolidated  |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | 2012          |               | 2011          |               |
| <b>Revenue from Electric Energy Operations - in GWh (*)</b> | 2nd quarter   | 1st semester  | 2nd quarter   | 1st semester  |
| <b>Consumer class</b>                                       |               |               |               |               |
| Residential   | 3,595         | 7,226         | 3,256         | 6,716         |
| Industrial  | 3,629         | 7,087         | 3,664         | 7,212         |
| Commercial  | 2,161         | 4,394         | 1,960         | 4,087         |
| Rural   | 501           | 990           | 450           | 902           |
| Public Administration                                       | 314           | 602           | 288           | 570           |
| Public Lighting   | 389           | 754           | 365           | 735           |
| Public Services   | 475           | 940           | 447           | 892           |
| Billed  | 11,065        | 21,993        | 10,430        | 21,113        |
| Own consumption   | 8             | 17            | 8             | 17            |
| <b>Electricity sales to final consumers</b>                 | <b>11,073</b> | <b>22,010</b> | <b>10,438</b> | <b>21,130</b> |
| Furnas Centrais Elétricas S.A.                              | 754           | 1,509         | 754           | 1,501         |
| Other Concessionaires and Licensees                         | 2,438         | 4,528         | 1,511         | 3,183         |
| Current Electric Energy                                     | 556           | 924           | 588           | 1,124         |
| <b>Electricity sales to wholesaler's</b>                    | <b>3,749</b>  | <b>6,960</b>  | <b>2,853</b>  | <b>5,808</b>  |

(\*) Information not reviewed by the independent auditors

|                                | Consolidated     |                  |
|--------------------------------|------------------|------------------|
|                                | June 30, 2012    | June 30, 2011    |
| <b>Number of consumers (*)</b> |                  |                  |
| <b>Consumer class</b>          |                  |                  |
| Residential                    | 6,205,525        | 5,959,101        |
| Industrial                     | 59,334           | 76,342           |
| Commercial                     | 497,190          | 499,979          |
| Rural                          | 244,252          | 240,328          |
| Public Administration          | 47,761           | 45,984           |
| Public Lighting                | 8,873            | 8,252            |
| Public Services                | 7,608            | 7,288            |
| <b>Total</b>                   | <b>7,070,543</b> | <b>6,837,274</b> |

(\*) Information not reviewed by auditors

The tariff regulation procedure (Proret), approved by ANEEL Normative Resolution n° 463 of November 22, 2011, determined that income received as a result of excess demand and excess reactive power, from the contractual tariff review date for the 3rd periodic tariff review, should be accounted for as Special Obligations and not amortized.

In accordance with ANEEL Order n° 4.991, of December 29, 2011, relating to the basic procedures for preparation of the financial statements, the subsidiaries CPFL Piratininga, CPFL Santa Cruz, CPFL Leste Paulista, CPFL Sul Paulista, CPFL Jaguari e CPFL Mococa adjusted income from adjustment of excess and surplus revenue of reactive, reducing the accounts of “Electric energy supply” and “Tariff for the Use of the Distribution System – TUSD free consumers” against the item Special Obligations. The amount of R\$ 17,376 recognized was calculated from the date that should have occurred, up to the date scheduled for the subsidiary’s tariff review, to June 30, 2012.



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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

On February 7, 2012, the Brazilian Association of Electric Energy Distributors (Associação Brasileira de Distribuidores de Energia Elétrica - ABRADDEE) succeeded in suspending the effects of Resolution 463, whereby the request for advance final relief was granted and the order to account for income from excess demand and excess reactive as special obligations was suspended. The suspensive effect applied for by ANEEL in its interlocutory appeal was granted in June 2012 and the advance relief originally granted in favor of ABRADDEE was suspended. The subsidiary is awaiting the court's decision on the final treatment of this income, and at June 30, 2012, these amounts are still recorded under Special Obligations, according to CPC 25.

The details of the tariff adjustments for the distributors are as follows:

| Company             | Month    | 2012             |                                   | 2011             |                                   |
|---------------------|----------|------------------|-----------------------------------|------------------|-----------------------------------|
|                     |          | Total adjustment | Effect perceived by consumers (*) | Total adjustment | Effect perceived by consumers (*) |
| CPFL Paulista       | April    | 3.71%            | 2.89%                             | 7.38%            | 7.23%                             |
| CPFL Piratininga    | October  | (**)             | (**)                              | 10.11% (**)      | 5.66% (**)                        |
| RGE                 | June     | 11.51%           | 3.38%                             | 17.21%           | 6.74%                             |
| CPFL Santa Cruz     | February | (**)             | (**)                              | 23.61%           | 15.38%                            |
| CPFL Leste Paulista | February | (**)             | (**)                              | 7.76%            | 16.44%                            |
| CPFL Jaguari        | February | (**)             | (**)                              | 5.47%            | 6.62%                             |
| CPFL Sul Paulista   | February | (**)             | (**)                              | 8.02%            | 7.11%                             |
| CPFL Mococa         | February | (**)             | (**)                              | 9.50%            | 9.77%                             |

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

(\*\*) With Authorization Resolution nº 1.223, ANEEL decided on October 24, 2011 to maintain the current tariffs, approved in the 2010 tariff adjustment of the subsidiary CPFL Piratininga, until the introduction of the new methodology for the third tariff review cycle. See note 35 about the tariff public proposal.

On January 31, 2012, with Authorization Resolutions 1,253, 1,254, 1,255, 1,256 and 1,258, ANEEL extended the effective term of the supply tariffs and TUSD of the subsidiaries CPFL Santa Cruz, CPFL Leste Paulista, CPFL Jaguari, CPFL Sul Paulista and CPFL Mococa, respectively, until the final processing of the tariff review.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 27 ) COST OF ELECTRIC ENERGY**

|  | Consolidated     |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2012             | 2011             | 2012             | 2011             |
|  | 2nd<br>quarter   | 1st<br>semester  | 2nd<br>quarter   | 1st<br>semester  |
| <b><u>Electricity Purchased for Resale</u></b>   |                  |                  |                  |                  |
| Itaipu Binacional  | 288,723          | 539,861          | 229,939          | 470,172          |
| Current Electric Energy  | 216,689          | 376,315          | 47,224           | 85,208           |
| PROINFA  | 54,200           | 111,557          | 42,238           | 84,739           |
| Energy purchased of bilateral contracts<br>and through action in the regulated<br>market | 1,133,373        | 2,115,247        | 1,016,561        | 1,928,175        |
| Credit of PIS and COFINS   | (153,566)        | (285,066)        | (120,440)        | (238,037)        |
| <b>Subtotal</b>  | <b>1,539,419</b> | <b>2,857,915</b> | <b>1,215,522</b> | <b>2,330,257</b> |
| <b><u>Electricity Network Usage Charge</u></b>   |                  |                  |                  |                  |
| Basic Network Charges  | 275,886          | 562,159          | 244,979          | 484,485          |
| Transmission from Itaipu   | 23,297           | 46,267           | 21,760           | 43,437           |
| Connection Charges   | 19,878           | 38,950           | 17,219           | 33,830           |
| Charges of Use of the Distribution<br>System   | 12,877           | 24,890           | 9,435            | 18,833           |
| System Service Charges - ESS   | 22,771           | 52,006           | 41,304           | 88,651           |
| Reserve Energy Charges   | 23,514           | 36,310           | 1,431            | 5,980            |
| Credit of PIS and COFINS   | (35,021)         | (70,146)         | (27,198)         | (62,359)         |
| <b>Subtotal</b>  | <b>343,202</b>   | <b>690,435</b>   | <b>308,930</b>   | <b>612,856</b>   |
| <b>Total</b>   | <b>1,882,621</b> | <b>3,548,350</b> | <b>1,524,451</b> | <b>2,943,113</b> |

|   | Consolidated   |                 |                |                 |
|---|----------------|-----------------|----------------|-----------------|
|   | 2012           | 2011            | 2012           | 2011            |
|   | 2nd<br>quarter | 1st<br>semester | 2nd<br>quarter | 1st<br>semester |
| <b><u>Electricity Purchased for<br/>Resale - in GWh (*)</u></b> |                |                 |                |                 |
| Itaipu Binacional   | 2,675          | 5,329           | 2,701          | 5,383           |
| Current Electric Energy   | 2,149          | 5,598           | 1,115          | 2,438           |
| PROINFA   | 245            | 500             | 129            | 349             |

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Energy purchased of bilateral contracts and through action in the regulated market | 8,665         | 15,789        | 8,472         | 16,473        |
| <b>Total</b>   | <b>13,734</b> | <b>27,216</b> | <b>12,417</b> | <b>24,643</b> |

(\* ) Information not reviewed by the independent auditors

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 28 ) OPERATING COSTS AND EXPENSES**

|   | <b>Parent company<br/>2nd quarter<br/>Operating Expenses</b> |              |               |               |               |               |
|---|--|--------------|---------------|---------------|---------------|---------------|
|   | <b>General</b>   |              | <b>Other</b>  |               | <b>Total</b>  |               |
|   | <b>2012</b>  | <b>2011</b>  | <b>2012</b>   | <b>2011</b>   | <b>2012</b>   | <b>2011</b>   |
| Personnel                                       | 3,484  | 794          | -             | -             | 3,484         | 794           |
| Materials                                       | 2  | 15           | -             | -             | 2             | 15            |
| Outside Services                                | 1,103  | 7,848        | -             | -             | 1,103         | 7,848         |
| Depreciation and Amortization                   | 14   | 45           | -             | -             | 14            | 45            |
| Other:  | 1,159  | 1,241        | 34,144        | 36,297        | 35,303        | 37,538        |
| Leases and Rentals                              | 30   | 29           | -             | -             | 30            | 29            |
| Publicity and Advertising                       | 868  | 1,044        | -             | -             | 868           | 1,044         |
| Legal, Judicial and Indemnities                 | 115  | 1            | -             | -             | 115           | 1             |
| Donations, Contributions and Subsidies          | 82   | 84           | -             | -             | 82            | 84            |
| Loss/(gain) in the diposal of noncurrent assets | -  | -            | 30            | -             | 30            | -             |
| Intangible of concession amortization           | -  | -            | 34,113        | 36,297        | 34,113        | 36,297        |
| Other   | 64   | 82           | -             | -             | 64            | 82            |
| <b>Total</b>                                    | <b>5,762</b>   | <b>9,942</b> | <b>34,144</b> | <b>36,297</b> | <b>39,906</b> | <b>46,239</b> |

|   | <b>1st semester<br/>Operating Expenses</b> |             |              |             |              |             |
|---|--|-------------|--------------|-------------|--------------|-------------|
|   | <b>General</b>                             |             | <b>Other</b> |             | <b>Total</b> |             |
|   | <b>2012</b>                                | <b>2011</b> | <b>2012</b>  | <b>2011</b> | <b>2012</b>  | <b>2011</b> |
| Personnel                                       | 5,880                                      | 1,971       | -            | -           | 5,880        | 1,971       |
| Materials                                       | 3  | 32          | -            | -           | 3            | 32          |
| Outside Services                                | 3,067                                      | 11,403      | -            | -           | 3,067        | 11,403      |
| Depreciation and Amortization                   | 33   | 89          | -            | -           | 33           | 89          |
| Costs related to infrastructure construction    | -  | -           | -            | -           | -            | -           |
| Other:  | 2,844                                      | 2,646       | 68,257       | 72,595      | 71,100       | 75,240      |
| Leases and Rentals                              | 59   | 46          | -            | -           | 59           | 46          |
| Publicity and Advertising                       | 1,836                                      | 1,761       | -            | -           | 1,836        | 1,761       |
| Legal, Judicial and Indemnities                 | 647  | 352         | -            | -           | 647          | 352         |
| Donations, Contributions and Subsidies          | 225  | 223         | -            | -           | 225          | 223         |
| Loss/(gain) in the diposal of noncurrent assets | -  | -           | 30           | -           | 30           | -           |
| Intangible of concession amortization           | -  | -           | 68,226       | 72,595      | 68,226       | 72,595      |

|              |               |               |               |               |               |               |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Other        | 77            | 264           | -             | -             | 77            | 264           |
| <b>Total</b> | <b>11,827</b> | <b>16,140</b> | <b>68,257</b> | <b>72,595</b> | <b>80,084</b> | <b>88,735</b> |

|  | Operating costs |                | Services<br>Rendered to<br>Third Parties |                | Sales         |                | Consolidated<br>2nd quarter<br>Operating E |
|--|-----------------|----------------|--|----------------|---------------|----------------|--|
|  | 2012            | 2011           | 2012                                     | 2011           | 2012          | 2011           | 2012                                       |
|  |                 |                |  |                |               |                |  |
| Personnel  | 94,187          | 140,460        | 6  | -              | 26,331        | 29,887         | 51,767                                     |
| Employee Pension Plans                           | (2,504)         | (22,352)       | -  | -              | -             | -              | -  |
| Materials  | 15,923          | 16,855         | 794                                      | 320            | 792           | 1,247          | 1,983                                      |
| Outside Services                                 | 40,705          | 39,023         | 828                                      | 126            | 28,051        | 27,073         | 67,318                                     |
| Depreciation and Amortization                    | 223,628         | 139,773        | -  | -              | 8,400         | 15,783         | 3,444                                      |
| Costs related to infrastructure construction     | -               | -              | 321,741                                  | 250,415        | -             | -              | -  |
| Other  | 10,323          | 15,814         | (6)                                      | -              | 35,661        | 31,141         | 16,616                                     |
| Collection charges                               | -               | -              | -  | -              | 12,240        | 9,719          | -  |
| Allowance for doubtful accounts                  | -               | -              | -  | -              | 21,927        | 21,051         | -  |
| Leases and Rentals                               | 5,755           | 2,728          | -  | -              | 29            | 22             | 3,096                                      |
| Publicity and Advertising                        | 3               | 280            | -  | -              | 5             | 57             | 4,594                                      |
| Legal, Judicial and Indemnities                  | 37              | 102            | -  | -              | -             | -              | 10,433                                     |
| Donations, Contributions and Subsidies           | 384             | 10             | -  | -              | 1,355         | -              | 506  |
| Inspection fee                                   | -               | -              | -  | -              | -             | -              | -  |
| Financial compensation for using water resources | 1,989           | 7,035          | -  | -              | -             | -              | -  |
| Intangible of concession amortization            | -               | -              | -  | -              | -             | -              | -  |
| Other  | 2,155           | 5,660          | (6)                                      | -              | 106           | 292            | (2,012)                                    |
| <b>Total</b>                                     | <b>382,262</b>  | <b>329,572</b> | <b>323,362</b>                           | <b>250,861</b> | <b>99,235</b> | <b>105,131</b> | <b>141,127</b>                             |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|  | Operating costs |                | Services Rendered to Third Parties |                | Sales          |                | Consolidated 1st semester Operating |
|--|-----------------|----------------|------------------------------------|----------------|----------------|----------------|-------------------------------------|
|  | 2012            | 2011           | 2012                               | 2011           | 2012           | 2011           | 2012                                |
|  |                 |                |                                    |                |                |                |                                     |
| Personnel  | 191,625         | 228,164        | 7                                  | -              | 49,367         | 50,721         | 90,200                              |
| Employee Pension Plans                           | (5,040)         | (44,704)       | -                                  | -              | -              | -              | -                                   |
| Materials  | 37,051          | 28,823         | 1,087                              | 406            | 1,312          | 1,897          | 5,519                               |
| Outside Services                                 | 85,189          | 80,647         | 1,261                              | 205            | 54,573         | 52,662         | 127,889                             |
| Depreciation and Amortization                    | 356,555         | 263,537        | -                                  | -              | 16,509         | 16,455         | 15,247                              |
| Costs related to infrastructure construction     | -               | -              | 591,051                            | 464,017        | -              | -              | -                                   |
| Other  | 26,649          | 26,901         | (9)                                | -              | 70,527         | 56,467         | 43,651                              |
| Collection charges                               | -               | -              | -                                  | -              | 24,085         | 18,178         | -                                   |
| Allowance for doubtful accounts                  | -               | -              | -                                  | -              | 43,148         | 37,418         | -                                   |
| Leases and Rentals                               | 11,610          | 2,876          | -                                  | -              | 64             | 83             | 5,566                               |
| Publicity and Advertising                        | 39              | 337            | -                                  | -              | 13             | 85             | 7,852                               |
| Legal, Judicial and Indemnities                  | 41              | 139            | -                                  | -              | -              | -              | 22,555                              |
| Donations, Contributions and Subsidies           | 732             | 10             | -                                  | -              | 2,698          | -              | 1,226                               |
| Inspection fee                                   | -               | -              | -                                  | -              | -              | -              | -                                   |
| Intangible of concession amortization            | -               | -              | -                                  | -              | -              | -              | -                                   |
| Financial compensation for using water resources | 7,143           | 19,094         | -                                  | -              | -              | -              | -                                   |
| Other  | 7,084           | 4,445          | (9)                                | -              | 519            | 702            | 6,451                               |
| <b>Total</b>                                     | <b>692,029</b>  | <b>583,369</b> | <b>593,396</b>                     | <b>464,628</b> | <b>192,289</b> | <b>178,202</b> | <b>282,505</b>                      |

**( 29 ) FINANCIAL INCOME AND EXPENSES**

|                                     | Parent company |              |             |              | Consolidated |              |             |              |
|-------------------------------------|----------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|
|                                     | 2012           |              | 2011        |              | 2012         |              | 2011        |              |
|                                     | 2nd quarter    | 1st semester | 2nd quarter | 1st semester | 2nd quarter  | 1st semester | 2nd quarter | 1st semester |
| <b>Financial Income</b>             |                |              |             |              |              |              |             |              |
| Income from Financial Investments   | 5,902          | 20,424       | 4,848       | 10,952       | 45,052       | 109,608      | 49,269      | 109,608      |
| Arrears of interest and fines       | 3              | 13           | -           | -            | 40,291       | 78,474       | 40,308      | 78,474       |
| Restatement of tax credits          | 1,946          | 1,946        | -           | -            | 4,908        | 5,778        | 1,016       | 5,778        |
| Restatement of Escrow Deposits      | 157            | 398          | 429         | 429          | 14,247       | 29,433       | 15,648      | 29,433       |
| Monetary and Exchange Restatement   | -              | -            | (169)       | -            | 12,785       | 24,959       | 15,861      | 24,959       |
| Discount on purchase of ICMS credit | -              | -            | -           | -            | 3,938        | 7,019        | 2,591       | 7,019        |
|                                     | (9,931)        | (9,931)      | (9,394)     | (9,394)      | (9,931)      | (9,931)      | (9,394)     | (9,931)      |

PIS and COFINS on interest on  
shareholders' equity

|              |              |               |                |              |                |                |                |
|--------------|--------------|---------------|----------------|--------------|----------------|----------------|----------------|
| Other        | 985          | 2,626         | 2,054          | 5,037        | 15,445         | 24,896         | 10,225         |
| <b>Total</b> | <b>(938)</b> | <b>15,476</b> | <b>(2,232)</b> | <b>7,024</b> | <b>126,734</b> | <b>270,236</b> | <b>125,524</b> |

**Financial Expense**

|                                  |                 |                 |                 |                 |                  |                  |                  |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Debt Charges                     | (10,219)        | (22,156)        | (13,397)        | (26,133)        | (292,247)        | (596,552)        | (245,259)        |
| Monetary and Exchange Variations | 172             | 251             | (183)           | (561)           | (51,175)         | (83,257)         | (16,255)         |
| (-) Capitalized borrowing costs  | -               | -               | -               | -               | 12,866           | 24,197           | 5,719            |
| Public utilities                 | -               | -               | -               | -               | (14,192)         | (24,768)         | (31,545)         |
| Other                            | (14)            | (30)            | (82)            | (87)            | (20,371)         | (42,788)         | (20,233)         |
| <b>Total</b>                     | <b>(10,061)</b> | <b>(21,934)</b> | <b>(13,662)</b> | <b>(26,781)</b> | <b>(365,119)</b> | <b>(723,168)</b> | <b>(307,574)</b> |

**Net financial income (expense)**      **(10,999)**      **(6,459)**      **(15,894)**      **(19,757)**      **(238,385)**      **(452,933)**      **(182,050)**

Interest is capitalized at a rate of 8.21% p.a. in 2012 and 9.95% p.a. in 2011 for qualifying assets, in accordance with CPC 20.

**( 30 ) SEGMENT INFORMATION**

The Company's operating segments are based on the internal financial information and management structure and are separated by business segment: electric energy distribution, conventional and renewable energy generation, commercialization and services rendered.

Since January 1, 2012, Company management has analyzed the services segment separately and the 2011 information is therefore presented for purposes of comparison.

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. Average prices between segments are established 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 operating segment is shown below, in accordance with the criteria established by Company management:



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

|  | Distribution | Generation | Commercialization | Services | Other    |
|--|--------------|------------|-------------------|----------|----------|
| <b>1st semester 2012</b>                         |              |            |                   |          |          |
| Net revenue                                      | 5,836,008    | 541,078    | 550,440           | 26,889   | 2        |
| (-) Intersegment revenues                        | 10,295       | 508,346    | 244,799           | 61,824   |          |
| Income from electric energy service              | 852,099      | 520,716    | 113,413           | 21,256   | (12,399) |
| Financial income                                 | 186,903      | 49,648     | 17,381            | 1,037    | 15,200   |
| Financial expense                                | (315,747)    | (313,305)  | (71,949)          | (114)    | (22,050) |
| Income before taxes                              | 723,254      | 257,059    | 58,846            | 22,179   | (19,179) |
| Income tax and social contribution               | 249,981      | 79,618     | 18,449            | 7,334    | 29,900   |
| Net Income                                       | 473,273      | 177,442    | 40,396            | 14,845   | (49,130) |
| Total Assets (**)                                | 13,530,159   | 15,023,783 | 453,555           | 101,670  | 353,100  |
| Capital Expenditures and other intangible assets | 605,516      | 659,037    | 2,292             | 2,828    | 100      |
| Depreciation and Amortization                    | 261,219      | 258,395    | 1,215             | 1,656    | 500      |
| <b>1st semester 2011 (***)</b>                   |              |            |                   |          |          |
| Net revenue                                      | 5,277,947    | 290,519    | 486,369           | 12,804   |          |
| (-) Intersegment revenues                        | 7,585        | 432,253    | 268,707           | 24,032   |          |
| Income from electric energy service              | 956,334      | 410,378    | 135,092           | 6,000    | (16,750) |
| Financial income                                 | 187,773      | 47,995     | 9,885             | 106      | 5,600    |
| Financial expense                                | (262,366)    | (259,483)  | (13,917)          | (2,044)  | (26,780) |
| Income before taxes                              | 881,740      | 198,890    | 131,061           | 4,062    | (37,860) |
| Income tax and social contribution               | 301,094      | 52,645     | 42,038            | 1,210    | 20,900   |
| Net Income                                       | 580,646      | 146,244    | 89,022            | 2,852    | (58,800) |
| Total Assets (**)                                | 12,430,550   | 8,456,506  | 1,620,902         | 53,923   | 916,600  |
| Capital Expenditures and other intangible assets | 436,360      | 295,250    | 5,344             | 442      |          |
| Depreciation and Amortization                    | 252,362      | 132,306    | 2,084             | 747      | 600      |

(\*) 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.

(\*\*\*) For the total assets, balances refer to December 31, 2011.

Since August 1, 2011, as a result of the association with ERSA and acquisition of CPFL Renováveis, described in Note 12, Management has analyzed these operations separately, and a new operating segment was therefore created to segregate the activities related to renewable energies:

|                                     | Distribution | Generation | Renewable | Commercialization | Serv |
|-------------------------------------|--------------|------------|-----------|-------------------|------|
| <b>1st semester 2012</b>            |              |            |           |                   |      |
| Net revenue                         | 5,836,008    | 345,729    | 195,349   | 550,440           | 26   |
| (-) Intersegment revenues           | 10,295       | 413,790    | 94,556    | 244,799           | 61   |
| Income from electric energy service | 852,099      | 456,849    | 63,867    | 113,413           | 21   |
| Financial income                    | 186,903      | 22,810     | 26,838    | 17,381            | 1    |

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|  |            |           |           |          |     |
|--|------------|-----------|-----------|----------|-----|
| Financial expense                                | (315,747)  | (226,939) | (86,366)  | (71,949) | (   |
| Income before taxes                              | 723,254    | 252,720   | 4,339     | 58,846   | 22  |
| Income tax and social contribution               | 249,981    | 80,704    | (1,086)   | 18,449   | 7   |
| Net Income                                       | 473,273    | 172,016   | 5,426     | 40,396   | 14  |
| Total Assets (**)                                | 13,530,159 | 7,552,738 | 7,471,045 | 453,555  | 101 |
| Capital Expenditures and other intangible assets | 605,516    | 6,946     | 652,091   | 2,292    | 2   |
| Depreciation and Amortization                    | 261,219    | 153,907   | 104,488   | 1,215    | 1   |

(\*) 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

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### ( 31 ) TRANSACTIONS WITH RELATED PARTIES

The Company's main shareholders are as follows:

- 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.

- Energia São Paulo Fundo de Investimento em Participações, 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.

- Bonaire Participações S.A.

Company controlled by Energia São Paulo Fundo de Investimento em Participações.

- Fundo BB Carteira Livre I - Fundo de Investimento em Ações

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.

Balances and transactions involving related parties are shown in tables 31.1 and 31.2.

The main transactions are listed below:

- Bank deposits and short-term investments** – refer mainly to bank deposits and short-term financial investments with the Banco do Brasil, as mentioned in Note 5.
- Loans and Financing, Debentures and Derivatives** – relate to funds raised from the Banco do Brasil in accordance with Notes 16 and 17, contracted under the normal market conditions at the time. The Company also guarantees certain loans raised by its subsidiaries, as mentioned in Notes 16 and 17.
- 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, among others, by BB DTVM, which charges management fees under normal market conditions for such management. JBS S.A. transactions relate to ICMS credit acquisition.

d) **Intangible assets, 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.

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.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

f) **Energy purchased** – refers basically to energy purchased and sold by the trading companies, concessionaires and licensees 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 telephone 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.

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.

The total remuneration of key management personnel in the first semester of 2012, in accordance with CVM Decision nº 560/2008, was R\$ 13,086. This amount comprises R\$ 12,716 in respect of short-term benefits, R\$ 370 for post-employment benefits, and refers to the amount recorded by the accrual method.

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**31.1)** Transactions between related parties involving controlling shareholders, entities under common control or with significant influence:

|  | ASSETS & LIABILITIES |               | Consolidated REVENUE |                   |                  |
|--|----------------------|---------------|----------------------|-------------------|------------------|
|  | June 30, 2012        | June 30, 2012 | 2nd quarter 2012     | 1st semester 2012 | 2nd quarter 2012 |
| <b>Bank deposits and short-term investments</b>                      |                      |               |                      |                   |                  |
| Banco do Brasil S.A.   | 108,779              | -             | 1,710                | 3,307             |                  |
| <b>Loans and Financing, Debentures and Derivatives contracts (*)</b> |                      |               |                      |                   |                  |
| Banco do Brasil S.A.   |                      | - 1,583,227   | -                    | -                 | 80,              |
| <b>Other financial transactions</b>                                  |                      |               |                      |                   |                  |
| Banco do Brasil S.A.   | -                    | 2,898         | 408                  | 816               | 1,               |
| JBS S/A  | -                    | 24,063        | 1,989                | 1,989             |                  |
| <b>Energy sales in the free market</b>                               |                      |               |                      |                   |                  |
| Tavex Brasil S.A.  | -                    | -             | 5,259                | 10,952            |                  |
| Camargo Corrêa Cimentos S.A.   | 991                  | -             | 1,865                | 3,568             |                  |
| Telemar Norte Leste  | -                    | -             | 968                  | 2,035             |                  |
| <b>Energy purchases in the free market</b>                           |                      |               |                      |                   |                  |
| Vale Energia S.A.  | 65                   | -             | -                    | 2,877             |                  |
| Petrobras  | -                    | -             | -                    | -                 | 26,              |
| Vale do Rio Doce S.A   | 1                    | -             | 3                    | 9                 | 8,               |
| Companhia Energetica do Ceara - Coelce                               | 54                   | -             | 167                  | 411               |                  |
| Companhia de Eletricidade do Estado da Bahia – Coelba                | 471                  | -             | 1,042                | 2,219             |                  |
| Companhia Energética de Pernambuco - Celpe                           | 116                  | -             | 572                  | 1,405             |                  |
| Companhia Energética do Rio Grande do Norte – Cosem                  | 25                   | -             | 229                  | 562               |                  |
| Afluente Transmissão de Energia Elétrica S.A.                        | -                    | -             | -                    | -                 |                  |
| Se Narandiba S.A.  | -                    | -             | -                    | -                 |                  |
| <b>Materials and Service Provision</b>                               |                      |               |                      |                   |                  |
| Brasil Telecom S.A.  | -                    | 124           | -                    | -                 |                  |
| TOTVS S.A  | -                    | 23            | -                    | -                 |                  |
| Concessionária do Sistema Anhanguera - Bandeirante                   | -                    | -             | -                    | -                 |                  |
| JBS S/A  | 5                    | -             | 16                   | 32                |                  |
| InterCement Brasil S.A   | -                    | -             | 13                   | 1,526             |                  |
|  |                      |               |                      |                   | 174              |

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|  |       |   |       |       |
|--|-------|---|-------|-------|
| Petrobras                                  | -     | - | 3     | 13    |
| HM 16 Empreendimento Imobiliário SPE Ltda. | 12    | - | 12    | 12    |
| <b>Other revenue</b>                       |       |   |       |       |
| Brasil Telecom S.A.                        | 2,009 | - | 3,013 | 6,026 |
| Telemar Norte Leste                        | -     | - | 4     | 9     |

(\*) Amortized cost for loans and derivatives.

78

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**31.2) Transactions between related parties involving subsidiaries and jointly-owned subsidiaries:**

| Companies                                 | ASSETS        |               | LIABILITIES      |                   | Parent company   |                   |
|---|---------------|---------------|------------------|-------------------|------------------|-------------------|
|   | June 30, 2012 | June 30, 2012 | 2nd quarter 2012 | 1st semester 2012 | 2nd quarter 2012 | 1st semester 2012 |
| <b>Intercompany allocation of expense</b> |               |               |                  |                   |                  |                   |
| CPFL Comercialização Brasil S/A           | -             | 20            | -                | -                 | -                | -                 |
| Companhia Paulista de Força e Luz         | -             | 2,034         | -                | -                 | -                | -                 |
| Companhia Piratininga de Força e Luz      | -             | 501           | -                | -                 | -                | -                 |
| <b>Leasing and rental</b>                 |               |               |                  |                   |                  |                   |
| Companhia Paulista de Força e Luz         | -             | -             | -                | -                 | -                | 1                 |
| <b>Intercompany loans</b>                 |               |               |                  |                   |                  |                   |
| Companhia Leste Paulista de Energia       | 4,317         | -             | 97               | 206               | -                | -                 |
| Companhia Jaguari de Energia              | -             | -             | 3                | 3                 | -                | -                 |
| CPFL Atende Cent.Cont. At                 | 33            | -             | -                | -                 | -                | -                 |
| Nect Serviços Administrativos Ltda        | 162           | -             | -                | -                 | -                | -                 |
| CPFL Total Serviços Administrativos Ltda  | 33            | -             | -                | -                 | -                | -                 |
| <b>Supplies and services</b>              |               |               |                  |                   |                  |                   |
| CPFL Comercialização Brasil S/A           | 190           | -             | -                | -                 | -                | -                 |
| Companhia Luz e Força Santa Cruz          | 341           | -             | -                | -                 | -                | -                 |
| Companhia Leste Paulista de Energia       | 7             | -             | -                | -                 | -                | -                 |
| Companhia Jaguari de Energia              | 29            | -             | -                | -                 | -                | -                 |
| Companhia Luz e Força de Mococa           | 28            | -             | -                | -                 | -                | -                 |
| Rio Grande Energia S/A                    | 532           | -             | -                | -                 | -                | -                 |
| CPFL Geração Energia S/A                  | 17            | -             | -                | -                 | -                | -                 |

**( 32 ) FINANCIAL INSTRUMENTS**

The main financial instruments, classified in accordance with the group's accounting practices, are:



**Financial assets - Measured at amortized cost**

|   | <b>Consolidated</b>  |                              |
|---|----------------------|------------------------------|
|   | <b>June 30, 2012</b> | <b>December 31,<br/>2011</b> |
| <b>Loans and receivables</b>                      |                      |                              |
| Consumers, Concessionaires and Licensees (note 6) | 2,085,144            | 2,056,580                    |
| Leases  | 34,157               | 29,102                       |
| Other (note 11)                                   |                      |                              |
| Receivables from shareholders                     | 27                   | 27                           |
| Pledges, Funds and Tied Deposits                  | 166,639              | 117,065                      |
| Fund Tied to Foreign Currency Loans               | 33,180               | 29,774                       |
| Services Rendered to Third Parties                | 12,841               | 10,962                       |
| Reimbursement RGR                                 | 3,787                | 6,499                        |
| Collection Agreements                             | 43,868               | 57,377                       |
|   | <b>2,379,643</b>     | <b>2,307,385</b>             |

|                                | <b>Consolidated</b>  |                              |
|--------------------------------|----------------------|------------------------------|
|                                | <b>June 30, 2012</b> | <b>December 31,<br/>2011</b> |
| <b>Held to maturity</b>        |                      |                              |
| Financial investments (note 7) | 28,060               | 48,522                       |
|                                | <b>28,060</b>        | <b>48,522</b>                |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Financial assets - Measured at fair value**

|  | <b>Consolidated</b>  |                          |
|--|----------------------|--------------------------|
|  | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b>Measured at fair value through profit or loss</b> |                      |                          |
| Cash and cash equivalent (note 5)                    | 2,014,281            | 2,699,837                |
| Derivatives (note 32)                                | 459,876              | 219,375                  |
| Financial investments (note 7)                       | 175,576              | 108,964                  |
|  | <b>2,649,733</b>     | <b>3,028,175</b>         |

|   | <b>Consolidated</b>  |                          |
|---|----------------------|--------------------------|
|   | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| <b>Available for sale</b>               |                      |                          |
| Financial asset of concession (note 10) | 1,995,821            | 1,376,664                |

**Financial liabilities - Measured at amortized cost**

|  | <b>Consolidated</b>  |                          |
|--|----------------------|--------------------------|
|  | <b>June 30, 2012</b> | <b>December 31, 2011</b> |
| Suppliers (note 15)  | (1,404,829)          | (1,240,143)              |
| Loans and financing - Principal and interest (note 16)         | (7,814,859)          | (6,740,144)              |
| Debentures - Principal and interest (note 17)                  | (5,740,271)          | (5,163,388)              |
| Payables Dividends   | (20,891)             | (24,524)                 |
| Regulatory Charges (note 19)                                   | (129,581)            | (145,146)                |
| Other (note 23)  |                      |                          |
| Consumers, Concessionaires and Licensees                       | (42,248)             | (66,284)                 |
| National Scientific and Technological Development Fund - FNDCT | (3,422)              | (4,014)                  |
| Energy Research Company - EPE                                  | (1,123)              | (1,648)                  |
| Collection Agreements  | (73,928)             | (70,096)                 |
| Reversal Fund  | (17,750)             | (17,750)                 |
| Business combination   | (84,078)             | (174,136)                |
| Public Utilities   | (476,121)            | (469,664)                |
|  | <b>(15,809,102)</b>  | <b>(14,116,938)</b>      |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Financial liabilities - Measured at fair value through profit or loss**

|  | <b>Consolidated</b>  |                              |
|--|----------------------|------------------------------|
|  | <b>June 30, 2012</b> | <b>December 31,<br/>2011</b> |
| <b>Measured at fair value through profit or loss</b> |                      |                              |
| <b>Held for trade</b>                                |                      |                              |
| Derivatives  | -                    | (24)                         |
| <b>Initial recognition</b>                           |                      |                              |
| Loans and financing - certain debts (note 16)        | (2,054,091)          | (1,704,254)                  |
|  | <b>(2,054,091)</b>   | <b>(1,704,279)</b>           |

**a) Valuation of Financial Instruments**

As described in note 4, the estimates of the fair value of the financial instruments were based on pricing models, applied individually for each transaction, taking into consideration the future payment out flows, based on the conditions contracted, discounted to present value at market interest rates.

Accordingly, the fair 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*.

CPC 40 requires classification at three levels of hierarchy for measurement of the fair value of financial instruments, based on observable and unobservable information in relation to valuation of a financial instrument at the measurement date.

CPC 40 also defines observable information as market data obtained from independent sources and unobservable information that reflects market assumptions.

The three levels of fair value are:

- Level 1: quoted prices in an active market for identical instruments;
- Level 2: observable information other than quoted prices in an active market that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the instruments that are not based on observable market data (unobservable inputs).

The classification in accordance with the fair value hierarchy of the Company's financial instruments, measured at fair value, is as follows:

|   | <b>Consolidated</b>  |                    |                  |                          |                    |                  |
|---|----------------------|--------------------|------------------|--------------------------|--------------------|------------------|
|   | <b>June 30, 2012</b> |                    |                  | <b>December 31, 2011</b> |                    |                  |
|   | <b>Level 1</b>       | <b>Level 2</b>     | <b>Level 3</b>   | <b>Level 1</b>           | <b>Level 2</b>     | <b>Level 3</b>   |
| Cash and cash equivalents (note 5)            | 2,014,281            | -                  | -                | 2,699,837                | -                  | -                |
| Derivatives                                   | -                    | 459,876            | -                | -                        | 219,350            | -                |
| Loans and financing - certain debts (note 16) | -                    | (2,054,091)        | -                | -                        | (1,704,254)        | -                |
| Financial investments (note 7)                | 175,576              | -                  | -                | 108,964                  | -                  | -                |
| Financial asset of concession (note 10)       | -                    | -                  | 1,995,821        | -                        | -                  | 1,376,664        |
| <b>Total</b>                                  | <b>2,189,857</b>     | <b>(1,594,215)</b> | <b>1,995,821</b> | <b>2,808,801</b>         | <b>(1,484,904)</b> | <b>1,376,664</b> |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

Since the distribution subsidiaries have classified their financial concession assets as available-for-sale the relevant factors for measurement at fair value are not publicly observable. The fair value hierarchy classification is therefore level 3. The changes between years and the respective gains (losses) in the equity valuation reserve are disclosed in Note 10.

The comparative information on marking to market the other financial instruments measured at amortized cost is described below:

- It is assumed that financial instruments such as accounts receivable from consumers, concessionaires and licensees and accounts payable to suppliers are already close to the respective market values.
- At June 30, 2012 and December 31, 2011, the market values of the financial instruments obtained by the methodology described in Note 4, are as follows:

|                      | <b>Parent company</b> |                   |                          |                   |
|----------------------|-----------------------|-------------------|--------------------------|-------------------|
|                      | <b>June 30, 2012</b>  |                   | <b>December 31, 2011</b> |                   |
|                      | <b>Book Value</b>     | <b>Fair Value</b> | <b>Book Value</b>        | <b>Fair Value</b> |
| Debentures (note 17) | (463,258)             | (465,688)         | (466,403)                | (469,551)         |
| <b>Total</b>         | <b>(463,258)</b>      | <b>(465,688)</b>  | <b>(466,403)</b>         | <b>(469,551)</b>  |

|                               | <b>Consolidated</b>  |                     |                          |                     |
|-------------------------------|----------------------|---------------------|--------------------------|---------------------|
|                               | <b>June 30, 2012</b> |                     | <b>December 31, 2011</b> |                     |
|                               | <b>Book Value</b>    | <b>Fair Value</b>   | <b>Book Value</b>        | <b>Fair Value</b>   |
| Loans and financing (note 16) | (7,814,859)          | (7,779,388)         | (6,740,144)              | (6,554,672)         |
| Debentures (note 17)          | (5,740,271)          | (5,917,781)         | (5,163,388)              | (5,350,263)         |
| <b>Total</b>                  | <b>(13,555,129)</b>  | <b>(13,697,169)</b> | <b>(11,903,532)</b>      | <b>(11,904,935)</b> |

We consider that there are no relevant differences between the carrying value and the fair value of other financial assets and liabilities.

## b) 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 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 the terms of the majority of the derivatives contracted by the subsidiaries (Note 16) are fully aligned with the debt protected, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were recognized, for accounting purposes, at fair value. Other debts with different terms from the derivatives contracted as a hedge continue to be recorded at amortized cost. Furthermore, the Company and its subsidiaries do not use hedge accounting for derivative operations.

As of June 30, 2012, the Company and its subsidiaries had the following swap operations:

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| Company / strategy /<br>counterparts                                       | Market values (book<br>values) |                | Market<br>values,<br>net | Values<br>at<br>cost,<br>net | Gain (Loss)<br>on marking<br>to market | Maturity range | N |
|--|--------------------------------|----------------|--------------------------|------------------------------|--|----------------|---|
|  | Asset                          | (Liability)    |                          |                              |  |                |   |
| <b><u>Derivatives for protection of debts designated at fair value</u></b> |                                |                |                          |                              |  |                |   |
| <b>Exchange rate hedge:</b>  |                                |                |                          |                              |  |                |   |
| <b>CPFL Paulista</b>   |                                |                |                          |                              |  |                |   |
| BNP Paribas  | 50,085                         | 50,085         | 54,008                   | (3,923)                      | dollar                                 | June 2014      | 1 |
| J.P.Morgan   | 25,617                         | 25,617         | 24,523                   | 1,093                        | dollar                                 | July 2014      |   |
| J.P.Morgan   | 27,048                         | 27,048         | 26,382                   | 665                          | dollar                                 | Aug 2014       |   |
| Morgan Stanley   | 17,500                         | 17,500         | 17,780                   | (280)                        | dollar                                 | Sep 2016       |   |
| Bank of America  | 74,157                         | 74,157         | 73,049                   | 1,108                        | dollar                                 | July 2014      | 2 |
| Bank of America  | 54,605                         | 54,605         | 49,601                   | 5,003                        | dollar                                 | July 2016      | 1 |
| Societe Generale   | 12,326                         | 12,326         | 11,527                   | 799                          | dollar                                 | Aug 2016       |   |
| Citibank   | 17,415                         | 17,415         | 17,556                   | (141)                        | dollar                                 | Sep 2016       |   |
| HSBC   | 8,889                          | 8,889          | 8,593                    | 296                          | dollar                                 | Sep 2014       |   |
| <b>Subtotal</b>  | <b>287,640</b>                 | <b>287,640</b> | <b>283,019</b>           | <b>4,621</b>                 |  |                |   |
| <b>CPFL Piratinga</b>  |                                |                |                          |                              |  |                |   |
| BNP Paribas  | 16,295                         | 16,295         | 15,835                   | 460                          | dollar                                 | July 2014      |   |
| J.P.Morgan   | 53,945                         | 53,945         | 52,740                   | 1,205                        | dollar                                 | Aug 2014       | 1 |
| Bank of America  | 24,009                         | 24,009         | 23,003                   | 1,006                        | dollar                                 | Aug 2016       |   |
| Societe Generale   | 16,173                         | 16,173         | 15,125                   | 1,048                        | dollar                                 | Aug 2016       |   |
| Citibank   | 3,569                          | 3,569          | 3,650                    | (81)                         | dollar                                 | Aug 2016       |   |
| <b>Subtotal</b>  | <b>113,991</b>                 | <b>113,991</b> | <b>110,353</b>           | <b>3,638</b>                 |  |                |   |
| <b>CPFL Sul Paulista</b>   |                                |                |                          |                              |  |                |   |
| Citibank   | 1,827                          | 1,827          | 1,841                    | (14)                         | dollar                                 | Sep 2014       |   |
| <b>CPFL Leste Paulista</b>   |                                |                |                          |                              |  |                |   |
| Citibank   | 1,827                          | 1,827          | 1,841                    | (14)                         | dollar                                 | Sep 2014       |   |
| <b>CPFL Mococa</b>   |                                |                |                          |                              |  |                |   |
| Citibank   | 1,599                          | 1,599          | 1,611                    | (12)                         | dollar                                 | Sep 2014       |   |
| <b>CPFL Jaguarí</b>  |                                |                |                          |                              |  |                |   |
| Citibank   | 1,989                          | 1,989          | 1,991                    | (2)                          | dollar                                 | Aug 2014       |   |

|                     |                |                |                |              |        |                          |   |
|---------------------|----------------|----------------|----------------|--------------|--------|--------------------------|---|
| <b>CPFL Geração</b> |                |                |                |              |        |                          |   |
| Citibank            | 28,643         | 28,643         | 28,877         | (234)        | dollar | Aug 2016                 | 1 |
| <b>RGE</b>          |                |                |                |              |        |                          |   |
| Citibank            | 11,055         | 11,055         | 16,248         | (5,193)      | dollar | April 2012 to April 2016 | 1 |
| <b>Subtotal</b>     | <b>448,571</b> | <b>448,571</b> | <b>445,782</b> | <b>2,789</b> |        |                          |   |

**Derivatives for protection of debts not designated at fair value****Exchange rate hedge:**

|                      |       |       |       |       |        |                       |  |
|----------------------|-------|-------|-------|-------|--------|-----------------------|--|
| <b>CPFL Paulista</b> |       |       |       |       |        |                       |  |
| Itaú                 | 1,967 | 1,967 | 2,718 | (751) | dollar | Oct 2012              |  |
| <b>CPFL Geração</b>  |       |       |       |       |        |                       |  |
| HSBC                 | 8,013 | 8,013 | 7,340 | 673   | dollar | July 2012 to Dec 2012 |  |

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

|                     |     |     |     |     |              |                      |   |
|---------------------|-----|-----|-----|-----|--------------|----------------------|---|
| <b>CPFL Energia</b> |     |     |     |     |              |                      |   |
| Citibank            | 657 | 657 | 106 | 551 | CDI + spread | Sep 2011 to Sep 2014 | 4 |
| <b>RGE</b>          |     |     |     |     |              |                      |   |
| Santander           | 494 | 494 | 100 | 394 | CDI + spread | Dec 2011 to Dec 2013 | 1 |
| Citibank            | 141 | 141 | 11  | 130 | CDI + spread | Dec 2011 to Dec 2013 |   |

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

|                         |               |               |               |            |      |          |  |
|-------------------------|---------------|---------------|---------------|------------|------|----------|--|
| <b>CPFL Piratininga</b> |               |               |               |            |      |          |  |
| HSBC                    | 12            | 12            | 11            | 1          | TJLP | Jan 2013 |  |
| Santander               | 9             | 9             | 9             | -          | TJLP | Jan 2013 |  |
| <b>CPFL Geração</b>     |               |               |               |            |      |          |  |
| HSBC                    | 12            | 12            | 14            | (2)        | TJLP | Dec 2012 |  |
| <b>Subtotal</b>         | <b>11,305</b> | <b>11,305</b> | <b>10,309</b> | <b>997</b> |      |          |  |

|              |                |                |                |              |  |  |  |
|--------------|----------------|----------------|----------------|--------------|--|--|--|
| <b>Total</b> | <b>459,876</b> | <b>459,876</b> | <b>456,091</b> | <b>3,785</b> |  |  |  |
|--------------|----------------|----------------|----------------|--------------|--|--|--|

|              |                |  |  |  |  |  |  |
|--------------|----------------|--|--|--|--|--|--|
| Current      | 10,840         |  |  |  |  |  |  |
| Non-current  | 449,036        |  |  |  |  |  |  |
| <b>Total</b> | <b>459,876</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.





(Free Translation of the original in Portuguese)

## QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

As mentioned above, certain subsidiaries opted to mark to market debts for which they hold fully tied hedge instruments, resulting in a loss of R\$18,538 as of June 30, 2012 (Note 16).

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 semesters ended June 30, 2012 and 2011, the derivatives resulted in the following impacts on the consolidated result:

| Company                | Hedged risk / transaction | Account                  | Gain (Loss)         |                      |                     |
|------------------------|---------------------------|--------------------------|---------------------|----------------------|---------------------|
|                        |                           |                          | 2012<br>2nd quarter | 2011<br>1st semester | 2011<br>2nd quarter |
| CPFL Energia           | Interest rate variation   | Swap of interest rate    | 91                  | 115                  | 52                  |
| CPFL Energia           | Mark to Market            | Adjustment to fair value | 237                 | 533                  | (129)               |
| CPFL Paulista          | Exchange variation        | Swap of currency         | 147,054             | 105,234              | (17,475)            |
| CPFL Paulista          | Mark to Market            | Adjustment to fair value | (15,224)            | 4,891                | (620)               |
| CPFL Piratininga       | Interest rate variation   | Swap of interest rate    | 13                  | 97                   | -                   |
| CPFL Piratininga       | Exchange variation        | Swap of currency         | 52,334              | 37,436               | 25                  |
| CPFL Piratininga       | Mark to Market            | Adjustment to fair value | (4,039)             | 3,769                | 182                 |
| RGE                    | Interest rate variation   | Swap of interest rate    | 122                 | 201                  | 47                  |
| RGE                    | Exchange variation        | Swap of currency         | 16,248              | 16,248               | -                   |
| RGE                    | Mark to Market            | Adjustment to fair value | (5,133)             | (5,058)              | (7)                 |
| CPFL Geração           | Interest rate variation   | Swap of interest rate    | 77                  | 86                   | (140)               |
| CPFL Geração           | Exchange variation        | Swap of currency         | 22,113              | 15,210               | (3,529)             |
| CPFL Geração           | Mark to Market            | Adjustment to fair value | (1,428)             | 943                  | 604                 |
| CPFL Leste<br>Paulista | Exchange variation        | Swap of currency         | 1,126               | 775                  | -                   |
| CPFL Leste<br>Paulista | Mark to Market            | Adjustment to fair value | (95)                | (15)                 | -                   |
| CPFL Sul<br>Paulista   | Exchange variation        | Swap of currency         | 1,126               | 775                  | -                   |
| CPFL Sul<br>Paulista   | Mark to Market            | Adjustment to fair value | (95)                | 9                    | -                   |
| CPFL Jaguari           | Exchange variation        | Swap of currency         | 1,039               | 723                  | -                   |
| CPFL Jaguari           | Mark to Market            | Adjustment to fair value | (86)                | (15)                 | -                   |
| CPFL Mococa            | Exchange variation        | Swap of currency         | 985                 | 678                  | -                   |
| CPFL Mococa            | Mark to Market            | Adjustment to fair value | (83)                | (13)                 | -                   |
|                        |                           |                          | <b>216,383</b>      | <b>182,621</b>       | <b>(20,990)</b>     |

**c) 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:

**Variation in exchange rates**

If the level of exchange exposure at June 30, 2012 is maintained, the simulation of the consolidated effects by type of financial instrument for three different scenarios would be:

| <b>Instruments</b>               | <b>Exposure</b> | <b>Risk</b>                | <b>Consolidated</b>                         |   |   |
|----------------------------------|-----------------|----------------------------|---|---|---|
|                                  |                 |                            | <b>Brazilian real depreciation of 4,6%*</b> | <b>Brazilian real depreciation of 25%**</b> | <b>Brazilian real depreciation of 50%**</b> |
| Financial asset instruments      | 33,180          | dollar apprec.             | 1,529                                       | 8,295                                       | 16,590                                      |
| Financial liability instruments  | (2,199,556)     | dollar apprec.             | (101,365)                                   | (549,889)                                   | (1,099,778)                                 |
| Derivatives - Plain Vanilla Swap | 2,142,544       | dollar apprec.             | 98,737                                      | 535,636                                     | 1,071,272                                   |
| <b>Decrease/(increase)</b>       | <b>(23,831)</b> |                            | <b>(1,098)</b>                              | <b>(5,958)</b>                              | <b>(11,916)</b>                             |
|                                  | <b>(23,831)</b> | <b>Decrease/(increase)</b> | <b>(1,098)</b>                              | <b>(5,958)</b>                              | <b>(11,916)</b>                             |

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

\*\*In compliance with CVM Instruction 475/08, the percentage of exchange depreciation are related to exchange rate as of June 30, 2012

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Variation in interest rates**

If (i) the scenario of exposure of the financial instruments indexed to variable interest rates at June 30, 2012 were to be maintained, and (ii) the respective accumulated annual indexes in the last 12 months, as of that date, were to remain stable (CDI 10.63% p.a.; IGP-M 5.14% p.a.; TJLP 6.0% p.a.), the effects on the consolidated financial statements for the next company year would be a net financial expense R\$ 1,027,205. 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      | 2,634,285           | CDI variation              | (82,980)       | 70,006                 | 140,012                |
| Financial liability instruments  | (7,470,589)         | CDI variation              | 235,324        | (198,531)              | (397,062)              |
| Derivatives - Plain Vanilla Swap | (2,308,466)         | CDI variation              | 72,717         | (61,347)               | (122,695)              |
|                                  | <b>(7,144,770)</b>  |                            | <b>225,060</b> | <b>(189,872)</b>       | <b>(379,745)</b>       |
| Financial asset instruments      | 81,039              | IGP-M variation            | 251            | 1,041                  | 2,083                  |
| Financial liability instruments  | (98,887)            | IGP-M variation            | (307)          | (1,271)                | (2,541)                |
|                                  | <b>(17,848)</b>     |                            | <b>(55)</b>    | <b>(229)</b>           | <b>(459)</b>           |
| Financial liability instruments  | (5,072,440)         | TJLP variation             | 45,145         | (76,087)               | (152,173)              |
| Derivatives - Plain Vanilla Swap | 625,799             | TJLP variation             | (5,570)        | 9,387                  | 18,774                 |
|                                  | <b>(4,446,640)</b>  |                            | <b>39,575</b>  | <b>(66,700)</b>        | <b>(133,399)</b>       |
|                                  | <b>(11,609,259)</b> | <b>Decrease/(increase)</b> | <b>264,580</b> | <b>(256,801)</b>       | <b>(513,602)</b>       |

\* The CDI, IGP-M and TJLP indexes considered of 7.48%, 5.45% and 5.11%, respectively, were obtained from information available in the market.

\*\* In compliance with CVM Instruction 475/08, the percentage of raising index are related to information as of June 30, 2012

**Financial concession asset**

The Company adopts the premise that the value of the financial concession asset is determined at fair value, based on the remuneration of the assets as established by ANEEL.

Since the Federal Government has not yet defined the methodology and criteria for valuation of the financial asset, the Company estimates that, under remote circumstances, indemnification for the undepreciated portion of the assets could be based on the historic cost and not at the amount based on the respective fair value.

Accordingly, if this remote scenario occurs, it would involve derecognition of the portion of the financial concession asset (portion relating to the fair value recognized), recorded in revaluation reserve in equity (Other Comprehensive Income) in the amount of R\$250,074 (net of tax effects).

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### ( 33 ) RISK MANAGEMENT

Risk management structure:

The Board of Directors is responsible for directing the way the business is run, which includes supervising the monitoring of business risks, exercised by means of the corporate risk management model used by the Company. The responsibilities of the Executive Board are to develop the mechanisms for measuring the impact of the exposure and probability of its occurrence, supervising the implementation of risk mitigation measures and informing the Board of Directors. It is assisted in this process by: i) the Corporate Risk Management Committee, whose mission is to assist in identifying the main business risks, analyzing measurement of the impact and probability and assessing the mitigation measures used; ii) the Risk Management, Internal Control and Consolidated Processes Division, responsible for developing the CPFL Group's Corporate Risk Management model in respect of strategy (policy, direction and risk maps), processes (planning, measurement, monitoring and reporting), systems and governance.

The risk management policies are established to identify, analyze and treats the risks faced by the Company and its subsidiaries, and includes reviewing the model adopted whenever necessary to reflect changes in market conditions and in the Group's activities, with a view to developing an environment of disciplined and constructive control.

The Group's Board of Directors is assisted in its supervisory role by the Management process Committee and Internal Audit department. The Internal audit department conducts both the regular reviews and the *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the Fiscal Council.

The Fiscal Council's responsibilities include certifying that management has the means to identify and prevent, through the use of an appropriated information system, (a) the main risks to which the Company is exposed, (b) the probability that these will materialize and (c) the measures and plans adopted. 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 currency 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 quantification of this risk is presented in Note 32(c). 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. The quantification of this risk is presented in Note 32(c).

**Credit Risk:** This risk arises from the possibility of the subsidiaries incurring losses resulting from difficulties in collecting 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.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**Risk of Energy Shortages:** The energy sold by the Company is primarily 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 of 2011, drawn up by the Operador Nacional do Sistema Elétrico (National Electricity System Operator), the risk of any energy deficit is very low for 2012, and the likelihood of another energy rationing program is remote.

**Risk of Acceleration of Debts:** The company and its subsidiaries have loan agreements, financing and debentures with restrictive clauses (covenants) normally applicable to these kinds of arrangement, involving 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 distributor to the end consumers. In accordance with Law 8.987/1995, the fixed tariffs should insure the economic and financial balance of the concession contract at the time of the tariff review, which could result in lower results than expected by the electric energy distributors, albeit offset in subsequent periods by other adjustments.

**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 routinely contract 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 meets 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.





(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**( 34 ) REGULATORY ASSETS AND LIABILITIES**

The Company has the following assets and liabilities for regulatory purposes, which are not recognized in the consolidated interim financial statements.

|   | <b>CONSOLIDATED</b> |                  |                   |                  |                  |       |
|---|---------------------|------------------|-------------------|------------------|------------------|-------|
|   | June 30, 2012       | March 31, 2012   | December 31, 2011 | June 30, 2011    | March 31, 2011   | Decem |
| <b>Assets</b>                                   |                     |                  |                   |                  |                  |       |
| <b>Consumers, Concessionaires and Licensees</b> |                     |                  |                   |                  |                  |       |
| Discounts TUSD (*) and Irrigation               | 64,409              | 63,967           | 67,244            | 64,236           | 71,631           |       |
|   | <b>64,409</b>       | <b>63,967</b>    | <b>67,244</b>     | <b>64,236</b>    | <b>71,631</b>    |       |
| <b>Deferred Costs Variations</b>                |                     |                  |                   |                  |                  |       |
| Parcel "A"                                      | -                   | -                | -                 | -                | -                |       |
| CVA (**)  | 779,626             | 514,143          | 404,148           | 335,493          | 330,338          |       |
|   | <b>779,626</b>      | <b>514,143</b>   | <b>404,148</b>    | <b>335,493</b>   | <b>330,338</b>   |       |
| <b>Prepaid Expenses</b>                         |                     |                  |                   |                  |                  |       |
| Overcontracting                                 | 15,968              | 22,716           | 27,364            | 6,585            | 8,898            |       |
| Low income consumers' subsidy - Losses          | 13,765              | 15,630           | 17,922            | 32,680           | 31,012           |       |
| Neutrality of the sector charges                | 525                 | 406              | 224               | 1,160            | 381              |       |
| Tariff adjustment                               | -                   | -                | 467               | 1,402            | 5,194            |       |
| Other financial components                      | 94,756              | 90,067           | 53,180            | 44,435           | 50,190           |       |
|   | <b>125,014</b>      | <b>128,819</b>   | <b>99,157</b>     | <b>86,262</b>    | <b>95,675</b>    |       |
| <b>Liabilities</b>                              |                     |                  |                   |                  |                  |       |
| <b>Deferred Gains Variations</b>                |                     |                  |                   |                  |                  |       |
| Parcel "A"                                      | (1,350)             | (1,234)          | (1,337)           | (1,434)          | (1,478)          |       |
| CVA (**)  | (621,296)           | (561,097)        | (488,500)         | (438,985)        | (402,013)        |       |
|   | <b>(622,645)</b>    | <b>(562,331)</b> | <b>(489,838)</b>  | <b>(440,419)</b> | <b>(403,491)</b> |       |

**Other Accounts Payable (note 23)**

|                                       |                  |                  |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Discounts TUSD                        |                  |                  |                  |                  |                  |
| (*) and Irrigation                    | (638)            | (48)             | (127)            | (2,043)          | (2,063)          |
| Overcontracting                       | (51,640)         | (71,060)         | (48,367)         | (116,964)        | (127,195)        |
| Low income consumers' subsidy - Gains | (28,484)         | (28,641)         | (17,010)         | (6,426)          | (5,923)          |
| Neutrality of the sector charges      | (110,778)        | (97,299)         | (97,138)         | (96,955)         | (111,800)        |
| Tariff Review – Provisional Procedure | (162,122)        | (84,903)         | (32,181)         | -                | -                |
| Other financial components            | (5,229)          | (9,903)          | (5,739)          | (11,461)         | (13,817)         |
|                                       | <b>(358,892)</b> | <b>(291,855)</b> | <b>(200,562)</b> | <b>(233,849)</b> | <b>(260,798)</b> |
| <b>Total net</b>                      | <b>(12,489)</b>  | <b>(147,257)</b> | <b>(119,851)</b> | <b>(188,276)</b> | <b>(166,644)</b> |

(\*) Network Usage Charge - TUSD

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

**( 35 ) SUBSEQUENT EVENTS AND RELEVANT FACTS****35.1 – Debentures**

The Meeting of the Board of Directors of the subsidiaries CPFL Paulista, CPFL Piratininga and RGE held on June 29, 2012 approved the issuance by the subsidiaries of debentures not convertible into shares, with the characteristics described below. The Debentures will be guaranteed by the Company and funds are to be used to refinance debts maturing during 2012 and 2013 and to reinforce working capital.

| Subsidiary       | Quantity | Unit nominal value<br>R\$ thousand | Total issuance<br>R\$ thousand | Issuance date | Interest           | Maturity     |
|------------------|----------|------------------------------------|--------------------------------|---------------|--------------------|--------------|
| CPFL Paulista    | 660      | 1,000                              | 660,000                        | July 3, 2012  | 100% of DI + 0.80% | July 3, 2019 |
| CPFL Piratininga | 110      | 1,000                              | 110,000                        | July 3, 2012  | 100% of DI + 0.80% | July 3, 2019 |
| RGE              | 500      | 1,000                              | 500,000                        | July 3, 2012  | 100% of DI + 0.80% | July 3, 2019 |

On July 25 and 27, 2012, were released for the subsidiaries CPFL Paulista and CPFL Piratininga respectively.



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**35.2 – Loans and financing**

At Meetings of the Board of Directors held in March and June 2012, it was approved for the subsidiaries to raise financing by means of foreign loans, with the guarantee of a promissory note and endorsement from CPFL Energia, as detailed below. The funds are to be used to refinance debts maturing during 2012 and 2013 and to reinforce working capital.

| Company             | Approved amount<br>R\$thousand | Amortization                    | Annual interest          | Contracted Swap             | Release date                         | Released amount<br>R\$ thousand |
|---------------------|--------------------------------|---------------------------------|--------------------------|-----------------------------|--------------------------------------|---------------------------------|
| CPFL Paulista       | 49,000                         | Single installment in July 2016 | USD + 3.3125%            | 104.90% of CDI              | July 12, 2012                        | 49,000                          |
| CPFL Piratininga    | 64,000                         | Single installment in July 2016 | USD + 3.3125%            | 104.90% of CDI              | July 12, 2012                        | 64,000                          |
| RGE                 | 223,000                        | Single installment in July 2016 | USD + 2.64%              | 105.75% of CDI              | July 11, 2012                        | 94,400                          |
| CPFL Santa Cruz     | 20,000                         | Single installment in July 2015 | USD + 2.38%              | 103.75% of CDI              | July 5, 2012                         | 20,000                          |
| CPFL Sul Paulista   | 21,000                         | Single installment in July 2015 | USD + 2.38% to<br>2.695% | 103.20% a<br>103.75% of CDI | July 5, 2012<br>and July 31,<br>2012 | 21,000                          |
| CPFL Leste Paulista | 25,000                         | Single installment in July 2015 | USD + 2.695%             | 103.20% of CDI              | July 31, 2012                        | 25,000                          |
| CPFL Mococa         | 11,000                         | Single installment in July 2015 | USD + 2.695%             | 103.20% of CDI              | July 31, 2012                        | 11,000                          |
| CPFL Jaguari        | 13,000                         | Single installment in July 2015 | USD + 2.695%             | 103.20% of CDI              | July 31, 2012                        | 13,000                          |

**35.3 –CPFL Piratininga Tariff Review – Public Hearing**

On July 12, 2012, ANEEL opened Public Hearing nº 54/2012 to obtain information for the 2011 Periodic Tariff Review - RTP of the subsidiary CPFL Piratininga and proposed a total tariff repositioning of -5.04%, with -3.40% relating to the economic repositioning and -1.04% relating to the financial components. By excluding from the tariff basis the financial components taken into consideration in the 2010 Annual Tariff Review, the effect perceived by consumers will be -8.18%. After analysis of the contributions from the agents, ANEEL will formulate the final proposal to be approved at the Board of Directors' Meeting on October 2, 2012, the result of which will be used as a basis for calculation of the 2012 Annual Tariff Readjustment, scheduled to come into effect on October 23, 2012.

**35.4– Request for extension of concession agreements**

The subsidiaries CPFL Jaguari, CPFL Mococa, CPFL Leste Paulista, CPFL Sul Paulista and CPFL Santa Cruz hold concession agreements with a term due to end on July 7, 2015. As determined in the respective concession agreements, any interest in extending the term of the concession must be expressed to the regulatory agency 36 months prior to the end of the term.

As such, on June 28, 2012, these subsidiaries filed for extension of their respective concession agreements, under the same conditions as the present agreements, maintaining their right to review this request in the event of any changes to the existing contractual conditions. ANEEL has until 18 months prior to the end of the present agreements to respond to the request.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

### 35.5 – Fund raising – CPFL Renováveis

On July 13, 2012, through the SPCs Bio Alvorada, Bio Coopcana, Atlântica I, II, IV and V, the directly controlled subsidiary CPFL Renováveis raised a total of R\$ 320,000 (R\$ 319,572 net of issue costs) by issuing commercial promissory notes in accordance with CVM Instruction nº 476/09. The objective of the fund raising was to refinance debts.

These notes are secured on collateral pledged by the subsidiary CPFL Renováveis and share escrow of the SPCs themselves. The term for settlement of the principal and interest is 128 days, with final maturity on November 18, 2012 and the interest due will be 108.5% of the variation in the CDI.

### OTHER RELEVANT INFORMATION

**Shareholders of CPFL Energia S/A holding more than 5% of the shares of the same type and class, as of June 30, 2012:**

| <b>Shareholders</b>        | <b>Common shares</b> | <b>Interest - %</b> |
|----------------------------|----------------------|---------------------|
| VBC Energia S.A.           | 245,897,460          | 25.55               |
| BB Carteira Livre I FIA    | 298,467,462          | 31.02               |
| Energia São Paulo FIP      | 115,118,250          | 11.96               |
| Bonaire Participações S.A. | 6,308,790            | 0.66                |
| BNDES Participações S.A.   | 81,053,460           | 8.42                |
| Board of directors         | 200                  | 0.00                |
| Executive officers         | 50,400               | 0.01                |
| Other shareholders         | 215,378,238          | 22.38               |
| <b>Total</b>               | <b>962,274,260</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 June 30, 2012 and 2011:**

**June 30, 2012**

**June 30, 2011**

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| <b>Shareholders</b>             | <b>Common<br/>shares</b> | <b>Interest -<br/>%</b> | <b>Common<br/>shares</b> | <b>Interest -<br/>%</b> |
|---------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| Controlling shareholders        | 666,629,822              | 69.28                   | 665,791,968              | 69.19                   |
| Administrator                   |                          |                         |                          |                         |
| Executive officers              | 50,400                   | 0.01                    | 45,220                   | 0.00                    |
| Board of directors              | 200                      | 0.00                    | 212                      | 0.00                    |
| Fiscal Council Members          | -                        | -                       | -                        | -                       |
| Other shareholders - free float | 295,593,838              | 30.72                   | 296,436,860              | 30.81                   |
| <b>Total</b>                    | <b>962,274,260</b>       | <b>100.00</b>           | <b>962,274,260</b>       | <b>100.00</b>           |
| Outstanding shares              | <b>295,593,838</b>       | <b>30.72</b>            | <b>296,436,860</b>       | <b>30.81</b>            |

90



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

Shareholders holding more than 5% of the shares of the same type and class, up to individual level, as of June 30, 2012:

| <b>1 - Entity: 1 CPFL ENERGIA S/A</b>                           | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>       | <b>% Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
|---|-----------------------------|----------------|----------------|-------------------------|----------------|----------------|--------------------|----------------|
| <b>Controlling shareholders</b>                                 | <b>665,791,962</b>          | <b>69.19%</b>  | <b>69.19%</b>  | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>665,791,962</b> | <b>69.19%</b>  |
| 1.1 VBC Energia S.A.  | 245,897,460                 | 25.55%         | 25.55%         |                         | 0.00%          | 0.00%          | 245,897,460        | 25.55%         |
| 1.2 Fundo Mútuo de Investimentos em Ações - BB Carteira Livre I | 298,467,462                 | 31.02%         | 31.02%         |                         | 0.00%          | 0.00%          | 298,467,462        | 31.02%         |
| 1.3 Bonaire Participações S.A.                                  | 6,308,790                   | 0.66%          | 0.66%          |                         | 0.00%          | 0.00%          | 6,308,790          | 0.66%          |
| 1.4 Energia São Paulo FIP                                       | 115,118,250                 | 11.96%         | 11.96%         |                         | 0.00%          | 0.00%          | 115,118,250        | 11.96%         |
| <b>Noncontrolling shareholders</b>                              | <b>296,482,298</b>          | <b>30.81%</b>  | <b>30.81%</b>  | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>296,482,298</b> | <b>30.81%</b>  |
| 1.5 BNDES Participações S.A.                                    | 81,053,460                  | 8.42%          | 8.42%          |                         | 0.00%          | 0.00%          | 81,053,460         | 8.42%          |
| 1.6 Board of Directors  | 200                         | 0.00%          | 0.00%          |                         | 0.00%          | 0.00%          | 200                | 0.00%          |
| 1.7 Executive officers  | 50,400                      | 0.01%          | 0.01%          |                         | 0.00%          | 0.00%          | 50,400             | 0.01%          |
| 1.8 Other shareholders  | 215,378,238                 | 22.38%         | 22.38%         |                         | 0.00%          | 0.00%          | 215,378,238        | 22.38%         |
| <b>Total</b>  | <b>962,274,260</b>          | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>962,274,260</b> | <b>100.00%</b> |
| <b>2 - Entity: 1.1 VBC ENERGIA S/A</b>                          | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>       | <b>% Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling shareholders</b>                                 | <b>5,354,225</b>            | <b>100.00%</b> | <b>97.43%</b>  | <b>141,060</b>          | <b>100.00%</b> | <b>2.57%</b>   | <b>5,495,285</b>   | <b>100.00%</b> |
| 1.1.1 Átila Holdings S/A  | 2,405,393                   | 44.93%         | 43.77%         | 70,530                  | 50.00%         | 1.28%          | 2,475,923          | 45.06%         |
| 1.1.2 Camargo Corrêa Energia S.A.                               | 1,504,095                   | 28.09%         | 27.37%         | 47,018                  | 33.33%         | 0.86%          | 1,551,113          | 28.22%         |
| 1.1.3 Camargo Corrêa S.A.                                       | 1,056,630                   | 19.73%         | 19.23%         | 23,512                  | 16.67%         | 0.43%          | 1,080,142          | 19.66%         |

|   |                             |                |                |                         |                |                |                    |                |
|---|-----------------------------|----------------|----------------|-------------------------|----------------|----------------|--------------------|----------------|
| 1.1.4 Camargo Corrêa Investimento em Infra-Estrutura S.A.   | 388,107                     | 7.25%          | 7.06%          | -                       | 0.00%          | 0.00%          | 388,107            | 7.06%          |
| <b>Noncontrolling shareholders</b>                          | <b>5</b>                    | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>5</b>           | <b>0.00%</b>   |
| 1.1.4 Other shareholders                                    | 5                           | 0.00%          | 0.00%          | -                       | 0.00%          | 0.00%          | 5                  | 0.00%          |
| <b>Total</b>  | <b>5,354,230</b>            | <b>100.00%</b> | <b>97.43%</b>  | <b>141,060</b>          | <b>100.00%</b> | <b>2.57%</b>   | <b>5,495,290</b>   | <b>100.00%</b> |
| <b>3 - Entity: 1.1.1 Átila Holdings S/A</b>                 | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>       | <b>% Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling shareholders</b>                             | <b>821,452,787</b>          | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>821,452,787</b> | <b>100.00%</b> |
| 1.1.1.1 Construções e Comércio Camargo Corrêa S.A.          | 380,575,180                 | 46.33%         | 46.33%         |                         | 0.00%          | 0.00%          | 380,575,180        | 46.33%         |
| 1.1.1.2 Camargo Corrêa S.A.                                 | 440,877,607                 | 53.67%         | 53.67%         |                         | 0.00%          | 0.00%          | 440,877,607        | 53.67%         |
| <b>Noncontrolling shareholders</b>                          | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>           | <b>0.00%</b>   |
| <b>Total</b>  | <b>821,452,787</b>          | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>821,452,787</b> | <b>100.00%</b> |
| <b>4 - Entity: 1.1.2 Camargo Corrêa Energia S.A.</b>        | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>       | <b>% Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling shareholders</b>                             | <b>2,357,982</b>            | <b>100.00%</b> | <b>77.41%</b>  | <b>688,220</b>          | <b>100.00%</b> | <b>22.59%</b>  | <b>3,046,202</b>   | <b>100.00%</b> |
| 1.1.2.1 Camargo Corrêa Investimento em Infra-Estrutura S.A. | 2,357,982                   | 100.00%        | 77.41%         | 688,220                 | 100.00%        | 22.59%         | 3,046,202          | 100.00%        |
| <b>Noncontrolling shareholders</b>                          | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>   | <b>7</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>7</b>           | <b>0.00%</b>   |
| 1.1.2.2 Other shareholders                                  | -                           | 0.00%          | 0.00%          | 7                       | 0.00%          | 0.00%          | 7                  | 0.00%          |
| <b>Total</b>  | <b>2,357,982</b>            | <b>100.00%</b> | <b>77.41%</b>  | <b>688,227</b>          | <b>100.00%</b> | <b>22.59%</b>  | <b>3,046,209</b>   | <b>100.00%</b> |
| <b>5 - Entity: 1.1.3 Camargo Corrêa S.A.</b>                | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>       | <b>% Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling shareholders</b>                             | <b>48,941</b>               | <b>99.99%</b>  | <b>34.45%</b>  | <b>93,099</b>           | <b>100.00%</b> | <b>65.54%</b>  | <b>142,040</b>     | <b>100.00%</b> |
| 1.1.3.1 Participações Morro Vermelho S.A.                   | 48,941                      | 99.99%         | 34.45%         | 93,099                  | 100.00%        | 65.54%         | 142,040            | 100.00%        |
| <b>Noncontrolling shareholders</b>                          | <b>5</b>                    | <b>0.01%</b>   | <b>0.00%</b>   | <b>1</b>                | <b>0.00%</b>   | <b>0.00%</b>   | <b>6</b>           | <b>0.00%</b>   |
|   | 5                           | 0.01%          | 0.00%          | 1                       | 0.00%          | 0.00%          | 6                  | 0.00%          |

1.1.3.2 Other  
shareholders

**Total** 48,946 100.00% 34.46% 93,100 100.00% 65.54% 142,046 100.00%

**6 - Entity: 1.1.1.1**

|   | Quotes/common<br>shares | % | % Total | Preferred<br>shares | % | % Total | TOTAL | % Total |
|---|-------------------------|---|---------|---------------------|---|---------|-------|---------|
| <b>Construções e<br/>Comércio<br/>Camargo Corrêa<br/>S.A.</b> |                         |   |         |                     |   |         |       |         |

|                                     |         |         |        |        |        |        |         |        |
|-------------------------------------|---------|---------|--------|--------|--------|--------|---------|--------|
| <b>Controlling<br/>shareholders</b> | 363,933 | 100.00% | 80.57% | 87,772 | 99.99% | 19.43% | 451,705 | 99.99% |
|-------------------------------------|---------|---------|--------|--------|--------|--------|---------|--------|

1.1.1.1.1 Camargo

|        |         |         |        |        |        |        |         |        |
|--------|---------|---------|--------|--------|--------|--------|---------|--------|
| Corrêa | 363,933 | 100.00% | 80.57% | 87,772 | 99.99% | 19.43% | 451,705 | 99.99% |
|--------|---------|---------|--------|--------|--------|--------|---------|--------|

Construções e  
Participações S.A.

|  |   |       |        |   |       |       |    |       |
|--|---|-------|--------|---|-------|-------|----|-------|
| <b>Noncontrolling<br/>shareholders</b> | 5 | 0.00% | 38.46% | 8 | 0.01% | 0.00% | 13 | 0.01% |
|--|---|-------|--------|---|-------|-------|----|-------|

1.1.1.1.2 Other  
shareholders

|  |   |       |        |   |       |       |    |       |
|--|---|-------|--------|---|-------|-------|----|-------|
|  | 5 | 0.00% | 38.46% | 8 | 0.01% | 0.00% | 13 | 0.01% |
|--|---|-------|--------|---|-------|-------|----|-------|

**Total** 363,938 100.00% 80.57% 87,780 100.00% 19.43% 451,718 100.00%

**7 - Entity:**

|  | Quotes/common<br>shares | % | % Total | Preferred<br>shares | % | % Total | TOTAL | % Total |
|--|-------------------------|---|---------|---------------------|---|---------|-------|---------|
| <b>1.1.1.1.1 Camargo<br/>Corrêa<br/>Construções e<br/>Participações<br/>S.A.</b> |                         |   |         |                     |   |         |       |         |

|                                     |               |         |         |   |       |       |               |         |
|-------------------------------------|---------------|---------|---------|---|-------|-------|---------------|---------|
| <b>Controlling<br/>shareholders</b> | 2,749,756,288 | 100.00% | 100.00% | - | 0.00% | 0.00% | 2,749,756,288 | 100.00% |
|-------------------------------------|---------------|---------|---------|---|-------|-------|---------------|---------|

1.1.1.1.1.1

|                        |               |         |         |   |       |       |               |         |
|------------------------|---------------|---------|---------|---|-------|-------|---------------|---------|
| Camargo Corrêa<br>S.A. | 2,749,756,288 | 100.00% | 100.00% | - | 0.00% | 0.00% | 2,749,756,288 | 100.00% |
|------------------------|---------------|---------|---------|---|-------|-------|---------------|---------|

|  |   |       |       |   |       |       |   |       |
|--|---|-------|-------|---|-------|-------|---|-------|
| <b>Noncontrolling<br/>shareholders</b> | 6 | 0.00% | 0.00% | - | 0.00% | 0.00% | 6 | 0.00% |
|--|---|-------|-------|---|-------|-------|---|-------|

1.1.1.1.1.2 Other  
shareholders

|  |   |       |       |   |       |       |   |       |
|--|---|-------|-------|---|-------|-------|---|-------|
|  | 6 | 0.00% | 0.00% | - | 0.00% | 0.00% | 6 | 0.00% |
|--|---|-------|-------|---|-------|-------|---|-------|

**Total** 2,749,756,294 100.00% 100.00% - 0.00% 0.00% 2,749,756,294 100.00%

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| <b>8 - Entity: 1.1.2.1<br/>Camargo Corrêa<br/>Investimento em<br/>Infra-Estrutura S.A.</b> | <b>Quotes/common<br/>shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred<br/>shares</b> | <b>%</b>       | <b>%<br/>Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
|--|---------------------------------|----------------|----------------|-----------------------------|----------------|--------------------|--------------------|----------------|
| <b>Controlling<br/>shareholders</b>  | <b>861,502,274</b>              | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>       | <b>861,502,274</b> | <b>100.00%</b> |
| 1.1.2.1.1 Camargo<br>Corrêa S.A.   | 861,502,274                     | 100.00%        | 100.00%        | -                           | 0.00%          | 0.00%              | 861,502,274        | 100.00%        |
| <b>Noncontrolling<br/>shareholders</b>   | <b>7</b>                        | <b>0.00%</b>   | <b>0.00%</b>   | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>       | <b>7</b>           | <b>0.00%</b>   |
| 1.1.2.1.2 Other<br>shareholders  | 7                               | 0.00%          | 0.00%          | -                           | 0.00%          | 0.00%              | 7                  | 0.00%          |
| <b>Total</b>   | <b>861,502,281</b>              | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>       | <b>861,502,281</b> | <b>100.00%</b> |
| <b>09 - Entity: 1.1.3.1<br/>Participações Morro<br/>Vermelho S.A.</b>                      | <b>Quotes/common<br/>shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred<br/>shares</b> | <b>%</b>       | <b>%<br/>Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling<br/>shareholders</b>  | <b>2,249,994</b>                | <b>100.00%</b> | <b>33.33%</b>  | <b>4,500,000</b>            | <b>100.00%</b> | <b>66.67%</b>      | <b>6,749,994</b>   | <b>99.99%</b>  |
| 1.1.3.1.1 RCABON<br>Empreendimentos e<br>Participações S.A                                 | 749,998                         | 33.33%         | 11.11%         | -                           | 0.00%          | 0.00%              | 749,998            | 11.11%         |
| 1.1.3.1.2 RCNON<br>Empreendimentos e<br>Participações S.A                                  | 749,998                         | 33.33%         | 11.11%         | -                           | 0.00%          | 0.00%              | 749,998            | 11.11%         |
| 1.1.3.1.3 RCPODON<br>Empreendimentos e<br>Participações S.A                                | 749,998                         | 33.33%         | 11.11%         | -                           | 0.00%          | 0.00%              | 749,998            | 11.11%         |
| 1.1.3.1.4 RCABPN<br>Empreendimentos e<br>Participações S.A                                 | -                               | 0.00%          | 0.00%          | 1,498,080                   | 33.29%         | 22.19%             | 1,498,080          | 22.19%         |
| 1.1.3.1.5 RCNPN<br>Empreendimentos e<br>Participações S.A                                  | -                               | 0.00%          | 0.00%          | 1,498,080                   | 33.29%         | 22.19%             | 1,498,080          | 22.19%         |
| 1.1.3.1.6 RCPODPN<br>Empreendimentos e<br>Participações S.A                                | -                               | 0.00%          | 0.00%          | 1,498,080                   | 33.29%         | 22.19%             | 1,498,080          | 22.19%         |
| 1.1.3.1.7 RRRPN<br>Empreendimentos e<br>Participações S.A                                  | -                               | 0.00%          | 0.00%          | 5,760                       | 0.13%          | 0.09%              | 5,760              | 0.09%          |
| <b>Noncontrolling<br/>shareholders</b>   | <b>6</b>                        | <b>0.01%</b>   | <b>0.00%</b>   | <b>-</b>                    | <b>0.00%</b>   | <b>0.00%</b>       | <b>6</b>           | <b>0.01%</b>   |
|  | 6                               | 0.01%          | 0.00%          | -                           | 0.00%          | 0.00%              | 6                  | 0.01%          |

1.1.3.1.8 Other  
shareholders

**Total** 2,250,000 100.00% 33.33% 4,500,000 100.00% 66.67% 6,750,000 100.00%

**10 - Entity: 1.1.3.1.1** Quotes/common % % Total Preferred % %  
**RCABON** shares shares Total

**Empreendimentos e  
Participações S.A**

**Controlling** 749,850 100.00% 99.98% 40 26.67% 0.01% 749,890 99.99%  
**shareholders**

1.1.3.1.1.1 Rosana 749,850 100.00% 99.98% 40 26.67% 0.01% 749,890 99.99%  
Camargo de Arruda  
Botelho

**Noncontrolling** - 0.00% 0.00% 110 73.33% 0.01% 110 0.01%  
**shareholders**

1.1.3.1.1.2 Other 0.00% 0.00% 110 73.33% 0.01% 110 0.01%  
shareholders

**Total** 749,850 100.00% 99.98% 150 100.00% 0.02% 750,000 100.00%

**11 - Entity: 1.1.3.1.2** Quotes/common % % Total Preferred % %  
**RCNON** shares shares Total

**Empreendimentos e  
Participações S.A**

**Controlling** 749,850 100.00% 99.98% 40 26.67% 0.01% 749,890 99.99%  
**shareholders**

1.1.3.1.2.1 Renata de 749,850 100.00% 99.98% 40 26.67% 0.01% 749,890 99.99%  
Camargo Nascimento

**Noncontrolling** - 0.00% 0.00% 110 73.33% 0.01% 110 0.01%  
**shareholders**

1.1.3.1.2.2 Other 0.00% 0.00% 110 73.33% 0.01% 110 0.01%  
shareholders

**Total** 749,850 100.00% 99.98% 150 100.00% 0.01% 750,000 100.00%

**12 - Entity: 1.1.3.1.3** Quotes/common % % Total Preferred % %  
**RCPODON** shares shares Total

**Empreendimentos e  
Participações S.A**

**Controlling** 749,850 100.00% 99.98% - 0.00% 0.00% 749,850 99.98%  
**shareholders**

1.1.3.1.3.1 Regina de 749,850 100.00% 99.98% 0.00% 0.00% 749,850 99.98%  
Camargo Pires

**Noncontrolling** - 0.00% 0.00% 150 100.00% 0.02% 150 0.02%  
**shareholders**

1.1.3.1.3.2 Other 0.00% 0.00% 150 100.00% 0.02% 150 0.02%  
shareholders

**Total** 749,850 100.00% 99.98% 150 100.00% 0.02% 750,000 100.00%

**13 - Entity: 1.1.3.1.4** Quotes/common % % Total Preferred % %  
**RCABPN** shares shares Total

**Empreendimentos e  
Participações S.A**

**Controlling** 1,499,890 99.99% 99.99% - 0.00% 0.00% 1,499,890 99.99%  
**shareholders**

1,499,890 99.99% 99.99% 0.00% 0.00% 1,499,890 99.99%

|   |                             |                |                |                         |              |                |                  |                |  |
|---|-----------------------------|----------------|----------------|-------------------------|--------------|----------------|------------------|----------------|--|
| 1.1.3.1.4.1 Rosana Camargo de Arruda Botelho                            |                             |                |                |                         |              |                |                  |                |  |
| <b>Noncontrolling shareholders</b>                                      | <b>110</b>                  | <b>0.01%</b>   | <b>0.01%</b>   | <b>-</b>                | <b>0.00%</b> | <b>0.00%</b>   | <b>110</b>       | <b>0.01%</b>   |  |
| 1.1.3.1.4.2 Other shareholders  | 110                         | 0.01%          | 0.01%          |                         | 0.00%        | 0.00%          | 110              | 0.01%          |  |
| <b>Total</b>  | <b>1,500,000</b>            | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                | <b>0.00%</b> | <b>0.00%</b>   | <b>1,500,000</b> | <b>100.00%</b> |  |
| <b>14 - Entity: 1.1.3.1.5 RCNPN Empreendimentos e Participações S.A</b> | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>     | <b>% Total</b> | <b>TOTAL</b>     | <b>% Total</b> |  |
| <b>Controlling shareholders</b>   | <b>1,499,890</b>            | <b>99.99%</b>  | <b>99.99%</b>  | <b>-</b>                | <b>0.00%</b> | <b>0.00%</b>   | <b>1,499,890</b> | <b>99.99%</b>  |  |
| 1.1.3.1.5.1 Renata de Camargo Nascimento                                | 1,499,890                   | 99.99%         | 99.99%         |                         | 0.00%        | 0.00%          | 1,499,890        | 99.99%         |  |
| <b>Noncontrolling shareholders</b>                                      | <b>110</b>                  | <b>0.01%</b>   | <b>0.01%</b>   | <b>-</b>                | <b>0.00%</b> | <b>0.00%</b>   | <b>110</b>       | <b>0.01%</b>   |  |
| 1.1.3.1.5.2 Other shareholders  | 110                         | 0.01%          | 0.01%          |                         | 0.00%        | 0.00%          | 110              | 0.01%          |  |
| <b>Total</b>  | <b>1,500,000</b>            | <b>100.00%</b> | <b>100.00%</b> | <b>-</b>                | <b>0.00%</b> | <b>0.00%</b>   | <b>1,500,000</b> | <b>100.00%</b> |  |

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QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

| <b>15 - Entity: 1.1.3.1.6<br/>RCPODPN<br/>Empreendimentos e<br/>Participações S.A</b>               | <b>Quotes/common<br/>shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred<br/>shares</b> | <b>%</b>     | <b>%<br/>Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
|---|---------------------------------|----------------|----------------|-----------------------------|--------------|--------------------|--------------------|----------------|
| <b>Controlling<br/>shareholders</b>   | <b>1,499,850</b>                | <b>99.99%</b>  | <b>99.99%</b>  | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>1,499,850</b>   | <b>99.99%</b>  |
| 1.1.3.1.6.1 Regina de<br>Camargo Pires Oliveira<br>Dias   | 1,499,850                       | 99.99%         | 99.99%         | 0.00%                       | 0.00%        | 0.00%              | 1,499,850          | 99.99%         |
| <b>Noncontrolling<br/>shareholders</b>  | <b>150</b>                      | <b>0.01%</b>   | <b>0.01%</b>   | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>150</b>         | <b>0.01%</b>   |
| 1.1.3.1.6.2 Other<br>shareholders   | 150                             | 0.01%          | 0.01%          | 0.00%                       | 0.00%        | 0.00%              | 150                | 0.01%          |
| <b>Total</b>  | <b>1,500,000</b>                | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>1,500,000</b>   | <b>100.00%</b> |
| <b>16 - Entity: 1.1.3.1.7<br/>RRRPN<br/>Empreendimentos e<br/>Participações S.A</b>                 | <b>Quotes/common<br/>shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred<br/>shares</b> | <b>%</b>     | <b>%<br/>Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling<br/>shareholders</b>   | <b>5,940</b>                    | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>5,940</b>       | <b>100.00%</b> |
| 1.1.3.1.7.1 Rosana<br>Camargo de Arruda<br>Botelho  | 1,980                           | 33.33%         | 33.33%         | 0.00%                       | 0.00%        | 0.00%              | 1,980              | 33.33%         |
| 1.1.3.1.7.2 Renata de<br>Camargo Nascimento   | 1,980                           | 33.33%         | 33.33%         | 0.00%                       | 0.00%        | 0.00%              | 1,980              | 33.33%         |
| 1.1.3.1.7.3 Regina de<br>Camargo Pires Oliveira<br>Dias   | 1,980                           | 33.34%         | 33.34%         | 0.00%                       | 0.00%        | 0.00%              | 1,980              | 33.34%         |
| <b>Noncontrolling<br/>shareholders</b>  | <b>-</b>                        | <b>0.00%</b>   | <b>0.00%</b>   | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>-</b>           | <b>0.00%</b>   |
|   |                                 | 0.00%          | 0.00%          | 0.00%                       | 0.00%        | 0.00%              | -                  | 0.00%          |
| <b>Total</b>  | <b>5,940</b>                    | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>5,940</b>       | <b>100.00%</b> |
| <b>17 - Entity: 1.2 Fundo<br/>Mútuo de<br/>Investimentos em<br/>Ações - BB Carteira<br/>Livre I</b> | <b>Quotes/common<br/>shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred<br/>shares</b> | <b>%</b>     | <b>%<br/>Total</b> | <b>TOTAL</b>       | <b>% Total</b> |
| <b>Controlling<br/>shareholders</b>   | <b>130,163,541</b>              | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>               | <b>0.00%</b> | <b>0.00%</b>       | <b>130,163,541</b> | <b>100.00%</b> |
| 1.2.1 Caixa de<br>Previdência dos<br>Funcionários do Banco  | 130,163,541                     | 100.00%        | 100.00%        | 0.00%                       | 0.00%        | 0.00%              | 130,163,541        | 100.00%        |

do Brasil - PREVI

|                                    |   |       |       |        |       |   |       |
|------------------------------------|---|-------|-------|--------|-------|---|-------|
| <b>Noncontrolling shareholders</b> | - | 0.00% | 0.00% | -0.00% | 0.00% | - | 0.00% |
|------------------------------------|---|-------|-------|--------|-------|---|-------|

|  |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|
|  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
|--|-------|-------|-------|-------|-------|-------|-------|

|              |                    |                |                |               |              |                    |                |
|--------------|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|
| <b>Total</b> | <b>130,163,541</b> | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>130,163,541</b> | <b>100.00%</b> |
|--------------|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|

|   |                             |          |                |                         |          |                |              |
|---|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|
| <b>18 - Entity: 1.3 Bonaire Participações S.A. Controlling shareholders</b> | <b>Quotes/common shares</b> | <b>%</b> | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b> | <b>% Total</b> | <b>TOTAL</b> |
|---|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|

|  |                   |                |                |               |              |                   |                |
|--|-------------------|----------------|----------------|---------------|--------------|-------------------|----------------|
|  | <b>66,728,872</b> | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>66,728,872</b> | <b>100.00%</b> |
|--|-------------------|----------------|----------------|---------------|--------------|-------------------|----------------|

|  |            |         |         |       |       |            |         |
|--|------------|---------|---------|-------|-------|------------|---------|
| 1.3.1 Energia São Paulo Fundo de Investimento em Participações | 66,728,872 | 100.00% | 100.00% | 0.00% | 0.00% | 66,728,872 | 100.00% |
|--|------------|---------|---------|-------|-------|------------|---------|

|                                    |          |              |              |               |              |          |              |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|
| <b>Noncontrolling shareholders</b> | <b>6</b> | <b>0.00%</b> | <b>0.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>6</b> | <b>0.00%</b> |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|

|                          |   |       |       |        |       |   |       |
|--------------------------|---|-------|-------|--------|-------|---|-------|
| 1.3.2 Other shareholders | 6 | 0.00% | 0.00% | -0.00% | 0.00% | 6 | 0.00% |
|--------------------------|---|-------|-------|--------|-------|---|-------|

|              |                   |                |                |               |              |                   |                |
|--------------|-------------------|----------------|----------------|---------------|--------------|-------------------|----------------|
| <b>Total</b> | <b>66,728,878</b> | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>66,728,878</b> | <b>100.00%</b> |
|--------------|-------------------|----------------|----------------|---------------|--------------|-------------------|----------------|

|   |                             |          |                |                         |          |                |              |
|---|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|
| <b>19 - Entity: 1.3.1 Energia São Paulo Fundo de Investimento em Participações Controlling shareholders</b> | <b>Quotes/common shares</b> | <b>%</b> | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b> | <b>% Total</b> | <b>TOTAL</b> |
|---|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|

|  |                    |                |                |               |              |                    |                |
|--|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|
|  | <b>796,479,768</b> | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>796,479,768</b> | <b>100.00%</b> |
|--|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|

|   |             |        |        |       |       |             |        |
|---|-------------|--------|--------|-------|-------|-------------|--------|
| 1.3.1.1 Fundos de Investimento em Cotas de Fundo de Investimento em Participações 114 | 353,528,507 | 44.39% | 44.39% | 0.00% | 0.00% | 353,528,507 | 44.39% |
|---|-------------|--------|--------|-------|-------|-------------|--------|

|  |             |        |        |       |       |             |        |
|--|-------------|--------|--------|-------|-------|-------------|--------|
| 1.3.1.2 Fundação Petrobras de Seguridade Social - Petros | 181,405,069 | 22.78% | 22.78% | 0.00% | 0.00% | 181,405,069 | 22.78% |
|--|-------------|--------|--------|-------|-------|-------------|--------|

|  |           |       |       |       |       |           |       |
|--|-----------|-------|-------|-------|-------|-----------|-------|
| 1.3.1.3 Fundação Sabesp de Seguridade Social - Sabesprev | 4,823,881 | 0.61% | 0.61% | 0.00% | 0.00% | 4,823,881 | 0.61% |
|--|-----------|-------|-------|-------|-------|-----------|-------|

|  |             |        |        |       |       |             |        |
|--|-------------|--------|--------|-------|-------|-------------|--------|
| 1.3.1.4 Fundação Sistel de Seguridade Social | 256,722,311 | 32.23% | 32.23% | 0.00% | 0.00% | 256,722,311 | 32.23% |
|--|-------------|--------|--------|-------|-------|-------------|--------|

|                                    |          |              |              |               |              |          |              |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|
| <b>Noncontrolling shareholders</b> | <b>-</b> | <b>0.00%</b> | <b>0.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>-</b> | <b>0.00%</b> |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|

|  |       |       |       |       |       |   |       |
|--|-------|-------|-------|-------|-------|---|-------|
|  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | 0.00% |
|--|-------|-------|-------|-------|-------|---|-------|

|              |                    |             |             |          |          |                     |             |
|--------------|--------------------|-------------|-------------|----------|----------|---------------------|-------------|
| <b>Total</b> | <b>796,479,768</b> | <b>100%</b> | <b>100%</b> | <b>-</b> | <b>-</b> | <b>-796,479,768</b> | <b>100%</b> |
|--------------|--------------------|-------------|-------------|----------|----------|---------------------|-------------|

|  |                             |          |                |                         |          |                |              |
|--|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|
| <b>20 - Entity: 1.3.1.1 Fundos de Investimento em Cotas de Fundo de Investimento em Participações 114 Controlling shareholders</b> | <b>Quotes/common shares</b> | <b>%</b> | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b> | <b>% Total</b> | <b>TOTAL</b> |
|--|-----------------------------|----------|----------------|-------------------------|----------|----------------|--------------|

|  |                    |                |                |               |              |                    |                |
|--|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|
|  | <b>353,528,507</b> | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>353,528,507</b> | <b>100.00%</b> |
|--|--------------------|----------------|----------------|---------------|--------------|--------------------|----------------|

|                         |             |         |  |       |       |             |         |
|-------------------------|-------------|---------|--|-------|-------|-------------|---------|
| 1.3.1.1.1 Fundação CESP | 353,528,507 | 100.00% |  | 0.00% | 0.00% | 353,528,507 | 100.00% |
|-------------------------|-------------|---------|--|-------|-------|-------------|---------|

|                                    |          |              |              |               |              |          |              |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|
| <b>Noncontrolling shareholders</b> | <b>-</b> | <b>0.00%</b> | <b>0.00%</b> | <b>-0.00%</b> | <b>0.00%</b> | <b>-</b> | <b>0.00%</b> |
|------------------------------------|----------|--------------|--------------|---------------|--------------|----------|--------------|



|  |                             |                |                |                         |              |                    |                      |
|--|-----------------------------|----------------|----------------|-------------------------|--------------|--------------------|----------------------|
|  |                             | 0.00%          | 0.00%          | 0.00%                   | 0.00%        | -                  | 0.00%                |
| <b>Total</b>   | <b>353,528,507</b>          | <b>100%</b>    | <b>100%</b>    | <b>0%</b>               | <b>0%</b>    | <b>353,528,507</b> | <b>100%</b>          |
| <b>21 - Entity: 1.5 BNDES Participações S.A.</b>         | <b>Quotes/common shares</b> | <b>%</b>       | <b>% Total</b> | <b>Preferred shares</b> | <b>%</b>     | <b>% Total</b>     | <b>TOTAL % Total</b> |
| <b>Controlling shareholders</b>                          |                             | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>           | <b>0.00%</b> |                    | <b>100.00%</b>       |
| 1.4.1 Banco Nacional de Desenv. Econômico e Social ( 1 ) |                             | 100.00%        | 100.00%        | 0.00%                   | 0.00%        |                    | 100.00%              |
| <b>Noncontrolling shareholders</b>                       |                             | <b>- 0.00%</b> | <b>0.00%</b>   | <b>-0.00%</b>           | <b>0.00%</b> |                    | <b>- 0.00%</b>       |
| <b>Total</b>   |                             | <b>0.00%</b>   | <b>0.00%</b>   | <b>0.00%</b>            | <b>0.00%</b> |                    | <b>- 0.00%</b>       |
| <b>Total</b>   |                             | <b>100.00%</b> | <b>100.00%</b> | <b>-0.00%</b>           | <b>0.00%</b> |                    | <b>100.00%</b>       |

( 1 ) State agency - Federal Government  
Number of shares is expressed in units

### Commitment to arbitrage

The Company is committed to arbitration in the Market Arbitration Chamber, in accordance with the Arbitration Clause in Article 44 of the Company's By-Laws.

(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

Quartely Social Report  
2012 /2011 (\*)  
**Company: CPFL  
ENERGIA S.A.**

|   |                  |                |               |                  |                |               |
|---|------------------|----------------|---------------|------------------|----------------|---------------|
| Net Revenues (NR)                         | 6,954,437        |                |               | 6,067,641        |                |               |
| Operating Result (OR)                     | 1,042,162        |                |               | 1,177,891        |                |               |
| Gross Payroll (GP)                        | 295,188          |                |               | 309,409          |                |               |
| Food                                      | 23,474           | 7.95%          | 0.34%         | 23,018           | 7.44%          | 0.38%         |
| Mandatory payroll taxes                   | 83,095           | 28.15%         | 1.19%         | 67,178           | 21.71%         | 1.11%         |
| Private pension plan                      | 15,837           | 5.37%          | 0.23%         | 14,668           | 4.74%          | 0.24%         |
| Health                                    | 14,947           | 5.06%          | 0.21%         | 12,842           | 4.15%          | 0.21%         |
| Occupational safety and health            | 944              | 0.32%          | 0.01%         | 0                | 0.00%          | 0.00%         |
| Education                                 | 1,120            | 0.38%          | 0.02%         | 901              | 0.29%          | 0.01%         |
| Culture                                   | 0                | 0.00%          | 0.00%         | 0                | 0.00%          | 0.00%         |
| Training and professional development     | 4,719            | 1.60%          | 0.07%         | 4,065            | 1.31%          | 0.07%         |
| Day-care / allowance                      | 457              | 0.15%          | 0.01%         | 429              | 0.14%          | 0.01%         |
| Profit / income sharing                   | 22,565           | 7.64%          | 0.32%         | 20,029           | 6.47%          | 0.33%         |
| Others                                    | 3,066            | 1.04%          | 0.04%         | 2,490            | 0.80%          | 0.04%         |
| <b>Total - internal social indicators</b> | <b>170,224</b>   | <b>57.67%</b>  | <b>2.45%</b>  | <b>145,620</b>   | <b>47.06%</b>  | <b>2.40%</b>  |
| Education                                 | 182              | 0.02%          | 0.00%         | 120              | 0.01%          | 0.00%         |
| Culture                                   | 6,488            | 0.62%          | 0.09%         | 5,616            | 0.48%          | 0.09%         |
| Health and sanitation                     | 14               | 0.00%          | 0.00%         | 0                | 0.00%          | 0.00%         |
| Sport                                     | 184              | 0.02%          | 0.00%         | 150              | 0.01%          | 0.00%         |
| War on hunger and malnutrition            | 11               | 0.00%          | 0.00%         | 0                | 0.00%          | 0.00%         |
| Others                                    | 1,075            | 0.10%          | 0.02%         | 564              | 0.05%          | 0.01%         |
| <b>Total contributions to society</b>     | <b>7,954</b>     | <b>0.76%</b>   | <b>0.11%</b>  | <b>6,450</b>     | <b>0.55%</b>   | <b>0.11%</b>  |
| Taxes (excluding payroll taxes)           | 3,126,315        | 299.98%        | 44.95%        | 2,988,386        | 253.71%        | 49.25%        |
| <b>Total - external social indicators</b> | <b>3,134,269</b> | <b>300.75%</b> | <b>45.07%</b> | <b>2,994,836</b> | <b>254.25%</b> | <b>49.36%</b> |

|   |               |              |              |               |              |              |
|---|---------------|--------------|--------------|---------------|--------------|--------------|
| Investments related to company production / operation | 19,429        | 1.86%        | 0.28%        | 19,134        | 1.62%        | 0.32%        |
| Investments in external programs and/or projects      | 27,529        | 2.64%        | 0.40%        | 19,577        | 1.66%        | 0.32%        |
| <b>Total environmental investments</b>                | <b>46,958</b> | <b>4.51%</b> | <b>0.68%</b> | <b>38,711</b> | <b>3.29%</b> | <b>0.64%</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:

( ) do not have targets ( ) fulfill from 51 to 75% ( ) do not have targets ( ) fulfill from 51 to 75%

( ) fulfill from 0 to 50% (X) fulfill from 76 to 100% ( ) fulfill from 0 to 50% (X) fulfill from 76 to 100%

|   |        |        |
|---|--------|--------|
| Nº of employees at the end of period                          | 8,552  | 8,003  |
| Nº of employees hired during the period                       | 1,278  | 790    |
| Nº of outsourced employees                                    | ND     | ND     |
| Nº of interns   | 240    | 289    |
| Nº of employees above 45 years age                            | 1,958  | 2,034  |
| Nº of women working at the company                            | 2,107  | 1,908  |
| % of management position occupied by women                    | 12.21% | 10.99% |
| Nº of Afro-Brazilian employees working at the company         | 1,092  | 972    |
| % of management position occupied by Afro-Brazilian employees | 2.38%  | 2.91%  |
| Nº of employees with disabilities                             | 268    | 288    |

|  |  |   |
|--|--|---|
| Ratio of the highest to the lowest compensation at company                       | 26.12  | 74.24   |
| Total number of work-related accidents   | 19   | 13  |
| Social and environmental projects developed by the company were decided upon by: | ( ) directors (X) directors and managers ( ) directors ( ) all | ( ) directors (X) directors and managers ( ) directors (X) all + Cipa |

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|   |                           |                           |                               |                           |                           |                               |
|---|---------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------|
| Health and safety standards at the workplace were decided upon by:  | and managers              | employees                 |                               | and managers              | employees                 |                               |
| Regarding the liberty to join a union, the right to a collective negotiation and the internal representation of the employees, the company: | ( ) does not get involved | ( ) follows the OIT rules | (X) motivates and follows OIT | ( ) does not get involved | ( ) follows the OIT rules | (X) motivates and follows OIT |
| The private pension plan contemplates:  | ( ) directors             | ( ) directors             | (X) all                       | ( ) directors             | ( ) directors             | (X) all                       |
|   |                           | and managers              | employees                     |                           | and managers              | employees                     |
| The profit / income sharing contemplates:   | ( ) directors             | ( ) directors             | (X) all                       | ( ) directors             | ( ) directors             | (X) all                       |
|   |                           | and managers              | employees                     |                           | and managers              | employees                     |
| In the selection of suppliers, the same ethical standards and social / environmental responsibilities adopted by the company:               | ( ) are not considered    | ( ) are suggested         | (X) are required              | ( ) are not considered    | ( ) are suggested         | (X) are required              |
| Regarding the participation of employees in voluntary work programs, the company:   | ( ) does not get involved | ( ) supports              | (X) organizes                 | ( ) does not get involved | ( ) supports              | (X) organizes                 |
|   |                           |                           | and motivates                 |                           |                           | and motivates                 |
| Total number of customer complaints and criticisms:   | in the company            | in Procon                 | in the Courts                 | in the company (**)       | in Procon (**)            | in the Courts                 |
|   | 511,878                   | 908                       | 2,898                         | 577,665                   | 893                       | 1,068                         |
| % of complaints and criticisms attended to or resolved:   | in the company            | in Procon                 | in the Courts                 | in the company            | in Procon                 | in the Courts                 |
|   | 100%                      | 100%                      | 5.2%                          | 100%                      | 100%                      | 9.3%                          |
| Total value-added to distribute (R\$ 000):  | <b>1st semester 2012</b>  | <b>4,887,064</b>          |                               | <b>1st semester 2011</b>  | <b>4,691,971</b>          |                               |
| Value-Added Distribution (VAD):   | 65.2% government          | 6.3% employees            |                               | 64.8% government          | 6.4% employees            |                               |
|   | 0% shareholders           | 15.1% third parties       |                               | 0% shareholders           | 12.6% third parties       |                               |
|   | 13.4% retained            |                           |                               | 16.2% retained            |                           |                               |

**Consolidated information**

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

(\*\*) Indicator adjusted due to standardization of criteria used for in the process of this information of the distribution subsidiaries.



(Free Translation of the original in Portuguese)

QUARTERLY INFORMATION – ITR – Date: June 30, 2012 - CPFL Energia S. A

**REPORT ON SPECIAL REVIEW-UNQUALIFIED**

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

***CPFL Energia S.A.***

*Individual and Consolidated Interim Financial  
Information for the Quarter Ended June 30,  
2012 and Report on Review of Interim  
Financial Information*

Deloitte Touche Tohmatsu Auditores Independentes

95

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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors and Shareholders of CPFL Energia S.A.

São Paulo - SP

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of CPFL Energia S.A. (“CPFL Energia” or “Company”), included in the Interim Financial Information Form (“ITR”), for the quarter ended June 30, 2012, which comprises the balance sheet as of June 30, 2012, and related statements of income and comprehensive income for the quarter and six-month period then ended, and changes in shareholders' equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of these individual interim financial information in accordance with technical pronouncement CPC 21 - *Demonstração Intermediária* (Interim Financial Reporting) and the consolidated interim financial information in accordance with technical pronouncement CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (“CVM”) applicable to the preparation of the Interim Financial Information (“ITR”). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and International standards on review of interim financial information statement (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the Interim Financial Information Form referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 applicable to the preparation of Interim Financial Information

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("ITR") and presented in accordance with the standards issued by the Brazilian Exchange and Securities Commission ("CVM").

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Interim Financial Information Form referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 and IAS 34 applicable to the preparation of Interim Financial Information ("ITR") and presented in accordance with the standards issued by the Brazilian Securities Commission ("CVM").

### **Emphasis of matter**

As set forth in note 2.1, the individual interim financial information was prepared in accordance with the accounting practices adopted in Brazil and presented in accordance with technical pronouncement CPC 21 applicable to the preparation of Interim Financial Information ("ITR"). In the case of CPFL Energia, these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS, would be measured at cost or fair value. Our review report was not qualified due to this matter.

### **Other matters**

#### Statements of Value Added

We have also reviewed the individual and consolidated interim Statements of Value Added ("DVA") for the six-month period ended June 30, 2012, prepared under Management's responsibility, the presentation of which is required by the standards issued by the Brazilian Securities Commission ("CVM") applicable to the preparation of Interim Financial Information ("ITR"), and is considered as supplemental information for IFRS that does not require the presentation of DVA. These statements were subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in connection with the individual and consolidated interim financial statements taken as a whole.

#### Review of individual and consolidated interim financial information for the quarter and six-month period ended June 30, 2011, and audit of individual and consolidated financial statements for the year ended December 31, 2011

Information and amounts related to the quarter and six-month period ended June 30, 2011, presented for comparative purposes, were reviewed by other independent auditors, who issued their report on August 1, 2011. Information and amounts related to the year ended December 31, 2011, presented for comparative purposes, were audited by other independent auditors, who issued their report on February 24, 2012. Both reports contained emphases of matters paragraph similar to the emphasis paragraph referred to above.



Deloitte Touche Tohmatsu

Other

The accompanying financial information has been translated into English for the convenience of readers outside Brazil.

Campinas, July 27, 2012

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marcelo Magalhães Fernandes  
Engagement Partner

The pages related to the Interim Financial Information (“ITR”) reviewed by us are marked for identification purpose only.

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**SIGNATURES**

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

Date: August 3, 2012

CPFL ENERGIA S.A.

By:

/s/ LORIVAL NOGUEIRA LUZ JUNIOR

**Name: Lorival Nogueira Luz Junior**

**Title: Chief Financial Officer and Head of Investor Relations**

**FORWARD-LOOKING STATEMENTS**

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

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