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G. Davis Capital

"Investing is not just financial."

CPFL Energia S.A. (CPL)

Investment Risk:
HIGH

Outlook:
POSITIVE

% Change		
%	1Yr	3Yr
CPL	-31	+20
S&P	-28	-29

CPL Beta: 1.09

Years:	2008	2007	2006			
Rev:	R\$14,372	R\$14,207	R\$12,227	PEG	P/S	P/B
EPS:	R\$2.58	R\$3.49	R\$2.61	NA	1.58	2.87

DJIA: 8,331.68	NASDAQ: 1,793.21	S&P: 901.05	US\$ Index
Gold: \$926.80	10YrBond: 3.35%	Oil: \$59.86	\$80.03

Date: July 13, 2009
Time: 4:28 pm
Price: \$47.38
52Wk:\$34.93-\$74.91
PE: 11.84

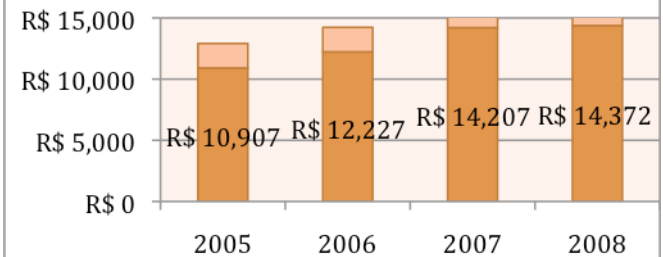
Company Info (Foreign Utility)

CPFL Energia is a Sao Paulo, Brazil based electrical power producer and distribution company. CPFL's is one of the largest electricity distributors in the country based on its 37,323 GWh of power reaching 6.4 million including 169 new consumer customers in 2008. Brazil is included in the BRIC acronym relating to it being one of the fastest growing economies in the world. CPFL also incorporated CPFL Bioenergia to invest in the generation of energy from biomass. Distributed 12.9% of Brazil's electricity in 2008.

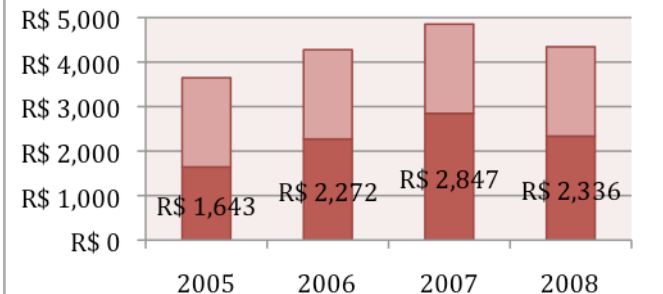
CEO	Pay	Emps	Profit (ttm)	ROE (ttm)
Wilson P. Ferreira	NA	7,206	13.45%	24.56%

Operating Performance

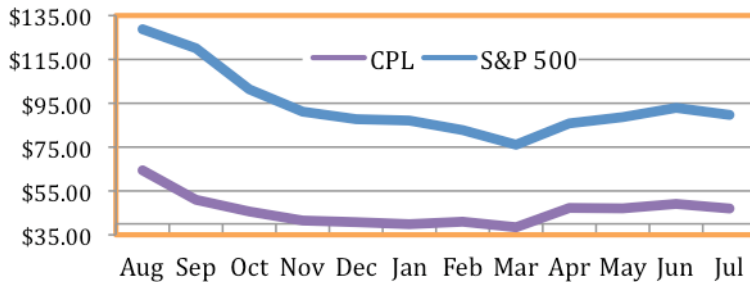
Operating Revenues



Operating Income



CPFL Energia (CPL) vs S&P 500 (SPY)



*CPL vs. S&P 500 Past 12 Months (Aug 08 - Jul 09)

News

- CPFL 1Q09 Net Operating Rev declined -3.7% versus 1Q08. Increases recorded in Resid and Comm sales
- A decrease in the cost of electric power allowed EBITA to increase 2% from 1Q08 to 1Q09
- Unveiled 130 MW Castro Alves and 50 MW 14 de Julho **hydroelectric plants** in 2008

Strengths

- 2 new hydroelectric plants (Castro & 14 de Julho)
- During fiscal 2008 CPFL fell -25.6% vs -33.8% DJIA
- Dividend yield has reached 64.3% since Sept 04 IPO
- 13.3% electricity distribution market share
- Concession agreement with gov't in place until 2015

Weaknesses

- Regulation by National Electric Energy Agency
- Capital requirements and tariff limits imposed b
- 3 major stock holders control approx 70% of CPFL
- Brazilian political risks
- Depreciation of the Real makes electricity more costly

Opportunities

- Tariff review forces the need for operating efficiencies
- Refocus on residential and commercial sales
- 89% of Brazil's electricity came from hydroelectric pla

Threats

- Tariff reviews every 4 or 5 years covering
- Reduced energy consumption by industrials
- Pending legislation against 2004 New Industry Model

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