



US\$ 300,000,000

CREDIT FACILITY

Lead Arranger



May 2001

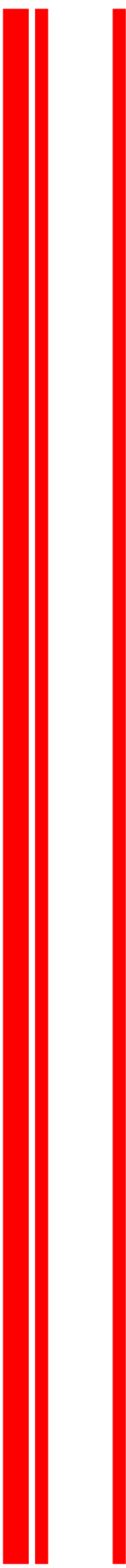


Institutional Advertisement

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I. Introduction



I. INTRODUCTION

The Company

- ✦ ***CPFL, one of the major electricity distribution companies in Brazil, serving an area covering 37% of the state of São Paulo;***
- ✦ ***In revenue terms, CPFL is the 2nd largest electricity distributor in the state of São Paulo and the 4th largest in Brazil;***
- ✦ ***In 2000, CPFL reached net revenues of R\$ 2.4 billion, net income of R\$ 84.5 million and EBITDA of R\$ 633 million;***
- ✦ ***CPFL is the most efficient distributor in Brazil;***



I. INTRODUCTION

RGE Acquisition

- ✦ As part of VBC Energia's and Previ's strategy regarding their interests in the energy sector, both shareholders will be selling to CPFL all the shares they own in Rio Grande Energia S.A. (RGE);***
- ✦ The RGE shares to be purchased by CPFL represent 67% of RGE's total and voting capital;***
- ✦ The transaction will be executed by May 31st, 2001;***



I. INTRODUCTION

RGE Acquisition

✦ The purchase price to be paid by CPFL will be R\$ 1.34 billion;

✦ RGE will be controlled by CPFL and US utility PSEG under a shareholders agreement;



I. INTRODUCTION

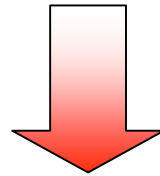
RGE Acquisition

✦ With the:

✦ RGE acquisition;

✦ Companhia Nacional de Energia Elétrica acquisition;

✦ The spin-off of Bandeirante Energia, resulting on a fully owned Companhia Piratininga de Força e Luz;



CPFL consolidates its distribution business



I. INTRODUCTION

Sources and Uses

Sources (R\$ MM)		Uses (R\$ MM)	
Syndicated Credit Facility	650	Acquisition of RGE shares	1,340
Local Debentures	690		
Total	1,340		1,340

“Acquisition is being funded exclusively with long-term debt. CPFL has entered into swap agreements to hedge its FX exposure in the Syndicated Credit Facility”



II. The Brazilian Power Industry

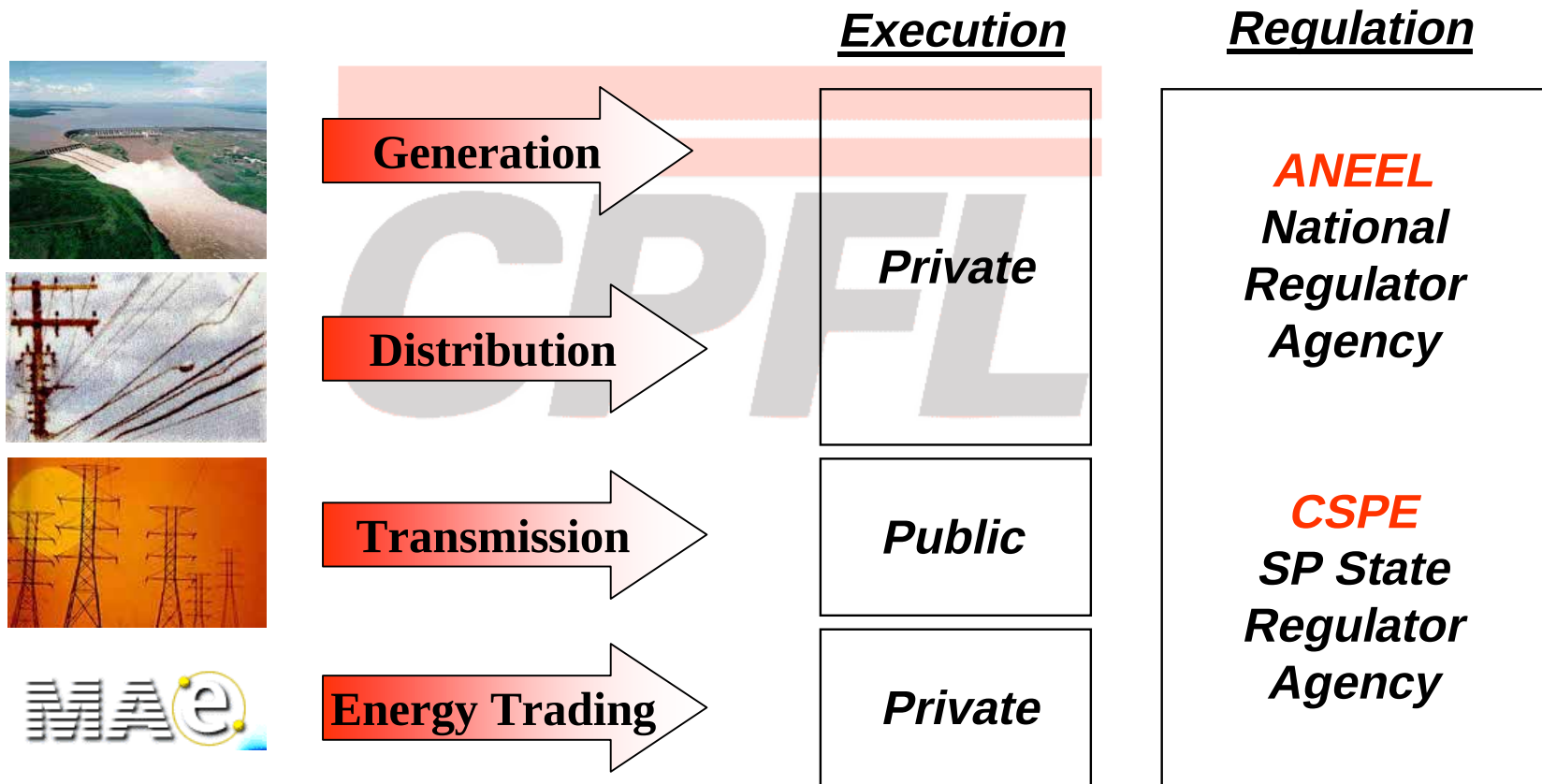


CPFL

II. THE BRAZILIAN POWER INDUSTRY

Utilities Privatization in Brazil

The Electric Utility Industry - New Model Architecture



II. THE BRAZILIAN POWER INDUSTRY

Utilities Privatization in Brazil

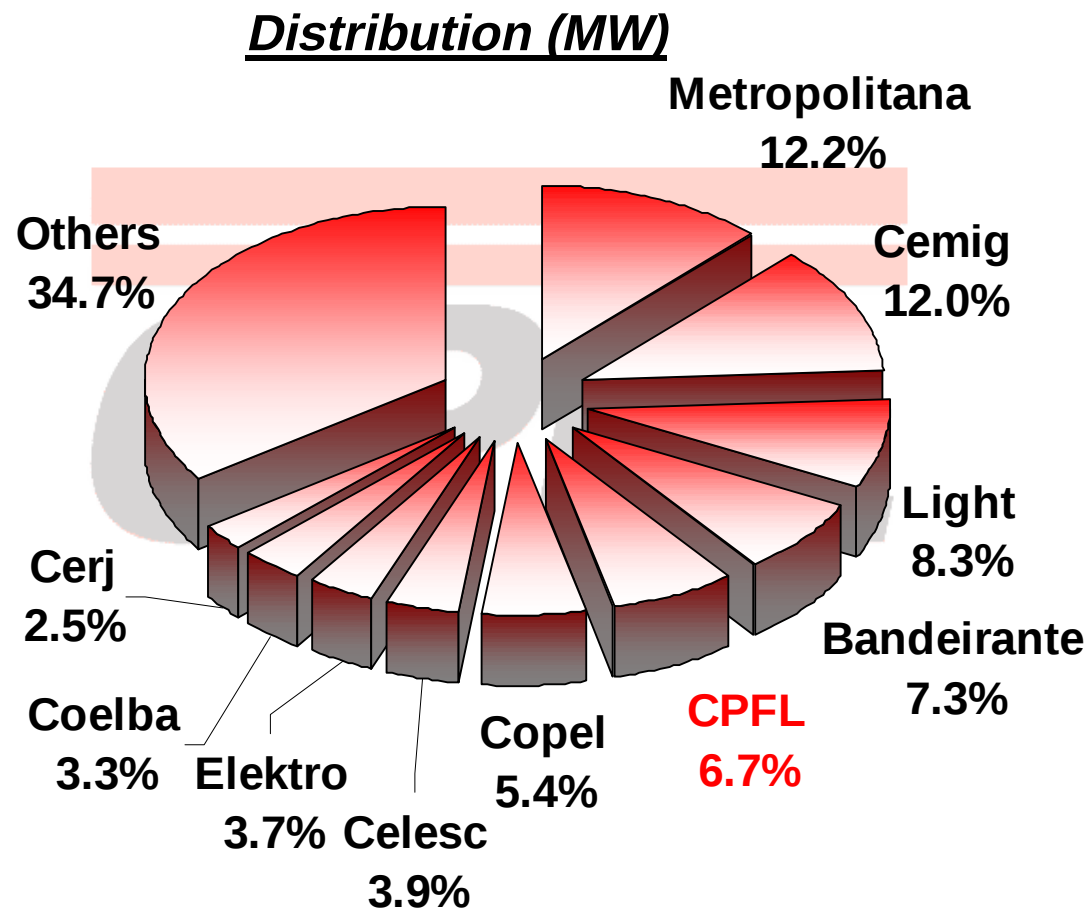
Market Rules:

- ✦ Competition in generation and trading***
- ✦ Free access to transmission and distribution grids***
- ✦ Creation of the Energy Wholesale Market (MAE)***
- ✦ Creation of the National Operator (ONS)***



II. THE BRAZILIAN POWER INDUSTRY

Energy Sector Breakdown - Main Companies



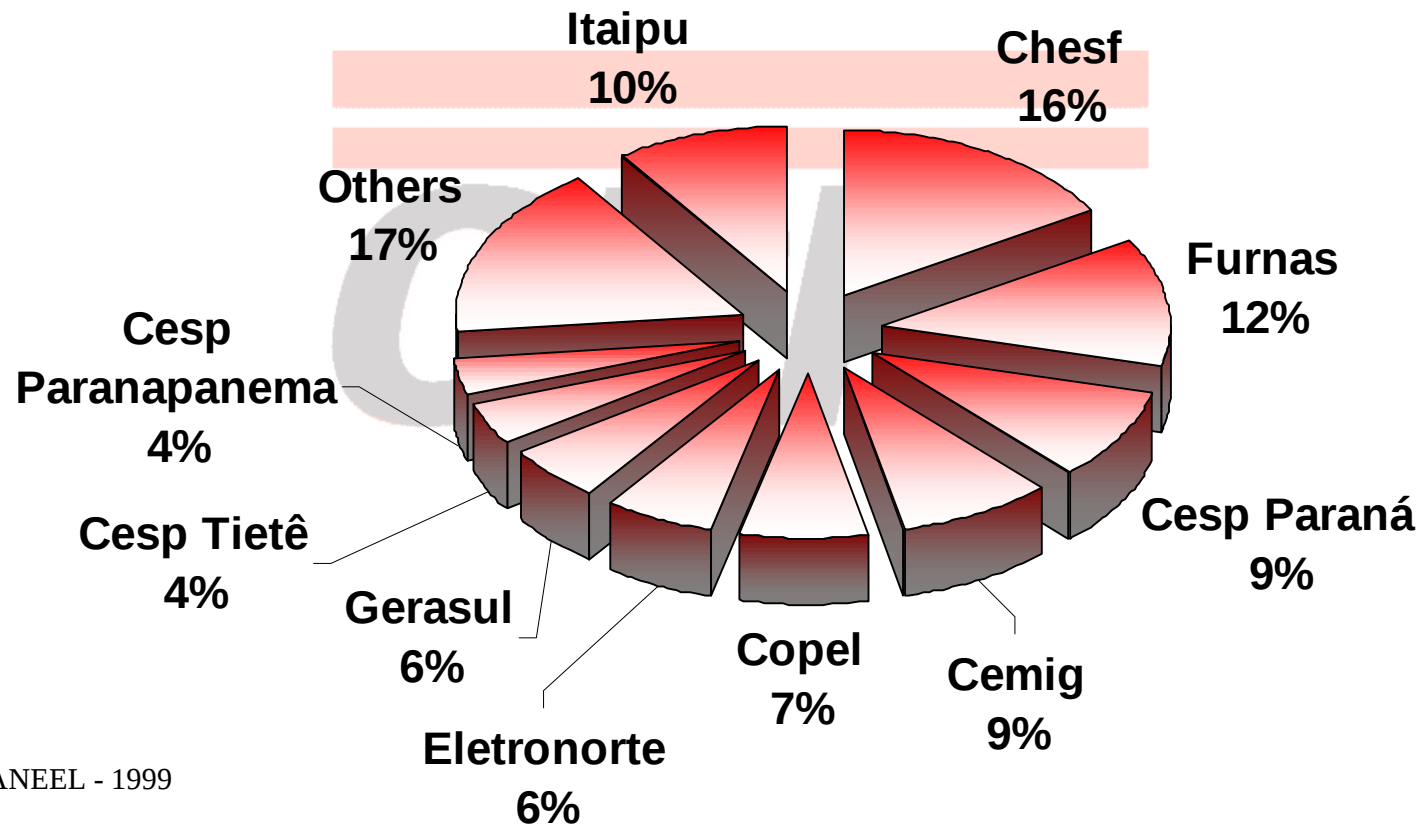
Source: ANEEL - 1999



II. THE BRAZILIAN POWER INDUSTRY

Energy Sector Breakdown - Main Companies

Generation (MW)



Source: ANEEL - 1999



II. THE BRAZILIAN POWER INDUSTRY

Rationing

- ✦ 20% for SE + NE from June 1, 2001 to November 30, 2001, corresponding to 10% p.a.
- ✦ 15% for Brazil as a whole, corresponding to 7.5% p.a., or 6600MW

<u>Quotes</u>	<u>% in total consumption</u>		
20% Residential	x	27%	= 5,4%
10% Industrial	x	43%	= 4,3%
20% Commercial	x	16%	= 1,6%
20% Other Segments	x	14%	= 2,8%
Total			= 15,7%

Source: PSR Consultoria - Estimate



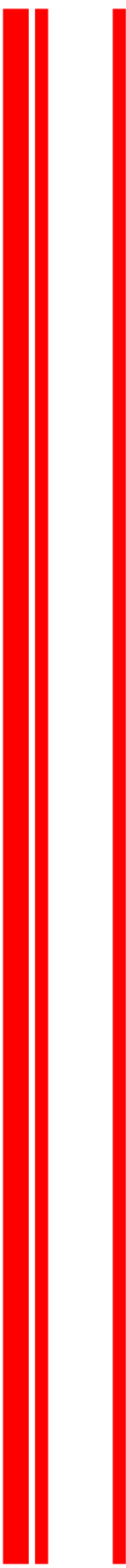
II. THE BRAZILIAN POWER INDUSTRY

Rationing

✧ ***Rationing will imply a reduction in CPFL's estimated EBITDA from R\$ 770MM (no rationing) to R\$ 600MM.***

CPFL





III. Company Overview



III. COMPANY OVERVIEW

Brief History

- ✦ ***1912 - Companhia Paulista de Força e Luz (CPFL) was founded;***
- ✦ ***1974 - CESP undertook CPFL's stock control;***
- ✦ ***1997 - DOC-4 Participações S/A purchased CPFL's control in November 5 - 66.99% of total common shares (41.06% of the total capital);***
- ✦ ***1998 - CPFL acquired 44% voting shares of Bandeirante Energia, through its subsidiary DRAFT I Participações S/A;***



III. COMPANY OVERVIEW

Brief History

- ✦ ***1999 - DOC-4 Participações S/A was merged back with CPFL;***
- ✦ ***2000 - Bandeirante Energia's minority shareholders stock repurchase;***
- ✦ ***2000 - CPFL Generation assets were spun off following a requirement by ANEEL;***
- ✦ ***2001 - Stock purchase agreement of controlling stake of Companhia Nacional de Energia Elétrica.***

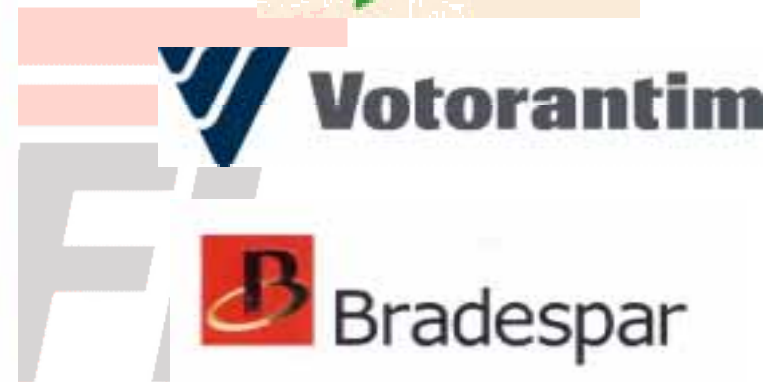


III. COMPANY OVERVIEW



CPFL headquarters in Campinas - SP - Brazil

Main Shareholders



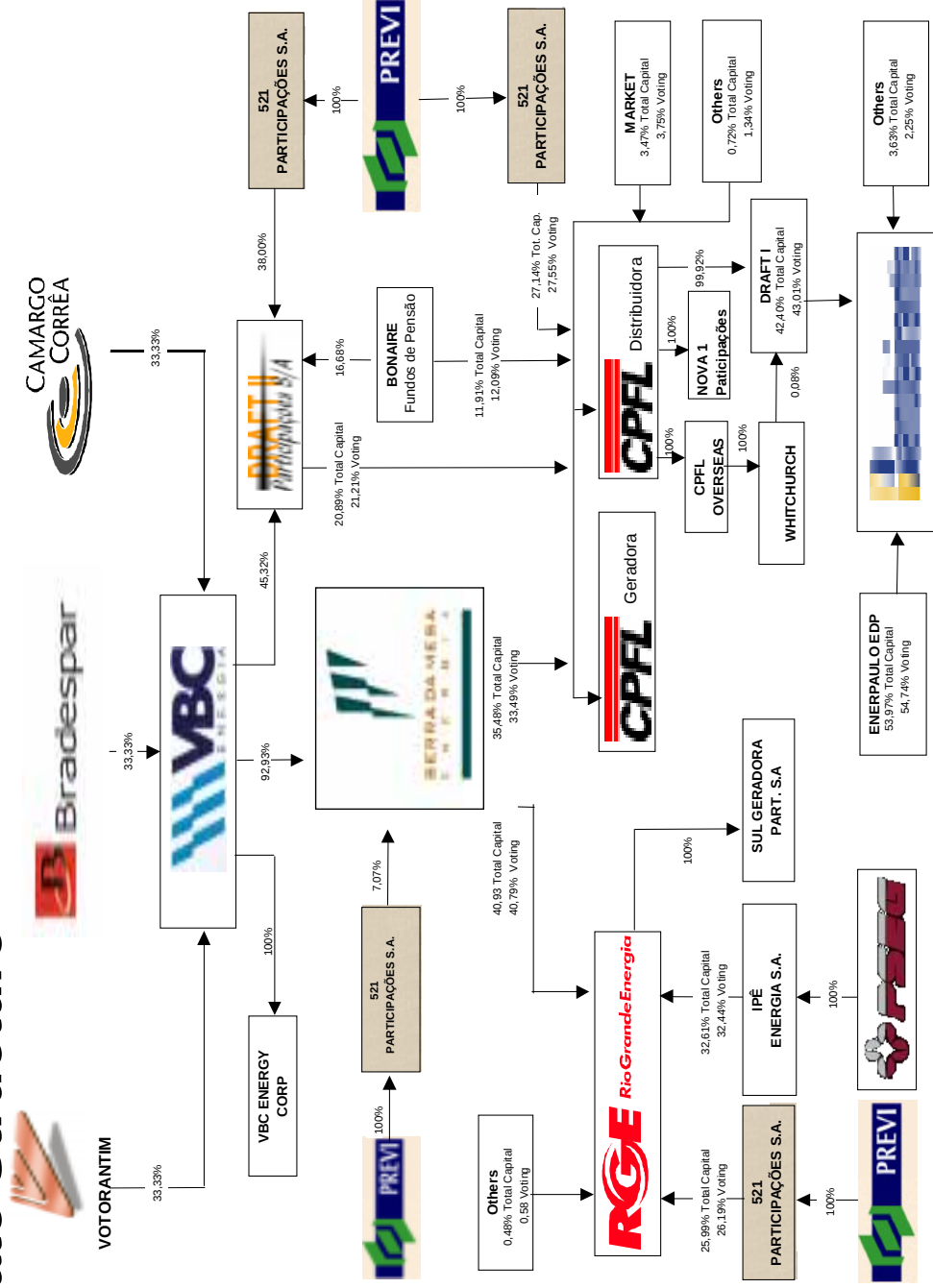
Bonaire

(Foundation CESP, PETROS, SISTEL and Others)



III. COMPANY OVERVIEW

Corporate Structure



CPFL

III. COMPANY OVERVIEW

Management - Board of Executive Officers

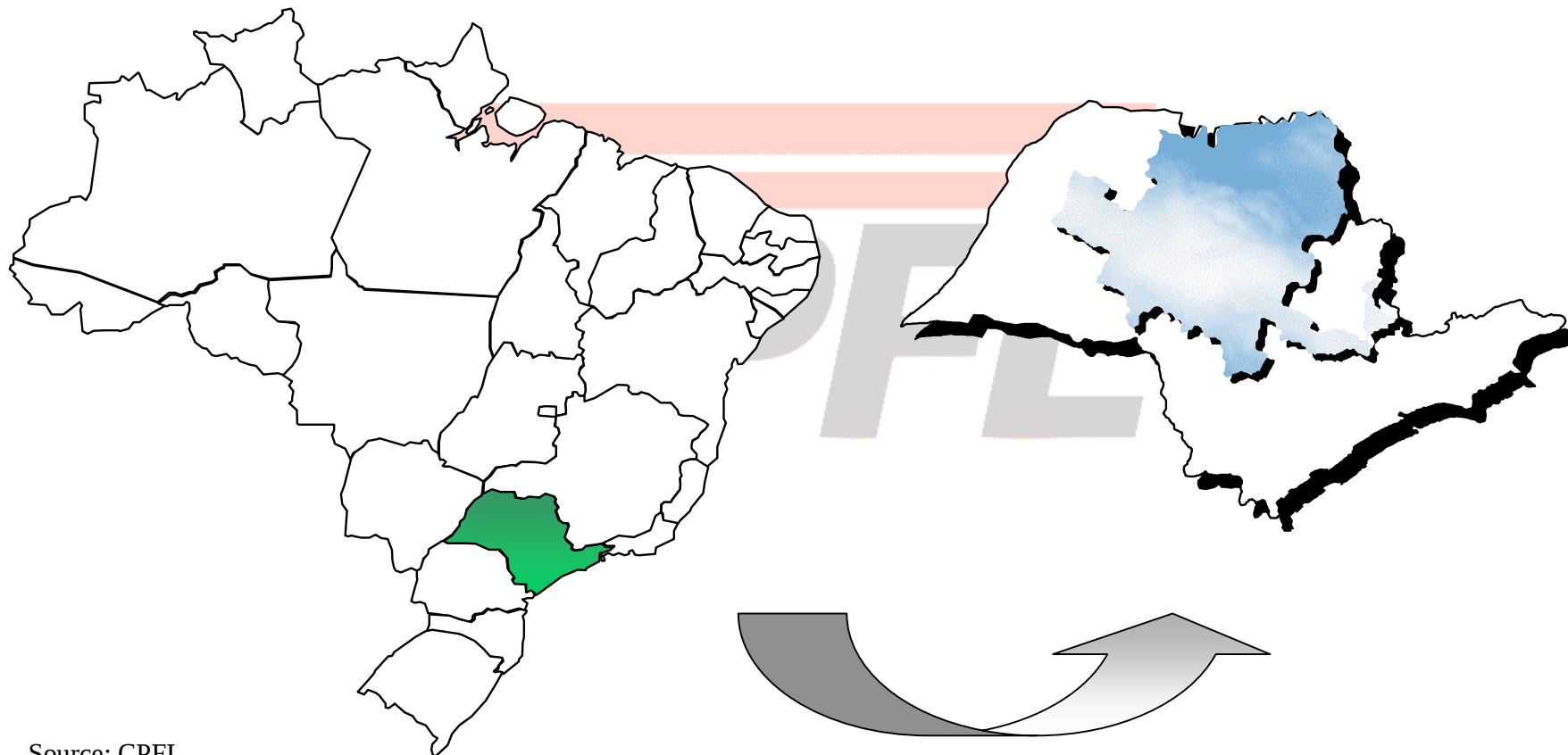
<u>Executive Officer</u>	<u>Position</u>
<i>Mr. Wilson P. Ferreira Junior</i>	<i>President Director</i>
<i>Mr. Otávio Carneiro de Rezende</i>	<i>Administrative -Financial Director</i>
<i>Mr. Osvaldo Benedito Feltrin</i>	<i>Commercial Director</i>
<i>Mr. Hélio Viana Pereira</i>	<i>Distribution Director</i>



CPFL

III. COMPANY OVERVIEW

Concession Area



Source: CPFL

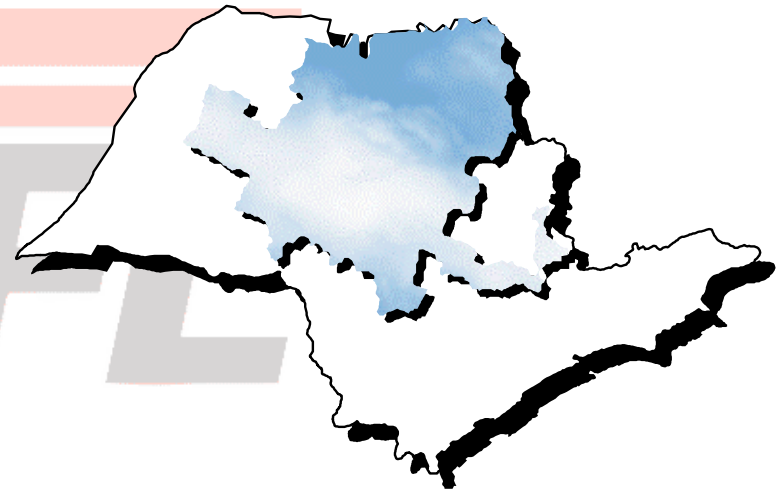


III. COMPANY OVERVIEW

Socio-Economic Context

CPFL Service Area :

- Area: approx. 90,440 Km²***
- 234 municipalities***
- 2,740,999 clients (Dec'00)***
- 8.2 million inhabitants***

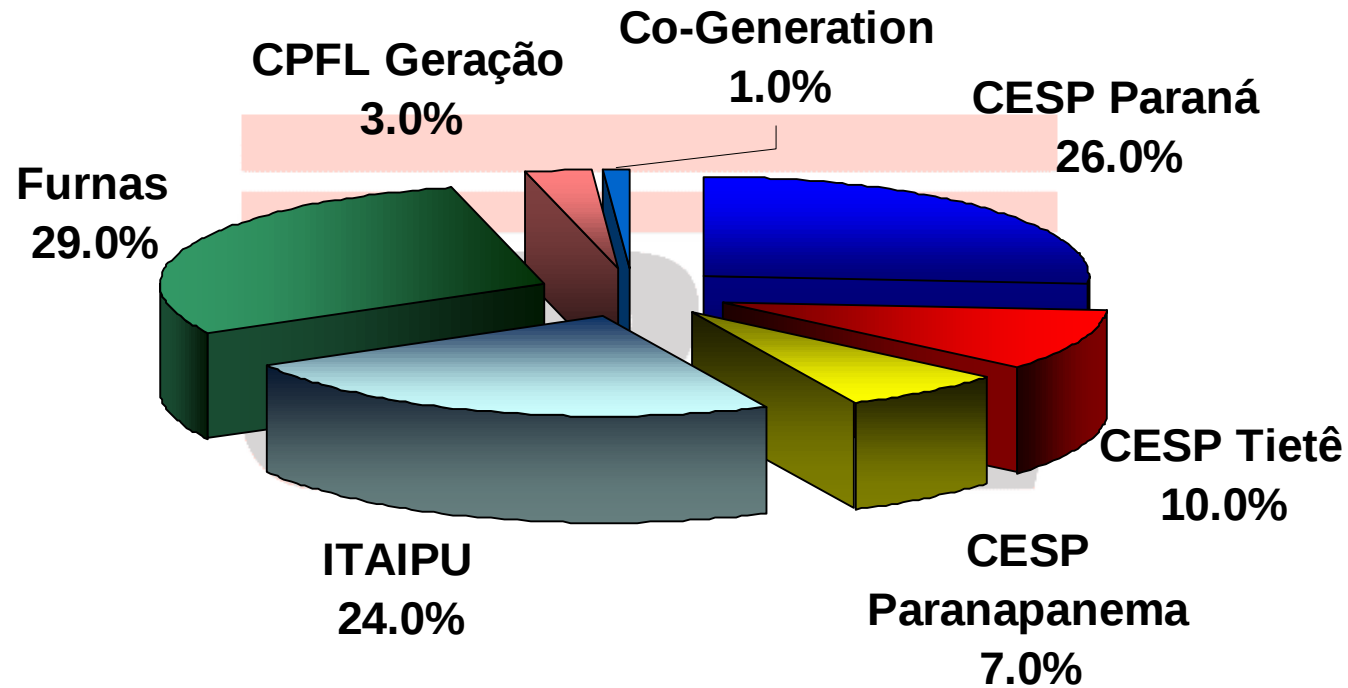


Source: CPFL as of December 31, 2000



III. COMPANY OVERVIEW

CPFL's Energy Suppliers - Physical Purchases



Source: CPFL as of December 31, 2000



III. COMPANY OVERVIEW

CPFL's Market Profile

✧ **INDUSTRIES:** Chemical, Steel, Textile, Metallurgy,
Pulp&Paper

✧ **SERVICES:** Commerce, Shopping Centers,...

✧ **AGRICULTURE AND CATTLE-BREEDING:** Sugarcane,
Latex, Citric, Cereals,...



III. COMPANY OVERVIEW

✧ **GOOD INFRA-ESTRUCTURE:** *Highways, River Networks, Airports,...*

✧ **BRASIL-BOLIVIA GAS PIPELINE:** *Alternative Energy Potential*

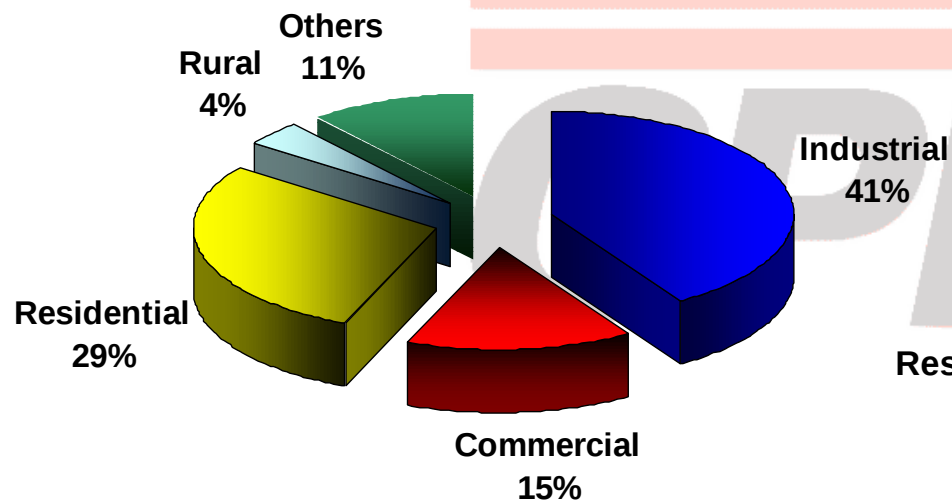
✧ **CO-GENERATION:** *Alcohol and Sugarcane Industry*



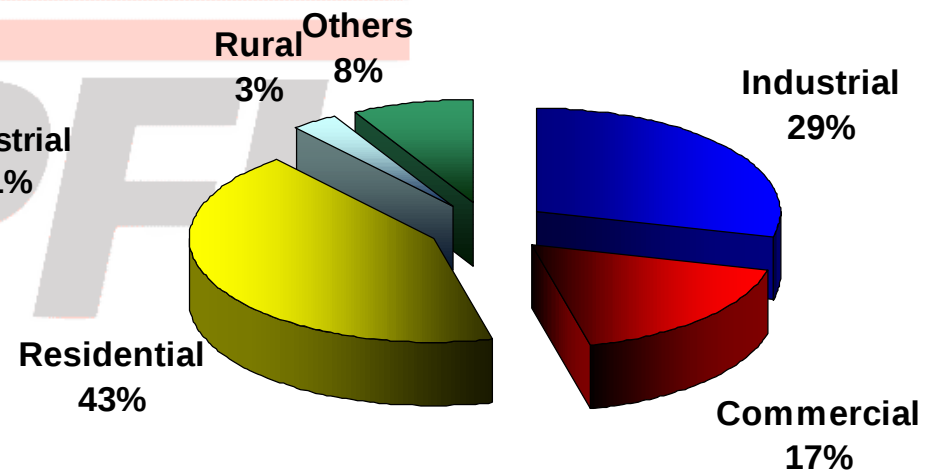
III. COMPANY OVERVIEW

Market

Sales Breakdown Volume (MWh)



Sales Breakdown Revenues (R\$ MM)

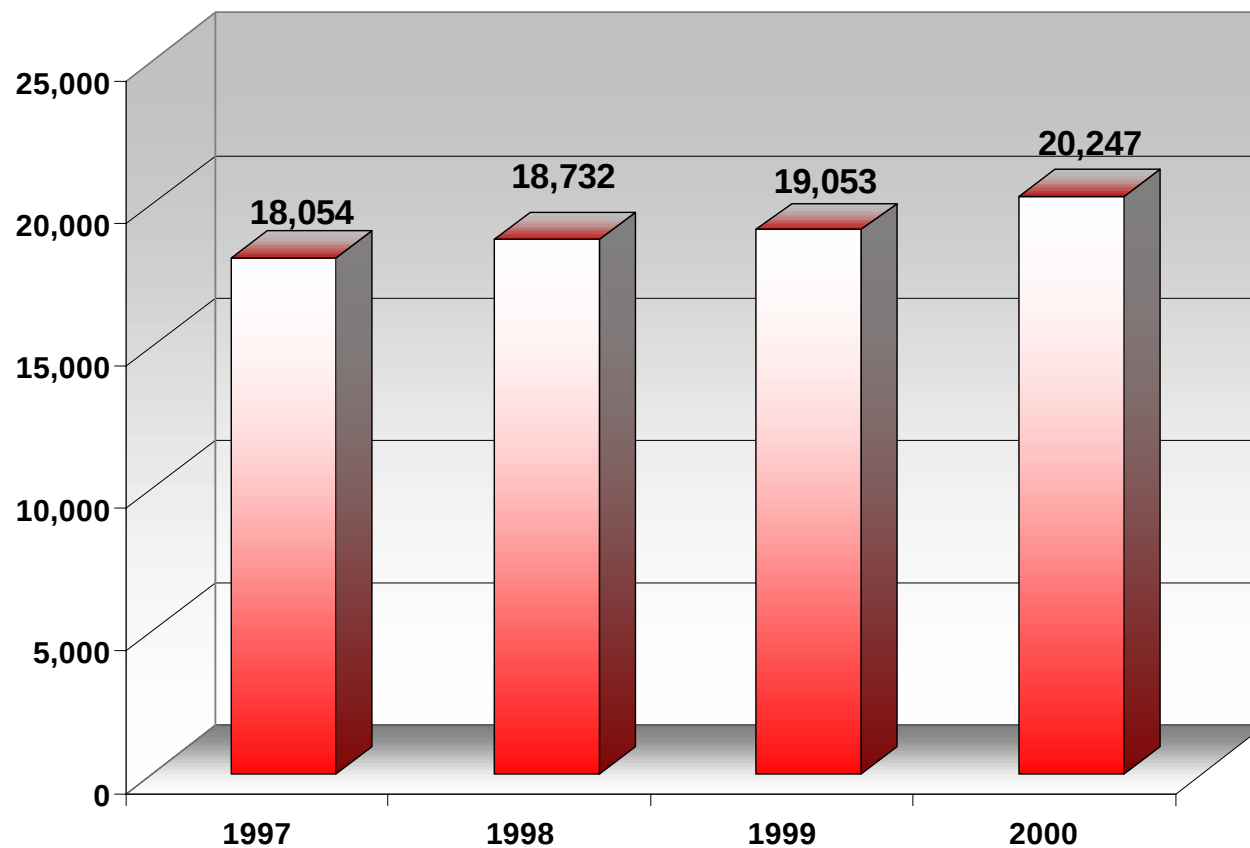


Source: CPFL as of December 31, 2000



III. COMPANY OVERVIEW

Sales Evolution (GWh)

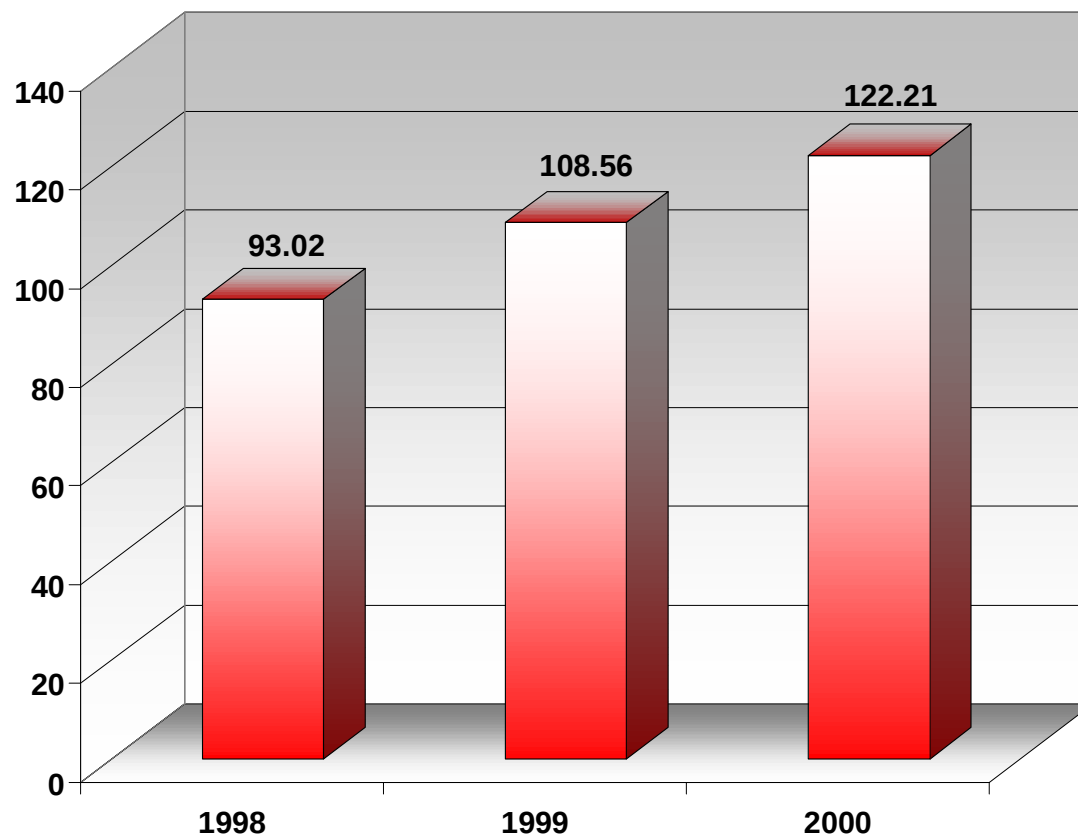


Source: CPFL as of December 31, 2000



III. COMPANY OVERVIEW

Average Tariff Evolution (R\$/MWh)



Source: CPFL as of December 31, 2000

