

EQUATORIAL ENERGIA S/A
CNPJ/MF nº 03.220.438/0001-73
NIRE 2130000938-8
Publicly-held Open Capital Company

MATERIAL FACT

EQUATORIAL ENERGIA S/A (“Equatorial” or “Company”), pursuant to the conditions of article 157, paragraph 4, of Law 6.404 of December 15, 1976, as amended (“Corporate Law”) and CVM Instruction 358/2002, and in continuity with the Material Fact published by the company on October 14, 2012, is hereby informing its shareholders and the public in general that on this date it signed, with Mr. Jorge Queiroz de Moraes Junior (“Controlling Shareholder”) and CPFL Energia S.A. (“CPFL”), an Investment, Purchase and Sale of Shares and other Covenants Commitment (“Commitment”), with the purpose of (i) the transfer to Equatorial by the Controlling Shareholder of his direct and indirect ownership interest in Rede Energia S.A. (“Rede” and “Acquisition,” respectively); and (ii) the fulfillment by Equatorial and by CPFL of investments necessary for the operational and financial recovery of the Rede Group, including the electric power distribution concessionaires controlled by Rede, currently under intervention of the National Electric Energy Agency – ANEEL (“Investment”). The Acquisition will be in the amount of R\$ 1.00 (one real) and the Investment shall be fulfilled through the structuring, still to be decided upon, depending upon the evolution of the preceding conditions, with the main ones described below.

The Acquisition and the Investment are interdependent transactions, and the main preceding conditions are the following: (i) the prior approval of ANEEL, with subsequent ending of the interventions in the concessionaires controlled by Rede; (ii) approval on the part of the Economic Defense Administrative Council – CADE; (iii) approval by the creditors of Rede and the other Rede group companies that are undergoing judicial reorganization, of the judicial reorganization plan; (iv) the obtaining of the appropriate approvals from given creditors and minority shareholders of the companies involved, pursuant to applicable legislation, contracts and shareholder agreements; and (v) the obtaining of the approval of the applicable companies.

The Company will keep its shareholders and the market informed regarding the conclusion of the operation.

Rio de Janeiro, December 19, 2012.

Equatorial Energia S/A
Eduardo Haiama
CFO and Investor Relations Officer