



EQUATORIAL ENERGIA S.A.

CNPJ/MF No. 03.220.438/0001-73

NIRE 21300009388

A Publicly Traded Company - CVM Code No. 20010

MATERIAL FACT

EQUATORIAL ENERGIA S.A. ("Company"), in compliance with Securities Exchange Commission's (CVM) Instruction 358, dated January 3, 2002, wishes to advise its shareholders and the market in general that on this date, the Company and PCP Equity Investment Fund ("Selling Shareholder"), applied on October 25, 2012, through the simplified procedure for registration of public offerings of securities ("Simplified Procedure") established by CVM Instruction 471 dated August 8, 2008 ("CVM Instruction 471") and the agreement for adoption of the Simplified Procedure signed between CVM and ANBIMA - Brazilian Association of Financial and Capital Markets ("ANBIMA"), to register a public offering of the initial distribution of common shares issued by the Company, all nominative, registered, without par value, free and clear of any liens or encumbrances ("Primary Offer" and "Basic Stock Offer," respectively) and the registration of a possible secondary public offer of common shares issued by the Company and held by the Selling Shareholder, all nominative, registered, without par value, free and clear of any liens or encumbrances, in an amount equivalent to up to 20% of the total of the Base Stock Offering, to be distributed according to the terms of the option pursuant to Article 14, paragraph 2, of CVM Instruction 400 ("Additional Shares," where the Base Stock Offering together with the Additional Shares and the Supplementary Shares, as defined below, will be defined as "Shares," except where otherwise indicated) ("Secondary Offer" and, together with the Primary Offer, the "Offering").

Without loss to the Additional Shares, pursuant to Article 24 of CVM Instruction 400, the number of Shares of the Basic Stock Offer may be increased by a supplemental lot equivalent to 15% of the total Basic Stock Offer, that is, ("Supplementary Shares"), to be distributed under the same conditions and at the same price as the Basic Stock Offer, to meet any excess demand that may occur during the Offering ("Supplementary Share Option").

The sale price of the Shares shall be determined after the completion of the procedure for collection of investment intentions (book building), with the parameters being (i) the price of shares on the BM&FBOVESPA; and (ii) the indications of interest, depending on the quality of demand (volume and price), collected during the book building procedure. The Company expects to raise approximately R\$1.0 billion from sales of the Primary Offer.

The completion of the Offer is subject to the conditions of the domestic and international capital markets. In due course, a Notice to the Market will be published containing information on: (i) the other characteristics of the Offer; (ii) the locations where the Preliminary Prospectus can be obtained; (iii) the estimated dates and places of publication of the Offer; and (iv) the conditions, procedures, the reservation period and the period for collection of intentions to invest. The Offer shall commence upon the granting of due registration by CVM. The Company will keep its shareholders and the market informed about the development of the Offer.

Rio de Janeiro, October 25, 2012.

EQUATORIAL ENERGIA S.A.

EDUARDO HAIAMA

Chief Financial Officer and Investor Relations Officer