



Equatorial Energia S.A.

Publicly-held Company

Corporate Taxpayer's ID (CNPJ/MF): 03.220.438/0001-73

MATERIAL FACT

Pursuant to Law 6404/76 ("Corporate Law") and CVM Instruction 358/2002, Equatorial Energia S.A. ("Equatorial" or "Company") hereby informs the market that, on this day, the Board of Directors approved the execution of future swap contracts ("Contracts") with Banco UBS Pactual S.A. ("UBS"), involving, on Equatorial's part, (i) the variation in the price of the Company's common shares and, on UBS's part, (ii) a percentage of the variation in the CDI (interbank deposit rate), plus a performance fee on that part of the appreciation of the Company's shares that exceeds the said percentage of the CDI variation in the period.

The Contracts will be executed within a maximum of 60 (sixty) days as of the date of approval of this transaction by Equatorial's Management, said term being renewable at the criterion of the Board of Directors. The maximum total volume of the Contracts is R\$ 50,000,000.00 (fifty million Reais) and each Contract will have a maximum maturity of 365 (three hundred and sixty-five) days. Settlement will be financial at all times; in other words, at no time will any Company shares physically change hands. The transaction involves monetary amounts only.

This financial investment reflects the belief of Equatorial's Management in the potential appreciation of the Company's shares. However, like any other investment of a financial nature, any gains or losses incurred by Equatorial will depend, among other factors, on the situation of the financial and capital markets when the transaction matures and on the market price of Equatorial's common shares.

Rio de Janeiro, August 13, 2008.

Leonardo Dias

CFO and Investor Relations Officer