



Equatorial Energia S.A.

Publicly-Held Company

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

M A T E R I A L F A C T

Pursuant to Law 6404/76 ("Brazilian Corporate Law") and CVM Instruction 358, of January 3, 2002, Equatorial Energia S/A ("Equatorial") hereby informs the Brazilian Securities and Exchange Commission ("CVM") and the market in general that the Special Meeting of Preferred Shareholders held on February 29, 2008 ratified the resolution approved by the Extraordinary Shareholders' Meeting of February 12, 2008 to convert 100% of the Company's preferred shares into common shares, with the consequent extinction of the preferred share class, in the ratio of 1 (one) common share for every 1 (one) preferred share.

As of this date, preferred shareholders dissenting from said resolution may exercise their right to withdraw from the Company, being reimbursed in the amount of R\$4.1677 per share, based on the Company's shareholders' equity on September 30, 2007.

Withdrawal rights may be exercised up to April 2, 2008, the last day when Equatorial's shares will be traded as Units. In order to exercise said right, dissenting shareholders should inform their brokerage firm of their wish to withdraw by the above-mentioned date, stating (i) their wish to withdraw and (ii) the number of preferred shares held by them on July 10, 2007, the date of publication of the first Material Fact dealing with the matter in question, excluding transactions effected on said date. It is not incumbent on dissenting shareholders to use any specific letter template to request the right to withdraw.

Shareholders who acquired Company shares subsequent to July 10, 2007, or who no longer retained their positions after said date, will not be entitled to withdraw as a result of the conversion of preferred shares into common shares.

The reimbursement shall be paid up to two (2) business days after the end of the period to request the right to withdraw, that is, up to April 4, 2008.

The conversion of preferred shares into common shares, the reverse share split and the Company's listing on the Novo Mercado, approved by the Extraordinary Shareholders' Meeting of February 12, 2008, shall become effective as of April 3, 2008. As a result: (i) the Company's capital stock will be represented by approximately 105,573,231 registered, common shares with no par value, except for eventual adjustments due to fractions of shares, (ii) the Company's shares will be exclusively traded under the symbol EQTL3; and (iii) the Company will be listed on the Bovespa's Novo Mercado trading segment.

São Luís, February 29, 2008.

Equatorial Energia S/A