

**ISA Capital do Brasil S.A.**

Taxpayer ID ("CNPJ/MF") #  
08.075.006/0001-30

**ISA Participações do Brasil Ltda.**

Taxpayer ID ("CNPJ/MF") #  
08.989.507/0001-21

**CTEEP – Companhia de Transmissão de Energia Elétrica Paulista**

Publicly Held Company  
Taxpayer ID ("CNPJ/MF") # 02.998.611/0001-04

**Relevant Fact**

ISA Capital do Brasil S.A. ("ISA Brasil"), ISA Participações do Brasil Ltda. ("ISA Participações") and CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("CTEEP") management teams, according to and for the purpose of the CVM 319 Regulations and subsequent amendments, inform on the reasons and conditions of the equity holding restructure to be implemented, as follows:

**Restructure purposes:**

The involved companies' management understand that the present equity holding restructure shall allow better capitalization conditions and a better CTEEP cash flow, through the tax benefit resulting from the amortization of the surplus existing in ISA Participações.

**Restructure:**

ISA Participações shall be extinguished through merger. Once the merger is approved, ISA Participações' quotas shall be cancelled, while ISA Brasil shall receive CTEEP common shares in the same proportion and type as the shares previously owned by ISA Participações in CTEEP.

The net assets to be merged comprises 55,924,465 (fifty-five million, nine hundred and twenty-four thousand, four hundred and sixty-five) common shares of CTEEP, for the premium paid by the time those shares have been purchased and by the provision as determined by article 6, § 1 of CVM 319 Regulation. The net assets to be merged, based on its book value on 02/11/2008 base date, amounts to approximately R\$ 1,674 million.

The merge of ISA Participações shall not give rise to a CTEEP capital increase. The premium and the respective provision shall be entered on the deferred assets account. In return, the net value (premium less provision) shall be entered on the premium special provision account, included in CTEEP's equity.

According to article 7 of CVM 319 Regulation, the merger protocol shall create ISA Brasil's right to receive new CTEEP common shares, always in accordance with the other shareholders' preferential right. The new shares shall be paid through capitalization of the premium special provision installments, at each year end, provided that CTEEP

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receives the corresponding tax benefit from the deferred assets' amortization (premium).

**Additional information:**

**Preceding Acts:** This restructure has been preceded by the transfer of ISA Brasil's shares and premium in CTEEP to ISA Participações.

**Previous Approval:** This restructure has been approved by the Brazilian Electric Power Agency ("ANEEL") in accordance with Authorizing Resolution 1.164/2007, as well as by ISA Brasil Board of Directors and CTEEP Board of Directors and Statutory Audit Committee.

**Corporate Approvals:** The restructuring operation proposed herein is subject to approval by the CTEEP's shareholders special meeting, as well as by the ISA Participações's quota holder.

**Benefits:** The premium to be transferred to CTEEP is based on the anticipated results in future account periods, being derived from CTEEP privatization process, where ISA Brasil purchased that company's controlling common shares from the State of São Paulo. Based on the tax legislation in force, and as per the total remaining period by the concession term end, the total premium to be amortized and the tax benefit to be used in CTEEP are estimated in R\$ 682 million and R\$ 232 million, respectively.

**Rights, Votes and Dividends:** There will be no change in the CTEEP shareholders' voting rights, dividends distribution and equity rights as compared to political and equity advantages of the CTEEP shareholders' shares existing before the corporate reorganization described herein.

**Substitution Relationship and Evaluation Reports of Net Worth at Market Prices:** Not applicable. The present restructure does not involve any other assets or liabilities than the ones mentioned above; neither does it provide any capital increase or reduction, while it keeps every shareholder's proportional shares and does not involve any minority shareholder in ISA Participações merger (see Processes CVM RJ 2007-2920, 2007-3465, 2005/7838, 2005-7750, 2005-9849 and 2004-2040).

**Recess Right:** The approval of the decisions concerning the merger shall not grant the dissenting shareholders the recess right, in accordance with article 137 of Law 6.404, of 12/15/1976.

**CTEEP Capital Stock:** CTEEP's subscribed, paid-in capital before and after this restructure amounts to R\$ 462,000,000.00 (four hundred and sixty-two million reais), as divided in 149,285,034 (one hundred and forty-nine million, two hundred and eighty-five thousand and thirty four) shares, in that 62,558,662 (sixty-two million, five hundred fifty-eight thousand, six hundred and sixty-two) are common shares and 86,726,372 (eighty-six million, seven hundred twenty-six thousand, three hundred and seventy-two) are preferred shares, all of which are nominative, contractual shares, with no face value.

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**Liabilities:** No debt or liability shall be transferred to CTEEP in reason of this restructure, being the only existing liability the provision for maintenance of its equity integrity. Such provision aims at preserving the dividend flow from CTEEP non-controlling shareholders, therefore in accordance with article 16 of CVM 319 Regulation.

**Equity Variations:** Equity variations occurred between the base date and the date of the decision of the corresponding articles of incorporation shall reflect on CTEEP ledgers, according to the transferred assets.

**Experts:** The specialized companies PricewaterhouseCoopers Auditores Independentes and Deloitte, Touche, Tohmatsu Consultores S/C Ltda. are responsible for the ISA Participações' accounting evaluation report and for CTEEP's economic report so as to support the premium for tax purposes, respectively. The hired firms are independent companies as regards the companies object of the restructure, according to the independent auditing rules of the Accounting Federal Council ("Conselho Federal de Contabilidade"). PricewaterhouseCoopers Auditores Independentes' hiring is subject to ratification by the CTEEP shareholders general meeting, as well as by the ISA Participações' quota holder.

**Costs:** The present restructure estimated costs, to be taken over by ISA Brasil, amount to approximately R\$ 660 thousand, consisting mainly of those expenses related to financial, accounting and law consulting services.

**Information:** Every information used by the companies in planning, evaluating, promoting and executing the partnership restructure are available to the shareholders as of this date, for a fifteen (15) day period, in the CTEEP main office, at Rua Casa do Ator, 1155, 12th. floor, Vila Olímpia, CEP 04546-004, São Paulo, State of São Paulo, from Monday to Friday, from 09:00 AM to 12:00 AM and from 02:00 PM to 05:00 PM. The access to documents and information shall be allowed to those CTEEP shareholders who present a statement with their respective stockholding, issued two (2) days in advance at most.

São Paulo, February 12, 2008

**ISA Capital do Brasil S.A.**  
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**CTEEP - Companhia de Transmissão  
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Director of Finance and Relationship  
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**ISA Participações do Brasil Ltda.**  
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