



# TRACTEBEL ENERGIA S.A.

**A PUBLICLY HELD COMPANY – CNPJ 02.474.103/0001-19**
**NIRE 4230002438-4**

# MATERIAL FACT

Pursuant to CVM Instruction 358 of January 3, 2002, Tractebel Energia S.A. ("Tractebel") announces to its shareholders, the Brazilian Securities and Exchange Commission - CVM, the São Paulo Stock Exchange - Bovespa and the market in general that the 78th Meeting of Tractebel Energia's Board of Directors, held as of today's date, unanimously approved the proposal for the acquisition of the total common and preferred shares issued by Companhia Energética São Salvador ("CESS") held by SUEZ Energy South America Participações Ltda. ("SESA"), representing 99.99% of the voting capital stock and 99.99% of the total capital of CESS (the "Operation"). The Operation is subject to ratification by the General Shareholders' Meeting of Tractebel pursuant to Article 256, paragraph 1 of Law 6.406/76, as amended.

CESS holds the ownership of the concession of the São Salvador hydroelectric power facility, which has an installed capacity of 243.2 MW and 148.5 average MW of assured energy. At the 3rd New Energy Auction in October 2006, CESS commercialized 148 average MW for a 30-year period beginning January 2011 with electricity distributors that participate in the Regulated Contracting Environment - ACR. CESS' shareholders' equity at the baseline date of April 30, 2007 stood at R$ 268,943,152.00 (two hundred and sixty-eight million, nine hundred and forty-three thousand, one hundred and fifty-two Reais).

Tractebel is offering SESA a price of R$ 304,000,000.00 (three hundred and four million Reais) cash in local currency. To this amount is to be added R$ 18,000,000.00 (eighteen million Reais) should there be a match between the starting date for payments relative to the use of a public resource (UBP) and the beginning of the supply of electricity, originally forecast for 2011, in the Regulated Market Electricity Commercialization Contracts – CCEARs.

The Operation will be effective, subject to the usual conditions in transactions of this nature, including, but not restricted to, the approval by the National Electric Energy Agency - ANEEL and the agreement of third parties, including the National Economic and Social Development Bank - BNDES and other financial institutions, under the provisions of the financing contracts signed by CESS.

Florianópolis, May 15, 2007.

Manoel Arlindo Zaroni Torres

Chief Executive Officer

Marc Verstraete

Finance and Investor Relations Director