TRACTEBEL ENERGIA S.A.
A Publicly-Held Company
CNPJ 02.474.103/0001-19
NIRE 4230002438-4

AÇÚCAR GUARANI S.A.
A Publicly-Held Company
CNPJ nº 47.080.619/0001-17
NIRE 35.300.145.135

MATERIAL FACT

TRACTEBEL ENERGIA S.A., a publicly-held company, with registered offices in the city of Florianópolis, state of Santa Catarina, at Rua Antônio Dib Mussi, 366, enrolled with corporate taxpayers' register (CNPJ) under the number 02.474.103/0001-19 ("**Tractebel**") and **AÇÚCAR GUARANI S.A.**, a publicly-held company, with registered offices in the city of Olímpia, state of São Paulo, at Via de Acesso Guerino Bertoco, km 5, enrolled with corporate taxpayers' register (CNPJ) under the number 47.080.619/0001-17 ("**Guarani**"), in compliance with CVM Instruction 358/02, hereby notify their respective stockholders and the market at large that Consórcio Andrade ("**Consórcio**"), composed of (i) Ibitiúva Bioenergética S.A., a corporation with registered offices in the city of Pitangueiras, state of São Paulo, at Fazenda Piratininga, part, enrolled with corporate taxpayers' register (CNPJ) under the number 09.541.336/0001-36 ("**Ibitiúva**"), indirectly controlled by Tractebel, and (ii) Andrade Açúcar e Álcool S.A., a corporation with registered offices in the city of Pitangueiras, state of São Paulo, at Fazenda Piratininga, enrolled with corporate taxpayers' register (CNPJ) under the number 54.929.021/0001-15 ("**Andrade**"), a subsidiary company of Guarani, sold 20 average MW of electrical power in the 1st Reserve Power Auction held by Agência Nacional de Energia Elétrica – ANEEL, the Brazilian power industry regulator, on this date ("**Auction**"), for the price of R$ 158.11 / MWh.

The electrical power sold in the Auction by the Consórcio will be generated by a 33 MW installed capacity biomass plant, to be built by Ibitiúva, to be fueled by the bagasse of the sugar cane processed in the Andrade sugar and ethanol plant belonging to Grupo Guarani. The electricity will be supplied under the Reserve Power Agreement to be executed around September 15, 2008 between the Consórcio and the Câmara de Comercialização de Energia Elétrica – CCEE, the Brazilian electricity trading board, providing for the power supply for 15 (fifteen) years, starting January 1, 2010.

As required by law, the organization of the Consórcio will be submitted to the approval of the Conselho Administrativo de Defesa Econômica – CADE, the country's administrative council for economic defense.

The organization of the Consórcio represents another step forward taken by Tractebel in its strategy to grow in the Brazilian electric power industry and to diversify its electricity generation portfolio.

To Guarani, the participation in this Consórcio means striving continuously in the quest of opportunities to maximize the company value in a sustainable way.

São Paulo, August 14, 2008.

Manoel Arlindo Zaroni Torres
Chief Executive Officer
Tractebel Energia S.A.

Jacyr S. Costa Filho
Chief Executive Officer
Açúcar Guarani S.A.

Marc Verstraete
Finance and Investor Relations Director
Tractebel Energia S.A.

Reynaldo Ferreira Benitez
Finance and Investor Relations Director
Açúcar Guarani S.A.