Tractebel Energia S.A.
Rua Antônio Dib Mussi 366 - CEP 88015-110 - Centro - Florianópolis – SC

A PUBLICLY LISTED COMPANY – CNPJ 02.474.103/0001-19

NOTICE TO SHAREHOLDERS

We wish to advise all Shareholders and the market in general that the Board of Directors of Tractebel Energia S.A. meeting on December 15 2005, pursuant to the Company's bylaws, approved the payment of interest on shareholders' equity for the period from November 11 to December 31 2005, pursuant to Article 9 of Law 9,249/95 and Determination 207/96 of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

I – The amount of the payment of interest on shareholders' equity
The gross amount of the interest on shareholders' equity shall be R$39,700,000.00 (thirty nine million, seven hundred thousand Reais), equivalent to R$0.060820 per share.

II – Date of payment
The payment of the interest on shareholders' equity and the entries to the Company's accounting records shall take place on December 31 2005, based on the shareholding position as of December 23 2005.

III – Trading of shares
The Company's shares shall trade ex-interest on shareholders' equity starting on December 26 2005.

IV – Income tax withheld
Income tax at the rate of 15% shall be withheld from the amounts of interest on shareholders' equity due, except in the case of shareholders that are immune or exempt. Income tax will be withheld at the rate of 25% for those shareholders resident or domiciled in countries where income is not taxed or where the maximum tax rate is less than 20%, pursuant to Article 24 of Law 9,430 of December 27 1996.

V – Proof of immunity or exemption from withholding tax
Pursuant to the prevailing tax legislation, shareholders that are immune or exempt from withholding taxes must present proof of such immunity or exemption on or before December 28 2005, at the company's headquarters at Rua Antônio Dib Mussi, 366 – Centro, Florianópolis – SC, CEP 88015-110, Attn: Departamento de Planejamento e Gestão Tributária - PGT.

VI – Computation of the interest for purposes of dividend calculation
The interest on shareholders' equity, net of taxes withheld, shall be computed as part of the minimum mandatory dividend pursuant to Article 202 of Law 6,404/76.

VII – Payment of interest on shareholders' equity
Starting on April 19 2006 the interest on shareholders' equity shall be paid to Shareholders according to the shareholder information registered at Banco Itaú S.A.

Florianópolis, December 15 2005.
Marc Verstraete
Financial and Investor Relations Director