

I. PURPOSE

The purpose of the Policy for Trading Securities the Issue of CTEEP

– Company de Transmissão de Energia Elétrica Paulista is to establish the criteria and procedures to be followed by the Company and by all the persons related to it for the orderly and transparent trading of issued securities or instruments indexed to them, ensuring that insider information is not used to exercise influence over their market price pursuant to CVM Instruction (Brazilian Securities and Exchange Commission) 358 of January 3, 2002, as amended by CVM instructions 369/02 and 449/07, and in accordance with the Policy for Disclosure of an Act or Material Fact of CTEEP, approved by the Board of Directors on June 24, 2002.

II. PERSONS BOUND BY THE POLICY FOR TRADING SECURITIES

II.1. The following are bound by the Policy:

- a) CTEEP - Company de Transmissão de Energia Elétrica Paulista;
- b) the directly or indirectly controlling shareholders, officers, members of the Board of Directors, Fiscal Council, Internal Audit Committee, Compensation Committee and any other organs with technical or consultative functions, created or not created by statutory provision;
- c) other employees, who by virtue of their job, duties or position in the Company, may have cognizance regarding material information not disclosed to the public at large;
- d) all persons whether natural and/or legal entities that have a commercial, professional or trust relationship with the Company, such as independent auditors, consultants, institutions that are part of the distribution system and any others that may have access to material information prior to its publication;

e) the spouse, partner and family members up to twice removed, either of lineal or collateral descent, having a blood relationship or one of affinity, of the persons adhering to this Policy, as well as companies directly or indirectly controlled by them.

II.2. All persons listed under items "b", "c" and "d" of item 2.1 must adhere to this Policy by signing the Adhesion Agreement, with the exception of those mentioned in sub-item 2.2.1 as well as others which the Company's management deems necessary or convenient. The persons adhering to this Policy shall act in a diligent manner.

II.2.1. The institutions which are members of the distribution system are waived from signing this Adhesion Agreement, a clause of confidentiality and adherence to this Policy to be expressly included in the respective contractual services instrument.

II.3. The members of management, the employment of whom with the Company has been terminated and formalized prior to the public disclosure of material information and originating in their period of management, shall continue subject to this Policy during the period of six months from date of termination or until the date of disclosure of the material information, whichever takes place first.

II.4. The persons adhering to this Policy are responsible for any negotiation contrary to the rules established herein by a family member or company as listed in item "e".

III. INFORMATION ON TRADING ACTIVITIES OF MEMBERS OF MANAGEMENT AND

CONNECTED PERSONS

III.1. The officers, members of the Board of Directors, of the Fiscal Council, the internal audit committee, the compensation committee and any other organs with technical or consultative functions, created or otherwise by statutory provision, are mandatorily required to notify the Company through its Investor Relations Department as to the ownership and the transactions executed involving securities issued by the Company and by its controlling companies or controlled companies (if publicly held).

III.2. This notification shall cover trading with derivatives or any other securities indexed to securities issued by the Company or by its controlling companies or controlled companies and shall include:

- a) name and qualification of the natural person or corporate entity as well as tax registration number CPF/CNPJ;
- b) amount, by type and class in the case of shares and other characteristics in the case of other securities as well as the identification of the issuing company and the outstanding balance held before and after the conclusion of the transaction;
- c) the form of acquisition or sale, price and dates of the transactions.

III.3. The persons indicated in item 3.1 must also notify the securities issued by the Company which are held by the spouse from whom they are not legally separated, partner, any dependent not included in their annual tax return and the companies directly or indirectly controlled by them as well as any trading with these securities.

III.4. Notification must be made:

- a) within 5 (five) days following execution of each transaction;
- b) on the first business day following investiture in the post.

IV. RESTRICTIONS

IV.1. The following practices are not permitted:

- a) the release of insider information for the use and benefit of third parties (tipping);
- b) the use of confidential information for personal gain (insider trading) for buying or selling securities, having possession of material information still not in the public domain.

IV.2. The Company and parties listed in item 2 shall not trade securities issued by the Company, or securities indexed to them under the following circumstances:

a) as from the date of awareness of any material information until the date of its disclosure to the market;

b) during a period of 15 (fifteen) days prior to the disclosure of the Company's quarterly (ITR) and annual information (DFP and Reference Form).

IV.3. The Investor Relations Officer may at his discretion maintain the restriction pursuant to item 4.2 beyond the disclosure date of the material information whenever a situation is verified that the transaction would cause damage to the shareholders or the Company itself.

IV.4. The restrictions in this Policy apply not only to transactions executed on the stock exchange and the over-the-counter market, organized or not, but also those executed with the intervention of an institution which is a member of the distribution system.

V. EXCEPTIONS

The restrictions pursuant to item 4.2 do not apply to transactions executed through investment funds of which the persons mentioned in item 2 are unit holders and as long as the investment funds are non-exclusive and the trading decisions of the portfolio manager cannot be influenced by the unit holders.

VI. INFRINGEMENT OF THE POLICY

VI.1. The infringement of the regulations set forth in this Policy represents a grave violation, subjecting the offender to administrative, civil and criminal sanctions and penalties pursuant to Article 11 of Law 6.385/76.

VI.2. An event of infringement caused by a third party such as consultants, independent auditors and risk appraisal company analysts shall be deemed in contractual default, the Company, without the burden of proof, being able to rescind the respective contract and require payment of the fine stipulated therein without limitation for losses and damages.

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