

CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA

Publicly-traded Company
CNPJ/MF 02.998.611/0001- 04
NIRE 35300170571

**NOTICE TO SHAREHOLDERS
PAYMENT OF DIVIDENDS AND INTEREST ON CAPITAL**

CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA ("ISA CTEEP"; "Company") informs that, according to the approval during the 342nd Board of Director's Meeting held on this date, the payment of Dividends in the total gross amount of R\$ 1,225,000,121.54 (one billion, two hundred and twenty five million, one hundred and twenty one reais and fifty four cents) will be paid on December 17, 2018, which corresponds to R\$ 7.436826 per share of both types, in the following manner:

- (i) R\$ 633,000,061.73** (six hundred and thirty three million, sixty one reais and seventy three cents) as interim dividends, correspondent to R\$ 3.842866 per share of both types; and
- (ii) R\$ 592,000,059.81** (five hundred and ninety two million, fifty nine reais and eighty one cents) as interest on capital, correspondent to R\$ 3.593960 per share of both types.

Dividends and interest on capital, net of income tax, will be included in the mandatory dividends regarding the year of 2018, according to the 9th article, 7th paragraph, of Law 9,249/95 and item V, of CVM Deliberation 207/96, and article 36 of the Company's Bylaws.

The payment of the figures above are subject to the following conditions:

1. For both payments, the record date will be on December 6, 2018, and the ex-rights date will be on December 7, 2018;
2. The amount of interest on capital described above will be subjected to the withdrawal of income tax, at the rate of 15% (fifteen percent), and will be paid to shareholders net of taxes, except for those shareholders that are exempt, or shareholders that are residents in countries that determine different rates in their legislations.

São Paulo, December 3, 2018

Rinaldo Pecchio Junior
Chief Financial and Investor Relation's Officer