



## CORPORATE ANNOUNCEMENT

### IMMEDIATE RELEASE

### CEMIG ANNOUNCES CRC LOSS PROVISION IN COMPLIANCE WITH CVM

**Belo Horizonte, January 23, 2003** – **Companhia Energética de Minas Gerais – Cemig** (NYSE: CIG, BOVESPA: CMIG3, CMIG4 and LATIBEX: XCMIG) one of Brazil's largest energy companies, announced today that it will accrue a loss provision in its financial statements in the amount of R\$1,045,325,000.00, which is approximately equivalent to US\$450,000,000 according to March 31, 2002 rate of exchange. This provision is in compliance with Ordinance No. 358 dated January 1, 2002, of the *Comissão de Valores Mobiliários* (the "CVM") (the Brazilian Securities and Exchange Commission), and will be implemented in a restatement of CEMIG's second- and third-quarter 2002 Brazilian GAAP financial statements. CEMIG's U.S. GAAP financial statements for the year ended December 31, 2001 will also reflect the provision.

CEMIG is accruing this provision due to uncertainty involving the recoverability of certain receivables from the State of Minas Gerais, Brazil. The receivables represent installments becoming due on or after January 1, 2003 under the CRC Assignment Agreement between CEMIG and the State of Minas Gerais.

The CRC Assignment Agreement, which was originally entered into in May 1995, provided for the transfer of certain payment obligations from the Brazilian Federal Government to the State of Minas Gerais. These payment obligations arose from rate shortfall credits that were granted to CEMIG. The CRC Assignment Agreement originally had a term of 17 years.

The provision is being accrued in connection with an October 14, 2002 amendment to the CRC Assignment Agreement, which relates to installments due under the CRC Assignment Agreement from January 2003 through January 2015. This amendment was entered into in connection with the ongoing negotiations between CEMIG, the State of Minas Gerais and the *Secretaria do Tesouro Nacional* (the Brazilian National Treasury Secretariat) relating to the transfer of the obligation to pay the balance of the CRC Assignment Agreement back to the Brazilian Federal Government.

CEMIG confirms that, notwithstanding the accrual of the loss provision, it is continuing to negotiate payment of all outstanding amounts under the CRC Assignment Agreement with the State of Minas Gerais and the Brazilian Federal Government.

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