

IR COPEL 12/07 - 11/12/2007

Noptice to the Market COFINS' provision

Pursuant to CVM Instruction 358/2002, Companhia Paranaense de Energia-Copel hereby informs the market that:

- COPEL reversed to the income, in December 2006, the provision for COFINS tax on power transactions between June 1999 and June 2001, in the amount of R\$ 197 million, on account of a ruling by the Superior Court of Justice in favor of the Company, which rendered the risk of future disbursement remote.

- However, in September 2007, the Superior Court of Justice, despite all forecasts and in a reversal of the Court's own traditional understanding, ruled in favor of the appeal against COPEL, rejecting the Company's claim of lapsing of the Government's right to take legal action, pursuant to the vote of the Reporting Justice. Even though this ruling may be appealed, one must take into account that it resulted from the adoption by the Justices of the Superior Court of Justice of an understanding which is the complete opposite of the one unanimously confirmed less than a year ago. Thus, it is unlikely that this ruling will be changed yet again by the same Justices. In addition, there are few legal means available to request that this issue be reexamined by the Federal Supreme Court.

- In light of this unforeseen ruling by the Superior Court of Justice, the risk of disbursement of COFINS tax amounts by the Company, which was remote, was reclassified by our counsel as likely. Thus, in the third quarter the Company will set aside a provision in the amount of R\$ 170 million, which corresponds to the COFINS tax restated principal amount plus charges.

Curitiba, November 12, 2007

Sincerely,
Paulo Roberto Trompczynski
CFO and Investor Relations Officer

For additional information, please contact Copel's Investor Relations team:

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