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Companhia Vale do Rio Doce  
Form 6-K  
October 24, 2008

**Table of Contents**

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549  
FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the  
Securities Exchange Act of 1934  
For the month of  
October 2008  
Companhia Vale do Rio Doce  
Avenida Graça Aranha, No. 26  
20030-900 Rio de Janeiro, RJ, Brazil  
(Address of principal executive office)**

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F  Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes  No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes  No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes  No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-\_\_\_\_.)

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**Table of Contents**

Press Release

Signature Page

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**Table of Contents**

Filed at CVM and SEC on 10/23/2008

**Gerência Geral de Controladoria GECOL**

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**Table of Contents**

**COMPANHIA VALE DO RIO DOCE  
INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

|   | Page |
|---|------|
| <u>Report of Independent Registered Public Accounting Firm</u>  | 2    |
| <u>Condensed Consolidated Balance Sheets as of September 30, 2008 and December 31, 2007</u>   | 3    |
| <u>Condensed Consolidated Statements of Income for the three-month periods ended September 30, 2008, June 30, 2008 and September 30, 2007 and for the nine-month periods ended September 30, 2008 and 2007</u>                          | 5    |
| <u>Condensed Consolidated Statements of Cash Flows for the three-month periods ended September 30, 2008, June 30, 2008 and September 30, 2007 and for the nine-month periods ended September 30, 2008 and 2007</u>                      | 6    |
| <u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended September 30, 2008, June 30, 2008 and September 30, 2007 and for the nine-month periods ended September 30, 2008 and 2007</u> | 7    |
| <u>Notes to the Condensed Consolidated Financial Information</u>  | 8    |
| <u>Supplemental Financial Information</u>   | 32   |

**Table of Contents**

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**Report of Independent Registered  
Public Accounting Firm**

To the Board of Directors and Stockholders  
Companhia Vale do Rio Doce:

We have reviewed the accompanying condensed consolidated balance sheet of Companhia Vale do Rio Doce and its subsidiaries as of September 30, 2008, and the related condensed consolidated statements of income, of cash flows and of stockholders' equity for each of the three-month periods ended September 30, 2008, and June 30, 2008 and September 30, 2007 and for the nine-month periods ended September 30, 2008 and September 30, 2007. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole.

Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of income, of cash flows and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 28, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers  
Auditores Independentes

Rio de Janeiro, Brazil  
October 23, 2008  
2

**Table of Contents****Condensed Consolidated Balance Sheets  
Expressed in millions of United States Dollars**

|   | <b>September<br/>30, 2008<br/>(Unaudited)</b> | <b>December<br/>31,<br/>2007</b> |
|---|---|----------------------------------|
| Assets  |   |                                  |
| Current assets  |   |                                  |
| Cash and cash equivalents   | 14,626  | 1,046                            |
| Short term investments  | 634   |                                  |
| Accounts receivable   |   |                                  |
| Related parties   | 253   | 281                              |
| Unrelated parties   | 5,318   | 3,671                            |
| Loans and advances to related parties                                     | 149   | 64                               |
| Inventories   | 4,102   | 3,859                            |
| Deferred income tax   | 853   | 603                              |
| Recoverable taxes   | 1,369   | 1,159                            |
| Others  | 704   | 697                              |
|   | <b>28,008</b>                                 | <b>11,380</b>                    |
| Property, plant and equipment, net, and intangible assets                 | <b>54,462</b>                                 | <b>54,625</b>                    |
| Investments in affiliated companies, joint ventures and other investments | <b>2,673</b>                                  | <b>2,922</b>                     |
| Other assets  |   |                                  |
| Goodwill on acquisition of subsidiaries                                   | 3,479   | 3,791                            |
| Loans and advances  |   |                                  |
| Related parties   |   | 3                                |
| Unrelated parties   | 89  | 127                              |
| Prepaid pension cost  | 923   | 1,009                            |
| Prepaid expenses  | 128   | 200                              |
| Judicial deposits   | 1,182   | 1,124                            |
| Advances to suppliers energy  | 506   | 574                              |
| Recoverable taxes   | 160   | 199                              |
| Unrealized gains on derivative instruments                                | 206   | 673                              |
| Others  | 309   | 90                               |
|   | <b>6,982</b>                                  | <b>7,790</b>                     |
| <b>TOTAL</b>  | <b>92,125</b>                                 | <b>76,717</b>                    |

**Table of Contents**

**Condensed Consolidated Balance Sheets**  
**Expressed in millions of United States Dollars**  
**(Except number of shares)**

|   | <b>September<br/>30,<br/>2008<br/>(Unaudited)</b> | <b>(Continued)<br/>December<br/>31,<br/>2007</b> |
|---|---|--|
| Liabilities and stockholders' equity  |   |  |
| Current liabilities   |   |  |
| Suppliers   | 2,966   | 2,430  |
| Payroll and related charges   | 710   | 734  |
| Minimum annual dividends attributed to stockholders   | 1,340   | 2,683  |
| Current portion of long-term debt - unrelated parties   | 733   | 1,249  |
| Short-term debt   | 46  | 167  |
| Loans from related parties  | 16  | 6  |
| Provision for income taxes  | 637   | 1,198  |
| Taxes payable and royalties   | 209   | 322  |
| Employees post retirement benefits  | 137   | 131  |
| Sub-concession  | 232   | 210  |
| Unrealized losses on derivative instruments   | 98  | 346  |
| Provisions for asset retirement obligations   | 61  | 64   |
| Others  | 552   | 543  |
|   | <b>7,737</b>                                      | <b>10,083</b>                                    |
| Long-term liabilities   |   |  |
| Employees post retirement benefits  | 2,270   | 2,204  |
| Long-term debt - unrelated parties  | 18,393  | 17,608   |
| Provisions for contingencies (Note 16 (b))  | 1,794   | 2,453  |
| Deferred income tax   | 5,150   | 5,725  |
| Provisions for asset retirement obligations   | 939   | 911  |
| Sub-concession  | 232   | 210  |
| Others  | 1,661   | 1,692  |
|   | <b>30,439</b>                                     | <b>30,803</b>                                    |
| Minority interests  | <b>2,731</b>                                      | <b>2,555</b>                                     |
| Commitments and contingencies (Note 16)   |   |  |
| Stockholders' equity (Note 12)  |   |  |
| Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 issued | 9,727   | 4,953  |
| Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 issued            | 15,262  | 7,742  |



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|  |               |               |
|--|---------------|---------------|
| Treasury stock 30,340,904 preferred and 56,582,040 common shares | (389)         | (389)         |
| Additional paid-in capital                                       | 393           | 498           |
| Mandatory convertible notes in common shares                     | 1,288         | 1,288         |
| Mandatory convertible notes in preferred shares                  | 581           | 581           |
| Other cumulative comprehensive income (loss)                     | (4,348)       | 1,655         |
| Undistributed retained earnings                                  | 14,183        | 15,317        |
| Unappropriated retained earnings                                 | 14,521        | 1,631         |
|  | <b>51,218</b> | <b>33,276</b> |
| <b>TOTAL</b>   | <b>92,125</b> | <b>76,717</b> |

The accompanying notes are an integral part of this condensed consolidated financial information.

**Table of Contents**

Condensed Consolidated Statements of Income  
**Expressed in millions of United States Dollars**  
**(Except per share amounts)**

|  | <b>Three-month period ended (unaudited)</b> |                 |                      | <b>Nine-month period ended (unaudited)</b> |                      |
|--|---|-----------------|----------------------|--|----------------------|
|  | <b>September 30,</b>                        | <b>June 30,</b> | <b>September 30,</b> | <b>September 30,</b>                       | <b>September 30,</b> |
|  | <b>2008</b>                                 | <b>2008</b>     | <b>2007</b>          | <b>2008</b>                                | <b>2007</b>          |
| Operating revenues, net of discounts, returns and allowances |   |                 |                      |  |                      |
| Sales of ores and metals                                     | 10,425                                      | 9,445           | 6,927                | 26,727                                     | 21,228               |
| Revenues from logistic services                              | 473   | 462             | 391                  | 1,297                                      | 1,136                |
| Aluminum products  | 889   | 728             | 677                  | 2,263                                      | 2,050                |
| Other products and services                                  | 335   | 262             | 129                  | 780  | 289                  |
|  | <b>12,122</b>                               | <b>10,897</b>   | <b>8,124</b>         | <b>31,067</b>                              | <b>24,703</b>        |
| Taxes on revenues  | (383)                                       | (297)           | (226)                | (896)                                      | (624)                |
| Net operating revenues                                       | <b>11,739</b>                               | <b>10,600</b>   | <b>7,898</b>         | <b>30,171</b>                              | <b>24,079</b>        |
| Operating costs and expenses                                 |   |                 |                      |  |                      |
| Cost of ores and metals sold                                 | (4,051)                                     | (3,834)         | (3,053)              | (11,325)                                   | (9,941)              |
| Cost of logistic services                                    | (272)                                       | (256)           | (207)                | (740)                                      | (622)                |
| Cost of aluminum products                                    | (684)                                       | (561)           | (419)                | (1,738)                                    | (1,219)              |
| Others   | (109)                                       | (112)           | (106)                | (318)                                      | (177)                |
|  | <b>(5,116)</b>                              | <b>(4,763)</b>  | <b>(3,785)</b>       | <b>(14,121)</b>                            | <b>(11,959)</b>      |
| Selling, general and administrative expenses                 | (374)                                       | (344)           | (287)                | (1,040)                                    | (821)                |
| Research and development                                     | (331)                                       | (269)           | (206)                | (790)                                      | (471)                |
| Others   | (383)                                       | 11              | (190)                | (535)                                      | (317)                |
|  | <b>(6,204)</b>                              | <b>(5,365)</b>  | <b>(4,468)</b>       | <b>(16,486)</b>                            | <b>(13,568)</b>      |
| Operating income   | <b>5,535</b>                                | <b>5,235</b>    | <b>3,430</b>         | <b>13,685</b>                              | <b>10,511</b>        |
| Non-operating income (expenses)                              |   |                 |                      |  |                      |
| Financial income   | 277   | 23              | 39                   | 355  | 237                  |
| Financial expenses   | (457)                                       | (349)           | (593)                | (1,366)                                    | (1,963)              |
| Gains (losses) on derivatives, net                           | (587)                                       | 655             | 384                  | (226)                                      | 581                  |
| Foreign exchange and monetary gains (losses), net            | (321)                                       | 838             | 564                  | 605  | 2,272                |
| Gain on sale of investments                                  |   |                 | 103                  | 80   | 777                  |

|  |                |                |              |                |                |
|--|----------------|----------------|--------------|----------------|----------------|
|  | <b>(1,088)</b> | <b>1,167</b>   | <b>497</b>   | <b>(552)</b>   | <b>1,904</b>   |
| Income before income taxes,<br>equity results and minority<br>interests  | <b>4,447</b>   | <b>6,402</b>   | <b>3,927</b> | <b>13,133</b>  | <b>12,415</b>  |
| Income taxes   |                |                |              |                |                |
| Current  | (477)          | (1,173)        | (975)        | (2,304)        | (3,291)        |
| Deferred   | 621            | (333)          | 28           | 584            | 306            |
|  | <b>144</b>     | <b>(1,506)</b> | <b>(947)</b> | <b>(1,720)</b> | <b>(2,985)</b> |
| Equity in results of affiliates, joint<br>ventures and other investments | 290            | 260            | 165          | 669            | 459            |
| Minority interests   | (60)           | (147)          | (205)        | (231)          | (637)          |
| Net income   | <b>4,821</b>   | <b>5,009</b>   | <b>2,940</b> | <b>11,851</b>  | <b>9,252</b>   |
| Basic and diluted earnings per<br>share                                  |                |                |              |                |                |
| Earnings per preferred share   | 0.94           | 1.01           | 0.59         | 2.34           | 1.90           |
| Earnings per common share  | 0.94           | 1.01           | 0.59         | 2.34           | 1.90           |
| Earnings per convertible notes<br>linked to preferred share (*)          | 1.19           | 1.52           | 0.86         | 3.37           | 2.66           |
| Earnings per convertible notes<br>linked to common share (*)             | 1.25           | 1.54           | 0.94         | 3.53           | 2.85           |

(\*) Basic earnings  
per share only  
as dilution  
assumes  
conversion.

The accompanying notes are an integral part of this condensed consolidated financial information.

**Table of Contents****Condensed Consolidated Statements of Cash Flows**  
**Expressed in millions of United States Dollars**

|   | Three-month period ended (unaudited) |               |                    | Nine-month period ended (unaudited) |                    |
|---|--------------------------------------|---------------|--------------------|-------------------------------------|--------------------|
|   | September 30, 2008                   | June 30, 2008 | September 30, 2007 | September 30, 2008                  | September 30, 2007 |
| Cash flows from operating activities:   |                                      |               |                    |                                     |                    |
| Net income  | 4,821                                | 5,009         | 2,940              | 11,851                              | 9,252              |
| Adjustments to reconcile net income to cash provided by operating activities: |                                      |               |                    |                                     |                    |
| Depreciation, depletion and amortization                                      | 713                                  | 760           | 532                | 2,239                               | 1,449              |
| Dividends received  | 126                                  | 223           | 39                 | 397                                 | 282                |
| Equity in results of affiliates, joint ventures and other investments         | (290)                                | (260)         | (165)              | (669)                               | (459)              |
| Deferred income taxes   | (621)                                | 333           | (28)               | (584)                               | (306)              |
| Loss on disposal of property, plant and equipment                             | 243                                  | 86            | 3                  | 366                                 |                    |
| Gain on sale of investments   |                                      |               | (103)              | (80)                                | (777)              |
| Foreign exchange and monetary losses (gains), net                             | 1,133                                | (1,300)       | (519)              | (289)                               | (2,571)            |
| Unrealized derivative losses (gains), net                                     | 587                                  | (655)         | (384)              | 226                                 | (581)              |
| Minority interests  | 60                                   | 147           | 205                | 231                                 | 637                |
| Unrealized interest (income) expense, net                                     | 83                                   | (45)          | 9                  | 119                                 | 125                |
| Others  | 1                                    | (3)           | 68                 | (20)                                | 69                 |
| Decrease (increase) in assets:  |                                      |               |                    |                                     |                    |
| Accounts receivable   | (1,481)                              | (802)         | 489                | (2,081)                             | 100                |
| Inventories   | (77)                                 | (283)         | (194)              | (424)                               | 215                |
| Others  | 5                                    | 79            | (467)              | (71)                                | (372)              |
| Increase (decrease) in liabilities:   |                                      |               |                    |                                     |                    |
| Suppliers   | 237                                  | 320           | 95                 | 503                                 | 569                |
| Payroll and related charges   | 97                                   | 177           | 121                | 26                                  | 64                 |
| Income taxes  | (291)                                | 750           | 526                | (259)                               | 975                |
| Others  | (14)                                 | (455)         | (327)              | (660)                               | 81                 |
| Net cash provided by operating activities                                     | <b>5,332</b>                         | <b>4,081</b>  | <b>2,840</b>       | <b>10,821</b>                       | <b>8,752</b>       |
| Cash flows from investing activities:   |                                      |               |                    |                                     |                    |

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|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| Short term investments   | (634)          |                |                | (634)          |                |
| Loans and advances<br>receivable                                   |                |                |                |                |                |
| Related parties  |                |                |                |                |                |
| Additions  |                | (34)           |                | (34)           | (1)            |
| Repayments   | 15             |                |                | 40             | 10             |
| Others   | (40)           | 1              | 3              | (39)           | 2              |
| Judicial deposits  | (26)           | (2)            |                | (62)           | (75)           |
| Additions to investments   | (85)           | (11)           | (12)           | (109)          | (94)           |
| Additions to property, plant<br>and equipment                      | (1,553)        | (2,105)        | (1,367)        | (5,283)        | (4,106)        |
| Proceeds from disposal of<br>investments                           |                |                | 134            | 134            | 1,042          |
| Cash used to acquire<br>subsidiaries, net of cash<br>acquired      |                |                |                |                | (2,926)        |
| <b>Net cash used in investing<br/>activities</b>                   | <b>(2,323)</b> | <b>(2,151)</b> | <b>(1,242)</b> | <b>(5,987)</b> | <b>(6,148)</b> |
| <b>Cash flows from financing<br/>activities:</b>                   |                |                |                |                |                |
| Short-term debt, additions   | 65             | 209            | 472            | 1,075          | 2,462          |
| Short-term debt, repayments  | (65)           | (449)          | (472)          | (1,186)        | (3,163)        |
| Loans  |                |                |                |                |                |
| Related parties  |                |                |                |                |                |
| Additions  |                | 3              | 5              | 21             | 258            |
| Repayments   | (16)           | (2)            |                | (20)           | (234)          |
| Issuances of long-term debt  |                |                |                |                |                |
| Others   | 71             | 236            | 54             | 1,637          | 6,566          |
| Repayments of long-term<br>debt                                    |                |                |                |                |                |
| Others   | (313)          | (647)          | (871)          | (1,065)        | (11,016)       |
| Mandatorily proceeds<br>convertible notes                          |                |                |                |                | 1,869          |
| Capital increase   | 12,190         |                |                | 12,190         |                |
| Interest attributed to<br>stockholders                             |                | (1,250)        |                | (1,250)        | (825)          |
| Dividends to minority<br>interest                                  |                | (87)           |                | (87)           | (285)          |
| <b>Net cash provided by (used<br/>in) financing activities</b>     | <b>11,932</b>  | <b>(1,987)</b> | <b>(812)</b>   | <b>11,315</b>  | <b>(4,368)</b> |
| Increase (decrease) in cash<br>and cash equivalents                | 14,941         | (57)           | 786            | 16,149         | (1,764)        |
| Effect of exchange rate<br>changes on cash and cash<br>equivalents | (2,469)        | (53)           | (52)           | (2,569)        | (176)          |
| Cash and cash equivalents,<br>beginning of period                  | 2,154          | 2,264          | 1,774          | 1,046          | 4,448          |

|   |               |              |              |               |              |
|---|---------------|--------------|--------------|---------------|--------------|
| Cash and cash equivalents,<br>end of period | <b>14,626</b> | <b>2,154</b> | <b>2,508</b> | <b>14,626</b> | <b>2,508</b> |
| Cash paid during the period<br>for:         |               |              |              |               |              |
| Interest on short-term debt                 | (1)           | (5)          | (1)          | (11)          | (41)         |
| Interest on long-term debt                  | (305)         | (357)        | (324)        | (941)         | (928)        |
| Income tax                                  | (726)         | (320)        | (691)        | (2,718)       | (2,552)      |
| Non-cash transactions                       |               |              |              |               |              |
| Interest capitalized                        | (14)          | (14)         | (20)         | (45)          | (63)         |

The accompanying notes are an integral part of this condensed consolidated financial information.

**Table of Contents**

**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**Expressed in millions of United States Dollars**  
**(except number of shares and per-share amounts)**

|  | Three-month period ended (unaudited) |               |                    | Nine-month period ended (unaudited) |                    |
|--|--------------------------------------|---------------|--------------------|-------------------------------------|--------------------|
|  | September 30, 2008                   | June 30, 2008 | September 30, 2007 | September 30, 2008                  | September 30, 2007 |
| Preferred class A stock<br>(including twelve special shares) |                                      |               |                    |                                     |                    |
| Beginning of the period                                      | 4,953                                | 4,953         | 4,953              | 4,953                               | 4,702              |
| Capital increase   | 4,774                                |               |                    | 4,774                               |                    |
| Transfer from undistributed retained earnings                |                                      |               |                    |                                     | 251                |
| End of the period  | <b>9,727</b>                         | <b>4,953</b>  | <b>4,953</b>       | <b>9,727</b>                        | <b>4,953</b>       |
| Common stock   |                                      |               |                    |                                     |                    |
| Beginning of the period                                      | 7,742                                | 7,742         | 7,742              | 7,742                               | 3,806              |
| Capital increase   | 7,520                                |               |                    | 7,520                               |                    |
| Transfer from undistributed retained earnings                |                                      |               |                    |                                     | 3,936              |
| End of the period  | <b>15,262</b>                        | <b>7,742</b>  | <b>7,742</b>       | <b>15,262</b>                       | <b>7,742</b>       |
| Treasury stock   |                                      |               |                    |                                     |                    |
| Beginning and end of the period                              | <b>(389)</b>                         | <b>(389)</b>  | <b>(389)</b>       | <b>(389)</b>                        | <b>(389)</b>       |
| Additional paid-in capital                                   |                                      |               |                    |                                     |                    |
| Beginning of the period                                      | 498                                  | 498           | 498                | 498                                 | 498                |
| Change in the period   | (105)                                |               |                    | (105)                               |                    |
| End of the period  | <b>393</b>                           | <b>498</b>    | <b>498</b>         | <b>393</b>                          | <b>498</b>         |
| Mandatory convertible notes in common shares                 |                                      |               |                    |                                     |                    |
| Beginning of the period                                      | <b>1,288</b>                         | <b>1,288</b>  | <b>1,288</b>       | <b>1,288</b>                        | <b>1,288</b>       |
| Mandatory convertible notes in preferred shares              |                                      |               |                    |                                     |                    |
| Beginning of the period                                      | <b>581</b>                           | <b>581</b>    | <b>581</b>         | <b>581</b>                          | <b>581</b>         |

|   |                |               |              |                |              |
|---|----------------|---------------|--------------|----------------|--------------|
| Other cumulative comprehensive income (deficit)         |                |               |              |                |              |
| Cumulative translation adjustments                      |                |               |              |                |              |
| Beginning of the period                                 | 2,842          | 1,135         | (464)        | 1,340          | (1,628)      |
| Change in the period                                    | (6,835)        | 1,707         | 1,467        | (5,333)        | 2,631        |
| End of the period                                       | <b>(3,993)</b> | <b>2,842</b>  | <b>1,003</b> | <b>(3,993)</b> | <b>1,003</b> |
| Unrealized gain (loss) on available-for-sale securities |                |               |              |                |              |
| Beginning of the period                                 | 111            | 205           | 205          | 211            | 271          |
| Change in the period                                    | (190)          | (94)          | 24           | (290)          | (42)         |
| End of the period                                       | <b>(79)</b>    | <b>111</b>    | <b>229</b>   | <b>(79)</b>    | <b>229</b>   |
| Surplus (deficit) accrued pension plan                  |                |               |              |                |              |
| Beginning of the period                                 | 164            | 60            | 472          | 75             | 353          |
| Change in the period                                    | (468)          | 104           | 68           | (379)          | 187          |
| End of the period                                       | <b>(304)</b>   | <b>164</b>    | <b>540</b>   | <b>(304)</b>   | <b>540</b>   |
| Cash flow hedge   |                |               |              |                |              |
| Beginning of the period                                 | 8              | 2             | 14           | 29             |              |
| Change in the period                                    | 20             | 6             | 9            | (1)            | 23           |
| End of the period                                       | <b>28</b>      | <b>8</b>      | <b>23</b>    | <b>28</b>      | <b>23</b>    |
| Total other cumulative comprehensive income (loss)      | <b>(4,348)</b> | <b>3,125</b>  | <b>1,795</b> | <b>(4,348)</b> | <b>1,795</b> |
| Undistributed retained earnings                         |                |               |              |                |              |
| Beginning of the period                                 | 17,021         | 15,508        | 6,233        | 15,317         | 9,555        |
| Transfer from/to unappropriated retained earnings       | (2,838)        | 1,513         | 327          | (1,134)        | 1,192        |
| Transfer to capital stock                               |                |               |              |                | (4,187)      |
| End of the period                                       | <b>14,183</b>  | <b>17,021</b> | <b>6,560</b> | <b>14,183</b>  | <b>6,560</b> |
| Unappropriated retained earnings                        |                |               |              |                |              |
| Beginning of the period                                 | 6,886          | 3,435         | 7,952        | 1,631          | 2,505        |



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|   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
| Net income  | 4,821         | 5,009         | 2,940         | 11,851        | 9,252         |
| Interest attributed to mandatory convertible debt         |               |               |               |               |               |
| Preferred class A stock                                   | (8)           | (15)          | (14)          | (31)          | (14)          |
| Common stock  | (16)          | (30)          | (27)          | (64)          | (27)          |
| Appropriation from/to undistributed retained earnings     | 2,838         | (1,513)       | (327)         | 1,134         | (1,192)       |
| End of the period   | <b>14,521</b> | <b>6,886</b>  | <b>10,524</b> | <b>14,521</b> | <b>10,524</b> |
| Total stockholders equity                                 | <b>51,218</b> | <b>41,705</b> | <b>33,552</b> | <b>51,218</b> | <b>33,552</b> |
| Preferred class A stock (including twelve special shares) | 2,108,579,618 | 1,919,516,400 | 1,919,516,400 | 2,108,579,618 | 1,919,516,400 |
| Common stock  | 3,256,724,482 | 2,999,797,716 | 2,999,797,716 | 3,256,724,482 | 2,999,797,716 |
| Treasury stock  |               |               |               |               |               |
| Beginning of the period                                   | (86,923,052)  | (86,923,052)  | (86,923,328)  | (86,923,184)  | (86,927,072)  |
| Sales   | 108           |               | 144           | 240           | 3,888         |
| End of the period   | (86,922,944)  | (86,923,052)  | (86,923,184)  | (86,922,944)  | (86,923,184)  |
|   | 5,278,381,156 | 4,832,391,064 | 4,832,390,932 | 5,278,381,156 | 4,832,390,932 |

The accompanying notes are an integral part of this condensed consolidated financial information

**Table of Contents****Notes to the Condensed Consolidated Financial Information**

Expressed in millions of United States Dollars, unless otherwise stated

**1 The Company and its operation**

Companhia Vale do Rio Doce (Vale) is a limited liability company, duly organized under the laws of the Federative Republic of Brazil. Operations are carried out through Vale and our subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production, logistics and steel activities.

On September 30, 2008, the main operating subsidiaries we consolidate are described as follows:

| <b>Subsidiary</b>  | <b>% ownership</b> | <b>% voting capital</b> | <b>Head office location</b> | <b>Principal activity</b> |
|--|--------------------|-------------------------|-----------------------------|---------------------------|
| Alumina do Norte do Brasil S.A. ( Alunorte )             | 57.03              | 59.02                   | Brazil                      | Alumina                   |
| Alumínio Brasileiro S.A. ( Albras )                      | 51.00              | 51.00                   | Brazil                      | Aluminum                  |
| CADAM S.A (CADAM)  | 61.48              | 100.00                  | Brazil                      | Kaolin                    |
| CVRD Overseas Ltd.                                       | 100.00             | 100.00                  | Cayman Islands              | Trading                   |
| Ferrovias Centro-Atlântica S. A.                         | 100.00             | 100.00                  | Brazil                      | Logistics                 |
| Mineração Onça Puma Ltda                                 | 100.00             | 100.00                  | Brazil                      | Nickel                    |
| Minerações Brasileiras Reunidas S.A. MBR                 | 92.99              | 92.99                   | Brazil                      | Iron ore                  |
| Pará Pigmentos S.A. ( PPSA )                             | 86.17              | 85.57                   | Brazil                      | Kaolin                    |
| PT International Nickel Indonesia Tbk ( PT Inco )        | 61.16              | 61.16                   | Indonesia                   | Nickel                    |
| Rio Doce Manganês S.A.                                   | 100.00             | 100.00                  | Brazil                      | Manganese and Ferroalloys |
| Rio Doce Manganês Europe ( RDME )                        | 100.00             | 100.00                  | France                      | Ferroalloys               |
| Rio Doce Manganês Norway ( RDMN )                        | 100.00             | 100.00                  | Norway                      | Ferroalloys               |
| Vale Australia Pty Ltd.                                  | 100.00             | 100.00                  | Australia                   | Coal                      |
| Vale Inco Limited  | 100.00             | 100.00                  | Canada                      | Nickel                    |
| Vale International S.A (formerly CVRD International S.A) | 100.00             | 100.00                  | Swiss                       | Trading                   |
| Valesul Alumínio S.A.                                    | 100.00             | 100.00                  | Brazil                      | Aluminum                  |

**2 Basis of consolidation**

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method (Note 9).

We evaluate the carrying value of our equity accounted investments in relation to publicly quoted market prices when available. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

Our participation in hydroelectric projects are made via consortium contracts under which we have an undivided interests in assets and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations, and all our recorded costs, income, assets and liabilities relate to the entities within our group. Since there is no separate legal entity for these projects, there are no separate financial statements, income tax return, net income or shareholders' equity. Brazilian corporate law explicitly states that no separate legal entity arises from consortium contract. Accordingly, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

## **Table of Contents**

### **3 Basis of Presentation**

Our condensed consolidated interim financial information for the three-month periods ended September 30, 2008, June 30, 2008, and September 30, 2007 and for the nine-month periods ended September 30, 2008 and 2007, prepared in accordance with accounting principles generally accepted in the United States of America ( US GAAP ), are unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month and nine-month periods ended September 30, 2008, are not necessarily indicative of the actual results expected for the full fiscal year ending December 31, 2008.

These condensed consolidated financial information should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2007, prepared in accordance with US GAAP.

In preparing the condensed consolidated financial information, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired and assumed in business combinations, income tax uncertainties, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

The U.S. Dollar amounts for the periods and years presented, regarding the entities that have a functional currency different from the U.S. Dollar, which is our presentation currency, have been translated from the original functional currency amounts in accordance with the criteria set forth in Statement of Financial Accounting Standards (SFAS) 52 Foreign Currency Translation (SFAS 52).

As a result, we have translated: (a) all assets and liabilities for each balance sheet presented at the closing rate at each balance sheet date (or the first available exchange rate if exchange on the last day of the period was not available), (b) all accounts in the statement of income at average exchange rates prevailing during the period. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in stockholders' equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at September 30, 2008 and December 31, 2007, were R\$ 1.9143 and R\$ 1.7713, respectively.

### **4 Recently-issued accounting pronouncements**

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, Determining the Fair Value of a Financial Asset in a Market That Is Not Active (FSP 157-3), which clarifies the application of SFAS 157 when the market for a financial asset is inactive. Specifically, FSP 157-3 clarifies how (1) management's internal assumptions should be considered in measuring fair value when observable data are not present, (2) observable market information from an inactive market should be taken into account, and (3) the use of broker quotes or pricing services should be considered in assessing the relevance of observable and unobservable data to measure fair value. The guidance in FSP 157-3 is effective immediately.

In June 2008, the Financial Accounting Standards Board (FASB) issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. The objective of this FSP is to address whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in paragraphs 60 and 61 of FASB Statement No. 128, Earnings per

Share. It is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early application is not permitted. We are currently studying the effects of this pronouncement.

## **Table of Contents**

In May 2008, the Financial Accounting Standards Board (FASB) issued FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*. This FASB Staff Position (FSP) clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants*. Additionally, this FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008. We are currently studying the effects of this pronouncement.

In May 2008, the Financial Accounting Standards Board (FASB) issued FSP FAS 162, *The Hierarchy of Generally Accepted Accounting Principles*. The objective of this FSP is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement shall be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. There are no specific disclosure requirements with this statement.

In April 2008, the Financial Accounting Standards Board (FASB) issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*. The objective of this FSP is to address situations of renewing or extending the useful life of a recognized intangible asset. It is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early application is not permitted. We are currently studying the effects of this pronouncement.

## **5 Major acquisitions and disposals**

In February 2008, we sold all of our interest in Jubilee Mines N.L. (held by our subsidiary Vale Inco), corresponding to 4.83% of its common shares, for US\$ 134 generating a gain of US\$ 80.

In October, 2007 we were awarded, in a public auction, a 30-year sub-concession agreement, under which we purchased the right to use the Ferrovia Norte Sul S.A. (FNS) for US\$ 837, payable in three installments. The first installment, equivalent to US\$ 412 and corresponding to 50% was paid in December 2007. The second and third installments, each one representing 25% of the total amount, are to be paid in December 2008, and 2009, upon the completion of the railroad. The outstanding installments are indexed to the general price index (IGP-DI) and accrue interest of 12% p.a.

In July 2007, we sold our interest in Lion Ore Mining International Ltd. (held by our subsidiary Vale Inco), corresponding to 1.8% of its common shares for US\$ 105, generating a gain of US\$ 80.

In June 2007, we sold through primary and secondary public offerings, 25,213,664 common shares, representing 57.84% of the total capital of our subsidiary Log-In Logística Intermodal S.A. (Log-In) for US\$ 179, recording a gain of US\$ 155.

In July 2007, we sold an additional 5.1% stake in Log-In for US\$ 24 recording a gain of US\$ 21. At December 31, 2007, we held 31.33% of the voting and total capital of this entity, which is accounted for as at the equity method.

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In May 2007, we sold in a public offering, part of our stockholding in Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS, an available-for-sale investee, for US\$ 728, recording a gain of US\$ 456. We have retained the minimum number of shares required to participate in the current shareholders agreement of the investee.

10

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**Table of Contents**

In May 2007, we acquired a further 6.25% of the total share capital of Empreendimentos Brasileiros de Mineração S.A. (EBM), which main asset is its interest in MBR, for US\$ 231 and as a result, our direct and indirect stake in MBR increased to 92.99% of total and voting capital. We simultaneously entered into an usufruct agreement with minority shareholders whereby they transferred to us all rights and obligations with respect to their EBM shares, including rights to dividends for the next 30 years, for which we will make an initial payment of US\$ 61 plus an annual fee of US\$ 48 for each of the next 29 years. The present value of the future obligation is recorded as a liability and the corresponding charge recorded to minority interests in the balance sheet.

In April 2007, we concluded the acquisition of 100% of Vale Australia (former AMCI Holdings Australia Pty AMCI HA), a private company domiciled in Australia, which owns and operates coalmines in that country, for US\$ 656.

**6 Income taxes**

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composed enacted tax rate applicable in the periods presented is 34% represented by a 25% federal income tax rate plus a 9% social contribution rate.

In other countries where we have operations, the applicable tax rates vary from 1.67% to 40%.

The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

|   | September 30, 2008 |         |         | Three-month period ended (unaudited)<br>June 30, 2008 |         |         | September 30, 2007 |         |         |
|---|--------------------|---------|---------|---|---------|---------|--------------------|---------|---------|
|   | Brazil             | Foreign | Total   | Brazil  | Foreign | Total   | Brazil             | Foreign | Total   |
| Income before income taxes, equity results and minority interests             | 334                | 4,113   | 4,447   | 4,067   | 2,335   | 6,402   | 2,062              | 1,865   | 3,927   |
| Federal income tax and social contribution expense at statutory enacted rates | (114)              | (1,398) | (1,512) | (1,383)   | (794)   | (2,177) | (701)              | (634)   | (1,335) |
| Adjustments to derive effective tax rate:                                     |                    |         |         |   |         |         |                    |         |         |
| Tax benefit on interest attributed to stockholders                            | 278                |         | 278     | 7   |         | 7       | 124                |         | 124     |
| Difference on tax rates of foreign income                                     |                    | 808     | 808     |   | 602     | 602     |                    | 529     | 529     |
| Functional currency not   |                    | 633     | 633     |   | (287)   | (287)   |                    | (314)   | (314)   |



|   |            |             |            |              |              |                |              |              |              |
|---|------------|-------------|------------|--------------|--------------|----------------|--------------|--------------|--------------|
| taxable   |            |             |            |              |              |                |              |              |              |
| Tax incentives  | 14         |             | 14         | 72           |              | 72             | 50           |              | 50           |
| Other non-taxable gains (losses)  | 57         | (134)       | (77)       | 358          | (81)         | 277            |              | (1)          | (1)          |
| Federal income tax and social contribution expense in consolidated statements of income | <b>235</b> | <b>(91)</b> | <b>144</b> | <b>(946)</b> | <b>(560)</b> | <b>(1,506)</b> | <b>(527)</b> | <b>(420)</b> | <b>(947)</b> |

|   | September 30, 2008 |              |                | Nine-month period ended (unaudited)<br>September 30, 2007 |                |                |
|---|--------------------|--------------|----------------|---|----------------|----------------|
|   | Brazil             | Foreign      | Total          | Brazil  | Foreign        | Total          |
| Income before income taxes, equity results and minority interests                       | <b>4,923</b>       | <b>8,210</b> | <b>13,133</b>  | <b>6,470</b>  | <b>5,945</b>   | <b>12,415</b>  |
| Federal income tax and social contribution expense at statutory enacted rates           | (1,674)            | (2,791)      | (4,465)        | (2,200)   | (2,021)        | (4,221)        |
| Adjustments to derive effective tax rate:   |                    |              |                |   |                |                |
| Tax benefit on interest attributed to stockholders                                      | 454                |              | 454            | 345   |                | 345            |
| Difference on tax rates of foreign income   |                    | 1,381        | 1,381          |   | 855            | 855            |
| Functional currency not taxable   |                    | 315          | 315            |   | (250)          | (250)          |
| Tax incentives  | 101                |              | 101            | 167   |                | 167            |
| Other non-taxable gains (losses)  | 356                | 138          | 494            | 91  | 28             | 119            |
| Federal income tax and social contribution expense in consolidated statements of income | <b>(763)</b>       | <b>(957)</b> | <b>(1,720)</b> | <b>(1,597)</b>  | <b>(1,388)</b> | <b>(2,985)</b> |

We have certain income tax incentives relating to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relating to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels, which expires in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed in the form of cash dividends.

**Table of Contents**

We also have income tax incentives related to our Goro Project under development in New Caledonia. These incentives include income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday. In addition, Goro qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro project is in operation.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

We are subject to examination by the tax authorities for up to five years regarding our operations in Brazil, ten years for Indonesia, and five and six years for Canada, except for Newfoundland which has no limit.

Brazilian tax loss carryforwards have no expiration date though offset is restricted to 30% of annual taxable income.

The reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (note 16 (b)):

|  | <b>September 30,<br/>2008<br/>(unaudited)</b> | <b>December 31,<br/>2007</b> |
|--|---|------------------------------|
| <b>Beginning of the period</b>                         | <b>1,046</b>                                  | <b>663</b>                   |
| Increase resulting from tax positions taken            | 372   | 264                          |
| Decrease resulting from tax positions taken            | (352)   | (47)                         |
| Changes in tax legislation                             | 2   | 29                           |
| Effects of translation from Brazilian Reais into U. S. | (64)  | 137                          |
| <b>End of the period</b>                               | <b>1,004</b>                                  | <b>1,046</b>                 |

**7 Cash and cash equivalents**

|   | <b>September<br/>30,<br/>2008<br/>(Unaudited)</b> | <b>December<br/>31,<br/>2007</b> |
|---|---|----------------------------------|
| Cash  | 518   | 424                              |
| Deposits denominated in Brazilian Reais                               | 9,151   | 123                              |
| Deposits denominated in other currencies mainly United States dollars | 4,957   | 499                              |
|   | <b>14,626</b>                                     | <b>1,046</b>                     |

The increase in cash and cash equivalents corresponding mainly to the proceeds received from the global offering (note 12)

**8 Inventories**

|                                      | <b>September 30,<br/>2008<br/>(Unaudited)</b> | <b>December 31,<br/>2007</b> |
|--------------------------------------|---|------------------------------|
| <b>Finished products</b>             |   |                              |
| Nickel (co-products and by-products) | 1,864   | 1,812                        |
| Iron ore and pellets                 | 589   | 588                          |
| Manganese and ferroalloys            | 117   | 106                          |
| Aluminum products                    | 172   | 176                          |
| Kaolin                               | 46  | 42                           |
| Copper concentrate                   | 24  | 15                           |
| Coal                                 | 33  | 38                           |
| Others                               | 60  | 36                           |
| Spare parts and maintenance supplies | 1,197   | 1,046                        |
|                                      | <b>4,102</b>                                  | <b>3,859</b>                 |

There was no write down recorded in the periods presented.

12

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**Table of Contents****9 Investments in affiliated companies and joint ventures**

|  | September 30, 2008<br>(Unaudited)                 |               | Investments                     |                         | Equity in results of affiliates,<br>joint ventures and other<br>investments |                     |                             |                          |                                 |                          |                                 | Dividends received  |  |           |            |            |
|--|---|---------------|---------------------------------|-------------------------|---|---------------------|-----------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|---------------------|--|-----------|------------|------------|
|  |   |               |                                 |                         | Net income<br>(loss)<br>for   |                     | Three-month<br>period ended |                          | September<br>30,<br>(unaudited) |                          | September<br>30,<br>(unaudited) |                     | Nine-month<br>period<br>ended<br>September<br>30,<br>(unaudited) |           |            |            |
|  | Participation<br>in<br>capital<br>voting<br>total | Net<br>equity | September<br>30,<br>(Unaudited) | December<br>31,<br>2007 | September<br>30,<br>2008  | June<br>30,<br>2008 | September<br>30,<br>2007    | September<br>30,<br>2008 | September<br>30,<br>2007        | September<br>30,<br>2008 | September<br>30,<br>2007        | June<br>30,<br>2008 | June<br>30,<br>2007  | 2008      | 2007       |            |
| <b>Ferrous</b>   |   |               |                                 |                         |   |                     |                             |                          |                                 |                          |                                 |                     |  |           |            |            |
| Companhia<br>Nipo-Brasileira de<br>Pelotização<br>NIBRASCO (1)               | 51.11   | 51.00         | 221                             | 129                     | 113   | 61                  | 36                          | 34                       | 5                               | 66                       | 10                              |                     |  |           |            |            |
| Companhia<br>Hispano-Brasileira<br>de Pelotização<br>HISPANOBRÁS<br>(1)      | 51.00   | 50.89         | 157                             | 102                     | 80  | 43                  | 17                          | 33                       | 3                               | 52                       | 12                              | 6                   |  | 6         | 16         |            |
| Companhia<br>Coreano-Brasileira<br>de Pelotização<br>KOBRASCO (1)            | 50.00   | 50.00         | 149                             | 79                      | 75  | 45                  | 19                          | 19                       | 5                               | 40                       | 15                              |                     |  |           |            |            |
| Companhia<br>Italo-Brasileira de<br>Pelotização<br>ITABRASCO (1)             | 51.00   | 50.90         | 119                             | 40                      | 61  | 46                  | 18                          | 1                        | 2                               | 20                       | 10                              |                     |  |           | 8          |            |
| Minas da Serra<br>Geral S.A. MSG<br>SAMARCO<br>Mineração S.A.<br>SAMARCO (2) | 50.00   | 50.00         | 52                              | 3                       | 26  | 30                  | 1                           |                          | 1                               | 2                        | 2                               |                     |  |           |            |            |
| Others   |   |               |                                 |                         | 30  | 30                  | 2                           | 1                        | 2                               | 5                        | 3                               |                     |  |           |            |            |
|  |   |               |                                 |                         | <b>904</b>  | <b>801</b>          | <b>175</b>                  | <b>236</b>               | <b>85</b>                       | <b>463</b>               | <b>238</b>                      | <b>118</b>          | <b>138</b>   | <b>25</b> | <b>256</b> | <b>149</b> |
| <b>Logistics</b>   |   |               |                                 |                         |   |                     |                             |                          |                                 |                          |                                 |                     |  |           |            |            |
| LOG-IN Logística<br>Intermodal S.A.(3)                                       | 31.33   | 31.33         | 337                             | 32                      | 109   | 107                 | 3                           | 6                        | 4                               | 14                       | 2                               |                     | 3  |           | 3          |            |

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|   |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
|---|-------|-------|-----|-----|------------|--------------|-----------|-------------|-----------|-----------|-----------|----------|-----------|-----------|-----------|
| MRS Logística S.A   | 37.86 | 41.50 | 696 | 63  | 289        | 342          | 44        | (47)        | 31        | 26        | 84        |          | 34        | 34        | 27        |
|   |       |       |     |     | <b>398</b> | <b>449</b>   | <b>47</b> | <b>(41)</b> | <b>35</b> | <b>40</b> | <b>86</b> |          | <b>37</b> | <b>37</b> | <b>27</b> |
| <b>Holdings</b>   |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| <b>Steel</b>  |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| California Steel Industries Inc. CSI  | 50.00 | 50.00 | 390 | 91  | 195        | 163          | 18        | 22          | 1         | 46        | 5         |          |           |           | 11        |
| <b>THYSSENKRUPP</b>   |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| CSA Companhia Siderúrgica (Cost \$431) - available-for-sale Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (cost \$180) available-for-sale (5)   | 11.05 | 11.05 |     |     | 443        | 388          |           |             |           |           |           |          |           |           |           |
|   |       |       |     |     | 199        | 465          | 8         | 10          | 7         | 18        | 31        | 8        | 10        | 7         | 18        |
|   |       |       |     |     | <b>837</b> | <b>1,016</b> | <b>26</b> | <b>32</b>   | <b>8</b>  | <b>64</b> | <b>36</b> | <b>8</b> | <b>10</b> | <b>7</b>  | <b>18</b> |
| <b>Bauxite</b>  |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| Mineração Rio do Norte S.A. MRN   | 40.00 | 40.00 | 315 | 101 | 126        | 184          | 18        | 8           | 21        | 40        | 63        |          | 38        | 7         | 86        |
|   |       |       |     |     | <b>126</b> | <b>184</b>   | <b>18</b> | <b>8</b>    | <b>21</b> | <b>40</b> | <b>63</b> |          | <b>38</b> | <b>7</b>  | <b>86</b> |
| <b>Coal</b>   |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| Henan Longyu Resources Co. Ltd Shandong Yankuang International Company Ltd  | 25.00 | 25.00 | 752 | 256 | 188        | 115          | 28        | 19          | 12        | 64        | 34        |          |           |           |           |
|   | 25.00 | 25.00 | 99  |     | 25         | 23           |           | 1           |           |           |           |          |           |           | (2)       |
|   |       |       |     |     | <b>213</b> | <b>138</b>   | <b>28</b> | <b>20</b>   | <b>12</b> | <b>64</b> | <b>32</b> |          |           |           |           |
| <b>Nickel</b>   |       |       |     |     |            |              |           |             |           |           |           |          |           |           |           |
| Heron Resources Inc (cost \$25) available-for-sale Jubilee Mines N.L (cost \$5) (4) available-for-sale Mirabela Nickel Ltd (cost \$24) available-for-sale Hudbay Minerals formely Skye Resources Inc (cost \$ 36) available-for-sale Others |       |       |     |     | 7          | 34           |           |             |           |           |           |          |           |           |           |
|   |       |       |     |     |            | 126          |           |             |           |           |           |          |           |           |           |
|   |       |       |     |     | 43         | 72           |           |             |           |           |           |          |           |           |           |
|   |       |       |     |     | 23         | 44           |           |             |           |           |           |          |           |           |           |
|   |       |       |     |     | 20         | 23           |           |             | 4         |           | 4         |          |           |           |           |

|  |              |              |            |            |            |            |            |            |            |           |            |            |
|--|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|
|  | 93           | 299          |            |            | 4          |            | 4          |            |            |           |            |            |
| <b>Other affiliates<br/>and joint ventures</b> |              |              |            |            |            |            |            |            |            |           |            |            |
| Others   | 102          | 35           | (4)        | 5          |            | (2)        |            |            |            |           |            |            |
|  | 102          | 35           | (4)        | 5          |            | (2)        |            |            |            |           |            |            |
|  | 1,371        | 1,672        | 68         | 65         | 45         | 166        | 135        | 8          | 48         | 14        | 104        | 106        |
| <b>Total</b>                                   | <b>2,673</b> | <b>2,922</b> | <b>290</b> | <b>260</b> | <b>165</b> | <b>669</b> | <b>459</b> | <b>126</b> | <b>223</b> | <b>39</b> | <b>397</b> | <b>282</b> |

- (1) Although Vale held a majority of the voting interest of investees accounted for under the equity method, existing veto rights held by minority shareholders under shareholder agreements preclude consolidation;
- (2) Investment includes goodwill of US\$ 67 in 2008 and US\$ 61 in 2007;
- (3) Investment non consolidated since June, 2007;
- (4) Sold in February, 2008 (note 5);
- (5) Equity in results of affiliates refers to dividends received.

**Table of Contents****10 Short-term debt**

Our short-term borrowings are mainly from commercial banks and relate to export financing denominated in United States Dollars.

Average interest rates on short-term borrowings were 4.16%, and 5.5% at September 30, 2008 and December 31, 2007, respectively.

**11 Long-term debt**

|  | Current liabilities                     |                      | Long-term liabilities                   |                      |
|--|---|----------------------|---|----------------------|
|  | September<br>30,<br>2008<br>(Unaudited) | December<br>31, 2007 | September<br>30,<br>2008<br>(Unaudited) | December<br>31, 2007 |
| Foreign debt   |   |                      |   |                      |
| Loans and financing denominated in the following currencies: |   |                      |   |                      |
| United States Dollars  | 242                                     | 212                  | 5,912                                   | 5,927                |
| Others   | 25                                      | 64                   | 207                                     | 214                  |
| Fixed Rate Notes US\$ denominated                            |   |                      | 6,641                                   | 6,680                |
| Debt securities export sales (*) US\$ denominated            | 55                                      | 53                   | 164                                     | 205                  |
| Perpetual notes  |   |                      | 83                                      | 87                   |
| Accrued charges  | 179                                     | 282                  |   |                      |
|  | <b>501</b>                              | <b>611</b>           | <b>13,007</b>                           | <b>13,113</b>        |
| Local debt   |   |                      |   |                      |
| Denominated in Long-Term Interest Rate TJLP/CDI              | 40                                      | 586                  | 2,261                                   | 1,148                |
| Denominated in General Price Index-Market (IGPM)             |   | 1                    | 1                                       | 1                    |
| Basket of currencies   | 1                                       | 2                    | 5                                       | 6                    |
| Non-convertible debentures                                   |   |                      | 3,119                                   | 3,340                |
| Accrued charges  | 191                                     | 49                   |   |                      |
|  | <b>232</b>                              | <b>638</b>           | <b>5,386</b>                            | <b>4,495</b>         |
| Total  | <b>733</b>                              | <b>1,249</b>         | <b>18,393</b>                           | <b>17,608</b>        |

(\*) Debt securities secured by future receivables arising from export sales.

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The long-term portion at September 30, 2008 falls due as follows:

|  |               |
|--|---------------|
| 2009   | 48            |
| 2010   | 2,337         |
| 2011   | 2,408         |
| 2012   | 695           |
| 2013 and thereafter  | 12,576        |
| No due date (Perpetual notes and non-convertible debentures) | 329           |
|  | <b>18,393</b> |

At September 30, 2008 annual interest rates on long-term debt were as follows:

|                            |               |
|----------------------------|---------------|
| Up to 3%                   | 21            |
| 3.1% to 5%                 | 5,791         |
| 5.1% to 7%                 | 5,618         |
| 7.1% to 9%                 | 2,885         |
| 9.1% to 11%                | 105           |
| Over 11% (*)               | 4,623         |
| Variable (Perpetual notes) | 83            |
|                            | <b>19,126</b> |

(\*) Includes non-convertible debentures and other Brazilian-reais denominated debt that bear interest at CDI and TJLP (Brazilian interbank certificate of deposit) rate plus spread. For these operations we have entered into derivative transactions to hedge our exposure on the floating rate debt denominated in reais. The total outstanding amount for these



transactions is  
US\$ 5,160 and  
the average cost  
of such debt  
after the hedge  
transactions is  
5.18%.

**Table of Contents**

The indexes applied to our debt were as follows (unaudited):

|  | <b>September 30,<br/>2008</b> | <b>June 30,<br/>2008</b> | <b>As of - %<br/>December 31,<br/>2007</b> |
|--|-------------------------------|--------------------------|--|
| TJLP Long-Term Interest Rate (effective rate)    | 1.5                           | 1.5                      | 1.5  |
| IGP-M General Price Index Market                 | 1.6                           | 4.3                      | 3.5  |
| Devaluation of United States Dollar against Real | 20.0                          | (9.0)                    | (3.7)                                      |

In January, 2008 we entered into a trade finance agreement with a local Brazilian bank in the amount of US\$ 1,100 with final maturity in 2018.

In April 2008, we entered into agreements with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), the Brazilian National Development Bank and with long-term Japanese financing agencies, Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) for the financing of the mining, logistics and power generation projects to be developed under Vale's investment program for 2008-2012. Those agreements comprises a financial package of almost US\$ 10 billion to support investments related to Vale's growth initiatives

We have total revolving credit lines with bank syndicates, which work as a short term liquidity buffer that allow a more efficient cash management. Under revolving credit facilities, amounts drawn and repaid can be disbursed again at the option of the Borrower. At September 30, 2008, the total amount available under revolving credit lines was of US\$ 1,900, being US\$ 1,150 granted to Vale International and the balance to Vale Inco. As of September 30, 2008, neither Vale International nor Vale Inco had drawn any advance amount under these facilities and Vale Inco has drawn US\$ 113 by way of letters of credit.

On September 30, 2008 the US Dollar denominated Fixed Rate Notes of US\$ 6,641 (December 31, 2007 US\$ 6,680) and other debt of US\$ 11,888 (December 31, 2007 US\$ 11,511) are unsecured. The export securitization of US\$ 219 (December 31, 2007 US\$ 258) is debt securities collateralized by future receivables arising from certain export sales of our subsidiary CVRD Overseas Ltd. Loans from International lenders of US\$ 57 (December 31, 2007 US\$ 82) are guaranteed by Brazilian Federal Government, to which we have provided counter guarantees in the same amount. The remaining long-term debt of US\$ 321 (December 31, 2007 US\$ 326) is collateralized mainly by receivables of our subsidiaries.

Some of our long-term debt instruments contain financial covenants. Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We were in full compliance with our financial covenants as of September 30, 2008.

**12 Stockholders equity**

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters resolved at the stockholders' meetings, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds twelve preferred special shares which confer to it permanent veto rights over certain matters.

Both common and preferred stockholders are entitled to receive a mandatory minimum dividend of 25% of annual adjusted net income based on the statutory accounting records, upon approval at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as stated in the statutory accounting records or, if greater, 3% of the statutory book equity value per share. For the year ended December 31, 2007, this annual minimum dividend corresponded to US\$ 2,691 of which US\$ 8 was

paid in October 2007 and therefore we accrued the remaining value of US\$ 2,683 with a direct charge to stockholders' equity. In April 2008 we paid US\$ 1,250 related to the accrued amounts for 2007. In October 2008 the Board of Directors approved the payment of the second tranche of the minimum dividend, and an additional dividend, totaling US\$ 1,600, corresponding to US\$ 0.303123240 per common or preferred share in circulation.

**Table of Contents**

In July, 2008, we issued 80,079,223 common ADS, 176,847,543 common shares, 63,506,751 preferred ADS and 100,896,048 preferred shares through a global offering. As a consequence we recognized a total capital increase of US\$ 11,666, with an increase in the preferred stock of US\$ 4,146, corresponding to 164,402,799 shares and an increase in the common stock of US\$ 7,520, corresponding to 256,926,766 shares. In August, 2008, we issued additional 24,660,419 preferred shares, representing an increase of US\$ 628. After the closing of the operation, our capital stock increased by US\$ 12,294 and corresponding transaction cost of US\$ 105 were recorded as a reduction of the additional paid-in capital account.

In October 2007, we paid US\$ 1,050 to stockholders. The distribution was made in the form of interest on stockholders' equity and dividends. In April 2007, we paid US\$ 825 to stockholders. The distribution was made in the form of interest attributable to stockholders' equity and dividends.

In September 2007, a stock split was effected and each existing, common and preferred, share was split into two shares. After the split our capital comprises 4,919,314,116 shares, of which 1,919,516,400 are class A preferred shares and 2,999,797,716 are common shares, including twelve special class shares without par value ( Golden Shares ). All numbers of share and per share amounts included herein reflect retroactive application of the stock split.

In June 2007, we issued US\$ 1,880 Mandatorily Convertible Notes due June 15, 2010 for total proceeds of US\$ 1,869 net of commissions. The Notes bear interest at 5.50% per year payable quarterly and additional interest which will be payable based on the net amount of cash distribution paid to ADS holders. The US\$ 1,296 Notes are mandatorily convertible into an aggregate maximum of 56,582,040 common shares and the US\$ 584 Notes are mandatorily convertible into an aggregate maximum of 30,295,456 preferred class A shares. On the maturity date (whether at stated maturity or upon acceleration following an event of default), the Series RIO Notes will automatically convert into ADSs, each ADS representing one common share of Vale, and the Series RIO P Notes will automatically convert into ADSs, each ADS representing one preferred class A share of Vale. We currently hold the shares to be issued on conversion in treasury stock. The Notes are not repayable in cash. Holders of notes will have no voting rights. We will pay to the holders of our Series RIO Notes or RIO P Notes additional interest in the event that Vale makes cash distributions to all holders of RIO ADSs or RIO P ADSs, respectively. We determined, using a statistical model, that the potential variability in the number of shares to be converted is not a predominant feature of this hybrid financial instrument and thus classified it as an equity instrument within our stockholders' equity. Other than during the cash acquisition conversion period, holders of the notes have the right to convert their notes, in whole or in part, at any time prior to maturity in the case of the Series RIO Notes, into RIO ADSs at the minimum conversion rate of 0.8664 RIO ADSs per Series RIO Note, and in the case of Series RIO P Notes, into RIO P ADSs at the minimum conversion rate of 1.0283 RIO P ADSs per Series RIO P Note.

| <b>Note</b> | <b>Twenty Day Market Value</b> |                         | <b>Conversion Rate</b>                           |
|-------------|--------------------------------|-------------------------|--|
| Rio P       | Less than or equal to          | US\$19,30               | 2.5914   |
|             | Between                        | US\$19,30 and US\$24,31 | US\$50,00 divided by the twenty day market value |
|             | Equal to or greater than       | US\$24,31               | 2.0566   |
| Rio         | Less than or equal to          | US\$22,90               | 2.1834   |
|             | Between                        | US\$22,90 and US\$28,86 | US\$50,00 divided by the twenty day market value |
|             | Equal to or greater than       | US\$28,86               | 1.7328   |

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In October 2008 we will pay additional interest to holders of the mandatorily convertible notes of series RIO and of series RIO P, equal to the U.S. dollar equivalent of R\$ 1.187165 and R\$ 1.409004, respectively.

In May 2008 we paid additional interest to holders of the mandatorily convertible notes (notes) RIO and RIO P, equal to US\$ 19.

In April 2007, at an Extraordinary Shareholders' Meeting the paid-up capital was increased by US\$ 4,187 through transfer of reserves, without issuance of shares, to US\$ 12,695.

**Table of Contents**

In December 2007, significant changes were made to Brazilian Corporate law to permit Brazil to converge with International Financial Reporting Standards (IFRS). Such changes will be effective for the fiscal year ended December 31, 2008. These changes may affect the method of calculating and amortizing goodwill on business combinations, the recognition of exchange gain and losses in foreign subsidiaries, joint ventures and affiliates and related tax effects, among others. These changes have yet to be codified by the regulator, we are currently studying the possible effects, which may arise upon adoption this law.

**Basic and diluted earnings per share**

Basic and diluted earnings per share amounts have been calculated as follows:

|  | Three-month period ended (unaudited) |                  |                          | Nine-month period ended              |                                      |
|--|--------------------------------------|------------------|--------------------------|--------------------------------------|--------------------------------------|
|  | September<br>30,<br>2008             | June 30,<br>2008 | September<br>30,<br>2007 | September<br>30, (unaudited)<br>2008 | September<br>30, (unaudited)<br>2007 |
| <b>Net income for the period</b>   | <b>4,821</b>                         | <b>5,009</b>     | <b>2,940</b>             | <b>11,851</b>                        | <b>9,252</b>                         |
| <b>Interest attributed to preferred convertible notes</b>                            | (8)                                  | (15)             | (8)                      | (31)                                 | (8)                                  |
| <b>Interest attributed to common convertible notes</b>                               | (16)                                 | (30)             | (19)                     | (64)                                 | (19)                                 |
| <b>Net income for the period adjusted</b>  | <b>4,797</b>                         | <b>4,964</b>     | <b>2,913</b>             | <b>11,756</b>                        | <b>9,225</b>                         |
| <b>Basic and diluted earnings per share</b>  |                                      |                  |                          |                                      |                                      |
| Income available to preferred stockholders   | 1,850                                | 1,906            | 1,119                    | 4,522                                | 3,583                                |
| Income available to common stockholders  | 2,866                                | 2,970            | 1,742                    | 7,029                                | 5,582                                |
| Income available to convertible notes linked to preferred shares                     | 28                                   | 31               | 18                       | 71                                   | 21                                   |
| Income available to convertible notes linked to common shares                        | 53                                   | 57               | 34                       | 134                                  | 39                                   |
| Weighted average number of shares outstanding (thousands of shares) preferred shares | 1,976,727                            | 1,889,175        | 1,889,175                | 1,930,379                            | 1,889,171                            |
| Weighted average number of shares outstanding (thousands of shares) common shares    | 3,063,752                            | 2,943,216        | 2,943,216                | 3,000,528                            | 2,943,216                            |
|  | 30,295                               | 30,295           | 30,295                   | 30,295                               | 10,904                               |

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| Treasury preferred shares linked to mandatorily convertible notes |                  |                  |                  |                  |                  |
| Treasury common shares linked to mandatorily convertible notes    | 56,582           | 56,582           | 56,582           | 56,582           | 20,364           |
| <b>Total</b>  | <b>5,127,356</b> | <b>4,919,268</b> | <b>4,919,268</b> | <b>5,017,784</b> | <b>4,863,655</b> |
| Earnings per preferred share                                      | 0.94             | 1.01             | 0.59             | 2.34             | 1.90             |
| Earnings per common share   | 0.94             | 1.01             | 0.59             | 2.34             | 1.90             |
| Earnings per convertible notes linked to preferred share (*)      | 1.19             | 1.52             | 0.86             | 3.37             | 2.66             |
| Earnings per convertible notes linked to common share (*)         | 1.25             | 1.54             | 0.94             | 3.50             | 2.85             |

(\*) Basic earnings per share only as dilution assumes conversion.

Were the conversion of the convertible notes considered in the calculation of diluted earnings per share they would generate a minor antidilutive effect as shown below:

|  | Three-month period ended (unaudited) |           |               | Nine-month period ended |               |
|--|--------------------------------------|-----------|---------------|-------------------------|---------------|
|  | September 30,                        | June 30,  | September 30, | September 30,           | September 30, |
|  | 2008                                 | 2008      | 2007          | 2008                    | 2007          |
| Income available to preferred stockholders   | 1,885                                | 1,952     | 1,145         | 4,623                   | 3,612         |
| Income available to common stockholders  | 2,936                                | 3,057     | 1,795         | 7,228                   | 5,640         |
| Weighted average number of shares outstanding (thousands of shares) preferred shares | 2,007,022                            | 1,919,470 | 1,919,470     | 1,960,674               | 1,900,075     |
| Weighted average number of shares outstanding (thousands of shares) common shares    | 3,120,334                            | 2,999,798 | 2,999,798     | 3,057,110               | 2,963,580     |
| Earnings per preferred share   | 0.94                                 | 1.02      | 0.60          | 2.36                    | 1.90          |
| Earnings per common share  | 0.94                                 | 1.02      | 0.60          | 2.36                    | 1.90          |

**Table of Contents****13 Other cumulative comprehensive income**

|  | Three-month period ended (unaudited) |               |                    | Nine-month period ended        |                                |
|--|--------------------------------------|---------------|--------------------|--------------------------------|--------------------------------|
|  | September 30, 2008                   | June 30, 2008 | September 30, 2007 | September 30, 2008 (unaudited) | September 30, 2007 (unaudited) |
| Comprehensive income is comprised as follows:                        |                                      |               |                    |                                |                                |
| Net income   | 4,821                                | 5,009         | 2,940              | 11,851                         | 9,252                          |
| Cumulative translation adjustments                                   | (6,835)                              | 1,707         | 1,467              | (5,333)                        | 2,631                          |
| Unrealized gain (loss) on available-for-sale securities              | (190)                                | (94)          | 24                 | (290)                          | (42)                           |
| Surplus (deficit) accrued pension plan                               | (468)                                | 104           | 68                 | (379)                          | 187                            |
| Hedge/Cash flow hedge  | 20                                   | 6             | 9                  | (1)                            | 23                             |
| <b>Total comprehensive income</b>                                    | <b>(2,652)</b>                       | <b>6,732</b>  | <b>4,508</b>       | <b>5,848</b>                   | <b>12,051</b>                  |
| Tax effect on other comprehensive income allocated to each component |                                      |               |                    |                                |                                |
| Unrealized gain (loss) on available-for-sale securities              |                                      |               |                    |                                |                                |
| Gross balance as of the period end                                   | (105)                                | 152           | 326                | (105)                          | 326                            |
| Tax (expense) benefit  | 26                                   | (41)          | (97)               | 26                             | (97)                           |
| Net balance as of the period end                                     | (79)                                 | 111           | 229                | (79)                           | 229                            |
| Surplus accrued pension plan   |                                      |               |                    |                                |                                |
| Gross balance as of the period end                                   | (415)                                | 289           | 817                | (415)                          | 817                            |
| Tax (expense) benefit  | 111                                  | (125)         | (277)              | 111                            | (277)                          |
| Net balance as of the period end                                     | (304)                                | 164           | 540                | (304)                          | 540                            |

**14 Pension cost**

We previously disclosed in our consolidated financial statements for the year ended December 31, 2007, that we expected to contribute US\$ 324 to our defined benefit pension plan in 2008. As of September 30, 2008, total contributions of US\$ 288 had been made. We do not expect any significant change in our previous estimate.

| Three-month period ended (unaudited) |                           |                            |
|--------------------------------------|---------------------------|----------------------------|
| September 30, 2008                   |                           |                            |
| Overfunded pension plans             | Underfunded pension plans | Underfunded other benefits |



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|  |              |           |           |
|--|--------------|-----------|-----------|
| Service cost - benefits earned during the period | 8            | 47        | 20        |
| Interest cost on projected benefit obligation    | 223          | 195       | 64        |
| Expected return on assets                        | (372)        | (196)     |           |
| Amortization of initial transitory obligation    | 11           | 2         | (6)       |
| Net deferral                                     | (4)          |           |           |
| <b>Net periodic pension cost</b>                 | <b>(134)</b> | <b>48</b> | <b>78</b> |

|  | <b>Overfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>pension<br/>plans</b> | <b>June 30, 2008<br/>Underfunded<br/>other benefits</b> |
|--|---|--|---|
| Service cost - benefits earned during the period | 3                                       | 16                                       | 8   |
| Interest cost on projected benefit obligation    | 82                                      | 66                                       | 20  |
| Expected return on assets                        | (137)                                   | (68)                                     |   |
| Amortization of initial transitory obligation    | 4                                       |  | (3)   |
| Net deferral                                     | (1)                                     |  |   |
| <b>Net periodic pension cost</b>                 | <b>(49)</b>                             | <b>14</b>                                | <b>25</b>   |

|  | <b>Overfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>pension<br/>plans</b> | <b>September 30,<br/>2007<br/>Underfunded<br/>other benefits</b> |
|--|---|--|--|
| Service cost - benefits earned during the period | 2                                       | 14                                       | 5  |
| Interest cost on projected benefit obligation    | 77                                      | 53                                       | 18   |
| Expected return on assets                        | (144)                                   | (59)                                     |  |
| Amortization of initial transitory obligation    | 4                                       |  |  |
| Net deferral                                     | (4)                                     |  |  |
| <b>Net periodic pension cost</b>                 | <b>(65)</b>                             | <b>8</b>                                 | <b>23</b>  |

**Table of Contents**

|  | <b>Nine-month period ended September 30, (unaudited)</b> |  |   |   |  |   |
|--|--|--|---|---|--|---|
|  | <b>2008</b>  |  |   | <b>2007</b>                             |  |   |
|  | <b>Overfunded<br/>pension<br/>plans</b>                  | <b>Underfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Service cost - benefits earned during the period | 8  | 47                                       | 20  | 6                                       | 43                                       | 14  |
| Interest cost on projected benefit obligation    | 223  | 195                                      | 64  | 196                                     | 153                                      | 52  |
| Expected return on assets                        | (372)  | (196)                                    |   | (365)                                   | (174)                                    |   |
| Amortization of initial transitory obligation    | 11   | 2  | (6)                                       | 9                                       |  |   |
| Net deferral                                     | (4)  |  |   | (11)                                    |  |   |
| <b>Net periodic pension cost</b>                 | <b>(134)</b>   | <b>48</b>                                | <b>78</b>                                 | <b>(165)</b>                            | <b>22</b>                                | <b>66</b>                                 |

**15 Long-term incentive compensation plan**

In 2008, with the purpose of introducing a shareholders vision to certain of our executives, as well as improving retention and reinforcing our culture of sustainable performance, the Board of Directors approved a long-term incentive compensation plan, which was implemented in April 2008, in respect with a three-year cycle (2008 to 2010).

Under the terms of the plan, the participants, restricted to certain executives, may elect to allocate part of their annual bonus to the plan. That portion of the bonus allocated to the plan is in fact used by the executive to purchase preferred shares of Vale, through a defined financial institution, at market conditions and with no benefit provided by Vale.

The shares purchased by each executive have no restrictions and may, at the participant's discretion, be sold at any time. However, in order to be entitled to the long-term incentive compensation plan to be provided by Vale, the amount of shares initially purchased by the executives on the plan's adoption, must be held for a three-year period, and, the executive must retain its employment relationship with Vale during that period.

Upon meeting these two conditions described above (keeping the number of shares purchased, and, remaining Vale's employees, over three years), the participant become entitled to receive from Vale, a cash payment equivalent to the total amount of shares held, based on market rates.

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements of FAS 123(R) Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At September, 2008, we have recognized a long-term liability of US\$ 3, relating to 714,081 shares.

**16 Commitments and contingencies**

(a)

We provided certain guarantees on behalf of our Goro project pursuant to which we guaranteed payments due from Goro of up to a maximum amount of US\$ 100 ( Maximum Amount ) in connection with an indemnity. We also provided additional guarantees covering the amounts payable by Goro regarding (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) certain other amounts under lease agreements.

Sumic Nickel Netherlands B.V. (Sumic), a 21% shareholder of Goro, has a put option to sell to Vale Inco 25%, 50%, or 100% of this share of Goro. The put option can be exercised if the defined cost of the initial Goro project exceeds US\$ 4,200 at project rates and an agreement cannot be reached on how to proceed with the project.

We provided guarantees covering certain termination payments by Goro to the supplier under an electricity supply agreement ( ESA ) entered into in October 2004 for the Goro nickel-cobalt project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA occurs as a result of a default by Goro and the date of such an early termination. If Goro defaults under the ESA prior to the anticipated start date for electricity supply, the termination payment, which currently is at its maximum amount, would be \$ 145. Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

**Table of Contents**

- (b) We and our subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the amounts recognized are sufficient to cover probable losses in connection with such actions.

The provision for contingencies and the related judicial deposits are composed as follows:

|                                  | <b>September 30, 2008</b><br>(unaudited) |                              | <b>December 31,</b><br><b>2007</b> |                              |
|----------------------------------|--|------------------------------|------------------------------------|------------------------------|
|                                  | <b>Provision<br/>for</b>                 |                              | <b>Provision<br/>for</b>           |                              |
|                                  | <b>contingencies</b>                     | <b>Judicial<br/>deposits</b> | <b>contingencies</b>               | <b>Judicial<br/>deposits</b> |
| Labor and social security claims | 548                                      | 404                          | 519                                | 372                          |
| Civil claims                     | 317                                      | 249                          | 311                                | 135                          |
| Tax - related actions            | 912                                      | 525                          | 1,605                              | 613                          |
| Others                           | 17                                       | 4                            | 18                                 | 4                            |
|                                  | <b>1,794</b>                             | <b>1,182</b>                 | <b>2,453</b>                       | <b>1,124</b>                 |

Labor and social security - related actions principally comprise claims by Brazilian employees and former employees for (i) payment of time spent traveling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil - actions principally related to claims made against us by contractors in Brazil in connection with losses alleged to have been incurred by them as a result of various past Government economic plans during which full inflation indexation of contracts was not permitted, as well, as for accidents and land appropriations disputes.

Tax tax-related actions principally comprise challenges initiated by us, on certain revenue taxes and value added taxes and uncertain tax positions. We continue to vigorously pursue our interests in all the above actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

Judicial deposits are made by us following the courts requirements, in order to be entitled to either initiate or continue a legal action. These amounts are eventually released to us, upon receipt of a final favorable outcome from the legal action; in the case of unfavorable outcome, the deposits are delivered to the prevailing party.

Contingencies settled in September 30, 2008, June 30, 2008 and September 30, 2007 totaled US\$ 141, US\$ 569 and US\$ 180, respectively. Additional provisions totaled US\$ 113, US\$ 73 and US\$ 197, respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defendants on claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible but not probable, in the total amount of US\$ 2,670 at September 30, 2008, and for which no provision has been made.

- (c) At the time of our privatization in 1997, we issued shareholder revenue interests instruments known in Brazil as debentures participativas to our then-existing shareholders, including the Brazilian Government. The terms of the debentures, were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we could be able to derive from exploiting our mineral resources.

On September 2008 we paid as remuneration of these debentures participatives the amounts of US\$ 6.  
20

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**Table of Contents**

- (d) We use various judgments and assumptions when measuring our asset retirement obligations. Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain.

The changes in the provisions for asset retirement obligations are as follows:

|   | Three-month period ended<br>(unaudited) |                     |                       | Nine-month period<br>ended<br>September 30,<br>(unaudited) |            |
|---|---|---------------------|-----------------------|--|------------|
|   | September<br>30,<br>2008                | June<br>30,<br>2008 | September<br>30, 2007 | 2008   | 2007       |
| <b>Beginning of period</b>                | <b>1,101</b>                            | <b>975</b>          | <b>760</b>            | <b>975</b>   | <b>676</b> |
| Accretion expense                         | 45                                      | 53                  | 42                    | 114  | 61         |
| Liabilities settled in the current period | (1)                                     | (2)                 | (2)                   | (6)  | (7)        |
| Revisions in estimated cash flows         |   | 9                   |                       | (2)  |            |
| Cumulative translation adjustment         | (145)                                   | 66                  | 59                    | (81)   | 129        |
| <b>End of period</b>                      | <b>1,000</b>                            | <b>1,101</b>        | <b>859</b>            | <b>1,000</b>   | <b>859</b> |

**17 Assets and liabilities measured at fair value on a recurring basis**

From January 1, 2008, we adopted SFAS No. 157 Fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. However, on February 12, 2008, the FASB issued Staff Position 157-2 which delays the effective date of Statement 157 for all non financial assets and non financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. For items within its scope, this Staff Position defers the effective date of Statement 157 to fiscal years beginning after November 15, 2008. The adoption of Statement 157 did not generate a material impact on our financial position, except for required disclosures about fair value measurements.

In February 2007, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of SFAS No. 115 ( SFAS 159 ). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement shall be effective as of the beginning of each reporting entity's first fiscal year that begins after November 15, 2007. The adoption of such pronouncement did not generate a material impact on the Company's financial position.

As required by SFAS 157, the following table discloses the assets and liabilities measured at fair value on a recurring basis (Unaudited):

|  | Fair value at the reporting date using |                            |
|--|--|----------------------------|
|  | Quoted prices in<br>active             | Quoted prices in<br>active |

|                                       | Carrying<br>amount | markets for<br>identical<br>assets or<br>liabilities,<br><br>(Level 1) | markets for<br>identical<br>assets or<br>liabilities,<br><br>(Level 2) |
|---------------------------------------|--------------------|--|--|
| Available-for-sale securities         | 88                 | 88   |  |
| Unrealized gains on derivatives       | 108                |  | 108  |
| Short-term debt                       | (46)               |  | (46)   |
| Long-term debt                        | (19,126)           | (6,564)  | (12,562)   |
| Other financial liabilities           | (484)              |  | (484)  |
| Long-term incentive compensation plan |                    |  |  |

21

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**Table of Contents**

**18 Segment and geographical information**

We adopt SFAS 131 Disclosures about Segments of an Enterprise and Related Information with respect to the information we present about our operating segments. SFAS 131 introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. We analyze our segment information on aggregated and disaggregated basis as follows:

Consolidated net income and principal assets are reconciled as follows:

**Results by segment - before eliminations (Aggregated)**

| September 30, 2008 |            |             |              |              | June 30, 2008 |              |            |            |             | Three-mo     |              |              |              |            |     |
|--------------------|------------|-------------|--------------|--------------|---------------|--------------|------------|------------|-------------|--------------|--------------|--------------|--------------|------------|-----|
| Aluminum           | Logistics  | Other       | Eliminations | Consolidated | Ferrous       | ferrous      | Aluminum   | Logistics  | Other       | Eliminations | Consolidated | Ferrous      | ferrous      | Aluminum   | Log |
|                    |            |             |              |              |               | (*)          |            |            |             |              |              |              | (*)          |            |     |
|                    |            |             |              |              |               | Non          |            |            |             |              |              |              | Non          |            |     |
| 1,122              | 14         | 203         | (5,615)      | 9,837        | 8,674         | 2,939        | 934        | 10         | 101         | (3,652)      | 9,006        | 5,649        | 2,902        | 877        |     |
| 261                | 491        | 66          | (267)        | 2,285        | 1,176         | 196          | 217        | 481        | 59          | (238)        | 1,891        | 1,120        | 106          | 211        |     |
| (1,143)            | (328)      | (185)       | 5,882        | (5,543)      | (5,677)       | (1,454)      | (951)      | (308)      | (133)       | 3,890        | (4,633)      | (4,570)      | (1,435)      | (837)      |     |
|                    | (31)       | (86)        |              | (331)        | (89)          | (76)         |            | (33)       | (71)        |              | (269)        | (44)         | (98)         |            |     |
| (47)               | (34)       | (9)         |              | (713)        | (292)         | (382)        | (44)       | (38)       | (4)         |              | (760)        | (236)        | (238)        | (26)       |     |
| <b>193</b>         | <b>112</b> | <b>(11)</b> |              | <b>5,535</b> | <b>3,792</b>  | <b>1,223</b> | <b>156</b> | <b>112</b> | <b>(48)</b> |              | <b>5,235</b> | <b>1,919</b> | <b>1,237</b> | <b>225</b> |     |
| 12                 | 3          |             | (862)        | 277          | 577           | 196          | 5          | 2          |             | (757)        | 23           | 665          | 59           | 4          |     |
| (11)               | (1)        | 7           | 862          | (457)        | (712)         | (383)        | (10)       | (1)        |             | 757          | (349)        | (807)        | (411)        | (18)       |     |
| 36                 |            |             |              | (587)        | 600           | 51           | 4          |            |             |              | 655          | 259          | 47           | 78         |     |
| (185)              | (41)       | 3           |              | (321)        | 723           | 9            | 97         | (1)        | 10          |              | 838          | 444          | 44           | 37         |     |
| 18                 | 47         | 50          |              | 290          | 236           |              | 8          | (41)       | 57          |              | 260          | 86           | 81           | 21         |     |
|                    |            |             |              |              |               |              |            |            |             |              |              |              | 4            |            |     |



|              |            |            |                |               |              |              |              |            |            |                |               |              |              |              |
|--------------|------------|------------|----------------|---------------|--------------|--------------|--------------|------------|------------|----------------|---------------|--------------|--------------|--------------|
| 9            | 19         |            |                | 144           | (1,007)      | (424)        | (75)         |            |            | (1,506)        | (612)         | (248)        | (83)         |              |
| (20)         |            | 12         |                | (60)          | 10           | (61)         | (85)         |            | (11)       | (147)          |               | (120)        | (96)         |              |
| <b>52</b>    | <b>139</b> | <b>61</b>  |                | <b>4,821</b>  | <b>4,219</b> | <b>611</b>   | <b>100</b>   | <b>71</b>  | <b>8</b>   | <b>5,009</b>   | <b>1,954</b>  | <b>693</b>   | <b>168</b>   |              |
| 322          |            |            | (432)          | 707           | 546          | 378          | 302          |            |            | (295)          | 931           | 369          | 369          | 227          |
| 93           |            |            | (155)          | 657           | 211          | 541          | 107          |            |            | (92)           | 767           | 115          | 564          | 52           |
| 478          | 12         | 8          | (1,933)        | 3,014         | 2,903        | 710          | 330          |            |            | (1,294)        | 2,649         | 1,834        | 715          | 398          |
| 58           |            | 61         | (303)          | 477           | 516          | 91           | 22           |            | 39         | (215)          | 453           | 194          | 85           | 38           |
| 158          |            | 98         | (573)          | 1,310         | 986          | 399          | 164          |            | 34         | (382)          | 1,200         | 638          | 472          | 146          |
| 13           | 2          | 4          | (1,686)        | 2,482         | 2,703        | 218          |              | 10         |            | (1,047)        | 1,884         | 2,061        | 286          |              |
|              |            | 32         | (533)          | 1,190         | 810          | 602          | 9            |            | 28         | (327)          | 1,122         | 438          | 411          | 16           |
| <b>1,122</b> | <b>14</b>  | <b>203</b> | <b>(5,615)</b> | <b>9,837</b>  | <b>8,674</b> | <b>2,939</b> | <b>934</b>   | <b>10</b>  | <b>101</b> | <b>(3,652)</b> | <b>9,006</b>  | <b>5,649</b> | <b>2,902</b> | <b>877</b>   |
| 261          | 491        | 66         | (267)          | 2,285         | 1,176        | 196          | 217          | 481        | 59         | (238)          | 1,891         | 1,120        | 106          | 211          |
| <b>1,383</b> | <b>505</b> | <b>269</b> | <b>(5,882)</b> | <b>12,122</b> | <b>9,850</b> | <b>3,135</b> | <b>1,151</b> | <b>491</b> | <b>160</b> | <b>(3,890)</b> | <b>10,897</b> | <b>6,769</b> | <b>3,008</b> | <b>1,088</b> |

(\*) Other than Aluminum.

**Table of Contents****Operating segment after eliminations (Disaggregated)**

|                               |              | As of and for the three-month<br>period ended (unaudited)<br>September 30, 2008 |              |                       |                 |                         |   |              |                     |               |  |            |
|-------------------------------|--------------|---|--------------|-----------------------|-----------------|-------------------------|---|--------------|---------------------|---------------|--|------------|
|                               |              | Revenues  |              |                       |                 |                         | Depreciation,<br>depletion<br>and<br>amortization |              | Operating<br>income |               | Addition<br>to<br>Property,<br>Plant<br>and<br>Equipment,<br>Net<br>Equipment<br>and<br>Intangible<br>Assets<br>and<br>Investments |            |
|                               | Foreign      | Domestic  | Total        | Value<br>added<br>tax | Net<br>revenues | Cost<br>and<br>expenses |   |              |                     |               |  |            |
| <b>Ferrous</b>                |              |   |              |                       |                 |                         |   |              |                     |               |  |            |
| Iron ore                      | 5,149        | 1,026   | 6,175        | (142)                 | 6,033           | (2,075)                 | 3,958   | (239)        | 3,719               | 16,139        | 708  | 56         |
| Pellets                       | 1,095        | 317   | 1,412        | (75)                  | 1,337           | (746)                   | 591   | (25)         | 566                 | 1,273         | (2)  | 848        |
| Manganese                     | 101          | 18  | 119          | (6)                   | 113             | (20)                    | 93  | (1)          | 92                  | 79            | 1  |            |
| Ferrous alloys                | 212          | 152   | 364          | (39)                  | 325             | (141)                   | 184   | (4)          | 180                 | 137           | 11   |            |
| Pig iron                      | 60           |   | 60           |                       | 60              | (21)                    | 39  |              | 39                  | 176           | 5  |            |
|                               | <b>6,617</b> | <b>1,513</b>  | <b>8,130</b> | <b>(262)</b>          | <b>7,868</b>    | <b>(3,003)</b>          | <b>4,865</b>                                      | <b>(269)</b> | <b>4,596</b>        | <b>17,804</b> | <b>723</b>   | <b>904</b> |
| <b>Non ferrous</b>            |              |   |              |                       |                 |                         |   |              |                     |               |  |            |
| Nickel and other products (*) | 1,933        | 12  | 1,945        |                       | 1,945           | (1,107)                 | 838   | (314)        | 524                 | 23,355        | 555  | 93         |
| Potash                        |              | 103   | 103          | (5)                   | 98              | (36)                    | 62  | (5)          | 57                  | 130           | 2  |            |
| Kaolin                        | 46           | 11  | 57           | (2)                   | 55              | (56)                    | (1)   | (11)         | (12)                | 232           | (5)  |            |
| Copper concentrate            | 244          | 6   | 250          | (1)                   | 249             | (153)                   | 96  | (22)         | 74                  | 1,838         | 73   |            |
| Aluminum products             | 767          | 122   | 889          | (25)                  | 864             | (675)                   | 189   | (49)         | 140                 | 4,391         | 24   | 126        |
|                               | <b>2,990</b> | <b>254</b>  | <b>3,244</b> | <b>(33)</b>           | <b>3,211</b>    | <b>(2,027)</b>          | <b>1,184</b>                                      | <b>(401)</b> | <b>783</b>          | <b>29,946</b> | <b>649</b>   | <b>219</b> |
| <b>Logistics</b>              |              |   |              |                       |                 |                         |   |              |                     |               |  |            |
| Railroads                     |              | 386   | 386          | (64)                  | 322             | (207)                   | 115   | (26)         | 89                  | 1,696         | 75   | 289        |
| Ports                         |              | 87  | 87           | (14)                  | 73              | (65)                    | 8   | (9)          | (1)                 | 1,637         | 44   |            |
| Ships                         |              |   |              |                       |                 |                         |   |              |                     | 33            | 1  | 109        |
|                               |              | <b>473</b>  | <b>473</b>   | <b>(78)</b>           | <b>395</b>      | <b>(272)</b>            | <b>123</b>  | <b>(35)</b>  | <b>88</b>           | <b>3,366</b>  | <b>120</b>   | <b>398</b> |
| Others                        | 230          | 45  | 275          | (10)                  | 265             | (189)                   | 76  | (8)          | 68                  | 3,346         | 61   | 1,152      |

**9,837 2,285 12,122 (383) 11,739 (5,491) 6,248 (713) 5,535 54,462 1,553 2,673**

(\* Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

23

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**Table of Contents****Operating segment after eliminations (Disaggregated)**

|                               |              |              | As of and for the three-month period<br>ended (unaudited)<br>June 30, 2008 |                     |                 |                          |   |                     |                      |  |   |              |
|-------------------------------|--------------|--------------|--|---------------------|-----------------|--------------------------|---|---------------------|----------------------|--|---|--------------|
|                               | Revenues     |              | Value<br>added   | Net<br>tax revenues | Net<br>expenses | Cost<br>and<br>depletion | Depreciation,<br>depletion<br>and<br>amortization | Operating<br>income | Intangible<br>Assets | Property,<br>Plant<br>and<br>Equipment<br>Net<br>Equipment | Property,<br>Plant<br>and<br>Equipment<br>Investments |              |
|                               | Foreign      | Domestic     | Total  |                     |                 |                          |   |                     |                      |  |   |              |
| <b>Ferrous</b>                |              |              |  |                     |                 |                          |   |                     |                      |  |   |              |
| Iron ore                      | 4,242        | 706          | 4,948  | (85)                | 4,863           | (1,508)                  | 3,355   | (245)               | 3,110                | 18,825   | 913   | 69           |
| Pellets                       | 966          | 216          | 1,182  | (49)                | 1,133           | (656)                    | 477   | (39)                | 438                  | 1,455  | 41  | 982          |
| Manganese                     | 70           | 13           | 83   | (3)                 | 80              | (20)                     | 60  | (3)                 | 57                   | 84   |   |              |
| Ferroalloys                   | 223          | 159          | 382  | (40)                | 342             | (123)                    | 219   | (9)                 | 210                  | 171  | 1   |              |
| Pig iron                      | 57           |              | 57   |                     | 57              | (32)                     | 25  | (1)                 | 24                   | 209  | 1   |              |
|                               | <b>5,558</b> | <b>1,094</b> | <b>6,652</b>   | <b>(177)</b>        | <b>6,475</b>    | <b>(2,339)</b>           | <b>4,136</b>                                      | <b>(297)</b>        | <b>3,839</b>         | <b>20,744</b>  | <b>956</b>  | <b>1,051</b> |
| <b>Non ferrous</b>            |              |              |  |                     |                 |                          |   |                     |                      |  |   |              |
| Nickel and other products (*) | 2,363        | 12           | 2,375  |                     | 2,375           | (1,040)                  | 1,335   | (342)               | 993                  | 23,733   | 544   | 151          |
| Potash                        |              | 105          | 105  | (5)                 | 100             | (40)                     | 60  | (6)                 | 54                   | 162  | 3   |              |
| Kaolin                        | 44           | 10           | 54   | (3)                 | 51              | (61)                     | (10)  | (9)                 | (19)                 | 286  | 2   |              |
| Copper concentrate            | 248          | 69           | 317  | (15)                | 302             | (139)                    | 163   | (21)                | 142                  | 2,204  | 69  |              |
| Aluminum products             | 640          | 88           | 728  | (21)                | 707             | (560)                    | 147   | (43)                | 104                  | 5,294  | 197   | 107          |
|                               | <b>3,295</b> | <b>284</b>   | <b>3,579</b>   | <b>(44)</b>         | <b>3,535</b>    | <b>(1,840)</b>           | <b>1,695</b>                                      | <b>(421)</b>        | <b>1,274</b>         | <b>31,679</b>  | <b>815</b>  | <b>258</b>   |
| <b>Logistics</b>              |              |              |  |                     |                 |                          |   |                     |                      |  |   |              |
| Railroads                     |              | 381          | 381  | (64)                | 317             | (218)                    | 99  | (30)                | 69                   | 2,012  | 23  | 297          |
| Ports                         |              | 81           | 81   | (10)                | 71              | (47)                     | 24  | (7)                 | 17                   | 1,912  | 41  |              |
| Ships                         |              |              |  |                     |                 |                          |   |                     |                      | 33   |   | 127          |
|                               |              | <b>462</b>   | <b>462</b>   | <b>(74)</b>         | <b>388</b>      | <b>(265)</b>             | <b>123</b>  | <b>(37)</b>         | <b>86</b>            | <b>3,957</b>   | <b>64</b>   | <b>424</b>   |
| Others                        | 153          | 51           | 204  | (2)                 | 202             | (161)                    | 41  | (5)                 | 36                   | 3,602  | 270   | 1,391        |

**9,006 1,891 10,897 (297) 10,600 (4,605) 5,995 (760) 5,235 59,982 2,105 3,124**

(\* Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

24

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**Table of Contents****Operating segment after eliminations (Disaggregated)**

|                               |              |            | Revenues     |              |              |                |              | Depreciation, depletion and amortization |                  | As of and for the three-month period ended (unaudited) September 30, 2007 |            |             |     |
|-------------------------------|--------------|------------|--------------|--------------|--------------|----------------|--------------|--|------------------|---|------------|-------------|-----|
|                               | Foreign      | Domestic   | Total        | Value added  | Net revenues | Net expenses   | Cost and     | and                                      | operating income | Assets  | Intangible | Investments | and |
| <b>Ferrous</b>                |              |            |              |              |              |                |              |  |                  |   |            |             |     |
| Iron ore                      | 2,696        | 514        | 3,210        | (76)         | 3,134        | (1,146)        | 1,988        | (196)                                    | 1,792            | 15,071  | 559        | 53          |     |
| Pellets                       | 556          | 161        | 717          | (37)         | 680          | (511)          | 169          | (23)                                     | 146              | 1,529   | 7          | 681         |     |
| Manganese                     | 8            | 5          | 13           | (2)          | 11           | (19)           | (8)          | (2)                                      | (10)             | 72  |            |             |     |
| Ferroalloys                   | 90           | 76         | 166          | (20)         | 146          | (96)           | 50           | (6)                                      | 44               | 178   | 3          |             |     |
| Pig iron                      | 17           |            | 17           |              | 17           | (11)           | 6            |  | 6                | 190   | 4          |             |     |
|                               | <b>3,367</b> | <b>756</b> | <b>4,123</b> | <b>(135)</b> | <b>3,988</b> | <b>(1,783)</b> | <b>2,205</b> | <b>(227)</b>                             | <b>1,978</b>     | <b>17,040</b>   | <b>573</b> | <b>734</b>  |     |
| <b>Non ferrous</b>            |              |            |              |              |              |                |              |  |                  |   |            |             |     |
| Nickel and other products (*) | 2,514        | 13         | 2,527        |              | 2,527        | (1,143)        | 1,384        | (211)                                    | 1,173            | 23,170  | 510        | 269         |     |
| Potash                        |              | 49         | 49           | (2)          | 47           | (28)           | 19           | (5)                                      | 14               | 188   | 4          |             |     |
| Kaolin                        | 51           | 8          | 59           | (3)          | 56           | (76)           | (20)         | (9)                                      | (29)             | 298   | (1)        |             |     |
| Copper concentrate            | 150          | 36         | 186          | (8)          | 178          | (117)          | 61           | (13)                                     | 48               | 1,747   | 30         |             |     |
| Aluminum products             | 603          | 74         | 677          | (6)          | 671          | (423)          | 248          | (28)                                     | 220              | 4,086   | 207        | 163         |     |
|                               | <b>3,318</b> | <b>180</b> | <b>3,498</b> | <b>(19)</b>  | <b>3,479</b> | <b>(1,787)</b> | <b>1,692</b> | <b>(266)</b>                             | <b>1,426</b>     | <b>29,489</b>   | <b>750</b> | <b>432</b>  |     |
| <b>Logistics</b>              |              |            |              |              |              |                |              |  |                  |   |            |             |     |
| Railroads                     |              | 323        | 323          | (54)         | 269          | (166)          | 103          | (23)                                     | 80               | 840   | 16         | 397         |     |
| Ports                         |              | 58         | 58           | (13)         | 45           | (42)           | 3            | (6)                                      | (3)              | 1,148   | 24         |             |     |
| Ships                         |              | 10         | 10           |              | 10           | (6)            | 4            | (1)                                      | 3                | 39  |            |             |     |
|                               |              | <b>391</b> | <b>391</b>   | <b>(67)</b>  | <b>324</b>   | <b>(214)</b>   | <b>110</b>   | <b>(30)</b>                              | <b>80</b>        | <b>2,027</b>  | <b>40</b>  | <b>397</b>  |     |
| Others                        | 91           | 21         | 112          | (5)          | 107          | (152)          | (45)         | (9)                                      | (54)             | 2,250   | 4          | 1,032       |     |

**6,776 1,348 8,124 (226) 7,898 (3,936) 3,962 (532) 3,430 50,806 1,367 2,595**

(\* Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

25

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**Table of Contents****Operating segment after eliminations (Disaggregated)**

|  | 2008                  |              |            |                        |              |              |               | 2007         |                       |            |            |                        |              |         | Nine-month period<br>September 30, (unaudited) |           |       |              |              |
|--|-----------------------|--------------|------------|------------------------|--------------|--------------|---------------|--------------|-----------------------|------------|------------|------------------------|--------------|---------|--|-----------|-------|--------------|--------------|
|  | (*)<br>Non<br>Ferrous |              |            | (*)<br>Non<br>Aluminum |              |              |               | Consolidated | (*)<br>Non<br>Ferrous |            |            | (*)<br>Non<br>Aluminum |              |         |  |           |       |              |              |
|  | Ferrous               | Aluminum     | Logistics  | Other                  | Eliminations | Consolidated | Ferrous       |              | Aluminum              | Logistics  | Other      | Eliminations           | Consolidated | Ferrous | Aluminum                                       | Logistics | Other | Eliminations | Consolidated |
| Revenues   | 25,829                | 8,336        | 2,915      | 45                     | 376          | (11,994)     | 25,507        | 15,222       | 10,360                | 2,665      | 39         | 155                    | (7,574)      |         |  |           |       |              |              |
| Revenues   | 3,657                 | 420          | 671        | 1,337                  | 181          | (706)        | 5,560         | 2,749        | 374                   | 534        | 1,131      |                        | (952)        |         |  |           |       |              |              |
| Expenses and<br>depreciation,<br>amortization,<br>and impairment | (18,379)              | (4,323)      | (3,019)    | (880)                  | (452)        | 12,700       | (14,353)      | (11,987)     | (5,506)               | (2,400)    | (708)      | (197)                  | 8,526        |         |  |           |       |              |              |
| Provision for<br>impairment                                      | (231)                 | (268)        |            | (84)                   | (207)        |              | (790)         | (91)         | (237)                 |            | (13)       | (130)                  |              |         |  |           |       |              |              |
| Provision for<br>impairment                                      | (850)                 | (1,134)      | (133)      | (102)                  | (20)         |              | (2,239)       | (655)        | (635)                 | (74)       | (74)       | (11)                   |              |         |  |           |       |              |              |
| <b>Operating income</b>  | <b>10,026</b>         | <b>3,031</b> | <b>434</b> | <b>316</b>             | <b>(122)</b> |              | <b>13,685</b> | <b>5,238</b> | <b>4,356</b>          | <b>725</b> | <b>375</b> | <b>(183)</b>           |              |         |  |           |       |              |              |
| Income tax   | 2,165                 | 614          | 20         | 7                      |              | (2,451)      | 355           | 1,861        | 351                   | 12         | 8          | 24                     | (2,019)      |         |  |           |       |              |              |
| Expenses (gains) on<br>foreign exchange                          | (2,654)               | (1,122)      | (41)       | (5)                    | 5            | 2,451        | (1,366)       | (3,038)      | (798)                 | (92)       | (7)        | (47)                   | 2,019        |         |  |           |       |              |              |
| Net financial<br>gains   | (84)                  | (56)         | (86)       |                        |              |              | (226)         | 624          | (92)                  | 49         |            |                        |              |         |  |           |       |              |              |
| Net gain of<br>interests   | 732                   | (15)         | (69)       | (44)                   | 1            |              | 605           | 2,073        | 23                    | 143        | (10)       | 43                     |              |         |  |           |       |              |              |
| Net gain of<br>interests   |                       | 80           |            |                        |              |              | 80            |              | 81                    |            | 237        | 459                    |              |         |  |           |       |              |              |
| Net gain of<br>interests   | 463                   |              | 40         | 40                     | 126          |              | 669           | 239          | 4                     | 63         | 86         | 67                     |              |         |  |           |       |              |              |
| Net gain of<br>interests   | (838)                 | (829)        | (83)       | 19                     | 11           |              | (1,720)       | (1,661)      | (1,109)               | (201)      | (14)       |                        |              |         |  |           |       |              |              |
| Net gain of<br>interests   | (2)                   | (145)        | (85)       |                        | 1            |              | (231)         | (35)         | (358)                 | (254)      | (1)        | 11                     |              |         |  |           |       |              |              |
| <b>Operating income</b>  | <b>9,808</b>          | <b>1,558</b> | <b>130</b> | <b>333</b>             | <b>22</b>    |              | <b>11,851</b> | <b>5,301</b> | <b>2,458</b>          | <b>445</b> | <b>674</b> | <b>374</b>             |              |         |  |           |       |              |              |
| Income tax   | 1,470                 | 935          | 816        | 1                      |              | (930)        | 2,292         | 1,032        | 1,087                 | 711        | 23         |                        | (786)        |         |  |           |       |              |              |
| Expenses (gains) on<br>foreign exchange                          | 604                   | 1,530        | 304        | 1                      |              | (322)        | 2,117         | 330          | 1,945                 | 163        |            | 57                     | (202)        |         |  |           |       |              |              |
| Net gain of<br>interests   | 8,500                 | 2,134        | 1,181      | 28                     | 9            | (4,294)      | 7,558         | 4,874        | 1,953                 | 1,228      | 11         |                        | (2,672)      |         |  |           |       |              |              |
| Net gain of<br>interests   | 1,361                 | 205          | 124        |                        | 100          | (648)        | 1,142         | 623          | 262                   | 97         |            | 98                     | (274)        |         |  |           |       |              |              |



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|                  |               |              |              |              |            |                 |               |               |               |              |              |            |                |
|------------------|---------------|--------------|--------------|--------------|------------|-----------------|---------------|---------------|---------------|--------------|--------------|------------|----------------|
| ca/Oceania       | 2,907         | 1,063        | 458          | 1            | 171        | (1,215)         | 3,385         | 1,580         | 1,649         | 450          |              |            | (703)          |
|                  | 8,503         | 737          | 23           | 13           | 4          | (3,529)         | 5,751         | 5,612         | 1,057         |              | 4            |            | (2,351)        |
| er than<br>China | 2,484         | 1,732        | 9            | 1            | 92         | (1,056)         | 3,262         | 1,171         | 2,407         | 16           | 1            |            | (586)          |
|                  | <b>25,829</b> | <b>8,336</b> | <b>2,915</b> | <b>45</b>    | <b>376</b> | <b>(11,994)</b> | <b>25,507</b> | <b>15,222</b> | <b>10,360</b> | <b>2,665</b> | <b>39</b>    | <b>155</b> | <b>(7,574)</b> |
| market           | 3,657         | 420          | 671          | 1,337        | 181        | (706)           | 5,560         | 2,749         | 374           | 534          | 1,131        |            | (952)          |
|                  | <b>29,486</b> | <b>8,756</b> | <b>3,586</b> | <b>1,382</b> | <b>557</b> | <b>(12,700)</b> | <b>31,067</b> | <b>17,971</b> | <b>10,734</b> | <b>3,199</b> | <b>1,170</b> | <b>155</b> | <b>(8,526)</b> |

(\*) Other than Aluminum.

**Table of Contents****Operating segment after eliminations (Disaggregated)**

|                                     | Nine-month period ended<br>September 30, (unaudited)<br>2008 |              |               |                       |               |                         |  |  |                  |               |  |             |
|-------------------------------------|--|--------------|---------------|-----------------------|---------------|-------------------------|--|--|------------------|---------------|--|-------------|
|                                     | Revenues   |              |               |                       | Net           |                         | Depreciation,<br>depletion<br>and amortization |  | Operating income |               | Addition<br>Property,<br>Plant<br>and<br>Equipment,<br>Net<br>Equipment<br>and<br>Intangible<br>Assets |             |
|                                     | Foreign  | Domestic     | Total         | Value<br>added<br>tax | revenues      | Cost<br>and<br>expenses | Net  | depreciation,<br>depletion<br>and amortization | income           | Assets        | Intangible   | Investments |
| <b>Ferrous</b>                      |  |              |               |                       |               |                         |  |  |                  |               |  |             |
| Iron ore                            | 11,997   | 2,242        | 14,239        | (300)                 | 13,939        | (5,050)                 | 8,889  | (729)  | 8,160            | 16,139        | 2,285  | 56          |
| Pellets                             | 2,567  | 706          | 3,273         | (164)                 | 3,109         | (1,872)                 | 1,237  | (93)   | 1,144            | 1,273         | 51   | 848         |
| Manganese                           | 202  | 40           | 242           | (11)                  | 231           | (60)                    | 171  | (5)  | 166              | 79            | 2  |             |
| Ferroalloys                         | 612  | 424          | 1,036         | (107)                 | 929           | (388)                   | 541  | (19)   | 522              | 137           | 14   |             |
| Pig iron                            | 146  |              | 146           |                       | 146           | (67)                    | 79   | (3)  | 76               | 176           | 6  |             |
|                                     | <b>15,524</b>  | <b>3,412</b> | <b>18,936</b> | <b>(582)</b>          | <b>18,354</b> | <b>(7,437)</b>          | <b>10,917</b>                                  | <b>(849)</b>                                   | <b>10,068</b>    | <b>17,804</b> | <b>2,358</b>   | <b>904</b>  |
| <b>Non<br/>ferrous</b>              |  |              |               |                       |               |                         |  |  |                  |               |  |             |
| Nickel and<br>other<br>products (*) | 6,674  | 37           | 6,711         |                       | 6,711         | (3,127)                 | 3,584  | (1,028)  | 2,556            | 23,355        | 1,580  | 93          |
| Potash                              |  | 272          | 272           | (14)                  | 258           | (105)                   | 153  | (18)   | 135              | 130           | 8  |             |
| Kaolin                              | 132  | 32           | 164           | (7)                   | 157           | (173)                   | (16)   | (27)   | (43)             | 232           | 4  |             |
| Copper<br>concentrate               | 714  | 76           | 790           | (16)                  | 774           | (398)                   | 376  | (60)   | 316              | 1,838         | 194  |             |
| Aluminum<br>products                | 1,968  | 295          | 2,263         | (63)                  | 2,200         | (1,745)                 | 455  | (134)  | 321              | 4,391         | 325  | 126         |
|                                     | <b>9,488</b>   | <b>712</b>   | <b>10,200</b> | <b>(100)</b>          | <b>10,100</b> | <b>(5,548)</b>          | <b>4,552</b>                                   | <b>(1,267)</b>                                 | <b>3,285</b>     | <b>29,946</b> | <b>2,111</b>   | <b>219</b>  |
| <b>Logistics</b>                    |  |              |               |                       |               |                         |  |  |                  |               |  |             |
| Railroads                           |  | 1,063        | 1,063         | (165)                 | 898           | (597)                   | 301  | (81)   | 220              | 1,696         | 111  | 289         |
| Ports                               | 11   | 223          | 234           | (29)                  | 205           | (157)                   | 48   | (22)   | 26               | 1,637         | 129  |             |
| Ships                               |  |              |               |                       |               |                         |  |  |                  | 33            | 1  | 109         |
|                                     | <b>11</b>  | <b>1,286</b> | <b>1,297</b>  | <b>(194)</b>          | <b>1,103</b>  | <b>(754)</b>            | <b>349</b>                                     | <b>(103)</b>                                   | <b>246</b>       | <b>3,366</b>  | <b>241</b>   | <b>398</b>  |
| Others                              | 484  | 150          | 634           | (20)                  | 614           | (508)                   | 106  | (20)   | 86               | 3,346         | 573  | 1,152       |

**25,507 5,560 31,067 (896) 30,171 (14,247) 15,924 (2,239) 13,685 54,462 5,283 2,673**

(\* Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

27

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**Table of Contents****Operating segment after eliminations (Disaggregated)**

|                                     | <b>Nine-month period ended<br/>September 30, (unaudited)<br/>2007</b> |              |                 |              |                                |                         |                                  |   |                              |  |                            |            |
|-------------------------------------|---|--------------|-----------------|--------------|--------------------------------|-------------------------|----------------------------------|---|------------------------------|--|----------------------------|------------|
|                                     | <b>Revenues</b>   |              |                 |              |                                |                         |                                  | <b>Depreciation,<br/>depletion<br/>and amortization</b> |                              |  |                            |            |
|                                     | <b>Foreign</b>  |              | <b>Domestic</b> | <b>Total</b> | <b>Value<br/>added<br/>tax</b> | <b>Net<br/>revenues</b> | <b>Cost<br/>and<br/>expenses</b> | <b>Operating<br/>income</b>                             | <b>Intangible<br/>Assets</b> | <b>Plant<br/>and<br/>Equipment<br/>Investments</b> | <b>Net<br/>Investments</b> |            |
| <b>Ferrous</b>                      |   |              |                 |              |                                |                         |                                  |   |                              |  |                            |            |
| Iron ore                            | 7,055   | 1,504        | 8,559           | (212)        | 8,347                          | (2,998)                 | 5,349                            | (555)   | 4,794                        | 15,071   | 1,538                      | 53         |
| Pellets                             | 1,627   | 385          | 2,012           | (86)         | 1,926                          | (1,370)                 | 556                              | (61)  | 495                          | 1,529  | 61                         | 681        |
| Manganese                           | 27  | 13           | 40              | (4)          | 36                             | (45)                    | (9)                              | (5)   | (14)                         | 72   | 1                          |            |
| Ferroalloys                         | 264   | 172          | 436             | (44)         | 392                            | (305)                   | 87                               | (17)  | 70                           | 178  | 10                         |            |
| Pig iron                            | 57  |              | 57              |              | 57                             | (44)                    | 13                               |   | 13                           | 190  | 28                         |            |
|                                     | <b>9,030</b>  | <b>2,074</b> | <b>11,104</b>   | <b>(346)</b> | <b>10,758</b>                  | <b>(4,762)</b>          | <b>5,996</b>                     | <b>(638)</b>  | <b>5,358</b>                 | <b>17,040</b>                                      | <b>1,638</b>               | <b>734</b> |
| <b>Non<br/>ferrous</b>              |   |              |                 |              |                                |                         |                                  |   |                              |  |                            |            |
| Nickel and<br>other<br>products (*) | 9,184   | 114          | 9,298           |              | 9,298                          | (4,679)                 | 4,619                            | (557)   | 4,062                        | 23,170   | 1,383                      | 269        |
| Potash                              |   | 120          | 120             | (7)          | 113                            | (73)                    | 40                               | (16)  | 24                           | 188  | 13                         |            |
| Kaolin                              | 140   | 24           | 164             | (7)          | 157                            | (188)                   | (31)                             | (23)  | (54)                         | 298  | 31                         |            |
| Copper<br>concentrate               | 488   | 111          | 599             | (24)         | 575                            | (310)                   | 265                              | (43)  | 222                          | 1,747  | 111                        |            |
| Aluminum<br>products                | 1,832   | 218          | 2,050           | (42)         | 2,008                          | (1,225)                 | 783                              | (74)  | 709                          | 4,086  | 777                        | 163        |
|                                     | <b>11,644</b>   | <b>587</b>   | <b>12,231</b>   | <b>(80)</b>  | <b>12,151</b>                  | <b>(6,475)</b>          | <b>5,676</b>                     | <b>(713)</b>  | <b>4,963</b>                 | <b>29,489</b>                                      | <b>2,315</b>               | <b>432</b> |
| <b>Logistics</b>                    |   |              |                 |              |                                |                         |                                  |   |                              |  |                            |            |
| Railroads                           |   | 898          | 898             | (147)        | 751                            | (442)                   | 309                              | (65)  | 244                          | 840  | 29                         | 397        |
| Ports                               | 3   | 187          | 190             | (37)         | 153                            | (125)                   | 28                               | (16)  | 12                           | 1,148  | 44                         |            |
| Ships                               | 16  | 32           | 48              | (3)          | 45                             | (44)                    | 1                                | (3)   | (2)                          | 39   | 12                         |            |
|                                     | <b>19</b>   | <b>1,117</b> | <b>1,136</b>    | <b>(187)</b> | <b>949</b>                     | <b>(611)</b>            | <b>338</b>                       | <b>(84)</b>   | <b>254</b>                   | <b>2,027</b>                                       | <b>85</b>                  | <b>397</b> |
| Others                              | 174   | 58           | 232             | (11)         | 221                            | (271)                   | (50)                             | (14)  | (64)                         | 2,250  | 68                         | 1,032      |

**20,867 3,836 24,703 (624) 24,079 (12,119) 11,960 (1,449) 10,511 50,806 4,106 2,595**

(\* Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

28

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**Table of Contents**

**19 Derivative financial instruments**

We consider the effective management of risk a key objective to support our growth strategy and financial flexibility. In furtherance of this objective, the Board of Directors has established an enterprise risk management policy and a risk management committee. Under the policy, we measure, monitor, and manage risk at the portfolio level, using a single framework, and consider the natural diversification of our portfolio. We hedge our market risk only when considered necessary to support our corporate strategy or to maintain our target level of financial flexibility. The risk management committee assists our Executive Directors in overseeing and reviewing information regarding our enterprise risk management and framework, including the significant policies, procedures and practices employed to manage risk. Our enterprise risk management policy is designed to promote an effective risk management system and to ensure that enterprise-level risks are reported at least quarterly to the risk management committee.

Considering the nature of our business and operations, the principal market risks we face are:

interest rate risk,

exchange rate risk, and

product price risk.

We hedge our market risk only when considered necessary to support our corporate strategy or to maintain our target level of financial flexibility. Our risk management activities are conducted in accordance with the risk management policy, which prohibits speculative trading. We monitor and evaluate our overall position regularly in order to evaluate financial results and impact on our cash flow.

Considering the derivatives entered into since January 1, 2007, the contracts set with the objective of protecting against aluminum price volatility were designated as cash flow hedges.

**Table of Contents**

The asset (liability) balances and the change in fair value of derivative financial instruments are as follows (unaudited):

|  | <b>Interest<br/>rates<br/>(LIBOR) /<br/>Currencies</b> | <b>Products<br/>of<br/>aluminum<br/>area</b> |              | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
|--|--|--|--------------|---------------|---------------|-----------------|--------------|
|  |  | <b>Gold</b>                                  |              |               |               |                 |              |
| Unrealized gains<br>(losses) at July 1, 2008                   | 1,201  | (21)   | (189)        | (166)         | 37            | (21)            | 841          |
| Financial settlement   | (176)  | 10   | 57           | 62            | 20            | 6               | (21)         |
| Unrealized gains<br>(losses) in the period                     | (635)  | (14)   | 75           | 33            | (18)          | 14              | (545)        |
| Effect of exchange rate<br>changes                             | (222)  | 15   | 11           | 31            | (1)           | (1)             | (167)        |
| <b>Unrealized gains<br/>(losses) at<br/>September 30, 2008</b> | <b>168</b>   | <b>(10)</b>                                  | <b>(46)</b>  | <b>(40)</b>   | <b>38</b>     | <b>(2)</b>      | <b>108</b>   |
| Unrealized gains<br>(losses) at April 1, 2008                  | 600  | (34)   | (248)        | (244)         | 6             | (31)            | 49           |
| Financial settlement   | (137)  | 10   | 63           | 76            | (15)          | 11              | 8            |
| Unrealized gains<br>(losses) in the period                     | 655  | 5  | 16           | 24            | 44            | 2               | 746          |
| Effect of exchange rate<br>changes                             | 83   | (2)  | (20)         | (22)          | 2             | (3)             | 38           |
| <b>Unrealized gains<br/>(losses) at June 30, 2008</b>          | <b>1,201</b>   | <b>(21)</b>                                  | <b>(189)</b> | <b>(166)</b>  | <b>37</b>     | <b>(21)</b>     | <b>841</b>   |
| Unrealized gains<br>(losses) at July 1, 2007                   | 363  | (37)   | (292)        | (355)         | 28            | (24)            | (317)        |
| Financial settlement   | (10)   | 7  | 28           | 70            | (76)          | 4               | 23           |
| Unrealized gains<br>(losses) in the period                     | 273  | (7)  | 96           | (69)          | 50            | (5)             | 338          |
| Effect of exchange rate<br>changes                             | 23   | (2)  | (8)          | (2)           | 1             |                 | 12           |
| <b>Unrealized gains<br/>(losses) at<br/>September 30, 2007</b> | <b>649</b>   | <b>(39)</b>                                  | <b>(176)</b> | <b>(356)</b>  | <b>3</b>      | <b>(25)</b>     | <b>56</b>    |
| Unrealized gains<br>(losses) at January 1,<br>2008             | 626  | (36)   | (98)         | (188)         | 42            | (24)            | 322          |

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|                                  |              |             |              |              |           |             |            |
|----------------------------------|--------------|-------------|--------------|--------------|-----------|-------------|------------|
| Financial settlement             | (164)        | 22          | 87           | 138          | (14)      | 20          | 89         |
| Unrealized gains                 |              |             |              |              |           |             |            |
| (losses) in the period           | 602          | (4)         | (158)        | (111)        | 8         | (18)        | 319        |
| Effect of exchange rate          |              |             |              |              |           |             |            |
| changes                          | 137          | (3)         | (20)         | (5)          | 1         | 1           | 111        |
| <b>Unrealized gains</b>          |              |             |              |              |           |             |            |
| <b>(losses) at June 30, 2008</b> | <b>1,201</b> | <b>(21)</b> | <b>(189)</b> | <b>(166)</b> | <b>37</b> | <b>(21)</b> | <b>841</b> |
| Unrealized gains                 |              |             |              |              |           |             |            |
| (losses) at January 1,           |              |             |              |              |           |             |            |
| 2008                             | 626          | (36)        | (98)         | (188)        | 42        | (24)        | 322        |
| Financial settlement             | (340)        | 32          | 144          | 200          | 6         | 26          | 68         |
| Unrealized gains                 |              |             |              |              |           |             |            |
| (losses) in the period           | (33)         | (18)        | (83)         | (78)         | (10)      | (4)         | (226)      |
| Effect of exchange rate          |              |             |              |              |           |             |            |
| changes                          | (85)         | 12          | (9)          | 26           |           |             | (56)       |
| <b>Unrealized gains</b>          |              |             |              |              |           |             |            |
| <b>(losses) at</b>               |              |             |              |              |           |             |            |
| <b>September 30, 2008</b>        | <b>168</b>   | <b>(10)</b> | <b>(46)</b>  | <b>(40)</b>  | <b>38</b> | <b>(2)</b>  | <b>108</b> |
| Unrealized gains                 |              |             |              |              |           |             |            |
| (losses) at January 1,           |              |             |              |              |           |             |            |
| 2007                             | (10)         | (53)        | (318)        | (298)        | 16        | (20)        | (683)      |
| Financial settlement             | (90)         | 23          | 96           | 177          | (64)      | 8           | 150        |
| Unrealized gains                 |              |             |              |              |           |             |            |
| (losses) in the period           | 705          | (2)         | 86           | (235)        | 50        | (13)        | 591        |
| Effect of exchange rate          |              |             |              |              |           |             |            |
| changes                          | 44           | (7)         | (40)         |              | 1         |             | (2)        |
| <b>Unrealized gains</b>          |              |             |              |              |           |             |            |
| <b>(losses) at</b>               |              |             |              |              |           |             |            |
| <b>September 30, 2007</b>        | <b>649</b>   | <b>(39)</b> | <b>(176)</b> | <b>(356)</b> | <b>3</b>  | <b>(25)</b> | <b>56</b>  |

Final maturity dates for the above instruments are as follows:

|                               |               |
|-------------------------------|---------------|
| Gold                          | December 2008 |
| Interest rates / Currencies   | December 2019 |
| Products of the aluminum area | December 2008 |
| Copper concentrate            | January 2009  |
| Nickel                        | August 2010   |
| Platinum                      | December 2008 |



**Table of Contents**

Under US GAAP, all derivatives, whether designated in hedging relationships or not, are required to be recorded in the balance sheet at fair value. A derivative must be designated in a hedging relationship in order to qualify for hedge accounting. These requirements include a determination of what portions of hedges are deemed to be effective versus ineffective. In general, a hedging relationship is effective when a change in the fair value of the derivative is offset by an equal and opposite change in the fair value of the underlying hedged item. In accordance with these requirements, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges. At September 30, 2008, we had outstanding cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is attributable to a particular risk such as a forecasted purchase or sale. If a derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of the derivatives designated as hedges are recognized in earnings. Under US GAAP, if a portion of a derivative contract is excluded for purposes of effectiveness testing, such as time value, the value of such excluded portion is included in earnings. At September 30, 2008, unrealized net losses in respect of derivative instruments which were not qualified for hedge accounting under US GAAP amounted to US\$ 226.

Over-the-counter (OTC) forward and zero-cost collar aluminum contracts are used to reduce the effect of fluctuations in the price of aluminum with respect to forecasted sales of aluminum and alumina. These contracts have been designated as a hedge to our exposure to variability in future cash flows associated with our aluminum and alumina sales. There was no hedge ineffectiveness regarding these contracts since the inception of our cash flow hedge accounting program. At September 30, 2008, US\$1 of deferred net losses on derivative instruments was recorded in other comprehensive income. The maximum term over which cash flows are hedged is 24 months.

**20 Subsequents events**

In October 2008 the Board of Directors announces a share buy-back program of up to 69,944,380 common shares and up to 169,210,249 preferred shares, corresponding to 5.5% and 8.5% of the free floating of each class, respectively, as of September 30, 2008.

**Table of Contents**

**Supplemental Financial Information (Unaudited)**

The following unaudited information provides additional details in relation to certain financial ratios.

EBITDA Earnings Before Financial Expenses, Minority Interests, Gain on Sale of Investments, Foreign Exchange and Monetary Gains (Losses), Equity in Results of Affiliates and Joint Ventures and Change in Provision for Losses on Equity Investments, Income Taxes, Depreciation and Amortization

- (a) EBITDA represents operating income plus depreciation, amortization and depletion plus impairment/gain on sale of property, plant and equipment plus dividends received from equity investees.
- (b) EBITDA is not a U.S. GAAP measure and does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a source of liquidity.
- (c) Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.
- (d) Although EBITDA, as defined above, does not provide a U.S. GAAP measure of operating cash flows, our management uses it to measure our operating performance and financial analysts in evaluating our business commonly use it.

Selected financial indicators for the main affiliates and joint ventures are available on our website, [www.vale.com](http://www.vale.com), under investor relations

**Table of Contents****Indexes on Vale's Consolidated Debt (Supplemental information unaudited)**

|  | September<br>30,<br>2008 | Three-month period ended<br>June 30,<br>2008 | September<br>30,<br>2007 | Nine-month period<br>ended<br>September 30,<br>2008 | 2007           |
|--|--------------------------|--|--------------------------|---|----------------|
| <b>Current debt</b>                                    |                          |  |                          |   |                |
| Current portion of long-term debt<br>unrelated parties | 733                      | 730  | 702                      | 733   | 702            |
| Short-term debt  | 46                       | 46   | 2                        | 46  | 2              |
| Loans from related parties                             | 16                       | 36   | 42                       | 16  | 42             |
|  | <b>795</b>               | <b>812</b>                                   | <b>746</b>               | <b>795</b>  | <b>746</b>     |
| <b>Long-term debt</b>                                  |                          |  |                          |   |                |
| Long-term debt unrelated parties                       | 18,393                   | 19,560                                       | 17,522                   | 18,393  | 17,522         |
| <b>Gross debt (current plus long-term<br/>debt)</b>    | <b>19,188</b>            | <b>20,372</b>                                | <b>18,268</b>            | <b>19,188</b>                                       | <b>18,268</b>  |
| <b>Interest paid over:</b>                             |                          |  |                          |   |                |
| <b>Interest paid</b>                                   | <b>1,929</b>             | <b>(362)</b>                                 | <b>(325)</b>             | <b>1,283</b>  | <b>(969)</b>   |
| <b>EBITDA</b>  | <b>6,374</b>             | <b>6,218</b>                                 | <b>4,001</b>             | <b>16,321</b>                                       | <b>12,242</b>  |
| <b>Stockholders equity</b>                             | <b>51,218</b>            | <b>41,705</b>                                | <b>33,552</b>            | <b>51,218</b>                                       | <b>33,552</b>  |
| <b>LTM (1) EBITDA / LTM<br/>(1) Interest paid</b>      | <b>15.03</b>             | <b>13.04</b>                                 | <b>12.17</b>             | <b>15.03</b>  | <b>12.17</b>   |
| <b>Gross Debt / LTM (1) EBITDA</b>                     | <b>0.97</b>              | <b>1.17</b>                                  | <b>1.23</b>              | <b>0.97</b>   | <b>1.23</b>    |
| <b>Gross debt / Equity Capitalization<br/>(%)</b>      | <b>27</b>                | <b>33</b>                                    | <b>35</b>                | <b>27</b>   | <b>35</b>      |
| <b>Financial expenses</b>                              |                          |  |                          |   |                |
| Interest expense                                       | (293)                    | (254)  | (307)                    | (860)   | (1,035)        |
| Labor and civil claims and<br>tax-related actions      | (23)                     | (8)  | (19)                     | (76)  | (59)           |
| Tax on financial transactions CPMF                     |                          |  | (20)                     |   | (105)          |
| Others   | (141)                    | (87)   | (247)                    | (430)   | (764)          |
|  | <b>(457)</b>             | <b>(349)</b>                                 | <b>(593)</b>             | <b>(1,366)</b>                                      | <b>(1,963)</b> |
| <b>Financial income</b>                                |                          |  |                          |   |                |
| Cash and cash equivalents                              | 252                      | 22   | 16                       | 303   | 73             |
| Others   | 25                       | 1  | 23                       | 52  | 164            |
|  | <b>277</b>               | <b>23</b>                                    | <b>39</b>                | <b>355</b>  | <b>237</b>     |

|   |                |              |              |                |                |
|---|----------------|--------------|--------------|----------------|----------------|
| <b>Derivatives</b>                                      | <b>(587)</b>   | <b>655</b>   | <b>384</b>   | <b>(226)</b>   | <b>581</b>     |
| <b>Financial income (expenses), net</b>                 | <b>(767)</b>   | <b>329</b>   | <b>(170)</b> | <b>(1,237)</b> | <b>(1,145)</b> |
| <b>Foreign exchange and monetary gain (losses), net</b> |                |              |              |                |                |
| Cash and cash equivalents                               | <b>1,104</b>   | <b>(67)</b>  | <b>(9)</b>   | <b>1,030</b>   | <b>(92)</b>    |
| Loans   | <b>(2,169)</b> | <b>1,169</b> | <b>605</b>   | <b>(836)</b>   | <b>2,423</b>   |
| Others  | <b>744</b>     | <b>(264)</b> | <b>(32)</b>  | <b>411</b>     | <b>(59)</b>    |
|   | <b>(321)</b>   | <b>838</b>   | <b>564</b>   | <b>605</b>     | <b>2,272</b>   |
| <b>Financial result, net</b>                            | <b>(1,088)</b> | <b>1,167</b> | <b>394</b>   | <b>(632)</b>   | <b>1,127</b>   |

(1) Last twelve months

**Table of Contents****Calculation of EBITDA (Supplemental information Unaudited)**

|                        | <b>September<br/>30,</b> | <b>Three-month period ended</b> |                                   | <b>Nine-month period<br/>ended<br/>September 30,</b> |               |
|------------------------|--------------------------|---------------------------------|-----------------------------------|--|---------------|
|                        | <b>2008</b>              | <b>June 30,<br/>2008</b>        | <b>September<br/>30,<br/>2007</b> | <b>2008</b>  | <b>2007</b>   |
| Operating income       | 5,535                    | 5,235                           | 3,430                             | 13,685   | 10,511        |
| Depreciation           | 713                      | 760                             | 532                               | 2,239  | 1,449         |
|                        | <b>6,248</b>             | <b>5,995</b>                    | <b>3,962</b>                      | <b>15,924</b>  | <b>11,960</b> |
| Dividends received     | 126                      | 223                             | 39                                | 397  | 282           |
| <b>EBITDA</b>          | <b>6,374</b>             | <b>6,218</b>                    | <b>4,001</b>                      | <b>16,321</b>  | <b>12,242</b> |
| Net operating revenues | 11,739                   | 10,600                          | 7,898                             | 30,171   | 24,079        |
| <b>Margin EBITDA</b>   | <b>54.3%</b>             | <b>58.7%</b>                    | <b>50.7%</b>                      | <b>54.1%</b>   | <b>50.8%</b>  |

**Adjusted EBITDA x Operating Cash Flows (Supplemental information Unaudited)**

|  | <b>September 30, 2008</b> |                                     | <b>June 30, 2008</b> |                                     | <b>Three-month period ended<br/>September 30, 2007</b> |                                     |
|--|---------------------------|-------------------------------------|----------------------|-------------------------------------|--|-------------------------------------|
|  | <b>EBITDA</b>             | <b>Operating<br/>cash<br/>flows</b> | <b>EBITDA</b>        | <b>Operating<br/>cash<br/>flows</b> | <b>EBITDA</b>  | <b>Operating<br/>cash<br/>flows</b> |
| Net income   | 4,821                     | 4,821                               | 5,009                | 5,009                               | 2,940  | 2,940                               |
| Income tax deferred  | (621)                     | (621)                               | 333                  | 333                                 | (28)   | (28)                                |
| Income tax current   | 477                       |                                     | 1,173                |                                     | 975  |                                     |
| Equity in results of affiliates<br>and joint ventures and other<br>investments | (290)                     | (290)                               | (260)                | (260)                               | (165)  | (165)                               |
| Foreign exchange and<br>monetary gains, net                                    | 321                       | 1,133                               | (838)                | (1,300)                             | (564)  | (519)                               |
| Financial expenses, net  | 767                       | 83                                  | (329)                | (45)                                | 170  | 9                                   |
| Minority interests   | 60                        | 60                                  | 147                  | 147                                 | 205  | 205                                 |
| Gain on sale of investments  |                           |                                     |                      |                                     | (103)  | (103)                               |
| Net working capital  |                           | (1,524)                             |                      | (214)                               |  | 243                                 |
| Others   |                           | 831                                 |                      | (572)                               |  | (313)                               |
| <b>Operating income</b>  | <b>5,535</b>              | <b>4,493</b>                        | <b>5,235</b>         | <b>3,098</b>                        | <b>3,430</b>   | <b>2,269</b>                        |
| Depreciation, depletion and<br>amortization                                    | 713                       | 713                                 | 760                  | 760                                 | 532  | 532                                 |
| Dividends received   | 126                       | 126                                 | 223                  | 223                                 | 39   | 39                                  |
|  | <b>6,374</b>              | <b>5,332</b>                        | <b>6,218</b>         | <b>4,081</b>                        | <b>4,001</b>   | <b>2,840</b>                        |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| <b>Operating cash flows</b>                     | <b>5,332</b> | <b>4,081</b> | <b>2,840</b> |
| Income tax                                      | 477          | 1,173        | 975          |
| Foreign exchange and<br>monetary gains (losses) | (812)        | 462          | (45)         |
| Financial expenses                              | 684          | (284)        | 161          |
| Net working capital                             | 1,524        | 214          | (243)        |
| Others  | (831)        | 572          | 313          |
| <b>EBITDA</b>                                   | <b>6,374</b> | <b>6,218</b> | <b>4,001</b> |

**Table of Contents**

|  | <b>Nine-month period ended September 30,</b> |                             |               |                             |
|--|--|-----------------------------|---------------|-----------------------------|
|  | <b>2008</b>                                  |                             | <b>2007</b>   |                             |
|  | <b>EBITDA</b>                                | <b>Operating cash flows</b> | <b>EBITDA</b> | <b>Operating cash flows</b> |
| Net income   | 11,851                                       | 11,851                      | 9,252         | 9,252                       |
| Income tax deferred  | (584)  | (584)                       | (306)         | (306)                       |
| Income tax current   | 2,304  |                             | 3,291         |                             |
| Equity in results of affiliates and joint ventures and other investments | (669)  | (669)                       | (459)         | (459)                       |
| Foreign exchange and monetary gains, net                                 | (605)  | (289)                       | (2,272)       | (2,571)                     |
| Financial expenses, net  | 1,237  | 119                         | 1,145         | 125                         |
| Minority interests   | 231  | 231                         | 637           | 637                         |
| Gain on sale of investments  | (80)   | (80)                        | (777)         | (777)                       |
| Net working capital  |  | (2,966)                     |               | 1,632                       |
| Others   |  | 572                         |               | (512)                       |
| <b>Operating income</b>  | <b>13,685</b>                                | <b>8,185</b>                | <b>10,511</b> | <b>7,021</b>                |
| Depreciation, depletion and amortization                                 | 2,239  | 2,239                       | 1,449         | 1,449                       |
| Dividends received   | 397  | 397                         | 282           | 282                         |
|  | <b>16,321</b>                                | <b>10,821</b>               | <b>12,242</b> | <b>8,752</b>                |
| <b>Operating cash flows</b>  |  | <b>10,821</b>               |               | <b>8,752</b>                |
| Income tax   |  | 2,304                       |               | 3,291                       |
| Foreign exchange and monetary gains (losses)                             |  | (316)                       |               | 299                         |
| Financial expenses   |  | 1,118                       |               | 1,020                       |
| Net working capital  |  | 2,966                       |               | (1,632)                     |
| Others   |  | (572)                       |               | 512                         |
| <b>EBITDA</b>  |  | <b>16,321</b>               |               | <b>12,242</b>               |

**Table of Contents**

**Board of Directors, Fiscal Council, Advisory committees and Executive Officers**

**Board of Directors**

Sérgio Ricardo Silva Rosa  
**Chairman**

Mário da Silveira Teixeira Júnior  
**Vice-President**

Francisco Augusto da Costa e Silva  
João Batista Cavaglieri  
Jorge Luiz Pacheco  
José Ricardo Sasseron  
Luciano Galvão Coutinho  
Masami Iijima  
Oscar Augusto de Camargo Filho  
Renato da Cruz Gomes  
Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas  
Paulo Ricardo Ultra Soares  
Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

João Moisés de Oliveira  
José Ricardo Sasseron  
Oscar Augusto de Camargo Filho

**Strategic Committee**

Roger Agnelli  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Sérgio Ricardo Silva Rosa

**Finance Committee**

Fabio de Oliveira Barbosa  
Ivan Luiz Modesto Schara  
Luiz Maurício Leuzinger  
Wanderlei Viçoso Fagundes

**Governance and Sustainability Committee**

Jorge Luiz Pacheco  
Renato da Cruz Gomes  
Ricardo Simonsen

**Fiscal Council**

Marcelo Amaral Moraes  
**Chairman**

Aníbal Moreira dos Santos  
Antônio José de Figueiredo Ferreira  
Bernard Appy

**Alternate**

Marcos Coimbra  
Marcus Pereira Aucélio  
Oswaldo Mário Pêgo de Amorim Azevedo

**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**

Carla Grasso  
**Executive Officer for Human Resources and Corporate Services**

Demian Fiocca  
**Executive Officer for Management and Sustainability**

Eduardo de Salles Bartolomeo  
**Executive Officer for Logistics**

Fabio de Oliveira Barbosa  
**Chief Financial Officer and Investor Relations**

José Carlos Martins  
**Executive Officer for Ferrous Minerals**

Murilo de Oliveira Ferreira  
**Executive Officer for Nickel and Basic Metals Commercialization**

Tito Botelho Martins  
**Executive Officer for Non Ferrous and Energy**

Marcus Vinícius Dias Severini  
**Chief Officer of Accounting and Control Department**

Vera Lúcia de Almeida Pereira Elias



**Chief Accountant**  
**CRC-RJ - 043059/O-8**  
36

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**Table of Contents**

| <b>Equity Investee Information 09/30/2008</b>                   |  |                 |                     |                   |                 |  |                 |                     |                    |                 |
|---|--|-----------------|---------------------|-------------------|-----------------|--|-----------------|---------------------|--------------------|-----------------|
| <b>Aluminum Area Valesul (Additional information Unaudited)</b> |  |                 |                     |                   |                 |  |                 |                     |                    |                 |
| <b>Information</b>  | <b>As of and for the three-month periods ended</b> |                 |                     |                   | <b>2008</b>     | <b>As of and for the three-month periods ended</b> |                 |                     |                    | <b>2007</b>     |
|   | <b>March 31</b>                                    | <b>June 30</b>  | <b>September 30</b> | <b>October 31</b> | <b>Total</b>    | <b>March 31</b>                                    | <b>June 30</b>  | <b>September 30</b> | <b>December 31</b> | <b>Total</b>    |
| Quantity sold external market (thousand) MT                     | 4  | 7               | 6                   |                   | 17              | 9  | 10              | 8                   | 8                  | 35              |
| Quantity sold internal market (thousand) MT                     | 16   | 15              | 19                  |                   | 50              | 10   | 16              | 15                  | 30                 | 71              |
| <b>Quantity sold total (thousand) MT</b>                        | <b>20</b>  | <b>22</b>       | <b>25</b>           |                   | <b>67</b>       | <b>19</b>  | <b>26</b>       | <b>23</b>           | <b>38</b>          | <b>106</b>      |
| Average sales price external market US\$                        | 2,653.70   | 2,846.14        | 2,679.23            |                   | 2,735.46        | 2,828.64   | 2,902.69        | 2,750.68            | 2,580.48           | 2,777.48        |
| Average sales price internal market US\$                        | 3,786.95   | 4,168.23        | 3,321.93            |                   | 3,674.75        | 4,037.71   | 4,068.49        | 4,045.36            | 3,415.84           | 3,722.07        |
| <b>Average sales price total US\$</b>                           | <b>3,560.30</b>                                    | <b>3,747.56</b> | <b>3,148.89</b>     |                   | <b>3,426.11</b> | <b>3,512.03</b>                                    | <b>3,652.13</b> | <b>3,696.79</b>     | <b>3,177.17</b>    | <b>3,410.18</b> |
| <b>Stockholders equity US\$</b>                                 | <b>391</b>   | <b>453</b>      | <b>330</b>          |                   | <b>330</b>      | <b>141</b>   | <b>374</b>      | <b>391</b>          | <b>389</b>         | <b>389</b>      |
| Net operating revenues US\$                                     | 58   | 70              | 81                  |                   | 209             | 70   | 72              | 65                  | 65                 | 272             |
| Cost of products US\$   | (48)   | (55)            | (75)                |                   | (178)           | (48)   | (55)            | (52)                | (57)               | (212)           |
| Other expenses / revenues US\$                                  | (4)  | (9)             | (6)                 |                   | (19)            | (4)  | (4)             | (6)                 | (3)                | (17)            |
| Depreciation, amortization and depletion US\$                   | (4)  | (4)             | (4)                 |                   | (12)            | (2)  | (2)             | (4)                 | 19                 | 11              |
| <b>EBITDA US\$</b>  | <b>2</b>   | <b>2</b>        | <b>(4)</b>          |                   |                 | <b>16</b>  | <b>11</b>       | <b>3</b>            | <b>24</b>          | <b>54</b>       |
|   | US\$   | 4               | 4                   | 4                 | 12              | 2  | 2               | 4                   | (19)               | (11)            |

Depreciation,  
amortization  
and depletion

|   |      |          |          |          |           |           |           |          |            |           |
|---|------|----------|----------|----------|-----------|-----------|-----------|----------|------------|-----------|
| <b>EBIT</b>   | US\$ | <b>6</b> | <b>6</b> |          | <b>12</b> | <b>18</b> | <b>13</b> | <b>7</b> | <b>5</b>   | <b>43</b> |
| Net financial<br>result   | US\$ | (1)      |          | 7        | 6         |           |           | 1        | (2)        | (1)       |
| <b>Income<br/>before<br/>income tax<br/>and social<br/>contribution</b> | US\$ | <b>5</b> | <b>6</b> | <b>7</b> | <b>18</b> | <b>18</b> | <b>12</b> | <b>8</b> | <b>3</b>   | <b>42</b> |
| Income tax<br>and social<br>contribution                                | US\$ | (2)      | (4)      | (3)      | (9)       | (3)       | (3)       | (3)      | (5)        | (14)      |
| <b>Net income</b>   | US\$ | <b>3</b> | <b>2</b> | <b>4</b> | <b>9</b>  | <b>15</b> | <b>9</b>  | <b>5</b> | <b>(2)</b> | <b>28</b> |

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**Table of Contents**

| <b>Aluminum Area</b>             |                   | <b>MRN (Additional information</b> |              |                  |                 | <b>Unaudited)</b> |  |                |                     |                    |              |
|----------------------------------|-------------------|------------------------------------|--------------|------------------|-----------------|-------------------|--|----------------|---------------------|--------------------|--------------|
|                                  |                   | <b>As of and for the</b>           |              |                  |                 | <b>2008</b>       | <b>As of and for the three-month periods</b> |                |                     |                    | <b>2007</b>  |
| <b>Information</b>               |                   | <b>three-month periods ended</b>   |              |                  |                 | <b>Total</b>      | <b>ended</b>                                 |                |                     |                    | <b>Total</b> |
|                                  |                   | <b>March</b>                       | <b>June</b>  | <b>September</b> | <b>December</b> |                   | <b>March</b>                                 | <b>June 30</b> | <b>September 30</b> | <b>December 31</b> |              |
|                                  |                   | <b>31</b>                          | <b>30</b>    | <b>30</b>        | <b>31</b>       |                   | <b>31</b>                                    |                |                     |                    |              |
| Quantity sold                    | MT                |                                    |              |                  |                 |                   |  |                |                     |                    |              |
| external market                  | (thousand)        | 1,369                              | 1,573        | 1,496            |                 | 4,438             | 1,386  | 1,356          | 1,522               | 1,365              |              |
| Quantity sold                    | MT                |                                    |              |                  |                 |                   |  |                |                     |                    |              |
| internal market                  | (thousand)        | 2,621                              | 2,949        | 3,268            |                 | 8,838             | 3,350  | 2,969          | 2,939               | 2,993              |              |
| <b>Quantity sold</b>             | <b>MT</b>         |                                    |              |                  |                 |                   |  |                |                     |                    |              |
| <b>total</b>                     | <b>(thousand)</b> | <b>3,990</b>                       | <b>4,522</b> | <b>4,764</b>     |                 | <b>13,276</b>     | <b>4,736</b>                                 | <b>4,325</b>   | <b>4,461</b>        | <b>4,358</b>       |              |
| Average sales price              | external market   | US\$ 61.52                         | 34.93        | 34.71            |                 | 34.96             | 33.35  | 32.47          | 33.29               | 34.42              |              |
| Average sales price              | internal market   | US\$ 53.89                         | 31.24        | 31.96            |                 | 31.61             | 27.04  | 27.04          | 27.69               | 28.38              |              |
| <b>Average sales price total</b> |                   | <b>US\$ 56.51</b>                  | <b>32.52</b> | <b>32.83</b>     |                 | <b>32.73</b>      | <b>28.89</b>                                 | <b>28.74</b>   | <b>29.60</b>        | <b>30.27</b>       |              |
| Long-term indebtedness, gross    | US\$              | 46                                 | 115          | 97               |                 | 97                | 38,936                                       | 35,488         | 26,516              | 163,768            |              |
| Short-term indebtedness, gross   | US\$              | 245                                | 221          | 226              |                 | 226               | 204,362                                      | 223,553        | 207,048             | 28,566             |              |
| <b>Total indebtedness, gross</b> | <b>US\$</b>       | <b>291</b>                         | <b>336</b>   | <b>323</b>       |                 | <b>323</b>        | <b>243,298</b>                               | <b>259,041</b> | <b>233,564</b>      | <b>192,334</b>     |              |
| <b>Stockholders equity</b>       | <b>US\$</b>       | <b>493</b>                         | <b>432</b>   | <b>315</b>       |                 | <b>315</b>        | <b>305</b>                                   | <b>354</b>     | <b>407</b>          | <b>459</b>         |              |
| Net operating revenues           | US\$              | 117                                | 130          | 139              |                 | 386               | 132  | 125            | 128                 | 131                |              |
| Cost of products                 | US\$              | (63)                               | (82)         | (81)             |                 | (226)             | (64)   | (66)           | (60)                | (68)               |              |
| Other expenses / revenues        | US\$              | (8)                                | 2            | (3)              |                 | (9)               | (5)  | (4)            | (6)                 | (6)                |              |
|                                  | US\$              | 14                                 | 17           | 10               |                 | 41                | 13   | 14             | 13                  | 14                 |              |

Depreciation,  
amortization  
and depletion

|   |      |           |           |           |            |           |           |           |           |            |
|---|------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|------------|
| <b>EBITDA</b>   | US\$ | <b>60</b> | <b>67</b> | <b>65</b> | <b>192</b> | <b>76</b> | <b>69</b> | <b>75</b> | <b>71</b> | <b>291</b> |
| Depreciation,<br>amortization<br>and depletion                      | US\$ | (14)      | (17)      | (10)      | (41)       | (13)      | (14)      | (13)      | (14)      | (54)       |
| <b>EBIT</b>   | US\$ | <b>46</b> | <b>50</b> | <b>55</b> | <b>151</b> | <b>63</b> | <b>55</b> | <b>62</b> | <b>57</b> | <b>237</b> |
| Net financial<br>result   | US\$ | (2)       | (11)      | (3)       | (16)       | (1)       | (1)       | (2)       |           | (4)        |
| <b>Income before<br/>income tax<br/>and social<br/>contribution</b> | US\$ | <b>44</b> | <b>39</b> | <b>52</b> | <b>135</b> | <b>62</b> | <b>54</b> | <b>60</b> | <b>57</b> | <b>233</b> |
| Income tax and<br>social<br>contribution                            | US\$ | (10)      | (19)      | (5)       | (34)       | (6)       | (5)       | (7)       | (5)       | (23)       |
| <b>Net income</b>   | US\$ | <b>34</b> | <b>20</b> | <b>47</b> | <b>101</b> | <b>56</b> | <b>49</b> | <b>53</b> | <b>52</b> | <b>210</b> |

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**Table of Contents**

| Aluminum Area                               | Albras (Additional information              | Unaudited)      |                 |            | Consolidated Subsidiary                     |                 |                 |                 |                 |                 |
|---|---|-----------------|-----------------|------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   |   | 2008            |                 |            | 2007  |                 |                 |                 |                 |                 |
| Information                                 | As of and for the three-month periods ended |                 |                 |            | As of and for the three-month periods ended |                 |                 |                 |                 |                 |
|   | March 31                                    | June 30         | September 30    | October 31 | Total                                       | March 31        | June 30         | September 30    | December 31     | Total           |
| Quantity sold external market (thousand) MT | 109   | 99              | 117             |            | 325   | 108             | 123             | 108             | 104             | 443             |
| Quantity sold internal market (thousand) MT | 7   | 6               | 7               |            | 20  | 7               | 6               | 7               | 6               | 26              |
| <b>Quantity sold total (thousand) MT</b>    | <b>116</b>                                  | <b>105</b>      | <b>124</b>      |            | <b>345</b>                                  | <b>115</b>      | <b>129</b>      | <b>115</b>      | <b>110</b>      | <b>469</b>      |
| Average sales price external market US\$    | 2,486.87                                    | 2,939.31        | 2,888.76        |            | 2,696.61                                    | 2,688.76        | 2,726.53        | 2,631.55        | 2,405.80        | 2,611.76        |
| Average sales price internal market US\$    | 2,307.59                                    | 2,640.89        | 2,625.72        |            | 2,444.25                                    | 2,500.55        | 2,688.83        | 2,599.78        | 2,196.61        | 2,372.90        |
| <b>Average sales price total US\$</b>       | <b>2,476.70</b>                             | <b>2,920.77</b> | <b>2,874.64</b> |            | <b>2,682.19</b>                             | <b>2,677.30</b> | <b>2,724.78</b> | <b>2,585.19</b> | <b>2,393.38</b> | <b>2,598.49</b> |
| Long-term indebtedness, gross US\$          | 283   | 301             | 267             |            | 267   | 319             | 303             | 306             | 301             | 301             |
| Short-term indebtedness, gross US\$         | 111   | 90              | 128             |            | 128   | 4               | 9               | 2               | 40              | 40              |
| <b>Total indebtedness, gross US\$</b>       | <b>394</b>                                  | <b>391</b>      | <b>395</b>      |            | <b>395</b>                                  | <b>323</b>      | <b>312</b>      | <b>308</b>      | <b>341</b>      | <b>341</b>      |
| <b>Stockholders equity US\$</b>             | <b>973</b>                                  | <b>1,098</b>    | <b>948</b>      |            | <b>948</b>                                  | <b>736</b>      | <b>788</b>      | <b>936</b>      | <b>1,004</b>    | <b>616</b>      |
| Net operating revenues US\$                 | 292   | 310             | 346             |            | 948   | 309             | 353             | 299             | 268             | 1,229           |
| Cost of products US\$                       | (222)                                       | (222)           | (254)           |            | (698)                                       | (197)           | (232)           | (206)           | (207)           | (842)           |
| Other expenses / US\$                       | (18)  | (20)            | (18)            |            | (56)  | (11)            | (15)            | (17)            | (19)            | (62)            |

|  |      |             |            |           |            |            |            |            |           |            |
|--|------|-------------|------------|-----------|------------|------------|------------|------------|-----------|------------|
| revenues   |      |             |            |           |            |            |            |            |           |            |
| Depreciation,<br>amortization<br>and depletion                                 | US\$ | 8           | 8          | (9)       | 7          | 7          | 8          | 8          | 8         | 31         |
| <b>EBITDA</b>  | US\$ | <b>60</b>   | <b>76</b>  | <b>65</b> | <b>201</b> | <b>108</b> | <b>114</b> | <b>84</b>  | <b>50</b> | <b>356</b> |
| Depreciation,<br>amortization<br>and depletion                                 | US\$ | (8)         | (8)        | 9         | (7)        | (7)        | (8)        | (8)        | (8)       | (31)       |
| <b>EBIT</b>  | US\$ | <b>52</b>   | <b>68</b>  | <b>74</b> | <b>194</b> | <b>101</b> | <b>106</b> | <b>76</b>  | <b>42</b> | <b>325</b> |
| Net financial<br>result  | US\$ | (66)        | 37         | (38)      | (67)       | 16         | (9)        | 67         | 37        | 111        |
| <b>Income<br/>(loss) before<br/>income tax<br/>and social<br/>contribution</b> | US\$ | <b>(14)</b> | <b>105</b> | <b>36</b> | <b>127</b> | <b>117</b> | <b>97</b>  | <b>143</b> | <b>79</b> | <b>436</b> |
| Income tax<br>and social<br>contribution                                       | US\$ | (9)         | (37)       | (9)       | (55)       | (23)       | (58)       | (42)       | (8)       | (131)      |
| <b>Net income<br/>(loss)</b>   | US\$ | <b>(23)</b> | <b>68</b>  | <b>27</b> | <b>72</b>  | <b>94</b>  | <b>39</b>  | <b>101</b> | <b>71</b> | <b>305</b> |

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**Table of Contents**

| Aluminum Area                       | Alunorte (Additional information) | Unaudited)                                  |               |               |               | Consolidated Subsidiary                     |               |               |               | 2007          |
|-------------------------------------|-----------------------------------|---|---------------|---------------|---------------|---|---------------|---------------|---------------|---------------|
|                                     |                                   | 2008  |               |               |               | 2007  |               |               |               |               |
| Information                         | MT<br>(thousand)                  | As of and for the three-month periods ended |               |               |               | As of and for the three-month periods ended |               |               |               | Total         |
|                                     |                                   | March 31                                    | June 30       | September 30  | December 31   | March 31                                    | June 30       | September 30  | December 31   |               |
| Quantity sold external market       | MT<br>(thousand)                  | 814   | 832           | 975           | 2,621         | 699   | 769           | 828           | 933           | 3,229         |
| Quantity sold internal market       | MT<br>(thousand)                  | 235   | 258           | 301           | 794           | 244   | 252           | 248           | 271           | 1,015         |
| <b>Quantity sold total</b>          | MT<br>(thousand)                  | <b>1,049</b>                                | <b>1,090</b>  | <b>1,276</b>  | <b>3,415</b>  | <b>943</b>                                  | <b>1,021</b>  | <b>1,076</b>  | <b>1,204</b>  | <b>4,244</b>  |
| Average sales price external market | US\$                              | 322.46                                      | 372.73        | 378.60        | 359.27        | 344.85                                      | 349.61        | 340.23        | 312.26        | 335.38        |
| Average sales price internal market | US\$                              | 287.59                                      | 340.49        | 342.74        | 325.30        | 309.77                                      | 311.69        | 306.88        | 275.46        | 300.38        |
| <b>Average sales price total</b>    | US\$                              | <b>314.57</b>                               | <b>365.10</b> | <b>370.14</b> | <b>343.47</b> | <b>335.77</b>                               | <b>340.00</b> | <b>332.54</b> | <b>303.98</b> | <b>327.01</b> |
| Long-term indebtedness, gross       | US\$                              | 740   | 829           | 855           | 855           | 528   | 557           | 466           | 556           | 556           |
| Short-term indebtedness, gross      | US\$                              | 20  |               | 29            | 29            |   |               | 18            |               |               |
| <b>Total indebtedness, gross</b>    | US\$                              | <b>760</b>                                  | <b>829</b>    | <b>884</b>    | <b>884</b>    | <b>528</b>                                  | <b>557</b>    | <b>484</b>    | <b>556</b>    | <b>556</b>    |
| <b>Stockholders equity</b>          | US\$                              | <b>2,287</b>                                | <b>2,633</b>  | <b>2,217</b>  | <b>2,217</b>  | <b>1,686</b>                                | <b>1,903</b>  | <b>2,197</b>  | <b>2,307</b>  | <b>1,425</b>  |
| Net operating revenues              | US\$                              | 331   | 399           | 473           | 1,203         | 314   | 342           | 369           | 370           | 1,395         |
| Cost of products                    | US\$                              | (274)                                       | (288)         | (352)         | (914)         | (181)                                       | (217)         | (246)         | (290)         | (934)         |
| Other expenses / revenues           | US\$                              | (13)  | (14)          | (12)          | (39)          | (2)   | (15)          | (7)           | (15)          | (39)          |
| Depreciation, amortization          | US\$                              | 19  | 20            | (16)          | 23            | 12  | 14            | 13            | 15            | 54            |



and depletion

|  |      |             |            |            |            |            |            |            |            |            |
|--|------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>EBITDA</b>  | US\$ | <b>63</b>   | <b>117</b> | <b>93</b>  | <b>273</b> | <b>143</b> | <b>124</b> | <b>129</b> | <b>80</b>  | <b>476</b> |
| Depreciation,<br>amortization<br>and depletion                                 | US\$ | (19)        | (20)       | 16         | (23)       | (12)       | (14)       | (13)       | (15)       | (54)       |
| <b>EBIT</b>  | US\$ | <b>44</b>   | <b>97</b>  | <b>109</b> | <b>250</b> | <b>131</b> | <b>110</b> | <b>116</b> | <b>65</b>  | <b>422</b> |
| Net financial<br>result  | US\$ | (57)        | 58         | (117)      | (116)      | 19         | (14)       | 34         | 35         | 74         |
| <b>Income<br/>(loss) before<br/>income tax and<br/>social<br/>contribution</b> | US\$ | <b>(13)</b> | <b>155</b> | <b>(8)</b> | <b>134</b> | <b>150</b> | <b>96</b>  | <b>150</b> | <b>100</b> | <b>496</b> |
| Income tax and<br>social<br>contribution                                       | US\$ | (7)         | (34)       | 22         | (19)       | (19)       | (12)       | (38)       | (16)       | (85)       |
| <b>Net income<br/>(loss)</b>   | US\$ | <b>(20)</b> | <b>121</b> | <b>14</b>  | <b>115</b> | <b>131</b> | <b>84</b>  | <b>112</b> | <b>84</b>  | <b>411</b> |

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**Table of Contents****Pelletizing Affiliates Hispanobras (Additional information Unaudited)**

| Information                              |               | As of and for the three-month periods ended |               |               |          | 2008          | As of and for the three-month periods ended |              |              |              | 2007         |
|--|---------------|---|---------------|---------------|----------|---------------|---|--------------|--------------|--------------|--------------|
|  |               | March                                       | June          | September     | December | Total         | March                                       | June         | September    | December     | Total        |
|  |               | 31  | 30            | 30            | 31       |               | 31  | 30           | 30           | 31           |              |
| Quantity sold external market (thousand) | MT            | 404   | 400           | 618           |          | 1,422         | 565   | 504          | 527          | 394          | 1,990        |
| Quantity sold internal market (thousand) | MT            | 710   | 805           | 554           |          | 2,069         | 800   | 620          | 510          | 545          | 2,475        |
| <b>Quantity sold total</b>               | MT (thousand) | <b>1,114</b>                                | <b>1,205</b>  | <b>1,172</b>  |          | <b>3,491</b>  | <b>1,365</b>                                | <b>1,124</b> | <b>1,037</b> | <b>939</b>   | <b>4,465</b> |
| Average sales price external market      | US\$          | 71.45                                       | 203.07        | 227.18        |          | 326.85        | 69.26                                       | 77.40        | 72.50        | 73.25        | 72.97        |
| Average sales price internal market      | US\$          | 75.95                                       | 203.58        | 236.04        |          | 212.88        | 72.97                                       | 79.73        | 74.88        | 76.94        | 75.93        |
| <b>Average sales price total</b>         | US\$          | <b>74.32</b>                                | <b>203.41</b> | <b>231.37</b> |          | <b>232.86</b> | <b>71.43</b>                                | <b>78.69</b> | <b>73.67</b> | <b>75.39</b> | <b>74.61</b> |
| Short-term indebtedness, gross           | US\$          | 75  | 58            | 7             |          | 7             | 6   | 9            | 14           | 46           | 46           |
| <b>Total indebtedness, gross</b>         | US\$          | <b>75</b>                                   | <b>58</b>     | <b>7</b>      |          | <b>7</b>      | <b>6</b>                                    | <b>9</b>     | <b>14</b>    | <b>46</b>    | <b>46</b>    |
| <b>Stockholders equity</b>               | US\$          | <b>90</b>                                   | <b>166</b>    | <b>158</b>    |          | <b>158</b>    | <b>89</b>                                   | <b>78</b>    | <b>86</b>    | <b>84</b>    | <b>84</b>    |
| Net operating revenues                   | US\$          | 83  | 248           | 164           |          | 495           | 97  | 89           | 76           | 72           | 334          |
| Cost of products                         | US\$          | (75)  | (143)         | (118)         |          | (336)         | (77)  | (74)         | (66)         | (78)         | (295)        |
| Other expenses / revenues                | US\$          | (2)   | (2)           | (2)           |          | (6)           | (1)   | (2)          | (1)          | (1)          | (5)          |
| Depreciation, amortization and depletion | US\$          | 1   | 1             | 1             |          | 3             | 1   |              |              | 3            | 4            |
| <b>EBITDA</b>                            | US\$          | <b>7</b>                                    | <b>104</b>    | <b>45</b>     |          | <b>156</b>    | <b>20</b>                                   | <b>13</b>    | <b>9</b>     | <b>(4)</b>   | <b>38</b>    |
|  | US\$          | (1)   | (1)           | (1)           |          | (3)           | (1)   |              |              | (3)          | (4)          |

Depreciation,  
amortization and  
depletion

|  |      |          |            |           |            |           |           |          |            |           |
|--|------|----------|------------|-----------|------------|-----------|-----------|----------|------------|-----------|
| <b>EBIT</b>  | US\$ | <b>6</b> | <b>103</b> | <b>44</b> | <b>153</b> | <b>19</b> | <b>13</b> | <b>9</b> | <b>(7)</b> | <b>34</b> |
| Net financial<br>result  | US\$ | 1        | (4)        | 7         | 4          | (2)       | (1)       | (1)      | (1)        | (5)       |
| <b>Income<br/>(loss) before<br/>income tax and<br/>social<br/>contribution</b> | US\$ | <b>7</b> | <b>99</b>  | <b>51</b> | <b>157</b> | <b>17</b> | <b>12</b> | <b>8</b> | <b>(8)</b> | <b>29</b> |
| Income before<br>income tax and<br>social<br>contribution                      | US\$ | (3)      | (34)       | (18)      | (55)       | (6)       | (5)       | (2)      | 2          | (11)      |
| <b>Net income</b>  | US\$ | <b>4</b> | <b>65</b>  | <b>33</b> | <b>102</b> | <b>11</b> | <b>7</b>  | <b>6</b> | <b>(6)</b> | <b>18</b> |

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**Table of Contents**

|  |               | <b>Pelletizing Affiliates Itabrasco (Additional information Unaudited)</b> |                |                     |                    |  |                 |                |                     |                    |                   |
|--|---------------|--|----------------|---------------------|--------------------|--|-----------------|----------------|---------------------|--------------------|-------------------|
|  |               | <b>As of and for the three-month periods ended</b>                         |                |                     |                    | <b>As of and for the three-month periods ended</b> |                 |                |                     |                    |                   |
| <b>Information</b>                       |               | <b>March 31</b>  | <b>June 30</b> | <b>September 30</b> | <b>December 31</b> | <b>2008 Total</b>                                  | <b>March 31</b> | <b>June 30</b> | <b>September 30</b> | <b>December 31</b> | <b>2007 Total</b> |
| Quantity sold external market (thousand) | MT            | 185  | 754            | 800                 |                    | 1,739  | 589             | 701            | 282                 | 439                | 2,011             |
| Quantity sold internal market (thousand) | MT            | 843  | 90             | 273                 |                    | 1,206  | 283             | 657            | 562                 | 605                | 2,107             |
| <b>Quantity sold total</b>               | MT (thousand) | <b>1,028</b>   | <b>844</b>     | <b>1,073</b>        |                    | <b>2,945</b>                                       | <b>872</b>      | <b>1,358</b>   | <b>844</b>          | <b>1,044</b>       | <b>4,118</b>      |
| Average sales price external market      | US\$          | 75.36  | 75.18          | 187.03              |                    | 126.65   | 75.72           | 74.48          | 77.40               | 75.60              | 75.60             |
| Average sales price internal market      | US\$          | 75.11  | 82.52          | 137.90              |                    | 90.61  | 71.33           | 73.81          | 75.02               | 74.37              | 73.64             |
| <b>Average sales price total</b>         | US\$          | <b>75.15</b>   | <b>75.96</b>   | <b>174.53</b>       |                    | <b>111.89</b>                                      | <b>73.53</b>    | <b>74.16</b>   | <b>75.82</b>        | <b>74.89</b>       | <b>74.60</b>      |
| Short-term indebtedness, gross           | US\$          | 52   | 80             | 61                  |                    | 61   |                 | 23             | 32                  | 43                 | 43                |
| <b>Total indebtedness, gross</b>         | US\$          | <b>52</b>  | <b>80</b>      | <b>61</b>           |                    | <b>61</b>  |                 | <b>23</b>      | <b>32</b>           | <b>43</b>          | <b>43</b>         |
| <b>Stockholders equity</b>               | US\$          | <b>94</b>  | <b>104</b>     | <b>119</b>          |                    | <b>119</b>   | <b>76</b>       | <b>61</b>      | <b>69</b>           | <b>90</b>          | <b>90</b>         |
| Net operating revenues                   | US\$          | 78   | 64             | 188                 |                    | 330  | 65              | 101            | 59                  | 70                 | 295               |
| Cost of products                         | US\$          | (69)   | (62)           | (123)               |                    | (254)  | (53)            | (86)           | (51)                | (62)               | (252)             |
| Other expenses / revenues                | US\$          | (1)  | (2)            | (2)                 |                    | (5)  | 1               | (3)            |                     | (3)                | (5)               |
| Depreciation, amortization and depletion | US\$          | 1  | 2              | 1                   |                    | 4  | 1               | 1              |                     | 2                  | 4                 |
| <b>EBITDA</b>                            | US\$          | <b>9</b>   | <b>2</b>       | <b>64</b>           |                    | <b>75</b>  | <b>14</b>       | <b>13</b>      | <b>8</b>            | <b>7</b>           | <b>42</b>         |

|   |      |          |          |           |           |           |           |          |          |           |
|---|------|----------|----------|-----------|-----------|-----------|-----------|----------|----------|-----------|
| Depreciation,<br>amortization and<br>depletion                      | US\$ | (1)      | (2)      | (1)       | (4)       | (1)       | (1)       |          | (2)      | (4)       |
| <b>EBIT</b>   | US\$ | <b>8</b> |          | <b>63</b> | <b>71</b> | <b>13</b> | <b>12</b> | <b>8</b> | <b>5</b> | <b>38</b> |
| Net financial<br>result   | US\$ | (2)      | 2        | (6)       | (6)       | (1)       | (1)       |          | (1)      | (3)       |
| <b>Income before<br/>income tax and<br/>social<br/>contribution</b> | US\$ | <b>6</b> | <b>2</b> | <b>57</b> | <b>65</b> | <b>12</b> | <b>11</b> | <b>8</b> | <b>4</b> | <b>35</b> |
| Income tax and<br>social<br>contribution                            | US\$ | (3)      | (2)      | (20)      | (25)      | (4)       | (5)       | (3)      | (4)      | (16)      |
| <b>Net income</b>   | US\$ | <b>3</b> |          | <b>37</b> | <b>40</b> | <b>8</b>  | <b>6</b>  | <b>5</b> |          | <b>19</b> |

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**Table of Contents****Pelletizing Affiliates Samarco (Additional information Unaudited)**

| Information  | As of and for the |              |              |              | 2008         | As of and for the three-month |              |              |              |
|--|-------------------|--------------|--------------|--------------|--------------|-------------------------------|--------------|--------------|--------------|
|  | March             | June         | September    | December     | Total        | March                         | June         | September    | December     |
|  | 31                | 30           | 30           | 31           |              | 31                            | 30           | 30           | 31           |
| Quantity sold Pellets  | MT<br>(thousand)  | 3,010        | 4,327        | 5,519        | 12,856       | 3,003                         | 3,742        | 3,241        | 4,373        |
| Quantity sold Iron ore   | MT<br>(thousand)  | 168          | 140          | 154          | 462          | 463                           | 638          | 302          | 358          |
| Average sales price Pellets                                    | US\$              | 105.51       | 142.07       | 152.30       | 105.51       | 77.51                         | 82.38        | 83.61        | 82.58        |
| Average sales price Iron ore                                   | US\$              | 47.61        | 98.95        | 73.86        | 47.61        | 46.79                         | 46.78        | 45.30        | 49.14        |
| Short-term indebtedness, gross                                 | US\$              | 800          | 799          | 800          | 800          | 738                           | 817          | 808          | 800          |
| Long-term indebtedness, gross                                  | US\$              | 591          | 846          | 987          | 987          | 192                           | 324          | 398          | 572          |
| <b>Total indebtedness, gross</b>                               | US\$              | <b>1,391</b> | <b>1,645</b> | <b>1,787</b> | <b>1,787</b> | <b>930</b>                    | <b>1,141</b> | <b>1,206</b> | <b>1,372</b> |
| <b>Shareholders equity</b>                                     | US\$              | <b>1,078</b> | <b>1,213</b> | <b>926</b>   | <b>926</b>   | <b>688</b>                    | <b>754</b>   | <b>878</b>   | <b>970</b>   |
| Operating revenues   | US\$              | 331          | 613          | 843          | 1,787        | 253                           | 338          | 299          | 365          |
| Cost of products   | US\$              | (164)        | (277)        | (314)        | (755)        | (109)                         | (140)        | (129)        | (184)        |
| Expenses / revenues  | US\$              | (43)         | (98)         | (55)         | (196)        | (32)                          | (63)         | (32)         | (67)         |
| Depreciation, amortization and depletion                       | US\$              | 12           | 16           | 16           | 44           | 10                            | 11           | 12           | 12           |
| <b>EBDA</b>  | US\$              | <b>136</b>   | <b>254</b>   | <b>490</b>   | <b>880</b>   | <b>122</b>                    | <b>146</b>   | <b>150</b>   | <b>126</b>   |
| Depreciation, amortization and depletion                       | US\$              | (12)         | (16)         | (16)         | (44)         | (10)                          | (11)         | (12)         | (12)         |
|  | US\$              | <b>124</b>   | <b>238</b>   | <b>474</b>   | <b>836</b>   | <b>112</b>                    | <b>135</b>   | <b>138</b>   | <b>114</b>   |
| Non-investments accounted for by the equity method             | US\$              | 3            | (3)          | 1            | 1            | 2                             | 3            | 7            | 2            |
| Financial result   | US\$              | 4            | 122          | (281)        | (155)        | 35                            | 14           | 25           | 15           |
| <b>Income (loss) before income tax and social contribution</b> | US\$              | <b>131</b>   | <b>357</b>   | <b>194</b>   | <b>682</b>   | <b>149</b>                    | <b>152</b>   | <b>170</b>   | <b>131</b>   |
| Income tax and social contribution                             | US\$              | 66           | (162)        | (30)         | (126)        | (29)                          | (34)         | (35)         | (21)         |
| <b>Income (loss)</b>   | US\$              | <b>197</b>   | <b>195</b>   | <b>164</b>   | <b>556</b>   | <b>120</b>                    | <b>118</b>   | <b>135</b>   | <b>110</b>   |

**Table of Contents**

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO DOCE  
(Registrant)

Date: October 23, 2008

By: /s/ Roberto Castello Branco  
Roberto Castello Branco  
Director of Investor Relations