

Companhia Vale do Rio Doce
Form 6-K
August 07, 2007

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
August 2007**

Companhia Vale do Rio Doce
Avenida Graca 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 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- _____.)

COMPANHIA VALE DO RIO DOCE
INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Condensed Consolidated Balance Sheets as of June 30, 2007 and December 31, 2006</u>	F-3
<u>Condensed Consolidated Statements of Income for the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 and for the six-month periods ended June 30, 2007 and 2006</u>	F-5
<u>Condensed Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 and for the six-month periods ended June 30, 2007 and 2006</u>	F-6
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 and for the six-month periods ended June 30, 2007 and 2006</u>	F-7
<u>Notes to the Condensed Consolidated Interim Financial Information</u>	F-8
<u>Supplemental Financial Information</u>	S-1

Table of Contents

PricewaterhouseCoopers
Rua da Candelaria, 65 11° 15°
20091 -020 Rio de Janeiro, RJ Brasil
Caixa Postal 949
Telephone (21) 3232-6112
Fax (21) 2516-6319
www.pwc.com/br

**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 June 30, 2007, and the related condensed consolidated statements of income, of cash flows and of changes in stockholder's equity for each of the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 and for the six-month periods ended June 30, 2007 and June 30, 2006. 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, 2006, and the related consolidated statements of income, of cash flows and of changes in stockholders' equity for the year then ended (not presented herein), and in our report dated March 7, 2007, 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, 2006, 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, RJ
July 31, 2007

F - 2

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

	June 30, 2007 (Unaudited)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	1,774	4,448
Accounts receivable		
Related parties	449	675
Unrelated parties	3,642	2,929
Loans and advances to related parties	110	40
Inventories	3,327	3,493
Deferred income tax	588	410
Recoverable taxes	469	414
Others	442	531
	10,801	12,940
Property, plant and equipment, net, and intangible assets	47,698	38,007
Investments in affiliated companies, joint ventures and other investments	2,446	2,353
Other assets		
Goodwill on acquisition of subsidiaries	3,304	4,484
Loans and advances		
Related parties	1	5
Unrelated parties	125	109
Prepaid pension cost	1,329	977
Prepaid expenses	237	360
Judicial deposits	998	852
Advances to suppliers - energy	560	443
Recoverable taxes	282	305
Unrealized gains on derivative instruments	391	22
Others	143	69
	7,370	7,626
TOTAL	68,315	60,926

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

Table of Contents

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

(Continued)

	June 30, 2007 (Unaudited)	December 31, 2006
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	2,047	2,382
Payroll and related charges	468	451
Minimum annual dividends attributed to stockholders	856	1,494
Current portion of long-term debt - unrelated parties	755	711
Short-term debt		723
Loans from related parties	35	25
Provision for income taxes	1,245	817
Taxes payable	94	119
Employees post-retirement benefits	116	107
Others	574	483
	6,190	7,312
Long-term liabilities		
Employees post-retirement benefits	1,932	1,841
Long-term debt - unrelated parties	18,284	21,122
Provisions for contingencies (Note 14 (c))	1,800	1,641
Unrealized loss on derivative instruments	708	705
Deferred income tax	5,733	4,527
Provisions for asset retirement obligations	734	676
Others	1,491	618
	30,682	31,130
Minority interests	2,358	2,811
Commitments and contingencies (Note 14)		
Stockholders' equity (Note 11)		
Preferred class A stock - 3,600,000,000 no-par-value shares authorized and 959,758,200 issued	4,919	4,702
Common stock - 1,800,000,000 no-par-value shares authorized and 1,499,898,858 issued	7,776	3,806
Treasury stock - 15,170,644 preferred and 28,291,020 common shares	(389)	(389)
Additional paid-in capital	498	498

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Mandatory convertible notes in common shares	1,288	
Mandatory convertible notes in preferred shares	581	
Other cumulative comprehensive income (deficit)	227	(1,004)
Undistributed retained earnings	6,233	9,555
Unappropriated retained earnings	7,952	2,505
	29,085	19,673
TOTAL	68,315	60,926

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

F - 4

Table of Contents**Condensed Consolidated Statements of Income**
Expressed in millions of United States dollars (unaudited)

	Three-month periods ended			Six-month periods ended	
	June 30, 2007	March 31, 2007	June 30, 2006	2007	June 30, 2006
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	7,667	6,634	3,286	14,301	6,046
Revenues from logistic services	414	331	362	745	651
Aluminum products	724	649	640	1,373	1,069
Other products and services	94	66	25	160	37
	8,899	7,680	4,313	16,579	7,803
Taxes on revenues	(207)	(191)	(167)	(398)	(317)
Net operating revenues	8,692	7,489	4,146	16,181	7,486
Operating costs and expenses					
Cost of ores and metals sold	(3,075)	(3,813)	(1,350)	(6,888)	(2,606)
Cost of logistic services	(227)	(188)	(196)	(415)	(370)
Cost of aluminum products	(431)	(369)	(324)	(800)	(581)
Others	(51)	(20)	(14)	(71)	(22)
	(3,784)	(4,390)	(1,884)	(8,174)	(3,579)
Selling, general and administrative expenses	(266)	(268)	(212)	(534)	(380)
Research and development	(152)	(113)	(101)	(265)	(172)
Others	(111)	(16)	(76)	(127)	(146)
	(4,313)	(4,787)	(2,273)	(9,100)	(4,277)
Operating income	4,379	2,702	1,873	7,081	3,209
Non-operating income (expenses)					
Financial income	77	121	45	198	87
Financial expenses	(508)	(659)	(245)	(1,167)	(458)
Foreign exchange and monetary gains, net	932	770	28	1,702	287
Gain on sale of investments	674		338	674	347
	1,175	232	166	1,407	263

Income before income taxes, equity results and minority interests	5,554	2,934	2,039	8,488	3,472
Income taxes					
Current	(1,483)	(833)	(158)	(2,316)	(400)
Deferred	87	191	(80)	278	(133)
	(1,396)	(642)	(238)	(2,038)	(533)
Equity in results of affiliates and joint ventures and other investments	156	138	184	294	340
Minority interests	(219)	(213)	(105)	(432)	(228)
Net income	4,095	2,217	1,880	6,312	3,051

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

F - 5

Table of Contents**Condensed Consolidated Statements of Cash Flows**
Expressed in millions of United States dollars (unaudited)

	Three-month periods ended			Six-month periods ended	
	June 30, 2007	March 31, 2007	June 30, 2006	2007	June 30, 2006
Cash flows from operating activities:					
Net income	4,095	2,217	1,880	6,312	3,051
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	525	392	205	917	386
Dividends received	153	90	98	243	210
Equity in results of affiliates and joint ventures	(156)	(138)	(184)	(294)	(340)
Deferred income taxes	(87)	(191)	80	(278)	133
Gain on sale of investments	(674)		(338)	(674)	(347)
Foreign exchange and monetary losses (gains), net	(1,224)	(772)	(75)	(1,996)	(366)
Unrealized derivative losses (gains), net	(168)	(85)	51	(253)	95
Minority interests	219	213	105	432	228
Interest payable (receivable), net	(57)	173	40	116	12
Others	(25)	23	(2)	(2)	57
Decrease (increase) in assets:					
Accounts receivable	(492)	103	(346)	(389)	(184)
Inventories	(264)	673	(23)	409	(40)
Others	499	(404)	(38)	95	(146)
Increase (decrease) in liabilities:					
Suppliers	428	46	103	474	(264)
Payroll and related charges	104	(161)	47	(57)	(61)
Income taxes	503	(54)	175	449	(3)
Others	251	157	(34)	408	(206)
Net cash provided by operating activities	3,630	2,282	1,744	5,912	2,215
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions	(1)		1	(1)	(6)
Repayments		10		10	3
Others	(1)		(35)	(1)	13

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Judicial deposits	(31)	(32)	(12)	(63)	(35)
Additions to investments	(42)	(52)	(2)	(94)	(4)
Additions to property, plant and equipment	(1,633)	(1,106)	(961)	(2,739)	(1,816)
Proceeds from disposal of investments	908		418	908	432
Proceeds from disposals of property, plant and equipment			29		38
Cash used to acquire subsidiaries, net of cash acquired	(903)	(2,023)		(2,926)	
Net cash used in investing activities	(1,703)	(3,203)	(562)	(4,906)	(1,375)
Cash flows from financing activities:					
Short-term debt, additions	1,493	497	1,772	1,990	2,394
Short-term debt, repayments	(2,485)	(206)	(1,837)	(2,691)	(2,409)
Loans					
Related parties					
Additions	136	117	1	253	11
Repayments	(121)	(113)	29	(234)	(11)
Issuances of long-term debt					
Others	49	6,463	4	6,512	1,351
Repayments of long-term debt					
Others	(3,940)	(6,205)	(200)	(10,145)	(521)
Treasury stock			(25)		(25)
Mandatorily convertible notes	1,869			1,869	
Interest attributed to stockholders	(825)		(669)	(825)	(669)
Dividends to minority interest	(224)	(61)		(285)	
Net cash provided by (used in) financing activities	(4,048)	492	(925)	(3,556)	121
Increase (decrease) in cash and cash equivalents	(2,121)	(429)	257	(2,550)	961
Effect of exchange rate changes on cash and cash equivalents	(59)	(65)	(7)	(124)	(108)
Cash and cash equivalents, beginning of period	3,954	4,448	1,644	4,448	1,041
Cash and cash equivalents, end of period	1,774	3,954	1,894	1,774	1,894
Cash paid during the period for:					
Interest on short-term debt	(39)	(1)	(5)	(40)	(6)
Interest on long-term debt	(399)	(205)	(73)	(604)	(167)
Income tax	(1,255)	(606)	(31)	(1,861)	(218)
Non-cash transactions					
Income tax paid with credits	(193)	(119)	(40)	(312)	(70)
Interest capitalized	(21)	(22)	(31)	(43)	(62)

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 (unaudited)
(except number of shares and per-share amounts)

	June 30, 2007	Three-month periods ended March 31, 2007	June 30, 2006	Six-month periods ended June 30, 2007	2006
Preferred class A stock (including six special shares)					
Beginning of the period	4,702	4,702	4,702	4,702	2,150
Capital increase					2,552
Transfer from undistributed retained earnings	217			217	
End of the period	4,919	4,702	4,702	4,919	4,702
Common stock					
Beginning of the period	3,806	3,806	3,806	3,806	3,806
Transfer from undistributed retained earnings	3,970			3,970	
End of the period	7,776	3,806	3,806	7,776	3,806
Treasury stock					
Beginning of the period	(389)	(389)	(88)	(389)	(88)
Acquisitions			(25)		(25)
End of the period	(389)	(389)	(113)	(389)	(113)
Additional paid-in capital					
Beginning of the period	498	498	498	498	498
Mandatory convertible notes in common shares					
Change in the period and end of the period	1,288			1,288	
Mandatory convertible notes in preferred shares					
Change in the period and end of the period	581			581	
Other cumulative comprehensive income (deficit)					

Cumulative translation adjustments					
Beginning of the period	(1,672)	(1,628)	(2,006)	(1,628)	(2,856)
Change in the period	1,208	(44)	118	1,164	968
End of the period	(464)	(1,672)	(1,888)	(464)	(1,888)
Unrealized gain on available-for-sale securities					
Beginning of the period	586	271	132	271	127
Change in the period	(381)	315	(20)	(66)	(15)
End of the period	205	586	112	205	112
Surplus (deficit) accrued pension plan					
Beginning of the period	344	353		353	
Change in the period	128	(9)		119	
End of the period	472	344		472	
Cash flow hedge					
Beginning of the period	(10)				
Change in the period	24	(10)		14	
End of the period	14	(10)		14	
Total other cumulative comprehensive income (deficit)					
	227	(752)	(1,776)	227	(1,776)
Undistributed retained earnings					
Beginning of the period	9,992	9,555	4,687	9,555	4,357
Transfer from unappropriated retained earnings					
	428	437	18	865	348
Transfer to capital stock					
	(4,187)			(4,187)	
End of the period	6,233	9,992	4,705	6,233	4,705
Unappropriated retained earnings					
Beginning of the period	4,285	2,505	4,824	2,505	3,983
Net income	4,095	2,217	1,880	6,312	3,051
Dividends and interest attributed to stockholders Preferred class A stock					
			(513)		(513)
Common stock					
	(428)	(437)	(787)	(865)	(787)
			(18)		(348)

Appropriation to reserves

End of the period	7,952	4,285	5,386	7,952	5,386
Total stockholders equity	29,085	22,142	17,208	29,085	17,208
Preferred class A stock (including six special shares)	959,758,200	959,758,200	959,758,200	959,758,200	959,758,200
Common stock	1,499,898,858	1,499,898,858	1,499,898,858	1,499,898,858	1,499,898,858
Treasury stock					
Beginning of the period	(43,461,664)	(43,463,536)	(28,313,936)	(43,463,536)	(28,313,936)
Sales		1,872	(1,281,100)	1,872	(1,281,100)
End of the period	(43,461,664)	(43,461,664)	(29,595,036)	(43,461,664)	(29,595,036)
	2,416,195,394	2,416,195,394	2,430,062,022	2,416,195,394	2,430,062,022

Dividends and interest attributed to stockholders (per share):
Preferred class A stock (including six special shares)
Common stock

0.54
0.54

0.54
0.54

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

Table of Contents**Notes to the Unaudited Condensed Consolidated Interim Financial Information
Expressed in millions of United States dollars, unless otherwise stated****1 The Company and its operation**

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our joint ventures and affiliates are described in Note 9.

On June 30, 2007, the main operating subsidiaries we consolidate are as follows:

Subsidiary	% ownership	% voting capital	Head office location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte (Alunorte)	57.03	61.74	Brazil	Alumina
Alumínio Brasileiro S.A. Albras (Albras)	51.00	51.00	Brazil	Aluminum
CADAM S.A (CADAM)	61.48	100.00	Brazil	Kaolin
CVRD International S.A.	100.00	100.00	Switzerland Cayman	Trading
CVRD Overseas Ltd.	100.00	100.00	Islands	Trading
CVRD Inco (2)	100.00	100.00	Canada	Nickel
Ferrovia Centro-Atlântica S. A.	100.00	100.00	Brazil	Logistics
Minerações Brasileiras Reunidas S.A. MBR	92.99	92.99	Brazil	Iron ore
Mineração Onça Puma Ltda	100.00	100.00	Brazil	Nickel
Pará Pigmentos S.A. (PPSA)	86.17	85.57	Brazil	Kaolin
PT International Nickel Indonesia Tbk (PT Inco) (3)	61.16	61.16	Indonesia	Nickel
Valesul Alumínio S.A. (1)	100.00	100.00	Brazil	Aluminum
CVRD Australia Pty Ltd.	100.00	100.00	Australia	Coal

(1) Subsidiary consolidated as from July 2006 (Note 9);

(2) Subsidiary consolidated as from October 2006 (Note 9);

(3) Through Inco Limited; and

(4) See note 5.

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 beneficiaries are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders' agreements, do not have effective management control.

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. 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 shareholders' agreements. 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 investments in hydroelectric projects are made via consortium contracts under which we have an undivided interest 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 the project, there are no separate financial statements, income tax return, net income or shareholders' equity. Brazilian corporate law explicitly provides that no separate legal entity exists as a result of a consortium contract, and our external legal counsel has confirmed this conclusion. So, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

F - 8

Table of Contents

3 Summary of significant accounting policies

The year ended condensed Balance Sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Our condensed consolidated interim financial information for the three-month periods ended June 30, 2007, March 31, 2007, and June 30, 2006 and for the six-month periods ended June 30, 2007 and June 30, 2006 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month and the six-month periods ended June 30, 2007 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2007.

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 information 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 in business combinations, income tax valuation allowances, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

We have remeasured all assets and liabilities into U.S. dollars at the current exchange rate at each balance sheet date (R\$1.9176 and R\$2.1342 at June 30, 2007 and December 31, 2006, respectively to US\$1.00 or the first available exchange rate if exchange on the last day of the period, was not available), and all accounts in the statements of income (including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency) at the average 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.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). Under the Interpretation, the financial statements reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values. We classify interest and penalties in income taxes at our Statement of Income.

4 Recently-issued accounting pronouncements

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. This standard is effective for fiscal years ending on or after November 15, 2007. We are currently studying the impact of this standard.

5 Major acquisitions, disposals and restructuring

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

In June 2007, we sold through a primary and secondary public offering 25,213,664 common shares, representing 57.84% of total capital, of our subsidiary Log-In Logística Intermodal S.A. for US\$179, with a gain of US\$155 and a capital gain of US\$62. Now we hold 36.37% of the voting and total capital of this entity, which is recognized as an equity investee.

F - 9

Table of Contents

In May 2007, we sold in a public offering Usiminas shares, an available for sale investee, and received total proceeds of US\$728 with a gain of US\$456.

In May 2007, we acquired a further 6.25% of the total share capital from Empreendimentos Brasileiros de Mineração S.A. (EBM), which main asset is its interest in MBR, for US\$231 and as a result, our stake in MBR is equivalent to direct and indirect 92.99% of total and voting capital. We simultaneously entered into an agreement with minority shareholders that gives us the right to use and profit from others' property including receipt of dividends with respect to EBM shares and full shareholder rights in relation to the remaining shares during the next 30 years for which we will make an initial payment of US\$61 plus an annual fee of US\$48 for the next 29 years under this agreement. The present value of the future obligation is recorded as a liability with an equivalent debit entry to minority interests.

We are pursuing various opportunities to become a large global player in coal businesses and in April 2007, we concluded the acquisition of 100% of CVRD Australia (former AMCI Holdings Australia Pty - AMCI HA), a private company held in Australia, which owns and operates coal mines in Australia for US\$656. The purchase price allocations based on the fair values of acquired assets and liabilities was based on management's preliminary internal valuation estimates. Such allocations will be finalized based on valuation and other studies which are in course, performed by us with the assistance of outside valuation specialists. Accordingly, the purchase price allocation adjustments set forth below are preliminary and are subject to revision, which may be material.

	Preliminary Valuation (Unaudited)
Purchase price	656
Book value of assets acquired and liabilities assumed, net	(213)
Adjustment to fair value of property, plant and equipment	(463)
Deferred taxes on the above adjustments	52
Goodwill	32

In March 2007, we acquired the remaining 18% minority interest in Ferro-Gusa held by Nucor do Brasil S.A. for US\$20, which then became a wholly-owned subsidiary.

6 Acquisition of Inco

In October, 2006 we acquired Inco Limited (Inco), a Canadian-based nickel company, and the world's largest nickel processing capacity and reserve base, for US\$13 billion, corresponding to 174,623,019 common shares, representing 75.66% of its outstanding shares. By November 3, 2006 we had already acquired a total of 196,078,276 shares for approximately US\$15 billion, representing 86.57% of Inco's capital. Due to the issuing of new shares related to the convertible debt, on December 31, we had 87.73% of the outstanding shares. On January 3, 2007 the special meeting of shareholders of Inco, approved the amalgamation of Inco with Itabira Canada Inc. (Itabira Canada), our wholly-owned indirect subsidiary.

Pursuant to the amalgamation, Inco changed its name to CVRD Inco Limited (CVRD Inco) and we now own 100.00% of share capital for which we paid an additional US\$2 billion.

In December 2006 we concluded several transactions to take out the bridge loan aiming to extend our average debt maturity close to the pre-acquisition level, which is close to ten years, as described in Note 10.

The purchase price allocation based on the fair values of acquired assets and liabilities was at first based on management's preliminary internal valuation estimates. During the second quarter of 2007, we finalized such allocation based on complementary studies, performed by us with the assistance of external valuation specialists. Accordingly, the purchase price allocation adjustments in relation to the fair value of assets and liabilities acquired

set forth below are finalized and the main difference in relation to our preliminary allocation refer to intangibles identified after the complementary studies. The revisions the allocation have no material effects on the results of the three months period ended March 31, 2007, previously reported.

F - 10

Table of Contents

Fair values used herein were calculated using current pension and post retirement benefits obligation funded status, current interest rates and sales prices for finished goods, estimated future production, investment, costs, commodity prices and cash flows.

On the preparation of this information our acquisition is of 100.00% of Inco 's shares.

	(Unaudited)
Total disbursements	17,023
Transaction costs	38
Purchase price	17,061
Book value of assets acquired and liabilities assumed, net	(4,657)
Adjustment to fair value of inventory	(2,008)
Adjustment to fair value of property, plant and equipment and intangible assets	(12,723)
Change of control obligations	949
Adjustment to fair value of other liabilities assumed	795
Deferred taxes on the above adjustments	3,188
Goodwill	2,605

The main difference between the preliminary and final valuation is the increase in fair value of the nickel mines and the related deferred tax by which goodwill was reduced.

Pro forma information considers our acquisition of 100.00% of Inco as though completed on January 1, 2006.

	Three-month periods ended			Six-month periods ended June 30,		
	(unaudited)			(Unaudited)		
	June 30, 2006			2006		
	CVRD			CVRD		
	Consolidated	Inco	Pro	Consolidated	Inco	Pro
Net operating revenues	4,146	1,814	5,960	7,486	3,025	10,511
Operating costs and expenses	(2,273)	(1,219)	(3,492)	(4,277)	(2,142)	(6,419)
Operating income	1,873	595	2,468	3,209	883	4,092
Non-operating income	166	(272)	(106)	263	(522)	(259)
Income before income taxes, equity results and minority interests	2,039	323	2,362	3,472	361	3,833
Income taxes	(238)	(101)	(339)	(533)	(106)	(639)
Equity in results of affiliates and joint ventures	184		184	340		340
Minority interests	(105)	(24)	(129)	(228)	(42)	(270)
Net income	1,880	198	2,078	3,051	213	3,264

7 Income taxes

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite 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 rate varied from 3.29% to 43.15%.

F - 11

Table of Contents

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

	June 30, 2007			Three-month periods ended (unaudited) March 31, 2007			June 30, 2006
	Brazil	Foreign	Total	Brazil	Foreign	Total	
Income before income taxes, equity results and minority interests	2,807	2,747	5,554	1,601	1,333	2,934	2,039
Federal income tax and social contribution expense at statutory enacted rates	(954)	(934)	(1,888)	(544)	(454)	(998)	(693)
Adjustments to derive effective tax rate:							
Tax benefit on interest attributed to stockholders	118		118	103		103	85
Difference on tax rates of foreign income		198	198		193	193	348
Difference on tax basis of equity investees	71	12	83	(64)	32	(32)	(18)
Tax incentives	65		65	52		52	44
Other non-taxable gains (losses)	39	(11)	28	45	(5)	40	(4)
Federal income tax and social contribution expense in consolidated statements of income	(661)	(735)	(1,396)	(408)	(234)	(642)	(238)

	Six-month periods ended June 30, (Unaudited) 2007			
	Brazil	Foreign	Total	2006
Income before income taxes, equity results and minority interests	4,408	4,080	8,488	3,472
Federal income tax and social contribution expense at statutory enacted rates	(1,499)	(1,387)	(2,886)	(1,180)
Adjustments to derive effective tax rate:				
Tax benefit on interest attributed to stockholders	221		221	176
Difference on tax rates of foreign income		391	391	462
Difference on tax basis of equity investees	7	44	51	(84)
Tax incentives	117		117	76
Other non-taxable gains (losses)	84	(16)	68	17
Federal income tax and social contribution expense in consolidated statements of income	(1,070)	(968)	(2,038)	(533)

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 relative 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. Brazilian tax loss carry forwards have no expiration date.

We have also taxes incentives related to Goro Project in New Caledonia. These incentives include an 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 realized any net income for New Caledonia tax purposes. The benefits of this legislation are expected to apply with respect to any taxes otherwise payable once the Goro project is in operation.

Effective January 1, 2007 for U.S. GAAP purposes, we adopted Financial Accounting Standards Board Interpretation No. 48 Accounting for Uncertainty in Income Taxes. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods disclosure and transition. The effect of first applying the provision of this interpretation was not material.

Table of Contents

We are subject to examination by fiscal authorities up to 5 years concerning to operations in Brazil, 10 years concerning to Indonesia, and 5 and 6 years concerning to Canada except for Newfoundland that has no limit.

8 Inventories

	June 30, 2007 (Unaudited)	December 31, 2006
Finished products		
Iron ore and pellets	435	325
Manganese and ferroalloys	113	94
Alumina	37	33
Aluminum	82	110
Kaolin	34	23
Copper concentrate	9	5
Nickel (co-products and by-products)	1,632	2,046
Coal	34	
Others	26	40
Spare parts and maintenance supplies	925	817
	3,327	3,493

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

	June 30, 2007		Investments		Equity Adjustments						Dividends received					
					Three-month periods ended		Six-month periods ended		Three-month periods ended		Six-month periods ended					
Participation in capital (%) voting total	Net equity	for the period (Unaudited)	Net income (loss) for the period (Unaudited)	December 31, 2006	June 30, 2007	March 31, 2007	June 30, 2006	2007	2006	June 30, 2007	2007	June 30, 2006	2007	2006		
															June 30, 2007	June 30, 2006
Ferrous																
Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)	51.11	51.00	98	11	50	40	(1)	6	7	5	16			22		
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)	51.00	50.89	78	18	40	42	4	6	2	10	7	16	16	13		
Companhia Coreano-Brasileira de Pelotização KOBRASCO	50.00	50.00	70	20	35	40	5	5	5	10	14		11	11		
Companhia Italo-Brasileira de Pelotização ITABRASCO (1) SAMARCO	51.00	50.90	61	14	31	37	3	4	2	7	6	8	8	12		
Mineração S.A. SAMARCO (2)	50.00	50.00	759	238	435	370	59	60	67	119	106	50	50	100	25	
Minas da Serra Geral S.A. MSG	50.00	50.00	52	3	26	25	1	1	1	2	1		1	1		
Gulf Industrial Investment Company GIIC (4)									4		18					
Others					23	23	(1)	1			(2)		1	1		
					640	577	70	83	88	153	166	74	50	13	124	85
Logistics																

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

MRS Logística S.A	37.86	41.50	612	128	254	222	29	23	24	52	38	27	20	27	20	
LOG-IN Logística Intermodal S.A. (7)	36.37	36.37	253	23	92		(2)			(2)						
					346	222	27	23	24	50	38	27	20	27	20	
Holdings																
Steel																
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (cost \$131)																
			14,999		442	744			28		54	24	28	24	28	
California Steel Industries Inc. CSI	50.00	50.00	340	9	170	175	4	1	18	5	33		11		11	3
THYSSENKRUPP CSA Companhia Siderúrgica (8)																
	12.94	12.94			144	91										
					756	1,010	4	1	46	5	87	24	11	28	35	31
Aluminum and bauxite																
Mineração Rio do Norte S.A. MRN																
	40.00	40.00	356	105	142	164	20	22	14	42	26	28	29	22	57	59
Valesul Alumínio S.A. VALESUL (5)																
	100.00	100.00							8		12					
					142	164	20	22	22	42	38	28	29	22	57	59
Coal																
Henan Longyu Resources Co. Ltd Shandong Yankuang International Company Ltd																
	25.00	25.00	538	88	135	112	13	9	4	22	11			15		15
	25.00	25.00	86	(7)	21	23	(2)			(2)						
					156	135	11	9	4	20	11			15		15
Nickel available-for-sale investments (6)																
Jubilee Mines N.L (cost \$30)																
	4.87	4.87			86	79										
Lion Ore Mining International Ltd (cost \$21)																
	1.80	1.80			105	45										
Mirabela Nickel Ltd (cost \$12)																
	9.30	9.30			52	21										

Skye Resources Inc (cost \$-18)	13.70	13.70	82	36										
Heron Resources Inc (cost \$3)	9.80	9.80	16	12										
Others			31	29										
			372	222										
Other affiliates and joint ventures														
Others			34	23										
			34	23										
			1,460	1,554	35	32	72	67	136	52	40	65	92	105
Total			2,446	2,353	132	138	184	270	340	153	90	98	243	210

- (1) CVRD held a majority of the voting interest of several entities that were accounted for under the equity method, in accordance with EITF 96-16, due to veto rights held by minority shareholders under shareholders agreements;
- (2) Investment includes goodwill of US\$56 and US\$ 50 in 2007 and 2006, respectively;
- (3) Equity method used through November 2006, and available-for-sale subsequently. Dividends received included

in equity
adjustment;

- (4) Sold for US\$ 418
in May, 2006;
- (5) Subsidiary
consolidated as
from July, 2006;
- (6) Investment held
through Inco
Limited;
- (7) Consolidated
until May, 2007;
and
- (8) Preoperating
company.

F -14

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

	Current liabilities		Long-Term liabilities	
	December		December	
	June		June	
	30,	31, 2006	30,	31, 2006
	2007		2007	
	(Unaudited)		(Unaudited)	
Foreign debt				
Loans and financing denominated in the following currencies:				
United States dollars	209	192	6,623	10,483
Others	18	4	302	152
Fixed Rate Notes US\$ denominated		112	6,800	6,785
Debt securities export sales (*) US\$ denominated	70	86	233	259
Perpetual notes			86	86
Accrued charges	306	139		
	603	533	14,044	17,765
Local debt				
Denominated in Long-Term Interest Rate TJLP/CDI	18	16	1,113	511
Denominated in General Price Index-Market (IGPM)	20	20	1	1
Basket of currencies	2	2	7	7
Non-convertible debentures			3,066	2,774
Denominated by U.S. dollars	43	107	53	64
Accrued charges	69	33		
	152	178	4,240	3,357
Total	755	711	18,284	21,122

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

The long-term portion as of June 30, 2007 falls due in the following years (unaudited):

2008	689
2009	398
2010	2,435
2011	3,239
2012 thereafter	11,238
No due date (Perpetual notes and non-convertible debentures)	285

18,284

As of June 30, 2007 annual interest rates on long-term debt were as follows (unaudited):

3.1% to 5%	9,921
5.1% to 7%	2,305
7.1% to 9%	2,399
9.1% to 11%	320
Over 11%	3,998
Variable (Perpetual notes)	96
	19,039

F -15

Table of Contents

The indices applied to debt and respective percentage for the six-month period ended June 30, 2007 and for the year ended December 31, 2006, were as follows (unaudited):

	June 30, 2007	% December 31, 2006
TJLP Long-Term Interest Rate (effective rate)	3.2	7.9
IGP-M General Price Index Market	1.5	3.8
Devaluation of United States Dollar against Real	(9.9)	(8.7)

Pursuant to the acquisition of Inco we executed various financial operations through December, 2006. After the execution of transactions, we completed the take out of the initial US\$ 14.6 billion bridge loan, used to finance the Inco acquisition.

One of these transactions, on November 16, 2006, we issued a US\$ 3.75 billion 10-year and 30-year notes. The US\$ 1.25 billion notes due in January 2017 bear a coupon rate of 6.25% per year, payable semi-annually. The US\$ 2.50 billion notes due in November 2036 bear a coupon rate of 6.875% per year, payable semi-annually, and were priced with a yield to maturity of 6.997% per year.

The other transaction involved the issue on December 20, 2006 in the Brazilian market of non-convertible debentures (debentures) in the amount of US\$ 2.5 billion, in two series, with four and seven-year maturities. The first series, due on November 20, 2010, US\$700, will be remunerated at 101.75% of the accumulated variation of the Brazilian CDI (interbank certificate of deposit) interest rate, payable semi-annually. The second series, due on November 20, 2013, US\$ 1.8 billion, will be remunerated at the Brazilian CDI interest rate plus 0.25% per year, also payable semi-annually. These debentures can be traded in the secondary market, through the Sistema Nacional de Debêntures (SND).

The other transaction, which closed on December 21, 2006, was a pre-export finance transaction of US\$6.0 billion, defining the final allocation among the members of a bank syndicate. The transaction includes a US\$5.0 billion tranche, five-year maturity, at Libor plus 0.625% per year, and a US\$1.0 billion tranche, seven-year maturity, at Libor plus 0.75% per year. The last transaction involved the settlement of the bridge loan with cash and advance on export contracts, totaling US\$2.25 billion occurred in April 2007.

Some of our long-term debt instruments contain financial covenants. Our principal covenants require us to maintain certain ratios, such as debt to equity and interest coverage. We were in full compliance with our financial covenants as of June 30, 2007.

11 Stockholders equity

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters that come before a stockholders meeting, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds six preferred special share which confers to it permanent veto rights over certain matters.

On July 26, 2007 our Board of Directors approved a forward-stock split proposal which involves the exchange of each share, common or preferred class A, by two post-split shares. The split also involves the maintenance of the current American Depositary Receipt ratio at 1/1. The split has to be approved by an Extraordinary General Shareholders Meeting to be called soon.

In June 2007, we issued a US\$ 1,880 million Mandatorily Convertible Notes due 2010. The notes will bear interest at 5.50% per year payable quarterly and an additional interest which will be payable based on the net amount of cash distribution paid to ADS holders. The US\$ 1,296 million notes are mandatorily convertible into an aggregate maximum 28,291,020 common shares and the US\$ 584 million notes are mandatorily convertible into an aggregate maximum 15,147,728 preferred class A shares. We currently hold the shares to be issued on conversion in treasury stock. The notes are not repayable in cash. We determined, using a statistical model, that the

Table of Contents

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.

On May 22, 2006 a stock split was effected which had been approved by the Extraordinary General Shareholders Meeting on April 27, 2006. Each existing, common and preferred, share was split into two shares. After the split our capital comprises 2,459,657,058 shares, of which 959,758,200 class A preferred shares and 1,499,898,858 common shares, including six special class shares without par value (Golden Share). The share/ADR proportion was maintained at 1/1; therefore, each common and preferred share, continued to be represented by one ADR supported by one common share (NYSE: RIO) or by one ADR supported by one class A preferred share (NYSE: RIOPR) respectively. All numbers of share and per share amounts included herein reflect retroactive application of the stock split.

On June 21, 2006 the Board of Directors approved a buy-back program of our preferred shares, executed during 180 days. As of December 31, 2006, when the program came to an end, we had acquired 15,149,600 shares held in treasury for subsequent disposal or cancellation at an average weighted unit cost of US\$19.98 (minimum cost of US\$18.89 and maximum of US\$ 20.74).

Both common and preferred stockholders are entitled to receive a dividend of at least 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.

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

In April 2007, through an Extraordinary Shareholders meeting the paid-in capital increased by US\$4,187 million through reserves, without issue of shares. From that day the total paid-in capital is US\$12,695 million.

Basic and diluted earnings per share

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

	Three-month periods ended			Six-month periods ended	
	June 30,	March 31,	June 30,	June 30,	June 30,
	2007	2007	2006	2007	2006
Net income for the period	4,095	2,217	1,880	6,312	3,051
Income available to preferred stockholders basic	2,494	1,350	1,145	3,844	1,858
Income available to preferred stockholders diluted	2,492	1,350	1,145	3,843	1,858
Income available to common stockholders basic	1,601	867	735	2,468	1,193
Income available to common stockholders diluted	1,603	867	735	2,469	1,193
Weighted average number of shares outstanding (thousands of shares) common shares basic	944,588	944,588	944,588	944,586	944,588
Weighted average number of shares outstanding (thousands of shares) common shares diluted (*)	947,697	944,588	944,588	946,149	944,588
Weighted average number of shares outstanding (thousands of shares) preferred	1,471,608	1,471,608	1,471,608	1,471,608	1,471,608

shares basic					
Weighted average number of shares outstanding (thousands of shares) preferred					
shares diluted (*)	1,473,273	1,471,608	1,471,608	1,472,445	1,471,608
Basic earnings per Preferred Class A Share	1.69	0.92	0.77	2.61	1.25
Diluted earnings per Preferred Class A Share	1.69	0.92	0.77	2.61	1.25
Basic earnings per Common Share	1.69	0.92	0.77	2.61	1.25
Diluted earnings per Common Share	1.69	0.92	0.77	2.61	1.25
See terms of convertible notes described above.					

(*) **As if the mandatorily convertible notes had been exercised at the date of its issuance.**

F -17

Table of Contents**12 Other Cumulative Comprehensive Income (deficit) (unaudited)**

	June 30, 2007	Three-month periods ended		Six-month periods ended June 30,	
		March 31, 2007	June 30, 2006	2007	2006
Comprehensive income is comprised as follows:					
Net income	4,095	2,217	1,880	6,312	3,051
Cumulative translation adjustments	1,208	(44)	118	1,164	968
Unrealized gain (loss) on available-for-sale securities	(381)	315	(20)	(66)	(15)
Superavit (deficit) accrued pension plan	128	(9)		119	
Cash flow hedge	24	(10)		14	
Total comprehensive income	5,074	2,469	1,978	7,543	4,004
Taxes effect on other comprehensive income (expense) allocated to each component					
Unrealized gain on investments available-for-sales					
Gross balance as of the period ended	314	892	112	314	112
Tax (expense) benefit	(109)	(306)		(109)	
Net balance as of the period ended	205	586	112	205	112
Superavit Surplus (deficit) accrued pension plan					
Gross balance as of the period ended	716	528		716	
Tax (expense) benefit	(244)	(184)		(244)	
Net balance as of the period ended	472	344		472	

13 Pension costs (unaudited)

	June 30, 2007		March 31, 2007		June 30, 2006	
	Overfunded pension plans	Underfunded pension plans	Overfunded pension plans	Underfunded pension plans	Overfunded pension plans	Underfunded pension plans
Service cost						
benefits earned during the period	3	15	5	1	14	4
Interest cost on projected benefit obligation	73	52	18	46	48	16
Expected return on assets	(135)	(60)		(86)	(55)	(98)
Amortization of initial transitory obligation	3			2		3
Net deferral	(5)			(2)		(8)

Net periodic pension cost	(61)	7	23	(39)	7	20	(40)	6	3
----------------------------------	-------------	----------	-----------	-------------	----------	-----------	-------------	----------	----------

	Six-month periods ended June 30,					
	2007			2006		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	4	29	9	2		
Interest cost on projected benefit obligation	119	100	34	102	14	5
Expected return on assets	(221)	(115)		(162)	(4)	
Amortization of initial transitory obligation	5			5		
Net deferral	(7)			(12)		
Net periodic pension cost	(100)	14	43	(65)	10	5

We previously disclosed in our consolidated financial statements for the year ended December 31, 2006, that we expected to contribute US\$ 238 to our defined benefit pension plan in 2007. As of June 30, 2007, contribution of US\$ 153 had been made. We do not expect any significant change in our previous estimate.

14 Commitments and contingencies

(a) At June 30, 2007, we had extended guarantees for borrowings obtained by affiliates in the amount of US\$2, as follows:

Affiliate	Amount of guarantee	Denominated currency	Purpose Debt	Final maturity	Counter guarantees
SAMARCO	2	US\$	guarantee	2008	None

We expect no losses to arise as a result of the above guarantees. We charge commission for

F - 18

Table of Contents

extending these guarantees.

- (b) We provided a guarantee covering certain termination payments to the supplier under an electricity supply agreement (ESA) entered into in October 2004 for our Goro nickel-cobalt development project in New Caledonia. The amount of the termination payments guaranteed depends upon a number of factors. If Goro defaults under the ESA, the termination payment could reach up to an amount of 135 million euros as at June 30, 2007. Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

Additionally, in connection with the Girardin Financing, a special tax-advantage lease financing sponsored by the French Government related with this project we provided certain guarantees pursuant to which we guaranteed, in certain events of default, payments up to a maximum amount of US\$100.

- (c) Our subsidiaries and we are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision for contingent losses is sufficient to cover probable losses in connection with such actions.

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

	June 30, 2007		December 31, 2006	
	(Unaudited)			
	Provision	Judicial	Provision	Judicial
	for	deposits	for	deposits
	contingencies	contingencies	contingencies	deposits
Labor and social security claims	431	312	378	234
Civil claims	299	136	260	117
Tax related actions	1,045	548	972	500
Others	25	2	31	1
	1,800	998	1,641	852

Labor and social security related actions principally comprise claims 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 connection with losses alleged to have been incurred by them as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted and accidents and return of land.

Tax tax-related actions principally comprise our challenges of certain revenue taxes, value added taxes and uncertain tax positions FIN 48. The initial adoption of FIN 48 had an impact of US\$7 million on our financial statements at March 31, 2007, which relates to interests and penalties. Uncertain tax positions represented provisions for US\$824 and US\$808 at June 30, 2007 and March 31, 2007.

We continue to vigorously pursue our interest benefit in all the above actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

Our judicial deposits are made as required by the courts for us to be able to enter or continue a legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the

prevailing party.

Contingencies settled in the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 aggregated US\$114, US\$48 and US\$781, respectively, and additional provisions aggregated US\$133, US\$45 and US\$601, respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defending claims which in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible losses, which total US\$1,738 at June 30, 2007, for which no provision has been made.

F - 19

Table of Contents

(d) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as debentures 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 are able to derive from exploiting our mineral resources.

In April 2007 we paid as remuneration to these debentures holders the amounts of \$6. During the whole year of 2006 we paid US\$6.

(e) We use various judgments and assumptions when measuring our environmental liabilities and 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. On June 30, 2007, US\$26 of environmental liabilities and asset retirement obligations was classified in current liabilities (Others).

The changes are demonstrated as follows:

	Three-month periods ended (unaudited)			Six-month periods ended June 30, (Unaudited)	
	June 30, 2007	March 31, 2007	June 30, 2006	2007	2006
Provisions for asset retirement obligations beginning of period	699	676	248	676	225
Accretion expense	7	12	6	19	12
Liabilities settled in the current period	(2)	(3)	(3)	(5)	(3)
Cumulative translation adjustment	56	14	1	70	18
Provisions for asset retirement obligations end of period	760	699	252	760	252

F - 20

Table of Contents

15 Segment and geographical information

We adopted 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:

Ferrous products comprises iron ore mining and pellet production, as well as the Northern, Southern and South transportation systems, including railroads, ports and terminals, as they pertain to our mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous comprises the production of non-ferrous minerals, including potash, kaolin, copper and nickel (co-products and by-products).

Logistics comprises our transportation systems as they pertain to the operation of our ships, ports and railroads for third-party cargos.

Holdings divided into the following sub-groups:

Aluminum comprises aluminum trading activities, alumina refining and aluminum metal smelting and investments in joint ventures and affiliates engaged in bauxite mining.

Others comprises our investments in joint ventures and affiliates engaged in other businesses.

Information presented to senior management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with accounting practices adopted in Brazil together with certain minor inter-segment allocations.

Table of Contents

Consolidated net income and principal assets are reconciled as follows:

Results by segment before eliminations (Aggregated)

													As of and for the three-month			
													March 31, 2007			
													June 30, 2007			
Holdings								Holdings								
Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non	Non
ferrous	logistics	aluminum	other	eliminations	consolidated	ferrous	ferrous	logistics	aluminum	other	eliminations	consolidated	ferrous	ferrous	logistics	aluminum
3,976	14	975	48	(2,622)	7,549	4,415	3,482	14	813	22	(2,204)	6,542	3,649	378	15	
159	405	164		(237)	1,350	770	109	331	159		(231)	1,138	697	27	364	
(1,507)	(253)	(866)	(66)	2,859	(3,843)	(3,407)	(2,564)	(220)	(697)	(20)	2,435	(4,473)	(2,770)	(230)	(264)	
(80)	(3)		(38)		(152)	(16)	(59)	(2)		(36)		(113)	(31)	(18)	(2)	
(248)	(24)	(28)	(3)		(525)	(197)	(149)	(25)	(20)	(1)		(392)	(151)	(23)	(15)	
2,300	139	245	(59)		4,379	1,565	819	98	255	(35)		2,702	1,394	134	98	
209	3	4		(807)	77	528	83	2	4	25	(521)	121	173	2	4	
(366)	(1)	(89)	(2)	807	(508)	(1,003)	(160)	(2)	(14)	(1)	521	(659)	(302)	(2)	(1)	
(13)	(5)	61	1		932	735	(8)	(3)	45	1		770	64	(53)	4	
	217		457		674								338			
	27	20	39		156	83		23	22	10		138	88		24	
(661)	(7)	(73)			(1,396)	(394)	(200)	(3)	(45)			(642)	(197)		(4)	
(150)	1	(56)			(219)	(21)	(88)	(2)	(102)			(213)	(30)			
1,319	374	112	436		4,095	1,493	446	113	165			2,217	1,528	81	125	
342	14	281		(297)	703	300	376	6	203		(217)	668	276		7	
731		42	18	(66)	845	95	650		69	22	(79)	757	156	2		
687		482		(958)	1,878	1,373	551	3	348		(734)	1,541	1,257	169	2	

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

66	15	30	(89)	257	194	111		44	(103)	246	193	112			
651	155		(212)	1,111	425	526		149	(214)	886	366	8			
503			(796)	1,596	1,662	268	4		(695)	1,239	1,131	6	5		
996			(204)	1,159	366	1,000	1		(162)	1,205	270	81	1		
3,976	14	975	48	(2,622)	7,549	4,415	3,482	14	813	22	(2,204)	6,542	3,649	378	15
159	405	164		(237)	1,350	770	109	331	159		(231)	1,138	697	27	364
4,135	419	1,139	48	(2,859)	8,899	5,185	3,591	345	972	22	(2,435)	7,680	4,346	405	379

F - 22

Table of Contents**Operating segment after eliminations (Disaggregated)**As of and for the three-month periods ended (unaudited)
June 30, 2007

	Revenues		Value added	Net	Cost and	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, and		Investments		
	Abroad	Domestic	Total	tax	expenses	and	and	Equipment	Investments			
Ferrous												
Iron ore	2,384	515	2,899	(64)	2,835	(1,052)	1,783	(186)	1,597	14,691	632	49
Pellets	563	118	681	(26)	655	(450)	205	(20)	185	778	44	591
Manganese	16	5	21	(1)	20	(17)	3	(2)	1	72	1	
Ferroalloys	80	53	133	(13)	120	(102)	18	(7)	11	191	4	
	3,043	691	3,734	(104)	3,630	(1,621)	2,009	(215)	1,794	15,732	681	640
Non ferrous												
Nickel and other products (*)	3,514	58	3,572		3,572	(1,203)	2,369	(220)	2,149	22,070	439	372
Potash		39	39	(3)	36	(24)	12	(6)	6	197	3	
Kaolin	47	8	55	(2)	53	(62)	(9)	(7)	(16)	292	1	
Copper concentrate	217	50	267	(11)	256	(116)	140	(19)	121	1,612	41	
	3,778	155	3,933	(16)	3,917	(1,405)	2,512	(252)	2,260	24,171	484	372
Aluminum												
Alumina	266		266	(4)	262	(199)	63	(15)	48	2,220	156	
Aluminum	371	72	443	(14)	429	(221)	208	(9)	199	687	231	
Bauxite	15		15		15	(18)	(3)	(2)	(5)	795	54	142
	652	72	724	(18)	706	(438)	268	(26)	242	3,702	441	142
Logistics												
Railroads		333	333	(52)	281	(165)	116	(21)	95	793	5	346
Ports		66	66	(12)	54	(45)	9	(7)	2	1,061	13	
Ships	5	10	15	(1)	14	(15)	(1)		(1)	39	4	
	5	409	414	(65)	349	(225)	124	(28)	96	1,893	22	346
Others	71	23	94	(4)	90	(99)	(9)	(4)	(13)	2,200	5	946

7,549 1,350 8,899 (207) 8,692 (3,788) 4,904 (525) 4,379 47,698 1,633 2,446

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

F - 23

Table of Contents**Operating segment after eliminations (Disaggregated)**As of and for the three-month periods ended (unaudited)
March 31, 2007

	Revenues		Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating Income	Equipment	Property, Plant and Equipment	Investments		
	Abroad	Domestic	Total	tax								
Ferrous												
Iron ore	1,975	475	2,450	(72)	2,378	(800)	1,578	(173)	1,405	13,747	347	44
Pellets	508	106	614	(23)	591	(409)	182	(18)	164	709	10	570
Manganese	3	3	6	(1)	5	(9)	(4)	(1)	(5)	65		
Ferroalloys	94	43	137	(11)	126	(107)	19	(4)	15	172	3	
	2,580	627	3,207	(107)	3,100	(1,325)	1,775	(196)	1,579	14,693	360	614
Non ferrous												
Nickel and other products (*)	3,156	43	3,199		3,199	(2,333)	866	(126)	740	18,588	434	294
Potash		32	32	(2)	30	(21)	9	(5)	4	187	6	
Kaolin	42	8	50	(2)	48	(50)	(2)	(7)	(9)	280	31	
Copper concentrate	121	25	146	(5)	141	(77)	64	(11)	53	1,482	40	
	3,319	108	3,427	(9)	3,418	(2,481)	937	(149)	788	20,537	511	294
Aluminum												
Alumina	243		243	(3)	240	(175)	65	(11)	54	1,941	70	
Aluminum	324	72	396	(15)	381	(179)	202	(9)	193	435	15	
Bauxite	10		10		10	(10)				687	44	122
	577	72	649	(18)	631	(364)	267	(20)	247	3,063	129	122
Logistics												
Railroads		242	242	(41)	201	(111)	90	(21)	69	748	8	256
Ports	3	63	66	(12)	54	(38)	16	(3)	13	837	7	
Ships	11	12	23	(2)	21	(23)	(2)	(2)	(4)	52	8	
	14	317	331	(55)	276	(172)	104	(26)	78	1,637	23	256
Others	52	14	66	(2)	64	(53)	11	(1)	10	1,235	83	1,644
	6,542	1,138	7,680	(191)	7,489	(4,395)	3,094	(392)	2,702	41,165	1,106	2,930

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

F - 24

Table of Contents

Operating segment after eliminations (Disaggregated)

As of and for the three-month periods ended (unaudited)
June 30, 2006

	Revenues			Value added tax	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, net	Addition to Property, Plant and Equipment	Investments	
	Abroad	Domestic	Total									
Ferrous												
Iron ore	1,986	485	2,471	(73)	2,398	(959)	1,439	(122)	1,317	11,991	675	42
Pellets	313	90	403	(21)	382	(270)	112	(10)	102	523	30	580
Manganese	8	4	12	(1)	11	(17)	(6)	(1)	(7)	60	3	
Ferroalloys	87	38	125	(10)	115	(117)	(2)	(4)	(6)	208	15	
	2,394	617	3,011	(105)	2,906	(1,363)	1,543	(137)	1,406	12,782	723	622
Non ferrous												
Potash		23	23	(2)	21	(11)	10	(7)	3	177	1	
Kaolin	40	7	47		47	(34)	13	(7)	6	239		
Copper concentrate	201	4	205		205	(55)	150	(12)	138	1,297	18	
	241	34	275	(2)	273	(100)	173	(26)	147	1,713	19	
Aluminum												
Alumina	339		339		339	(204)	135	(8)	127	1,519	88	
Aluminum	279	14	293	(1)	292	(111)	181	(6)	175	384	6	72
Bauxite	8		8		8	(7)	1		1	420	56	126
	626	14	640	(1)	639	(322)	317	(14)	303	2,323	150	198
Logistics												
Railroads		272	272	(46)	226	(133)	93	(19)	74	693	26	167
Ports		64	64	(11)	53	(30)	23	(5)	18	226	1	
Ships	15	11	26	(2)	24	(28)	(4)	(1)	(5)	3		
	15	347	362	(59)	303	(191)	112	(25)	87	922	27	167
Others	19	6	25		25	(92)	(67)	(3)	(70)	1,046	42	777
	3,295	1,018	4,313	(167)	4,146	(2,068)	2,078	(205)	1,873	18,786	961	1,764

Table of Contents**Results by segment before eliminations (Aggregated) (Unaudited)**

	2007						Six-month periods ended June 30, (Unaudited)						2006	
	Holdings						Holdings							
	Non Ferrous	Non ferrous	Logistics	Aluminum	Other	Eliminations	Non Ferrous	Non ferrous	Logistics	Aluminum	Other	Eliminations	Consolidated	
RESULTS														
Operating revenues														
Export	9,573	7,458	28	1,788	70	(4,826)	14,091	6,952	558	31	1,467	19	(3,092)	5,992
Operating revenues														
Domestic	1,629	268	736	323		(468)	2,488	1,233	82	658	171	7	(283)	1,873
Costs and expenses	(7,417)	(4,071)	(473)	(1,563)	(86)	5,294	(8,316)	(5,347)	(391)	(494)	(1,153)	(26)	3,375	(4,000)
Research and development	(47)	(139)	(5)		(74)		(265)	(53)	(43)	(3)		(73)		(183)
Depreciation, depletion and amortization	(419)	(397)	(49)	(48)	(4)		(917)	(285)	(42)	(29)	(28)	(2)		(333)
Operating income	3,319	3,119	237	500	(94)		7,081	2,500	164	163	457	(75)		3,222
Financial income	1,196	292	5	8	25	(1,328)	198	334	2	12	8	(3)	(266)	1,470
Financial expenses	(1,860)	(526)	(3)	(103)	(3)	1,328	(1,167)	(578)	(4)	(3)	(134)	(5)	266	(443)
Foreign exchange monetary gains (losses), net	1,623	(21)	(8)	106	2		1,702	190	5	(7)	98	1		2,011
Gain on sale of investments			217		457		674	347						1,021
Change in results of equity investments and joint ventures and change in provision for losses on equity investments	153		50	42	49		294	166		38	38	98		675
Income taxes	(1,049)	(861)	(10)	(118)			(2,038)	(443)		(7)	(82)	(1)		(541)
Minority interests	(35)	(238)	(1)	(158)			(432)	(97)			(131)			(668)
Income	3,347	1,765	487	277	436		6,312	2,419	167	196	254	15		3,071
Income classified by geographic location:														
South America, except United States	663	718	20	484		(514)	1,371	547	1	13	288		(325)	550
United States	215	1,381		111	40	(145)	1,602	260	5		6	19	(122)	1,861
Europe	3,040	1,238	3	830		(1,692)	3,419	2,407	264	8	668		(1,205)	2,101

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

ldle														
t/Africa/Oceania	429	177		59	30	(192)	503	376	116		138		(137)	4
an	942	1,177		304		(426)	1,997	728	37		268		(272)	7
na	3,551	771	4			(1,491)	2,835	2,087	16	8	89		(733)	1,4
a; other than														
an and China	733	1,996	1			(366)	2,364	547	119	2	10		(298)	3
	9,573	7,458	28	1,788	70	(4,826)	14,091	6,952	558	31	1,467	19	(3,092)	5,9
domestic market	1,629	268	736	323		(468)	2,488	1,233	82	658	171	7	(283)	1,8
	11,202	7,726	764	2,111	70	(5,294)	16,579	8,185	640	689	1,638	26	(3,375)	7,8

F - 26

Table of Contents**Results by segment before eliminations (Disaggregated) (Unaudited)**

	Six-month periods ended June 30, (unaudited) 2007												
	Revenues				Net		Cost and		Depreciation, depletion and amortization		Operating income		Addition to Property, Plant and Equipment, and Investments
	Abroad	Domestic	Total	Value added tax	revenues	expenses	and	and	and	and	and	and	and
Ferrous													
Iron ore	4,359	990	5,349	(136)	5,213	(1,852)	3,361	(359)	3,002	14,691	979	49	
Pellets	1,071	224	1,295	(49)	1,246	(859)	387	(38)	349	778	54	591	
Manganese	19	8	27	(2)	25	(26)	(1)	(3)	(4)	72	1		
Ferrous alloys	174	96	270	(24)	246	(209)	37	(11)	26	191	7		
	5,623	1,318	6,941	(211)	6,730	(2,946)	3,784	(411)	3,373	15,732	1,041	640	
Non ferrous													
Nickel and other products (*)	6,670	101	6,771		6,771	(3,536)	3,235	(346)	2,889	22,070	873	372	
Potash		71	71	(5)	66	(45)	21	(11)	10	197	9		
Kaolin	89	16	105	(4)	101	(112)	(11)	(14)	(25)	292	32		
Copper concentrate	338	75	413	(16)	397	(193)	204	(30)	174	1,612	81		
	7,097	263	7,360	(25)	7,335	(3,886)	3,449	(401)	3,048	24,171	995	372	
Aluminum													
Alumina	509		509	(7)	502	(374)	128	(26)	102	2,220	226		
Aluminum	695	144	839	(29)	810	(400)	410	(18)	392	687	246		
Bauxite	25		25		25	(28)	(3)	(2)	(5)	795	98	142	
	1,229	144	1,373	(36)	1,337	(802)	535	(46)	489	3,702	570	142	
Logistics													
Railroads		575	575	(93)	482	(276)	206	(42)	164	793	13	346	
Ports	3	129	132	(24)	108	(83)	25	(10)	15	1,061	20		
Ships	16	22	38	(3)	35	(38)	(3)	(2)	(5)	39	12		
	19	726	745	(120)	625	(397)	228	(54)	174	1,893	45	346	
Others	123	37	160	(6)	154	(152)	2	(5)	(3)	2,200	88	946	

14,091 2,488 16,579 (398) 16,181 (8,183) 7,998 (917) 7,081 47,698 2,739 2,446

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

F - 27

Table of Contents**Results by segment before eliminations (Disaggregated) (Unaudited)**

	Six-month periods ended June 30, (unaudited) 2006											
	Revenues			Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Addition to Property, Plant and Equipment	Investments		
Abroad	Domestic	Total										
Ferrous												
Iron ore	3,619	852	4,471	(130)	4,341	(1,819)	2,522	(235)	2,287	11,991	1,266	42
Pellets	688	177	865	(40)	825	(565)	260	(22)	238	523	37	580
Manganese	16	7	23	(2)	21	(24)	(3)	(2)	(5)	60	11	
Ferrous alloys	158	73	231	(19)	212	(201)	11	(8)	3	208	15	
	4,481	1,109	5,590	(191)	5,399	(2,609)	2,790	(267)	2,523	12,782	1,329	622
Non ferrous												
Potash		45	45	(3)	42	(25)	17	(9)	8	177	7	
Kaolin	81	14	95	(3)	92	(75)	17	(13)	4	239		
Copper concentrate	291	25	316	(5)	311	(108)	203	(20)	183	1,297	53	
	372	84	456	(11)	445	(208)	237	(42)	195	1,713	60	
Aluminum												
Alumina	489	10	499	(2)	497	(342)	155	(16)	139	1,519	149	
Aluminum	526	27	553	(3)	550	(223)	327	(12)	315	384	7	72
Bauxite	17		17		17	(16)	1		1	420	104	126
	1,032	37	1,069	(5)	1,064	(581)	483	(28)	455	2,323	260	198
Logistics												
Railroads		486	486	(85)	401	(247)	154	(35)	119	693	52	167
Ports		118	118	(20)	98	(61)	37	(8)	29	226	2	
Ships	29	18	47	(3)	44	(53)	(9)	(2)	(11)	3		
	29	622	651	(108)	543	(361)	182	(45)	137	922	54	167
Others	21	16	37	(2)	35	(132)	(97)	(4)	(101)	1,046	113	777
	5,935	1,868	7,803	(317)	7,486	(3,891)	3,595	(386)	3,209	18,786	1,816	1,764

Table of Contents**16 Derivative financial instruments**

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed and all three are managed through derivative operations. These take the exclusive aim of reducing exposure to risk. We do not contract derivatives for speculative purposes.

We monitor and evaluate our derivative positions on a regular basis and adjust our strategy in response to market conditions. We also periodically review the credit limits and credit worthiness of our counter-parties in these transactions. In view of the policies and practices established for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

For new derivative contracts entered into since January 1, 2007, to protect against commodity prices on 80% aluminum product sales over the next two years we have designated such derivatives (forwards and zero-cost collars) as cash flow hedges. The effect of hedge accounting was not relevant to date.

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

	Interest rates (LIBOR)	Currencies	Gold	Products by aluminum area	Copper	Nickel	Platinum	Total
Unrealized gains (losses) at April 1, 2007	2	153	(46)	(293)	(306)	(20)	(26)	(536)
Financial settlement	3	(85)	4	39	69	24	4	58
Unrealized gains (losses) in the period	3	270	8	(18)	(117)	24	(2)	168
Effect of exchange rate changes		17	(3)	(20)	(1)			(7)
Unrealized gains (losses) at June 30, 2007	8	355	(37)	(292)	(355)	28	(24)	(317)
Unrealized gains (losses) at January 1, 2007	6	(16)	(53)	(318)	(298)	16	(20)	(683)
Financial settlement	(3)	5	12	29	38	(12)		69
Unrealized gains (losses) in the period	(1)	160	(3)	8	(49)	(24)	(6)	85
Effect of exchange rate changes		4	(2)	(12)	3			(7)
Unrealized gains (losses) at March 31, 2007	2	153	(46)	(293)	(306)	(20)	(26)	(536)
Unrealized gains (losses) at April 1, 2006	(3)	1	(58)	(236)				(296)
Financial settlement	1		4	28				33
Unrealized gains (losses) in the period	1	1	(7)	(46)				(51)

Effect of exchange rate changes				2				2
Unrealized gains (losses) at June 30, 2006	(1)	2	(61)	(252)				(312)
Unrealized gains (losses) at January 1, 2007	6	(16)	(53)	(318)	(298)	16	(20)	(683)
Financial settlement		(80)	16	68	107	12	4	127
Unrealized gains (losses) in the period	2	430	5	(10)	(166)		(8)	253
Effect of exchange rate changes		21	(5)	(32)	2			(14)
Unrealized gains (losses) at June 30, 2007	8	355	(37)	(292)	(355)	28	(24)	(317)
Unrealized gains (losses) at January 1, 2006	(4)	1	(46)	(210)				(259)
Financial settlement	1		8	56				65
Unrealized gains (losses) in the period	2	1	(19)	(79)				(95)
Effect of exchange rate changes			(4)	(19)				(23)
Unrealized gains (losses) at June 30, 2006	(1)	2	(61)	(252)				(312)

Except for the cash flow hedges described above, unrealized gains (losses) in the period are included in our income statement under the caption of financial expenses and foreign exchange and monetary gains (losses), net.

Final maturity dates for the above instruments are as follows:

Gold	December 2008
Interest rates(LIBOR)	December 2011
Currencies	December 2011
Products by aluminum area	December 2008
Copper concentrate	December 2008
Nickel	April 2009
Platinum	December 2008

Table of Contents

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 market 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.

Under United States 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 standards 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 standards, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges. At June 30, 2007, we had outstanding cash flow hedges. A cash flow hedge is a hedge of the exposure in 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 United States 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 June 30, 2007, unrealized net losses in respect of derivative instruments which were not qualified for hedge accounting under United States GAAP amounted to US\$310.

Over-the-counter (OTC) forward and zero cost collar aluminum contracts are used to smooth 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 ineffectiveness hedge regarding these contracts since the inception of our cash flow hedge accounting program. At June 30, 2007, US\$7 of deferred net losses on derivative instruments were recorded in other comprehensive income. The maximum term over which cash flows are hedged is 24 months.

* * *

F - 30

Table of Contents

**Supplemental Financial Information (unaudited)
Additional Information**

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 US 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 US 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 the Company's website, www.cvr.com.br, under Investor Relations

S - 1

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

	Three-month periods ended			Six-month periods ended	
	June 30, 2007	March 31, 2007	June 30, 2006	2007	June 30, 2006
Current debt					
Current portion of long-term debt - unrelated parties	755	746	1,115	755	1,115
Short-term debt		1,021	15		15
Loans from related parties	35	30	64	35	64
	790	1,797	1,194	790	1,194
Long-term debt					
Long-term debt - unrelated parties	18,284	21,682	4,688	18,284	4,688
Loans from related parties	1	1	1	1	1
	18,285	21,683	4,689	18,285	4,689
Gross debt (current plus long-term debt)	19,075	23,480	5,883	19,075	5,883
Interest paid over:					
Short-term debt	(39)	(1)	(4)	(40)	(6)
Long-term debt	(399)	(205)	(74)	(604)	(167)
Interest paid	(438)	(206)	(78)	(644)	(173)
EBITDA	5,057	3,184	2,176	8,241	3,805
Stockholders equity	29,085	22,142	17,208	29,085	17,208
LTM (2) EBITDA / LTM (2) Interest paid	13.00	15.63	23.76	13.00	23.76
Gross Debt / LTM (2) EBITDA	1.40	2.19	0.80	1.40	0.80
Gross debt / Equity Capitalization (%)	40	51	25	40	25
Financial expenses					
Third party - local debt	(140)	(123)	(13)	(263)	(26)
Third party - foreign debt	(220)	(242)	(55)	(462)	(108)
Related party debt	(1)	(2)	(2)	(3)	(4)
Gross interest	(361)	(367)	(70)	(728)	(138)
Labor and civil claims and tax-related actions	(25)	(15)	(26)	(40)	(52)
Tax on financial transactions - CPMF	(32)	(53)	(18)	(85)	(39)
Derivatives (Interest rate / Currencies)	279	161	1	440	2

Derivatives (Gold / Alumina / Aluminium / Copper / Energy)	(161)	(76)	(55)	(237)	(122)
Others	(208)	(309)	(77)	(517)	(109)
	(508)	(659)	(245)	(1,167)	(458)
Financial income					
Cash and cash equivalents	33	24	31	57	60
Others	44	97	14	141	27
	77	121	45	198	87
Financial expenses, net	(431)	(538)	(200)	(969)	(371)
Foreign exchange and monetary gain (losses), net (1)	932	770	28	1,702	287
Financial result, net	501	232	(172)	733	(84)

(1) Includes foreign exchange gain (loss) on derivatives in the amount of US\$14, US\$10, US\$1, US\$24, US\$23 for the three-month periods ended June 30, 2007, March 31, 2007 and June 30, 2006 and for the six-month periods ended June 30, 2007 and June 30, 2006, respectively.

(2) Last twelve months

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

	Three-month periods ended			Six-month periods ended	
	June 30, 2007	March 31, 2007	June 30, 2006	2007	2006
Operating income	4,379	2,702	1,873	7,081	3,209
Depreciation	525	392	205	917	386
	4,904	3,094	2,078	7,998	3,595
Dividends received	153	90	98	243	210
EBITDA	5,057	3,184	2,176	8,241	3,805
Net operating revenues	8,692	7,489	4,146	16,181	7,486
Margin EBITDA	58.2%	42.5%	52.5%	50.9%	50.8%

Adjusted EBITDA x Operating Cash Flows (Supplemental information Unaudited)

	June 30, 2007	As of and for the three-month periods ended		June 30, 2006		
	EBITDA	Operating cash flows	EBITDA	Operating cash flows	EBITDA	Operating cash flows
Net income	4,095	4,095	2,217	2,217	1,880	1,880
Income tax deferred	(87)	(87)	(191)	(191)	80	80
Income tax current	1,483		833		158	
Equity in results of affiliates and joint ventures and other investments	(156)	(156)	(138)	(138)	(184)	(184)
Foreign exchange and monetary gains, net	(932)	(1,224)	(770)	(772)	(28)	(75)
Financial expenses, net	431	(57)	538	173	200	40
Minority interests	219	219	213	213	105	105
Gain on sale of investments	(674)	(674)			(338)	(338)
Net working capital		1,029		352		(116)
Others		(193)		(54)		49
Operating income	4,379	2,952	2,702	1,800	1,873	1,441
Depreciation, depletion and amortization	525	525	392	392	205	205
Dividends received	153	153	90	90	98	98
	5,057	3,630	3,184	2,282	2,176	1,744

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Operating cash flows	3,630	2,282	1,744
Income tax	1,483	833	158
Foreign exchange and monetary gains	292	2	47
Financial expenses	488	365	160
Net working capital	(1,029)	(352)	116
Others	193	54	(49)
EBITDA	5,057	3,184	2,176

S - 3

Table of Contents

	Six-month periods ended June 30,			
	2007		2006	
	EBITDA	Operating cash flows	EBITDA	Operating cash flows
Net income	6,312	6,312	3,051	3,051
Income tax deferred	(278)	(278)	133	133
Income tax current	2,316		400	
Equity in results of affiliates and joint ventures and other investments	(294)	(294)	(340)	(340)
Foreign exchange and monetary gains, net	(1,702)	(1,996)	(287)	(366)
Financial expenses, net	969	116	371	12
Minority interests	432	432	228	228
Gain on sale of investments	(674)	(674)	(347)	(347)
Net working capital		1,389		(903)
Others		(255)		151
Operating income	7,081	4,752	3,209	1,619
Depreciation, depletion and amortization	917	917	386	386
Dividends received	243	243	210	210
	8,241	5,912	3,805	2,215
Operating cash flows		5,912		2,215
Income tax		2,316		400
Foreign exchange and monetary gains		294		79
Financial expenses		853		359
Net working capital		(1,389)		903
Others		255		(151)
EBITDA		8,241		3,805

Table of Contents

Board of Directors, Fiscal Council and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa

Chairman

Mário da Silveira Teixeira Júnior

Vice-President

Caio Marcelo de Medeiros Melo

Francisco Augusto da Costa e Silva

Hiroshi Tada

João Batista Cavaglieri

Jorge Luiz Pacheco

José Ricardo Sasseron

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Sandro Kohler Marcondes

Advisory Committees of the Board of Directors

Controlling Committee

Antonio José de Figueiredo Ferreira

Luiz Carlos de Freitas

Paulo Roberto Ferreira de Medeiros

Executive Development Committee

João Moisés de Oliveira

José Ricardo Sasseron

Oscar Augusto de Camargo Filho

Strategic Committee

Roger Agnelli

Gabriel Stoliar

Luciano Siani Pires

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

Bernard Appy

José Bernardo de Medeiros Neto

Executive Officers

Roger Agnelli

Chief Executive Officer

Carla Grasso

Executive Officer for Human Resources and Corporate Services

Eduardo de Salles Bartolomeo

Executive Officer for Logistics

Fabio de Oliveira Barbosa

Chief Financial Officer

Gabriel Stoliar

Executive Officer for Planning and Business Development

José Carlos Martins

Executive Officer for Ferrous Minerals

José Lancaster

Executive Officer for Copper, Coal and Aluminum

Murilo de Oliveira Ferreira

Executive Officer for Nickel Business Marketing and Sales

Copper and Aluminum

Tito Botelho Martins

Executive Officer for Corporate Affairs 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

S - 5

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: August 6, 2007

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