

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

Companhia Vale do Rio Doce
Form 6-K
October 30, 2007

**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 2007

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 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-__.)

Contents

A-Quarterly information	2
1- Balance Sheet	2
2- Statement of Income	4
3- Statement of Changes in Stockholders' Equity	6
4- Statement of Cash Flows	7
5- Notes to the Quarterly information at September 30, 2007 and 2006	8
5.1- Operations	8
5.2- Presentation of Quarterly information	8
5.3- Principles and Practices of Consolidation	8
5.4- Summary of Significant Accounting Policies	8
5.5- Acquisitions and divestments	8
5.6- Inventories	10
5.7- Taxes to recover or offset	10
5.8- Income Tax and Social Contribution	10
5.9- Investments - Consolidated	12
5.10- Intangible - Consolidated	12
5.11- Property, Plant and Equipment	13
5.12- Loans and Financing	14
5.13- Contingent Liabilities	15
5.14- Provision for asset retirement obligations	16
5.15- Pension Plan	17
5.16- Paid-up Capital	18
5.17- Resources linked to future mandatory conversion in shares	19
5.18- Treasury Stock	19
5.19- Distribution to Stockholders	19
5.20- Financial Results	20
5.21- Financial Instruments - Derivatives	22
5.22- Selling, Administrative, Other Operating Expenses and Non Operating Income	24
5.23- Subsequent events	24
6- Attachment I - Statement of Investments in Subsidiaries	25
7- Report of the Independent Accountants	26
B- Additional Information	28
8- Cash generation (Not reviewed by independent auditors)	28
9- Management's Discussion and Analysis of the Operating Results in the Periods of Nine Months Ended September 2007 Compared with September 30, 2006	29
9.1- Consolidated	30
9.1.1- Gross revenue	30
9.1.2- Cost of products and services	32
9.1.3- Selling and administrative expenses	32
9.1.4- Research and development	32
9.1.5- Other operating expenses	32
9.1.6- Net financial results	32
9.1.7- Income tax and social contribution	33
9.2- Parent Company	33
9.2.1- Gross revenue	33
9.2.2- Cost of products and services	33
9.2.3- Equity Results	33

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

9.2.4- Selling and administrative expenses	33
9.2.5- Research and development	33
9.2.6- Other operating expenses (income)	33
9.2.7- Net financial results	33
9.2.8- Income tax and social contribution	33
10- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers	34

A-Quarterly information

(A free translation of the original in Portuguese relating to the Quarterly information prepared in R\$thousands, in accordance with the requirements of Accounting Practices Adopted in Brazil)

1- Balance Sheet

Balances in	Notes	In thousands of reais			
		09/30/07	Consolidated 06/30/07	09/30/07	Parent Company 06/30/07
Assets					
Current assets					
Cash and cash equivalents		4,878,055	3,652,203	174,323	159,915
Accounts receivable from customers		7,596,739	8,103,943	2,453,327	1,984,284
Related parties		42,501	42,633	389,879	491,444
Inventories	5.6	7,062,825	6,812,292	1,663,839	1,277,158
Taxes to recover or offset	5.7	1,091,437	1,047,236	425,264	445,463
Deferred income tax and social contribution		1,519,741	1,134,512	1,056,161	748,164
Others		1,079,809	948,187	245,345	263,380
		23,271,107	21,741,006	6,408,138	5,369,808
Non-current assets					
Long-term receivables					
Related parties		5,321	2,112	3,387,433	3,411,061
Loans and financing		243,191	241,362	113,317	112,611
Deferred income tax and social contribution		635,783	672,420	209,570	210,963
Judicial deposits		975,639	1,067,339	685,705	663,351
Taxes to recover or offset	5.7	442,173	564,950	197,842	219,976
Advances to energy suppliers		1,061,296	1,078,036		
Provisions for derivatives	5.21	1,199,735	753,863	1,111,584	637,908
Prepaid expenses		526,495	562,929	901	901
Others		346,210	299,084	97,090	97,001
		5,435,843	5,242,095	5,803,442	5,353,772
Investments	5.9	1,496,775	1,565,287	60,501,169	57,110,000
Intangibles	5.10	12,178,677	12,728,559	11,459,767	12,301,305
Property, plant and equipment	5.11	88,008,908	86,665,943	26,632,758	26,050,475
Deferred charges		117,288	128,809		
		101,801,648	101,088,598	98,593,694	95,461,780
		130,508,598	128,071,699	110,805,274	106,185,360

Balances in	Notes	In thousands of reais			
		09/30/07	Consolidated 06/30/07	09/30/07	Parent Company 06/30/07
Liabilities, and stockholders equity					
Current liabilities					
Short-term debt	5.12	624,667	561,151	230	
Current portion of long-term debt	5.12	1,477,314	1,581,371	691,527	517,243
Payable to suppliers and contractors		4,143,018	3,983,169	2,099,309	1,461,824
Related parties		46,919	52,735	4,199,021	4,205,078
Payroll and related charges		1,109,136	933,990	597,067	407,075
Pension Plan	5.15	235,169	223,546	104,605	86,784
Dividends and interest on stockholders equity		1,645,709	1,642,379	1,534,525	1,549,691
Taxes and contributions		2,784,342	2,716,930	503,900	116,503
Others		1,197,125	1,422,612	439,573	370,339
		13,263,399	13,117,883	10,169,757	8,714,537
Non-current liabilities					
Long-term liabilities					
Long-term debt	5.12	33,275,239	36,272,832	8,798,917	9,015,804
Related parties		1,288	664	29,531,302	31,017,190
Provisions for contingencies	5.13	2,707,372	2,541,840	1,745,673	1,579,315
Deferred income tax and social contribution		8,891,039	9,010,261		
Pension Plan	5.15	3,847,870	3,890,810	507,978	538,420
Provision for asset retirement obligations	5.14	1,519,993	1,431,999	672,631	643,628
Provisions for derivatives	5.21	1,094,786	1,362,727	92,019	68,452
Others		2,784,899	2,377,782	1,530,426	1,510,177
		54,122,486	56,888,915	42,878,946	44,372,986
Deferred income		80,469	46,746		
Minority interests		5,285,673	4,920,318		
Stockholders equity					
Paid-up capital	5.16	28,000,000	28,000,000	28,000,000	28,000,000
Revenue reserves		26,692,738	22,034,004	26,692,738	22,034,004
Resources linked to the future mandatory conversion in shares	5.17	3,063,833	3,063,833	3,063,833	3,063,833

<i>57,756,571</i>	<i>53,097,837</i>	<i>57,756,571</i>	<i>53,097,837</i>
130,508,598	128,071,699	110,805,274	106,185,360

The additional information, notes and attachment I are an integral part of the quarterly information

3

(A free translation of the original in Portuguese relating to the Quarterly information prepared in R\$thousands, in accordance with the requirements of Accounting Practices Adopted in Brazil)

2- Statement of Income

Periods ended	Notes	In thousands of reais						
		3Q/07	2Q/07	Quarter 3Q/06	09/30/07	Consolidated Accumulated 09/30/06	09/30/07	Parent Company Accumulated 09/30/06
Operating revenues	9.1 and 9.2							
Ore and metals		13,231,562	15,245,460	8,771,368	42,397,206	22,174,746	14,979,229	12,927,445
Transport services		893,945	952,034	956,058	2,653,356	2,555,670	1,458,310	1,415,925
Sales of aluminum-related products		1,357,642	1,492,048	1,439,675	4,281,992	4,036,523	170,041	74,420
Sales of steel products		317,646	333,445	414,752	982,716	1,145,493		
Other products and services		236,403	174,044	60,480	547,869	141,690	81,586	64,945
		16,037,198	18,197,031	11,642,333	50,863,139	30,054,122	16,689,166	14,482,735
Value Added taxes		(416,598)	(388,422)	(417,309)	(1,184,567)	(1,083,955)	(882,133)	(781,214)
Net operating revenues		15,620,600	17,808,609	11,225,024	49,678,572	28,970,167	15,807,033	13,701,521
Cost of products and services	9.1 and 9.2							
Ores and metals		(5,409,179)	(5,548,458)	(3,292,515)	(16,543,333)	(8,706,155)	(8,592,502)	(7,264,521)
Transport services		(519,736)	(576,223)	(449,706)	(1,608,032)	(1,329,520)	(554,073)	(537,964)
Aluminum-related products		(785,512)	(833,872)	(821,559)	(2,392,638)	(2,183,614)	(88,143)	(51,762)
Steel products		(309,827)	(300,981)	(333,889)	(921,503)	(921,006)		
Other products and services		(243,034)	(149,942)	(38,875)	(458,085)	(91,681)	(31,661)	(23,304)
		(7,267,288)	(7,409,476)	(4,936,544)	(21,923,591)	(13,231,976)	(9,266,379)	(7,877,551)
Gross profit		8,353,312	10,399,133	6,288,480	27,754,981	15,738,191	6,540,654	5,823,970
Gross margin		53.5%	58.4%	56.0%	55.9%	54.3%	41.4%	42.5%

Periods ended		In thousands of reais						
							Parent Company	
	Notes	3Q/07	2Q/07	Quarter 3Q/06	09/30/07	Consolidated Accumulated 09/30/06	09/30/07	09/30/06
Operating expenses								
Selling and Administrative	5.22	(581,362)	(566,962)	(402,147)	(1,750,188)	(1,349,734)	(726,217)	(626,673)
Research and development		(390,859)	(305,396)	(289,096)	(935,305)	(667,184)	(473,635)	(393,346)
Other operating expenses	5.22	(396,046)	(332,394)	(347,818)	(810,064)	(712,545)	(160,919)	(357,967)
		(1,368,267)	(1,204,752)	(1,039,061)	(3,495,557)	(2,729,463)	(1,360,771)	(1,377,986)
Operating profit before financial results and results of equity investments								
		6,985,045	9,194,381	5,249,419	24,259,424	13,008,728	5,179,883	4,445,984
Results of equity investments								
Gain on investments accounted for by the equity method	5.9	44,230	18,535	119,131	97,391	271,327	17,234,428	7,844,175
Provision for losses							40,710	(154,088)
Exchange variation in stockholders equity and goodwill of companies abroad		(343,329)	(588,982)	(2,416)	(956,853)	(25,285)	(7,908,172)	(612,822)
		(299,099)	(570,447)	116,715	(859,462)	246,042	9,366,966	7,077,265
Amortization of goodwill	5.10	(344,579)	(364,511)	(130,750)	(971,744)	(300,947)	(964,839)	(302,451)
		(643,678)	(934,958)	(14,035)	(1,831,206)	(54,905)	8,402,127	6,774,814

Financial results, net	5.20	137,949	(47,014)	(248,609)	(117,407)	(974,068)	2,882,172	(342,086)
Non-operating income	5.22	196,870	1,260,766	34,438	1,457,636	790,630	1,300,726	53,764
Income before income tax and social contribution		6,676,186	9,473,175	5,021,213	23,768,447	12,770,385	17,764,908	10,932,476
Income tax and social contribution	5.8	(1,632,336)	(3,195,630)	(791,772)	(6,902,695)	(1,970,208)	(2,169,014)	(869,922)
Income before minority interests		5,043,850	6,277,545	4,229,441	16,865,752	10,800,177	15,595,894	10,062,554
Minority interests		(385,119)	(435,705)	(256,546)	(1,269,858)	(737,623)		
Net income for the period		4,658,731	5,841,840	3,972,895	15,595,894	10,062,554	15,595,894	10,062,554
Number of shares outstanding at the end of the period (in thousands) (a)		4,832,391	4,832,390	4,832,388	4,832,391	4,832,388	4,832,391	4,832,388
Net earnings per share outstanding at the end of the period (R\$)		0.96	1.21	0.82	3.23	2.08	3.23	2.08

The additional information, notes and attachment I are an integral part of the quarterly information (a) Includes 30,341,144 and 56,582,040 preferred and common shares, respectively, linked to issue of mandatory convertible notes (see note 5.18).

(A free translation of the original in Portuguese relating to the Quarterly information prepared in R\$thousands, in accordance with the requirements of Accounting Practices Adopted in Brazil)

3- Statement of Changes in Stockholders Equity

Balances in	Revenue reserves						In thousands of reais	
	Paid-up capital	Expansion/ Investments	Treasury stock	Unrealized income	Fiscal Legal incentives	Retained earnings	Resources linked to mandatory conversion in shares	Total
December 31, 2005	14,000,000	8,462,996	(131,300)	236,167	1,399,413	83,365		24,050,641
Capital Increase	5,492,401							5,492,401
Net income for the year							13,431,005	13,431,005
Realization of reserves				(113,667)			113,667	
Treasury stock			(659,007)					(659,007)
Interim dividends							(29,185)	(29,185)
Stockholders remuneration proposed							(3,189,095)	(3,189,095)
Appropriation to revenue reserves		9,645,367			671,550	9,475	(10,326,392)	
December 31, 2006	19,492,401	18,108,363	(790,307)	122,500	2,070,963	92,840		39,096,760
Treasury stock			81					81
Net income for the period							5,095,323	5,095,323
March 31, 2007	19,492,401	18,108,363	(790,226)	122,500	2,070,963	92,840	5,095,323	44,192,164
Net income for the period							5,841,840	5,841,840
Capitalization of reserves	8,507,599	(7,672,690)			(751,545)	(83,364)		
Resources linked to							3,063,833	3,063,833

mandatory
conversion in
shares

June 30, 2007	28,000,000	10,435,673	(790,226)	122,500	1,319,418	9,476	10,937,163	3,063,833	53,097,837
--------------------------	-------------------	-------------------	------------------	----------------	------------------	--------------	-------------------	------------------	-------------------

Treasury stock			3						3
Net income for the period							4,658,731		4,658,731

September 30, 2007	28,000,000	10,435,673	(790,223)	122,500	1,319,418	9,476	15,595,894	3,063,833	57,756,571
-------------------------------	-------------------	-------------------	------------------	----------------	------------------	--------------	-------------------	------------------	-------------------

(A free translation of the original in Portuguese relating to the Quarterly information prepared in R\$thousands, in accordance with the requirements of Accounting Practices Adopted in Brazil)

4- Statement of Cash Flows

Periods ended	In thousands of reais						
	3Q/07	2Q/07	Quarter 3Q/06	09/30/07	Consolidated Accumulated 09/30/06	09/30/07	Parent Company Accumulated 09/30/06
Cash flows from operating activities:							
Net income for the period	4,658,731	5,841,840	3,972,895	15,595,894	10,062,554	15,595,894	10,062,554
Adjustments to reconcile net income for the period with cash provided by operating activities:							
Results of equity investments	643,678	934,958	14,035	1,831,206	54,905	(8,402,127)	(6,774,814)
Sale of assets	(196,870)	(1,260,766)	(34,438)	(1,457,636)	(790,630)	(1,300,726)	(53,764)
Depreciation, amortization and depletion	998,881	1,015,200	510,447	2,819,102	1,376,700	1,036,092	762,451
Deferred income tax and social contribution	(492,539)	(505,096)	(258,455)	(1,325,921)	(239,445)	(379,998)	(327,556)
Financial expenses and monetary and exchange rate variations on assets and liabilities, net	(1,773,001)	(1,600,034)	251,162	(3,144,942)	(273,072)	(5,209,484)	(269,220)
Minority interest	385,119	435,705	256,546	1,269,858	737,623		
Disposal of property, plant and equipment	21,800	435,063	43,227	538,081	121,939	430,846	33,632
Amortization of goodwill in the cost of products sold			94,008	51,416	280,085	51,366	275,961
Net losses (gains) on derivatives	(644,342)	(297,869)	(162,339)	(1,109,057)	102,777	(1,261,507)	13,825
Dividends/interest on stockholders equity received	13,084	45,469	40,624	58,553	135,737	1,761,865	1,446,112
Others	103,485	(167,457)	(137,518)	278,570	(140,007)	433,399	(18,626)
	3,718,026	4,877,013	4,590,194	15,405,124	11,429,166	2,755,620	5,150,555
Decrease (increase) in assets:							
Accounts receivable	1,267,804	(617,857)	(681,401)	1,010,025	(1,084,916)	(574,156)	(1,458,972)
Inventories	(601,873)	(139,301)	(370,530)	(922,668)	(469,296)	(451,840)	(78,405)

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

Advances to energy suppliers	16,740	(66,581)	(66,395)	(116,783)	(200,743)		
Others	292,224	318,355	(268,908)	(165,126)	(426,141)	423,634	151,668
	974,895	(505,384)	(1,387,234)	(194,552)	(2,181,096)	(602,362)	(1,385,709)
Increase (decrease) in liabilities:							
Suppliers and contractors	194,026	1,449,432	240,266	798,566	(359,690)	409,537	(411,478)
Payroll and related charges and other	225,714	193,620	108,183	57,319	(23,898)	102,807	(47,887)
Taxes and contributions	1,100,160	294,370	394,705	1,326,508	333,089	424,769	141,184
Others	(661,163)	1,067,176	299,263	(354,538)	(133,859)	743,567	(375,172)
	858,737	3,004,598	1,042,417	1,827,855	(184,358)	1,680,680	(693,353)
Net cash provided by operating activities	5,551,658	7,376,227	4,245,377	17,038,427	9,063,712	3,833,938	3,071,493
Cash flows from investing activities:							
Loans and advances receivable	6,344	51,768	94,148	71,112	(60,837)	365,560	219,873
Guarantees and deposits	(27,562)	(65,772)	(131,033)	(166,477)	(276,545)	(126,147)	(106,421)
Additions to investments	(32,267)	(65,675)	(122,057)	(129,512)	(234,138)	(1,529,298)	(3,478,246)
Additions to property, plant and equipment	(3,049,912)	(3,381,047)	(1,777,102)	(8,870,257)	(5,910,435)	(2,719,178)	(4,209,737)
Proceeds from disposal of property, plant and equipment/investments	198,107	1,302,233	43,017	1,500,340	1,061,810	1,855,625	63,870
Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary		(2,077,016)	(25,978)	(6,404,069)	(25,978)		
Net cash used in investing activities	(2,905,290)	(4,235,509)	(1,919,005)	(13,998,863)	(5,446,123)	(2,153,438)	(7,510,661)
Cash flows from financing activities:							
Short-term debt additions	1,069,785	3,614,521	4,484,875	5,985,344	8,723,875	2,696,053	5,629,184
	(974,580)	(5,264,614)	(4,053,227)	(6,983,674)	(8,191,684)	(1,557,125)	(5,063,748)

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

Short-term debt repayments							
Long-term debt	159,074	180,363	445,146	14,471,978	3,563,810	16,551,867	6,882,940
Issue of convertible notes, in common share s		2,481,454		2,481,454			
Issue of convertible notes, in preferred share s		1,119,448		1,119,448			
Repayments:							
Related parties						(67,166)	
Financial institutions	(1,674,798)	(7,850,098)	(477,094)	(22,796,094)	(1,665,965)	(17,663,923)	(702,315)
Interest on stockholders equity paid to stockholders and dividends		(2,096,572)	(79,311)	(2,218,024)	(1,511,657)	(1,669,057)	(1,392,300)
Treasury stock	3		(605,210)	84	(659,007)	84	(659,007)
Net cash provided by (used in) financing activities	(1,420,516)	(7,815,498)	(284,821)	(7,939,484)	259,372	(1,709,267)	4,694,754
Increase (decrease) in cash and cash equivalents	1,225,852	(4,674,780)	2,041,551	(4,899,920)	3,876,961	(28,767)	255,586
Cash and cash equivalents, beginning of the period	3,652,203	8,326,983	4,538,662	9,777,975	2,703,252	203,090	131,467
Cash and cash equivalents, end of the period	4,878,055	3,652,203	6,580,213	4,878,055	6,580,213	174,323	387,053
Cash paid during the period for:							
Short-term interest	(23,492)	(83,337)	(11,157)	(124,982)	(27,202)	(87,588)	(14,997)
Long-term interest	(622,818)	(788,129)	(326,204)	(1,855,774)	(709,424)	(1,934,331)	(412,020)
Income tax and social contribution	(986,218)	(2,981,336)	(579,886)	(4,857,954)	(1,113,314)	(1,504,897)	(386,892)
Non-cash transactions:							
Additions to property, plant and equipment							
interest capitalization	7,285	(187,307)	100,330	(258,245)	(31,276)	(178,756)	(38,981)
Transfer of advance for future capital increase to investments						(24,760)	(256,790)
Compensated income tax and social contribution	(516,382)	(611,795)	(194,694)	(1,390,349)	(354,418)	(1,045,539)	(51,509)

The additional information, notes and attachment I are an integral part of the quarterly information

7

(A free translation of the original in Portuguese relating to the Quarterly information prepared in R\$thousands, in accordance with the requirements of Accounting Practices Adopted in Brazil)

5- Notes to the Quarterly information at September 30, 2007 and 2006

Expressed In thousands of *reais*

5.1- Operations

Companhia Vale do Rio Doce is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, copper concentrate and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly controlled companies, CVRD operates in iron ore and pellets, nickel, copper, precious metals, cobalt (by product), manganese and ferroalloys, kaolin, coal, steel, aluminum-related products and logistics.

5.2- Presentation of Quarterly information

The quarterly information has been prepared in conformity with accounting practices followed in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission).

As part of the quarterly information, the Company presents as complementary information the calculation of the earnings before financing results, equity results, income tax and social contribution, depreciation and amortization LAJIDA (EBITDA).

Although the EBITDA, as defined before, does not provide a measure of operational cash flow basics on Brazilian accounting principles, it is often used by financial analysts to value our business and Management uses this indicator to measure our operational performance.

5.3- Principles and Practices of Consolidation

The consolidated quarterly information shows the balances of assets and liabilities on 09/30/07 and 06/30/07 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies of the periods ended 09/30/07 and 06/30/07 and 09/30/06. The principal figures of the subsidiaries and jointly-controlled companies included in the consolidation are presented in Attachment I.

The investments in hydroelectric projects are made via consortium contracts under which the company has an undivided interest in assets and are liable for its proportionate share of liabilities and expenses, which are based on the proportionate share of power output. The company has not joint liability for any obligations, and all the recorded costs, income, assets and liabilities relate to the entities within the 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 the company's external legal counsel has confirmed this conclusion. So, the company recognizes its proportionate share of costs and its undivided interest in assets relating to hydroelectric projects.

Since December 31, 2006 there have been no changes in the consolidation practices followed by CVRD.

5.4- Summary of significant Accounting Policies

- (a) The financial statements that are being presented have been prepared following the principles, methods and criteria on a consistent basis in relation to those adopted in the closing of the year ended 12/31/2006; and
- (b) In preparing the financial statements, the Company is required to use estimates to account for certain assets, liabilities, and transactions. Therefore the consolidated financial statements include various estimates concerning the selection of useful lives of property, plant and equipment, provisions for losses on assets, contingent liabilities, operational provisions and other similar evaluations. Actual results may vary from the estimates.

5.5- Acquisitions and divestments

- (a) In July 2007, the Company sold its participation of 1.8% of the ordinary shares of Lion Ore Mining International Ltd. (Lion Ore), held by its subsidiary CVRD Inco for R\$197,148 with a gain of R\$153,085.
- (b) In June 2007, the Company sold through a primary and secondary public offering 25,213,664 common shares of Log-In Logística Intermodal S/A. (Log-In), representing 57.84% of total capital, for R\$347,478 with a gain on sale of R\$300,924 and gain on capital of R\$115,607. In July the company sold 5.1% additional stake for R\$44,117 with a gain of R\$37,522. Currently the Company holds 31.27% of total capital of this entity, which is recognized as an equity investee, since June 2007.

- (c) In May 2007, the Company sold in a public offering 13,802,499 Usiminas shares not subject to the shareholders agreement and received total proceeds of R\$1,475,484 generating a gain of R\$839,428. The Company retained 6,608,608 shares which are bound by the current shareholders agreement of Usiminas.
- (d) In May 2007, the Company acquired 6.25% of EBM for R\$466,781. On this occasion an agreement was entered into that grants us, during the next 30 years, the control of EBM, including the right to dividends. In exchange, CVRD will pay a total of US\$ 61 million for the year of 2007 and 29 annual amounts of US\$ 48 million.
- (e) In April 2007, Vale acquired 100% of AMCI Holdings Australia Pty AMCI HÁ, a private company held in Australia, which operates and controls coal assets through joint ventures, for R\$1,328,268.
- (f) In March 2007, Vale acquired the remaining 18% interest in Ferro Gusa held by Nucor do Brasil S.A. for R\$40,584. As a result CVRD now owns 100% of Ferro Gusa's shares.
- (g) In January 2007, the Company finalized the process of acquisition of Inco with the acquisition of the additional participation of 12.27% for R\$4 billion. The total acquisition reached the amount of R\$36 billion. The special meeting of shareholders of Inco, approved the amalgamation of Inco with Itabira Canada Inc. (Itabira Canada), a wholly owned indirect subsidiary of CVRD. Pursuant to the amalgamation, Inco will become a wholly owned subsidiary of CVRD and change its name to CVRD Inco Limited (CVRD Inco).

To improve comparability the company presents, the consolidated statement of income as if the acquisition had been made on the beginning of 2006.

Summarized Consolidated Statement of Income of CVRD and CVRD Inco (unaudited)

	Quarter 3Q/06			Accumulated 09/30/06		
	CVRD	CVRD INCO	Total	CVRD	CVRD INCO	Total
Net operating revenues	11,225,024	5,063,960	16,288,984	28,970,167	11,693,764	40,663,931
Cost of products and services	(4,936,544)	(2,671,746)	(7,608,290)	(13,231,976)	(6,838,607)	(20,070,583)
Gross profit	6,288,480	2,392,214	8,680,694	15,738,191	4,855,157	20,593,348
Operating expenses	(1,039,061)	(307,345)	(1,346,406)	(2,729,463)	(787,324)	(3,516,787)
Operating profit before financial results and results of equity investments	5,249,419	2,084,869	7,334,288	13,008,728	4,067,833	17,076,561
Results of equity investments	(14,035)		(14,035)	(54,905)		(54,905)
Financial results, net	(248,609)	(486,273)	(734,882)	(974,068)	(1,068,187)	(2,042,255)
Non-operating income	34,438	316,236	350,674	790,630	316,236	1,106,866

Income before income tax and social contribution	5,021,213	1,914,832	6,936,045	12,770,385	3,315,882	16,086,267
Income tax and social contribution	(791,772)	(631,254)	(1,423,026)	(1,970,208)	(1,089,545)	(3,059,753)
Income before minority interests	4,229,441	1,283,578	5,513,019	10,800,177	2,226,337	13,026,514
Minority interests	(256,546)	(86,832)	(343,378)	(737,623)	(178,894)	(916,517)
Net income for the period	3,972,895	1,196,746	5,169,641	10,062,554	2,047,443	12,109,997

5.6- Inventories

	Consolidated		Parent Company	
	09/30/07	06/30/07	09/30/07	06/30/07
Finished products				
. Nickel, co-products and sub products Inco	3,011,728	3,144,044		
. Iron ore and pellets	1,069,915	892,339	783,900	536,376
. Manganese and ferroalloys	212,131	215,315		
. Aluminum products	277,393	239,276		
. Copper	47,311	16,960	47,311	16,960
. Steel products	68,287	81,369		
. Other	184,335	180,717	5,810	4,601
	4,871,100	4,770,020	837,021	557,937
Spare parts and maintenance supplies	2,191,725	2,042,272	826,818	719,221
	7,062,825	6,812,292	1,663,839	1,277,158

5.7- Taxes to recover or offset

	Consolidated		Parent Company	
	09/30/07	06/30/07	09/30/07	06/30/07
Income tax	264,722	216,049	22,277	5,529
Value-added tax ICMS	630,425	623,179	446,987	476,786
PIS and COFINS	538,612	655,767	94,065	125,913
INSS	30,088	30,353	29,812	27,949
Others	69,763	86,838	29,965	29,262
Total	1,533,610	1,612,186	623,106	665,439
Current	1,091,437	1,047,236	425,264	445,463
Non-current	442,173	564,950	197,842	219,976
	1,533,610	1,612,186	623,106	665,439

5.8- Income Tax and Social Contribution

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%.

The amounts reported as income tax and social contribution, which affected the results for the period, are as follows:

	Quarter			Consolidated Accumulated		Parent Company Accumulated	
	3Q/07	2Q/07	3Q/06	09/30/07	09/30/06	09/30/07	09/30/06
Income before	6,676,186	9,473,175	5,021,213	23,768,447	12,770,385	17,764,908	10,932,476

income tax and social contribution							
Results of equity investment	643,678	934,958	14,035	1,831,206	54,905	(8,402,127)	(6,774,814)
Results on sale of assets not subject to taxation			(34,438)		(790,630)		(53,764)
	7,319,864	10,408,133	5,000,810	25,599,653	12,034,660	9,362,781	4,103,898
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%	34%	34%
Federal income tax and social contribution at statutory rates	(2,488,754)	(3,538,765)	(1,700,275)	(8,703,882)	(4,091,784)	(3,183,346)	(1,395,325)
Adjustments to net income which modify the effect on the results for the period:							
Income tax benefit from interest on stockholders equity	209,497	214,283	173,230	635,019	555,848	635,019	555,848
Fiscal incentives	63,500	73,138	74,977	243,507	242,382	110,814	10,831
Results of overseas companies taxed by different rates which difference than the parent	555,278	164,661	693,799	1,115,666	1,408,558		

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

company rate							
Reduced							
incentive rate	17,978	25,503	33,574	62,625	78,223		
Others	10,165	(134,450)	(67,077)	(255,630)	(163,435)	268,499	(41,276)
Income tax							
and social							
contribution	(1,632,336)	(3,195,630)	(791,772)	(6,902,695)	(1,970,208)	(2,169,014)	(869,922)

The Company has certain tax incentives relative to the manganese operations in Carajás, bauxite in Oriximiná, potash operations in Rosario do Catete, alumina and aluminum operations in Barcarena and 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 expire in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013 and Bauxite in 2008. 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.

CVRD also has tax 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. The Company is 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, there has been no 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.

5.9- Investments Consolidated

	Investments				Quarter	Equity Results Accumulated	
	09/30/07	06/30/07	3Q/07	2Q/07	3Q/06	09/30/07	09/30/06
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a)	306,961	308,661	13,084		93,595	24,255	209,390
Log-In	176,943	176,687	7,009	(4,339)		2,670	
Shandong Yankuang International Company Ltd.	39,026	41,095	421	(3,783)		(3,355)	45,543
Henan Longyu Resources Co. Ltd.	189,440	257,461	19,441	27,661	21,235	67,006	
ThyssenKrupp CSA Cia Siderúrgica (b)	324,168	277,088					
Quadrem International Holdings Ltd. (b)	8,577	8,984					
Jubilee Mines N.L (b)	93,615	96,973					
Lion Ore (b)		58,697					
Mirabela Nickel Ltd (b)	53,238	52,682					
Skye Resources Inc (b)	148,831	146,183					
Heron Resources Inc (b)	18,415	16,442					
Other	137,561	124,334	4,275	(1,004)	4,301	6,815	16,394
	1,496,775	1,565,287	44,230	18,535	119,131	97,391	271,327

(a) Investment accounted for based on the equity method until 2006, and at cost thereafter it, when this equity is dividends received. This participation valued at market price on the balance sheet date is R\$948,336; and

(b) Investments at cost.

5.10- Intangible Consolidated

Intangible by segment	09/30/07	Intangible	3Q/07	2Q/07	Quarter	Goodwill amortization Accumulated	
		06/30/07			3Q/06	09/30/07	09/30/06

**Minério de ferro e
pelotas (c)**

Goodwill of incorporated companies (a)	4,416,414	4,546,311	(129,894)	(129,894)	(129,896)	(389,682)	(295,370)
Goodwill of Minerações Brasileiras Reunidas MBR	337,057	345,774	(8,718)	(2,906)		(11,623)	
Goodwill of Sociedade de Mineração Estrela do Apolo	25,684	25,684					
Other companies (b)	9,487	12,161	(2,479)	(2,613)	(854)	(6,905)	(5,577)
	4,788,642	4,929,930	(141,091)	(135,413)	(130,750)	(408,210)	(300,947)
Níquel							
Goodwill of Inco Limited (c)	6,680,609	7,383,533	(203,488)	(229,098)		(563,534)	
Other rights	709,426	415,096					
	7,390,035	7,798,629	(203,488)	(229,098)		(563,534)	
Total	12,178,677	12,728,559	(344,579)	(364,511)	(130,750)	(971,744)	(300,947)

(a) Merged companies (Caemi and Ferteco) amortization of goodwill of incorporated operating companies is recorded in the cost of products sold of the Parent Company;

(b) Goodwill not recorded in the parent company; and

(c) Goodwill based on future results expectation (stated period of

amortization of
10 years).

12

5.11- Property, Plant and Equipment
By business area:

			09/30/07	Consolidated 06/30/07
	Cost	Accumulated depreciation	Net	Net
Ferrous				
In operation	28,604,118	(11,266,397)	17,337,721	16,505,206
Construction in Progress	7,209,063		7,209,063	6,978,944
	35,813,181	(11,266,397)	24,546,784	23,484,150
Non Ferrous				
In operation	41,036,765	(3,635,736)	37,401,029	36,388,423
Construction in Progress	11,497,942		11,497,942	12,650,074
	52,534,707	(3,635,736)	48,898,971	49,038,497
Logistics				
In operation	7,146,305	(2,521,230)	4,625,075	4,587,536
Construction in Progress	394,207		394,207	329,193
	7,540,512	(2,521,230)	5,019,282	4,916,729
Holdings				
In operation	8,458,129	(3,272,401)	5,185,728	5,125,062
Construction in Progress	2,809,582		2,809,582	2,593,236
	11,267,711	(3,272,401)	7,995,310	7,718,298
Corporate Center				
In operation	1,485,072	(579,641)	905,431	888,439
Construction in Progress	643,130		643,130	619,830
	2,128,202	(579,641)	1,548,561	1,508,269
Total	109,284,313	(21,275,405)	88,008,908	86,665,943

5.12- Loans and Financing**Current**

	Consolidated		Parent Company	
	09/30/07	06/30/07	09/30/07	06/30/07
Trade finance	472,371	388,908	230	
Working capital	152,296	172,243		
	624,667	561,151	230	

Non-current

	Consolidated				Parent Company			
	Current liabilities		Long-term liabilities		Current liabilities		Long-term liabilities	
	09/30/07	06/30/07	09/30/07	06/30/07	09/30/07	06/30/07	09/30/07	06/30/07
Foreign operations								
Loans and financing in:								
dollars	1) 405,143	440,397	11,734,119	13,698,910	326,889	343,494	1,139,638	1,346,000
in other currencies	49,538	35,014	459,423	582,388	7,296	7,257	21,924	22,000
in U.S. dollars	2) 113,122	134,453	12,254,919	13,048,878				
Export securitization			402,022	446,772				
Commercial notes			158,160	165,669				
Unamortized charges	365,056	587,532			13,319	38,660		
	932,859	1,197,396	25,008,643	27,942,617	347,504	389,411	1,161,562	1,368,000
Local operations								
Financed by TJLP, TR, IGP-M and CDI	188,672	166,364	2,221,672	2,283,238	34,032	34,011	2,126,128	2,134,000
Mix of currencies	3,147	3,053	11,254	12,562	2,997	2,896	11,216	12,000
in U.S. dollars	44,827	82,124	134,808	154,263				
Convertible debentures	3) 307,809	132,434	5,898,862	5,880,152			5,500,011	5,500,000
Unamortized charges					306,994	90,925		
	544,455	383,975	8,266,596	8,330,215	344,023	127,832	7,637,355	7,647,000
	1,477,314	1,581,371	33,275,239	36,272,832	691,527	517,243	8,798,917	9,015,000

1) In December 2006, were realized with a bank syndicate a pre-export finance transaction of US\$6.0 billion. The transaction includes a US\$5.0 billion tranche, with a five-year maturity, at Libor plus 0.625% per year, and a US\$1.0 billion tranche, with a seven-year maturity, at Libor plus 0.75% per year.

2) In November 2006, the company issued US\$3.75 billion 10-year and 30-year notes. One of the US\$1.25 billion notes due in January 2017 bear a coupon rate of 6.25% per year, payable semi-annually and other of US\$2.50 billion notes due in 2036 bear a coupon rate of 6.875% per year, payable semi-annually.

3)

On December 20, 2006 the Company issued non-convertible debentures in the amount of R\$5.5 billion, in two series. The first series, due on November 20, 2010 of R\$1.5 billion, will be remunerated at 101.75% of the accumulated variation of the Brazilian CDI interest rate, payable semi-annually while the second series, due on November 20, 2013 of R\$4.0 billion, will be remunerated at the Brazilian CDI interest rate plus 0.25% per year, also payable semi-annually. These debentures can be traded at a secondary market, through the Sistema Nacional de Debentures (SND).

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$1.00 = R\$ 1.8389 in 09/30/07 (R\$ 1.9262 in 06/30/07).

(b) At September 30, 2007, the consolidated debt was secured as follows:

Loans guaranteed by the Federal Government with a value of R\$ 19,884 for which we gave counter-guarantees;

Securitization program of R\$ 521,889; and

Other assets R\$ 736,313.

(c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically maturing as follows, as of 09/30/07:

		Consolidated		Parent Company
2008	1,139,290	3%	1,034,609	12%
2009	929,378	3%	336,053	4%
2010	4,565,987	14%	1,828,835	21%
2011	6,165,878	19%	252,592	3%
2012 onwards	19,917,696	60%	5,346,828	60%
No due date (perpetual notes and debentures)	557,010	1%		0%
	33,275,239	100%	8,798,917	100%

(d) 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. The company is in compliance with the financial covenants required as of September 30, 2007.

5.13- Contingent Liabilities

At the Quarterly information dates the contingent liabilities of the Company were:

- (a) Provisions for contingencies, net of judicial deposits, considered by management and its legal counsel as sufficient to cover losses from any type of lawsuit, were as follows:

	Consolidated		Parent Company	
	09/30/07	06/30/07	09/30/07	06/30/07
a) Tax contingencies	2,558,690	2,293,250	1,593,468	1,451,206
(-) Judicial deposits	(1,111,600)	(1,026,835)	(789,284)	(770,650)
	1,447,090	1,266,415	804,184	680,556
b) Civil contingencies	609,259	608,110	412,174	409,553
(-) Judicial deposits	(287,533)	(225,867)	(206,990)	(211,292)
	321,726	382,243	205,184	198,261
c) Labor contingencies	906,970	845,083	732,887	681,881
d) Environmental contingencies	31,586	48,099	3,418	18,617
Total accrued liabilities	2,707,372	2,541,840	1,745,673	1,579,315
		09/30/07		09/30/07
Balance in the beginning of the period		2,541,840		1,579,315
Provisions, net of reversals		38,305		16,495
Payments		(13,848)		(10,569)
Monetary update		177,215		174,765
Increase (decrease) of judicial deposits		(36,140)		(14,333)
Balance at the end of period		2,707,372		1,745,673

The Company and its subsidiaries are party to labor, civil, tax and other suits and have been contesting these matters both administratively and in court. When applicable, these are backed by judicial deposits. Provisions for losses are estimated and restated monetarily by management based on the opinions of the legal department and outside counsel.

I) Tax Contingencies:

The major suits are:

Value-Added Tax on Sales and Services (ICMS) The contingent figure refers to the credit right of differential rates regarding the transfer of assets between company branches;

Services Tax (ISS) The major claims are regarding local tax collecting disputes;

Tax for Social Security Financing (COFINS) The major contingencies, related to merged companies refer to the increase of the rate from 2% to 3% between 1999 and 2000;

Import Duty (II) The provision made is related to the Fiscal classification of equipment importation by merged companies;

Additional Compensation to harbour workers (AITP) Amounts regarding the collection of compensation amounts for public harbour workers equalized to Private Harbour;

Income Tax and Social Contribution Essentially regarding a fiscal loss compensation and negative bases of social contribution disputing the limit of 30% of taxable earnings and monetary variations of asset from merged companies; and

Others Regarding dispute of tax credit compensations and basis of calculation of Finance Compensation by Exploration of Mineral Resources CFEM.

II) Civil Contingencies:

The civil actions are 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, accidents and return of land.

III) Labor Contingencies:

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) disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

In addition to the contingencies for which we have made provisions, we have possible losses totaling R\$3,985,686 (R\$2,431,448 parent company) classified based on the advice of our legal counsel, for which no provision is maintained.

(b) Guarantees given to jointly controlled companies are as follows:

Affiliate	Amount of guarantee Denominated			Purpose Debt	Counter Final maturity guarantees	
	09/30/07	06/30/07	currency			
SAMARCO	3,322	3,553	US\$	guarantee IFC	2008	None

(c) The Company provides a guarantee covering certain termination payments to the supplier under an electricity supply agreement entered into in October 2004 for the 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 contract, the termination payment will reach an amount of 135 million euros. Once the supply of electricity under the contract to the project begins, the guaranteed amounts will decrease over the life of the contract.

Additionally, in connection with a special tax-advantage lease financing related to this project the Company provides certain guarantees pursuant to which the Company guarantee in certain events of default, payments up to a maximum amount of US\$100 million.

The Company expects such guarantees to be not executed and therefore no provisions for losses have been made.

(d) Upon privatization in 1997, the Company issued non-convertible debentures (Debentures) to the stockholders of record, including the federal government. The maturity dates of these Debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share in any future benefits from the Company mineral resources.

The debenture holders are entitled to receive semi-annual payments equivalent to a percentage of the net revenue deriving from certain mineral resources owned in May 1997 and included in the Issue Deed.

In September 2007, the company made available the payment related to these debentures in a amount of R\$9,891. The total payments made in 2007, reaches R\$21,928.

5.14- Provision for asset retirement obligations

On 09/30/07, the consolidated provision for asset retirement obligations amounted to R\$1,519,993 (R\$672,631 in the parent company), which was accounted for in Provision for asset retirement obligations in non-current liabilities and R\$65,388 (R\$53,636 in the parent company) classified in Other in current liabilities.

5.15- Pension Plan

The following information shows the details the status of the defined benefit elements of the Company plans, of the valuation of actuarial obligations and of the sponsor contribution to the plans.

a) Pension Plan

The results of the actuarial valuation were as follows:

	09/30/07			Consolidated 06/30/07		
	(*) Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	(*) Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Fair value of assets at the end of the period	8,257,554	5,492,794	7,356	8,001,239	5,753,559	7,705
Fair value of plan assets at the end of the period	(6,769,571)	(6,800,704)	(2,169,902)	(6,653,379)	(6,977,500)	(2,272,916)
Actuarial assets / (liabilities) recorded in the balance sheet:						
Short-term		(102,980)	(27,584)		(107,869)	(28,893)
Long-term		(1,204,930)	(2,134,962)		(1,116,072)	(2,236,318)
Actuarial assets / (liabilities) recorded in the balance sheet	1,487,983	(1,307,910)	(2,162,546)	1,347,860	(1,223,941)	(2,265,211)

	09/30/07			Parent Company 06/30/07		
	(*) Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	(*) Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Fair value of assets at the end of the period	8,257,554			8,001,239		
Fair value of plan assets at the end of the period	(6,769,571)			(6,653,379)		
Actuarial assets / (liabilities) recorded in the balance sheet	1,487,983			1,347,860		

(*) The Company
has not recorded

the actuarial asset on its balance sheet, since there is no clear evidence as to its realization, as established by item 49 of NPC 26.

b) Actuarial liability

Refers to the responsibility of the Company to complement the retirements, pensions and health assistance related to the incentive to the disconnecting of some employees occurred between 1987 and 1989.

The results of the actuarial evaluation of this liability are as follows:

		09/30/07		Consolidated (*) 06/30/07
	Health plan	Complementary plan	Health plan	Complementary plan
Fair value of assets at the end of the period		243,014		229,634
Fair value of plan assets at end of period	(209,247)	(646,350)	(208,239)	(646,599)
Actuarial liabilities recorded in the balance sheet:				
Short-term	(21,218)	(83,387)	(23,844)	(62,940)
Long-term	(188,029)	(319,949)	(184,395)	(354,025)
	(209,247)	(403,336)	(208,239)	(416,965)

(*) The values of the Consolidated are the same of the Parent Company.

c) Sponsor contributions

The contributions are as follows:

	09/30/07	Consolidated 06/30/07
Overfunded pension plans	(41,170)	(25,003)
Underfunded pension plans	(249,568)	(181,296)
Underfunded other benefits	(66,740)	(48,859)
Complementary value (*)	(69,861)	(46,550)
Health insurance plan for retired employee (*)	(15,393)	(10,123)

Total contributions	(442,732)	(311,831)
----------------------------	------------------	------------------

(* Refers to
actuarial
liabilities

5.16- Paid-up Capital

At the Extraordinary Shareholders Meeting held on April 27, 2007 the capital stock was increased to R\$28 billion. The capital increase is due through the expansion/ investment reserve in the amount of R\$7,672,690, capitalization of the Legal reserve in the amount of R\$751,545, and capitalization of the fiscal incentives reserve in the amount of R\$83,364 without new stock issue.

On August 30, 2007 the Extraordinary General Shareholders Meeting approved the forward-stock split. Each existing share, both common and preferred, became two shares.

For comparative purposes, the effects of the split were considered retroactively in the calculation of net income per share presented in the statement of income.

On September 30, 2007 the total capital reaches R\$28,000,000, corresponding of 4,919,314,116 shares, being R\$17,074,400 represented by 2,999,797,716 common shares and R\$10,925,600 represented by 1,919,516,400 class A preferred shares, including twelve special class shares without par value.

The Board of Directors has the power, without the necessity of a statutory change, to deliberate the issue of new shares (authorized capital) including the capitalization of revenue and reserves until the authorized limit of 3,600,000,000 common shares and 7,200,000,000 preferred shares without par value.

Preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share or 3% of the book net equity value of the share, whichever is greater.

The members of the Board of Directors and Executive Board together own 124,926 common shares and 589,863 preferred shares.

5.17- Resources linked to future mandatory conversion in shares

In June, 2007, the Company issued mandatory convertible notes in the value of R\$3,600,902, net of interest R\$3,063,833, with expiration in 2010. The notes, pay a coupon of 5,50% a.a quarterly and the right to receive the participation of the additional equivalent for the distribution in cash paid to the ADS s holders. These notes were classified as a capital instrument, mainly because of the fact that there is no option, from the part of the Company or from the part of the holders to liquidate, totally or in part this operation with financial resources, being the conversion mandatory.

In alignment with the international practices and after concluded analysis, it was concluded that the Mandatory convertible notes are similar to equity notes and recognized as a specific part of the equity, net of financial changes. The resources linked to future mandatory conversion are represented by a maximum of 56,582,040 common shares equivalent to R\$2,111,287 and by a maximum of 30,295,456 preferred shares equivalent to R\$925,546. All the shares are currently in treasury stock (see note 5.18).

5.18- Treasury Stock

On 06/21/06 the Board of Directors approved, under the terms of Subparagraph XXXII of Article 14 of the Bylaws and based on Article 30 of Law 6404/76 and CVM Instructions 10 of 02/14/80 and 268 of 11/13/97, a buy-back program of its preferred shares, during a maximum term of 180 days, involving the acquisition of up to 47,986,763 preferred shares, corresponding to 5% of its outstanding preferred shares on May 31, 2006. The objective was to use this funds to give the shareholders an additional marketability option to the investment in the form of buyback program of the shares.

Until 12/21/06, due date of buy-back program, 30,299,200 preferred shares have been acquired.

On 09/30/07, the Company had 56,582,040 common shares and 30,341,144 preferred shares, which are held in treasury in the amount of R\$790,223.

Class	Shares		Average	Unit acquisition cost		Average quoted market price	
	09/30/07	06/30/07		Low	High	09/30/07	06/30/07
Preferred	30,341,144	30,341,288	43.45	41.13	45.15	42.18	33.02
Common	56,582,040	56,582,040	4.63	3.34	8.68	35.64	39.15
	86,923,184	86,923,328					

5.19- Distribution to Stockholder s

On 04/30/2007, CVRD paid R\$1,669,058 to stockholders, being in the form of interest on stockholders equity an amount of R\$621,650 and R\$1,047,408 in the form of dividends.

5.20- Financial Results

	Consolidated								
	3Q/07			2Q/07			Quarter 3Q/06		
	Financial expenses	Monetary and exchange rate variation on liabilities	Total	Financial expenses	Monetary and exchange rate variation on liabilities	Total	Financial expenses	Monetary and exchange rate variation on liabilities	Total
Foreign debt	(363,339)	(233,399)	(596,738)	(437,176)	300,876	(136,300)	(128,180)	(21,807)	(149,987)
Local debt	(237,464)	42,186	(195,278)	(292,132)	272,831	(19,301)	(38,621)	3,794	(34,827)
Related parties	1,032	95	1,127	809	(26)	783	(1,507)	143	(1,364)
	(599,771)	(191,118)	(790,889)	(728,499)	573,681	(154,818)	(168,308)	(17,870)	(186,178)
Labor, tax and civil contingencies	(36,897)	(142,257)	(179,154)	(49,166)	(4,869)	(54,035)	(62,594)	(121,307)	(183,901)
Derivatives, net of gain/losses (interest and currencies)	532,902	(24,548)	508,354	558,366	(14,902)	543,464	71,261	516	71,777
Derivatives, net of gain/losses (gold, aluminum, Call option premium)	165,418	99,725	265,143	(314,476)	42,035	(272,441)	91,078	(1,383)	89,695
CPMF	(41,516)		(41,516)	(67,622)		(67,622)	(187,346)		(187,346)
Others	(418,281)	(186,753)	(605,034)	(418,722)	(997,025)	(1,415,747)	(42,480)		(42,480)