CNA FINANCIAL CORP
Form 8-K
December 03, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) December 2, 2003

CNA FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	1-5823	36-6169860
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

CNA PLAZA, CHICAGO, ILLINOIS	60685
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (312) 822-5000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibits

(c) Exhibits:

Exhibit No.	Description
99.1	CNA Financial Corporation press release, issued December 1, 2003.
99.2	CNA Financial Corporation Group Operations Segment -- Historical GAAP Results of Operations for the three and nine months ended September 30, 2003.

Item 9. Regulation FD Disclosure

The information in this Current Report is being furnished and shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On December 1, 2003 Registrant issued a press release announcing that it has entered into a binding agreement to sell its Group Benefits business to Hartford Financial Services Group, Inc. for approximately $500 million. The press release is furnished as Exhibit 99.1 to this Form 8-K.

In addition, Registrant is providing supplemental information on businesses related to the sale described above in a schedule furnished as Exhibit 99.2 to this Form 8-K.

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 hereunto duly authorized.

CNA FINANCIAL CORPORATION

Dated: December 2, 2003

/s/ Robert V. Deutsch

By: Robert V. Deutsch
Its: Executive Vice President and
Chief Financial Officer

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

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
25.00 25.00 538 88 135 112 13 9 4 22 11 15 15
Shandong Yankuang International Company Ltd
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
23 34

34 23

1,460 1,554 35 32 72 67 136 52 40 65 92 105

Total
2,436 2,153 132 138 184 270 340 153 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.

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10 Long-term debt

	Current liabilities		Long-Term liabilities	
	June 30, 2007 (Unaudited)	December 31, 2006	June 30, 2007 (Unaudited)	December 31, 2006
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

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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

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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, 2007	**March 31, 2007**	**June 30, 2006**	**June 30, 2007**	**June 30, 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.

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12 Other Cumulative Comprehensive Income (deficit) (unaudited)

	Three-month periods ended			Six-month periods ended June 30,	
	June 30, 2007	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)

	Three-month periods ended								
	June 30, 2007			March 31, 2007			June 30, 2006		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	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	3	15	5	1	14	4	1		
Interest cost on projected benefit obligation	73	52	18	46	48	16	62	8	3
Expected return on assets	(135)	(60)		(86)	(55)		(98)	(2)	
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**	**Final maturity**	**Counter guarantees**
SAMARCO	2	US$	Debt guarantee	2008	None

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

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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 (Unaudited)		December 31, 2006	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial 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.

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(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**

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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.

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Consolidated net income and principal assets are reconciled as follows:

Results by segment before eliminations (Aggregated)

													As of and for the three-mont		
		June 30, 2007							**March 31, 2007**						
	Holdings							**Holdings**							
Non ferrous	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**	**Ferrous**	**Non ferrous**	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**	**Ferrous**	**Non ferrous**	**Logistics**
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

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**

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Operating segment after eliminations (Disaggregated)

As of and for the three-month periods ended (unaudited)
June 30, 2007

	Revenues Abroad	Revenues Domestic	Revenues Total	Value added tax	Net revenues	Cost and expenses	Net	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, Net	Addition to Property, Plant 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).

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Operating segment after eliminations (Disaggregated)

As of and for the three-month periods ended (unaudited)
March 31, 2007

	Revenues			Value added	Net	Cost and		Depreciation, depletion and	Operating	Property, Plant and Equipment,	Addition to Property, Plant and	
	Abroad	**Domestic**	**Total**	**tax**	**revenues**	**expenses**		**amortization**	**Income**	**Net**	**Equipment**	**Investments**
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).

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Operating segment after eliminations (Disaggregated)

	As of and for the three-month periods ended(unaudited) June 30, 2006											
	Revenues											
	Abroad	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Net	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, Net	Addition to Property, Plant and Equipment	Investments
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**

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Results by segment before eliminations (Aggregated) (Unaudited)

	Six-month periods ended June 30, (Unaudite													
							2007							20
			Holdings								Holdings			
	Ferrous	Non ferrous	Logistics	Aluminum	Others	Eliminations	Consolidated	Ferrous	Non ferrous	Logistics	Aluminum	Others	Eliminations	Consolidat
SULTS														
ss revenues port	9,573	7,458	28	1,788	70	(4,826)	14,091	6,952	558	31	1,467	19	(3,092)	5,9
ss revenues mestic	1,629	268	736	323		(468)	2,488	1,233	82	658	171	7	(283)	1,8
t and expenses	(7,417)	(4,071)	(473)	(1,563)	(86)	5,294	(8,316)	(5,347)	(391)	(494)	(1,153)	(26)	3,375	(4,0
earch and elopment	(47)	(139)	(5)		(74)		(265)	(53)	(43)	(3)		(73)		(1
preciation, letion and ortization	(419)	(397)	(49)	(48)	(4)		(917)	(285)	(42)	(29)	(28)	(2)		(3
erating income	**3,319**	**3,119**	**237**	**500**	**(94)**		**7,081**	**2,500**	**164**	**163**	**457**	**(75)**		**3,2**
ancial income	1,196	292	5	8	25	(1,328)	198	334	2	12	8	(3)	(266)	
ancial expenses	(1,860)	(526)	(3)	(103)	(3)	1,328	(1,167)	(578)	(4)	(3)	(134)	(5)	266	(4
eign exchange monetary gains ses), net	1,623	(21)	(8)	106	2		1,702	190	5	(7)	98	1		2
n on sale of estments			217		457		674	347						3
ity in results of liates and joint tures and change rovision for es on equity estments	153		50	42	49		294	166		38	38	98		3
ome taxes	(1,049)	(861)	(10)	(118)			(2,038)	(443)		(7)	(82)	(1)		(5
nority interests	(35)	(238)	(1)	(158)			(432)	(97)			(131)			(2
income	**3,347**	**1,765**	**487**	**277**	**436**		**6,312**	**2,419**	**167**	**196**	**254**	**15**		**3,0**
es classified by graphic tination:														
road market erica, except ted States	663	718	20	484		(514)	1,371	547	1	13	288		(325)	5
ted States	215	1,381		111	40	(145)	1,602	260	5		6	19	(122)	1
ope	3,040	1,238	3	830		(1,692)	3,419	2,407	264	8	668		(1,205)	2,1

ddle 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**
mestic 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**

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Results by segment before eliminations (Disaggregated) (Unaudited)

	Six-month periods ended June 30, (unaudited) 2007											
	Revenues											
	Abroad	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Net	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, Net	Addition to Property, Plant and Equipment	Investments
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	
Ferroalloys	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).

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Results by segment before eliminations (Disaggregated) (Unaudited)

	Six-month periods ended June 30, (unaudited) 2006											
	Revenues											
	Abroad	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Net	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, Net	Addition to Property, Plant and Equipment	Investments
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	
Ferroalloys	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**

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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

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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.

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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.cvrd.com.br, under Investor Relations

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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

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Calculation of EBITDA (Supplemental information Unaudited)

	Three-month periods ended			Six-month periods ended June 30,	
	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)

	As of and for the three-month periods ended					
	June 30, 2007		March 31, 2007		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**

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**

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	Six-month periods ended June 30, 2007 EBITDA	2007 Operating cash flows	2006 EBITDA	2006 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**

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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
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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

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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