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 Graca Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)
(Check One) Form 20-F þ Form 40-F o
(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 o No þ
(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- __________.)

COMPANHIA VALE DO RIO DOCE
INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying unaudited condensed consolidated balance sheet of Companhia Vale do Rio Doce and its subsidiaries as of September 30, 2007, and the unaudited condensed consolidated statements of income, of cash flows and of changes in stockholder s equity for the three-month periods ended September 30, 2007 and June 30, 2007 and September 30,2006 and for the nine-month periods ended September 30, 2007 and September 30, 2006. This interim financial information is the responsibility of the Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006, and the related consolidated statements of income, of cash flows and of changes in stockholders equity for the year then ended, management s assessment of the effectiveness of the Company s internal control over financial reporting as of December 31, 2006 and the effectiveness of the Company s internal control over financial reporting as of December 31, 2006; and in our report dated March 7, 2007, we expressed unqualified opinions thereon. The consolidated financial statements and management s assessment of the effectiveness of internal control over financial reporting referred to above are not presented herein. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/PricewaterhouseCoopers
Auditores Independentes
Rio de Janeiro
October 25, 2007

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

	September 30, 2007 (Unaudited)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	2,508	4,448
Accounts receivable		
Related parties	477	675
Unrelated parties	3,605	2,929
Loans and advances to related parties	106	40
Inventories	3,550	3,493
Deferred income tax	827	410
Recoverable taxes	518	414
Others	556	531
	12,147	**12,940**
Property, plant and equipment, net, and intangible assets	**50,806**	**38,007**
Investments in affiliated companies, joint ventures and other investments	**2,595**	**2,353**
Other assets		
Goodwill on acquisition of subsidiaries	3,314	4,484
Loans and advances		
Related parties	3	5
Unrelated parties	133	109
Prepaid pension cost	1,534	977
Prepaid expenses	230	360
Judicial deposits	1,053	852
Advances to suppliers energy	577	443
Recoverable taxes	240	305
Unrealized gains on derivative instruments	654	22
Others	125	69
	7,863	**7,626**
TOTAL	**73,411**	**60,926**

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

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

(Continued)

	September 30, 2007 (Unaudited)	December 31, 2006
Liabilities and stockholders equity		
Current liabilities		
Suppliers	2,200	2,382
Payroll and related charges	583	451
Minimum annual dividends attributed to stockholders	908	1,494
Current portion of long-term debt unrelated parties	702	711
Short-term debt	2	723
Loans from related parties	42	25
Provision for income taxes	1,357	817
Taxes payable	100	119
Employees post-retirement benefits	129	107
Others	491	483
	6,514	**7,312**
Long-term liabilities		
Employees post-retirement benefits	1,999	1,841
Long-term debt unrelated parties	17,522	21,122
Provisions for contingencies (Note 14 (c))	2,038	1,641
Unrealized losses on derivative instruments	598	705
Deferred income tax	6,168	4,527
Provisions for asset retirement obligations	824	676
Others	1,124	618
	30,273	**31,130**
Minority interests	**3,072**	**2,811**
Commitments and contingencies (Note 14)		
Stockholders equity (Note 11)		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 1,919,516,400 issued	4,953	4,702
Common stock - 3,600,000,000 no-par-value shares authorized and 2,999,791,716 issued	7,742	3,806
Treasury stock - 30,341,144 preferred and 56,582,040 common shares	(389)	(389)
Additional paid-in capital	498	498
Mandatory convertible notes in common shares	1,288	

Mandatory convertible notes in preferred shares	581	
Other cumulative comprehensive income (deficit)	1,795	(1,004)
Undistributed retained earnings	6,560	9,555
Unappropriated retained earnings	10,524	2,505
	33,552	**19,673**
TOTAL	**73,411**	**60,926**

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

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

	Three-month period ended			Nine-month period ended	
	September 30, 2007	**June 30, 2007**	**September 30, 2006**	**September 30, 2007**	**September 30, 2006**
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	6,927	7,667	4,014	21,228	10,060
Revenues from logistic services	391	414	383	1,136	1,034
Aluminum products	677	724	638	2,050	1,707
Other products and services	129	94	31	289	68
	8,124	**8,899**	**5,066**	**24,703**	**12,869**
Taxes on revenues	(226)	(207)	(214)	(624)	(531)
Net operating revenues	**7,898**	**8,692**	**4,852**	**24,079**	**12,338**
Operating costs and expenses					
Cost of ores and metals sold	(3,053)	(3,075)	(1,580)	(9,941)	(4,186)
Cost of logistic services	(207)	(227)	(203)	(622)	(573)
Cost of aluminum products	(419)	(431)	(382)	(1,219)	(963)
Others	(106)	(51)	(16)	(177)	(38)
	(3,785)	**(3,784)**	**(2,181)**	**(11,959)**	**(5,760)**
Selling, general and administrative expenses	(287)	(266)	(167)	(821)	(547)
Research and development	(206)	(152)	(134)	(471)	(306)
Others	(190)	(111)	(122)	(317)	(268)
	(4,468)	**(4,313)**	**(2,604)**	**(13,568)**	**(6,881)**
Operating income	**3,430**	**4,379**	**2,248**	**10,511**	**5,457**
Non-operating income (expenses)					
Financial income	39	77	59	237	146
Financial expenses	(198)	(508)	(172)	(1,365)	(630)
Foreign exchange and monetary gains, net	553	932	38	2,255	325
Gain on sale of investments	103	674	16	777	363
	497	**1,175**	**(59)**	**1,904**	**204**
	3,927	**5,554**	**2,189**	**12,415**	**5,661**

Income before income taxes, equity results and minority interests					
Income taxes					
Current	(975)	(1,483)	(419)	(3,291)	(819)
Deferred	28	87	71	306	(62)
	(947)	**(1,396)**	**(348)**	**(2,985)**	**(881)**
Equity in results of affiliates and joint ventures and other investments	165	156	187	459	527
Minority interests	(205)	(219)	(124)	(637)	(352)
Net income	**2,940**	**4,095**	**1,904**	**9,252**	**4,955**

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

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

	Three-month period ended			Nine-month period ended	
	September 30, 2007	**June 30, 2007**	**September 30, 2006**	**September 30, 2007**	**September 30, 2006**
Cash flows from operating activities:					
Net income	2,940	4,095	1,904	9,252	4,955
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	532	525	232	1,449	618
Dividends received	39	153	242	282	452
Equity in results of affiliates and joint ventures	(165)	(156)	(187)	(459)	(527)
Deferred income taxes	(28)	(87)	(71)	(306)	62
Gain on sale of investments	(103)	(674)	(16)	(777)	(363)
Foreign exchange and monetary losses (gains), net	(565)	(1,224)	25	(2,561)	(341)
Unrealized derivative losses (gains), net	(338)	(168)	(75)	(591)	20
Minority interests	205	219	124	637	352
Interest payable (receivable), net	9	(57)	(55)	125	(43)
Others	71	(25)	1	69	24
Decrease (increase) in assets:					
Accounts receivable	489	(492)	(291)	100	(475)
Inventories	(194)	(264)	34	215	(6)
Others	(467)	499	10	(372)	(136)
Increase (decrease) in liabilities:					
Suppliers	95	428	28	569	(236)
Payroll and related charges	121	104	47	64	(14)
Income taxes	526	503	112	975	109
Others	(327)	251	111	81	(62)
Net cash provided by operating activities	**2,840**	**3,630**	**2,175**	**8,752**	**4,389**
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions		(1)	(2)	(1)	(8)
Repayments			8	10	11
Others	3	(1)	20	2	33

Judicial deposits	(12)	(31)	(26)	(75)	(61)
Additions to investments		(42)	(57)	(94)	(61)
Additions to property, plant and equipment	(1,367)	(1,633)	(834)	(4,106)	(2,650)
Proceeds from disposal of investments	134	908		1,042	432
Proceeds from disposals of property, plant and equipment			11		49
Cash used to acquire subsidiaries, net of cash acquired		(903)	(6)	(2,926)	(6)
Net cash used in investing activities	**(1,242)**	**(1,703)**	**(886)**	**(6,148)**	**(2,261)**

	Three-month period ended			Nine-month period ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Cash flows from financing activities:					
Short-term debt, additions	472	1,493	1,378	2,462	3,761
Short-term debt, repayments	(472)	(2,485)	(1,165)	(3,163)	(3,563)
Loans					
Related parties					
Additions	5	136	(1)	258	10
Repayments		(121)	(17)	(234)	(28)
Issuances of long-term debt					
Others	54	49	12	6,566	1,363
Repayments of long-term debt					
Others	(871)	(3,940)	(206)	(11,016)	(727)
Treasury stock			(276)		(301)
Mandatorily convertible notes		1,869		1,869	
Interest attributed to stockholders		(825)		(825)	(650)
Dividends to minority interest		(224)	(37)	(285)	(56)
Net cash used in financing activities	**(812)**	**(4,048)**	**(312)**	**(4,368)**	**(191)**
Increase (decrease) in cash and cash equivalents	786	(2,121)	977	(1,764)	1,937
Effect of exchange rate changes on cash and cash equivalents	(52)	(59)	20	(176)	(87)
Cash and cash equivalents, beginning of period	1,774	3,954	1,894	4,448	1,041
Cash and cash equivalents, end of period	**2,508**	**1,774**	**2,891**	**2,508**	**2,891**
Cash paid during the period for:					
Interest on short-term debt	(1)	(39)	(2)	(41)	(8)
Interest on long-term debt	(324)	(399)	(146)	(928)	(313)
Income tax	(691)	(1,255)	(247)	(2,552)	(465)
Non-cash transactions					
Income tax paid with credits	(242)	(193)	(56)	(554)	(126)
Interest capitalized	(20)	(21)	(34)	(63)	(96)
Issuance of preferred stock for the acquisition of Caemi, net of cash acquired					(2,182)

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

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

	Three-month period ended			Nine-month period ended	
	September 30, 2007	**June 30, 2007**	**September 30, 2006**	**September 30, 2007**	**September 30, 2006**
Preferred class A stock (including twelve special shares)					
Beginning of the period	4,953	4,702	4,702	4,702	2,150
Capital increase					2,552
Transfer from undistributed retained earnings		251		251	
End of the period	**4,953**	**4,953**	**4,702**	**4,953**	**4,702**
Common stock					
Beginning of the period	7,742	3,806	3,806	3,806	3,806
Transfer from undistributed retained earnings		3,936		3,936	
End of the period	**7,742**	**7,742**	**3,806**	**7,742**	**3,806**
Treasury stock					
Beginning of the period	(389)	(389)	(113)	(389)	(88)
Acquisitions			(276)		(301)
End of the period	**(389)**	**(389)**	**(389)**	**(389)**	**(389)**
Additional paid-in capital					
Beginning and end of the period	**498**	**498**	**498**	**498**	**498**
Mandatory convertible notes in common shares					
Beginning and end of the period	**1,288**	**1,288**		**1,288**	
Mandatory convertible notes in preferred shares					
Beginning and end of the period	**581**	**581**		**581**	

Other cumulative comprehensive income (deficit)					
Cumulative translation adjustments					
Beginning and end of the period	(464)	(1,672)	(1,888)	(1,628)	(2,856)
Change in the period	1,467	1,208	26	2,631	994
End of the period	**1,003**	**(464)**	**(1,862)**	**1,003**	**(1,862)**
Unrealized gain on available-for-sale securities					
Beginning of the period	205	586	112	271	127
Change in the period	24	(381)	18	(42)	3
End of the period	**229**	**205**	**130**	**229**	**130**
Superavit (deficit) accrued pension plan					
Beginning of the period	472	344		353	
Change in the period	68	128		187	
End of the period	**540**	**472**		**540**	
Cash flow hedge					
Beginning of the period	14	(10)			
Change in the period	9	24		23	
End of the period	**23**	**14**		**23**	
Total other cumulative comprehensive income (deficit)	**1,795**	**227**	**(1,732)**	**1,795**	**(1,732)**
Undistributed retained earnings					
Beginning of the period	6,233	9,992	4,705	9,555	4,357
Transfer from unappropriated retained earnings	327	428	(59)	1,192	289
Transfer to capital stock		(4,187)		(4,187)	
End of the period	**6,560**	**6,233**	**4,646**	**6,560**	**4,646**
Unappropriated retained earnings					
Beginning of the period	7,952	4,285	5,386	2,505	3,983
Net income	2,940	4,095	1,904	9,252	4,955

Interest attributed to mandatory covertible debt					
Preferred class A stock	(14)			(14)	
Common stock	(27)			(27)	
Dividends and interest attributed to stockholders					
Preferred class A stock					(513)
Common stock					(787)
Appropriation to reserves	(327)	(428)	59	(1,192)	(289)
End of the period	**10,524**	**7,952**	**7,349**	**10,524**	**7,349**
Total stockholders equity	**33,552**	**29,085**	**18,880**	**33,552**	**18,880**
Preferred class A stock (including twelve special shares)	1,919,516,400	1,919,516,400	1,919,516,400	1,919,516,400	1,919,516,400
Common stock	2,999,797,716	2,999,797,716	2,999,797,716	2,999,797,716	2,999,797,716
Treasury stock					
Beginning of the period	(86,923,328)	(86,923,328)	(59,190,072)	(86,927,072)	(56,627,872)
Acquisitions			(27,737,000)		(30,299,200)
Sales	144			3,888	
End of the period	**(86,923,184)**	**(86,923,328)**	**(59,190,072)**	**(86,923,184)**	**(56,627,872)**
	4,832,390,932	**4,832,390,788**	**4,860,124,044**	**4,832,390,932**	**4,862,686,244**
Dividends and interest attributed to stockholders (per share):					
Preferred class A stock (including twelve special shares)					0.27
Common stock					0.27

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information
Expressed in millions of United States dollars, unless otherwise stated

1 The Company and its operation

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

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

Subsidiary	% ownership	% voting capital	Head office location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte (Alunorte)	57,03	61,74	Brazil	Alumina
Alumínio Brasileiro S.A. Albras (Albras)	51,00	51,00	Brazil	Aluminum
CADAM S.A. (CADAM)	61,48	100,00	Brazil	Kaolin
CVRD International S.A.	100,00	100,00	Swiss	Trading
CVRD Overseas Ltd.	100,00	100,00	Cayman Islands	Trading
CVRD Inco (2)	100,00	100,00	Canada	Nickel
Ferrovia Centro-Atlântica S. A.	100,00	100,00	Brazil	Logistics
Minerações Brasileiras Reunidas S.A. MBR	92,99	92,99	Brazil	Iron ore
Mineração Onça Puma Ltda	100,00	100,00	Brazil	Nickel
Pará Pigmentos S.A. (PPSA)	86,17	85,57	Brazil	Kaolin
PT International Nickel Indonesia Tbk (PT Inco) (3)	61,16	61,16	Indonesia	Nickel
Valesul Aumínio S.A. (1)	100,00	100,00	Brazil	Aluminum
CVRD Australia Pty Ltd. (4)	100,00	100,00	Australia	Coal

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

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

(3) Through Inco Limited; and

(4) See note 5.

2 Basis of consolidation

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

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

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

Our investments in hydroelectric projects are made via consortium contracts under which we have an undivided interest in assets and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations, and all our recorded costs, income, assets and liabilities relate to the entities within our group. Since there is no separate legal entity for the project, there are no separate financial statements, income tax return, net income or shareholders equity. Brazilian corporate law explicitly provides that no separate legal entity exists as a result of a consortium contract, and our external legal counsel has confirmed this conclusion. So, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

3 Summary of significant accounting policies

The 2006 year end condensed Balance Sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

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

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

We have remeasured all assets and liabilities into U.S. dollars at the current exchange rate at each balance sheet date (R$1.8225 and R$2.1342 at September 30, 2007 and December 31, 2006, respectively to US$1.00 or the first available exchange rate if exchange on the last day of the period, was not available), and all accounts in the statements of income (including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency) at the average rates prevailing during the period. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in stockholders equity.

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

4 Recently-issued accounting pronouncements

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

5 Major acquisitions and disposals

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

In June 2007, we sold through a primary and secondary public offering 25,213,664 common shares, representing 57.84% of total capital, of our subsidiary Log-In Logística Intermodal S.A. for US$179, with a gain of US$155. In July 2007, we sold 5.1% additional stake for US$24 with a gain of US$21. We now hold 31.27% of the voting and total capital of this entity, which is recognized as an equity investee.

In May 2007, we sold in a public offering Usiminas shares, an available-for-sale investee, and received total proceeds of US$728 recording a gain of US$456. We remain with the minimum number of shares required to be part of to the current shareholders agreement of Usiminas.

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

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

The purchase price allocations based on the fair values of acquired assets and liabilities was based on management s preliminary internal valuation estimates. Such allocations will be finalized based on valuation and other studies which are in course, performed by us with the assistance of outside valuation specialists. Accordingly, the purchase price allocation adjustments set forth below are preliminary and are subject to revision.

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

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

6 Acquisition of Inco

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

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

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

The purchase price allocation based on the fair values of acquired assets and liabilities was at first based on management s preliminary internal valuation estimates. During the second quarter of 2007, we finalized such allocation based on complementary studies, performed by us with the assistance of external valuation specialists. Accordingly, the purchase price allocation adjustments in relation to the fair value of assets and liabilities acquired set forth below are finalized and the main difference in relation to our preliminary allocation refers to rights identified after the complementary studies. The revisions to the allocation have no material effects on the results of the three-month period ended March 31, 2007, previously reported.

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

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

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

The main reclassification between the preliminary and final valuation (US$2,135) is the increase in fair value of the nickel mines and the related deferred tax, reducing goodwill.

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

	Three-month period ended (unaudited) September 30, 2006			**Nine-month period ended (Unaudited) September 30, 2006**		
	CVRD Consolidated	**Inco**	**Pro forma**	**CVRD Consolidated**	**Inco**	**Pro forma**
Net operating revenues	4,852	2,326	7,178	12,338	5,351	17,689
Operating costs and expenses	(2,604)	(1,392)	(3,996)	(6,881)	(3,534)	(10,415)
Operating income	**2,248**	**934**	**3,182**	**5,457**	**1,817**	**7,274**
Non-operating income (expenses)	(59)	(50)	(109)	204	(572)	(368)

Income before income taxes, equity results and minority interests	**2,189**	**884**	**3,073**	**5,661**	**1,245**	**6,906**
Income taxes	(348)	(367)	(715)	(881)	(473)	(1,354)
Equity in results of affiliates and joint ventures	187		187	527		527
Minority interests	(124)	(40)	(164)	(352)	(82)	(434)
Net income	**1,904**	**477**	**2,381**	**4,955**	**690**	**5,645**

7 Income taxes

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

	Three-month period ended (unaudited)						
	September 30, 2007			June 30, 2007			September 30, 2006
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**	
Income before income taxes, equity results and minority interests	**2,062**	**1,865**	**3,927**	**2,807**	**2,747**	**5,554**	**2,189**
Federal income tax and social contribution expense at statutory enacted rates	(701)	(634)	(1,335)	(954)	(934)	(1,888)	(744)
Adjustments to derive effective tax rate:							
Tax benefit on interest attributed to stockholders	124		124	118		118	80
Difference on tax rates of foreign income		215	215		198	198	301
Difference on tax basis of equity investees		(6)	(6)	71	12	83	(23)
Tax incentives	50		50	65		65	71
Other non-taxable gains (losses)		5	5	39	(11)	28	(33)
Federal income tax and social contribution expense in consolidated statements of income	**(527)**	**(420)**	**(947)**	**(661)**	**(735)**	**(1,396)**	**(348)**

	Nine-month period ended (Unaudited)			
	September 30, 2007			September 30, 2006
	Brazil	**Foreign**	**Total**	
Income before income taxes, equity results and minority interests	**6,470**	**5,945**	**12,415**	**5,661**
Federal income tax and social contribution expense at statutory enacted rates	(2,200)	(2,021)	(4,221)	(1,925)
Adjustments to derive effective tax rate:				
Tax benefit on interest attributed to stockholders	345		345	256
Difference on tax rates of foreign income		606	606	763
Difference on tax basis of equity investees	7	38	45	(107)
Tax incentives	167		167	147
Other non-taxable gains (losses)	84	(11)	73	(15)
Federal income tax and social contribution expense in consolidated statements of income	**(1,597)**	**(1,388)**	**(2,985)**	**(881)**

We have certain income tax incentives relating to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels, which expires in 2009 and

2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013. An amount equal to the tax saving must be appropriated to a reserve account within stockholders equity and may not be distributed in the form of cash dividends.

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

Effective January 1, 2007 for U.S. GAAP purposes, we adopted Financial Accounting Standards Board Interpretation No. 48 Accounting for Uncertainty in Income Taxes . This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return.

This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The effect of first applying the provisions of this interpretation was not material.

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

Brazilian tax loss carryforwards have no expiration date.

8 Inventories

	September 30, 2007 (Unaudited)	December 31, 2006
Finished products		
Nickel (co-products and by-products)	1,637	2,046
Iron ore and pellets	538	325
Manganese and ferroalloys	117	94
Alumina	57	33
Aluminum	87	110
Kaolin	42	23
Copper concentrate	26	5
Coal	34	
Others	25	40
Spare parts and maintenance supplies	987	817
	3,550	**3,493**

9 Investments in affiliated companies and joint ventures and other investments

	September 30, 2007				Investments		Equity Adjustments					Dividends receive				
							Three-month period ended (unaudited)			Nine-month period ended (Unaudited)		Three-month period ended (unaudited)			Nine-month period ende (Unaudite	
	Participation in capital (%) voting	total	Net equity	Net income (loss) for the period	September 30, 2007	December 31, 2006	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	Septembe 30 200
					(Unaudited)											
errous																
ompanhia ipo-Brasileira de elotização IBRASCO (1)	51.11	51.00	113	20	58	40	5	(1)	(1)	10	16					2
ompanhia ispano-Brasileira e Pelotização ISPANOBRÁS (1)	51.00	50.89	87	24	44	42	3	4	4	12	11		16		16	1
ompanhia oreano-Brasileira e Pelotização OBRASCO	50.00	50.00	84	31	42	40	5	5	2	15	16					1
ompanhia alo-Brasileira de elotização TABRASCO (1)	51.00	50.90	70	19	36	37	2	3	3	10	10		8		8	1
AMARCO lineração S.A. AMARCO (2)	50.00	50.00	886	373	501	370	67	59	57	186	163	25	50	175	125	20
linas da Serra Geral .A. MSG	50.00	50.00	56	4	28	25	1	1	1	2	1					
ulf Industrial ivestment Company GIIC (4)											18					
thers					25	23	2	(1)	1	3						
					734	**577**	**85**	**70**	**67**	**238**	**235**	**25**	**74**	**175**	**149**	**26**
ogistics																
IRS Logística S.A	37.86	41.50	722	204	300	222	31	29	32	84	69		27		27	2

OG-IN Logística ntermodal S.A. (7)	31.27	31.27	311	7	97		4	(2)		2						
					397	**222**	**35**	**27**	**32**	**86**	**69**		**27**		**27**	**2**
oldings																
teel																
sinas Siderúrgicas e Minas Gerais S.A. USIMINAS (cost 130) (3)			17,759		520	744	7	24	43	31	96	7	24	12	31	4
alifornia Steel ndustries Inc. CSI	50.00	50.00	339	11	170	175	1	4	17	5	50			37	11	4
HYSSENKRUPP SA Companhia iderúrgica (8)	12.94	12.94			178	91										
					868	**1,010**	**8**	**28**	**60**	**36**	**146**	**7**	**24**	**49**	**42**	**8**
luminum and auxite																
lineração Rio do orte S.A. MRN	40.00	40.00	407	158	163	164	21	20	18	63	44	7	28	18	64	7
alesul Alumínio .A. VALESUL (5)	100.00	100.00									12					
					163	**164**	**21**	**20**	**18**	**63**	**56**	**7**	**28**	**18**	**64**	**7**
oal																
enan Longyu esources Co. Ltd	25.00	25.00	412	134	103	112	12	13	10	34	21					1
handong Yankuang nternational ompany Ltd	25.00	25.00	85	(7)	21	23		(2)		(2)						
					124	**135**	**12**	**11**	**10**	**32**	**21**					**1**
ickel (6)																
ubilee Mines N.L ost $30) - vailable-for-sale vestments					97	79										
ion Ore Mining nternational Ltd ost $21) vailable-for-sale vestments (9)						45										
lirabela Nickel Ltd ost $12) - vailable-for-sale vestments					60	21										
kye Resources Inc ost $-18) -					65	36										

vailable-for-sale vestments												
eron Resources Inc ost $3) - vailable-for-sale vestments	17	12										
thers	30	29	4			4						
	269	**222**	**4**			**4**						
ther affiliates and oint ventures												
thers	**40**	**23**										
	40	**23**										
	1,464	**1,554**	**45**	**59**	**88**	**135**	**223**	**14**	**52**	**67**	**106**	**17**
otal	**2,595**	**2,353**	**165**	**156**	**187**	**459**	**527**	**39**	**153**	**242**	**282**	**45**

(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$58 and US$ 50 in 2007 and 2006, respectively;

(3) Equity method used through November 2006, and available-for-sale subsequently. Dividends

received included in equity adjustment since June 30, 2007;

(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;

(8) Preoperating company; and

(9) Sold in July, 2007 (see note 5).

10 Long-term debt

	Current liabilities		Long-term liabilities	
	September 30, 2007 (Unaudited)	**December 31, 2006**	**September 30, 2007 (Unaudited)**	**December 31, 2006**
Foreign debt				
Loans and financing denominated in the following currencies:				
United States dollars	200	192	5,846	10,483
Others	27	4	250	152
Fixed Rate Notes US$ denominated		112	6,664	6,785
Debt securities export sales (*) US$ denominated	61	86	219	259
Perpetual notes			86	86
Accrued charges	200	139		
	488	**533**	**13,065**	**17,765**
Local debt				
Denominated in Long-Term Interest Rate TJLP/CDI	18	16	1,167	511
Denominated in General Price Index-Market (IGPM)	1	20	1	1
Basket of currencies	2	2	6	7
Non-convertible debentures			3,237	2,774
Indexed by U.S. dollars	24	107	46	64
Accrued charges	169	33		
	214	**178**	**4,457**	**3,357**
Total	**702**	**711**	**17,522**	**21,122**

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

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

2008	610
2009	396
2010	2,462
2011	3,232

2012 and thereafter	10,517
No due date (Perpetual notes and non-convertible debentures)	305
	17,522

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

3.1% to 5%	9,055
5.1% to 7%	2,283
7.1% to 9%	2,331
9.1% to 11%	164
Over 11%	4,305
Variable (Perpetual notes)	86
	18,224

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

		%
	September 30, 2007	**December 31, 2006**
TJLP Long-Term Interest Rate (effective rate)	4.8	7.9
IGP-M General Price Index Market	4.1	3.8
Devaluation of United States Dollar against Real	(14.0)	(8.7)

Pursuant to the acquisition of Inco we executed various financial operations through December 2006, to repay the initial US$ 14.6 billion bridge loan, used to finance the Inco acquisition, as follows:

On November 16, 2006, we issued 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.

We issued 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).

On December 21, 2006, we entered into 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 settlement of the balance of the bridge loan with cash and advance on export contracts, totaling US$2.25 billion 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 September 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 twelve preferred special shares which confers to it permanent veto rights over certain matters.

In September 2007, a stock split was effected and each existing, common and preferred, share was split into two shares. After the split our capital comprises 4,919,314,116 shares, of which 1,919,516,400 are class A preferred shares and 2,999,797,716 are common shares, including twelve special class shares without par value (Golden Shares). 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. The Notes due 2010, series RIO and RIO P, mandatorily convertible into CVRD ADRs will have their conversion rates adjusted to reflect the share split.

In June 2007, we issued US$1,880 Mandatorily Convertible Notes due 2010 for total proceeds of US$1,869 net of commission. The Notes 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 Notes are mandatorily convertible into an aggregate maximum of 56,582,040 common shares and the US$584 Notes are mandatorily convertible into an aggregate maximum of 30,295,456 preferred class A shares. 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 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 June 21, 2006 the Board of Directors approved a buy-back program of our preferred shares, in effect during 180 days. As of December 31, 2006, when the program came to an end, we had acquired 30,299,200 shares held in treasury for subsequent disposal or cancellation at an average weighted unit cost of US$9.94 (minimum cost of US$9.45 and maximum of US$ 10.37).

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

Basic and diluted earnings per share

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

	Three-month period ended			Nine-month period ended	
	September 30, 2007	**June 30, 2007**	**September 30, 2006**	**September 30, 2007**	**September 30, 2006**
Net income for the period	**2,940**	**4,095**	**1,904**	**9,252**	**4,955**
Interest attributed to preferred convertible notes	(8)			(8)	
Interest attributed to common of convertible notes	(19)			(19)	
Net income for the period adjusted	2,913	4,095	1,904	9,225	4,955
Basic and diluted earnings per Share					
Income available to preferred stockholders	1,119	1,601	750	3,583	1,951
Income available to common stockholders	1,742	2,494	1,154	5,582	3,004
Income available to convertible notes linked to preferred shares	18			21	
Income available to convertible notes linked to common shares	34			39	
Weighted average number of shares outstanding (thousands of shares) preferred shares	1,889,175	1,889,176	1,904,693	1,889,171	1,911,745

Weighted average number of shares outstanding (thousands of shares) common shares	2,943,216	2,943,216	2,943,216	2,943,216	2,943,216
Treasury preferred shares linked to mandatorily convertible debt	30,295	3,330		10,904	
Treasury common shares linked to mandatorily convertible debt	56,582	6,218		20,364	
Total	**4,919,268**	**4,841,940**	**4,847,909**	**4,863,655**	**4,854,961**
Earnings per preferred share	0.59	0.85	0.39	1.90	1.02
Earnings per common share	0.59	0.85	0.39	1.90	1.02
Earnings per convertible notes linked to preferred share (*)	0.86			2.66	
Earnings per convertible notes linked to common share (*)	0.94			2.85	

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

Where the conversion of the convertible notes to be considered in the calculation of diluted earnings per share they would generate a minor antidilutive effect in the third quarter as shown below:

	Three-month period ended			Nine-month period ended	
	September 30, 2007	**June 30, 2007**	**September 30, 2006**	**September 30, 2007**	**September 30, 2006**
Income available to preferred stockholders	1,145	1,603		3,612	
Income available to common stockholders	1,795	2,492		5,640	
Weighted average number of shares outstanding (thousands of shares) preferred shares	1,919,470	1,892,506		1,900,075	
Weighted average number of shares outstanding (thousands of shares) common shares	2,999,798	2,949,434		2,963,580	
Earnings per preferred share	0.60	0.85		1.90	
Earnings per common share	0.60	0.85		1.90	

12 Other Cumulative Comprehensive Income (deficit) (unaudited)

	Three-month period ended			Nine-month period ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Comprehensive income is comprised as follows:					
Net income	2,940	4,095	1,904	9,252	4,955
Cumulative translation adjustments	1,467	1,208	26	2,631	994
Unrealized gain (loss) on available-for-sale securities	24	(381)	18	(42)	3
Superavit (deficit) accrued pension plan	68	128		187	
Cash flow hedge	9	24		23	
Total comprehensive income	**4,508**	**5,074**	**1,948**	**12,051**	**5,952**
Tax effect on other comprehensive income (expense) allocated to each component					
Unrealized gain on available-for-sale securities					
Gross balance as of the period end	326	314	130	326	130
Tax (expense) benefit	(97)	(109)		(97)	
Net balance as of the period end	229	205	130	229	130
Superavit (deficit) accrued pension plan					
Gross balance as of the period end	817	716		817	
Tax (expense) benefit	(277)	(244)		(277)	
Net balance as of the period end	540	472		540	

13 Pension costs (unaudited)

	Three-month period ended								
	September 30, 2007			June 30, 2007			September 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	2	14	5	3	15	5	2		
Interest cost on projected benefit obligation	77	53	18	73	52	18	61	9	3
Expected return on assets	(144)	(59)		(135)	(60)		(97)	(3)	

Amortization of initial transitory obligation	4			3			3		
Net deferral	(4)			(5)			(7)		
Net periodic pension cost	**(65)**	**8**	**23**	**(61)**	**7**	**23**	**(38)**	**6**	**3**

		September 30, 2007			**Nine-month period ended September 30, 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	6	43	14	4		
Interest cost on projected benefit obligation	196	153	52	163	23	8
Expected return on assets	(365)	(174)		(259)	(7)	
Amortization of initial transitory obligation	9			8		
Net deferral	(11)			(19)		
Net periodic pension cost	**(165)**	**22**	**66**	**(103)**	**16**	**8**

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 September 30, 2007, contributions of US$259 have been made.

14 Commitments and contingencies

(a) At September 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 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 138 million euros as at September 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) We and our subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the 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:

	September 30, 2007 (Unaudited)		December 31, 2006	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**
Labor and social security claims	485	340	378	234
Civil claims	312	139	260	117
Tax related actions	1,223	571	972	500
Others	18	3	31	1
	2,038	**1,053**	**1,641**	**852**

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

Civil actions principally related to claims made against us by contractors in 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 on our financial statements at March 31, 2007, which relates to interests and penalties. Uncertain tax positions represented provisions of US$989 at September 30, 2007.

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

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 September 30, 2007, June 30, 2007 and September 30, 2006 aggregated US$180, US$114 and US$56, respectively, and additional provisions aggregated US$197, US$133 and US$64, respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defending claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible but not probable, which total US$2,049 at September 30, 2007 and, for which no provision has been made.

(d) At the time of our privatization in 1997, we issued stockholder 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.

At October 1, 2007 and March 30, 2007 we paid a remuneration on these debentures of US$5 and US$6, respectively. During 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 September 30, 2007, US$35 of environmental liabilities and asset retirement obligations was classified in current liabilities (Others).

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

	Three-month period ended (unaudited)			Nine-month period ended (Unaudited)	
	September 30,2007	**June 30, 2007**	**September 30,2006**	**September 30,2007**	**September 30,2006**
Provisions for asset retirement obligations beginning of period	**760**	**699**	**252**	**676**	**225**
Accretion expense	42	7	7	61	19
Liabilities settled in the current period	(2)	(2)	(1)	(7)	(4)
Cumulative translation adjustment	59	56		129	18
Provisions for asset retirement obligations end of period	**859**	**760**	**258**	**859**	**258**

15 Segment and geographical information

The information we present about our operating segments is based on the provisions of SFAS 131 Disclosures about Segments of an Enterprise and Related Information . 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.

Consolidated net income and principal assets are reconciled as follows:

Results by segment before eliminations (Aggregated)

														Three-mo	
		September 30, 2007								**June 30, 2007**					
		Holdings							**Holdings**						
Non errous	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**	**Ferrous**	**Non ferrous**	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**	**Ferrous**	**Non ferrous**	**Logistics**
2,902	11	877	85	(2,748)	6,776	5,158	3,976	14	975	48	(2,622)	7,549	4,540	459	13
106	395	211		(484)	1,348	859	159	405	164		(237)	1,350	769	95	379
(1,435)	(235)	(837)	(111)	3,232	(3,956)	(4,010)	(1,507)	(253)	(866)	(66)	2,859	(3,843)	(3,317)	(319)	(250)
(98)	(8)		(56)		(206)	(31)	(80)	(3)		(38)		(152)	(34)	(38)	(2)
(238)	(25)	(26)	(7)		(532)	(222)	(248)	(24)	(28)	(3)		(525)	(165)	(28)	(22)
1,237	**138**	**225**	**(89)**		**3,430**	**1,754**	**2,300**	**139**	**245**	**(59)**		**4,379**	**1,793**	**169**	**118**
59	3	4	(1)	(691)	39	668	209	3	4		(807)	77	190		8
(364)	(4)	60	(44)	691	(198)	(857)	(366)	(1)	(89)	(2)	807	(508)	(317)	(2)	(2)
44	(2)	37	41		553	888	(13)	(5)	61	1		932	42		
81	20		2		103			217		457		674	16		
4	36	21	18										69		31
					165	70		27	20	39		156			
(248)	(4)	(83)			(947)	(655)	(661)	(7)	(73)			(1,396)	(298)	1	(2)
(120)		(96)	11		(205)	(14)	(150)	1	(56)			(219)	(41)		
693	**187**	**168**	**(62)**		**2,940**	**1,854**	**1,319**	**374**	**112**	**436**		**4,095**	**1,454**	**168**	**153**
369	3	227		(272)	696	363	342	14	281		(297)	703	376		8
564		52	17	(57)	691	120	731		42	18	(66)	845	160	5	
715	8	398		(980)	1,975	1,667	687		482		(958)	1,878	1,483	259	5
85		38	68	(82)	303	235	66		15	30	(89)	257	193	42	

472		146		(277)	979	517	651		155		(212)	1,111	515	13	
286				(860)	1,487	1,889	503				(796)	1,596	1,413	37	
411		16		(220)	645	367	996				(204)	1,159	400	103	
2,902	**11**	**877**	**85**	**(2,748)**	**6,776**	**5,158**	**3,976**	**14**	**975**	**48**	**(2,622)**	**7,549**	**4,540**	**459**	**13**
106	395	211		(484)	1,348	859	159	405	164		(237)	1,350	769	95	379
3,008	**406**	**1,088**	**85**	**(3,232)**	**8,124**	**6,017**	**4,135**	**419**	**1,139**	**48**	**(2,859)**	**8,899**	**5,309**	**554**	**392**

Operating segment after eliminations (Disaggregated)

Three-month period ended (unaudited) September 30, 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	2,696	514	3,210	(76)	3,134	(1,146)	1,988	(196)	1,792	15,071	559	53
Pellets	556	161	717	(37)	680	(511)	169	(23)	146	1,529	7	681
Manganese	8	5	13	(2)	11	(19)	(8)	(2)	(10)	72		
Ferroalloys	90	76	166	(20)	146	(96)	50	(6)	44	178	3	
	3,350	**756**	**4,106**	**(135)**	**3,971**	**(1,772)**	**2,199**	**(227)**	**1,972**	**16,850**	**569**	**734**
Non ferrous												
Nickel and other products (*)	2,514	13	2,527		2,527	(1,143)	1,384	(211)	1,173	23,170	510	269
Potash		49	49	(2)	47	(28)	19	(5)	14	188	4	
Kaolin	51	8	59	(3)	56	(76)	(20)	(9)	(29)	298	(1)	
Copper concentrate	150	36	186	(8)	178	(117)	61	(13)	48	1,747	30	
	2,715	**106**	**2,821**	**(13)**	**2,808**	**(1,364)**	**1,444**	**(238)**	**1,206**	**25,403**	**543**	**269**
Aluminum												
Alumina	285		285	7	292	(213)	79	(13)	66	2,496	163	
Aluminum	307	74	381	(16)	365	(190)	175	(12)	163	717	10	
Bauxite	11		11	3	14	(20)	(6)	(3)	(9)	873	34	163
	603	**74**	**677**	**(6)**	**671**	**(423)**	**248**	**(28)**	**220**	**4,086**	**207**	**163**
Logistics												
Railroads		323	323	(54)	269	(166)	103	(23)	80	840	16	397
Ports		58	58	(13)	45	(42)	3	(6)	(3)	1,148	24	
Ships		10	10		10	(6)	4	(1)	3	39		
		391	**391**	**(67)**	**324**	**(214)**	**110**	**(30)**	**80**	**2,027**	**40**	**397**
Others	108	21	129	(5)	124	(163)	(39)	(9)	(48)	2,440	8	1,032
	6,776	**1,348**	**8,124**	**(226)**	**7,898**	**(3,936)**	**3,962**	**(532)**	**3,430**	**50,806**	**1,367**	**2,595**

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

Operating segment after eliminations (Disaggregated)

Three-month period 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 nickel co-products and by-products (copper, precious metals, cobalt and others).

Operating segment after eliminations (Disaggregated)

	Three-month period ended (unaudited) September 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	Addition to Property, Plant and Equipment	Investments
Ferrous												
Iron ore	2,385	524	2,909	(82)	2,827	(1,058)	1,769	(141)	1,628	12,383	530	44
Pellets	470	100	570	(22)	548	(334)	214	(14)	200	533	12	471
Manganese	12	5	17	(1)	16	(17)	(1)	(1)	(2)	60	1	
Ferroalloys	85	45	130	(12)	118	(122)	(4)	(6)	(10)	196	8	
	2,952	**674**	**3,626**	**(117)**	**3,509**	**(1,531)**	**1,978**	**(162)**	**1,816**	**13,172**	**551**	**515**
Non ferrous												
Potash		55	55	(3)	52	(33)	19	(7)	12	174	2	
Kaolin	45	8	53	(2)	51	(44)	7	(8)	(1)	233		
Copper concentrate	247	33	280	(7)	273	(71)	202	(13)	189	1,352	56	
	292	**96**	**388**	**(12)**	**376**	**(148)**	**228**	**(28)**	**200**	**1,759**	**58**	
Aluminum												
Alumina	271		271	(8)	263	(187)	76	(10)	66	1,624	114	
Aluminum	304	59	363	(12)	351	(192)	159	(7)	152	390	10	
Bauxite	4		4		4	(5)	(1)		(1)	499	74	143
	579	**59**	**638**	**(20)**	**618**	**(384)**	**234**	**(17)**	**217**	**2,513**	**198**	**143**
Logistics												
Railroads		278	278	(47)	231	(131)	100	(20)	80	700	17	198
Ports	11	63	74	(12)	62	(37)	25	(4)	21	222	4	
Ships	11	20	31	(4)	27	(28)	(1)		(1)	3		
	22	**361**	**383**	**(63)**	**320**	**(196)**	**124**	**(24)**	**100**	**925**	**21**	**198**
Others	20	11	31	(2)	29	(113)	(84)	(1)	(85)	1,058	6	834
	3,865	**1,201**	**5,066**	**(214)**	**4,852**	**(2,372)**	**2,480**	**(232)**	**2,248**	**19,427**	**834**	**1,690**

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Results by segment before eliminations (Aggregated) (Unaudited)

	As of and for the nine-month period ended (Unau												
	September 30, 2007							September 3					
		Non		Holdings					Non		Holdings		
	Ferrous	ferrous	Logistics	Aluminum	Others	Eliminations	Consolidated	Ferrous	ferrous	Logistics	Aluminum	Others	Eliminations
TS													
evenues													
	15,222	10,360	39	2,665	155	(7,574)	20,867	11,492	1,017	44	2,284	39	(5,076)
evenues ic	2,749	374	1,131	534		(952)	3,836	2,002	177	1,037	338	7	(492)
d expenses	(11,987)	(5,506)	(708)	(2,400)	(197)	8,526	(12,272)	(8,664)	(710)	(744)	(1,888)	(50)	5,568
h and ment	(91)	(237)	(13)		(130)		(471)	(87)	(81)	(5)		(133)	
ation, on and ation	(655)	(635)	(74)	(74)	(11)		(1,449)	(450)	(70)	(51)	(45)	(2)	
ing income	**5,238**	**4,356**	**375**	**725**	**(183)**		**10,511**	**4,293**	**333**	**281**	**689**	**(139)**	
al income	1,861	351	8	12	24	(2,019)	237	524	2	20	13	2	(415)
al expenses	(2,397)	(890)	(7)	(43)	(47)	2,019	(1,365)	(895)	(6)	(5)	(125)	(14)	415
exchange netary gains , net	2,056	23	(10)	143	43		2,255	232	5	(7)	96	(1)	
sale of ents		81	237		459		777	363					
n results of s and joint s and ents	239	4	86	63	67		459	235		69	56	167	
taxes	(1,661)	(1,109)	(14)	(201)			(2,985)	(741)	1	(9)	(131)	(1)	
y interests	(35)	(358)	(1)	(254)	11		(637)	(138)			(214)		
ome	**5,301**	**2,458**	**674**	**445**	**374**		**9,252**	**3,873**	**335**	**349**	**384**	**14**	
assified by ohic ion:													
market a, except States	1,032	1,087	23	711		(786)	2,067	923	1	21	520		(574)
States	330	1,945		163	57	(202)	2,293	420	10		29	39	(188)
	4,874	1,953	11	1,228		(2,672)	5,394	3,890	523	13	1,030		(1,967)
rica/Oceania	623	262		97	98	(274)	806	569	158		190		(181)
	1,580	1,649		450		(703)	2,976	1,243	50		405		(442)
	5,612	1,057	4			(2,351)	4,322	3,500	53	8	100		(1,230)
	1,171	2,407	1	16		(586)	3,009	947	222	2	10		(494)

her than nd China													
	15,222	**10,360**	**39**	**2,665**	**155**	**(7,574)**	**20,867**	**11,492**	**1,017**	**44**	**2,284**	**39**	**(5,076)**
ic market	2,749	374	1,131	534		(952)	3,836	2,002	177	1,037	338	7	(492)
	17,971	**10,734**	**1,170**	**3,199**	**155**	**(8,526)**	**24,703**	**13,494**	**1,194**	**1,081**	**2,622**	**46**	**(5,568)**

Results by segment before eliminations (Disaggregated) (Unaudited)

	As of and for the nine-month period ended (Unaudited) September 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	7,055	1,504	8,559	(212)	8,347	(2,998)	5,349	(555)	4,794	15,071	1,538	53
Pellets	1,627	385	2,012	(86)	1,926	(1,370)	556	(61)	495	1,529	61	681
Manganese	27	13	40	(4)	36	(45)	(9)	(5)	(14)	72	1	
Ferroalloys	264	172	436	(44)	392	(305)	87	(17)	70	178	10	
	8,973	**2,074**	**11,047**	**(346)**	**10,701**	**(4,718)**	**5,983**	**(638)**	**5,345**	**16,850**	**1,610**	**734**
Non ferrous												
Nickel and other products (*)	9,184	114	9,298		9,298	(4,679)	4,619	(557)	4,062	23,170	1,383	269
Potash		120	120	(7)	113	(73)	40	(16)	24	188	13	
Kaolin	140	24	164	(7)	157	(188)	(31)	(23)	(54)	298	31	
Copper concentrate	488	111	599	(24)	575	(310)	265	(43)	222	1,747	111	
	9,812	**369**	**10,181**	**(38)**	**10,143**	**(5,250)**	**4,893**	**(639)**	**4,254**	**25,403**	**1,538**	**269**
Aluminum												
Alumina	794		794		794	(587)	207	(39)	168	2,496	389	
Aluminum	1,002	218	1,220	(45)	1,175	(590)	585	(30)	555	717	256	
Bauxite	36		36	3	39	(48)	(9)	(5)	(14)	873	132	163
	1,832	**218**	**2,050**	**(42)**	**2,008**	**(1,225)**	**783**	**(74)**	**709**	**4,086**	**777**	**163**
Logistics												
Railroads		898	898	(147)	751	(442)	309	(65)	244	840	29	397
Ports	3	187	190	(37)	153	(125)	28	(16)	12	1,148	44	
Ships	16	32	48	(3)	45	(44)	1	(3)	(2)	39	12	
	19	**1,117**	**1,136**	**(187)**	**949**	**(611)**	**338**	**(84)**	**254**	**2,027**	**85**	**397**
Others	231	58	289	(11)	278	(315)	(37)	(14)	(51)	2,440	96	1,032
	20,867	**3,836**	**24,703**	**(624)**	**24,079**	**(12,119)**	**11,960**	**(1,449)**	**10,511**	**50,806**	**4,106**	**2,595**

(*) Includes nickel co-products and by-products

(copper,
precious metals,
cobalt and
others).

Results by segment before eliminations (Disaggregated) (Unaudited)

	As of and for the nine-month period ended (Unaudited) September 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	6,004	1,376	7,380	(212)	7,168	(2,877)	4,291	(376)	3,915	12,383	1,796	44
Pellets	1,158	277	1,435	(62)	1,373	(899)	474	(36)	438	533	49	471
Manganese	28	12	40	(3)	37	(41)	(4)	(3)	(7)	60	12	
Ferroalloys	243	118	361	(31)	330	(323)	7	(14)	(7)	196	23	
	7,433	**1,783**	**9,216**	**(308)**	**8,908**	**(4,140)**	**4,768**	**(429)**	**4,339**	**13,172**	**1,880**	**515**
Non ferrous												
Potash		100	100	(6)	94	(58)	36	(16)	20	174	9	
Kaolin	126	22	148	(5)	143	(119)	24	(21)	3	233		
Copper concentrate	538	58	596	(12)	584	(179)	405	(33)	372	1,352	109	
	664	**180**	**844**	**(23)**	**821**	**(356)**	**465**	**(70)**	**395**	**1,759**	**118**	
Aluminum												
Alumina	760	10	770	(10)	760	(529)	231	(26)	205	1,624	263	
Aluminum	830	86	916	(15)	901	(415)	486	(19)	467	390	17	
Bauxite	21		21		21	(21)				499	178	143
	1,611	**96**	**1,707**	**(25)**	**1,682**	**(965)**	**717**	**(45)**	**672**	**2,513**	**458**	**143**
Logistics												
Railroads		764	764	(132)	632	(378)	254	(55)	199	700	69	198
Ports	11	181	192	(32)	160	(98)	62	(12)	50	222	6	
Ships	40	38	78	(7)	71	(81)	(10)	(2)	(12)	3		
	51	**983**	**1,034**	**(171)**	**863**	**(557)**	**306**	**(69)**	**237**	**925**	**75**	**198**
Others	41	27	68	(4)	64	(245)	(181)	(5)	(186)	1,058	119	834
	9,800	**3,069**	**12,869**	**(531)**	**12,338**	**(6,263)**	**6,075**	**(618)**	**5,457**	**19,427**	**2,650**	**1,690**

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 have 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 commodity price volatility on 80% of 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 material 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 of aluminum area**	**Copper**	**Nickel**	**Platinum**	**Total**
Unrealized gains (losses) at July 1, 2007	8	355	(37)	(292)	(355)	28	(24)	(317)
Financial settlement	(4)	(6)	7	28	70	(76)	4	23
Unrealized gains (losses) in the period	(6)	279	(7)	96	(69)	50	(5)	338
Effect of exchange rate changes		23	(2)	(8)	(2)	1		12
Unrealized gains (losses) at September 30, 2007	**(2)**	**651**	**(39)**	**(176)**	**(356)**	**3**	**(25)**	**56**
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)**
	(1)	2	(61)	(252)				(312)

Unrealized gains (losses) at July 1, 2006								
Financial settlement			5	23				28
Unrealized gains (losses) in the period		33	5	34	3			75
Effect of exchange rate changes								
Unrealized gains (losses) at September 30, 2006	**(1)**	**35**	**(51)**	**(195)**	**3**			**(209)**
Unrealized gains (losses) at January 1, 2007	6	(16)	(53)	(318)	(298)	16	(20)	(683)
Financial settlement	(4)	(86)	23	96	177	(64)	8	150
Unrealized gains (losses) in the period	(4)	709	(2)	86	(235)	50	(13)	591
Effect of exchange rate changes		44	(7)	(40)		1		(2)
Unrealized gains (losses) at September 30, 2007	**(2)**	**651**	**(39)**	**(176)**	**(356)**	**3**	**(25)**	**56**
Unrealized gains (losses) at January 1, 2006	(4)	1	(46)	(210)				(259)
Financial settlement	1		13	79				93
Unrealized gains (losses) in the period	2	34	(14)	(45)	3			(20)
Effect of exchange rate changes			(4)	(19)				(23)
Unrealized gains (losses) at September 30, 2006	**(1)**	**35**	**(51)**	**(195)**	**3**			**(209)**

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 of the aluminum area	December 2008
Copper concentrate	December 2008
Nickel	April 2009
Platinum	December 2008

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 September 30, 2007, we had outstanding cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is attributable to a particular risk such as a forecasted purchase or sale. If a derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of the derivatives designated as hedges are recognized in earnings. Under 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 September 30, 2007, unrealized net gains in respect of derivative instruments which were not qualified for hedge accounting under United States GAAP amounted to US$69.

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 hedge ineffectiveness regarding these contracts since the inception of our cash flow hedge accounting program. At September 30, 2007, US$23 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.

17 Subsequent Events

CVRD will operate FNS

In October, 2007 we succesfully bid at the auction for the sub-concession to operate a 720 km stretch of the North-South railroad (FNS), running from Açailândia, state of Maranhão, to Palmas, state of Tocantins, in Brazil.

We will pay approximatelly US$811in three installments. The first installment, equal to 50% of the amount will be due on the day of the signing of the contract, by December, 2007. The second installment, equal to 25% of the amount is scheduled to be paid in December 2008, while the last installment will be paid at the time of the completion of the last part of the railroad.

Remuneration to shareholders

In October, 2007 the Board of Directors has approved the second installment of the remuneration to shareholders of US$825 and an additional remuneration of US$225, totaling US$1,050.

* * *

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

Indexes on CVRD s Consolidated Debt (Supplemental information unaudited)

	Three-month period ended			Nine-month period ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Current debt					
Current portion of long-term debt unrelated parties	702	755	978	702	978
Short-term debt	2		233	2	233
Loans from related parties	42	35	46	42	46
	746	**790**	**1,257**	**746**	**1,257**
Long-term debt					
Long-term debt unrelated parties	17,522	18,284	4,612	17,522	4,612
Loans from related parties		1	1		1
	17,522	**18,285**	**4,613**	**17,522**	**4,613**
Gross debt (current plus long-term debt)	**18,268**	**19,075**	**5,870**	**18,268**	**5,870**
Interest paid over:					
Short-term debt	(1)	(39)	(2)	(41)	(8)
Long-term debt	(324)	(399)	(146)	(928)	(313)
Interest paid	**(325)**	**(438)**	**(148)**	**(969)**	**(321)**
EBITDA	**4,001**	**5,057**	**2,722**	**12,242**	**6,527**
Stockholders equity	**33,552**	**29,085**	**18,880**	**33,552**	**18,880**
LTM (2) EBITDA / LTM (2) Interest paid	**12.17**	**13.00**	**21.63**	**12.17**	**21.63**
Gross Debt / LTM (2) EBITDA	**1.23**	**1.40**	**0.71**	**1.23**	**0.71**
Gross debt / Equity Capitalization (%)	**35**	**40**	**24**	**35**	**24**
Financial expenses					
Third party local debt	(118)	(140)	(12)	(381)	(38)
Third party foreign debt	(189)	(220)	(56)	(651)	(164)
Related party debt		(1)	(1)	(3)	(5)
Gross interest	**(307)**	**(361)**	**(69)**	**(1,035)**	**(207)**
Labor and civil claims and tax-related actions	(19)	(25)	(29)	(59)	(81)
Tax on financial transactions CPMF	(20)	(32)	(18)	(105)	(57)
Derivatives (Interest rate / Currencies)	297	279	32	737	34
Derivatives (Gold / Alumina / Aluminum / Copper / Energy)	98	(161)	43	(139)	(79)
Call option premium			(86)		(86)
Others	(247)	(208)	(45)	(764)	(154)

	(198)	**(508)**	**(172)**	**(1,365)**	**(630)**
Financial income					
Cash and cash equivalents	16	33	44	73	104
Others	23	44	15	164	42
	39	**77**	**59**	**237**	**146**
Financial expenses, net	**(159)**	**(431)**	**(113)**	**(1,128)**	**(484)**
Foreign exchange and monetary gain (losses), net (1)	**553**	**932**	**38**	**2,255**	**325**
Financial result, net	**394**	**501**	**(75)**	**1,127**	**(159)**

(1) Includes foreign exchange gain(loss) on derivatives in the amount of US$7, US$14, US$0, US$31, US$23 for the three-month period ended September 30, 2007, June 30, 2007 and September 30, 2006 and for the nine-month period ended September 30, 2007 and September 30, 2006, respectively.

(2) Last twelve months

Calculation of EBITDA (Supplemental information Unaudited)

	Three-month period ended			Nine-month period ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Operating income	3,430	4,379	2,248	10,511	5,457
Depreciation	532	525	232	1,449	618
	3,962	**4,904**	**2,480**	**11,960**	**6,075**
Dividends received	39	153	242	282	452
EBITDA	**4,001**	**5,057**	**2,722**	**12,242**	**6,527**
Net operating revenues	7,898	8,692	4,852	24,079	12,338
Margin EBITDA	**50.7%**	**58.2%**	**56.1%**	**50.8%**	**52.9%**

Adjusted EBITDA x Operating Cash Flows (Supplemental information Unaudited)

	Three-month period ended					
	September 30, 2007		June 30, 2007		September 30, 2006	
	EBITDA	Operating cash flows	EBITDA	Operating cash flows	EBITDA	Operating cash flows
Net income	2,940	2,940	4,095	4,095	1,904	1,904
Income tax deferred	(28)	(28)	(87)	(87)	(71)	(71)
Income tax current	975		1,483		419	
Equity in results of affiliates and joint ventures and other investments	(165)	(165)	(156)	(156)	(187)	(187)
Foreign exchange and monetary gains, net	(553)	(565)	(932)	(1,224)	(38)	25
Financial expenses, net	159	9	431	(57)	113	(55)
Minority interests	205	205	219	219	124	124
Gain on sale of investments	(103)	(103)	(674)	(674)	(16)	(16)
Net working capital		243		1,029		51
Others		(267)		(193)		(74)
Operating income	**3,430**	**2,269**	**4,379**	**2,952**	**2,248**	**1,701**
Depreciation, depletion and amortization	532	532	525	525	232	232
Dividends received	39	39	153	153	242	242
	4,001	**2,840**	**5,057**	**3,630**	**2,722**	**2,175**
Operating cash flows		**2,840**		**3,630**		**2,175**
Income tax		975		1,483		419

Foreign exchange and monetary gains	12	292	(63)
Financial expenses	150	488	168
Net working capital	(243)	(1,029)	(51)
Others	267	193	74
EBITDA	**4,001**	**5,057**	**2,722**

			Nine-month period ended September 30, 2006	
	EBITDA	**Operating cash flows**	**EBITDA**	**Operating cash flows**
Net income	9,252	9,252	4,955	4,955
Income tax deferred	(306)	(306)	62	62
Income tax current	3,291		819	
Equity in results of affiliates and joint ventures and other investments	(459)	(459)	(527)	(527)
Foreign exchange and monetary gains, net	(2,255)	(2,561)	(325)	(341)
Financial expenses, net	1,128	125	484	(43)
Minority interests	637	637	352	352
Gain on sale of investments	(777)	(777)	(363)	(363)
Net working capital		1,632		(820)
Others		(522)		44
Operating income	**10,511**	**7,021**	**5,457**	**3,319**
Depreciation, depletion and amortization	1,449	1,449	618	618
Dividends received	282	282	452	452
	12,242	**8,752**	**6,527**	**4,389**

Operating cash flows	**8,752**	**4,389**
Income tax	3,291	819
Foreign exchange and monetary gains	306	16
Financial expenses	1,003	527
Net working capital	(1,632)	820
Others	522	(44)
EBITDA	**12,242**	**6,527**

Board of Directors, Fiscal Council and Executive Officers
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Chairman
Mário da Silveira Teixeira Júnior
Vice-President
Francisco Augusto da Costa e Silva
Hiroshi Tada
João Batista Cavaglieri
Jorge Luiz Pacheco
Luciano Galvão Coutinho
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Renato da Cruz Gomes
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Luiz Carlos de Freitas
Paulo Roberto Ferreira de Medeiros
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Carla Grasso
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Gabriel Stoliar
Executive Officer for Planning and Business Development
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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
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Demian Fiocca
Executive Officer for Information Technology and Management
Marcus Vinícius Dias Severini
Chief Officer of Accounting and Control Department
Vera Lúcia de Almeida Pereira Elias
Chief Accountant
CRC-RJ 043059/O-8

SIGNATURES

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

COMPANHIA VALE DO RIO DOCE
(Registrant)

Date: October 30, 2007

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