

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

Companhia Vale do Rio Doce  
Form 6-K  
November 13, 2006

**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 November 2006**

**Companhia Vale do Rio Doce**

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

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

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

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

(Check One) Yes  No

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

---

**Table of Contents**

	Page
Condensed Consolidated Balance Sheets as of September 30, 2006 and December 31, 2005	F-1
Condensed Consolidated Statements of Income for the three-month periods ended September 30, 2006 and 2005 and June 30, 2006 and for the nine-month periods ended September 30, 2006 and 2005	F-3
Condensed Consolidated Statements of Cash Flows for the three-month periods ended September 30, 2006 and 2005 and June 30, 2006 and for the nine-month periods ended September 30, 2006 and 2005	F-4
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended September 30, 2006 and 2005 and June 30, 2006 and for the nine-month periods ended September 30, 2006 and 2005	F-5
Notes to the Condensed Consolidated Financial Information	F-6
Signature Page	

---

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

	<b>September 30,2006 (unaudited)</b>	<b>December 31, 2005</b>
Assets		
Current assets		
Cash and cash equivalents	2,891	1,041
Accounts receivable		
Related parties	213	159
Unrelated parties	2,045	1,490
Loans and advances to related parties	59	22
Inventories	1,336	1,142
Deferred income tax	358	186
Recoverable taxes	303	362
Others	374	373
	<b>7,579</b>	<b>4,775</b>
Property, plant and equipment, net	<b>19,427</b>	<b>14,166</b>
Investments in affiliated companies and joint ventures and other investments, net of provision for losses on equity investments	<b>1,690</b>	<b>1,672</b>
Other assets		
Goodwill on acquisition of subsidiaries	594	548
Loans and advances		
Related parties	5	4
Unrelated parties	67	61
Prepaid pension cost	455	308
Judicial deposits	828	568
Advances to suppliers energy	429	311
Recoverable taxes	208	110
Others	266	121
	<b>2,852</b>	<b>2,031</b>
<b>TOTAL</b>	<b>31,548</b>	<b>22,644</b>

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

(Continued)

	<b>September 30, 2006 (unaudited)</b>	<b>December 31, 2005</b>
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	908	1,110
Payroll and related charges	235	229
Dividends and interest attributed to stockholders	628	
Current portion of long-term debt - unrelated parties	978	1,218
Short-term debt	233	15
Loans from related parties	46	62
Provision for income taxes	340	244
Taxes payable	92	53
Employees post-retirement benefits	36	30
Others	358	364
	<b>3,854</b>	<b>3,325</b>
Long-term liabilities		
Employees post-retirement benefits	252	241
Long-term debt - unrelated parties	4,612	3,714
Loans from related parties	1	1
Provisions for contingencies (Note 11 (b))	1,425	1,286
Unrealized loss on derivative instruments	247	260
Deferred income tax	360	2
Provisions for asset retirement obligations	250	225
Others	478	395
	<b>7,625</b>	<b>6,124</b>
Minority interests	<b>1,189</b>	<b>1,218</b>
Stockholders' equity		
Preferred class A stock - 1,800,000,000 no-par-value shares authorized and 959,758,200 issued	4,702	2,150
Common stock - 900,000,000 no-par-value shares authorized and 1,499,898,858 issued	3,806	3,806
Treasury stock - 15,172,516 preferred and 28,291,020 common shares	(389)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive deficit	(1,792)	(2,729)

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

Appropriated retained earnings	4,706	4,357
Unappropriated retained earnings	7,349	3,983
	<b>18,880</b>	<b>11,977</b>
<b>TOTAL</b>	<b>31,548</b>	<b>22,644</b>

*See notes to condensed consolidated financial statements.*

F-2

---

**Condensed Consolidated Statements of Income**  
**Expressed in millions of United States dollars (Unaudited)**  
**(except number of shares and per-share amounts)**

	<b>September 30, 2006</b>	<b>Three-month periods ended June 30, 2006</b>	<b>September 30, 2005</b>	<b>Nine-month periods ended September 30,</b>	
				<b>2006</b>	<b>2005</b>
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	4,014	3,286	2,887	10,060	7,712
Revenues from logistic services	383	362	359	1,034	907
Aluminum products	638	640	358	1,707	1,031
Other products and services	31	25	6	68	9
	<b>5,066</b>	<b>4,313</b>	<b>3,610</b>	<b>12,869</b>	<b>9,659</b>
Taxes on revenues	(214)	(167)	(165)	(531)	(465)
Net operating revenues	<b>4,852</b>	<b>4,146</b>	<b>3,445</b>	<b>12,338</b>	<b>9,194</b>
Operating costs and expenses					
Cost of ores and metals sold	(1,580)	(1,350)	(1,202)	(4,186)	(3,248)
Cost of logistic services	(203)	(196)	(188)	(573)	(500)
Cost of aluminum products	(382)	(324)	(249)	(963)	(643)
Others	(16)	(14)	(6)	(38)	(9)
	<b>(2,181)</b>	<b>(1,884)</b>	<b>(1,645)</b>	<b>(5,760)</b>	<b>(4,400)</b>
Selling, general and administrative expenses	(167)	(212)	(160)	(547)	(408)
Research and development	(134)	(101)	(104)	(306)	(192)
Employee profit sharing plan	(34)	(35)	(24)	(97)	(65)
Others	(88)	(41)	(107)	(171)	(158)
	<b>(2,604)</b>	<b>(2,273)</b>	<b>(2,040)</b>	<b>(6,881)</b>	<b>(5,223)</b>
Operating income	<b>2,248</b>	<b>1,873</b>	<b>1,405</b>	<b>5,457</b>	<b>3,971</b>
Non-operating income (expenses)					
Financial income	59	45	36	146	92
Financial expenses	(172)	(245)	(216)	(630)	(359)
Foreign exchange and monetary gains (losses), net	38	28	163	325	465
Gain on sale of investments	16	338	126	363	126
	<b>(59)</b>	<b>166</b>	<b>109</b>	<b>204</b>	<b>324</b>
	<b>2,189</b>	<b>2,039</b>	<b>1,514</b>	<b>5,661</b>	<b>4,295</b>

Income before income taxes,  
equity results and minority  
interests

Income taxes

Current	(419)	(158)	(172)	(819)	(662)
Deferred	71	(80)	(102)	(62)	(162)
	<b>(348)</b>	<b>(238)</b>	<b>(274)</b>	<b>(881)</b>	<b>(824)</b>

Equity in results of affiliates and  
joint ventures and change in  
provision for losses on equity  
investments

	187	184	194	527	547
Minority interests	(124)	(105)	(117)	(352)	(373)

Net income **1,904** **1,880** **1,317** **4,955** **3,645**

Basic and diluted earnings per

Preferred Class A Share **0.79** **0.77** **0.57** **2.04** **1.58**

Basic and diluted earnings per

Common Share **0.79** **0.77** **0.57** **2.04** **1.58**

Weighted average number of  
shares outstanding (thousands of  
shares)

Common shares	1,471,608	1,471,608	1,471,608	1,471,608	1,471,608
Preferred Class A shares	952,346	959,717	831,432	955,873	831,432

*See notes to condensed consolidated financial statements.*

F-3



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

	<b>Three-month periods ended</b>			<b>Nine-month periods ended</b>	
	<b>September</b>	<b>June</b>	<b>September</b>	<b>September 30,</b>	
	<b>30,</b>	<b>30,</b>	<b>30,</b>		
	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:					
Net income	1,904	1,880	1,317	4,955	3,645
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	232	205	171	618	436
Dividends received	242	98	158	452	353
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(187)	(184)	(194)	(527)	(547)
Deferred income taxes	(71)	80	102	62	162
Provisions for contingencies	23	19	10	55	(1)
Gain on sale of investments	(16)	(338)	(126)	(363)	(126)
Foreign exchange and monetary losses (gains)	25	(75)	(201)	(341)	(472)
Unrealized derivative losses (gains), net	(75)	51	66	20	(24)
Minority interests	124	105	117	352	373
Interest payable (receivable), net	(55)	40	12	(43)	48
Others	1	(21)	3	24	(61)
Decrease (increase) in assets:					
Accounts receivable	(291)	(346)	281	(475)	(283)
Inventories	34	(23)	(44)	(6)	(114)
Others	10	(38)	(441)	(136)	(702)
Increase (decrease) in liabilities:					
Suppliers	28	103	(21)	(236)	166
Payroll and related charges	47	47	22	(14)	
Income taxes	112	175	396	109	642
Others	88	(34)	160	(117)	150
<b>Net cash provided by operating activities</b>	<b>2,175</b>	<b>1,744</b>	<b>1,788</b>	<b>4,389</b>	<b>3,645</b>
Cash flows from investing activities:					
Loans and advances receivable					.
Related parties					.
Additions	(2)	1	(1)	(8)	(28)
Repayments	8		28	11	53
Others	20	(35)	(1)	33	

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

Guarantees and deposits	(26)	(12)	(32)	(61)	(52)
Additions to investments	(57)	(2)		(61)	(91)
Additions to property, plant and equipment	(834)	(961)	(1,302)	(2,650)	(2,740)
Proceeds from disposal of investments		418	126	432	126
Proceeds from disposals of property, plant and equipment	11	29	1	49	4
Cash used to acquire subsidiaries, net cash of acquired	(6)			(6)	
<b>Net cash used in investing activities</b>	<b>(886)</b>	<b>(562)</b>	<b>(1,181)</b>	<b>(2,261)</b>	<b>(2,728)</b>
Cash flows from financing activities:					.
Short-term debt, net issuances (repayments)	213	(65)	(194)	198	43
Loans					.
Related parties					.
Additions	(1)	1		10	7
Repayments	(17)	29	(17)	(28)	(43)
Issuances of long-term debt					.
Related parties					15
Others	12	4	22	1,363	371
Stock treasury	(276)	(25)		(301)	
Repayments of long-term debt	(206)	(200)	(156)	(727)	(744)
Dividends and interest attributed to stockholders		(650)		(650)	(500)
Dividends to minority interest	(37)	(19)		(56)	
<b>Net cash used in financing activities</b>	<b>(312)</b>	<b>(925)</b>	<b>(345)</b>	<b>(191)</b>	<b>(851)</b>
Increase in cash and cash equivalents	977	257	262	1,937	66
Effect of exchange rate changes on cash and cash equivalents	20	(7)	17	(87)	(80)
Cash and cash equivalents, beginning of period	1,894	1,644	956	1,041	1,249
<b>Cash and cash equivalents, end of period</b>	<b>2,891</b>	<b>1,894</b>	<b>1,235</b>	<b>2,891</b>	<b>1,235</b>
Cash paid during the period for:					.
Interest on short-term debt	(2)	(5)	(1)	(8)	(1)
Interest on long-term debt	(146)	(73)	(71)	(313)	(188)
Income tax	(247)	(31)	(202)	(465)	(452)
Non-cash transactions					.
Income tax paid with credits	(56)	(40)	(16)	(126)	(74)
Interest capitalized	(34)	(31)	(10)	(96)	(34)
Fair market value adjustment in relation to acquisition of minority interest in Caemi (Note 5)				(2,182)	

*See notes to condensed consolidated financial statements.*



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

	<b>September 30, 2006</b>	<b>Three-month periods ended</b>		<b>Nine-month periods ended</b>	
		<b>June 30, 2006</b>	<b>September 30, 2005</b>	<b>2006</b>	<b>September 30, 2005</b>
Preferred class A stock (including three special shares)					
Beginning of the period	4,702	4,702	2,150	<b>2,150</b>	1,176
Capital increase (Note 5)				<b>2,552</b>	
Transfer from appropriated retained earnings					974
End of the period	<b>4,702</b>	<b>4,702</b>	<b>2,150</b>	<b>4,702</b>	<b>2,150</b>
Common stock					
Beginning of the period	3,806	3,806	3,806	3,806	2,121
Merger of shares					1,685
End of the period	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>
Treasury stock					
Beginning of the period	(113)	(88)	(88)	(88)	(88)
Acquisitions	(276)	(25)		(301)	
End of the period	<b>(389)</b>	<b>(113)</b>	<b>(88)</b>	<b>(389)</b>	<b>(88)</b>
Additional paid-in capital					
Beginning and end of the period	<b>498</b>	<b>498</b>	<b>498</b>	<b>498</b>	<b>498</b>
Other cumulative comprehensive deficit					
Cumulative translation adjustments					
Beginning of the period	(1,888)	(2,006)	(2,859)	(2,856)	(3,869)
Change in the period	(34)	118	590	934	1,600
End of the period	<b>(1,922)</b>	<b>(1,888)</b>	<b>(2,269)</b>	<b>(1,922)</b>	<b>(2,269)</b>

Unrealized gain on available-for-sale securities					
Beginning of the period	112	132	115	127	95
Change in the period	18	(20)	49	3	69
End of the period	<b>130</b>	<b>112</b>	<b>164</b>	<b>130</b>	<b>164</b>
Total other cumulative comprehensive deficit	<b>(1,792)</b>	<b>(1,776)</b>	<b>(2,105)</b>	<b>(1,792)</b>	<b>(2,105)</b>
Appropriated retained earnings					
Beginning of the period	4,705	4,687	1,829	4,357	4,143
Transfer from unappropriated retained earnings	1	18	107	349	452
Transfer to capital stock					(2,659)
End of the period	<b>4,706</b>	<b>4,705</b>	<b>1,936</b>	<b>4,706</b>	<b>1,936</b>
Unappropriated retained earnings					
Beginning of the period	5,386	4,824	4,798	3,983	3,315
Net income	1,904	1,880	1,317	4,955	3,645
Dividends and interest attributed to stockholders					
Preferred class A stock		(513)		(513)	(180)
Common stock		(787)		(787)	(320)
Appropriation to reserves	59	(18)	(107)	(289)	(452)
End of the period	<b>7,349</b>	<b>5,386</b>	<b>6,008</b>	<b>7,349</b>	<b>6,008</b>
Total stockholders equity	<b>18,880</b>	<b>17,208</b>	<b>12,205</b>	<b>18,880</b>	<b>12,205</b>
Comprehensive income is comprised as follows:					
Net income	1,904	1,880	1,317	4,955	3,645
Cumulative translation adjustments	(34)	118	590	934	1,600
Unrealized gain (loss) on	18	(20)	49	3	69

available-for-sale  
securities

Total comprehensive income	<b>1,888</b>	<b>1,978</b>	<b>1,956</b>	<b>5,892</b>	<b>5,314</b>
----------------------------	--------------	--------------	--------------	--------------	--------------

### Shares

Preferred class A stock (including six special shares)(1)	<b>959,758,200</b>	<b>959,758,200</b>	<b>831,455,478</b>	<b>959,758,200</b>	<b>831,455,478</b>
Common stock	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>
Treasury stock (2)					
Beginning of the period	(29,595,036)	(28,313,936)	(28,314,626)	(28,313,936)	(28,314,922)
Acquisitions	(13,868,500)	(1,281,100)		(15,149,600)	
Sales					296
End of the period	<b>(43,463,536)</b>	<b>(29,595,036)</b>	<b>(28,314,626)</b>	<b>(43,463,536)</b>	<b>(28,314,626)</b>
	<b>2,416,193,522</b>	<b>2,430,062,022</b>	<b>2,303,039,710</b>	<b>2,416,193,522</b>	<b>2,303,039,710</b>

### Dividends and interest attributed to stockholders (per share)

Preferred class A stock (including six special shares)	0.54			0.54	0.22
Common stock	0.54			0.54	0.22

(1) Increase of 128,302,722 (after split of shares) preferred shares due to merger of shares from Caemi.

(2) As of September, 2006, 28,291,020 common shares and 15,172,516 preferred shares were held in treasury in the amount of US\$389. The 28,291,020 common shares are provided as collateral to secure a loan of our subsidiary Alunorte. On September 30, 2006 the market value of 4,924,760 of these shares would be sufficient to offset the balance of the debt.

**See notes to condensed consolidated financial statements.**

F-5

**Notes to the Condensed Consolidated Financial Statements**  
**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 8.

The main operating subsidiaries we consolidate are as follows:

<b>Subsidiary</b>	<b>% ownership</b>	<b>% voting capital</b>	<b>Head office location</b>	<b>Principal activity</b>
Alumina do Norte do Brasil S.A.	57	61	Brazil	Alumina
Alunorte ( Alunorte )				
Alumínio Brasileiro S.A. Albras ( Albras )	51	51	Brazil	Aluminum
CADAM S.A (CADAM)	61	100	Brazil	Kaolin
CVRD Overseas Ltd.	100	100	Cayman Islands	Trading
Ferrovias Centro-Atlântica S. A. CVRD International S.A. (1)	100	100	Brazil	Logistics
Minações Brasileiras Reunidas S.A. MBR	90	90	Swiss	Trading
Minação Onça Puma Ltda	100	100	Brazil	Iron ore
Navegação Vale do Rio Doce S.A. DOCENAVE	100	100	Brazil	Nickel
Pará Pigmentos S.A.	82	86	Brazil	Shipping
Rio Doce Manganês S.A.	100	100	Brazil	Kaolin
Rio Doce Manganês Europe RDME	100	100	France	Manganese and Ferroalloys
Rio Doce Manganese Norway RDMN	100	100	Norway	Ferroalloys
Urucum Minação S.A.	100	100	Brazil	Iron ore, Ferroalloys and
Valesul Alumínio S.A. (2)	100	100	Brazil	Manganese Aluminum

(1) Previously known as Itabira Rio Doce Company Ltd. ITACO

(2) Subsidiary consolidated as from July, 2006 (Note 5 and 8)

**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. As from January 1, 2004, our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are reported at cost plus our equity in undistributed earnings or losses. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders' agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders' equity where applicable.

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 a shareholders' agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

Investments in unincorporated joint ventures, formed for the purpose of investing in hydroelectric power projects, are proportionately consolidated.



### **3 Summary of significant accounting policies**

Our condensed consolidated interim financial information for the three-month periods ended September 30, 2006, June 30, 2006 and September 30, 2005 and for the nine-month periods ended June 30, 2006 and 2005 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month and nine-month periods ended September 30, 2006 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2006.

In preparing the condensed consolidated financial statements, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired 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\$2.1623 and R\$2.3370 at September 30, 2006 and December 31, 2005, 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.

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

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. Accordingly to the Board, a single definition of fair value, together with a framework for measuring fair value, should result in increased consistency and comparability in fair value measurements. This standard is effective for fiscal years ending on or after November 15, 2007. We are currently studying the impact of this standard.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. SFAS No. 158 requires employers to recognize the overfunded or underfunded status of defined benefit postretirement plans as an asset or a liability and to recognize the changes in the funded status through comprehensive income. Statement No. 158 also requires that defined benefit plan assets and obligations be measured as of the fiscal year-end. This standard is effective for fiscal years ending on or after December 15, 2006. We are currently studying the impact of this standard. At December 31, 2005 the Company had a funded status (excess of benefit obligation over plan assets) in the amount of US\$811, from which US\$131 was recorded as prepaid pension cost.

In July 2006, the FASB issued FIN 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 will 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. This standard is effective for fiscal years starting on or after December 15, 2006. We are currently studying the impact of this standard.

F-7

---

## 5 Major acquisitions and disposals during the years presented

On November, 2006 the Board of Directors approved the restructuring of its stake in USIMINAS, involving its entry into the control group and the partial sale of common shares. We will sell to Nippon Steel, Votorantim Participações S/A, and Camargo Correa S/A, 5,362,928 common shares amounting to R\$379 million (approximately US\$176). The remaining 13,829,192 Usiminas common shares will be sold through a public offer.

During the third quarter of 2006, we sold 1,361,100 shares of GERDAU S.A. by approximately US\$19. In the subsequent period after the closing of third quarter of 2006, we sold 3,379,825 shares of Gerdau S.A. by approximately US\$48.

On July 3, 2006 we acquired the remaining 45.5% of Valesul Alumínio S. A., which was a jointly controlled company with equal voting rights, for US\$28, becoming our aluminum subsidiary and therefore we have been consolidating it since then.

During the second quarter of 2006, we sold our total interest in Gulf Industrial Investment Company for US\$418, resulting in a net gain of US\$338.

At an Extraordinary Shareholders Meeting on March 31, 2006, the Capital Stock increased by US\$2,552, corresponding to 128,302,722 preferred shares (64,151,361 before split), due to the issuance of shares in relation to the acquisition of the outstanding minority interest in Caemi.

Pro forma information considers that our acquisition of the 39.77% preferred shares of Caemi, totaling 100% of total interest as if it was completed at the beginning of each period.

	Three-month periods ended September 30, 2005					
	Consolidated	Caemi - Merger (39.77%)	Pro Forma (unaudited)			
Income before minority interests	1,434		1,434			
Minority interests	(117)	104	(13)			
Net income	<b>1,317</b>	<b>104</b>	<b>1,421</b>			
Outstanding shares (thousands)	2,303,040		2,431,343			
Basic and diluted earnings per share	0.57		0.58			
	Nine-month periods ended September 30, 2006					
	Consolidated	Caemi Merger (39.77%)	Pro Forma (unaudited)	Consolidated	Caemi Merger (39.77%)	Pro Forma (unaudited)
Income before minority interests	5,307	-	5,307	4,018	-	4,018
Minority interests	(352)	54	(298)	(373)	196	(177)

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

Net income	<b>4,955</b>	<b>54</b>	<b>5,009</b>	<b>3,645</b>	<b>196</b>	<b>3,841</b>
Outstanding shares (thousands)	2,416,194		2,416,194	2,303,040		2,341,343
Basic and diluted earnings per share	2.05		2.05	1.58		1.58

In November 2005, we acquired 93.0% of the voting capital of Canico Resource Corp. (Canico) a Canadian-based junior resource company focused on the development of the Onça-Puma nickel laterite, for US\$750. In December 2005, we acquired an additional 6.20% of the voting capital of Canico for US\$50. Canico's only significant asset other than US\$63 of cash and cash equivalents was US\$794 of mining rights. On February 10, 2006, we concluded the acquisition of the outstanding common shares of Canico, acquiring the remaining voting capital of Canico, 0.8% of its total capital for US\$6, which is now a wholly owned subsidiary.

During the first quarter of 2006, we sold our total interest in Nova Era Silicon (49%) to JFE Steel Corporation for US\$14, resulting in a net gain of US\$9.

F-8

**6 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.

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

	Three-month periods ended			Nine-month periods ended	
	September	June	September	September 30,	September 30,
	30,2006	30, 2006	30,2005	2006	2005
Income before income taxes, equity results and minority interests	2,189	2,039	1,514	5,661	4,295
Federal income tax and social contribution expense at statutory enacted rates	(744)	(693)	(515)	(1,925)	(1,460)
Adjustments to derive effective tax rate:					
Tax benefit on interest attributed to stockholders	80	85	50	256	235
Exempt foreign income	301	348	143	763	271
Difference on tax basis of equity investees	(23)	(18)	(9)	(107)	(30)
Tax incentives	71	44	54	147	135
Other non-taxable gains (losses)	(33)	(4)	3	(15)	25
Federal income tax and social contribution expense in consolidated statements of income	(348)	(238)	(274)	(881)	(824)

We have certain tax incentives relative 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. Tax loss carry forward has no expiration date.

**7 Inventories**

	September	December
	30,	31,
	2006	2005
Finished products		
Iron ore and pellets	318	271
Manganese and ferroalloys	118	151

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

Alumina	41	22
Aluminum	77	52
Kaolin	36	18
Others	36	28
Spare parts and maintenance supplies	710	600
	<b>1,336</b>	<b>1,142</b>

F-9

---

**8 Investments in affiliated companies and joint ventures**

	September 30, 2006		Investments					Equity Adjustments				Dividends received				
			Net income (loss) for September		December 31, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	
Participation in voting capital (%)	Net equity	period	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	
<b>Ferrous</b>																
Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)	51.11	51.00	71	32	36	60	(1)	7	13	16	26				22	
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)	51.00	50.89	73	21	37	37	4	2	8	11	24			16	13	20
Companhia Coreano-Brasileira de Pelotização KOBRASCO	50.00	50.00	78	33	39	41	2	5	3	16	20		11		11	
Companhia Ítalo-Brasileira de Pelotização ITABRASCO (1) SAMARCO	51.00	50.90	66	19	34	33	3	2	5	10	19			10	12	10
Mineração S.A. SAMARCO (2) Minas da Serra	50.00	50.00	550	326	325	335	57	67	82	163	172	175		75	200	130
Geral S.A. MSG Gulf Industrial Investment Company GIIC (5) Others	50.00	50.00	46	2	23	21	1	1	2	1	(2)		1		1	
						62		4	14	18	49		20		31	
					21	25	1				(1)		1		1	
					<b>515</b>	<b>614</b>	<b>67</b>	<b>88</b>	<b>127</b>	<b>235</b>	<b>307</b>	<b>175</b>	<b>13</b>	<b>121</b>	<b>260</b>	<b>191</b>
<b>Logistics</b>																
MRS Logística S.A	37.23	40.45	472	180	198	109	32	24	17	69	39		20		20	5
					<b>198</b>	<b>109</b>	<b>32</b>	<b>24</b>	<b>17</b>	<b>69</b>	<b>39</b>		<b>20</b>		<b>20</b>	<b>5</b>

**Holdings****Steel**

Usinas

Siderúrgicas de

Minas Gerais S.A.

USIMINAS (4)

22.99

11.46

3.090

843

352

281

43

28

36

96

135

12

28

California Steel

Industries Inc. CSI

50.00

50.00

343

101

172

161

17

18

(1)

50

15

37

8

SIDERAR (cost

\$15) available for

sale investments

(4)

4.85

4.85

111

142

**Aluminum and  
bauxite**

Mineração Rio do

Norte S.A. MRN

40.00

40.00

359

109

143

178

18

14

17

44

49

18

22

Valesul Alumínio

S.A. VALESUL

(6)

100.00

100.00

58

8

(2)

12

2

**Coal**

Henan Longyu

Resources Co. Ltd

25.00

25.00

412

85

103

96

10

4

21

15

15

Shandong

Yankuang

International

Company Ltd(3)

25.00

25.00

102

27

22

**Other affiliates  
and joint ventures**

Others

69

11

69

11

977

949

88

72

50

223

201

67

65

37

172

157

**Total**

1.690

1.672

187

184

194

527

547

242

98

158

452

353

(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\$50 and US\$46 in 2006 and 2005, respectively;
- (3) Pre operating investment;
- (4) The quoted market value of Usiminas is equal to US\$879 and Siderar is equal to US\$111;
- (5) Sold for US\$418 in May, 2006.
- (6) Subsidiary consolidated as from July, 2006 (see note 5)

## 9 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 common shares 1,499,898,858 class A preferred shares, including six special class shares without par value ( Golden Share ). The share/ADR proportion will be maintained at 1/1; therefore, each common and preferred share, will continue 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.

For comparative purposes we considered the effects of the split as it had occurred consistently in all periods presented.

On June 21, 2006 the Board of Directors approved a buy-back program of our preferred shares. The program involves the acquisition of up to 47,986,763 preferred shares, corresponding to 5% of our preferred shares, to be executed during 180 days. We had acquired 1,281,100 and 13,868,500 preferred shares as of June 30, 2006 and September 30, 2006, respectively, totalizing at September 30, 2006 an acquisition of 15,149,600.

On April 2006 we paid the first installment of the minimum mandatory dividend for 2006 of US\$650. The distribution was made in the form of interest on stockholders equity and dividends and on October 2006 we paid the second installment of the minimum mandatory dividend for 2006 of US\$650. The distribution was made in the form of interest on stockholders equity and dividends.

## 10 Pension costs

	September 30, 2006	Three-month periods ended		Nine-month periods ended September 30,	
		June 30, 2006	September 30, 2005	2006	2005
Service cost – benefits earned during the period	2	1	1	4	2
Interest cost on projected benefit obligation	70	70	63	186	179
Expected return on assets	(100)	(100)	(80)	(266)	(224)
Amortization of initial transitory obligation	3	3	3	8	8
Net deferral	(7)	(8)	(3)	(19)	(11)
<b>Net periodic pension cost</b>	<b>(32)</b>	<b>(34)</b>	<b>(16)</b>	<b>(87)</b>	<b>(46)</b>

In addition to benefits provided under the Pension Plan, accruals have been made relative to supplementary health care benefits extended in previous periods as part of early-retirement programs. Such accruals included in long-term liabilities totaled US\$77, US\$76 and US\$71, at September 30, 2006, June 30, 2006 and September 30, 2005, respectively, plus US\$7, US\$6 and US\$5, respectively, in current liabilities.

The cost recognized for the three-month periods ended September 30, 2006, June 30, 2006, and September 30, 2005 and for the nine-month periods ended September 30, 2006 and September 30, 2005, relative to the defined contribution element of the New Plan was US\$3, US\$3, US\$2, US\$9 and US\$6, respectively.

We previously disclosed in our consolidated financial statements for the year ended December 31, 2005, that we expected to contribute US\$59 to our defined benefit pension plan in 2006. As of September 30, 2006, US\$44 of our contributions has been made. We do not expect any significant change in our previous estimate.

F - 11

---

**11 Commitments and contingencies**

- (a) At September 30, 2006, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of US\$3, as follows:

Affiliate or Joint Venture	Amount of Denominated		Purpose	Counter	
	guarantee	currency		Final maturity	guarantees
SAMARCO	3	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.

We have not provided any significant guarantees since January 1, 2003, which would require fair value adjustments under FIN 45 Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others .

- (b) CVRD and its 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, 2006		December 31, 2005	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Labor and social security claims	355	218	229	138
Civil claims	249	141	210	98
Tax related actions	794	468	816	329
Others	27	1	31	3
	<b>1,425</b>	<b>828</b>	<b>1,286</b>	<b>568</b>

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.

Tax related actions principally comprise our challenges of certain revenue taxes, value added tax and income tax.

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, 2006 and 2005 and June, 2006 aggregated US\$56, US\$86 and US\$178 , respectively, and additional provisions aggregated US\$64 , US\$96 and US\$184 , respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defending claims

F - 12

---

which in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible losses, which total US\$1,194 at September 30, 2006, for which no provision has been made.

- (c) 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.

At October 2, 2006 and March 27, 2006 we paid as remuneration of these debentures the amounts of \$4 and \$2, respectively.

- (d) 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, 2006, US\$8 of environmental liabilities and asset retirement obligations was classified in current liabilities (Others).

The changes are demonstrated as follows:

	Three-month periods ended			Nine-month periods ended September 30,	
	September 30, 2006	June 30, 2006	September 30, 2005	2006	2005
<b>Provisions for asset retirement obligations beginning of period</b>	<b>252</b>	<b>248</b>	<b>159</b>	<b>225</b>	<b>134</b>
Accretion expense	7	6		19	14
Liabilities settled in the current period	(1)	(3)	(2)	(4)	(6)
Cumulative translation adjustment		1	9	18	24
<b>Provisions for asset retirement obligations end of period</b>	<b>258</b>	<b>252</b>	<b>166</b>	<b>258</b>	<b>166</b>

## 12 Segment and geographical information

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

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

Non-ferrous products comprises the production of non-ferrous minerals, including potash, kaolin and copper.

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**

	September 30, 2006						June 30, 2006						As of and for the t			
	Holdings			Non			Holdings			Non			Holdings		Non	
	Ferrous	Isogisa	Aluminum	Other	Eliminat	Consolidated	Ferrous	Isogisa	Aluminum	Other	Eliminat	Consolidated	Ferrous	Isogisa	Aluminum	Other
	459	13	817	20	(1,984)	3,865	3,649	378	15	877	19	(1,643)	3,295	3,387	166	17
	95	379	167		(209)	1,201	697	27	364	82		(152)	1,018	586	70	353
	(319)	(250)	(735)	(24)	2,193	(2,452)	(2,770)	(230)	(264)	(643)	(22)	1,795	(2,134)	(2,554)	(200)	(256)
	(38)	(2)		(60)		(134)	(31)	(18)	(2)		(50)		(101)	(18)	(19)	
	(28)	(22)	(17)			(232)	(151)	(23)	(15)	(14)	(2)		(205)	(130)	(14)	(9)
	<b>169</b>	<b>118</b>	<b>232</b>	<b>(64)</b>		<b>2,248</b>	<b>1,394</b>	<b>134</b>	<b>98</b>	<b>302</b>	<b>(55)</b>		<b>1,873</b>	<b>1,271</b>	<b>3</b>	<b>105</b>
		8	5	5	(149)	59	173	2	4	6	(7)	(133)	45	159		7
	(2)	(2)	9	(9)	149	(172)	(302)	(2)	(1)	(72)	(1)	133	(245)	(268)	1	(14)
			(2)	(2)		38	64	(53)	4	12	1		28	126	1	(9)
						16	338						338			
		31	18	69		187	88		24	22	50		184	127		17
	1	(2)	(49)			(348)	(197)		(4)	(36)	(1)		(238)	(248)	2	(5)
			(83)			(124)	(30)			(75)			(105)	(104)		(1)
	<b>168</b>	<b>153</b>	<b>130</b>	<b>(1)</b>		<b>1,904</b>	<b>1,528</b>	<b>81</b>	<b>125</b>	<b>159</b>	<b>(13)</b>		<b>1,880</b>	<b>1,063</b>	<b>7</b>	<b>100</b>
		8	232		(249)	367	276		7	157		(153)	287	413		10
	5		23	20	(66)	142	156	2		3	19	(81)	99	56	3	
	259	5	362		(762)	1,347	1,257	169	2	380		(625)	1,183	1,303	82	7



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

	42	52	(44)	243	193	112		106	(69)	342	155	20					
	13	137	(170)	495	366	8		142	(128)	388	345	20					
	37	11	(497)	964	1,131	6	5	89	(417)	814	858	17					
	103		(196)	307	270	81	1		(170)	182	257	24					
	<b>459</b>	<b>13</b>	<b>817</b>	<b>20</b>	<b>(1,984)</b>	<b>3,865</b>	<b>3,649</b>	<b>378</b>	<b>15</b>	<b>877</b>	<b>19</b>	<b>(1,643)</b>	<b>3,295</b>	<b>3,387</b>	<b>166</b>	<b>17</b>	<b>4</b>
	95	379	167		(209)	1,201	697	27	364	82		(152)	1,018	586	70	353	
	<b>554</b>	<b>392</b>	<b>984</b>	<b>20</b>	<b>(2,193)</b>	<b>5,066</b>	<b>4,346</b>	<b>405</b>	<b>379</b>	<b>959</b>	<b>19</b>	<b>(1,795)</b>	<b>4,313</b>	<b>3,973</b>	<b>236</b>	<b>370</b>	<b>5</b>

F - 15

---

## Operating segment after eliminations

	As of and for the three-month periods ended September 30, 2006											
	Revenues			Value added tax	Net revenues	Cost and expenses	Depreciation, depletion and amortization		Operating income		Property, Plant and Equipment, Addition to Property, Plant Investments	
Export	Domestic	Total	Net				and	and	and	and	and	and
<b>Ferrous</b>												
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	
	<b>2,952</b>	<b>674</b>	<b>3,626</b>	<b>(117)</b>	<b>3,509</b>	<b>(1,531)</b>	<b>1,978</b>	<b>(162)</b>	<b>1,816</b>	<b>13,172</b>	<b>551</b>	<b>515</b>
<b>Non ferrous</b>												
Potash		55	55	(3)	52	(33)	19	(7)	12	174	2	
Kaolin	45	8	53	(2)	51	(44)	7	(8)	(1)	233		
Copper	247	33	280	(7)	273	(71)	202	(13)	189	1,352	56	
	<b>292</b>	<b>96</b>	<b>388</b>	<b>(12)</b>	<b>376</b>	<b>(148)</b>	<b>228</b>	<b>(28)</b>	<b>200</b>	<b>1,759</b>	<b>58</b>	
<b>Aluminum</b>												
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
	<b>579</b>	<b>59</b>	<b>638</b>	<b>(20)</b>	<b>618</b>	<b>(384)</b>	<b>234</b>	<b>(17)</b>	<b>217</b>	<b>2,513</b>	<b>198</b>	<b>143</b>
<b>Logistics</b>												
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		
	<b>22</b>	<b>361</b>	<b>383</b>	<b>(63)</b>	<b>320</b>	<b>(196)</b>	<b>124</b>	<b>(24)</b>	<b>100</b>	<b>925</b>	<b>21</b>	<b>198</b>
Others	20	11	31	(2)	29	(113)	(84)	(1)	(85)	1,058	6	834
	<b>3,865</b>	<b>1,201</b>	<b>5,066</b>	<b>(214)</b>	<b>4,852</b>	<b>(2,372)</b>	<b>2,480</b>	<b>(232)</b>	<b>2,248</b>	<b>19,427</b>	<b>834</b>	<b>1,690</b>

## Operating segment after eliminations (continued)

	As of and for the three-month periods ended June 30, 2006											
	Export	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment	Addition to Property, Plant and Investments		
<b>Ferrous</b>												
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	
	<b>2,394</b>	<b>617</b>	<b>3,011</b>	<b>(105)</b>	<b>2,906</b>	<b>(1,363)</b>	<b>1,543</b>	<b>(137)</b>	<b>1,406</b>	<b>12,782</b>	<b>723</b>	<b>622</b>
<b>Non ferrous</b>												
Potash		23	23	(2)	21	(11)	10	(7)	3	177	1	
Kaolin	40	7	47		47	(34)	13	(7)	6	239		
Copper	201	4	205		205	(55)	150	(12)	138	1,297	18	
	<b>241</b>	<b>34</b>	<b>275</b>	<b>(2)</b>	<b>273</b>	<b>(100)</b>	<b>173</b>	<b>(26)</b>	<b>147</b>	<b>1,713</b>	<b>19</b>	
<b>Aluminum</b>												
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
	<b>626</b>	<b>14</b>	<b>640</b>	<b>(1)</b>	<b>639</b>	<b>(322)</b>	<b>317</b>	<b>(14)</b>	<b>303</b>	<b>2,323</b>	<b>150</b>	<b>198</b>
<b>Logistics</b>												
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		
	<b>15</b>	<b>347</b>	<b>362</b>	<b>(59)</b>	<b>303</b>	<b>(191)</b>	<b>112</b>	<b>(25)</b>	<b>87</b>	<b>922</b>	<b>27</b>	<b>167</b>
Others	19	6	25		25	(92)	(67)	(3)	(70)	1,046	42	777
	<b>3,295</b>	<b>1,018</b>	<b>4,313</b>	<b>(167)</b>	<b>4,146</b>	<b>(2,068)</b>	<b>2,078</b>	<b>(205)</b>	<b>1,873</b>	<b>18,786</b>	<b>961</b>	<b>1,764</b>

## Operating segment after eliminations (continued)

	As of and for the three-month periods ended September 30, 2005											
	Export	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment,	Property, Plant Investments	to Addition	
<b>Ferrous</b>												
Iron ore	1,649	416	2,065	(66)	1,999	(693)	1,306	(120)	1,186	8,171	934	50
Pellets	438	91	529	(22)	507	(347)	160	(7)	153	453	3	579
Manganese	14	6	20	(2)	18	(25)	(7)	(1)	(8)	35	2	
Ferroalloys	61	31	92	(9)	83	(87)	(4)	(5)	(9)	198	14	
	<b>2,162</b>	<b>544</b>	<b>2,706</b>	<b>(99)</b>	<b>2,607</b>	<b>(1,152)</b>	<b>1,455</b>	<b>(133)</b>	<b>1,322</b>	<b>8,857</b>	<b>953</b>	<b>629</b>
<b>Non ferrous</b>												
Potash		47	47	(4)	43	(32)	11	(1)	10	159	4	
Kaolin	36	6	42	(2)	40	(56)	(16)	(3)	(19)	244	5	
Copper	75	17	92	(1)	91	(59)	32	(9)	23	1,192	26	
	<b>111</b>	<b>70</b>	<b>181</b>	<b>(7)</b>	<b>174</b>	<b>(147)</b>	<b>27</b>	<b>(13)</b>	<b>14</b>	<b>1,595</b>	<b>35</b>	
<b>Aluminum</b>												
Alumina	116	30	146	(4)	142	(130)	12	(7)	5	1,284	141	
Aluminum	191	11	202	(2)	200	(105)	95	(11)	84	378	5	64
Bauxite	10		10		10	(10)				200	56	162
	<b>317</b>	<b>41</b>	<b>358</b>	<b>(6)</b>	<b>352</b>	<b>(245)</b>	<b>107</b>	<b>(18)</b>	<b>89</b>	<b>1,862</b>	<b>202</b>	<b>226</b>
<b>Logistics</b>												
Railroads		267	267	(38)	229	(161)	68	(5)	63	688	79	97
Ports		67	67	(6)	61	(32)	29	(2)	27	255		
Ships	14	11	25	(3)	22	(26)	(4)		(4)	4		
	<b>14</b>	<b>345</b>	<b>359</b>	<b>(47)</b>	<b>312</b>	<b>(219)</b>	<b>93</b>	<b>(7)</b>	<b>86</b>	<b>947</b>	<b>79</b>	<b>97</b>
Others		6	6	(6)		(106)	(106)		(106)	114	33	692
	<b>2,604</b>	<b>1,006</b>	<b>3,610</b>	<b>(165)</b>	<b>3,445</b>	<b>(1,869)</b>	<b>1,576</b>	<b>(171)</b>	<b>1,405</b>	<b>13,375</b>	<b>1,302</b>	<b>1,644</b>

## Results by segment before eliminations (Unaudited)

	2006							Nine-month periods ended September 2006						
	Non-Ferrous		Holdings			Eliminations	Consolidated	Non-Ferrous		Holdings			Eliminations	Consolidated
	Ferrous	Logistics	Aluminum	Other	Ferrous			Logistics	Aluminum	Other				
<b>RESULTS</b>														
Operating revenues	11,492	1,017	44	2,284	39	(5,076)	9,800	8,985	525	54	1,299		(3,875)	6,009
Operating expenses	2,002	177	1,037	338	7	(492)	3,069	1,651	161	899	261		(301)	2,018
Depreciation and amortization	(8,664)	(710)	(744)	(1,888)	(50)	5,568	(6,488)	(6,906)	(515)	(624)	(1,191)		4,176	(5,009)
Goodwill impairment	(87)	(81)	(5)			(133)	(306)	(38)	(69)		(6)	(79)		(431)
Provision for doubtful accounts and other receivables	(450)	(70)	(51)	(45)	(2)		(618)	(324)	(44)	(28)	(40)			(1,049)
<b>Operating income</b>	<b>4,293</b>	<b>333</b>	<b>281</b>	<b>689</b>	<b>(139)</b>		<b>5,457</b>	<b>3,368</b>	<b>58</b>	<b>301</b>	<b>323</b>	<b>(79)</b>		<b>3,093</b>
Financial income	524	2	20	13	2	(415)	146	306	1	26	7	8	(256)	163
Financial expenses	(895)	(6)	(5)	(125)	(14)	415	(630)	(556)	(4)	(21)	(35)	1	256	(1,420)
Foreign exchange gains (losses), net	232	5	(7)	96	(1)		325	322	7	(16)	153	(1)		781
Gain (loss) on sale of investments	363						363						126	489
Change in results of equity method investments and joint ventures and change in provision for losses on equity investments	235		69	56	167		527	307		39	51	150		1,074
Income taxes	(741)	1	(9)	(131)	(1)		(881)	(705)	(1)	(15)	(101)	(2)		(1,695)
Minority interests	(138)			(214)			(352)	(233)		(1)	(139)			(525)
<b>Income</b>	<b>3,873</b>	<b>335</b>	<b>349</b>	<b>384</b>	<b>14</b>		<b>4,955</b>	<b>2,809</b>	<b>61</b>	<b>313</b>	<b>259</b>	<b>203</b>		<b>3,650</b>
Income classified by geographic location:														
North America, except United States	923	1	21	520		(574)	891	963		32	253		(575)	1,302
United States	420	10		29	39	(188)	310	348	3	3	163		(215)	501
Other	3,890	523	13	1,030		(1,967)	3,489	3,645	257	19	522		(1,626)	2,757
	569	158		190		(181)	736	556	92		15		(102)	1,387

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

...le													
...Africa/Oceania	1,243	50		405	(442)	1,256	890	32		292	(332)		
...a	3,500	53	8	100	(1,230)	2,431	1,898	55		38	(713)	1,	
...other than													
...n and China	947	222	2	10	(494)	687	685	86		16	(312)		
	<b>11,492</b>	<b>1,017</b>	<b>44</b>	<b>2,284</b>	<b>39</b>	<b>(5,076)</b>	<b>9,800</b>	<b>8,985</b>	<b>525</b>	<b>54</b>	<b>1,299</b>	<b>(3,875)</b>	<b>6,</b>
...estic market	2,002	177	1,037	338	7	(492)	3,069	1,651	161	899	261	(301)	2,
	<b>13,494</b>	<b>1,194</b>	<b>1,081</b>	<b>2,622</b>	<b>46</b>	<b>(5,568)</b>	<b>12,869</b>	<b>10,636</b>	<b>686</b>	<b>953</b>	<b>1,560</b>	<b>(4,176)</b>	<b>9,</b>

F - 19

## Operating segment after eliminations (Unaudited)

	Nine-month periods ended September 30, 2006											
	Export	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment	Addition to Property, Plant and Investments		
<b>Ferrous</b>												
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	
	<b>7,433</b>	<b>1,783</b>	<b>9,216</b>	<b>(308)</b>	<b>8,908</b>	<b>(4,140)</b>	<b>4,768</b>	<b>(429)</b>	<b>4,339</b>	<b>13,172</b>	<b>1,880</b>	<b>515</b>
<b>Non ferrous</b>												
Potash		100	100	(6)	94	(58)	36	(16)	20	174	9	
Kaolin	126	22	148	(5)	143	(119)	24	(21)	3	233		
Copper	538	58	596	(12)	584	(179)	405	(33)	372	1,352	109	
	<b>664</b>	<b>180</b>	<b>844</b>	<b>(23)</b>	<b>821</b>	<b>(356)</b>	<b>465</b>	<b>(70)</b>	<b>395</b>	<b>1,759</b>	<b>118</b>	
<b>Aluminum</b>												
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
	<b>1,611</b>	<b>96</b>	<b>1,707</b>	<b>(25)</b>	<b>1,682</b>	<b>(965)</b>	<b>717</b>	<b>(45)</b>	<b>672</b>	<b>2,513</b>	<b>458</b>	<b>143</b>
<b>Logistics</b>												
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		
	<b>51</b>	<b>983</b>	<b>1,034</b>	<b>(171)</b>	<b>863</b>	<b>(557)</b>	<b>306</b>	<b>(69)</b>	<b>237</b>	<b>925</b>	<b>75</b>	<b>198</b>
Others	41	27	68	(4)	64	(245)	(181)	(5)	(186)	1,058	119	834
	<b>9,800</b>	<b>3,069</b>	<b>12,869</b>	<b>(531)</b>	<b>12,338</b>	<b>(6,263)</b>	<b>6,075</b>	<b>(618)</b>	<b>5,457</b>	<b>19,427</b>	<b>2,650</b>	<b>1,690</b>

## Operating segment after eliminations (Unaudited) (continued)

	Nine-month periods ended September 30, 2005												
	Export	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment	Addition to Property, Plant and Investments			
<b>Ferrous</b>													
Iron ore	4,208	1,113	5,321	(177)	5,144	(1,890)	3,254	(291)	2,963	8,171	1,865	50	
Pellets	1,167	272	1,439	(60)	1,379	(917)	462	(14)	448	453	36	579	
Manganese	44	15	59	(5)	54	(48)	6	(1)	5	35	3		
Ferroalloys	261	138	399	(37)	362	(265)	97	(13)	84	198	55		
	<b>5,680</b>	<b>1,538</b>	<b>7,218</b>	<b>(279)</b>	<b>6,939</b>	<b>(3,120)</b>	<b>3,819</b>	<b>(319)</b>	<b>3,500</b>	<b>8,857</b>	<b>1,959</b>	<b>629</b>	
<b>Non ferrous</b>													
Potash		108	108	(9)	99	(61)	38	(5)	33	159	11		
Kaolin	108	18	126	(5)	121	(114)	7	(19)	(12)	244	5		
Copper	225	35	260	(5)	255	(143)	112	(26)	86	1,192	94		
	<b>333</b>	<b>161</b>	<b>494</b>	<b>(19)</b>	<b>475</b>	<b>(318)</b>	<b>157</b>	<b>(50)</b>	<b>107</b>	<b>1,595</b>	<b>110</b>		
<b>Aluminum</b>													
Alumina	324	68	392	(23)	369	(323)	46	(19)	27	1,284	331		
Aluminum	576	30	606	(4)	602	(288)	314	(21)	293	378	16	64	
Bauxite	33		33		33	(31)	2		2	200	117	162	
	<b>933</b>	<b>98</b>	<b>1,031</b>	<b>(27)</b>	<b>1,004</b>	<b>(642)</b>	<b>362</b>	<b>(40)</b>	<b>322</b>	<b>1,862</b>	<b>464</b>	<b>226</b>	
<b>Logistics</b>													
Railroads		658	658	(102)	556	(376)	180	(22)	158	688	165	97	
Ports		173	173	(25)	148	(91)	57	(3)	54	255	7		
Ships	41	35	76	(7)	69	(70)	(1)	(2)	(3)	4	1		
	<b>41</b>	<b>866</b>	<b>907</b>	<b>(134)</b>	<b>773</b>	<b>(537)</b>	<b>236</b>	<b>(27)</b>	<b>209</b>	<b>947</b>	<b>173</b>	<b>97</b>	
Others	1	8	9	(6)	3	(170)	(167)		(167)	114	34	692	
	<b>6,988</b>	<b>2,671</b>	<b>9,659</b>	<b>(465)</b>	<b>9,194</b>	<b>(4,787)</b>	<b>4,407</b>	<b>(436)</b>	<b>3,971</b>	<b>13,375</b>	<b>2,740</b>	<b>1,644</b>	



### 13 Derivative financial instruments

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed 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.

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

	<b>Interest rates (LIBOR)</b>	<b>Currencies (* )</b>	<b>Gold</b>	<b>Alumina</b>	<b>Aluminum</b>	<b>Copper (* )</b>	<b>Total</b>
Unrealized gains (losses) at July 1, 2006	(1)	2	(61)	(74)	(178)		(312)
Financial settlement			5	11	12		28
Unrealized gains (losses) in the period		33	5	2	32	3	75
Effect of exchange rate changes							
<b>Unrealized gains (losses) at September 30, 2006</b>	<b>(1)</b>	<b>35</b>	<b>(51)</b>	<b>(61)</b>	<b>(134)</b>	<b>3</b>	<b>(209)</b>
Unrealized gains (losses) at April 1, 2006	(3)	1	(58)	(73)	(163)		(296)
Financial settlement	1		4	13	15		33
Unrealized gains (losses) in the period	1	1	(7)	(15)	(31)		(51)
Effect of exchange rate changes				1	1		2
<b>Unrealized gains (losses) at June 30, 2006</b>	<b>(1)</b>	<b>2</b>	<b>(61)</b>	<b>(74)</b>	<b>(178)</b>		<b>(312)</b>
Unrealized gains (losses) at July 1, 2005	(9)	2	(30)	(22)	(54)		(113)
Financial settlement		(1)	3	7	7		16
Unrealized gains (losses) in the period	2		(8)	(13)	(47)		(66)

Effect of exchange rate changes			(2)	(2)	(5)		(9)
<b>Unrealized gains (losses) at September 30, 2005</b>	<b>(7)</b>	<b>1</b>	<b>(37)</b>	<b>(30)</b>	<b>(99)</b>		<b>(172)</b>
Unrealized gains (losses) at January 1, 2006	(4)	1	(46)	(53)	(157)		(259)
Financial settlement	1		13	38	41		93
Unrealized gains (losses) in the period	2	34	(14)	(42)	(3)	3	(20)
Effect of exchange rate changes			(4)	(4)	(15)		(23)
<b>Unrealized gains (losses) at September 30, 2006</b>	<b>(1)</b>	<b>35</b>	<b>(51)</b>	<b>(61)</b>	<b>(134)</b>	<b>3</b>	<b>(209)</b>
Unrealized gains (losses) at January 1, 2005	(17)	4	(37)	(55)	(127)		(232)
Financial settlement	8	(1)	7	23	26		63
Unrealized gains (losses) in the period	4	(2)	(2)	8	16		24
Effect of exchange rate changes	(2)		(5)	(6)	(14)		(27)
<b>Unrealized gains (losses) at September 30, 2005</b>	<b>(7)</b>	<b>1</b>	<b>(37)</b>	<b>(30)</b>	<b>(99)</b>		<b>(172)</b>

(\*) Included as others in Other assets.

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)	October 2007
Currencies	December 2011
Alumina	December 2008
Aluminum	December 2008
Copper	December 2008

#### **14 Acquisition of INCO (Subsequent events)**

On October 23, 2006 we acquired Inco Limited (Inco) for US\$13 billion, corresponding to 174,623,019 common shares for Cdn\$ 86.00 each share, representing 75.66% of its outstanding shares.

Our acquisition is consistent with our long-term corporate strategy and with our non-ferrous metals business strategy. It is a new step in our strategy of developing, operating and maximizing the performance of large-scale, long-life and low-cost assets.

Our acquisition will bring a better diversification to our activities by products, markets and geographic asset base contributing to reducing our business and financial risks.

Inco is a leading Canadian-based nickel company, and one of the largest nickel producer possessing the world's largest nickel reserve base.

In accordance with our stated purpose of acquiring 100% of the outstanding shares of Inco, we are taking the steps to acquire the remaining shares. Until November 3, 2006 we have already acquired 196,078,276 shares by approximately US\$15 billion, representing 86.57% of Inco's capital.

Our financial disbursement with the acquisition of 100% of Inco shares is estimated to reach approximately US\$17 billion. Most part of money is coming from a bridge loan supplied by a syndicate of banks. The bridge loan has a two-year tenor, with an interest rate of Libor plus 40 basis points during the first year and Libor plus 60 basis points during the second year.

We expect to conclude several transactions to take out the bridge loan aiming to extend our debt maturity close to the pre-acquisition level, longer than seven years.

The allocations on the purchase price to acquired assets and liabilities in the following unaudited information are based on management's preliminary internal valuation estimates. Accordingly, the purchase price allocation adjustments set forth below are preliminary and are subject to revision, which may be material.

Fair value 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.

The preparation of this information assumes that upon completion of the acquisition we will own 100% of Inco.

Cash consideration using the US\$/Cdn.\$ exchange rate as of September 30, 2006	16,869
Estimated transaction costs	32
<b>Purchase price</b>	<b>16,901</b>
Book value of assets acquired and liabilities assumed, net	(4,672)
Adjustment to fair value of inventory	(2,097)
Adjustment to fair value of property, plant and equipment	(12,310)
Change of control adjustments	1,145
Adjustment to fair value of other liabilities assumed	372
Adjustment to deferred taxes	3,360
<b>Goodwill</b>	<b>2,699</b>

\* \* \*

F - 24

---

**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: November 13, 2006

By: /s/ Fabio de Oliveira Barbosa  
Fabio de Oliveira Barbosa  
Chief Financial Officer