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CVRD announces debt tender offer

Companhia Vale do Rio Doce (CVRD) announces today that its wholly-owned subsidiary Vale Overseas Limited (Vale Overseas) has launched a cash tender offer for its \$300 million of notes due 2013. The purpose of the offer is to manage CVRD's consolidated debt portfolio, reducing the amount of higher-coupon yield and less liquid debt issues.

Vale Overseas is offering to purchase any and all of its US\$300 million outstanding aggregate principal amount of 9.000% Guaranteed Notes due 2013 (CUSIP Nos.: 91911TAD5, 91911TAC7 and G9317UAB1). The offer is made upon the terms, and subject to the conditions, set forth in the offer to purchase dated January 3, 2006. CVRD also announces that Vale Overseas intends to issue new debt and to use all or part of the proceeds from the new debt issuance to purchase the securities tendered and accepted in the tender offer. The tender offer is conditioned on the completion of the new debt issuance on or prior to the settlement date for the tender offer.

The purchase price for each \$1,000.00 principal amount of securities validly tendered and not validly withdrawn pursuant to the offer shall be equal - as described in the offer to purchase - to the sum of the present value on the settlement date for the offer of \$1,000.00 principal amount of the securities and the present value of the interest payments due on such principal amount from the last interest payment date until the maturity date - determined on the basis of a yield to the maturity date equal to the sum of (x) the bid-side yield (as quoted on Bloomberg PX1 on the price determination date at 2:00 p.m. New York City time) of the United States Treasury 4.500% Notes due November 15, 2015 plus (y) a fixed spread of 157 basis points (such price being rounded to the nearest cent)- minus accrued and unpaid interest from the last interest payment date to, but excluding, the settlement date, payable on the settlement date. In addition, registered holders of securities who validly tender and do not validly withdraw their securities in the offer will also receive accrued and unpaid interest from the last interest payment date to, but excluding, the settlement date, payable on the settlement date. The price determination date is expected to be Thursday, January 5, 2006.

The offer is scheduled to expire at 5:00 p.m., US Eastern Standard time, on Tuesday, January 10, 2006, unless earlier terminated or extended (such date and time, as they may be extended, the "Expiration Date"). Settlement of the offer is expected to occur on the third business day following the Expiration Date.

Vale Overseas has retained J.P. Morgan Securities Inc. to serve as Dealer Manager for the offer, JPMorgan Chase Bank, N.A. to serve as the depository for the offer, J.P. Morgan Bank Luxembourg S.A. to serve as Luxembourg agent for the offer and D.F. King & Co., Inc. to serve as information agent for the offer. J.P. Morgan Securities Inc. also is acting as underwriter on the concurrent debt issuance.

Requests for the offer to purchase and the related letter of transmittal and supplements to the documents may be directed to D.F. King & Co., Inc. by calling (800) 290-6429 (calling toll-free in the United States) or 1-212-269-5550 (outside the United States, call collect) or in writing at 48 Wall Street, New York, New York 10005. These documents contain important information, and holders should read them carefully before making any investment decision. Questions regarding the offer may be directed to J.P. Morgan Securities Inc. at (866) 846-2874 (calling toll-free in the United States) or 1-212-834-7279 (outside the United States, call collect).

This announcement does not constitute an offer to purchase or a solicitation of an offer to sell securities. The offer is being made solely by the offer to purchase.

More information



Mônica Ferreira

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

Fatima Cristina

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621
