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## CVRD announces proposal for minimum dividend of US\$ 1 billion for 2005

Companhia Vale do Rio Doce (CVRD) announces that its Executive Officers will submit to the Board of Directors a proposal for payment of a minimum dividend of US\$ 1 billion to shareholders for the year 2005. This corresponds to US\$ 0.87 per outstanding share ? common or preferred. The payment would be made in two equal installments, on April 29 and October 31, 2005.

The proposal will be on the agenda of CVRD's Board meetings scheduled for April 14 and October 14, 2005. Payment will be in Reais, and based on the Real/US dollar exchange rate (Ptax ? option 5) published by the Central Bank of Brazil on the business day prior to the Board meeting that approves the minimum dividend proposal.

The minimum dividend proposed for 2005 represents an increase of 82% from the US\$ 550 million announced for last year, and is 28% more than the total dividend in 2004, of US\$ 0.68 per share.

In the period of 2001 through 2004, CVRD invested US\$ 6.4 billion, and also distributed dividends of US\$ 3.1 billion ? taking growth opportunities, while at the same time meeting shareholders' aspirations.

During this period, the average dividend yield was 5.8% ? and the total shareholder return, which includes both dividends distributed and the shares price increase, was 38.9% per year ? reflecting the recognition by the capital markets of the process of value creation that has been incorporated into the execution of CVRD's long-term strategy.

The amount proposed for 2005, of US\$ 0.87 per outstanding share, is in line with the Dividend Policy (Policy) approved by CVRD's Board of Directors in November 2002.

The Policy is an integral part of the Company's financial strategy, which includes: (a) financing of a capital expenditure plan which aims for profitable growth and shareholder value creation; (b) a capital structure consistent with improvement of perception of the Company's risk profile by the rating agencies and by the capital markets, aiming to achieve a reduction of its cost of capital; and (c) a program for funding in a manner that is compatible with preservation of a low-risk debt profile.

The proposed minimum dividend of US\$ 1 billion and the financing of the Company's US\$ 3.3 billion capital expenditure plan for 2005, announced on January 18, are coherent with the cash flows that CVRD is expecting, and also with maintenance of prudent levels of financial leverage and interest coverage.

More information 



**Mônica Ferreira**

monica.ferreira@vale.com

**Fatima Cristina**

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3845-3636

Rio de Janeiro

+55 (21) 3485-3621

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