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CVRD enhances committed bank facilities

Companhia Vale do Rio Doce (CVRD) hereby announces that it is increasing the size of its program of committed bank facilities.

The program has been enlarged from US\$ 500 million to US\$ 750 million, the increase being accompanied by an extension in tenure and a cost reduction. The changes result from the rollover of a US\$ 400 million tranche of the bank line contracted by CVRD in May 2004, which is due in May 2005.

CVRD has contracted a committed bank facility of US\$ 650 million with a syndicate of commercial banks from the USA, Europe and Asia, led by HSBC, which includes Santander, ABN Amro, JP Morgan, Calyon, Bankboston, WestLB, Bank of Tokyo-Mitsubishi, Société Générale, BNP Paribas and Mizuho Bank. The transaction was structured in such a way as not to have any restriction related to sovereign risk on the disbursement of committed funds.

The new facility has a utilization term of two years, and a payback period - if drawn down - of two years. The commission fee is 0.3% a year, and the cost of the credit line, in the event of being drawn down, is 0.75% over Libor.

Since the beginning of the program, in May 2004, CVRD has never made use of the funds available.

The program of committed bank facilities allows more efficient cash management, while at the same time contributing to an improved perception of the Company's risk, being consistent with its strategic focus of reducing the cost of capital.

More information



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