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CVRD issues US\$ 1.0 billion notes due 2016

Companhia Vale do Rio Doce (CVRD) announces that it issued US\$ 1 billion of 10-year notes bearing a coupon of 6.250% per year, payable semi-annually, at a price of 99.97 % of the principal amount. The notes will mature on January 11, 2016, and were rated BBB by Standard & Poor's and Baa3 by Moody's.

The notes due 2016 were priced with a yield to maturity of 6.254 % per year, resulting in a spread of 190 basis points over the 4.50% US Treasury bond due 11/2015, reflecting a re-rating of CVRD credit risk by the global bond market.

The debt issuance was oversubscribed by 2.5 times its size and it was placed with over 175 investors from the US, Latin America, Europe and Asia. The dominant share of high-grade bond investors - 75% - epitomizes the quality of the demand for the CVRD 2016 notes.

The CVRD US\$ 1 billion notes issuance was the largest debt issuance ever made by a Brazilian corporate in the global capital markets. The CVRD issuance carries the lowest spread over US Treasuries ever paid for a 10-year Brazilian debt issuance. It contributes to reduce the Company's average cost of debt and to lengthen the average life of its debt, contributing to minimize its cost of capital and to mitigate debt refinancing risks.

Roger Agnelli, CVRD Chief Executive Officer, said: "This was an excellent transaction, which took advantage of the good conditions prevailing in global capital markets and its success reflects the strong market confidence on CVRD financial strength".

The notes will be unsecured and unsubordinated obligations of CVRD's wholly-owned Vale Overseas Limited (Vale Overseas) and will be fully and unconditionally guaranteed by CVRD. The guarantee will rank pari passu with all of CVRD's other unsecured and unsubordinated debt obligations.

The net proceeds of the offer will be used for CVRD's general corporate purposes, including payment of the purchase price for any and all of Vale Overseas' US\$ 300 million 9.000% Guaranteed Notes due 2013 that are tendered and accepted by Vale Overseas' in the tender offer launched on January 3, 2005 and expected to expire on Tuesday, January 10, 2006.

J.P. Morgan Securities Inc. acted as the sole book runner on the notes offering.

The issuance is in line with the strategic goal of the Company's financial policy to minimize its cost of capital and to guarantee the best financing conditions to support the value creation process over time.

CVRD and Vale Overseas have filed a registration statement (including a prospectus) with the Securities Exchange Commission (SEC) for the offering of the notes. Before you invest, you should read the prospectus in that registration statement and other documents CVRD and Vale Overseas have filed with the SEC for more complete information about the companies and the offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, J.P. Morgan Securities Inc. will arrange to send you the prospectus if you request it by calling toll-free (866) 846-2874 (in the United States), or by calling collect 1-212- 834-7279 (outside the United States).

More information



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