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Companhia Vale do Rio Doce  
Form 6-K  
March 05, 2008

**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

March 2008

**Companhia Vale do Rio Doce**

Avenida Graça Aranha, No. 26

20005-900 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-\_\_\_\_.)

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**A- Financial Statements**

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

**1- Balance Sheet****Years ended December, 31****In millions of reais**

|                                             |              | <b>Consolidated</b> |                | <b>Parent Company</b> |                |
|---------------------------------------------|--------------|---------------------|----------------|-----------------------|----------------|
|                                             | <b>Notes</b> | <b>2007</b>         | <b>2006</b>    | <b>2007</b>           | <b>2006</b>    |
| <b>Assets</b>                               |              |                     |                |                       |                |
| <b>Current assets</b>                       |              |                     |                |                       |                |
| Cash and cash equivalents                   | 7.8          | 2,128               | 9,778          | 120                   | 203            |
| Accounts receivable from customers          | 7.9          | 7,136               | 7,892          | 2,379                 | 4,912          |
| Related parties                             | 7.10         | 36                  | 61             | 1,580                 | 1,056          |
| Inventories                                 | 7.11         | 7,258               | 6,369          | 1,932                 | 1,105          |
| Taxes to recover or offset                  | 7.12         | 2,230               | 1,003          | 792                   | 463            |
| Deferred income tax and social contribution | 7.13         | 1,084               | 885            | 611                   | 404            |
| Others                                      |              | 1,281               | 1,181          | 479                   | 379            |
|                                             |              | <b>21,153</b>       | <b>27,169</b>  | <b>7,893</b>          | <b>8,522</b>   |
| <b>Non-current assets</b>                   |              |                     |                |                       |                |
| <b>Long-term receivables</b>                |              |                     |                |                       |                |
| Related parties                             | 7.10         | 5                   | 11             | 3,413                 | 381            |
| Loans and financing                         | 7.17         | 226                 | 234            | 115                   | 110            |
| Deferred income tax and social contribution | 7.13         | 482                 | 2,759          | 237                   | 481            |
| Judicial deposits                           | 7.18         | 864                 | 841            | 776                   | 506            |
| Taxes to recover or offset                  | 7.12         | 500                 | 809            | 193                   | 220            |
| Advances to energy suppliers                |              | 1,016               | 945            |                       |                |
| Provisions for derivatives                  | 7.27         | 1,191               | 106            | 1,064                 | 51             |
| Prepaid expenses                            |              | 459                 | 811            |                       | 116            |
| Others                                      |              | 219                 | 175            | 107                   | 21             |
|                                             |              | <b>4,962</b>        | <b>6,691</b>   | <b>5,905</b>          | <b>1,886</b>   |
| <b>Investments</b>                          | 7.14         | <b>1,869</b>        | <b>1,856</b>   | <b>62,738</b>         | <b>54,572</b>  |
| <b>Intangibles</b>                          | 7.15         | <b>12,834</b>       | <b>9,532</b>   | <b>12,143</b>         | <b>9,507</b>   |
| <b>Property, plant and equipment</b>        | 7.16         | <b>91,959</b>       | <b>77,611</b>  | <b>28,097</b>         | <b>25,665</b>  |
| <b>Deferred charges</b>                     |              | <b>122</b>          | <b>150</b>     |                       |                |
|                                             |              | <b>106,784</b>      | <b>89,149</b>  | <b>102,978</b>        | <b>89,744</b>  |
|                                             |              | <b>132,899</b>      | <b>123,009</b> | <b>116,776</b>        | <b>100,152</b> |

| <b>Years ended December 31</b>                                |              | <b>In millions of reais</b> |               |                       |               |
|---------------------------------------------------------------|--------------|-----------------------------|---------------|-----------------------|---------------|
|                                                               | <b>Notes</b> | <b>Consolidated</b>         |               | <b>Parent Company</b> |               |
|                                                               |              | <b>2007</b>                 | <b>2006</b>   | <b>2007</b>           | <b>2006</b>   |
| <b>Liabilities, and stockholders equity</b>                   |              |                             |               |                       |               |
| <b>Current liabilities</b>                                    |              |                             |               |                       |               |
| Short-term debt                                               | 7.17         | 1,007                       | 2,035         | 297                   | 1,511         |
| Current portion of long-term debt                             | 7.17         | 2,354                       | 1,626         | 1,483                 | 515           |
| Payable to suppliers and contractors                          |              | 4,294                       | 5,164         | 1,927                 | 1,690         |
| Related parties                                               | 7.10         | 15                          | 30            | 6,702                 | 4,502         |
| Payroll and related charges                                   |              | 1,344                       | 1,001         | 776                   | 494           |
| Pension Plan                                                  | 7.20         | 232                         | 230           | 78                    | 78            |
| Proposed dividends and interest on stockholders equity        |              | 4,752                       | 3,189         | 4,752                 | 3,189         |
| Provision for income tax                                      |              | 2,222                       | 1,946         |                       |               |
| Taxes, contributions and royalties                            |              | 586                         | 285           | 50                    | 79            |
| Provisions for derivatives                                    | 7.27         | 613                         |               | 47                    |               |
| Ferrovias Norte Sul subconcession                             |              | 372                         |               |                       |               |
| Others                                                        |              | 1,556                       | 1,138         | 500                   | 426           |
|                                                               |              | <b>19,347</b>               | <b>16,644</b> | <b>16,612</b>         | <b>12,484</b> |
| <b>Non-current liabilities</b>                                |              |                             |               |                       |               |
| Long-term debt                                                | 7.17         | 32,445                      | 46,004        | 8,643                 | 26,013        |
| Related parties                                               | 7.10         |                             | 1             | 29,466                | 18,956        |
| Provisions for contingencies                                  | 7.18         | 3,189                       | 2,363         | 1,979                 | 1,508         |
| Deferred income tax and social contribution                   | 7.13         | 8,073                       | 4,319         |                       |               |
| Pension Plan                                                  | 7.20         | 3,808                       | 4,118         | 590                   | 569           |
| Provision for asset retirement obligations                    | 7.19         | 1,649                       | 1,476         | 743                   | 619           |
| Provisions for derivatives                                    | 7.27         | 9                           | 1,566         |                       | 69            |
| Ferrovias Norte Sul subconcession                             |              | 372                         |               |                       |               |
| Others                                                        |              | 2,201                       | 1,412         | 1,713                 | 836           |
|                                                               |              | <b>51,746</b>               | <b>61,259</b> | <b>43,134</b>         | <b>48,570</b> |
| <b>Deferred income</b>                                        |              | <b>93</b>                   | <b>7</b>      |                       |               |
| <b>Minority interest</b>                                      |              | <b>4,683</b>                | <b>6,001</b>  |                       |               |
| <b>Stockholders equity</b>                                    |              |                             |               |                       |               |
| Paid-up capital                                               | 7.21         | 28,000                      | 19,492        | 28,000                | 19,492        |
| Revenue reserves                                              |              | 25,966                      | 19,606        | 25,966                | 19,606        |
| Resources linked to the future mandatory conversion in shares | 7.22         | 3,064                       |               | 3,064                 |               |
|                                                               |              | <b>57,030</b>               | <b>39,098</b> | <b>57,030</b>         | <b>39,098</b> |

**132,899      123,009      116,776      100,152**

**The notes and attachment I are an integral part of the financial statements**

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

## 2- Statement of Income

### Years ended December 31

|                                                                                    | Notes | Quarter (Unaudited) |                |                | Consolidated Accumulated |                 | In millions of reais<br>Parent Company Accumulated |                 |
|------------------------------------------------------------------------------------|-------|---------------------|----------------|----------------|--------------------------|-----------------|----------------------------------------------------|-----------------|
|                                                                                    |       | 4Q/07               | 3Q/07          | 4Q/06          | 2007                     | 2006            | 2007                                               | 2006            |
| <b>Operating revenues</b>                                                          |       |                     |                |                |                          |                 |                                                    |                 |
| <b>Ore and metals</b>                                                              |       | <b>12,935</b>       | <b>13,231</b>  | <b>13,961</b>  | <b>55,332</b>            | <b>36,135</b>   | <b>20,698</b>                                      | <b>17,817</b>   |
| Transport services                                                                 |       | 843                 | 894            | 849            | 3,497                    | 3,405           | 1,939                                              | 1,864           |
| Sales of aluminum-related products                                                 |       | 1,247               | 1,358          | 1,496          | 5,529                    | 5,533           | 278                                                | 102             |
| Sales of steel products                                                            |       | 265                 | 318            | 333            | 1,248                    | 1,478           |                                                    |                 |
| Other products and services                                                        |       | 231                 | 236            | 53             | 779                      | 195             | 114                                                | 91              |
|                                                                                    |       | <b>15,521</b>       | <b>16,037</b>  | <b>16,692</b>  | <b>66,385</b>            | <b>46,746</b>   | <b>23,029</b>                                      | <b>19,874</b>   |
| Value Added taxes                                                                  |       | (436)               | (417)          | (370)          | (1,621)                  | (1,454)         | (1,213)                                            | (1,051)         |
| <b>Net operating revenues</b>                                                      |       | <b>15,085</b>       | <b>15,620</b>  | <b>16,322</b>  | <b>64,764</b>            | <b>45,292</b>   | <b>21,816</b>                                      | <b>18,823</b>   |
| <b>Cost of products and services</b>                                               |       |                     |                |                |                          |                 |                                                    |                 |
| Ores and metals                                                                    |       | (6,271)             | (5,409)        | (5,872)        | (22,814)                 | (14,578)        | (11,944)                                           | (9,776)         |
| Transport services                                                                 |       | (538)               | (520)          | (441)          | (2,146)                  | (1,770)         | (769)                                              | (718)           |
| Aluminum-related products                                                          |       | (853)               | (785)          | (829)          | (3,246)                  | (3,013)         | (192)                                              | (75)            |
| Steel products                                                                     |       | (277)               | (310)          | (310)          | (1,199)                  | (1,231)         |                                                    |                 |
| Other products and services                                                        |       | (221)               | (243)          | (72)           | (679)                    | (164)           | (41)                                               | (62)            |
|                                                                                    |       | <b>(8,160)</b>      | <b>(7,267)</b> | <b>(7,524)</b> | <b>(30,084)</b>          | <b>(20,756)</b> | <b>(12,946)</b>                                    | <b>(10,631)</b> |
| <b>Gross profit</b>                                                                |       | <b>6,925</b>        | <b>8,353</b>   | <b>8,798</b>   | <b>34,680</b>            | <b>24,536</b>   | <b>8,870</b>                                       | <b>8,192</b>    |
| <b>Gross margin</b>                                                                |       | <b>45.9%</b>        | <b>53.5%</b>   | <b>53.9%</b>   | <b>53.5%</b>             | <b>54.2%</b>    | <b>40.7%</b>                                       | <b>43.5%</b>    |
| <b>Operating expenses</b>                                                          |       |                     |                |                |                          |                 |                                                    |                 |
| Selling and Administrative                                                         | 7.28  | (799)               | (581)          | (602)          | (2,550)                  | (1,952)         | (1,159)                                            | (881)           |
| Research and development                                                           |       | (462)               | (391)          | (375)          | (1,397)                  | (1,042)         | (767)                                              | (590)           |
| Other operating expenses                                                           | 7.28  | (608)               | (396)          | (741)          | (1,418)                  | (1,453)         | (493)                                              | (856)           |
|                                                                                    |       | <b>(1,869)</b>      | <b>(1,368)</b> | <b>(1,718)</b> | <b>(5,365)</b>           | <b>(4,447)</b>  | <b>(2,419)</b>                                     | <b>(2,327)</b>  |
| <b>Operating profit before financial results and results of equity investments</b> |       | <b>5,056</b>        | <b>6,985</b>   | <b>7,080</b>   | <b>29,315</b>            | <b>20,089</b>   | <b>6,451</b>                                       | <b>5,865</b>    |





## Years ended December 31

|                                                                             |       |                  | Quarter (Unaudited) |                  | Consolidated Accumulated |                  | In millions of reais<br>Parent Company Accumulated |                  |
|-----------------------------------------------------------------------------|-------|------------------|---------------------|------------------|--------------------------|------------------|----------------------------------------------------|------------------|
|                                                                             | Notes | 4Q/07            | 3Q/07               | 4Q/06            | 2007                     | 2006             | 2007                                               | 2006             |
| <b>Results of equity investments</b>                                        |       |                  |                     |                  |                          |                  |                                                    |                  |
| Gain on investments accounted for by the equity method                      | 7.14  | 46               | 44                  | 118              | 143                      | 389              | 22,483                                             | 10,708           |
| Provision for losses                                                        |       |                  |                     |                  |                          |                  | 25                                                 | (60)             |
| Exchange variation in stockholders' equity and goodwill of companies abroad |       | (22)             | (17)                |                  | (112)                    | (25)             | (8,625)                                            | (760)            |
|                                                                             |       | <b>24</b>        | <b>27</b>           | <b>118</b>       | <b>31</b>                | <b>364</b>       | <b>13,883</b>                                      | <b>9,888</b>     |
| Amortization of goodwill                                                    | 7.14  | (333)            | (344)               | (262)            | (1,304)                  | (563)            | (1,304)                                            | (563)            |
| Exchange variation in goodwill of companies abroad                          |       | (265)            | (326)               |                  | (1,132)                  |                  | (1,132)                                            |                  |
|                                                                             |       | <b>(574)</b>     | <b>(643)</b>        | <b>(144)</b>     | <b>(2,405)</b>           | <b>(199)</b>     | <b>11,447</b>                                      | <b>9,325</b>     |
| <b>Financial results, net</b>                                               | 7.26  | <b>395</b>       | <b>138</b>          | <b>(771)</b>     | <b>277</b>               | <b>(1,745)</b>   | <b>3,320</b>                                       | <b>(1,065)</b>   |
| <b>Non-operating income</b>                                                 | 7.28  |                  | <b>197</b>          | <b>(1,006)</b>   | <b>1,458</b>             | <b>(215)</b>     | <b>1,300</b>                                       | <b>278</b>       |
| <b>Income before income tax and social contribution</b>                     |       | <b>4,877</b>     | <b>6,677</b>        | <b>5,159</b>     | <b>28,645</b>            | <b>17,930</b>    | <b>22,518</b>                                      | <b>14,403</b>    |
| <b>Income tax and social contribution</b>                                   | 7.13  | <b>(183)</b>     | <b>(1,633)</b>      | <b>(1,420)</b>   | <b>(7,085)</b>           | <b>(3,390)</b>   | <b>(2,512)</b>                                     | <b>(972)</b>     |
| <b>Income before minority interests</b>                                     |       | <b>4,694</b>     | <b>5,044</b>        | <b>3,739</b>     | <b>21,560</b>            | <b>14,540</b>    | <b>20,006</b>                                      | <b>13,431</b>    |
| <b>Minority interest</b>                                                    |       | <b>(284)</b>     | <b>(385)</b>        | <b>(371)</b>     | <b>(1,554)</b>           | <b>(1,109)</b>   |                                                    |                  |
| <b>Net income for the period</b>                                            |       | <b>4,410</b>     | <b>4,659</b>        | <b>3,368</b>     | <b>20,006</b>            | <b>13,431</b>    | <b>20,006</b>                                      | <b>13,431</b>    |
| <b>Number of shares outstanding at the end of the period (in thousands)</b> |       | <b>4,832,391</b> | <b>4,832,391</b>    | <b>4,832,388</b> | <b>4,832,391</b>         | <b>4,832,388</b> | <b>4,832,391</b>                                   | <b>4,832,388</b> |

**Net earnings per share  
outstanding at the end of  
the period (R\$)**

|             |             |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>0.91</b> | <b>0.96</b> | <b>0.70</b> | <b>4.14</b> | <b>2.78</b> | <b>4.14</b> | <b>2.78</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

**The notes and attachment I are an integral part of the financial statements**

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

### 3- Statement of Changes in Stockholders' Equity

Years ended December 31

|                                   | Revenue reserves |                       |                |                   |              |                      | Retained earnings | In millions of reais<br>Resources linked to mandatory conversion in shares | Total |
|-----------------------------------|------------------|-----------------------|----------------|-------------------|--------------|----------------------|-------------------|----------------------------------------------------------------------------|-------|
|                                   | Paid-up capital  | Expansion/Investments | Treasury stock | Unrealized income | Legal        | Fiscal contingencies |                   |                                                                            |       |
| <b>December 31, 2005</b>          | <b>14,000</b>    | <b>8,463</b>          | <b>(131)</b>   | <b>237</b>        | <b>1,400</b> | <b>83</b>            |                   | <b>24,052</b>                                                              |       |
| Capital Increase                  | 5,492            |                       |                |                   |              |                      |                   | 5,492                                                                      |       |
| Net income for the year           |                  |                       |                |                   |              |                      | 13,431            | 13,431                                                                     |       |
| Realization of reserves           |                  |                       |                | (114)             |              |                      | 114               |                                                                            |       |
| Treasury stock                    |                  |                       | (659)          |                   |              |                      |                   | (659)                                                                      |       |
| Interim dividends                 |                  |                       |                |                   |              |                      | (29)              | (29)                                                                       |       |
| Stockholders' remuneration paid   |                  |                       |                |                   |              |                      | (3,189)           | (3,189)                                                                    |       |
| Appropriation to revenue reserves |                  | 9,645                 |                |                   | 672          | 10                   | (10,327)          |                                                                            |       |
| <b>December 31, 2006</b>          | <b>19,492</b>    | <b>18,108</b>         | <b>(790)</b>   | <b>123</b>        | <b>2,072</b> | <b>93</b>            |                   | <b>39,098</b>                                                              |       |
| Net income for the period         |                  |                       |                |                   |              |                      | 20,006            | 20,006                                                                     |       |
| Capitalization of reserves        | 8,508            | (7,673)               |                |                   | (752)        | (83)                 |                   |                                                                            |       |
| Resources linked to mandatory     |                  |                       |                |                   |              |                      | 3,064             | 3,064                                                                      |       |

conversion in  
shares

|                                           |        |  |      |       |         |          |         |
|-------------------------------------------|--------|--|------|-------|---------|----------|---------|
| Interim<br>dividends                      | (371)  |  |      |       | (15)    |          | (386)   |
| Stockholder s<br>remuneration<br>proposed |        |  |      |       | (4,752) |          | (4,752) |
| Appropriation to<br>revenue reserves      | 14,220 |  | (62) | 1,000 | 81      | (15,239) |         |

|                              |               |               |              |           |              |           |              |               |
|------------------------------|---------------|---------------|--------------|-----------|--------------|-----------|--------------|---------------|
| <b>December 31,<br/>2007</b> | <b>28,000</b> | <b>24,284</b> | <b>(790)</b> | <b>61</b> | <b>2,320</b> | <b>91</b> | <b>3,064</b> | <b>57,030</b> |
|------------------------------|---------------|---------------|--------------|-----------|--------------|-----------|--------------|---------------|

The notes and attachment I are an integral part of the financial statements

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

#### 4- Statement of Changes in Financial Position

| Years ended December 31                                                       | Consolidated  |               | In millions of reais<br>Parent Company |               |
|-------------------------------------------------------------------------------|---------------|---------------|----------------------------------------|---------------|
|                                                                               | 2007          | 2006          | 2007                                   | 2006          |
| <b>Funds were provided by:</b>                                                |               |               |                                        |               |
| Net income for the year                                                       | 20,006        | 13,431        | 20,006                                 | 13,431        |
| Amounts that do not affect working capital:                                   |               |               |                                        |               |
| Results of equity investments                                                 | 2,405         | 199           | (11,447)                               | (9,325)       |
| Dividends/interest on stockholders' equity                                    | 134           | 140           | 2,775                                  | 2,454         |
| Depreciation, amortization and depletion                                      | 4,119         | 2,203         | 1,432                                  | 1,080         |
| Long term deferred income tax and social contribution                         | 7,303         | 61            | 244                                    | (69)          |
| Investments sales                                                             | 1,500         | 1,489         | 1,432                                  | 770           |
| Results on sale of assets                                                     | (1,458)       | (1,212)       | (1,300)                                | (278)         |
| Net monetary and exchange rate variations on long-term assets and liabilities | (6,468)       | (484)         | (5,625)                                | (565)         |
| Disposal of property, plant and equipment                                     | 349           | 284           | 536                                    | 118           |
| Amortization of goodwill in the cost of products sold                         | 51            | 327           | 51                                     | 327           |
| Net unrealized derivative losses                                              | (1,715)       | 316           | (1,551)                                | (13)          |
| Minority interest                                                             | 1,554         | 1,109         |                                        |               |
| Others                                                                        | 240           | 13            | 324                                    | (348)         |
| <b>Total funds from operations</b>                                            | <b>28,020</b> | <b>17,876</b> | <b>6,877</b>                           | <b>7,582</b>  |
| Loans to related parties, transferred to current assets                       | 20            | 12            | 46                                     | 45            |
| Loans and financing obtained                                                  | 19,281        | 49,388        | 1,983                                  | 38,035        |
| Loans from related parties                                                    |               | 31            | 16,534                                 | 14,840        |
| Others                                                                        | 1,570         | 673           | 1,646                                  | 511           |
| <b>Total funds provided</b>                                                   | <b>48,891</b> | <b>67,980</b> | <b>27,086</b>                          | <b>61,013</b> |
| <b>Funds were used for:</b>                                                   |               |               |                                        |               |
| Long-term debt transferred to current liabilities                             | 24,802        | 15,860        | 19,495                                 | 15,025        |
| Related parties                                                               | 6             | 382           | 82                                     | 92            |
| Additions to property, plant and equipment                                    | 25,429        | 9,433         | 4,526                                  | 6,099         |
| Additions to Investments                                                      | 492           | 315           | 2,314                                  | 34,647        |
| Dividends/interest on stockholders' equity                                    | 5,138         | 3,218         | 5,138                                  | 3,218         |
| Guarantees and deposits                                                       | 254           | 190           | 202                                    | 129           |
| Advances to energy suppliers                                                  | 71            | 217           |                                        |               |
| Others                                                                        | 1,340         | 507           | 86                                     | 910           |
| <b>Total funds used</b>                                                       | <b>57,532</b> | <b>30,122</b> | <b>31,843</b>                          | <b>60,120</b> |

|                                               |                |               |                |            |
|-----------------------------------------------|----------------|---------------|----------------|------------|
| <b>Increase (decrease) in working capital</b> | <b>(8,641)</b> | <b>37,858</b> | <b>(4,757)</b> | <b>893</b> |
|-----------------------------------------------|----------------|---------------|----------------|------------|

Changes in working capital are as follows:

|                                                         |                |               |              |              |
|---------------------------------------------------------|----------------|---------------|--------------|--------------|
| Initial working capital of new consolidated investments | 78             | 28,237        |              |              |
| Current assets:                                         |                |               |              |              |
| At the end of the year                                  | 21,153         | 27,169        | 7,893        | 8,522        |
| At the beginning of the year                            | 27,169         | 12,571        | 8,522        | 5,206        |
|                                                         | <b>(6,016)</b> | <b>14,598</b> | <b>(629)</b> | <b>3,316</b> |

|                              |              |              |              |              |
|------------------------------|--------------|--------------|--------------|--------------|
| Current liabilities:         |              |              |              |              |
| At the end of the year       | 19,347       | 16,644       | 16,612       | 12,484       |
| At the beginning of the year | 16,644       | 11,667       | 12,484       | 10,061       |
|                              | <b>2,703</b> | <b>4,977</b> | <b>4,128</b> | <b>2,423</b> |

|                                               |                |               |                |            |
|-----------------------------------------------|----------------|---------------|----------------|------------|
| <b>Increase (decrease) in working capital</b> | <b>(8,641)</b> | <b>37,858</b> | <b>(4,757)</b> | <b>893</b> |
|-----------------------------------------------|----------------|---------------|----------------|------------|

**The notes and attachment I are an integral part of the financial statements**

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

**5- Statement of Cash Flows****Years ended December 31**

|                                                                                                | <b>Quarter (Unaudited)</b> |              |              | <b>Consolidated Accumulated</b> |                | <b>In millions of reais Parent Company Accumulated</b> |                |
|------------------------------------------------------------------------------------------------|----------------------------|--------------|--------------|---------------------------------|----------------|--------------------------------------------------------|----------------|
|                                                                                                | <b>4Q/07</b>               | <b>3Q/07</b> | <b>4Q/06</b> | <b>2007</b>                     | <b>2006</b>    | <b>2007</b>                                            | <b>2006</b>    |
| <b>Cash flows from operating activities:</b>                                                   |                            |              |              |                                 |                |                                                        |                |
| Net income for the period                                                                      | 4,410                      | 4,659        | 3,368        | 20,006                          | 13,431         | 20,006                                                 | 13,431         |
| Adjustments to reconcile net income for the period with cash provided by operating activities: |                            |              |              |                                 |                |                                                        |                |
| Results of equity investments                                                                  | 574                        | 644          | 144          | 2,405                           | 199            | (11,447)                                               | (9,325)        |
| Sale of assets                                                                                 |                            | (197)        | (421)        | (1,458)                         | (1,212)        | (1,300)                                                | (278)          |
| Depreciation, amortization and depletion                                                       | 1,300                      | 999          | 827          | 4,119                           | 2,203          | 1,432                                                  | 1,080          |
| Deferred income tax and social contribution                                                    | (505)                      | (493)        | 81           | (1,831)                         | (158)          | 37                                                     | (139)          |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net    | (2,008)                    | (1,773)      | 80           | (5,153)                         | (193)          | (6,330)                                                | (385)          |
| Minority interest                                                                              | 284                        | 385          | 371          | 1,554                           | 1,109          |                                                        |                |
| Disposal of property, plant and equipment                                                      | 203                        | 22           | 162          | 349                             | 284            | 536                                                    | 118            |
| Amortization of goodwill in the cost of products sold                                          |                            |              | 47           | 51                              | 327            | 51                                                     | 327            |
| Net unrealized losses (gains) on derivatives                                                   | (606)                      | (643)        | 214          | (1,715)                         | 315            | (1,551)                                                | (13)           |
| Dividends/interest on stockholders equity received                                             | 75                         | 13           | 4            | 134                             | 140            | 1,962                                                  | 2,134          |
| Others                                                                                         | (50)                       | 102          | 80           | 229                             | (57)           | 643                                                    | 38             |
|                                                                                                | <b>3,677</b>               | <b>3,718</b> | <b>4,957</b> | <b>18,690</b>                   | <b>16,388</b>  | <b>4,039</b>                                           | <b>6,988</b>   |
| <b>Decrease (increase) in assets:</b>                                                          |                            |              |              |                                 |                |                                                        |                |
| Accounts receivable                                                                            | 349                        | 1,268        | 264          | 1,359                           | (821)          | (500)                                                  | (2,877)        |
| Inventories                                                                                    | (475)                      | (602)        | (1)          | (1,397)                         | (470)          | (690)                                                  | 159            |
| Advances to energy suppliers                                                                   | 46                         | 17           | (17)         | (71)                            | (217)          |                                                        |                |
| Others                                                                                         | 513                        | 292          | (441)        | 348                             | (868)          | 53                                                     | (346)          |
|                                                                                                | <b>433</b>                 | <b>975</b>   | <b>(195)</b> | <b>239</b>                      | <b>(2,376)</b> | <b>(1,137)</b>                                         | <b>(3,064)</b> |



**Increase (decrease) in liabilities:**

|                             |              |            |            |              |             |              |              |
|-----------------------------|--------------|------------|------------|--------------|-------------|--------------|--------------|
| Suppliers and contractors   | 559          | 194        | 230        | 1,358        | (130)       | 238          | (78)         |
| Payroll and related charges | 165          | 226        | (159)      | 223          | (183)       | 281          | 70           |
| Taxes and contributions     | (1,084)      | 1,100      | (212)      | 242          | 122         | (29)         | (11)         |
| Others                      | (50)         | (661)      | 242        | (405)        | 108         | 997          | (269)        |
|                             | <b>(410)</b> | <b>859</b> | <b>101</b> | <b>1,418</b> | <b>(83)</b> | <b>1,487</b> | <b>(288)</b> |

**Net cash provided by operating activities**

|              |              |              |               |               |              |              |
|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
| <b>3,700</b> | <b>5,552</b> | <b>4,863</b> | <b>20,347</b> | <b>13,929</b> | <b>4,389</b> | <b>3,636</b> |
|--------------|--------------|--------------|---------------|---------------|--------------|--------------|

**Cash flows from investing activities:**

|                                                                     |         |         |         |          |          |         |          |
|---------------------------------------------------------------------|---------|---------|---------|----------|----------|---------|----------|
| Loans and advances receivable                                       | (39)    | 6       | (261)   | 32       | (322)    | 281     | 155      |
| Guarantees and deposits                                             | (87)    | (28)    | 87      | (254)    | (190)    | (202)   | (129)    |
| Additions to investments                                            | (362)   | (32)    | (80)    | (492)    | (315)    | (2,314) | (34,647) |
| Additions to property, plant and equipment                          | (4,681) | (3,050) | (4,191) | (13,159) | (10,102) | (4,505) | (6,144)  |
| Proceeds from disposal of property, plant and equipment/investments |         | 198     | 608     | 1,500    | 1,670    | 1,432   | 888      |

Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary

|          |         |          |   |
|----------|---------|----------|---|
| (28,211) | (6,404) | (28,237) | 2 |
|----------|---------|----------|---|

**Net cash used in investing activities**

|                |                |                 |                 |                 |                |                 |
|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| <b>(5,169)</b> | <b>(2,906)</b> | <b>(32,048)</b> | <b>(18,777)</b> | <b>(37,496)</b> | <b>(5,308)</b> | <b>(39,875)</b> |
|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|

**Cash flows from (used in) financing activities:**

|                                                      |         |         |          |          |          |          |          |
|------------------------------------------------------|---------|---------|----------|----------|----------|----------|----------|
| Short-term debt additions                            | 3,973   | 1,070   | 2,767    | 9,959    | 11,475   | 5,305    | 7,053    |
| Short-term debt repayments                           | (3,549) | (975)   | (1,828)  | (10,532) | (10,004) | (1,637)  | (5,638)  |
| Long-term debt                                       | 1,210   | 159     | 45,855   | 15,681   | 49,419   | 18,517   | 52,783   |
| Issue of convertible notes, in common shares         |         |         |          | 2,481    |          |          |          |
| Issue of convertible notes, in preferred shares      |         |         |          | 1,119    |          |          |          |
| Repayments:                                          |         |         |          |          |          |          |          |
| Related parties                                      |         |         |          |          |          | (82)     |          |
| Financial institutions                               | (250)   | (1,675) | (14,949) | (23,046) | (16,615) | (17,693) | (14,449) |
| Interest on stockholders equity paid to stockholders | (2,664) |         | (1,462)  | (4,882)  | (2,974)  | (3,574)  | (2,779)  |

|                                                                                    |                |                |               |                |               |             |               |
|------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------|---------------|-------------|---------------|
| and dividends                                                                      |                |                |               |                |               |             |               |
| Treasury stock                                                                     |                |                |               |                | (659)         |             | (659)         |
| <b>Net cash provided by<br/>(used in) financing<br/>activities</b>                 | <b>(1,280)</b> | <b>(1,421)</b> | <b>30,383</b> | <b>(9,220)</b> | <b>30,642</b> | <b>836</b>  | <b>36,311</b> |
| <b>Increase (decrease) in cash<br/>and cash equivalents</b>                        | <b>(2,749)</b> | <b>1,225</b>   | <b>3,198</b>  | <b>(7,650)</b> | <b>7,075</b>  | <b>(83)</b> | <b>72</b>     |
| Cash and cash equivalents,<br>beginning of the period                              | 4,877          | 3,652          | 6,580         | 9,778          | 2,703         | 203         | 131           |
| <b>Cash and cash<br/>equivalents, end of the<br/>period</b>                        | <b>2,128</b>   | <b>4,877</b>   | <b>9,778</b>  | <b>2,128</b>   | <b>9,778</b>  | <b>120</b>  | <b>203</b>    |
| Cash paid during the period<br>for:                                                |                |                |               |                |               |             |               |
| Short-term interest                                                                | (18)           | (23)           | (14)          | (143)          | (41)          | (102)       | (18)          |
| Long-term interest                                                                 | (649)          | (623)          | (562)         | (2,505)        | (1,271)       | (2,490)     | (903)         |
| Income tax and social<br>contribution                                              | (867)          | (986)          | (151)         | (5,724)        | (1,264)       | (2,219)     | (912)         |
| <b>Non-cash transactions:</b>                                                      |                |                |               |                |               |             |               |
| Additions to property, plant<br>and equipment interest<br>capitalization           | 145            | 7              | (7)           | (113)          | (38)          | (12)        | (46)          |
| Transfer of advance for<br>future capital increase to<br>investments               |                |                |               |                |               | (105)       | (282)         |
| <b>The notes and attachment I are an integral part of the financial statements</b> |                |                |               |                |               |             |               |

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

## 6- Statement of Value Added

| Years ended December 31                                                       | Consolidated  |            |               |            | In millions of reais<br>Parent Company |            |               |            |
|-------------------------------------------------------------------------------|---------------|------------|---------------|------------|----------------------------------------|------------|---------------|------------|
|                                                                               | 2007          | %          | 2006          | %          | 2007                                   | %          | 2006          | %          |
| <b>Generation of Value Added</b>                                              |               |            |               |            |                                        |            |               |            |
| <b>Gross revenue</b>                                                          | <b>66,385</b> | <b>100</b> | <b>46,746</b> | <b>100</b> | <b>23,029</b>                          | <b>100</b> | <b>19,874</b> | <b>100</b> |
| Less: Acquisition of products                                                 | (4,890)       | (7)        | (3,308)       | (7)        | (2,958)                                | (13)       | (1,901)       | (10)       |
| Outsourced services                                                           | (5,236)       | (8)        | (4,556)       | (10)       | (3,024)                                | (13)       | (2,925)       | (15)       |
| Materials                                                                     | (4,833)       | (7)        | (3,524)       | (8)        | (2,145)                                | (9)        | (1,945)       | (10)       |
| Fuel oil and gas                                                              | (3,115)       | (5)        | (2,361)       | (5)        | (1,183)                                | (5)        | (951)         | (5)        |
| Research and development, selling and administrative                          | (2,031)       | (3)        | (1,642)       | (4)        | (850)                                  | (4)        | (669)         | (3)        |
| Other costs and expenses                                                      | (4,011)       | (6)        | (3,672)       | (8)        | (191)                                  | (1)        | (962)         | (5)        |
| <b>Gross Value Added</b>                                                      | <b>42,269</b> | <b>64</b>  | <b>27,683</b> | <b>58</b>  | <b>12,678</b>                          | <b>55</b>  | <b>10,521</b> | <b>52</b>  |
| Depreciation, amortization and depletion                                      | (4,170)       | (6)        | (2,530)       | (5)        | (1,483)                                | (6)        | (1,407)       | (7)        |
| <b>Net Value Added</b>                                                        | <b>38,099</b> | <b>58</b>  | <b>25,153</b> | <b>53</b>  | <b>11,195</b>                          | <b>49</b>  | <b>9,114</b>  | <b>45</b>  |
| <b>Received from third parties</b>                                            |               |            |               |            |                                        |            |               |            |
| Financial revenue (a)                                                         | 4,517         | 7          | 701           | 1          | 4,177                                  | 18         | 470           | 2          |
| Equity results                                                                | (2,405)       | (4)        | (199)         |            | 11,447                                 | 50         | 9,325         | 47         |
| <b>Non operating results</b>                                                  | <b>40,211</b> | <b>61</b>  | <b>25,655</b> | <b>54</b>  | <b>26,819</b>                          | <b>117</b> | <b>18,909</b> | <b>94</b>  |
| <b>Total Value Added to be distributed</b>                                    |               |            |               |            |                                        |            |               |            |
| Employees                                                                     | 5,021         | 12         | 3,311         | 13         | 1,596                                  | 6          | 1,397         | 7          |
| Government                                                                    | 9,678         | 24         | 5,693         | 22         | 4,571                                  | 17         | 2,799         | 15         |
| Third parties capital (interest and monetary and exchange variances, net) (b) | 3,952         | 10         | 2,111         | 8          | 646                                    | 2          | 1,282         | 7          |
| Stockholders remuneration                                                     | 5,138         | 13         | 3,218         | 13         | 5,138                                  | 19         | 3,218         | 17         |
| Minority interest                                                             | 1,554         | 4          | 1,109         | 4          |                                        |            |               |            |
| Retained earnings                                                             | 14,868        | 37         | 10,213        | 40         | 14,868                                 | 56         | 10,213        | 54         |

|                                      |               |            |               |            |               |            |               |            |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| <b>Total Value added distributed</b> | <b>40,211</b> | <b>100</b> | <b>25,655</b> | <b>100</b> | <b>26,819</b> | <b>100</b> | <b>18,909</b> | <b>100</b> |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|

**The notes and attachment I are an integral part of the financial statements**

- (a) Includes monetary and exchange rate variation losses from assets;
- (b) Includes monetary and exchange rate variations gains from liabilities.

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

## **7- Notes to the Financial Statements at December 31, 2007 and 2006**

Expressed In million of *reais*

### **7.1- Operations**

Companhia Vale do Rio Doce (Vale) is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, copper concentrate and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly controlled companies, operates in iron ore and pellets, nickel, copper, precious metals, cobalt (by product), manganese and ferroalloys, kaolin, coal, steel, aluminum-related products and logistics.

### **7.2- Presentation of Financial Statements**

The Financial Statements have been prepared in accordance with accounting practices followed in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission) and also in the cases that there is no conflict according to the International Accounting Practices.

As part of the Financial statements, the Company present as additional information the calculation of the earnings before financing results, equity results, income tax and social contribution, depreciation and amortization EBITDA. Although the EBITDA, as defined before, does not offer valuation for operational cash flow for Brazilian accounting principles, is often used by financial analysts on valuation of our business and Management uses this indicator to measure our operational performance.

Some figures related to the Financial Statements as of 2006 were reclassified to improve the comparability.

### **7.3- Accounting Pronouncements Recently-issued by Comissão de Valores Mobiliários**

On December 28, 2007 was enacted the Law 11.638/07 that changes the Corporate Law mainly related to accounting aspects, with the aim to align the Brazilian accounting rules with the international accounting rules, and also give Brazilian Securities Commission CVM the power/duty to issue rules to the public companies in accordance with international standards issued by International Accounting Standards Board.

The main changes included in the new Law from 2008 onwards were: replacement of the Statement of Changes in Financial Position (DOAR) by the Statement of Cash Flow, inclusion of the Statement of Value Added (DVA), requirement for the Company to periodically analyze the recoverability of the amounts booked at permanent, intangible and deferred assets, adjustment to market value of financial instruments and others, practices already substantially adopted by the Company.

CVM intends to conclude by the end of 2008, the entire regulatory process for items amended in the Law. The convergence of International Accounting Standards still depends of regulatory process to be develop by CVM. As a result of this regulatory process CVM issued on 01/29/08 the Deliberation CVM No 534, which approved the Technical Decision CPC 02, that settles the effects of changes in exchange rates and conversion of Financial Statements.

The company believes that the main effects of International Rules on our Financial Statements will be the accounting treatment of goodwill amortization on acquired companies (effect in 2007 of R\$1,304 of expense) and the treatment of exchange rate on the investments abroad (effect in 2007 of R\$2,469 of expense), as well as the tax effect.

### **7.4- Principles and Practices of Consolidation**

- (a) The consolidated Financial Statements show the balances of assets and liabilities on 12/31/07 and 12/31/06 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies;
- (b) Intercompany balances and the Parent Company's investments in its direct and indirect subsidiaries and jointly-controlled companies were eliminated in the consolidation. Minority interest is shown separately on the balance sheet and statement of income;
- (c) In the case of investments in companies in which the control is shared with other stockholders, the components of assets and liabilities and revenues and expenses are included in the consolidated financial statements in proportion

to the participation of the Parent Company in the capital of each investee;

- (d) The principal figures of the subsidiaries and jointly-controlled companies included in the consolidation are presented in Attachment I; and

- (e) The investments in hydroelectric projects are made via consortium contracts under which the company has an undivided interest in assets and are liable for its proportionate share of liabilities and expenses, which are based on the proportionate share of power output. The company has not joint liability for any obligations, and all the recorded costs, income, assets and liabilities relate to the entities within the group. Since there is no separate legal entity for the project, there are no separate financial statements, income tax return, net income or shareholders equity. Brazilian corporate law explicitly provides that no separate legal entity exists as a result of a consortium contract, and the company's external legal counsel has confirmed this conclusion. So, the company recognizes its proportionate share of costs and its undivided interest in assets relating to hydroelectric projects.

#### **7.5- Summary of significant Accounting Policies**

- (a) The Company adopts the accrual basis of accounting;
- (b) The preparation of financial statements requires management to make estimates to record some assets, liabilities and transactions. As a result, the financial statements of the Company include some estimates for useful lives of property, plant and equipment, provisions necessary for assets, contingent liabilities, operational provisions and other similar evaluations. Actual results could differ from those estimates;
- (c) The information presented to the management with the performance of each segment is usually derived on the accounting records, with some relocation between segments. We analyze the information by segment as follows:
- Ferrous products comprise 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 comprise the production of non-ferrous minerals, including potash, kaolin, copper and nickel (co-products and by-products).
  - Logistics comprise 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.
    - Other comprises our investments in joint ventures and affiliates engaged in other business.
- (d) Assets and liabilities that are realizable or due more than 12 months after the financial statements date are classified as non-current;
- (e) Revenues are recognized in the results when all the risks and benefits of the product or service are transferred to the customer. The income is not recognized when there is significant uncertainty of its realization;
- (f) The accounts receivable are recorded and stated in the balance sheet by the nominal value increased by monetary or exchange variations, when applicable, reduced by provisions to cover extraordinary loss on its realization;
- The allowance for doubtful accounts is set up at an amount considered sufficient by the management to cover eventual loss on the realization of these credits. The estimated value of the allowance for doubtful accounts can be modified based on the expectation of the management about the possibility to recover the amounts or changes in the financial situation of the customers;
- (g) Marketable securities, classified as cash and cash equivalents are represented by less than 90 days applications and are stated at cost plus accrued income earned to the financial statements date, limited to the market value;

- (h) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (i) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the financial statements date, being US\$1.00 equivalent to R\$1.7713 at 12/31/07 (US\$1.00 equivalent to R\$2.1380 at 12/31/06) and those in local currency, when applicable, are restated based on contractual indices;
- (j) Amounts given in advance to Centrais Elétricas do Norte do Brasil S.A. Eletronorte, due to long term contract to supply of energy, are classified as Advances to energy suppliers , in long-term receivables;
- (k) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders equity of the investees, and when applicable, increased/decreased by goodwill/negative goodwill to be amortized and provision for losses. Other investments are booked at acquisition costs and deducted when applicable of provisions for losses. At consolidated, the exchange rate effect over stockholders equity from investees abroad is classified as monetary and exchange rate variation included as financial results, net;



- (l) Property, plant and equipment, including interest incurred during the construction period, are recorded at historical cost (the assets acquired in Brazil are also increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the estimated useful lives of the assets. Depletion of mineral reserves is based on the ratio between effective production and the total probable and proven reserves.

The company revised the accounting value of the long-term assets used in their operations at least annually or in a period shorter than this every time there is an event in the circumstances that may indicate that the value of an asset or a group of assets maybe not be recovered.

If the discounted future cash flow of an asset or a group of assets indicate that its recoverability may not be possible, the company adjusts the accounting value of this asset by recording a loss in the amount that exceed the probably recovered amount. The probably recovered amount is based on the higher value between (a) the estimated value of the assets less the estimate costs to sell it and (b) the use value based on the present value of the future cash flows on the cash generation unit in which the asset is included.

- (m) Research and development costs are incurred as operational expenses until the proof of its economical feasibility to exploit commercially a mine. After this proof, the costs are capitalized cost of developing the mine;
- (n) During the development of a mine, stripping costs registered are capitalized as part of developing costs. Post-production stripping costs are recorded as production costs;
- (o) Intangibles are recorded at acquisition cost, deducted by accumulated amortization and provisions for losses if applicable. They refers basically to goodwill on acquisitions based on expectation of future profitability of Vale Inco, Caemi, MBR and Vale Australia;
- (p) The assets and liabilities of deferred taxes are based: (a) on the temporary differences between the accounting value and the fiscal bases of our assets and liabilities; (b) the tax loss of income tax; (c) on the negative basis on the calculation of social contribution, based on the assumption of future taxable profits. If the Company generate futures loss, or if it is not able to generate future profit, or if there is a significant change in the effective tax rates or in the necessary time to these deferred taxes been deductible or taxable, the management may considered to be necessary to constitute a provison for losses of these deferred assets;
- (q) The derivatives contracts used to manage the associated risks on the variation of exchange rates, interest rates and are commodities prices recorded on the accrual basis of accounting and the gain and loss are recorded in financial income or expenses and exchange variation;
- (r) The Company follows the accounting practices laid down by Deliberation CVM 371/00 related to the recognition of liabilities and results from actuarial valuation of employees ´ pension plan;
- (s) The expenditures of the environmental impact caused by the activities of the Company are booked as asset retirement obligations;
- (t) The financial statements of the Parent Company reflect the Board of Directors ´ proposal for appropriation of the net income for the year, on the assumption of the approval of the Annual General Meeting of Stockholders ; and
- (u) The approval of the Financial Statements by the Executive Ofiicers was on 02/25/08. There were no events subsequent to the Balance Sheet date that should be reported.

#### **7.6- Independent Auditors Policy**

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The Company developed and formalized internal rules and procedures of pre-approval of the services contracted with its external auditors, for the purpose avoiding the conflict of interest, loss of independence or objective of its independent external auditors.

The policy concerning independent auditors in relation to non-audit services is based on the maintenance of their independence. According to best practices of corporate governance, all services rendered by independent auditors are pre-approved by the Fiscal Council.

According to CVM rule 381/2003, the services contracted with the present auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes, during 2007 to Vale and its direct and indirect subsidiaries and its jointly-controlled companies were as follows:

|                                    |             |
|------------------------------------|-------------|
|                                    | <b>2007</b> |
| Audit Fees                         | 1.5         |
| Audit Related Fees                 | 0.1         |
| Rewiew of DIPJ (Income tax return) | 1.3         |
| Other                              | 0.2         |
| <b>Total Fees</b>                  | <b>3.1</b>  |

### 7.7- Acquisitions and divestments

- (a) In October 2007 the Company won the auction for commercial exploitation of a 720 km stretch of the North-South railroad (FNS), during 30 years, running from Açailândia, state of Maranhão, to Palmas, state of Tocantins in the amount of R\$1,478. The amount of R\$ 739 was already paid, which represents 50% of the sub concession. The second installment, equal to 25% of the amount is scheduled to be paid in December 2008, while the last installment shall be paid at the time of the completion of the last part of the railroad, increased by IGP-DI until the payment date;
- (b) In July 2007, the Company sold its participation of 1.8% of the ordinary shares of Lion Ore Mining International Ltd. (Lion Ore), held by its subsidiary Vale Inco for R\$197 with a gain of R\$153;
- (c) In June 2007, the Company sold through a primary and secondary public offering 25,213,664 common shares of Log-In Logística Intermodal S/A. (Log-In), representing 57.84% of total capital, for R\$347 with a gain on sale of R\$301 and gain on capital of R\$116. In July the company sold 5.1% additional stake for R\$44 with a gain of R\$38. Currently the Company holds 31.27% of total capital of this entity, which is recognized as an equity investee, since June 2007.
- (d) In May 2007, the Company sold in a public offering 13,802,499 Usiminas shares not subject to the shareholders agreement and received total proceeds of R\$1,475 generating a gain of R\$839. The Company retained 6,608,608 shares which are bound by the current shareholders agreement of Usiminas.
- (e) In May 2007, the Company acquired 6.25% of EBM for R\$467. On this occasion an agreement was entered into that grants us, during the next 30 years, the control of MBR, including the right to dividends. In exchange, Vale will pay a total of US\$ 61 for the year of 2007 and 29 annual amounts of US\$ 48 from 2008 onwards.
- (f) In April 2007, Vale acquired 100% of Vale Australia (formerly denominated AMCI Holdings Australia Pty AMCI), a private company held in Australia, which operates and controls coal assets through joint ventures, for R\$1,328.
- (g) In March 2007, Vale acquired the remaining 18% interest in Ferro Gusa held by Nucor do Brasil S.A. for R\$41. As a result Vale now owns 100% of Ferro Gusa's shares;
- (h) In January 2007, the Company finalized the process of acquisition of Inco with the acquisition of the additional participation of 12.27% for R\$4 billion. The total acquisition reached the amount of R\$36 billion. The special meeting of shareholders of Inco, approved the amalgamation of Inco with Itabira Canada Inc. (Itabira Canadá), a wholly owned indirect subsidiary of the Company. Pursuant to the amalgamation, Inco became a wholly owned subsidiary and change its name to CVRD Inco Limited (actually Vale Inco).

To improve comparability the company presents, the consolidated statement of income as if the acquisition had been made at the beginning of 2006.

#### Summarized Consolidated Statement of Income of Vale and Vale Inco (unaudited)

|                               | VALE     | INCO    | Accumulated<br>2006<br>Total |
|-------------------------------|----------|---------|------------------------------|
| Net operating revenues        | 45,291   | 11,694  | 56,985                       |
| Cost of products and services | (20,756) | (7,022) | (27,778)                     |

|                                                                                    |               |              |               |
|------------------------------------------------------------------------------------|---------------|--------------|---------------|
| <b>Gross profit</b>                                                                | <b>24,535</b> | <b>4,672</b> | <b>29,207</b> |
| Operating expenses                                                                 | (4,446)       | (787)        | (5,233)       |
| <b>Operating profit before financial results and results of equity investments</b> | <b>20,089</b> | <b>3,885</b> | <b>23,974</b> |
| Results of equity investments                                                      | (199)         | (557)        | (756)         |
| Financial results, net                                                             | (1,745)       | (1,687)      | (3,432)       |
| Non-operating income                                                               | (215)         | 316          | 101           |
| <b>Income before income tax and social contribution</b>                            | <b>17,930</b> | <b>1,957</b> | <b>19,887</b> |
| Income tax and social contribution                                                 | (3,390)       | (725)        | (4,115)       |
| <b>Income before minority interests</b>                                            | <b>14,540</b> | <b>1,232</b> | <b>15,772</b> |
| Minority interest                                                                  | (1,109)       | (35)         | (1,144)       |
| <b>Net income for the period</b>                                                   | <b>13,431</b> | <b>1,197</b> | <b>14,628</b> |

**7.8- Cash and Cash Equivalents**

|                                                                        | <b>Consolidated</b> |              | <b>Parent Company</b> |             |
|------------------------------------------------------------------------|---------------------|--------------|-----------------------|-------------|
|                                                                        | <b>2007</b>         | <b>2006</b>  | <b>2007</b>           | <b>2006</b> |
| Cash and bank accounts                                                 | 795                 | 3,404        | 71                    | 68          |
| Marketable securities linked to the interbank deposit certificate rate | 343                 | 645          | 49                    | 135         |
| Time deposits / Overnight                                              | 990                 | 5,729        |                       |             |
|                                                                        | <b>2,128</b>        | <b>9,778</b> | <b>120</b>            | <b>203</b>  |

**7.9- Accounts Receivable**

|                                  | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|----------------------------------|---------------------|--------------|-----------------------|--------------|
|                                  | <b>2007</b>         | <b>2006</b>  | <b>2007</b>           | <b>2006</b>  |
| Domestic                         | 1,162               | 1,793        | 1,166                 | 994          |
| Export                           | 6,173               | 6,258        | 1,293                 | 4,006        |
|                                  | <b>7,335</b>        | <b>8,051</b> | <b>2,459</b>          | <b>5,000</b> |
| Allowance for doubtful accounts  | (181)               | (123)        | (64)                  | (55)         |
| Allowance for ore weight credits | (18)                | (36)         | (16)                  | (33)         |
|                                  | <b>7,136</b>        | <b>7,892</b> | <b>2,379</b>          | <b>4,912</b> |

No individual client was responsible for more than 10% of total revenues.

**7.10- Related Parties**

Non eliminated related parties operations, derived from sales and purchases of products and services or from loans under normal market conditions as follows:

|                                                         | <b>2007</b>          | <b>2006</b>      | <b>Assets</b>        |                  | <b>Liabilities</b>   |                  |                      |
|---------------------------------------------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                                                         |                      |                  | <b>2007</b>          | <b>2006</b>      | <b>2007</b>          | <b>2006</b>      |                      |
| <b>Customers</b>                                        | <b>Related party</b> | <b>Customers</b> | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       | 60                   | 10               | 73                   | 10               | 26                   |                  | 40                   |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 45                   | 6                | 60                   | 1                | 40                   |                  | 51                   |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO     | 46                   |                  | 53                   |                  | 43                   |                  | 16                   |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    | 21                   | 1                | 42                   |                  | 12                   |                  | 10                   |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS       | 52                   | 9                | 62                   | 52               |                      |                  | 1                    |
| Samarco Mineração S.A.                                  | 4                    | 5                | 5                    |                  |                      |                  |                      |

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|                                    |            |           |              |           |            |           |            |           |
|------------------------------------|------------|-----------|--------------|-----------|------------|-----------|------------|-----------|
| MRS Logistica S.A.                 | 2          |           |              |           | 30         |           | 9          | 15        |
| Baovale Mineração S.A.             | 14         |           | 1            |           | 36         |           | 25         |           |
| Mitsui & Co., Ltd                  |            |           |              |           | 37         |           | 39         |           |
| Mineração Rio do Norte S.A.        |            |           |              |           | 30         |           | 27         |           |
| Minas da Serra Geral S.A.          |            |           |              |           | 10         | 3         | 10         | 5         |
| Taiwan Nickel Refining Corporation |            |           | 774          |           |            |           |            |           |
| Korea Nickel Corporation           | 16         |           | 120          |           |            |           |            |           |
| Others                             | 37         | 10        | 11           | 9         | 10         | 12        | 10         | 5         |
| <b>Total</b>                       | <b>297</b> | <b>41</b> | <b>1,201</b> | <b>72</b> | <b>274</b> | <b>15</b> | <b>238</b> | <b>31</b> |
| <b>Registered as:</b>              |            |           |              |           |            |           |            |           |
| Current                            | 297        | 36        | 1,201        | 61        | 274        | 15        | 238        | 30        |
| Non-current                        |            | 5         |              | 11        |            |           |            | 1         |
|                                    | <b>297</b> | <b>41</b> | <b>1,201</b> | <b>72</b> | <b>274</b> | <b>15</b> | <b>238</b> | <b>31</b> |

The principal results arising from commercial and financial transactions carried out by the Parent Company with related parties, classified in the statement of income as revenue and costs of sales and services and financial income and expenses, are as follows:

|                                                      | <b>Income</b> |              | <b>Expense / Cost</b> |              |
|------------------------------------------------------|---------------|--------------|-----------------------|--------------|
|                                                      | <b>2007</b>   | <b>2006</b>  | <b>2007</b>           | <b>2006</b>  |
| Baovale Mineração S.A.                               |               |              | 16                    | 15           |
| Gulf Industrial Investment Co.-GIIC (*)              |               | 80           |                       | 3            |
| Companhia Hispano-Brasileira de Pelotização          |               |              |                       |              |
| HISpanoBRÁS                                          | 216           | 216          | 327                   | 332          |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO  | 203           | 192          | 292                   | 119          |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 197           | 224          | 331                   | 383          |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO    | 334           | 350          | 540                   | 548          |
| Mineração Rio do Norte S.A.                          |               |              | 271                   | 280          |
| MRS Logística S.A.                                   | 2             | 18           | 674                   | 693          |
| Samarco Mineração S.A.                               | 112           | 81           |                       |              |
| Usinas Siderúrgicas de Minas Gerais USIMINAS         | 886           | 912          |                       |              |
| Other                                                | 15            | 19           | 34                    | 41           |
|                                                      | <b>1,965</b>  | <b>2,092</b> | <b>2,485</b>          | <b>2,414</b> |

Additionally the Company has balances with Mitsui & Co, Bradesco, Banco Nacional de Desenvolvimento Social and, BNDES Participações in the amounts of R\$23, R\$5,566, R\$418 and, R\$666 in December 31, 2007 related to loans received at market interest conditions, with maturity at November, 2013. This amounts are booked at loans and financing, as described in note 7.17.

The Company also has cash equivalents with Bradesco in the amount of R\$32 in 2007.

(\*) Company sold  
in May 2006.

#### 7.11- Inventories

|                                             | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|---------------------------------------------|---------------------|--------------|-----------------------|--------------|
|                                             | <b>2007</b>         | <b>2006</b>  | <b>2007</b>           | <b>2006</b>  |
| <b>Finished products</b>                    |                     |              |                       |              |
| . Nickel, co-products and sub products Inco | 3,209               | 2,793        |                       |              |
| . Iron ore and pellets                      | 1,110               | 765          | 967                   | 388          |
| . Manganese and ferroalloys                 | 186                 | 199          |                       |              |
| . Aluminum products                         | 327                 | 321          | 60                    |              |
| . Copper                                    | 27                  | 10           | 27                    | 10           |
| . Steel products                            | 59                  | 74           |                       |              |
| . Other                                     | 206                 | 134          | 6                     | 5            |
|                                             | <b>5,124</b>        | <b>4,296</b> | <b>1,060</b>          | <b>403</b>   |
| <b>Spare parts and maintenance supplies</b> | <b>2,134</b>        | <b>2,073</b> | <b>872</b>            | <b>702</b>   |
|                                             | <b>7,258</b>        | <b>6,369</b> | <b>1,932</b>          | <b>1,105</b> |

#### 7.12- Taxes to recover or offset

|                      | <b>Consolidated</b> |              | <b>Parent Company</b> |             |
|----------------------|---------------------|--------------|-----------------------|-------------|
|                      | <b>2007</b>         | <b>2006</b>  | <b>2007</b>           | <b>2006</b> |
| Income tax           | 1,293               | 517          | 378                   | 131         |
| Value-added tax ICMS | 591                 | 612          | 432                   | 453         |
| PIS and COFINS       | 712                 | 618          | 115                   | 53          |
| INSS                 | 32                  | 24           | 31                    | 22          |
| Others               | 102                 | 41           | 29                    | 24          |
| <b>Total</b>         | <b>2,730</b>        | <b>1,812</b> | <b>985</b>            | <b>683</b>  |
| Current              | 2,230               | 1,003        | 792                   | 463         |
| Non-current          | 500                 | 809          | 193                   | 220         |
|                      | <b>2,730</b>        | <b>1,812</b> | <b>985</b>            | <b>683</b>  |



**7.13- Deferred Income Tax and Social Contribution**

Income of the company is subject to the normal tax system. The net balances of deferred assets and liabilities are presented as follows:

|                                                      | <b>Consolidated</b> |                 | <b>Net Deferred<br/>Parent Company</b> |                 |
|------------------------------------------------------|---------------------|-----------------|----------------------------------------|-----------------|
|                                                      | <b>12/31/07</b>     | <b>12/31/06</b> | <b>12/31/07</b>                        | <b>12/31/06</b> |
| Tax loss carryforward                                | 832                 | 218             |                                        |                 |
| Temporary differences:                               |                     |                 |                                        |                 |
| Pension Plan                                         | 1,101               | 2,116           | 242                                    | 220             |
| Contingent liabilities                               | 861                 | 895             | 783                                    | 648             |
| Provision for losses on assets                       | 323                 | 402             | 295                                    | 328             |
| Goodwill from property, plan and equipments acquired | (8,073)             | (4,319)         |                                        |                 |
| Others                                               | (1,551)             | 13              | (472)                                  | (311)           |
|                                                      | (7,339)             | (893)           | 848                                    | 885             |
| <b>Total</b>                                         | <b>(6,507)</b>      | <b>(675)</b>    | <b>848</b>                             | <b>885</b>      |
| Current                                              | 1,084               | 885             | 611                                    | 404             |
| Non-current                                          | 482                 | 2,759           | 237                                    | 481             |
| <b>ASSETS</b>                                        | <b>1,566</b>        | <b>3,644</b>    | <b>848</b>                             | <b>885</b>      |
| Non-current                                          | (8,073)             | (4,319)         |                                        |                 |
| <b>LIABILITIES</b>                                   | <b>(8,073)</b>      | <b>(4,319)</b>  |                                        |                 |

The amounts reported as income tax and social contribution, which affected the results for the period, are as follows:

|                                                  | <b>Quarter (Unaudited)</b> |              |              | <b>Consolidated<br/>Accumulated</b> |               | <b>Parent Company<br/>Accumulated</b> |              |
|--------------------------------------------------|----------------------------|--------------|--------------|-------------------------------------|---------------|---------------------------------------|--------------|
|                                                  | <b>4Q/07</b>               | <b>3Q/07</b> | <b>4Q/06</b> | <b>2007</b>                         | <b>2006</b>   | <b>2007</b>                           | <b>2006</b>  |
| Income before income tax and social contribution | 4,877                      | 6,676        | 5,159        | 28,645                              | 17,930        | 22,519                                | 14,403       |
| Results of equity investment                     | 574                        | 643          | 144          | 2,405                               | 199           | (11,447)                              | (9,325)      |
|                                                  | <b>5,451</b>               | <b>7,319</b> | <b>5,303</b> | <b>31,050</b>                       | <b>18,129</b> | <b>11,072</b>                         | <b>5,078</b> |
|                                                  | 34%                        | 34%          | 34%          | 34%                                 | 34%           | 34%                                   | 34%          |

Income tax and social contribution at combined tax rates

**Federal income tax and social contribution at statutory rates**

**(1,853) (2,489) (1,803) (10,557) (6,164) (3,764) (1,727)**

Adjustments that affects the basis of taxes:

Income tax benefit from interest on stockholders equity

204 209 178 839 734 839 734

Fiscal incentives  
Results of overseas companies taxed by different rates wich diference than the parent company rate  
Reduced incentive rate  
Others

63 64 75 306 318 129 33  
1,406 555 330 2,549 1,739  
18 18 18 80 96  
(21) 10 (218) (302) (113) 284 (12)

**Income tax and social contribution**

**(183) (1,633) (1,420) (7,085) (3,390) (2,512) (972)**

The deferred assets and liabilities related to income tax and social contribution arising from tax losses, negative social contribution bases and temporary differences are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared based on internal assumptions and macroeconomic, commercial and fiscal scenarios which could change in the future.

These temporary differences will be realized upon the occurrence of the corresponding taxable events, expected to be as follows:

| Years | Net amount of credits |                |
|-------|-----------------------|----------------|
|       | Consolidated          | Parent Company |
| 2008  | 1,084                 | 611            |
| 2009  | (359)                 | 144            |
| 2010  | (214)                 | 144            |
| 2011  | (272)                 | 144            |
| 2012  | (478)                 | 41             |
| 2013  | (432)                 | 45             |
| 2014  | (433)                 | 45             |
| 2015  | (477)                 | 45             |
| 2016  | (441)                 | 45             |
| 2017  | (4,485)               | (416)          |
|       | <b>(6,507)</b>        | <b>848</b>     |

Vale has certain tax incentives of reduction and exemption of income taxes. The incentives are calculated based on exploitation profit and are based on the production levels recognized and incentive to the defined periods of each product and expire from 2008 to 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.

Vale also has also tax incentives related to Goro Project in New Caledonia. These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday.

In addition, Goro qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. Vale is subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, there has been no net income for New Caledonia tax purposes. The benefits of this legislation are expected to apply with respect to any taxes otherwise payable once the Goro project is in operation.

#### 7.14- Investments Consolidated and Parent Company

|                                                       | Consolidated |      |                     |       |       |                            |      |
|-------------------------------------------------------|--------------|------|---------------------|-------|-------|----------------------------|------|
|                                                       | Investments  |      | Quarter (Unaudited) |       |       | Equity results Accumulated |      |
|                                                       | 2007         | 2006 | 4Q/07               | 3Q/07 | 4Q/06 | 2007                       | 2006 |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a) | 307          | 949  |                     | 13    | 108   | 26                         | 317  |
| Shandong Yankuang International Company Ltd.          | 41           | 49   | 4                   |       | (9)   | 1                          | (9)  |
| Henan Longyu Resources Co. Ltd.                       | 204          | 239  | 22                  | 19    | 19    | 89                         | 65   |
| Logística intermodal S/A                              | 189          |      | 12                  | 7     |       | 15                         |      |
| ThyssenKrupp CSA Cia Siderúrgica (b)                  | 686          | 195  |                     |       |       |                            |      |
| Quadrem International Holdings Ltd. (b)               | 8            | 10   |                     |       |       |                            |      |
| Jubilee Mines N.L ( b )                               | 90           | 103  |                     |       |       |                            |      |
| Lion Ore Mining International Ltd ( b )               |              | 52   |                     |       |       |                            |      |

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|                           |              |              |           |           |            |            |            |
|---------------------------|--------------|--------------|-----------|-----------|------------|------------|------------|
| Mirabela Nickel Ltd ( b ) | 51           | 21           |           |           |            |            |            |
| Skye Resources Inc ( b )  | 139          | 114          |           |           |            |            |            |
| Heron Resources Inc ( b ) | 42           | 18           |           |           |            |            |            |
| Other                     | 112          | 106          | 8         | 5         |            | 11         | 16         |
|                           | <b>1,869</b> | <b>1,856</b> | <b>46</b> | <b>44</b> | <b>118</b> | <b>142</b> | <b>389</b> |

(a) Investment accounted for based on the equity method until December 2006, and at cost thereafter it, when this equity is dividends received. This participation valued at market price on the balance sheet date is R\$822.772; and

(b) Investments at cost.

|                                                           |                        | <b>PARENT COMPANY</b> |                     |                      |                                                |                    |                             |                 |                                    |             |
|-----------------------------------------------------------|------------------------|-----------------------|---------------------|----------------------|------------------------------------------------|--------------------|-----------------------------|-----------------|------------------------------------|-------------|
|                                                           |                        |                       |                     |                      | <b>Adjusted net income (loss) for the year</b> |                    | <b>Investments</b>          |                 | <b>Results of equity Dividends</b> |             |
|                                                           |                        | <b>Adjusted</b>       | <b>stockholders</b> | <b>net</b>           | <b>for</b>                                     | <b>Investments</b> | <b>investments received</b> |                 |                                    |             |
| <b>Accounted by the equity method</b>                     | <b>Participation %</b> | <b>equity</b>         | <b>equity</b>       | <b>income (loss)</b> | <b>the year</b>                                | <b>12/31/07</b>    | <b>12/31/06</b>             | <b>12/31/07</b> | <b>12/31/06</b>                    | <b>2007</b> |
| ALBRAS Alumínio Brasileiro S.A.                           | 51.00                  | 1,775                 | 564                 | 906                  | 713                                            | 288                | 231                         | 94              |                                    |             |
| ALUNORTE Alumina do Norte do Brasil S.A.                  | 57.03                  | 4,121                 | 783                 | 2,350                | 1,815                                          | 447                | 365                         | 83              |                                    |             |
| Belém Administrações e Participações LTDA.                | 100.00                 | 229                   | 76                  | 229                  | 213                                            | 76                 | 124                         | 60              |                                    |             |
| Cadam S. A.                                               | 61.48                  | 309                   | (35)                | 190                  | 211                                            | (21)               |                             |                 |                                    |             |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 50.00                  | 160                   | 65                  | 80                   | 48                                             | 32                 | 40                          | 38              |                                    |             |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 50.89                  | 150                   | 38                  | 76                   | 73                                             | 19                 | 32                          | 32              |                                    |             |
| Companhia ítalo-Brasileira de Pelotização - ITABRASCO     | 50.90                  | 160                   | 40                  | 82                   | 65                                             | 20                 | 26                          | 16              |                                    |             |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO         | 51.00                  | 211                   | 44                  | 108                  | 85                                             | 23                 | 42                          |                 |                                    |             |
| Companhia Portuária da Baía de Sepetiba CPBS              | 100.00                 | 392                   | 172                 | 392                  | 303                                            | 172                | 129                         | 83              |                                    |             |
| CVRD International S.A. (a), (e)                          | 100.00                 | 49,040                | 12,075              | 49,040               | 42,807                                         | 10,914             | 6,103                       |                 |                                    |             |
| Ferro-Gusa Carajás                                        | 100.00                 | 383                   | 38                  | 383                  | 41                                             | 55                 | (55)                        |                 |                                    |             |
| Ferrovias Norte Sul S.A.                                  | 100.00                 | 739                   | (4)                 | 739                  |                                                | (4)                |                             |                 |                                    |             |
| Logística Intermodal S/A (c)                              | 31.27                  | 605                   | 111                 | 189                  | 90                                             | 37                 | 35                          | 7               |                                    |             |
| Minas da Serra Geral S.A. MSG                             | 50.00                  | 105                   | 11                  | 53                   | 53                                             | 1                  | 5                           |                 |                                    |             |
| Mineração Rio do Norte S.A.                               | 40.00                  | 592                   | 437                 | 236                  | 235                                            | 175                | 138                         | 135             |                                    |             |
| Mineração Tacumã Ltda                                     | 100.00                 | (144)                 | 23                  | (144)                | (182)                                          | 23                 | (31)                        |                 |                                    |             |
| AFAC Mineração Tacumã Ltda                                |                        |                       |                     | 1,788                | 1,788                                          |                    |                             |                 |                                    |             |
| Minerações Brasileiras Reunidas S.A. MBR (b), (e)         | 87.94                  | 3,659                 | 1,502               | 3,218                | 3,568                                          | 1,308              | 1,987                       | 1,007           |                                    |             |
| MRS Logística S.A. (b)                                    | 10.89                  | 1,201                 | 548                 | 131                  | 99                                             | 60                 | 59                          | 13              |                                    |             |
| Rio Doce Manganês S.A.                                    | 100.00                 | 538                   | 124                 | 538                  | 414                                            | 124                | (220)                       |                 |                                    |             |
| Salobo Metais S.A. (d)                                    | 100.00                 | 298                   |                     | 298                  | 276                                            |                    |                             |                 |                                    |             |
| AFAC Salobo Metais S.A.                                   |                        |                       |                     | 99                   | 17                                             |                    |                             |                 |                                    |             |
| Samarco Mineração S.A.                                    | 50.00                  | 823                   | 972                 | 412                  | 451                                            | 486                | 499                         | 289             |                                    |             |
| Valesul Alumínio S.A. (b)                                 | 56.44                  | 649                   | 56                  | 366                  | 134                                            | (122)              | 37                          | 20              |                                    |             |
| Outras                                                    |                        |                       |                     | (14)                 | 11                                             | (230)              | 25                          | 27              |                                    |             |
| <b>Accounted by the cost of acquisition</b>               |                        |                       |                     |                      |                                                |                    |                             |                 |                                    |             |
| Thyssenkrupp CSA Companhia Siderúrgica                    |                        |                       |                     |                      | 686                                            | 195                |                             |                 |                                    |             |
|                                                           |                        |                       |                     |                      | 307                                            | 949                | 317                         | 58              |                                    |             |

Usinas Siderúrgicas de Minas  
 Gerais S.A. - USIMINAS (c)

62,738 54,472 13,883 9,888 1,962

- (a) The net equity of companies located abroad is converted into local currency at rates in effect on the financial statements date. The equity method comprises the difference due to the exchange rate variations as well as participation in results;
- (b) This percentage refers only to the direct participation of Vale;
- (c) Investment in companies that were listed on stock exchanges in 2007. The market value of these investment does not necessarily reflect the value that could be realized from selling a representative group of shares;
- (f) Company in pre-operating phase; and
- (e)

From the original stockholders equity the goodwill on subsidiaries was excluded and is mentioned on note 7.15.

### 7.15- Intangible

This assets refers basically to goodwill based on future results expectative.

|                                                     | Intangible    |              | Quarter (Unaudited) |              |              | Goodwill amortization |              |
|-----------------------------------------------------|---------------|--------------|---------------------|--------------|--------------|-----------------------|--------------|
|                                                     | 2007          | 2006         | 4Q/07               | 3Q/07        | 4Q/06        | 2007                  | 2006         |
| <b>Intangible by segment</b>                        |               |              |                     |              |              |                       |              |
| <b>Iron ore and pellets (c)</b>                     |               |              |                     |              |              |                       |              |
| Goodwill of Caemi Mineração e Metalurgia S.A (a)    | 4,287         | 4,806        | (130)               |              | (130)        | (520)                 | (435)        |
| Goodwill of incorporated companies (a)              |               | 51           |                     | (130)        |              |                       |              |
| Goodwill of Minerações Brasileiras Reunidas MBR     | 328           |              | (9)                 | (9)          |              | (20)                  |              |
| Goodwill of Sociedade de Mineração Estrela do Apolo | 25            | 25           |                     |              |              |                       |              |
| Other companies (b)                                 | 8             | 26           | (3)                 | (2)          | (13)         | (9)                   | (9)          |
|                                                     | <b>4,648</b>  | <b>4,908</b> | <b>(142)</b>        | <b>(141)</b> | <b>(143)</b> | <b>(549)</b>          | <b>(444)</b> |
| <b>Nickel</b>                                       |               |              |                     |              |              |                       |              |
| Goodwill of Inco Limited (c)                        | 7,366         | 4,624        | (189)               | (203)        | (119)        | (753)                 | (119)        |
| Other rights Vale Inco                              | 691           |              |                     |              |              |                       |              |
|                                                     | <b>8,057</b>  | <b>4,624</b> | <b>(189)</b>        | <b>(203)</b> | <b>(119)</b> | <b>(753)</b>          | <b>(119)</b> |
| <b>Coal</b>                                         |               |              |                     |              |              |                       |              |
| Goodwill of Vale Australia (c)                      | 129           |              | (2)                 |              |              | (2)                   |              |
|                                                     |               |              |                     |              |              |                       |              |
| <b>Total consolidated</b>                           | <b>12,834</b> | <b>9,532</b> | <b>(333)</b>        | <b>(344)</b> | <b>(262)</b> | <b>(1,304)</b>        | <b>(563)</b> |
| Intangible not recorded at the parent company       | (691)         | (25)         |                     |              |              |                       |              |
| <b>Total parent company</b>                         | <b>12,143</b> | <b>9,507</b> | <b>(333)</b>        | <b>(344)</b> | <b>(262)</b> | <b>(1,304)</b>        | <b>(563)</b> |

- (a) Merged companies (Caemi and Ferteco) amortization of goodwill of incorporated operating companies is recorded in the cost of products sold of the Parent Company;
- (b) Goodwill not recorded in the parent company; and
- (c) Goodwill based on future results expectation (stated period of amortization of 10 years).



**7.16- Property, Plant and Equipment****(a) By type of asset:**

|                                        | Average<br>depreciation<br>rates | Accumulated    |                 | Consolidated  |               | Accumulated   |                 | Parent Company |               |
|----------------------------------------|----------------------------------|----------------|-----------------|---------------|---------------|---------------|-----------------|----------------|---------------|
|                                        |                                  | Cost           | depreciation    | 2007          | 2006          | Cost          | depreciation    | 2007           | 2006          |
|                                        |                                  |                |                 | Net           | Net           |               |                 | Net            | Net           |
| Lands                                  |                                  | 195            |                 | 195           | 195           | 99            |                 | 99             | 99            |
| Buildings                              | 3.65%                            | 6,274          | (355)           | 5,919         | 4,263         | 2,853         | (843)           | 2,010          | 1,479         |
| Installations                          | 3.78%                            | 21,987         | (6,422)         | 15,565        | 13,569        | 11,721        | (3,574)         | 8,147          | 6,586         |
| Equipment                              | 7.36%                            | 8,739          | (1,234)         | 7,505         | 5,162         | 3,951         | (1,328)         | 2,623          | 2,106         |
| Information<br>technology<br>equipment | 20.00%                           | 1,578          | (767)           | 811           | 813           | 1,457         | (665)           | 792            | 723           |
| Railroads                              | 3.03%                            | 11,936         | (3,941)         | 7,995         | 6,222         | 9,166         | (3,617)         | 5,549          | 5,272         |
| Mineral rights<br>(note 7.4 (n))       | 3.25%                            | 32,723         | (8,595)         | 24,128        | 19,202        | 1,538         | (283)           | 1,255          | 1,218         |
| Others                                 | 7.30%                            | 8,678          | (356)           | 8,322         | 3,116         | 2,696         | (1,145)         | 1,551          | 1,411         |
|                                        |                                  | <b>92,110</b>  | <b>(21,670)</b> | <b>70,440</b> | <b>52,542</b> | <b>33,481</b> | <b>(11,455)</b> | <b>22,026</b>  | <b>18,894</b> |
| Construction in<br>progress            |                                  | 21,519         |                 | 21,519        | 25,069        | 6,071         |                 | 6,071          | 6,771         |
| <b>Total</b>                           |                                  | <b>113,629</b> | <b>(21,670)</b> | <b>91,959</b> | <b>77,611</b> | <b>39,552</b> | <b>(11,455)</b> | <b>28,097</b>  | <b>25,665</b> |

**(b) By business area:**

|                          | Cost          | Accumulated<br>depreciation | Consolidated  |               |
|--------------------------|---------------|-----------------------------|---------------|---------------|
|                          |               |                             | 2007          | 2006          |
|                          |               |                             | Net           | Net           |
| <b>Ferrous</b>           |               |                             |               |               |
| In operation             | 29,645        | (11,514)                    | 18,131        | 17,660        |
| Construction in Progress | 6,914         |                             | 6,914         | 5,939         |
|                          | <b>36,559</b> | <b>(11,514)</b>             | <b>25,045</b> | <b>23,599</b> |
| <b>Non Ferrous</b>       |               |                             |               |               |
| In operation             | 43,140        | (3,578)                     | 39,562        | 26,518        |
| Construction in Progress | 10,241        |                             | 10,241        | 15,544        |
|                          | <b>53,381</b> | <b>(3,578)</b>              | <b>49,803</b> | <b>42,062</b> |
| <b>Logistics</b>         |               |                             |               |               |
| In operation             | 9,004         | (2,598)                     | 6,406         | 2,891         |
| Construction in Progress | 523           |                             | 523           | 284           |
|                          | <b>9,527</b>  | <b>(2,598)</b>              | <b>6,929</b>  | <b>3,175</b>  |

**Holdings**

|                          |               |                |              |              |
|--------------------------|---------------|----------------|--------------|--------------|
| In operation             | 8,777         | (3,341)        | 5,436        | 4,649        |
| Construction in Progress | 3,072         |                | 3,072        | 2,616        |
|                          | <b>11,849</b> | <b>(3,341)</b> | <b>8,508</b> | <b>7,265</b> |

**Corporate Center**

|                          |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|
| In operation             | 1,544        | (639)        | 905          | 824          |
| Construction in Progress | 769          |              | 769          | 686          |
|                          | <b>2,313</b> | <b>(639)</b> | <b>1,674</b> | <b>1,510</b> |

|              |                |                 |               |               |
|--------------|----------------|-----------------|---------------|---------------|
| <b>Total</b> | <b>113,629</b> | <b>(21,670)</b> | <b>91,959</b> | <b>77,611</b> |
|--------------|----------------|-----------------|---------------|---------------|

**7.17- Loans and Financing  
Current**

|                 | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|-----------------|---------------------|--------------|-----------------------|--------------|
|                 | <b>2007</b>         | <b>2006</b>  | <b>2007</b>           | <b>2006</b>  |
| Trade finance   | 1,007               | 1,842        | 297                   | 1,511        |
| Working capital |                     | 193          |                       |              |
|                 | <b>1,007</b>        | <b>2,035</b> | <b>297</b>            | <b>1,511</b> |

**Non-current**

|                                    |    | <b>Current liabilities</b> |              | <b>Consolidated Long-term liabilities</b> |               | <b>Current liabilities</b> |             | <b>Parent Company Long-term liabilities</b> |               |
|------------------------------------|----|----------------------------|--------------|-------------------------------------------|---------------|----------------------------|-------------|---------------------------------------------|---------------|
|                                    |    | <b>2007</b>                | <b>2006</b>  | <b>2007</b>                               | <b>2006</b>   | <b>2007</b>                | <b>2006</b> | <b>2007</b>                                 | <b>2006</b>   |
| <b>Foreign operations</b>          |    |                            |              |                                           |               |                            |             |                                             |               |
| Loans and financing in:            |    |                            |              |                                           |               |                            |             |                                             |               |
| U.S. dollars                       | 1) | 411                        | 444          | 11,472                                    | 23,423        | 312                        | 374         | 1,081                                       | 19,323        |
| Other currencies                   |    | 114                        | 8            | 379                                       | 28            | 10                         | 8           | 18                                          | 28            |
| Notes in U.S. dollars              | 2) |                            | 238          | 11,841                                    | 14,484        |                            |             |                                             |               |
| Export securitization              |    | 94                         | 184          | 363                                       | 552           |                            |             |                                             |               |
| Perpetual notes                    |    |                            |              | 155                                       | 183           |                            |             |                                             |               |
| Accrued charges                    |    | 499                        | 298          |                                           |               | 33                         | 64          |                                             |               |
|                                    |    | <b>1,118</b>               | <b>1,172</b> | <b>24,210</b>                             | <b>38,670</b> | <b>355</b>                 | <b>446</b>  | <b>1,099</b>                                | <b>19,351</b> |
| <b>Local operations</b>            |    |                            |              |                                           |               |                            |             |                                             |               |
| Indexed by TJLP, TR, IGP-M and CDI |    |                            |              |                                           |               |                            |             |                                             |               |
| Basket of currencies               |    | 1,146                      | 131          | 2,243                                     | 1,224         | 1,040                      | 39          | 2,034                                       | 1,089         |
| Loans in U.S. dollars              |    | 3                          | 3            | 10                                        | 21            | 3                          | 3           | 10                                          | 15            |
| Non-convertible debentures         | 3) |                            | 241          | 66                                        | 172           |                            |             |                                             |               |
| Accrued charges                    |    | 87                         | 79           | 5,916                                     | 5,917         | 85                         | 27          | 5,500                                       | 5,558         |
|                                    |    | <b>1,236</b>               | <b>454</b>   | <b>8,235</b>                              | <b>7,334</b>  | <b>1,128</b>               | <b>69</b>   | <b>7,544</b>                                | <b>6,662</b>  |
|                                    |    | <b>2,354</b>               | <b>1,626</b> | <b>32,445</b>                             | <b>46,004</b> | <b>1,483</b>               | <b>515</b>  | <b>8,643</b>                                | <b>26,013</b> |

Pursuant to the acquisition of Vale Inco we carried out various financial operations to repay the initial US\$14.6 billion bridge loan, used to finance the acquisition, as follows:

- 1) On December, 2006, an agreement was celebrated with a bank syndicate to enter in a a pre-export finance transaction of US\$6.0 billion. The transaction includes a US\$5.0 billion tranche, five-year maturity, at Libor plus 0.625% per year, and a US\$1.0 billion tranche, seven-year maturity, at Libor plus 0.75% per year.
- 2) On November, 2006, the Company issued US\$3.75 billion with maturity of 10 and 30 years. The US\$1.25 billion notes due in 2017 bear a coupon rate of 6.25% per year, payable semi-annually, and were priced with a yield to maturity of 6.346% per year. The US\$2.50 billion notes due in 2036 bear a coupon rate of 6.875% per year, payable semi-annually, and were priced with a yield to maturity of 6.997% per year.
- 3)

On December, 2006 the Company issued in the Brazilian market non-convertible debentures in an amount of R\$5.5 billion, in two series. The first series, due on November 20, 2010, R\$1.5 billion, will be remunerated at 101.75% of the accumulated variation of the Brazilian CDI (interbank certificate of deposit) interest rate, payable semi-annually. The second series, due on November 20, 2013, R\$4.0 billion, will be remunerated at the Brazilian CDI interest rate plus 0.25% per year, also payable semi-annually. These debentures can be traded in the secondary market, through the Sistema Nacional de Debêntures (SND).

In 2007, the company settled the balance of the bridge in the amount of US\$2.25 billion, US\$2.1 of pre-export finance with the bank syndicate with cash availability.

Additionally, the Company liquidated US\$380 of its debt.

(a) At December 31, 2007, the consolidated debt was secured as follows:

Loans guaranteed by the Federal Government with a value of R\$146 for which we offered counter-guarantees;

Securitization program of R\$463; and

Receivables in a amount of R\$578.

- (b) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically maturing as follows, as of 12/31/07:

|                                              |               | <b>Consolidated</b> |              | <b>Parent Company</b> |
|----------------------------------------------|---------------|---------------------|--------------|-----------------------|
| 2009                                         | 715           | 2%                  | 350          | 4%                    |
| 2010                                         | 4,462         | 14%                 | 1,843        | 21%                   |
| 2011                                         | 4,965         | 15%                 | 270          | 3%                    |
| 2012                                         | 2,135         | 7%                  | 152          | 2%                    |
| 2013 onwards                                 | 19,597        | 60%                 | 6,028        | 70%                   |
| No due date (perpetual notes and debentures) | 571           | 2%                  |              | 0%                    |
|                                              | <b>32,445</b> | <b>100%</b>         | <b>8,643</b> | <b>100%</b>           |

- (c) Some of our long-term debt instruments contain financial covenants. Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. The Company is in full compliance with our financial covenants as of December 31, 2007.

- (d) Long-term foreign and domestic loans and financing are subject to annual interest rates (plus exchange rate and monetary variation) in 2007 as follows:

| <b>Rates</b>               |               | <b>Consolidated</b> |               | <b>Parent Company</b> |
|----------------------------|---------------|---------------------|---------------|-----------------------|
| 3.1 to 5%                  | 1,369         | 4%                  | 30            | 0%                    |
| 5.1 to 7%                  | 20,814        | 60%                 | 1,459         | 14%                   |
| 7.1 to 9%                  | 4,331         | 12%                 | 1,053         | 10%                   |
| 9.1 to 11%                 | 210           | 1%                  | 1             | 0%                    |
| Over 11%                   | 7,583         | 22%                 | 7,583         | 76%                   |
| Variable (perpetual notes) | 492           | 1%                  |               | 0%                    |
|                            | <b>34,799</b> | <b>100%</b>         | <b>10,126</b> | <b>100%</b>           |

- (\*) Included in these amounts the convertible debentures and other loans in Reais (R\$) with a remuneration equal of accumulated variation of Brazilian CDI plus spread. For these operations some derivative financial instruments were contracted in order to protect the

exposure of the company to the variations of CDI to US dollars. The average cost of these operations after the contract of hedge is 5.7%.

The Company has credit lines in the amount of US\$1.9 billion.

**7.18- Contingent Liabilities**

The Company and its subsidiaries are party to labor, civil, tax and other suits and have been contesting these matters both administratively and in court. When applicable, these are backed by judicial deposits. Provisions for losses are estimated and restated monetarily and backed by management opinions and of the Legal Department and outside counsel.

At the Financial Statements dates the contingent liabilities of the Company were:

- (a) Provisions for contingencies net from judicial deposits, considered by management and its legal counsel as sufficient to cover losses from any type of lawsuit, as follows:

|                                               | <b>Consolidated</b> |                 | <b>Parent Company</b> |                 |
|-----------------------------------------------|---------------------|-----------------|-----------------------|-----------------|
|                                               | <b>12/31/07</b>     | <b>12/31/06</b> | <b>12/31/07</b>       | <b>12/31/06</b> |
| a) Tax contingencies                          | 3,269               | 2,218           | 1,805                 | 1,404           |
| (-) Judicial deposits                         | (1,346)             | (1,046)         | (803)                 | (742)           |
|                                               | <b>1,923</b>        | <b>1,172</b>    | <b>1,002</b>          | <b>662</b>      |
| b) Civil contingencies                        | 575                 | 565             | 419                   | 378             |
| (-) Judicial deposits                         | (277)               | (265)           | (202)                 | (201)           |
|                                               | <b>298</b>          | <b>300</b>      | <b>217</b>            | <b>177</b>      |
| c) Labor contingencies                        | 937                 | 826             | 757                   | 642             |
| d) Environmental contingencies                | 31                  | 65              | 3                     | 27              |
| <b>Total accrued liabilities</b>              | <b>3,189</b>        | <b>2,363</b>    | <b>1,979</b>          | <b>1,508</b>    |
|                                               |                     |                 | <b>2007</b>           | <b>2007</b>     |
| <b>Balance at the beginning of the period</b> |                     |                 | 2,363                 | 1,508           |
| Provisions, net of reversals                  |                     |                 | 752                   | 71              |
| Payment                                       |                     |                 | (56)                  | (45)            |
| Monetary update                               |                     |                 | 442                   | 507             |
| Judicial deposits                             |                     |                 | (312)                 | (62)            |
| <b>Balance at the end of period</b>           |                     |                 | <b>3,189</b>          | <b>1,979</b>    |

**a) Tax Contingencies:**

The major suits are:

Value-Added Tax on Sales and Services (ICMS) The contingent figure refers to the credit right of differential rates regarding the transfer of assets between company branches;

Services Tax (ISS) The major claims are regarding local tax collecting disputes;

Tax for Social Security Financing (COFINS) The major contingencies, related to merged companies refer to the increase of the rate from 2% to 3% between 1999 and 2000;

Import Duty (II) The provision made is related to the Fiscal classification of equipment importation by merged companies;

Additional Compensation to harbour workers (AITP) Amounts regarding the collection of compensation amounts for public harbour workers equalized to Private Harbour;

Income Tax and Social Contribution Essentially regarding a fiscal loss compensation and negative bases of social contribution disputing the limit of 30% of taxable earnings and monetary variations of asset from merged companies; and

Others Regarding dispute of tax credit compensations and basis of calculation of Finance Compensation by Exploration of Mineral Resources CFEM.



**b) Civil Contingencies:**

The civil actions are 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, accidents and return of land.

**c) Labor Contingencies:**

Labor and social security related actions principally comprise claims for (a) payment of time spent traveling from their residences to the work-place, (b) additional health and safety related payments and (c) disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

In addition to the contingencies for which we have made provisions, we have possible losses totaling R\$4,541 (R\$2,813 parent company) based on the advice of our legal counsel, it was not necessary to constitute any provision.

- (b) The company gave to its jointly controlled company Samarco a guarantee in the amount of R\$1 (R\$6 in 2006) related to debt guarantee to IFC, with maturity in 2008 in US\$, for which we have no counter-guarantees.
- (c) In connection with the Girardin Financing, the Company provides certain guarantees on behalf of Goro pursuant to which we guaranteed payments due from Goro of up to a maximum amount of \$100 million ( Maximum Amount ) in connection with an indemnity. We also provided an additional guarantee covering the payments due from Goro of (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) certain other amounts payable by Goro under a lease agreement covering certain assets.

Sumic Nickel Netherlands B.V. ( Sumic), a 21% shareholder of Goro, has a put option to sell to Vale Inco 25%, 50%, or 100% of the shares they own of Goro. The put option can be exercised if the defined cost of the initial Goro project exceeds \$4.2 billion at project rates and an agreement cannot be reached on how to proceed with the project.

The company provides a guarantee covering certain termination payments due from Goro to the supplier under an electricity supply agreement ( ESA ) entered into in October 2004 for the Goro nickel-cobalt project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA is as a result of a default by Goro and the date on which an early termination of the ESA were to occur. If Goro defaults under the ESA prior to the anticipated start date for supply of electricity to the project, the termination payment, which currently is at its maximum, would be 145 million euros. Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

The Company expects such guarantees to be not executed and therefore no provisions for losses have been made.

- (d) At the time of our privatization in 1997, the Company issued debentures to its then-existing shareholders, including the Brazilian Government. The terms of the debentures, were set to ensure that the pre-privatization shareholders, including the Brazilian Government, would participate in possible future financial benefits that could be obtained from exploiting certain mineral resources.

A total of 388,559,056 Debentures were issued at a par value of R\$0.01 (one cent), whose value is to be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed.

The debenture holders are entitled to receive semi-annual payments equivalent to a percentage of the net revenue deriving from certain mineral resources owned in May 1997 and included in the Issue Deed.

According to the Debenture Issue Deed, the amount of the premium must include interest up to the month prior to that of effective payment, plus 1% in the month in which the funds are made available to the debenture holder.

The accumulated sales of iron ore of the mines covered by the debentures, in the period between May 1997 and June 30, 2007, were 500 million metric tons in the Southeast System and 579 million metric tons in the North System, Carajas. In the event of the annual sales of iron ore remain equal to the level achieved in the last twelve

months, the levels mentioned in the Issue Deed to start payment of premium of 1.7 billion metric tons for the Southeast and System 1, 2 billion metric tons to the North System, would be achieved in 2027 and 2015 , respectively. However, this prediction could not be confirmed and may the dates mentioned to achieve the levels of production of 1.7 billion tons (Southeast System) and 1.2 billion tons (System North) are anticipated or neglected.

We made available payment related to debentures in the amount of R\$22 in 2007 and R\$12 and 2006.

### 7.19- Provision for asset retirement obligations

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. The Company manages its relations with the environment as a strategic factor, having the assumption the full compliance with applicable government and internal rules, established by its environmental management system. The Company maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine. On 12/31/07, the provision for asset retirement obligations correspond the amount of R\$1,649 (R\$743 parent company), was accounted for in Provision for asset retirement obligations in non-current liabilities and R\$114 (R\$47 parent company) in Other in current liabilities. The Company adopts the concepts of the Accounting for Asset Retirement Obligations, as follows:

The asset retirement obligations are recorded as part of the cost of these assets and the counter part is the provision that will suport the expenditures;

The estimated costs are accounted for at the present value of the obligations, discounted using a risk free rate; and

The estimated costs are reviewed annually and changes in the present value are adjusted in the recorded amounts of the assets and liabilities.

### 7.20- Pension Plan

Since 1973 Vale has sponsored a complementary pension plan that presents a defined benefit characteristics (the Old Plan ) covering substantially all employees, with valuation of benefits based on years of service, age, contribution salary and social security benefits completion. This plan is administered by Fundação Vale do Rio Doce de Seguridade Social VALIA and was funded by monthly contributions made by Vale and its employees, calculated based on periodic actuarial appraisals.

In May 2000, was implemented a new complementary pension plan, with a variable contribution characteristic regarding the programmed retirement income and the risk benefits (death pension, disability retirement and health care help). At the time of launching of the New Plan (Plano de Benefícios Vale Mais), it was offered to our active employees the opportunity of transferring to it. Over 98% of our active employees opted for the transference. The Old Plan continues in existence, covering almost exclusively retired participants and their beneficiaries.

Additionally the Company provides a specific group of ex-employees, covered by Resolutions 05/87 and 07/89, with supplementary benefit payments through the Abono Complementação plus a post-retirement medical, odontological and pharmaceutical benefit for this especific group, in an equal model of those practiced to actual employees.

Upon the acquisition of Vale Inco, were assumed commitments through pension plans with deffined benefits that cover essentially all its employees and post retirement benefits other than pensions that also provide certain health care and life insurance benefits for retired employees.

The following information details the status of the defined benefit elements of the Company plans in accordance with Deliberation CVM 371/00.

#### (a) Benefit plan

The results of the actuarial valuation are presented as follows:

#### Fair value of assets development

|                                                   |                          |                           | 2007                       |                          | 2006                      |                            |
|---------------------------------------------------|--------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|
|                                                   | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Fair value of assets at the beginning of the year | 7,483                    | 6,386                     | 9                          | 6,506                    |                           |                            |
| Asset recognized upon consolidation of Vale Inco  |                          |                           |                            |                          | 6,250                     | 9                          |
| Actual return of assets                           | 447                      | 131                       | 2                          | 1,298                    | 416                       |                            |

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|                                                    |              |              |           |              |              |          |
|----------------------------------------------------|--------------|--------------|-----------|--------------|--------------|----------|
| Contribution from sponsor                          | 63           | 631          | 109       | 55           | 96           |          |
| Benefits paid                                      | (576)        | (481)        | (101)     | (376)        | (124)        |          |
| Effect of exchange rate changes                    |              | (262)        | (1)       |              | (252)        |          |
| <b>Fair value of assets at the end of the year</b> | <b>7,417</b> | <b>6,405</b> | <b>18</b> | <b>7,483</b> | <b>6,386</b> | <b>9</b> |

**Changes in present value of obligations**

|                                                              |                                |                                 | 2007                             |                                | 2006                            |                                  |
|--------------------------------------------------------------|--------------------------------|---------------------------------|----------------------------------|--------------------------------|---------------------------------|----------------------------------|
|                                                              | Overfunded<br>pension<br>plans | Underfunded<br>pension<br>plans | Underfunded<br>other<br>benefits | Overfunded<br>pension<br>plans | Underfunded<br>pension<br>plans | Underfunded<br>other<br>benefits |
| Fair value of plan assets<br>at beginning of year            | 5,402                          | 7,293                           | 2,523                            | 4,174                          |                                 |                                  |
| Liabilities recognized<br>upon consolidation of<br>Vale Inco |                                | 214                             | 455                              |                                | 7,735                           | 2,618                            |
| Cost of current service                                      | 17                             | 119                             | 39                               | 12                             | 30                              | 9                                |
| Cost of interest                                             | 588                            | 368                             | 127                              | 534                            | 98                              | 33                               |
| Benefits paid                                                | (576)                          | (481)                           | (101)                            | (376)                          | (126)                           | (33)                             |
| Plan amendment                                               |                                | 7                               |                                  |                                | (165)                           |                                  |
| Hypotheses changes                                           |                                |                                 |                                  | 993                            |                                 |                                  |
| Actuarial loss                                               | 198                            | (64)                            | (220)                            | 65                             | (2)                             |                                  |
| Effect of exchange rate<br>changes                           |                                | (329)                           | (155)                            |                                | (277)                           | (104)                            |
| <b>Fair value of plan assets<br/>at end of year</b>          | <b>5,629</b>                   | <b>7,127</b>                    | <b>2,668</b>                     | <b>5,402</b>                   | <b>7,293</b>                    | <b>2,523</b>                     |

**Reconciliation of assets and liabilities of the balance sheet**

|                                                                               |                                       |                                 | 2007                             |                                       | Consolidated<br>2006            |                                  |
|-------------------------------------------------------------------------------|---------------------------------------|---------------------------------|----------------------------------|---------------------------------------|---------------------------------|----------------------------------|
|                                                                               | (*)<br>Overfunded<br>pension<br>plans | Underfunded<br>pension<br>plans | Underfunded<br>other<br>benefits | (*)<br>Overfunded<br>pension<br>plans | Underfunded<br>pension<br>plans | Underfunded<br>other<br>benefits |
| Fair value of plan assets at<br>the end of the year                           | (5,629)                               | (7,127)                         | (2,668)                          | (5,402)                               | (7,293)                         | (2,523)                          |
| Fair value of assets at the<br>end of the year                                | 7,417                                 | 6,405                           | 18                               | 7,483                                 | 6,386                           | 9                                |
| Net gains not recognized on<br>the balance sheet                              |                                       |                                 |                                  |                                       | (280)                           |                                  |
| <b>Actuarial assets /<br/>(liabilities) recorded in the<br/>balance sheet</b> | <b>1,788</b>                          | <b>(722)</b>                    | <b>(2,650)</b>                   | <b>2,081</b>                          | <b>(1,187)</b>                  | <b>(2,514)</b>                   |

(\*) The Company  
has not recorded  
the actuarial

asset on its  
balance sheet,  
since there is no  
clear evidence  
to its realization,  
as established  
by item 49 of  
NPC 26.

**Investment target and composition of plan assets**

The asset fair value of these plans is R\$18,840 and R\$13,878 at the end of 2007 and 2006, respectively. The assets allocations for the Company pension plan at the end of 2007 and 2006 and the target allocation for 2008, by asset category are as follows:

| <b>Type of assets</b> | <b>Target<br/>allocation<br/>for<br/>2008<br/>(Unaudited)</b> | <b>Brazil</b>                    |             |
|-----------------------|---------------------------------------------------------------|----------------------------------|-------------|
|                       |                                                               | <b>Percentage of plan assets</b> |             |
|                       |                                                               | <b>2007</b>                      | <b>2006</b> |
| Equity securities     | 27%                                                           | 29%                              | 28%         |
| Real estate           | 6%                                                            | 3%                               | 4%          |
| Loans                 | 6%                                                            | 4%                               | 4%          |
| Fixed income          | 61%                                                           | 64%                              | 64%         |
| <b>Total</b>          | <b>100%</b>                                                   | <b>100%</b>                      | <b>100%</b> |

| <b>Type of assets</b> | <b>Target<br/>allocation<br/>for<br/>2008<br/>(Unaudited)</b> | <b>Foreign</b>                   |             |
|-----------------------|---------------------------------------------------------------|----------------------------------|-------------|
|                       |                                                               | <b>Percentage of plan assets</b> |             |
|                       |                                                               | <b>2007</b>                      | <b>2006</b> |
| Equity securities     | 61%                                                           | 61%                              | 61%         |
| Fixed income          | 39%                                                           | 39%                              | 39%         |
| <b>Total</b>          | <b>100%</b>                                                   | <b>100%</b>                      | <b>100%</b> |

The fixed income allocation target was established in order to match the asset with the benefit payments. The proposal for 2008 is to reestablish the investments in inflation-indexed funds. The remaining investments in fixed income will be used for the payment of short-term plan benefits.

The increase of allocation target reflects the expected appreciation of the Brazilian Stock Markets (IBOVESPA) as well as the Brazilian interest rates.

**(b) Actuarial liability**

**Abono Complementação and Health Care Plan**

Refers to the responsibility of the Company to complement the retirements, pensions and health assistance related to the incentive to the disconnecting of some employees occurred between 1987 and 1989.

The results of the actuarial evaluation of this liability are as follows:

**Change of fair value of assets (\*)**

|                                                    | <b>Abono<br/>Complementação</b> |             |
|----------------------------------------------------|---------------------------------|-------------|
|                                                    | <b>2007</b>                     | <b>2006</b> |
| Fair value of assets at the beginning of the year  | 196                             | 146         |
| Actual return of assets                            | 32                              | 23          |
| Contribution from sponsor                          | 93                              | 88          |
| Benefits paid in the period                        | (62)                            | (61)        |
| <b>Fair value of assets at the end of the year</b> | <b>259</b>                      | <b>196</b>  |

(\*) Does not apply to fair value of assets to health plan.

**Change in the present value of obligations**

|                                                 | <b>Health care</b> |             | <b>Abono<br/>Complementação</b> |             |
|-------------------------------------------------|--------------------|-------------|---------------------------------|-------------|
|                                                 | <b>2007</b>        | <b>2006</b> | <b>2007</b>                     | <b>2006</b> |
| Fair value of plan assets at beginning of year  | 229                | 183         | 708                             | 584         |
| Cost of interest                                | 25                 | 24          | 76                              | 74          |
| Benefits paid in the period                     | (21)               | (14)        | (62)                            | (61)        |
| Hypotheses changes                              |                    | 27          |                                 | 111         |
| Loss (Gain) on liabilities                      | 59                 | 9           | 10                              |             |
| <b>Fair value of plan assets at end of year</b> | <b>292</b>         | <b>229</b>  | <b>732</b>                      | <b>708</b>  |

**Changes in assets and liabilities recognized on the balance sheet**

|                                                                      | <b>Health care</b> |              | <b>Abono<br/>Complementação</b> |              |
|----------------------------------------------------------------------|--------------------|--------------|---------------------------------|--------------|
|                                                                      | <b>2007</b>        | <b>2006</b>  | <b>2007</b>                     | <b>2006</b>  |
| Present value of totally or partially covered actuarial obligations  | (292)              | (229)        | (732)                           | (708)        |
| Fair value of assets                                                 |                    |              | 259                             | 196          |
| Net (gains) loss not recognized on the balance sheet                 | 24                 | 23           | 73                              | 71           |
| <b>Actuarial assets and liabilities accrued in the balance sheet</b> | <b>(268)</b>       | <b>(206)</b> | <b>(400)</b>                    | <b>(441)</b> |
| <b>Costs recognized in the income statement</b>                      |                    |              |                                 |              |
|                                                                      | <b>Health care</b> |              | <b>Abono<br/>Complementação</b> |              |
|                                                                      | <b>2007</b>        | <b>2006</b>  | <b>2007</b>                     | <b>2006</b>  |
| Cost of interest                                                     | 25                 | 24           | 76                              | 74           |
| Actual return of assets                                              |                    |              | (32)                            | (23)         |
| <b>Total of costs, net</b>                                           | <b>25</b>          | <b>24</b>    | <b>44</b>                       | <b>51</b>    |



**(c) Sponsor contributions**

|                                                      | <b>2007</b>  | <b>2006</b>  |
|------------------------------------------------------|--------------|--------------|
| Benefit plan VALE MAIS income                        | (40)         | (29)         |
| Benefit plan VALE MAIS risk and proportional benefit | (63)         | (55)         |
| Pension plans in the foreign                         | (740)        | (363)        |
| Complementary value (*)                              | (93)         | (88)         |
| Health care plan for retired employee (*)            | (21)         | (14)         |
| <b>Total contributions</b>                           | <b>(957)</b> | <b>(549)</b> |

(\*) Refers to actuarial liabilities

**(d) Actuarial and economic hypotheses**

All calculation includes future projections in relation to certain parameters, for example: salaries, interest, inflation, benefits from social security, mortality, invalidity and others. No actuarial results can be analyzed without knowledge of the scenarios utilized in the evaluation.

The actuarial economic hypotheses were considering the long-term for their maturity, and must be analyzed from this point of view. They not necessarily are realizable in the short-term.

The evaluation was based on the following economic hypotheses:

| <b>Economic assumptions</b>    |                | <b>2007</b>                |                              | <b>2006</b>                |                              |
|--------------------------------|----------------|----------------------------|------------------------------|----------------------------|------------------------------|
|                                |                | <b>Local pension plans</b> | <b>Foreign pension plans</b> | <b>Local pension plans</b> | <b>Foreign pension plans</b> |
| Discount rate                  |                | 10.24% p.a.                | 5.21% p.a.                   | 11.30% p.a.                | 5.00% p.a.                   |
| Rate expected return of assets |                | 12.78% p.a.                | 7.18% p.a.                   | 14.98% p.a.                | 7.50% p.a.                   |
| Rate of compensation increase  | up to 47 years | 7.12% p.a.                 | 4.01% p.a.                   | 8.15% p.a.                 | 3.00% p.a.                   |
| Rate of compensation increase  | over 47 years  | 4.00% p.a.                 | 4.01% p.a.                   | 5.00% p.a.                 | 3.00% p.a.                   |
| Inflation                      |                | 4.00% p.a.                 | 2.00% p.a.                   | 5.00% p.a.                 | 1.80% p.a.                   |
| Health care cost trend rate    |                | 7.64% p.a.                 | 6.35% p.a.                   | 8.67% p.a.                 | 5.05% p.a.                   |

All assumptions were revised in 2007.

**7.21- Paid-up Capital**

Preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share or 3% of the book net equity value of the share, whichever is greater.

At the Extraordinary Shareholders Meeting held on April 27, 2007 the capital stock was increased to R\$28,000. The capital increase is due through capitalization of the expansion/ investment reserve in the amount of R\$7,673

capitalization of the legal reserve in the amount of R\$752, and capitalization of the fiscal incentives reserve in the amount of R\$83 without new stock issue.

On August 30, 2007 the Extraordinary General Shareholders' Meeting approved the forward-stock split. Since September 2007, each existing share, both common and preferred, became two shares.

For comparative purposes, the effects of the split were considered retroactively in the calculation of net income per share presented in the statement of income.

On December 31, 2007 the total capital reaches R\$28,000, corresponding of 4,919,314,116 shares, being R\$17,074 divided in 2,999,797,716 common shares and R\$10,926 divided in 1,919,516,400 class A preferred shares, including twelve special class shares without par value.

The Board of Directors has the power, without the necessity of a statutory change, to deliberate the issue of new shares (authorized capital) including the capitalization of revenue and reserves until the authorized limit of 3,600,000,000 common shares and 7,200,000,000 preferred shares without par value.

On 12/31/07 the Company's capital is held as follows:

| Stockholders                                                       | Common               |            | Preferred            |            | Number of shares     |            |
|--------------------------------------------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
|                                                                    |                      | %          |                      | %          | Total                | %          |
| Valepar S.A.                                                       | 1,568,588,532        | 52         |                      |            | 1,568,588,532        | 32         |
| Brazilian Government<br>(National Treasury /<br>BNDES/ INSS / FPS) | 56,712               |            | 60,904,104           | 3          | 60,960,816           | 1          |
| American Depositary<br>Receipts ADRs                               | 721,535,449          | 25         | 873,934,823          | 46         | 1,595,470,272        | 32         |
| FMP FGTS                                                           | 132,148,778          | 4          |                      |            | 132,148,778          | 3          |
| PIBB BNDES                                                         | 4,423,079            |            | 3,891,711            |            | 8,314,790            |            |
| BNDESPar                                                           | 201,157,719          | 7          | 1,457,339            |            | 202,615,058          | 4          |
| Institutional investors in<br>Brazilian market                     | 69,476,186           | 2          | 296,500,708          | 15         | 365,976,894          | 7          |
| Institutional investors                                            | 191,340,167          | 6          | 297,372,736          | 15         | 488,712,903          | 10         |
| Retail investors in<br>Brazilian market                            | 54,489,054           | 2          | 355,113,835          | 19         | 409,602,889          | 8          |
| Treasury stock in Brazil                                           | 56,582,040           | 2          | 30,341,144           | 2          | 86,923,184           | 3          |
| <b>Total</b>                                                       | <b>2,999,797,716</b> | <b>100</b> | <b>1,919,516,400</b> | <b>100</b> | <b>4,919,314,116</b> | <b>100</b> |

The members of the Board of Directors and Executive Board together own 127,924 common shares and 596,705 preferred shares.

On 12/31/07, the Company after the proposed appropriations of the net income for the year, the Company does not have excess profit reserves in relation to the share capital.

#### 7.22- Resources linked to future mandatory conversion in shares

In June, 2007, the Company issued mandatory convertible notes in the amount of R\$3,601, net of interest R\$3,064, with maturity in 2010. The notes, pay a coupon of 5.50% a.a quarterly and the right to receive the participation of the additional equivalent for the distribution in cash paid to the ADS's holders. These notes were classified as a capital instrument, mainly because of the fact that there is no option, from the part of the Company or from the part of the holders to liquidate, totally or in part this operation with financial resources, being the conversion mandatory.

In alignment with the international practices and after analysis, was concluded that the Mandatory convertible notes are similar to equity notes and for this reason are recognized as a specific part of the equity, net of financial changes. The resources linked to future mandatory conversion, net of interest, are represented by a maximum of 56,582,040 common shares are equivalent to R\$2,111 and the ones represented by a maximum of 30,295,456 preferred shares are equivalent to R\$926. All the shares are currently in treasury stock (see note 7.24).

#### 7.23- ADR Program American Depositary Receipts

The Company is registered with the United States Securities and Exchange Commission (SEC), that permits its preferred shares and common shares to be traded on the New York Stock Exchange (NYSE) as ADR American Depositary Receipts since June, 2000 and March, 2002, respectively. As consequence of share split, each ADR was also split, maintaining thus the proportion of 1 (one) class A preferred share or common, traded with codes RIOPR and RIO, respectively.

For maintenance of this registration the Company also discloses its financial statements according to U.S.A. Principles

USGAAP showing a net income for 2007 of R\$22,870 which has differences from the net income presented according to Brazilian Principles in respect of non-amortization of goodwill and the recognition of exchange variation of foreign investments with functional currency different from that of the parent company directly into shareholders equity.



### 7.24- Treasury Stock

On 06/21/06 the Board of Directors approved a buy-back program of its preferred shares, during a maximum term of 180 days. By the end of the program, 30,299,200 preferred shares have been acquired.

On 12/31/07, the Company had 56,582,040 common shares and 30,341,144 preferred shares, which are held in treasury in the amount of R\$790.

| Class     | Shares            |                   | Unit acquisition cost |       |       | Average quoted market price |       |
|-----------|-------------------|-------------------|-----------------------|-------|-------|-----------------------------|-------|
|           | 2007              | 2006              | Average               | Low   | High  | 2007                        | 2006  |
| Preferred | 30,341,144        | 30,341,144        | 43.45                 | 41.13 | 45.15 | 39.46                       | 44.84 |
| Common    | 56,582,040        | 56,582,040        | 4.63                  | 3.34  | 8.68  | 46.73                       | 52.21 |
|           | <b>86,923,184</b> | <b>86,923,184</b> |                       |       |       |                             |       |

### 7.25- Remuneration of Stockholders

In 10/31/07, Vale made available to its shareholders, in the form of interest on stockholders equity the amount of R\$370,050, as additional remuneration for the year of 2006.

The total remuneration proposed to stockholders in 2007 was calculated as follows:

|                                                                                                      |               |
|------------------------------------------------------------------------------------------------------|---------------|
| Net income for the year                                                                              | 20,006        |
| Legal reserve                                                                                        | (1,000)       |
| Realization of unrealized income reserve (*)                                                         | 62            |
| <b>Adjusted net income</b>                                                                           | <b>19,068</b> |
| <b>Mandatory dividend amount - 25% (R\$0.99 per outstanding share)</b>                               | <b>4,767</b>  |
| <b>Statutory dividend on preferred shares (3% of net equity, R\$0.36 per outstanding share)</b>      | <b>688</b>    |
| <b>Statutory dividend on preferred shares (6% of paid-up capital, R\$0.35 per outstanding share)</b> | <b>656</b>    |
| <b>Dividends/ Interest on stockholders equity Total</b>                                              | <b>4,767</b>  |
| <b>Anticipated dividends</b>                                                                         | <b>(15)</b>   |
| <b>Dividends/ Interest on stockholders equity Proposed</b>                                           | <b>4,752</b>  |

(\*) The realization is based on the dividends received, write-off or disposal of investments and depreciation, write-off and disposal of

property, plant  
and equipment.

## 7.26- Financial Results

|                                                                                        | Consolidated |              |                |              |              |              |                     |             |                |
|----------------------------------------------------------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|---------------------|-------------|----------------|
|                                                                                        |              |              |                |              |              |              | Quarter (Unaudited) |             |                |
|                                                                                        |              |              | 4Q/07          |              | 3Q/07        |              | 4Q/06               |             |                |
|                                                                                        | Financial    | Monetary     | Financial      |              | Monetary     |              | Financial           |             | Total          |
|                                                                                        | expenses     | and          | Total          | expenses     | exchange     | Total        | expenses            | liabilities | Total          |
|                                                                                        |              | rate         |                |              | rate         |              |                     |             |                |
|                                                                                        |              | variation    |                |              | variation    |              |                     |             |                |
|                                                                                        |              | on           |                |              | on           |              |                     |             |                |
|                                                                                        |              | liabilities  |                |              | liabilities  |              |                     |             |                |
| Foreign debt                                                                           | (327)        | 208          | (119)          | (363)        | (233)        | (596)        | (583)               | (32)        | (615)          |
| Local debt                                                                             | (243)        | (12)         | (255)          | (237)        | 42           | (195)        | (74)                | 19          | (55)           |
| Related parties                                                                        | 18           | (6)          | 12             | 1            |              | 1            | (1)                 |             | (1)            |
|                                                                                        | <b>(552)</b> | <b>190</b>   | <b>(362)</b>   | <b>(599)</b> | <b>(191)</b> | <b>(790)</b> | <b>(658)</b>        | <b>(13)</b> | <b>(671)</b>   |
| Labor, tax and civil contingencies                                                     | (70)         | (189)        | (259)          | (37)         | (142)        | (179)        | (61)                | (20)        | (81)           |
| Derivatives, net of gain/losses (interest and currencies)                              | 308          | (36)         | 272            | 533          | (25)         | 508          | (109)               |             | (109)          |
| Derivatives, net of gain/losses (gold, aluminum, alumina, copper, nickel and platinum) | 281          | 36           | 317            | 165          | 100          | 265          | (104)               | 11          | (93)           |
| Call option premium                                                                    |              |              |                |              |              |              |                     |             |                |
| CPMF                                                                                   | (52)         |              | (52)           | (42)         |              | (42)         | (186)               |             | (186)          |
| Others                                                                                 | (522)        | (646)        | (1,168)        | (418)        | (187)        | (605)        | (308)               | 264         | (44)           |
|                                                                                        | <b>(607)</b> | <b>(645)</b> | <b>(1,252)</b> | <b>(398)</b> | <b>(445)</b> | <b>(843)</b> | <b>(1,426)</b>      | <b>242</b>  | <b>(1,184)</b> |
|                                                                                        |              | Monetary     |                |              | Monetary     |              |                     | Monetary    |                |
|                                                                                        |              | and          |                |              | and          |              |                     | and         |                |
|                                                                                        |              | exchange     |                |              | exchange     |              |                     | exchange    |                |
|                                                                                        |              | rate         |                |              | rate         |              |                     | rate        |                |
|                                                                                        |              | variation    |                |              | variation    |              |                     | variation   |                |
|                                                                                        |              | on           |                |              | on           |              |                     | on          |                |
|                                                                                        |              | assets       |                |              | assets       |              |                     | assets      |                |
|                                                                                        |              | Total        |                |              | Total        |              |                     | Total       |                |
| Related parties                                                                        | 4            | (5)          | (1)            | 3            |              | 3            | 2                   |             | 2              |
| Marketable securities                                                                  | 63           |              | 63             | 36           | 22           | 58           | 198                 | (17)        | 181            |
| Others                                                                                 | 195          | 1,390        | 1,585          | 25           | 895          | 920          | 210                 | 20          | 230            |

|                                                                                        | 262            | 1,385        | 1,647                                                      | 64             | 917          | 981                       | 410            | 3                                                          | 413          |
|----------------------------------------------------------------------------------------|----------------|--------------|------------------------------------------------------------|----------------|--------------|---------------------------|----------------|------------------------------------------------------------|--------------|
| <b>Financial income (expenses), net</b>                                                | <b>(345)</b>   | <b>740</b>   | <b>395</b>                                                 | <b>(334)</b>   | <b>472</b>   | <b>138</b>                | <b>(1,016)</b> | <b>245</b>                                                 | <b>(771)</b> |
|                                                                                        |                |              |                                                            |                | <b>2007</b>  |                           |                | <b>Accumulated 2006</b>                                    |              |
|                                                                                        |                |              | <b>Monetary and exchange rate variation on liabilities</b> |                | <b>Total</b> | <b>Financial expenses</b> |                | <b>Monetary and exchange rate variation on liabilities</b> | <b>Total</b> |
| Foreign debt                                                                           | (1,640)        | 711          | (929)                                                      | (950)          | 265          | (685)                     |                |                                                            |              |
| Local debt                                                                             | (1,039)        | 410          | (629)                                                      | (191)          | 77           | (114)                     |                |                                                            |              |
| Related parties                                                                        | 16             | (6)          | 10                                                         | (7)            |              | (7)                       |                |                                                            |              |
|                                                                                        | <b>(2,663)</b> | <b>1,115</b> | <b>(1,548)</b>                                             | <b>(1,148)</b> | <b>342</b>   | <b>(806)</b>              |                |                                                            |              |
| Labor, tax and civil contingencies                                                     | (188)          | (345)        | (533)                                                      | (236)          | (163)        | (399)                     |                |                                                            |              |
| Derivatives, net of gain/losses (interest and currencies)                              | 1,741          | (81)         | 1,660                                                      | (33)           | 1            | (32)                      |                |                                                            |              |
| Derivatives, net of gain/losses (gold, aluminum, alumina, copper, nickel and platinum) | (42)           | 235          | 193                                                        | (283)          | 61           | (222)                     |                |                                                            |              |
| Call option premium                                                                    |                |              |                                                            | (187)          |              | (187)                     |                |                                                            |              |
| CPMF                                                                                   | (275)          |              | (275)                                                      | (320)          |              | (320)                     |                |                                                            |              |
| Others                                                                                 | (2,002)        | (1,725)      | (3,727)                                                    | (702)          | 57           | (645)                     |                |                                                            |              |
|                                                                                        | <b>(3,429)</b> | <b>(801)</b> | <b>(4,230)</b>                                             | <b>(2,909)</b> | <b>298</b>   | <b>(2,611)</b>            |                |                                                            |              |
|                                                                                        |                |              |                                                            |                |              |                           |                |                                                            |              |
|                                                                                        |                |              | <b>Monetary and exchange rate variation on assets</b>      |                | <b>Total</b> | <b>Financial income</b>   |                | <b>Monetary and exchange rate variation on assets</b>      | <b>Total</b> |
| Related parties                                                                        | 9              |              | 9                                                          | 9              | (1)          | 8                         |                |                                                            |              |
| Marketable securities                                                                  | 225            | 22           | 247                                                        | 425            | (65)         | 360                       |                |                                                            |              |
| Others                                                                                 | 562            | 3,689        | 4,251                                                      | 327            | 171          | 498                       |                |                                                            |              |
|                                                                                        | <b>796</b>     | <b>3,711</b> | <b>4,507</b>                                               | <b>761</b>     | <b>105</b>   | <b>866</b>                |                |                                                            |              |



|                                             |                |              |            |                |            |                |
|---------------------------------------------|----------------|--------------|------------|----------------|------------|----------------|
| <b>Financial income<br/>(expenses), net</b> | <b>(2,633)</b> | <b>2,910</b> | <b>277</b> | <b>(2,148)</b> | <b>403</b> | <b>(1,745)</b> |
|---------------------------------------------|----------------|--------------|------------|----------------|------------|----------------|

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|                                                           |                |                                                  |              | Parent company      |                                                                       |                |
|-----------------------------------------------------------|----------------|--------------------------------------------------|--------------|---------------------|-----------------------------------------------------------------------|----------------|
|                                                           | 2007           |                                                  |              | Accumulated<br>2006 |                                                                       |                |
|                                                           | Financial      | Monetary<br>and<br>exchange<br>rate<br>variation | Total        | Financial           | Monetary<br>and<br>exchange<br>rate<br>variation<br>on<br>liabilities | Total          |
|                                                           | expenses       | on liabilities                                   |              | expenses            |                                                                       |                |
| Foreign debt                                              | (276)          | 651                                              | 375          | (489)               | (105)                                                                 | (594)          |
| Local debt                                                | (930)          | 288                                              | (642)        | (68)                | (57)                                                                  | (125)          |
| Related parties                                           | (1,936)        | 6,182                                            | 4,246        | (415)               | 680                                                                   | 265            |
|                                                           | <b>(3,142)</b> | <b>7,121</b>                                     | <b>3,979</b> | <b>(972)</b>        | <b>518</b>                                                            | <b>(454)</b>   |
| Labor, tax and civil contingencies                        | (171)          | (336)                                            | (507)        | (225)               | (158)                                                                 | (383)          |
|                                                           | 1,625          | (72)                                             | 1,553        | 3                   |                                                                       | 3              |
| Derivatives, net of gain/losses (interest and currencies) |                |                                                  |              |                     |                                                                       |                |
| Derivatives, net of gain/losses (gold)                    | (74)           | 11                                               | (63)         | 10                  | 5                                                                     | 15             |
| CPMF                                                      | (204)          |                                                  | (204)        | (246)               |                                                                       | (246)          |
| Others                                                    | (1,209)        | (160)                                            | (1,369)      | (311)               | 106                                                                   | (205)          |
|                                                           | <b>(3,175)</b> | <b>6,564</b>                                     | <b>3,389</b> | <b>(1,741)</b>      | <b>471</b>                                                            | <b>(1,270)</b> |
|                                                           |                | Monetary<br>and<br>exchange<br>rate<br>variation |              |                     | Monetary<br>and<br>exchange<br>rate<br>variation                      |                |
|                                                           | Financial      | on assets                                        | Total        | Financial           | on assets                                                             | Total          |
|                                                           | income         |                                                  |              | income              |                                                                       |                |
| Related parties                                           | 27             | (581)                                            | (554)        | 71                  | (165)                                                                 | (94)           |
| Marketable securities                                     | 47             | 22                                               | 69           | 56                  |                                                                       | 56             |
| Others                                                    | 30             | 386                                              | 416          | 26                  | 217                                                                   | 243            |
|                                                           | <b>104</b>     | <b>(173)</b>                                     | <b>(69)</b>  | <b>153</b>          | <b>52</b>                                                             | <b>205</b>     |
| <b>Financial income (expenses), net</b>                   | <b>(3,071)</b> | <b>6,391</b>                                     | <b>3,320</b> | <b>(1,588)</b>      | <b>523</b>                                                            | <b>(1,065)</b> |

#### 7.27- Financial Instruments Derivatives

The main market risks the Company faces are interest rate risk, exchange rate risk and commodity price risk. These risks are managed through the use of derivative instruments. The risk management activities follow the risk management policy, which requires diversification of transactions and counter-parties. The company monitors and

evaluates its overall position regularly in order to evaluate financial results and impact on the cash flow. Also periodically the credit limits are review and creditworthiness of our hedging counter-parties.

**Risk Management Policy**

The Company considers the effective management of risk is a key objective to support the growth strategy and the financial flexibility. In furtherance of this objective, the Board of Directors has established an enterprise risk management policy and a Risk Management Committee. Under the policy, the Company measures, monitors, and manages risk at the portfolio level, using a single framework, and considers the natural diversification of our portfolio. The market risk is hedged only when considered necessary to support the company corporate strategy or to maintain its target level of financial flexibility.

The Risk Management Committee assists the Executive Directors of the Company in overseeing and reviewing information regarding our enterprise risk management and framework, including the significant policies, procedures and practices employed to manage risk. The enterprise risk management policy is designed to promote an effective risk management system and to ensure that enterprise-level risks are reported at least quarterly to the risk management committee.

The company addresses some of the risks through the use of derivative instruments. The risk management activities follow the risk management policy, which generally prohibits speculative trading and short selling and requires diversification of transactions and counter-parties.

The Company monitors and evaluates its overall position regularly in order to evaluate financial results and impact on its cash flow. Also, periodically the credits limits are reviewed and so the creditworthiness of the hedging counter-parties.

### **Interest rate risk**

The Company is exposed to interest rate risk on its outstanding borrowings. The floating rate debt consists principally of U.S. Dollar borrowings related to trade finance and loans from commercial banks and multilateral organizations and Real-denominated borrowings related to the debentures and the property and services acquisition financing issued in the Brazilian market. In general, our foreign currency floating rate debt is principally subject to changes in the London Interbank Offered Rate (USD LIBOR). Consequently, fluctuations in the USD LIBOR may adversely impact our cash flows. To mitigate the effects of interest rate volatility Vale makes use of natural hedges derived from the correlation between U.S. Dollar floating interest rates and metals prices. When natural hedges are not present, the Company may opt to realize the same effect with the aid of financial instruments. Our floating rate debt denominated in *Reais* is mainly subject to changes in the CDI and TJLP.

The interest rate derivative transactions are entered into primarily to hedge the exposure of Brazilian *Reais* floating rate debt. The interest rate derivatives portfolio consists of interest rate swaps to convert *Reais* floating rate exposures to U.S. Dollar fixed rate exposures.

### **Currency risk**

The Company is exposed to exchange rate risk associated with the denomination of its debt in currencies other than the Brazilian Real. On the other hand, a substantial proportion of its revenues are denominated in U.S. Dollar. This provides a natural hedge against any changes in the Brazilian Real against the U.S. Dollar. For instance, when a devaluation of the Brazilian Real occurs, the immediate negative impact on the non-Brazilian Real-denominated debt is offset over time by the positive effect of devaluation on future cash flows. In light of this framework, the Company generally does not use derivative instruments to manage the currency exposure on its long-term Dollar-denominated debt. However, derivatives may occasionally be used to minimize the effects of the volatility of the exchange rates between *Reais* and U.S. Dollars in the cash flow.

The cash flows are also exposed to the volatility of other currencies against the U.S. Dollar. While prices for most of our products are primarily in U.S. Dollars, a substantial portion of the costs, expenses and investments are in currencies other than the U.S. Dollar, in particular the Brazilian Real and the Canadian Dollar. In projects developed outside Brazil and Canada, the Company is also exposed to other currencies, such as the Euro, Australian Dollar and the Chinese Renminbi.

Vale has other exposures associated with our outstanding debt portfolio. The Euro exposure is associated with a credit line extended by KFW (*Kreditanstalt Für Wiederaufbau*). To mitigate the foreign currency risk, the company entered into currency forwards.

### **Product Price Risk**

We are also exposed to various market risks relating to the volatility in world market prices for the following products:

Iron ore and pellets, which represented 42.8% of the 2007 gross consolidated revenues;

Nickel, which represented 29.7% of the 2007 gross consolidated revenues;

Manganese ore and ferroalloys, which represented 2.3% of the 2007 gross consolidated revenues;

Aluminum products, which represented 8.3% of the 2007 gross consolidated revenues; and

Copper concentrate, which represented 2.3% of the 2007 gross consolidated revenues.

Other products, such as platinum-group metals, kaolin and potash, represented a minor percentage of the consolidated revenues.

The Company does not enter into derivative transactions to hedge its iron ore, pellets, and manganese ore or ferroalloys exposure. The risk management policy permits to hedge market risk only when necessary to support the corporate strategy or maintain financial flexibility. Currently, the derivatives transactions include nickel forward purchase and sale contracts, aluminum forward contracts and options, copper options, as well as positions in gold, platinum and fuel oil derivative instruments.

The Executive Board approved the hedging of a portion of our aluminum and copper production for 2007 and 2008 to reduce cash flow risk in connection with the change in the capital structure and the significant increase in the debt position after the acquisition of Vale Inco.

**Nickel** Generally derivative instruments are used to hedge the exposure to fluctuations in nickel prices. However, the company enters into LME forward purchase contracts, which are substantially offset by fixed-price customer contracts, in order to maintain exposure to nickel price risk. Also the company enters into LME forward sales contracts to minimize nickel price risk associated with purchased nickel inventories of intermediates and finished nickel products.

**Aluminum** In order to manage the risk associated with fluctuations in aluminum prices, hedging transactions are made involving put and call options, as well as forward contracts. These derivative instruments allowed to establish minimum average profits for the future aluminum production in excess of the expected production costs and therefore ensure stable cash generation. However, they also have the effect of reducing potential gains from price increases in the spot market for aluminum. The policy

has been to settle all commodity derivatives contracts in cash without physical delivery of product.

**Copper** The Company has outstanding put option contracts, giving us the right but not the obligation to sell copper, and sells call option contracts, giving the buyer the right but not the obligation to purchase copper for time periods extending to 2008. A major part of the copper derivative position was added to our books as a result of the acquisition Vale Inco.

**PGMs and other precious metals** The Company currently holds a small position in gold derivative instruments, structured to manage the risks related to gold price fluctuations, inherent from the content of gold associated with copper concentrate production. Vale enter into platinum hedging contracts in order to manage the risk associated with the volatility of platinum prices. These contracts are generally swap contracts or options and are intended to provide certain minimum price realizations for a portion of the future production of such metals. Under these swap contracts, the Company receives fixed prices for platinum and pay a floating price based on monthly average spot prices.

**Fuel oil** The Company uses fuel oil swap contracts to minimize the impact of fluctuations in the prices of the energy requirements. Under these contracts, we pay fixed prices for energy and receive amounts based on monthly average spot prices.

There is an embedded derivative related to energy in the subsidiary Albras on which the Company has an unrealized gain of R\$30 million as of December 31, 2007 and R\$163 million as of December 31, 2006.

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

|                                                | <b>Consolidated<br/>Quarter (Unaudited)<br/>4Q/07</b> |                   |             |                                              |               |               |                 |              |
|------------------------------------------------|-------------------------------------------------------|-------------------|-------------|----------------------------------------------|---------------|---------------|-----------------|--------------|
|                                                | <b>Interest<br/>rates<br/>(libor)</b>                 | <b>Currencies</b> | <b>Gold</b> | <b>Products<br/>by<br/>aluminum<br/>area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
| Gains / (losses) unrealized on 09/30/07        | (2)                                                   | 1,194             | (74)        | (320)                                        | (653)         | 6             | (47)            | 104          |
| Financial settlement                           | (4)                                                   | (352)             | 18          | 29                                           | 112           | 46            | 9               | (142)        |
| Financial expenses, net                        | (3)                                                   | 311               | (12)        | 107                                          | 187           | 23            | (7)             | 606          |
| Monetary variations, net                       |                                                       | (36)              | 3           | 11                                           | 22            | (1)           | 2               | 1            |
| <b>Gains / (losses) unrealized on 12/31/07</b> | <b>(9)</b>                                            | <b>1,117</b>      | <b>(65)</b> | <b>(173)</b>                                 | <b>(332)</b>  | <b>74</b>     | <b>(43)</b>     | <b>569</b>   |

  

|                                         | <b>3Q/07</b>                          |                   |             |                                              |               |               |                 |              |
|-----------------------------------------|---------------------------------------|-------------------|-------------|----------------------------------------------|---------------|---------------|-----------------|--------------|
|                                         | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b> | <b>Products<br/>by<br/>aluminum<br/>area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
| Gains / (losses) unrealized on 06/30/07 | 16                                    | 684               | (71)        | (563)                                        | (682)         | 54            | (46)            | (608)        |
| Financial settlement                    | (6)                                   | (11)              | 13          | 55                                           | 133           | (143)         | 7               | 48           |
| Financial expenses, net                 | (12)                                  | 545               | (19)        | 175                                          | (132)         | 96            | (10)            | 643          |
| Monetary variations, net                |                                       | (24)              | 3           | 13                                           | 28            | (1)           | 2               | 21           |
|                                         | <b>(2)</b>                            | <b>1,194</b>      | <b>(74)</b> | <b>(320)</b>                                 | <b>(653)</b>  | <b>6</b>      | <b>(47)</b>     | <b>104</b>   |

**Gains / (losses) unrealized  
on 09/30/07**

|                                                           |                                       |                   |              |                                              |               |               |                 | <b>4Q/06</b>   |
|-----------------------------------------------------------|---------------------------------------|-------------------|--------------|----------------------------------------------|---------------|---------------|-----------------|----------------|
|                                                           | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b>  | <b>Products<br/>by<br/>aluminum<br/>area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b>   |
| Gains / (losses) unrealized<br>on 09/30/06                | (3)                                   | 77                | (111)        | (422)                                        | 6             |               |                 | (453)          |
| Gains / (Losses) recognized<br>upon consolidation of Inco | 9                                     | 20                |              |                                              | (778)         | 132           | (47)            | (664)          |
| Financial settlement                                      |                                       | (14)              | 14           | 48                                           | (1)           | (188)         |                 | (141)          |
| Financial expenses, net                                   | 7                                     | (116)             | (20)         | (314)                                        | 135           | 90            | 5               | (213)          |
| Monetary variations, net                                  |                                       |                   | 2            | 9                                            |               |               |                 | 11             |
| <b>Gains / (losses) unrealized<br/>on 12/31/06</b>        | <b>13</b>                             | <b>(33)</b>       | <b>(115)</b> | <b>(679)</b>                                 | <b>(638)</b>  | <b>34</b>     | <b>(42)</b>     | <b>(1,460)</b> |

|                                                | <b>Consolidated<br/>2007</b>          |                   |             |                                              |               |               |                 |              |
|------------------------------------------------|---------------------------------------|-------------------|-------------|----------------------------------------------|---------------|---------------|-----------------|--------------|
|                                                | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b> | <b>Products<br/>by<br/>aluminum<br/>area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
| Gains / (losses) unrealized on 12/31/06        | 13                                    | (33)              | (115)       | (679)                                        | (638)         | 34            | (42)            | (1,460)      |
| Financial settlement                           | (10)                                  | (520)             | 65          | 222                                          | 458           | (77)          | 23              | 161          |
| Financial expenses, net                        | (10)                                  | 1,751             | (30)        | 191                                          | (269)         | 115           | (33)            | 1,715        |
| Monetary variations, net                       | (2)                                   | (81)              | 15          | 93                                           | 117           | 2             | 9               | 153          |
| <b>Gains / (losses) unrealized on 12/31/07</b> | <b>(9)</b>                            | <b>1,117</b>      | <b>(65)</b> | <b>(173)</b>                                 | <b>(332)</b>  | <b>74</b>     | <b>(43)</b>     | <b>569</b>   |

|                                                        | <b>2006</b>                           |                   |              |                                              |               |               |                 |                |
|--------------------------------------------------------|---------------------------------------|-------------------|--------------|----------------------------------------------|---------------|---------------|-----------------|----------------|
|                                                        | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b>  | <b>Products<br/>by<br/>aluminum<br/>area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b>   |
| Gains / (losses) unrealized on 12/31/05                | (9)                                   | 2                 | (107)        | (494)                                        |               |               |                 | (608)          |
| Gains / (Losses) recognized upon consolidation of Inco | 9                                     | 20                |              |                                              | (778)         | 132           | (47)            | (664)          |
| Financial settlement                                   | 4                                     | (14)              | 41           | 224                                          | (1)           | (188)         |                 | 66             |
| Financial expenses, net                                | 8                                     | (41)              | (58)         | (461)                                        | 141           | 90            | 5               | (316)          |
| Monetary variations, net                               | 1                                     |                   | 9            | 52                                           |               |               |                 | 62             |
| <b>Gains / (losses) unrealized on 12/31/06</b>         | <b>13</b>                             | <b>(33)</b>       | <b>(115)</b> | <b>(679)</b>                                 | <b>(638)</b>  | <b>34</b>     | <b>(42)</b>     | <b>(1,460)</b> |

|                                                | <b>Parent Company<br/>2007</b>        |                   |             |               |              |
|------------------------------------------------|---------------------------------------|-------------------|-------------|---------------|--------------|
|                                                | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b> | <b>Copper</b> | <b>Total</b> |
| Gains / (losses) unrealized on 12/31/06        |                                       | 5                 | (69)        | 46            | (18)         |
| Financial settlement                           |                                       | (493)             | 41          | (2)           | (454)        |
| Financial expenses, net                        |                                       | 1,625             | (28)        | (46)          | 1,551        |
| Monetary variations, net                       |                                       | (73)              | 11          |               | (62)         |
| <b>Gains / (losses) unrealized on 12/31/07</b> |                                       | <b>1,064</b>      | <b>(45)</b> | <b>(2)</b>    | <b>1,017</b> |



|                                                |                                       |                   |             |               | <b>2006</b>  |
|------------------------------------------------|---------------------------------------|-------------------|-------------|---------------|--------------|
|                                                | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b> | <b>Copper</b> | <b>Total</b> |
| Gains / (losses) unrealized on 12/31/05        |                                       | 2                 | (63)        |               | (61)         |
| Financial settlement                           |                                       |                   | 25          |               | 25           |
| Financial expenses, net                        |                                       | 3                 | (36)        | 46            | 13           |
| Monetary variations, net                       |                                       |                   | 5           |               | 5            |
| <b>Gains / (losses) unrealized on 12/31/06</b> |                                       | <b>5</b>          | <b>(69)</b> | <b>46</b>     | <b>(18)</b>  |

Non-realized gains, are registered in account Others Long Assets in an amount of R\$106, R\$83 and R\$2 in December 31, 2007, September 30, 2007 and December 31, 2006, respectively on the consolidated and in the amount of R\$51 and R\$2 at December 31, 2006 and December 31, 2005 respectively to the parent company.

Final maturity dates for the above instruments are as follows:

|                        |               |
|------------------------|---------------|
| Gold                   | December 2008 |
| Interest rates (LIBOR) | December 2011 |
| Currencies             | December 2011 |
| Aluminum products      | December 2008 |
| Copper                 | December 2008 |
| Nickel                 | December 2009 |
| Platinum               | December 2008 |

**7.28- Selling, Administrative, Other Operating Expenses and Non Operating Income**

|                                                  | 4Q/07      | Quarter (Unaudited) |            | Consolidated Accumulated |              | Parent Company Accumulated |            |
|--------------------------------------------------|------------|---------------------|------------|--------------------------|--------------|----------------------------|------------|
|                                                  |            | 3Q/07               | 4Q/06      | 2007                     | 2006         | 2007                       | 2006       |
| <b>Administrative</b>                            |            |                     |            |                          |              |                            |            |
| Personnel                                        | 197        | 154                 | 181        | 721                      | 613          | 359                        | 309        |
| Services (consulting, infrastructure and others) | 132        | 116                 | 110        | 448                      | 331          | 174                        | 133        |
| Advertising and publicity                        | 144        | 59                  | 38         | 275                      | 144          | 266                        | 141        |
| Depreciation                                     | 76         | 71                  | 73         | 288                      | 241          | 218                        | 168        |
| Travel expenses                                  | 12         | 13                  | 10         | 44                       | 47           | 26                         | 38         |
| Rents and taxes                                  | 21         | 32                  | 21         | 132                      | 60           | 26                         | 27         |
| Community aborigine                              | 7          | 4                   | 5          | 19                       | 21           | 19                         | 21         |
| Others                                           | 31         | 30                  | 43         | 183                      | 111          | 61                         | 36         |
| <b>Sales (*)</b>                                 | 179        | 102                 | 121        | 440                      | 384          | 10                         | 8          |
| <b>Total</b>                                     | <b>799</b> | <b>581</b>          | <b>602</b> | <b>2,550</b>             | <b>1,952</b> | <b>1,159</b>               | <b>881</b> |

(\*) Expenses with offices abroad and allowance for doubtful accounts.

|                                               | 4Q/07      | Quarter (Unaudited) |            | Consolidated Accumulated |              | Parent Company Accumulated |            |
|-----------------------------------------------|------------|---------------------|------------|--------------------------|--------------|----------------------------|------------|
|                                               |            | 3Q/07               | 4Q/06      | 2007                     | 2006         | 2007                       | 2006       |
| <b>Other operating expenses (income), net</b> |            |                     |            |                          |              |                            |            |
| Provisions for contingencies                  | 89         | 38                  | 77         | 249                      | 226          | 105                        | 112        |
| Provision for loss on ICMS credits            | 42         | 68                  | 31         | 127                      | 159          | 57                         | 88         |
| Provision for profit sharing                  | 158        | 70                  | 347        | 537                      | 563          | 347                        | 312        |
| Fundação Vale do Rio Doce FVRD                | 11         | 24                  | 26         | 61                       | 47           | 54                         | 38         |
| Asset retirement obligation                   |            |                     | 264        |                          | 264          |                            | 178        |
| Others                                        | 308        | 196                 | (4)        | 444                      | 194          | (70)                       | 128        |
| <b>Total</b>                                  | <b>608</b> | <b>396</b>          | <b>741</b> | <b>1,418</b>             | <b>1,453</b> | <b>493</b>                 | <b>856</b> |

|                                                     | 4Q/07 | Quarter (Unaudited) |       | Consolidated Accumulated |       | Parent Company Accumulated |      |
|-----------------------------------------------------|-------|---------------------|-------|--------------------------|-------|----------------------------|------|
|                                                     |       | 3Q/07               | 4Q/06 | 2007                     | 2006  | 2007                       | 2006 |
| <b>Non operating results gain on sale of assets</b> |       |                     |       |                          |       |                            |      |
| Usiminas                                            |       | 6                   | 135   | 846                      | 135   | 846                        | 135  |
| Gulf Investment Co. GIIC                            |       |                     |       |                          | 737   |                            |      |
| Log-In                                              |       | 38                  |       | 454                      |       | 454                        |      |
| Lion Ore                                            |       | 153                 |       | 153                      |       |                            |      |
| Nova Era Silicon NES                                |       |                     |       |                          | 20    |                            | 20   |
| Gerdau                                              |       |                     | 89    |                          | 123   |                            | 123  |
| Siderar                                             |       |                     | 197   |                          | 197   |                            |      |
| Others                                              |       |                     |       | 5                        |       |                            |      |
|                                                     |       | 197                 | 421   | 1,458                    | 1,212 | 1,300                      | 278  |

|                                                 |            |                |              |              |              |            |
|-------------------------------------------------|------------|----------------|--------------|--------------|--------------|------------|
| Non operating expenses from company<br>acquired |            | (1,427)        |              | (1,427)      |              |            |
| <b>Total</b>                                    | <b>197</b> | <b>(1,006)</b> | <b>1,458</b> | <b>(215)</b> | <b>1,300</b> | <b>278</b> |

**7.29- Concessions, Subconcessions and Leases**

**(a) Railroad Companies**

The Company and some companies of the Group entered with the Brazilian government, through the Ministry of Transportation, agreements for concession to exploitation and development of public rail cargo transport services and for lease of the assets used to provide this services.

The concessions periods are, for railroad:

| <b>Railroad</b>                        | <b>End of concession period</b> |
|----------------------------------------|---------------------------------|
| Vitória-Minas and Carajás (direct) (*) | June 2027                       |
| Malha Centro-Leste (indirect via FCA)  | August 2026                     |
| Malha Sudoeste (indirect via MRS)      | December 2026                   |
| Ferrovias Norte Sul S.A. (FNS)         | December 2037                   |

(\*) Concessions with no disbursement

The concessions will expire upon one of the following events: termination of the contractual term, cancellation, forfeiture, rescission, annulment and bankruptcy or extinction of the concessionaire.

Concessions, subconcessions and leasing from controlled companies are treated as operating leasing and present the following characteristics:

|                              | <b>FNS</b> | <b>FCA</b> | <b>MRS</b> |
|------------------------------|------------|------------|------------|
| 1) Total installments        | 3          | 112        | 117        |
| 2) Frequency of payment      | (*)        | Quarterly  | Quarterly  |
| 3) Update index              | IGP-DI FGV | IGP-DI FGV | IGP-DI FGV |
| 4) Total installment paid    | 1          | 39         | 41         |
| 5) Installment current value |            |            |            |
| Concession                   | R\$ 369    | R\$ 1      | R\$ 2      |
| Leasing                      | R\$ 369    | R\$ 24     | R\$ 44     |

(\*) According to the delivery of each part of the railroad.

**(b) Ports**

The Company owns specialized port terminals as follow:

| <b>Terminal (*)</b>                               | <b>Localization</b> | <b>End of concession period</b> |
|---------------------------------------------------|---------------------|---------------------------------|
| Tubarão, Praia Mole and Liquid Bulk Terminal      | Vitória ES          | 2020                            |
| Sundry Products Terminal                          | Vitória ES          | 2020                            |
| Ponta da Madeira Maritime Terminal Pier I and III | São Luís MA         | 2018                            |
| Ponta da Madeira Maritime Terminal Pier II        | São Luís MA         | 2010                            |
| Inácio Barbosa Maritime Terminal                  | Aracaju SE          | 2012                            |

(\*) Concessions with no disbursement.

**(c) Hydroelectric Projects**

The Company develops projects of electricity generation with the aim of self-supply. The projects in which the Company has investments are:

| <b>Project</b>                                                                          | <b>Concession<br/>beginning date</b> | <b>%<br/>Participation<br/>on<br/>energy<br/>generation</b> |
|-----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|
| Engenheiro José Mendes Júnior e Eliezer Batista (formely denominated Funil and Aimorés) | 2000                                 | 51.00                                                       |
| Risoleta Neves (formely denominated Candonga)                                           | 2000                                 | 50.00                                                       |
| Igarapava                                                                               | 1998                                 | 38.15                                                       |
| Porto Estrela                                                                           | 1997                                 | 33.33                                                       |
| Amador Aguiar I e II (formely denominated Capim Branco I and II)                        | 2001                                 | 48.42                                                       |
| Machadinho                                                                              | 2000                                 | 9.98                                                        |
| Balambano, Laroná and Karebbe (*)                                                       | 1978, 2000 an 2000                   | 60.80                                                       |
| Estreito                                                                                | 2002                                 | 30.00                                                       |

(\*) Participation indirect holds though Vale Inco

**7.30- Effects on the Statements if Price-Level Restatement were Applied (unaudited)**

The main difference between the financial statements prepared according to Corporate Legislation and those according to the price-level restatement method is due to the recognition of the net monetary restatement of permanent assets and stockholders' equity.

The Balance Sheet and the Statement of Income by monetary restatement, at December 31, 2007 price levels were prepared shortly indexed by the IGP-M of FGV.:

**BALANCE SHEET****Years ended December 31**

|                               | <b>Consolidated</b> |                | <b>Parent Company</b> |                |
|-------------------------------|---------------------|----------------|-----------------------|----------------|
|                               | <b>2007</b>         | <b>2006</b>    | <b>2007</b>           | <b>2006</b>    |
| <b>Assets</b>                 |                     |                |                       |                |
| <b>Current assets</b>         | 21,006              | 27,022         | 7,893                 | 8,522          |
| <b>Non-Current</b>            |                     |                |                       |                |
| Long Term Receivable          | 5,228               | 6,957          | 5,983                 | 1,964          |
| Investments                   | 4,511               | 4,147          | 84,489                | 70,371         |
| Intangible                    | 16,432              | 12,066         | 16,704                | 12,960         |
| Property, plant and equipment | 123,690             | 100,951        | 39,796                | 34,587         |
| Deferred charges              | 1,167               | 1,109          |                       |                |
|                               | <b>151,028</b>      | <b>125,230</b> | <b>146,972</b>        | <b>119,882</b> |
|                               | <b>172,034</b>      | <b>152,252</b> | <b>154,865</b>        | <b>128,404</b> |

|                                            |                |                |                |                |
|--------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Liabilities and stockholders equity</b> |                |                |                |                |
| <b>Current assets</b>                      | 19,402         | 16,644         | 16,620         | 12,484         |
| <b>Non-Current</b>                         |                |                |                |                |
| Income tax                                 | 5,919          | 761            | 4,234          | 2,830          |
| Other                                      | 50,963         | 64,285         | 43,122         | 48,566         |
| Deferred income                            | 93             | 7              |                |                |
| Minority interest                          | 4,768          | 6,031          |                |                |
| <b>Stockholders equity</b>                 |                |                |                |                |
| Paid-up capital                            | 28,000         | 19,492         | 28,000         | 19,492         |
| Capital reserves                           | 9,408          | 7,019          | 9,408          | 7,019          |
| Revenue reserves                           | 53,481         | 38,013         | 53,481         | 38,013         |
|                                            | <b>90,889</b>  | <b>64,524</b>  | <b>90,889</b>  | <b>64,524</b>  |
|                                            | <b>172,034</b> | <b>152,252</b> | <b>154,865</b> | <b>128,404</b> |

**STATEMENT OF INCOME****Years ended December 31**

|                                                                                    | <b>Consolidated</b> |               | <b>Parent Company</b> |               |
|------------------------------------------------------------------------------------|---------------------|---------------|-----------------------|---------------|
|                                                                                    | <b>2007</b>         | <b>2006</b>   | <b>2007</b>           | <b>2006</b>   |
| Operating revenues                                                                 | 69,809              | 47,914        | 24,154                | 20,383        |
| Value Added taxes                                                                  | (1,701)             | (1,491)       | (1,273)               | (1,078)       |
| <b>Net operating revenues</b>                                                      | <b>68,108</b>       | <b>46,423</b> | <b>22,881</b>         | <b>19,305</b> |
| Cost of products and services                                                      | (31,581)            | (21,281)      | (13,572)              | (10,908)      |
| <b>Gross profit</b>                                                                | <b>36,527</b>       | <b>25,142</b> | <b>9,309</b>          | <b>8,397</b>  |
| Gross margin                                                                       | <b>53.6%</b>        | <b>54.2%</b>  | <b>40.7%</b>          | <b>43.5%</b>  |
| Operating expenses, net                                                            | (2,606)             | (4,355)       | 3,892                 | (2,194)       |
| <b>Operating profit before financial results and results of equity investments</b> | <b>33,921</b>       | <b>20,787</b> | <b>13,201</b>         | <b>6,203</b>  |
| Results of equity investments                                                      | (2,173)             | (202)         | 12,205                | 9,583         |
| <b>Operating profit</b>                                                            | <b>31,748</b>       | <b>20,585</b> | <b>25,406</b>         | <b>15,786</b> |
| Non operating income                                                               | 1,547               | (218)         | 1,381                 | 285           |
| <b>Income before income tax and social contribution</b>                            | <b>33,295</b>       | <b>20,367</b> | <b>26,787</b>         | <b>16,071</b> |
| Income tax and social contribution                                                 | (8,925)             | (4,237)       | (4,055)               | (1,076)       |
| <b>Income before minority interest</b>                                             | <b>24,370</b>       | <b>16,130</b> | <b>22,732</b>         | <b>14,995</b> |
| Minority interest                                                                  | (1,638)             | (1,135)       |                       |               |
| <b>Net income for the year</b>                                                     | <b>22,732</b>       | <b>14,995</b> | <b>22,732</b>         | <b>14,995</b> |

**7.31- Insurance****Operational Risks**

The Company has an extensive risk management program that provides coverage and protection for all its assets as well as against possible losses from production interruptions, through All Risks policy. This program includes on-site inspection and training carried out by the various risk committees constituted by the Company, its subsidiaries and associated companies. Vale tries to harmonize risks in all areas and provide single and uniform treatment, and also

seeking coverage in the domestic and international markets at levels compatible with an enterprise its size.

**Insurance**

In order to mitigate the risks, Vale contracts many types of insurances polices, as operational risks and comprehensive general liability, risks besides a life insurance to its employees. The cover insurance of these policies are contracted in accordance with the company Risk Management Policy and are similar to the ones contracted by other mining companies. As one of the management risk instruments Vale used since 2002 a a captive reinsure that allowed us to contact insurances on competitive basis as well the direct access to the main international markets of insurance and reinsurance.

The management of insurance policies is realized in Vale with the support of the insurances committees in the operational areas of the Company that are composed by many professionals of these units.

**7.32- Profit Sharing Plan**

The Company s profit sharing plan for the employees consists of a portion that is subject to the financial results measured through indicators as operating cash flow and for the achievement of the performance target of the units and individuals.

**7.33- Information by segment**

The informations by business segment, additionally presented, were prepared according to International Accounting rules.

The financial statements by business area are structured in accordance with the following segments: Ferrous products, Non-ferrous, Logistics, Aluminum , Steel, Corporate and other participation.



**Consolidated Statement of Income by segment****Years ended December 31**

|                                                                                          | In millions of reais |                         |              |              |              |                    |                     |                |
|------------------------------------------------------------------------------------------|----------------------|-------------------------|--------------|--------------|--------------|--------------------|---------------------|----------------|
|                                                                                          | Ferrous<br>minerals  | Non-ferrous<br>minerals | Logistic     | Aluminium    | Steel        | Holdings<br>Others | Corporate<br>Center | 2007<br>TOTAL  |
| <b>Operating revenues</b>                                                                |                      |                         |              |              |              |                    |                     |                |
| Sales of ore and metals                                                                  | 29,915               | 25,417                  |              |              |              |                    |                     | 55,332         |
| Transport services                                                                       |                      |                         | 3,497        |              |              |                    |                     | 3,497          |
| Sales of aluminum-related products                                                       |                      |                         |              | 5,529        |              |                    |                     | 5,529          |
| Sales of steel products                                                                  |                      |                         |              |              | 1,248        |                    |                     | 1,248          |
| Other products and services                                                              | 118                  | 182                     |              | 18           |              | 461                |                     | 779            |
|                                                                                          | <b>30,033</b>        | <b>25,599</b>           | <b>3,497</b> | <b>5,547</b> | <b>1,248</b> | <b>461</b>         |                     | <b>66,385</b>  |
| Vale Added taxes                                                                         | (837)                | (97)                    | (550)        | (137)        |              |                    |                     | (1,621)        |
| <b>Net operational revenues</b>                                                          | <b>29,196</b>        | <b>25,502</b>           | <b>2,947</b> | <b>5,410</b> | <b>1,248</b> | <b>461</b>         |                     | <b>64,764</b>  |
| Ores and metals                                                                          | (10,896)             | (11,918)                |              |              |              |                    |                     | (22,814)       |
| Transport services                                                                       |                      |                         | (2,146)      |              |              |                    |                     | (2,146)        |
| Aluminum-related products                                                                |                      |                         |              | (3,246)      |              |                    |                     | (3,246)        |
| Steel products                                                                           |                      |                         |              |              | (1,199)      |                    |                     | (1,199)        |
| Other products and services                                                              | (189)                |                         |              | (3)          |              | (487)              |                     | (679)          |
| Cost of products and services                                                            | (11,085)             | (11,918)                | (2,146)      | (3,249)      | (1,199)      | (487)              |                     | (30,084)       |
| <b>Gross profit</b>                                                                      | <b>18,111</b>        | <b>13,584</b>           | <b>801</b>   | <b>2,161</b> | <b>49</b>    | <b>(26)</b>        |                     | <b>34,680</b>  |
| <b>Gross margin</b>                                                                      | <b>62.0%</b>         | <b>53.3%</b>            | <b>27.2%</b> | <b>39.9%</b> | <b>3.9%</b>  | <b>-5.6%</b>       |                     | <b>53.5%</b>   |
| <b>Operational expenses</b>                                                              |                      |                         |              |              |              |                    |                     |                |
| Selling and administrative                                                               | (1,604)              | (526)                   | (106)        | (191)        | (28)         | (95)               |                     | (2,550)        |
| Research and development                                                                 | (332)                | (635)                   | (71)         |              |              | (359)              |                     | (1,397)        |
| Other operating expenses                                                                 | (1,154)              | (164)                   | (36)         | (63)         | (1)          |                    |                     | (1,418)        |
|                                                                                          | <b>(3,090)</b>       | <b>(1,325)</b>          | <b>(213)</b> | <b>(254)</b> | <b>(29)</b>  | <b>(454)</b>       |                     | <b>(5,365)</b> |
| <b>Operating profit (loss) before financial results and result of equity investments</b> | <b>15,021</b>        | <b>12,259</b>           | <b>588</b>   | <b>1,907</b> | <b>20</b>    | <b>(480)</b>       |                     | <b>29,315</b>  |
| <b>Results of equity investments</b>                                                     | <b>(549)</b>         | <b>(1,926)</b>          | <b>15</b>    |              | <b>26</b>    | <b>29</b>          |                     | <b>(2,405)</b> |

|                                                                |               |               |              |              |           |              |            |               |
|----------------------------------------------------------------|---------------|---------------|--------------|--------------|-----------|--------------|------------|---------------|
| <b>Financial result</b>                                        |               |               |              |              |           |              | <b>277</b> | <b>277</b>    |
| <b>Operating profit (loss)</b>                                 | <b>14,472</b> | <b>10,333</b> | <b>603</b>   | <b>1,907</b> | <b>46</b> | <b>(451)</b> | <b>277</b> | <b>27,187</b> |
| <b>Non operating income</b>                                    |               | <b>153</b>    | <b>459</b>   |              |           | <b>846</b>   |            | <b>1,458</b>  |
| <b>Income (loss) before income tax and social contribution</b> | <b>14,472</b> | <b>10,486</b> | <b>1,062</b> | <b>1,907</b> | <b>46</b> | <b>395</b>   | <b>277</b> | <b>28,645</b> |
| Income tax and social contribution                             | (3,569)       | (2,929)       | (144)        | (461)        | 1         | 17           |            | (7,085)       |
| <b>Income (loss) before minority interests</b>                 | <b>10,903</b> | <b>7,557</b>  | <b>918</b>   | <b>1,446</b> | <b>47</b> | <b>412</b>   | <b>277</b> | <b>21,560</b> |
| Minority interest                                              | (76)          | (864)         | (2)          | (613)        |           | 1            |            | (1,554)       |
| <b>Income (loss) for the year</b>                              | <b>10,827</b> | <b>6,693</b>  | <b>916</b>   | <b>833</b>   | <b>47</b> | <b>413</b>   | <b>277</b> | <b>20,006</b> |

|                                    | <b>Holdings</b>         |                             |                  |                  |                |               | <b>2006</b>             |                 |
|------------------------------------|-------------------------|-----------------------------|------------------|------------------|----------------|---------------|-------------------------|-----------------|
|                                    | <b>Ferrous minerals</b> | <b>Non-ferrous minerals</b> | <b>Logistics</b> | <b>Aluminium</b> | <b>Steel</b>   | <b>Others</b> | <b>Corporate Center</b> | <b>Total</b>    |
| <b>Operating revenues</b>          |                         |                             |                  |                  |                |               |                         |                 |
| Sales of ore and metals            | 27,635                  | 8,500                       |                  |                  |                |               |                         | 36,135          |
| Transport services                 |                         |                             | 3,405            |                  |                |               |                         | 3,405           |
| Sales of aluminum-related products |                         |                             |                  | 5,533            |                |               |                         | 5,533           |
| Sales of steel products            |                         |                             |                  |                  | 1,478          |               |                         | 1,478           |
| Other products and services        | 55                      |                             |                  | 13               |                | 127           |                         | 195             |
|                                    | <b>27,690</b>           | <b>8,500</b>                | <b>3,405</b>     | <b>5,546</b>     | <b>1,478</b>   | <b>127</b>    |                         | <b>46,746</b>   |
| Vale Added taxes                   | (714)                   | (80)                        | (548)            | (112)            |                |               |                         | (1,454)         |
| <b>Net operational revenues</b>    | <b>26,976</b>           | <b>8,420</b>                | <b>2,857</b>     | <b>5,434</b>     | <b>1,478</b>   | <b>127</b>    |                         | <b>45,292</b>   |
| Ores and metals                    | (10,632)                | (3,946)                     |                  |                  |                |               |                         | (14,578)        |
| Transport services                 |                         |                             | (1,770)          |                  |                |               |                         | (1,770)         |
| Aluminum-related products          |                         |                             |                  | (3,013)          |                |               |                         | (3,013)         |
| Steel products                     |                         |                             |                  |                  | (1,231)        |               |                         | (1,231)         |
| Other products and services        | (59)                    |                             |                  |                  |                | (105)         |                         | (164)           |
| Cost of products and services      | <b>(10,691)</b>         | <b>(3,946)</b>              | <b>(1,770)</b>   | <b>(3,013)</b>   | <b>(1,231)</b> | <b>(105)</b>  |                         | <b>(20,756)</b> |
| <b>Gross profit</b>                | <b>16,285</b>           | <b>4,474</b>                | <b>1,087</b>     | <b>2,421</b>     | <b>247</b>     | <b>22</b>     |                         | <b>24,536</b>   |
| <b>Gross margin</b>                | <b>60.4%</b>            | <b>53.1%</b>                | <b>38.0%</b>     | <b>44.6%</b>     | <b>16.7%</b>   |               |                         | <b>54.2%</b>    |
| <b>Operational expenses</b>        |                         |                             |                  |                  |                |               |                         |                 |
| Selling and administrative         | (1,424)                 | (244)                       | (92)             | (160)            | (15)           | (17)          |                         | (1,952)         |
| Research and development           | (269)                   | (361)                       | (22)             |                  |                | (390)         |                         | (1,042)         |
| Other operating expenses           | (1,307)                 | (136)                       |                  | (17)             | (19)           | 26            |                         | (1,453)         |

|                                                                                          |               |                |            |              |            |              |                |                |
|------------------------------------------------------------------------------------------|---------------|----------------|------------|--------------|------------|--------------|----------------|----------------|
|                                                                                          | (3,000)       | (741)          | (114)      | (177)        | (34)       | (381)        |                | (4,447)        |
| <b>Operating profit (loss) before financial results and result of equity investments</b> | <b>13,285</b> | <b>3,733</b>   | <b>973</b> | <b>2,244</b> | <b>213</b> | <b>(359)</b> |                | <b>20,089</b>  |
| <b>Results of equity investments</b>                                                     | <b>(435)</b>  | <b>(102)</b>   |            |              | <b>335</b> | <b>3</b>     |                | <b>(199)</b>   |
| <b>Financial result</b>                                                                  |               |                |            |              |            |              | <b>(1,745)</b> | <b>(1,745)</b> |
| <b>Operating profit (loss)</b>                                                           | <b>12,850</b> | <b>3,631</b>   | <b>973</b> | <b>2,244</b> | <b>548</b> | <b>(356)</b> | <b>(1,745)</b> | <b>18,145</b>  |
| <b>Non operating income</b>                                                              | <b>954</b>    | <b>(1,427)</b> |            |              | <b>135</b> | <b>123</b>   |                | <b>(215)</b>   |
| <b>Income (loss) before income tax and social contribution</b>                           | <b>13,804</b> | <b>2,204</b>   | <b>973</b> | <b>2,244</b> | <b>683</b> | <b>(233)</b> | <b>(1,745)</b> | <b>17,930</b>  |
| Income tax and social contribution                                                       | (1,931)       | (805)          | (144)      | (427)        | (79)       | (4)          |                | (3,390)        |
| <b>Income (loss) before minority interests</b>                                           | <b>11,873</b> | <b>1,399</b>   | <b>829</b> | <b>1,817</b> | <b>604</b> | <b>(237)</b> | <b>(1,745)</b> | <b>14,540</b>  |
| Minority interest                                                                        | (33)          | (301)          | (278)      | (497)        |            |              |                | (1,109)        |
| <b>Income (loss) for the year</b>                                                        | <b>11,840</b> | <b>1,098</b>   | <b>551</b> | <b>1,320</b> | <b>604</b> | <b>(237)</b> | <b>(1,745)</b> | <b>13,431</b>  |

**7.34- Social Report**

The social report presents the social indicators, environmental, the functional quantitative and relevant information about the exercise of business citizenship and was prepared in accordance with the resolution of Conselho Federal de Contabilidade - CFC no. 1003. The information presented was obtained from the auxiliary records and some management information of the Company, direct and indirect subsidiaries and jointly controlled companies.

|                                                              | <b>Consolidated</b>              |            |                         |                                  |             |                         | <b>Parent Company</b>            |             |                         |                                  |             |                         |                |
|--------------------------------------------------------------|----------------------------------|------------|-------------------------|----------------------------------|-------------|-------------------------|----------------------------------|-------------|-------------------------|----------------------------------|-------------|-------------------------|----------------|
|                                                              | <b>2007</b>                      |            |                         | <b>2006</b>                      |             |                         | <b>2007</b>                      |             |                         | <b>2006</b>                      |             |                         |                |
| <b>Basis of calculation</b>                                  |                                  |            |                         |                                  |             |                         |                                  |             |                         |                                  |             |                         |                |
| Gross revenue                                                | 66,385                           |            |                         | 46,746                           |             |                         | 23,029                           |             |                         | 19,874                           |             |                         |                |
| Operating income before financial results and equity results | 18,962                           |            |                         | 20,089                           |             |                         | 6,451                            |             |                         | 5,865                            |             |                         |                |
| <b>Gross payroll</b>                                         | 3,995                            |            |                         | 2,025                            |             |                         | 1,098                            |             |                         | 868                              |             |                         |                |
|                                                              | <b>% of Operating Amount</b>     |            | <b>Payroll</b>          | <b>% of Operating Amount</b>     |             | <b>Payroll</b>          | <b>% of Operating Amount</b>     |             | <b>Payroll</b>          | <b>% of Operating Amount</b>     |             | <b>Payroll</b>          | <b>income</b>  |
| <b>Labor indicators</b>                                      |                                  |            |                         |                                  |             |                         |                                  |             |                         |                                  |             |                         |                |
| Nutrition                                                    | 185                              | 5%         | 1%                      | 150                              | 7%          | 1%                      | 128                              | 12%         | 2%                      | 91                               | 10%         | 2%                      |                |
| Compulsory payroll charges                                   | 710                              | 18%        | 4%                      | 524                              | 26%         | 3%                      | 424                              | 39%         | 7%                      | 332                              | 38%         | 6%                      |                |
| Transportation                                               | 116                              | 3%         | 1%                      | 109                              | 5%          | 1%                      | 81                               | 7%          | 1%                      | 63                               | 7%          | 1%                      |                |
| Pension Plan                                                 | 400                              | 10%        | 2%                      | 260                              | 13%         | 1%                      | 111                              | 10%         | 2%                      | 99                               | 11%         | 2%                      |                |
| Health                                                       | 243                              | 6%         | 1%                      | 150                              | 7%          | 1%                      | 86                               | 8%          | 1%                      | 70                               | 8%          | 1%                      |                |
| Education                                                    | 68                               | 2%         | 0%                      | 112                              | 6%          | 1%                      | 81                               | 7%          | 1%                      | 69                               | 8%          | 1%                      |                |
| Employee profit sharing plan                                 | 606                              | 15%        | 3%                      | 563                              | 28%         | 3%                      | 508                              | 46%         | 8%                      | 312                              | 36%         | 5%                      |                |
| Others                                                       | 147                              | 4%         | 1%                      | 119                              | 6%          | 1%                      | 70                               | 6%          | 1%                      | 59                               | 7%          | 1%                      |                |
| <b>Total Labor indicators</b>                                | <b>2,475</b>                     | <b>62%</b> | <b>13%</b>              | <b>1,283</b>                     | <b>104%</b> | <b>10%</b>              | <b>1,489</b>                     | <b>136%</b> | <b>23%</b>              | <b>1,095</b>                     | <b>126%</b> | <b>19%</b>              |                |
|                                                              | <b>% of Net Operating Amount</b> |            | <b>operating income</b> | <b>% of Net Operating Amount</b> |             | <b>operating income</b> | <b>% of Net Operating Amount</b> |             | <b>operating income</b> | <b>% of Net Operating Amount</b> |             | <b>operating income</b> | <b>revenue</b> |
| <b>Social Indicators</b>                                     |                                  |            |                         |                                  |             |                         |                                  |             |                         |                                  |             |                         |                |
| Taxes (excluding payroll charges)                            | 6,127                            | 32%        | 9%                      | 5,980                            | 30%         | 13%                     | 4,265                            | 66%         | 19%                     | 2,566                            | 44%         | 13%                     |                |

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|                                  |              |            |            |              |            |            |              |            |            |              |            |            |
|----------------------------------|--------------|------------|------------|--------------|------------|------------|--------------|------------|------------|--------------|------------|------------|
| <b>Citizenship investments</b>   | <b>465</b>   | 2%         | 1%         | <b>341</b>   | 2%         | 1%         | <b>275</b>   | 4%         | 1%         | <b>285</b>   | 5%         | 1%         |
| Social actions and projects      | 446          | 2%         | 1%         | 310          | 2%         | 1%         | 257          | 4%         | 1%         | 265          | 5%         | 1%         |
| Native community                 | 19           | 0%         |            | 31           |            |            | 18           | 0%         | 0%         | 20           |            |            |
| <b>Environmental investments</b> | <b>761</b>   | 4%         | 1%         | <b>474</b>   | 2%         | 1%         | <b>366</b>   | 6%         | 2%         | <b>317</b>   | 5%         | 2%         |
| <b>Total - Social Indicators</b> | <b>7,353</b> | <b>39%</b> | <b>11%</b> | <b>6,795</b> | <b>34%</b> | <b>15%</b> | <b>4,906</b> | <b>76%</b> | <b>21%</b> | <b>3,168</b> | <b>54%</b> | <b>16%</b> |

**Workforce Indicators**

|                                              |  |  |        |  |        |  |        |  |        |
|----------------------------------------------|--|--|--------|--|--------|--|--------|--|--------|
| Number of employees at the end of the period |  |  | 60,405 |  | 55,819 |  | 33,392 |  | 26,006 |
| Number of admittances during the period      |  |  | 6,954  |  | 8,117  |  | 3,969  |  | 5,364  |

**Social and environmental projects developed by the company are defined by:**

directors  directors and managers  all of employees

**Occupational health and safety standards were defined by:**

directors and managers  all of employees  all + CIPA

**Concerning Unions and the right to negotiate collectively and have internal representation of the employees, the Company:**

is not involved in  follows the standards of ILO  encourages and follows the ILO

**The pension plan system covers:**

directors  directors and managers  all of employees

**Profits sharing covers:**

directors  directors and managers  all of employees

**On selecting suppliers, the same ethical standards of**

are not considered  are recommended  are required

**social and environmental  
responsibility adopted by the  
company:**

**Concerning the participation of employees in voluntary work programs, the Company:**       is not involved in       support       organizes and encourages

**Social responsibility criteria to select suppliers**

Besides technical and economic aspects, the Company considers legal, environment, and health and security aspects in the selection of its suppliers. From the legal point of view, it is required a regular situation on tax aspects and labour and social social security aspects. The environment aspect is verified through documents which confirm the regular situation for the suppliers with the governmental agencies, besides evidence of preservation and environment policies. The engagement with health and security is evaluated through questionnaire form which considers action of preventive policies . Also it is taken in consideration the performance of the suppliers with the local community. The Company contracts suppliers considering the criteria above, and also implemented Programa de Desenvolvimento de Fornecedores ( PDF). Promoting suppliers 's development, the PDF extends the benefits to the local community and the business of the region, supporting the socioeconomic development.

## 8- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies

ended december 31, 2007

|                      | Participation (%) |        | Assets    |         |         | Liabilities and stockholders equity                  |                 |              | In millions of Accounting information Statement of income |                      |                       |                                    |       |
|----------------------|-------------------|--------|-----------|---------|---------|------------------------------------------------------|-----------------|--------------|-----------------------------------------------------------|----------------------|-----------------------|------------------------------------|-------|
|                      | Total             | Voting | Long-term | charges | Current | Long-term, deferred income and minority stockholders | Adjusted equity | Net revenues | Cost of products and services                             | Operating (expenses) | Non-operating results | Income tax and Social contribution |       |
| Controlled companies |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| S. A.                |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| o S.A.               | 51.00             | 51.00  | 510       | 1,319   | 1,095   | 480                                                  | 668             | 1,775        | 2,411                                                     | (1,658)              | 75                    | (5)                                | (259) |
| ORTE                 |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| a do Norte           |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| l S.A.               | 57.03             | 61.74  | 801       | 12      | 4,971   | 483                                                  | 1,181           | 4,121        | 2,709                                                     | (1,805)              | 36                    |                                    | (156) |
| S.A.                 | 100.00            | 100.00 | 4         | 29      |         | 12                                                   |                 | 20           |                                                           |                      | (1)                   |                                    | (1)   |
| S.A.                 | 61.48             | 100.00 | 143       | 45      | 230     | 30                                                   | 79              | 309          | 265                                                       | (243)                | (55)                  |                                    | (2)   |
| hia                  |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| de Ferro             | 100.00            | 100.00 | 69        | 174     | 2       | 139                                                  | 96              | 10           |                                                           |                      | 10                    | 2                                  | (7)   |
| hia                  |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| a Baia de            |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| a CPBS               | 100.00            | 100.00 | 268       | 6       | 162     | 45                                                   |                 | 392          | 352                                                       | (105)                | 12                    |                                    | (88)  |
| ional S.A.           | 100.00            | 100.00 | 9,103     | 53,877  | 46,241  | 6,309                                                | 46,454          | 56,457       | 21,112                                                    | (15,600)             | 6,759                 | 1                                  | (197) |
| Overseas             |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
|                      | 100.00            | 100.00 | 443       | 363     | 908     | 1,263                                                | 36              | 416          | 3,241                                                     | (2,280)              | (139)                 |                                    |       |
| S.A.                 | 100.00            | 100.00 | 8         | 297     |         | 31                                                   | 266             | 8            |                                                           |                      | (22)                  |                                    |       |
| usa Carajás          | 100.00            | 100.00 | 147       | 1       | 347     | 111                                                  | 1               | 383          | 161                                                       | (158)                | 35                    |                                    |       |
| Centro               |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
| a S.A.               | 100.00            | 100.00 | 318       | 110     | 1,566   | 142                                                  | 1,980           | (128)        | 774                                                       | (667)                | (63)                  |                                    | (20)  |
| Norte Sul            |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |
|                      | 100.00            | 100.00 |           | 2       | 1,482   | 372                                                  | 372             | 740          |                                                           |                      | (5)                   |                                    | 2     |
| s Rio Doce           | 99.90             | 100.00 | 21        | 27      | 4       | 21                                                   | 8               | 24           |                                                           |                      | 8                     |                                    | (3)   |
| ão Tacumã            | 100.00            | 100.00 |           |         | 1,662   | 17                                                   | 1,788           | (144)        |                                                           |                      | 23                    |                                    |       |
| ões                  | 92.99             | 92.99  | 908       | 31      | 4,922   | 404                                                  | 934             | 4,522        | 3,124                                                     | (1,613)              | 501                   | 19                                 | (530) |
| ras                  |                   |        |           |         |         |                                                      |                 |              |                                                           |                      |                       |                                    |       |



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|                   |        |        |       |        |        |       |        |        |        |          |         |       |         |
|-------------------|--------|--------|-------|--------|--------|-------|--------|--------|--------|----------|---------|-------|---------|
| s S.A.            |        |        |       |        |        |       |        |        |        |          |         |       |         |
| )                 |        |        |       |        |        |       |        |        |        |          |         |       |         |
| imentos           | 86.17  | 85.57  | 115   | 11     | 265    | 142   | 162    | 87     | 209    | (197)    | (11)    |       | (7)     |
| e                 |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ês S.A.           | 100.00 | 100.00 | 669   | 114    | 352    | 340   | 257    | 538    | 798    | (533)    | (129)   | (22)  | 10      |
| e                 |        |        |       |        |        |       |        |        |        |          |         |       |         |
| êse Europe        | 100.00 | 100.00 | 259   | 53     | 51     | 138   | 7      | 218    | 466    | (383)    | (60)    | 5     | (11)    |
| e                 |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ése               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| AS                | 100.00 | 100.00 | 180   | 12     | 55     | 71    | 75     | 101    | 327    | (191)    | (50)    |       | (28)    |
| Metais S.A.       | 100.00 | 100.00 | 57    |        | 986    | 3     | 741    | 298    |        |          |         |       |         |
| Mineração         |        |        |       |        |        |       |        |        |        |          |         |       |         |
| 100.00            | 100.00 | 95     | 15    | 58     | 16     | 108   | 44     | 102    |        | (66)     | (27)    | (8)   | (4)     |
| Alumínio          |        |        |       |        |        |       |        |        |        |          |         |       |         |
| 100.00            | 100.00 | 129    | 85    | 526    | 61     | 30    | 649    | 530    |        | (411)    | (36)    | 2     | (28)    |
| ustralia Pty      |        |        |       |        |        |       |        |        |        |          |         |       |         |
| 100.00            | 100.00 | 260    | 90    | 1,743  | 154    | 1,510 | 428    | 302    |        | (366)    | (175)   | 1     | 21      |
| co                | 100.00 | 100.00 | 8,192 | 136    | 49,783 | 4,647 | 40,614 | 12,849 | 23,244 | (10,599) | (5,333) | (878) | (2,921) |
| erseas Ltd.       | 100.00 | 100.00 | 219   | 10,174 |        | 219   | 10,174 |        |        |          |         |       |         |
| <b>controlled</b> |        |        |       |        |        |       |        |        |        |          |         |       |         |
| <b>ies</b>        |        |        |       |        |        |       |        |        |        |          |         |       |         |
| Mineração         | 50.00  | 100.00 | 57    |        | 56     | 14    |        | 99     | 31     | (5)      |         |       | (3)     |
| ia Steel          |        |        |       |        |        |       |        |        |        |          |         |       |         |
| es, Inc.          | 50.00  | 50.00  | 651   | 11     | 438    | 210   | 313    | 577    | 2,496  | (2,432)  | (191)   |       | 2       |
| hia               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| -Brasileira       |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ização            |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ASCO              | 50.00  | 50.00  | 96    | 48     | 251    | 155   | 80     | 160    | 654    | (557)    | 6       |       | (38)    |
| hia               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| -Brasileira       |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ização            |        |        |       |        |        |       |        |        |        |          |         |       |         |
| NOBRÁS            | 50.89  | 51.00  | 196   | 48     | 135    | 179   | 50     | 150    | 655    | (548)    | (46)    |       | (22)    |
| hia               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| asileira de       |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ção               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ASCO              | 50.90  | 51.00  | 198   | 59     | 157    | 190   | 64     | 160    | 602    | (524)    | (6)     |       | (32)    |
| hia               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| rasileira de      |        |        |       |        |        |       |        |        |        |          |         |       |         |
| ção               |        |        |       |        |        |       |        |        |        |          |         |       |         |
| SCO               | 51.00  | 51.11  | 279   | 69     | 365    | 440   | 62     | 211    | 1,075  | (963)    | (41)    |       | (27)    |
| a Serra           |        |        |       |        |        |       |        |        |        |          |         |       |         |
| A. MSG            | 50.00  | 50.00  | 28    | 28     | 71     | 2     | 20     | 105    | 25     | (10)     | (1)     |       | (3)     |
| ão Rio do         |        |        |       |        |        |       |        |        |        |          |         |       |         |
| A.                | 40.00  | 40.00  | 144   | 537    | 944    | 577   | 455    | 592    | 1,024  | (543)    | 2       | (1)   | (45)    |
| ogística          |        |        |       |        |        |       |        |        |        |          |         |       |         |
|                   | 41.50  | 37.86  | 767   | 296    | 1,918  | 1,011 | 769    | 1,201  | 2,167  | (1,147)  | (175)   | (22)  | (274)   |
|                   | 50.00  | 50.00  | 743   | 392    | 3,173  | 1,751 | 1,735  | 823    | 2,461  | (1,063)  | (182)   | (8)   | (237)   |

ão S.A.

Observations

- (a) Includes direct and indirect participation.

Additional information of the main operational investee companies are available on the Vale website [www.vale.com](http://www.vale.com), investor relations.

9- Report of the Independent Accountants

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders of  
Companhia Vale do Rio Doce

Rio de Janeiro RJ

1. We have audited the accompanying balance sheets of Companhia Vale do Rio Doce ( Company ), holding company and consolidated, as of December 31, 2007 and 2006, and the related statements of income, changes in stockholders equity, and changes in financial position Tor the years then ended, prepared under the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. The audits of the financial statements for the years ended December 31, 2007 and 2006 of certain subsidiaries, which investments were accounted for by the equity method were conducted under the responsibility of other independent auditors and out opinion, in regard to these investments of the holding company as of December 31, 2007 in the amount of R\$12.849 million (2006 R\$22,042 million), the earnings therefrom for the year 2007 in the amount of R\$3,512 million (2006 R\$2,746 million) and related to the total assets of R\$50,621 million as of December 31, 2007 (2006 R\$47,295 million) equivalent to 38% of the total assets consolidated of the Company on that date (2006 38%) and net operating revenues for the year ended December 31, 2007 in the amount of R\$23,244 million (2006 R\$6,025 million) equivalent to 36% of the Company s consolidated net operating revenues for the year then ended (2006 13%), is based exclusively on those other auditors reports.
2. Our audits were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit, considering the materiality of the amounts presented, the volume of transactions and the Company s and its investees accounting and internal control systems; (b) examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements; and (c) the evaluation of the accounting practices followed and significant estimates made by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, based on our audits and on the reports of the other auditors, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Companhia Vale do Rio Doce, holding company and consolidated, as of December 31, 2007 and 2006, the results of its operations, the changes in its stockholders, equity and the changes in its financial position for the years then ended, in conformity with accounting practices followed in Brazil.

4. Our audits were conducted for the purpose of forming an opinion on the financial statements referred to in paragraph 1, taken as a whole. The statements of cash flows (holding company and consolidated), of value added (holding company and consolidated) and of labor and social indicators (holding company and consolidated), are presented for purposes of additional information on Companhia Vale do Rio Doce and are not a required part of the basic financial statements according to the accounting practices followed in Brazil. The statements of cash flows (holding company and consolidated), of value added (holding company and consolidated) and of labor and social indicators (holding company and consolidated), have been subjected to the same audit procedures as those described in paragraph 2 and, in our opinion, based on our audits and on the reports of the other auditors, this additional information is fairly presented in all material respects in relation to the financial statements for the years ended December 31, 2007 and 2006, taken as a whole.

Rio de Janeiro, February 28, 2008

DELOITTE TOUCHE TOHMATSU  
Independent Auditors

Marcelo Cavalcanti Almeida  
Accountant

**10- Opinion of the Fiscal Council on the Annual Report and Financial Statements at December 31, 2007**

The Fiscal Council of Companhia Vale do Rio Doce, in carrying out its legal and statutory duties, after examining the Company's Annual Report, Balance Sheet, Statement of Income, Statement of Changes in Financial Position, Statement of Changes in Stockholders' Equity and the respective Notes to the Financial Statements relative to the fiscal year ended December 31, 2007, and based on the opinion of the independent auditors, is of the opinion that the mentioned information, examined in accordance of applicable corporate legislation should be approved by the Annual Stockholders' General Meeting.

Rio de Janeiro, February 28, 2008

Marcelo Amaral Moraes  
Chairman

Anibal Moreira dos Santos

Bernardo Appy

José Bernardo de Medeiros Neto

**11- Opinion of the Board of Directors on the Annual Report and Financial Statements at December 31, 2007**

The Board of Directors of Companhia Vale do Rio Doce, after examined the Annual Report, Balance Sheet and other Financial Statements of the Company related to the fiscal year ended December 31, 2007, unanimously approved mentioned proposal.

In view of this, the Board is of the opinion that the above mentioned documents should be approved by the Annual Stockholders General Meeting.

Rio de Janeiro, February 28, 2008

Sérgio Ricardo Silva Rosa  
Chairman

Mário da Silveira Teixeira Júnior  
Vice President

José Ricardo Sasseron  
Member

Oscar Augusto de Camargo Filho  
Member

Sandro Kohler Marcondes  
Member

Luciano Galvão Coutinho  
Member

João Batista Cavaglieiri  
Member

Francisco Augusto da Costa e Silva  
Member

Hiroshi Tada  
Member

Jorge Luiz Pacheco  
Member

Renato da Cruz Gomes  
Member

**B- Additional Information****12- Cash generation (unaudited)**

The consolidated operating cash generation measured by EBITDA (earnings before financial results, results of equity investments, interest, income tax and depreciation, amortization and depletion increased by dividends received) was R\$33,619 in 2007 against R\$22,759 in 2006, an increase of 47.7%. The effect of the consolidation of Vale Inco was of R\$ 10,291 (R\$ 3,183 in 2006 against R\$ 13,474 in 2007).

EBITDA is not a BR GAAP measure and does not represent the expected cash flow for the periods presented and for this reason should not be considered as an alternative measure to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a source of liquidity.

Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.

**EBITDA**

|                                         | Quarter (Unaudited) |              |              | Accumulated   |               |
|-----------------------------------------|---------------------|--------------|--------------|---------------|---------------|
|                                         | 4Q/07               | 3Q/07        | 4Q/06        | 2007          | 2006          |
| <b>Operating profit EBIT</b>            | <b>5,056</b>        | <b>6,985</b> | <b>7,080</b> | <b>29,315</b> | <b>20,089</b> |
| Depreciation / amortization of goodwill | 1,300               | 999          | 873          | 4,170         | 2,530         |
|                                         | <b>6,356</b>        | <b>7,984</b> | <b>7,953</b> | <b>33,485</b> | <b>22,619</b> |
| Dividends received                      | 75                  | 13           | 4            | 134           | 140           |
| <b>EBITDA (LAJIDA)</b>                  | <b>6,431</b>        | <b>7,997</b> | <b>7,957</b> | <b>33,619</b> | <b>22,759</b> |
| Depreciation / amortization of goodwill | (1,300)             | (999)        | (873)        | (4,170)       | (2,530)       |
| Dividends received                      | (75)                | (13)         | (4)          | (134)         | (140)         |
| Equity results                          | (574)               | (644)        | (144)        | (2,405)       | (199)         |
| Non operational results                 |                     | 197          | (1,006)      | 1,458         | (215)         |
| Financial results, net                  | 395                 | 138          | (771)        | 277           | (1,745)       |
| Income tax and social contribution      | (183)               | (1,632)      | (1,420)      | (7,085)       | (3,390)       |
| Minority interests                      | (284)               | (385)        | (371)        | (1,554)       | (1,109)       |
| <b>Net income</b>                       | <b>4,410</b>        | <b>4,659</b> | <b>3,368</b> | <b>20,006</b> | <b>13,431</b> |

**Consolidated EBITDA by segment**

| Segments             | Quarter (Unaudited) |       |       | EBITDA Accumulated |        |
|----------------------|---------------------|-------|-------|--------------------|--------|
|                      | 4Q/07               | 3Q/07 | 4Q/06 | 2007               | 2006   |
| Ferrous minerals     | 3,741               | 4,353 | 3,665 | 16,087             | 14,706 |
| Non-ferrous minerals | 2,155               | 2,822 | 3,347 | 14,241             | 4,231  |
| Logistics            | 309                 | 418   | 384   | 1,508              | 1,400  |
| Holdings             |                     |       |       |                    |        |
| Aluminum             | 309                 | 537   | 631   | 2,101              | 2,435  |
| Steel                | (12)                | 21    | 24    | 91                 | 336    |

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|        |              |              |              |               |               |
|--------|--------------|--------------|--------------|---------------|---------------|
| Others | (71)         | (154)        | (94)         | (409)         | (349)         |
|        | <b>6,431</b> | <b>7,997</b> | <b>7,957</b> | <b>33,619</b> | <b>22,759</b> |

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### 13- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers

#### Board of Directors

Sérgio Ricardo Silva Rosa  
**Chairman**

Mário da Silveira Teixeira Júnior  
**Vice-President**

Luciano Galvão Coutinho  
Francisco Augusto da Costa e Silva  
Hiroshi Tada  
João Batista Cavaglieri  
Jorge Luiz Pacheco  
José Ricardo Sasseron  
Oscar Augusto de Camargo Filho  
Renato da Cruz Gomes  
Sandro Kohler Marcondes

#### Advisory Committees of the Board of Directors

##### Controlling Committee

Antonio José Figueiredo Ferreira

Luiz Carlos de Freitas  
Paulo Roberto Ferreira de Medeiros

##### Executive Development Committee

João Moisés de Oliveira  
José Ricardo Sasseron  
Oscar Augusto de Camargo Filho

##### Strategic Committee

Roger Agnelli

Gabriel Stoliar  
Luciano Siani Pires  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Sérgio Ricardo Silva Rosa

##### Finance Committee

Fabio de Oliveira Barbosa  
Ivan Luiz Modesto Schara  
Luiz Maurício Leuzinger  
Wanderlei Viçoso Fagundes

#### Fiscal Council

Marcelo Amaral Moraes  
**Chairman**

Aníbal Moreira dos Santos  
Bernard Appy  
José Bernardo de Medeiros Neto

##### Alternate

Oswaldo Mário Pêgo de Amorim Azevedo  
Tarcísio José Massote de Godoy  
Marcos Coimbra

#### Executive Officers

Roger Agnelli  
**Chief Executive Officer and Investor Relations**

Carla Grasso  
**Executive Officer for Human Resources and Corporate Services**

Eduardo de Salles Bartolomeo  
**Executive Officer for Logistics**

Fabio de Oliveira Barbosa  
**Chief Financial Officer and Investor Relations**

Gabriel Stoliar  
**Executive Officer for Planning and Business Development**

José Carlos Martins  
**Executive Officer for Ferrous Minerals**

José Lancaster  
**Executive Officer for Copper, Coal and Aluminum**

Murilo de Oliveira Ferreira  
**Executive Officer for Nickel and Basic Metals Commercialization**

Tito Botelho Martins

**Governance and Sustainability Committee**

Jorge Luiz Pacheco  
Renato da Cruz Gomes  
Ricardo Simonsen

**Executive Officer for Corporate Affairs and Energy**

Demian Fiocca  
**Executive Officer for Technology and Management**

Marcus Vinícius Dias Severini  
**Chief Officer of Accounting and Control Department**

Vera Lúcia de Almeida Pereira Elias  
**Chief Accountant**  
**CRC-RJ 043059/O-8**

**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: March 5, 2008

By: /s/ Fabio de Oliveira  
Barbosa

Fabio de Oliveira Barbosa  
Chief Financial Officer