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CVRD announces proposal for 2006 minimum dividend: US\$ 1.3 billion

Companhia Vale do Rio Doce (CVRD) announces that its Senior Management have approved and will submit to the Board of Directors a proposal for payment of a minimum dividend of US\$ 1.3 billion to shareholders for the year 2006. The payment will be made in two equal installments, on April 28 and October 31, 2006. Considering the issuance of new preferred (PNA) shares which will be issued for the completion of the stock merger with Caemi, as publicly announced on January 23, 2006, the dividend per outstanding share will be US\$1.069367781, for both common and preferred shares.

Payments will be made in Brazilian Reais, calculated on the basis of the Brazilian Real/US dollar exchange rate (Ptax-Option 5) published by the Central Bank of Brazil on the business day prior to the Board of Directors meeting that approves the minimum dividend proposal.

The dividend proposed, reconciles the capex budget of US\$ 4.6 billion for 2006, focused on the promotion of profitable growth and value creation, with payment of an excellent remuneration to shareholders - 23% higher than the minimum dividend per share announced for 2005 - and the maintenance of a healthy balance sheet.

In the last five years CVRD has invested US\$ 10.5 billion, and distributed dividends in the amount of US\$ 4.4 billion, successfully taking advantage of the opportunities for growth while simultaneously satisfying the aspirations of its shareholders. At the same time, CVRD's financial solidity has been recognized by its obtaining the investment grade rating from three of the world's most important rating agencies (Standard & Poor's, Moody's and Dominion Bond Rating Services), and by the reduction of spreads on its bond yields in relation to U.S. Treasury securities.

From 2001 to 2005, the total return to CVRD's shareholders was 41.7% per year, reflecting the shareholder value creation that is incorporated into the execution of the Company's financial and business strategy. CVRD's policy for shareholder remuneration, which has resulted in an average dividend yield of 5.3% over these years, is an integral part of the Company's process of generating value.

More information



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