



Type what you want to search

Search

01/24/2006



CVRD announces stock merger with Caemi

Companhia Vale do Rio Doce (CVRD) announces that the shareholders of Valepar S.A. (Valepar), the controlling shareholder of CVRD, acting under the existing shareholders agreement of Valepar, approved a proposal of CVRD senior management to exchange all preferred shares of Caemi Mineração e Metalurgia S.A. (Caemi) owned by its non-controlling shareholders for new CVRD preferred shares (PNA) to be issued. Using a procedure under the Brazilian corporate law called "incorporação de ações", or stock merger, Caemi will become a wholly-owned subsidiary of CVRD.

The proposal will be ratified by the CVRD Board of Directors at the meeting to be held on January 26, 2006. All 1,558,963,806 publicly-held Caemi preferred shares, which trade on the São Paulo Stock Exchange (Bovespa) under the ticker symbol CMET4, will be exchanged for new CVRD (PNA) shares.

Each non-controlling Caemi shareholder will receive 0.04115 preferred shares PNA of CVRD for each Caemi preferred share. This exchange ratio reflects the stock market price behavior of both shares over the last 90 days. CVRD currently owns 100% of Caemi's common shares and 40.06% of Caemi's preferred shares, for a total of 60.23% of its total capital. After the completion of the stock merger, CVRD will own all Caemi shares.

The stock merger is expected to produce significant benefits to both Caemi and CVRD shareholders, with cost reductions from the simplification of the ownership structure and with synergies, particularly in iron ore operations. Current non-controlling shareholders of Caemi will benefit from the significant potential for profitable growth at CVRD, which invested an average of US\$ 2.1 billion per year over the last five years. At the same time, CVRD shares have higher liquidity, being traded on the Bovespa, NYSE and Latibex.

Current CVRD shareholders will be able to capture all the returns generated by Caemi's world-class assets.

After the CVRD Board of Directors ratifies the decision of the Valepar shareholders, all steps required to implement the transaction will be taken, including approval by the competent corporate bodies of the two companies.

More information



Mônica Ferreira

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

Fatima Cristina

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621