

Investors' Visit



March, 2007



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Agenda

Company Overview

Achievements

Corporate Strategy

Third Pellet Plant

Summary





BHP Billiton: 50%



**Companhia
Vale do Rio Doce**

CVRD: 50%

	2001	2002	2003	2004	2005	2006
Employees	1206	1248	1286	1320	1336	1381

Sales - Million Metric Tons

Pellets	9.5	12.3	13.7	14.1	14.1	14.1
Pellet-Feed	2.0	2.5	2.7	2.2	1.4	1.9
Total	11.5	14.8	16.4	16.2	15.5	16.0
Gross Revenue (US\$ Million)	333	413	500	641	1092	1170



- It is the world's second largest exporter of seaborne iron ore pellets
 - In 2006, Samarco's net sales were US\$1.14 billion with EBITDA of US\$695 million
- In the years of 2004, 2005 and 2006, Samarco's pellet production reached its full volume capacity
- In November 2005 Samarco started the implementation of the 'Third Pellet Plant Project' with expected investment cost of US\$ 1.2 billion

SOURCES	US\$MM	%	USES	US\$MM	%
Pre-Export Term Loan	\$800	67.6%	<u>Germano</u> Expansion	\$275.6	23.3%
Internal Cash Flow Generation	\$383	32.4%	New Pipeline	\$295.1	25.0%
			<u>Ponta Ubu</u> Expansion	\$600.6	50.7%
			Administrative Costs	\$11.7	1.0%
Total Sources	\$1,183	100%	Total Uses	\$1,183	100%

- SAMARCO:
 - One main raw material
 - An integrated production process (own mine, beneficiation, transportation and port facilities)
 - Two products with prices set once a year
 - 25 customers / Long-term supply contracts

	For the year ended December 31,					
(US\$ in millions)	2001	2002	2003	2004	2005	2006
Total Pellet Sales Volume (mm ton)	9.5	12.3	13.7	14.1	14.1	14.1
Net Sales	\$327	\$392	\$465	\$572	\$1,031	\$1,143
EBITDA	\$147	\$190	\$242	\$322	\$685	\$695
<i>margin*</i>	45%	49%	52%	56%	66%	61%
Debt / EBITDA	1.9x	1.1x	0.8x	0.6x	0.5x	1.1x

Source: Samarco

*EBITDA Margin calculated as EBITDA / Net Sales

Ratings by Fitch

Security Class	Current Rating	Previous Rating	Date Changed
FC IDR	BBB	BBB-	8/17/06
LC IDR	BBB	BBB-	12/15/05
National Scale (bra)	AA+	AA	12/13/05

IDR - Issuer default rating. FC - Foreign currency.
LC - Local currency. bra - Brazil

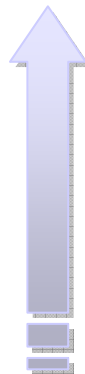
Rating Watch.....None
Rating Outlook.....Stable

FC Ratings	Date Changed
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BBB	Aug. 17, 2006
BBB-	Jun. 29, 2006
BB+	Apr. 24, 2006
BB	Dec. 12, 2005
BB-	Oct. 13, 2005

...

B	Sep. 3, 2003
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- Brazil's good underlying economic fundamentals, strong market liquidity, positive Company management results and strong shareholder structure allowed for risk re-assessment by Fitch Ratings, resulting in risk re-classification in foreign currency in June from 'BB+' to 'BBB-', with stable outlook.

- In August, following the updating in methodology to establish the country ceiling, Fitch Ratings raised the risk classification of some companies in Latin America, among them Samarco, whose classification in foreign currency changed from 'BBB -' to 'BBB', with stable outlook.



History:

- In 1973, Samitri and Marcona Corporation merged to form Samarco Mineração S.A., with headquarters in Belo Horizonte, in the state of Minas Gerais, Brazil
- In 1977, Marcona Corporation was sold to Utah International
- In 1978, Utah Marcona Corp. was sold to General Electric
- In 1984, BHP bought Utah-Marcona and thus took over 49% of Samarco
- In 2000, CVRD bought and incorporated Samitri ⇔ This led to a shareholder reorganization in Samarco, now a 50-50 joint venture between CVRD and BHP Billiton Brasil.



Samarco's Product Overview:

- Samarco's iron ore pellets are produced from two forms of concentrate: low silica ("CLS") and normal silica ("CNS"), and used in two different steel production process: Direct Reduction ("DR") and Blast Furnace ("BF") smelting.
 - About 80% of current world pellet production is used as BF feedstock; the remaining 20% is used for DR
- Through Ponta Ubu port facility (load capacity of 20 mtpa) Samarco's products are loaded Free-on-Board ("FOB") and shipped overseas to steel producers in the Americas, Asia, the Middle East, Africa and Europe



Production Process:

- Production process is divided into three major stages:
 - Mining and beneficiation
 - Transportation
 - Pelletizing and shipping
- The first stage starts in the Germano site, where the iron ore (called Itabirite) is mined, ground and concentrated.
- The world's largest pipeline for iron ore transporting, carries the concentrate produced at Germano mining site to the pelletizing plants, in the form of slurry (mixture of water and concentrated iron ore)
- At Ponta Ubu site, the slurry is dewatered and most of the concentrate is pelletized.

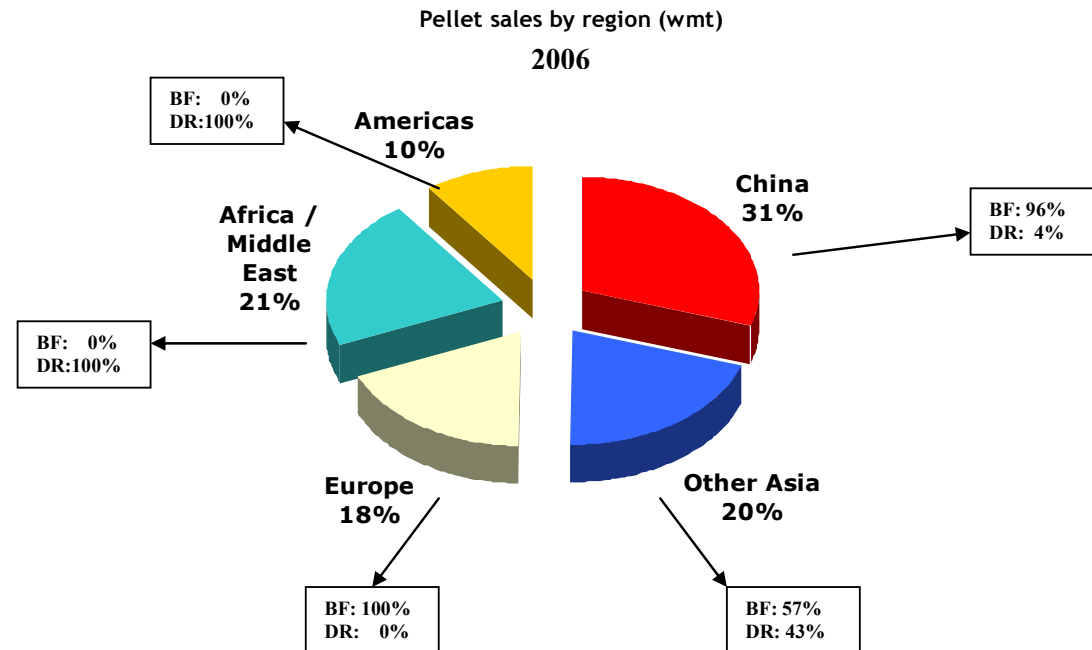


Cost Structure:

- Samarco is amongst the world's lowest-cost producers of iron ore pellets:
 - Efficient mining operations
 - Energy self generation
 - Cost-effective pipeline
- Operational costs are mainly driven by fuel and electricity costs
- Samarco employs various procurement strategies to mitigate its exposure to input price and volume volatility thus ensuring a competitive production cost

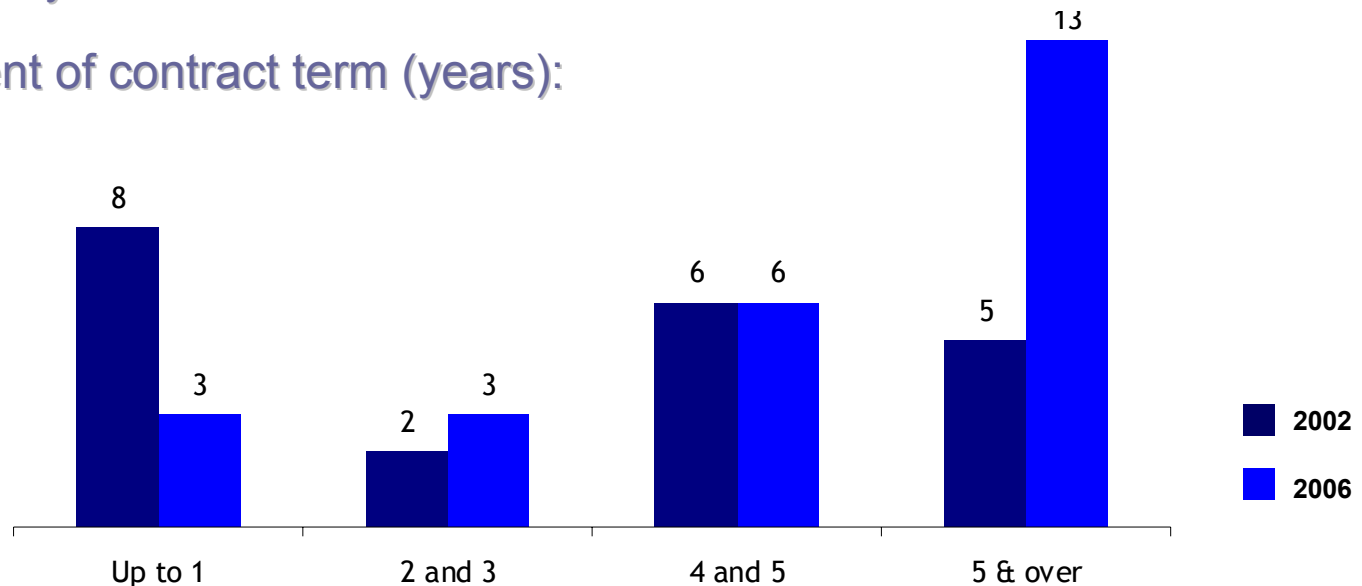
Customer Base:

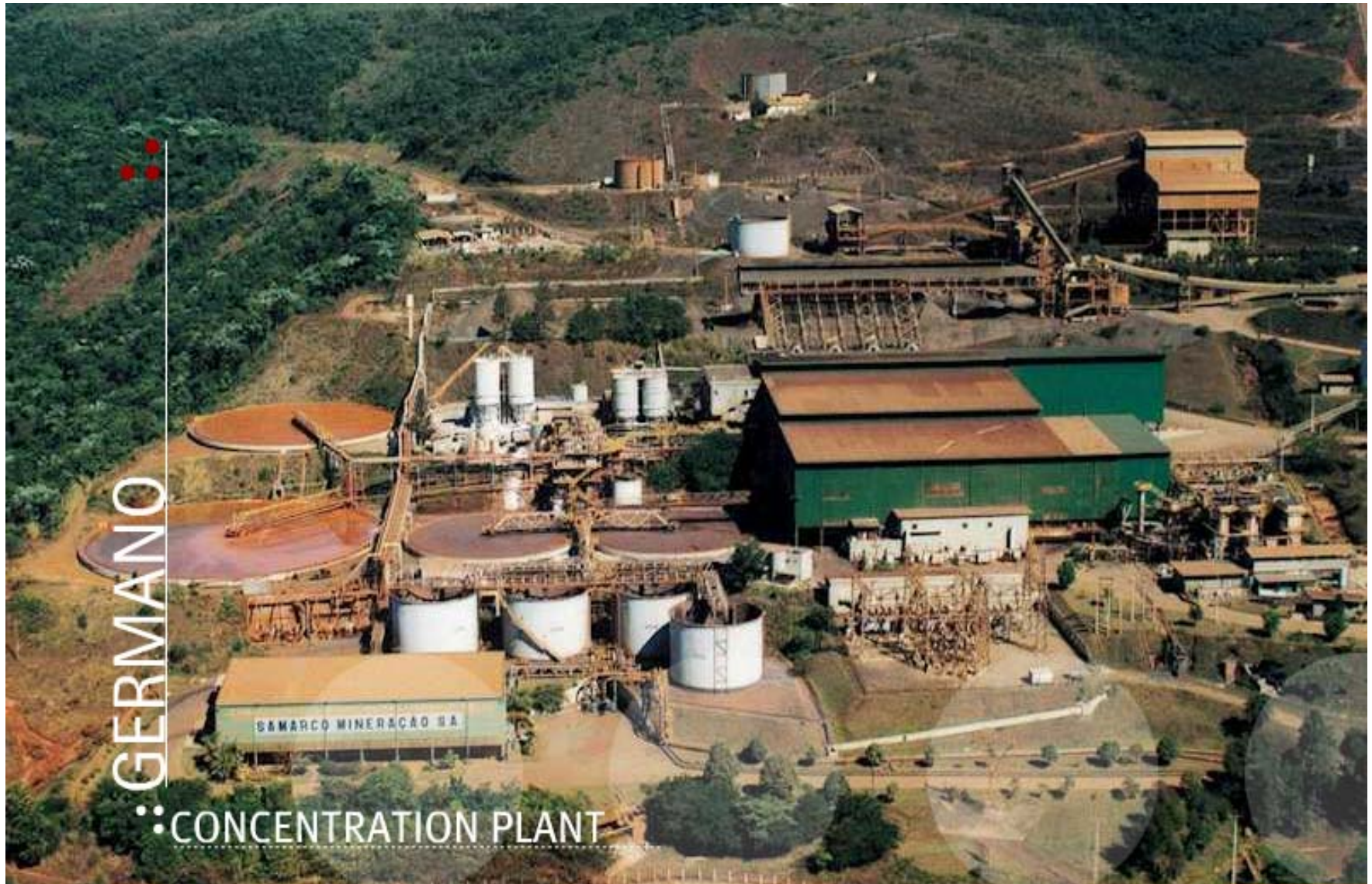
- Samarco has developed long-term relationships with its clients (average of 17 years)
- It benefits from a small, stable and diversified customer base, selling its products to 25 customers in 18 countries
- 10 largest customers represent 61% of Samarco's output in 2006

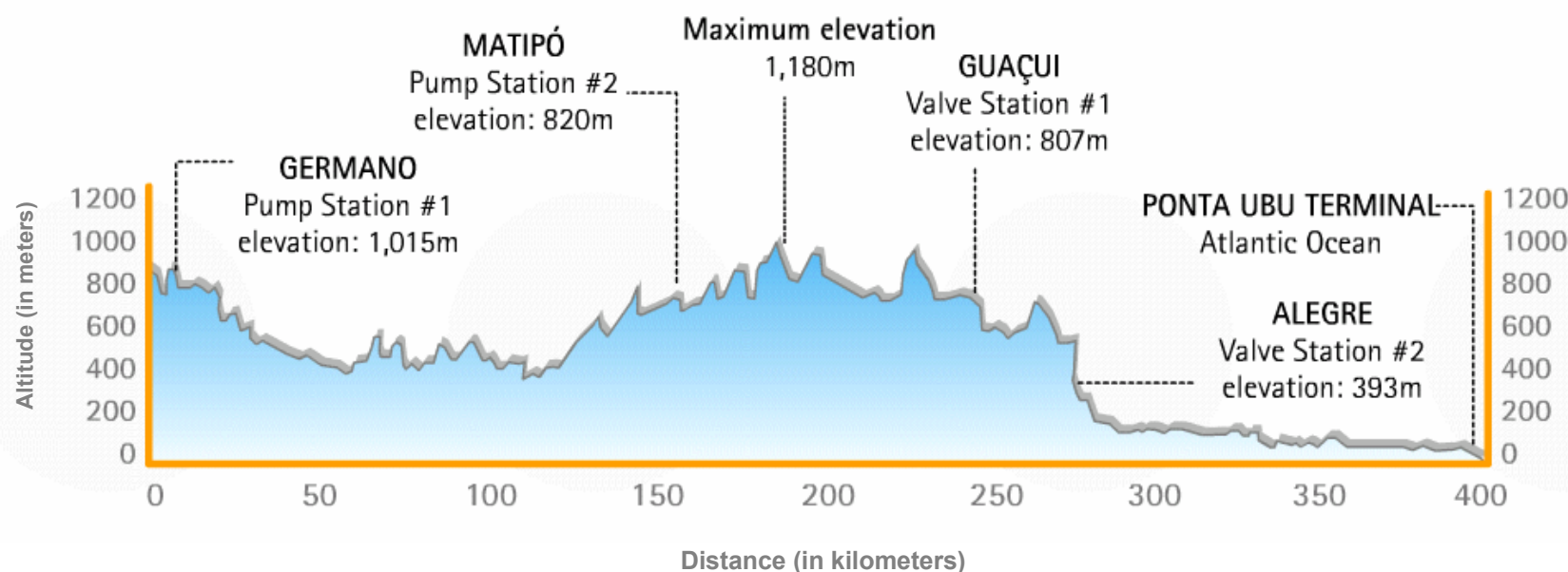


Customer Base:

- The Company has signed 10-year supply contracts with its largest customers
- Almost 100% of Samarco's sales are governed by long-term (in excess of three years) volume-based contracts, many of which are automatically renewable when they expire (known as "evergreen" contracts)
- From 13 contracts with more than 5 years life, 12 have a remaining life in excess of 10 years
- Improvement of contract term (years):







CHARACTERISTICS

- ✦ **EXTENSION:** 396 Km - 50Km of Ø 18" - 346Km of Ø 20"
- ✦ **MINIMUM WALL THICKNESS** = 8mm **MAX** = 21.5mm
- ✦ **MATERIAL:** Steel API 5LX - 60
- ✦ **DESIGNED USEFUL LIFE** = 20 Years **EXPECTED** = 35 Years
- ✦ **NOMINAL CAPACITY:** 12 Million DMT/Year
- ✦ **ACTUAL CAPACITY:** 15 Million DMT/Year
- ✦ **% SOLIDS** = 70
- ✦ **MAX. PARTICLE SIZE:** 74 Microns (200 mesh)





.....> UBU

Stocking and Shipping

WEST SIDE

DWT 200.000 T

L. O. A. 308m

MINIMUM DEPTH 18,2m

DRAFT 16,80 + tide

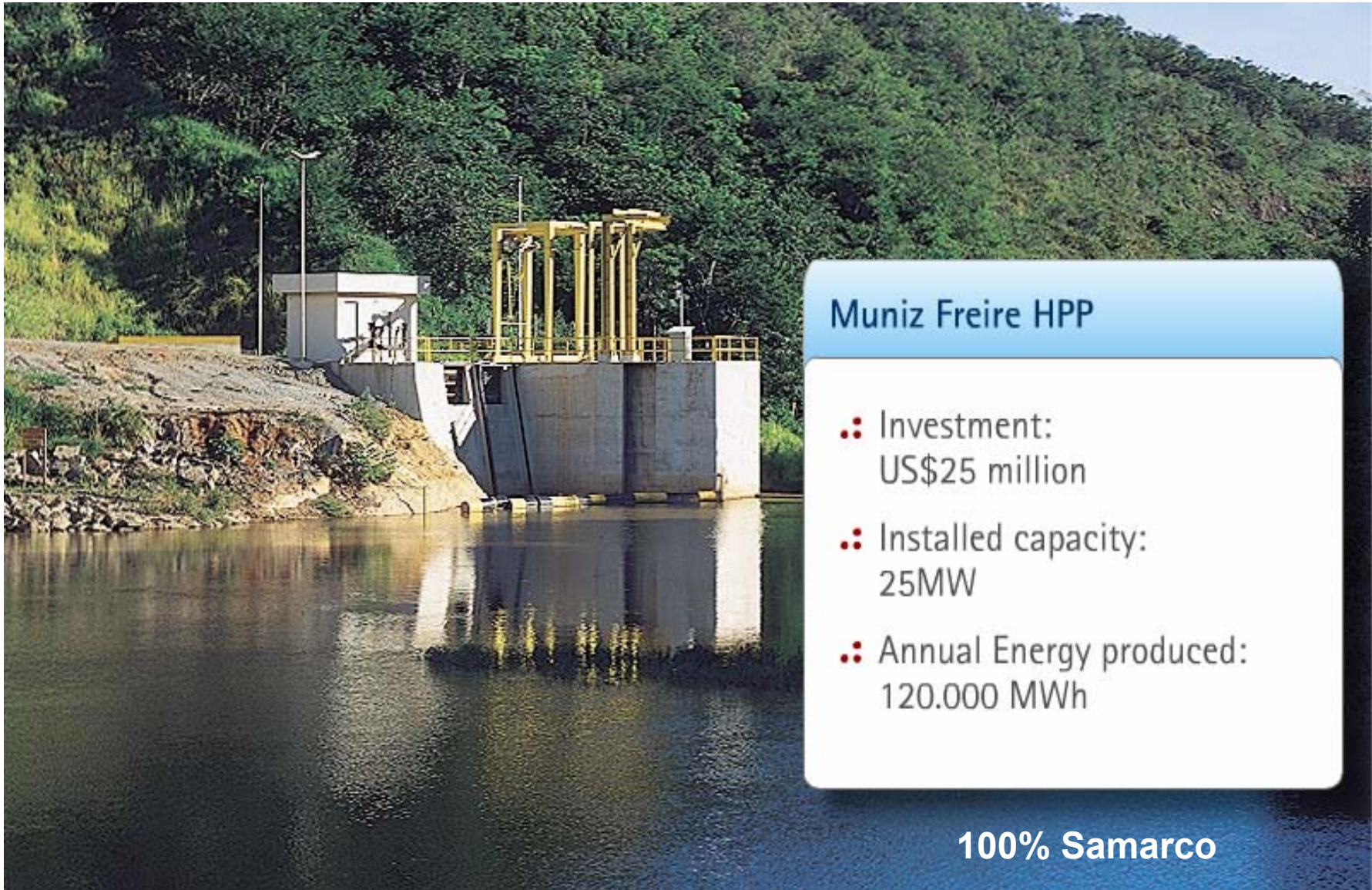
EAST SIDE

DWT 70.000 T

L. O. A. 240m

MINIMUM DEPTH 15,0m

DRAFT 13,0 + tide



Muniz Freire HPP

- ∴ Investment:
US\$25 million
- ∴ Installed capacity:
25MW
- ∴ Annual Energy produced:
120.000 MWh

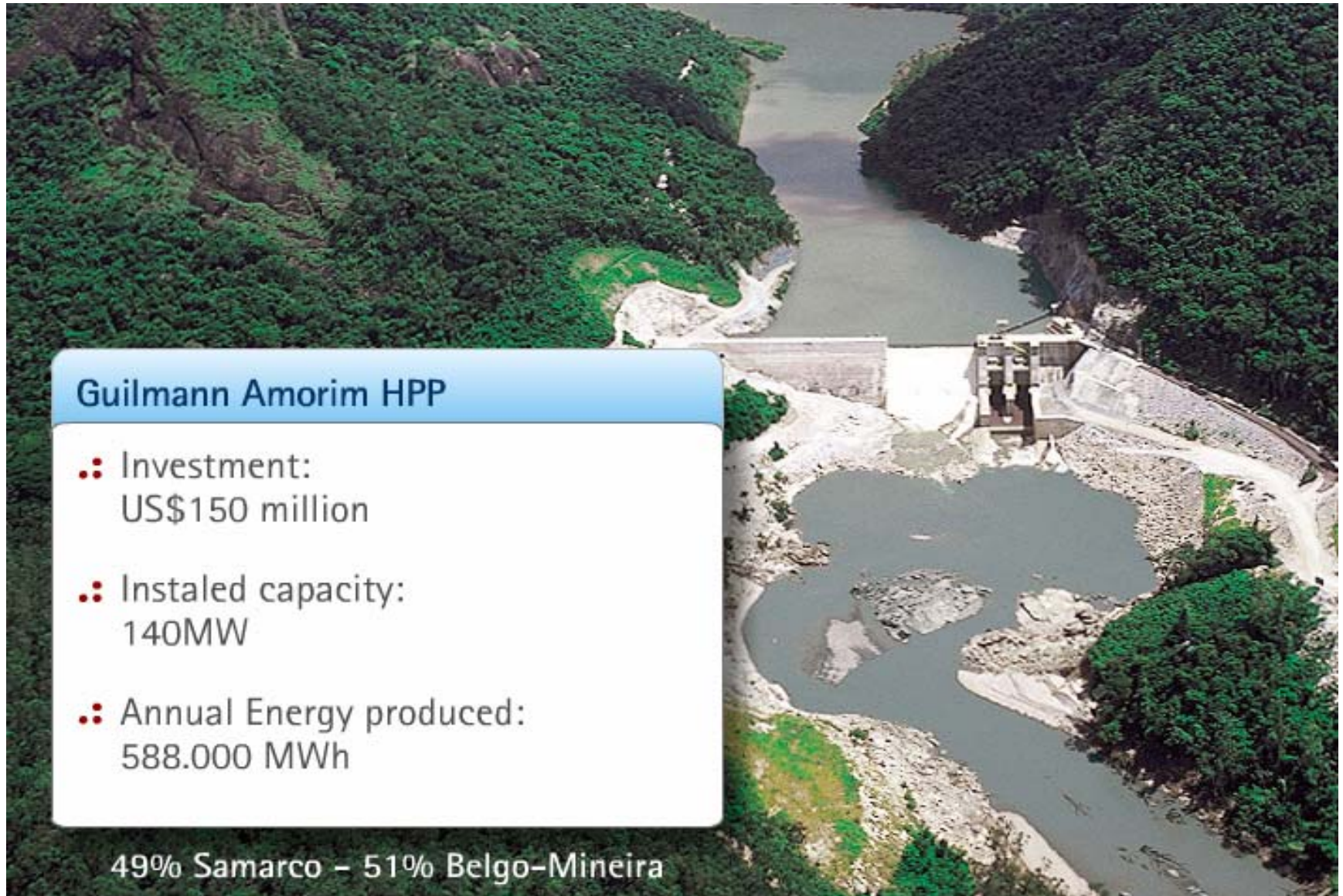
100% Samarco



Guilmann Amorim HPP

- ∴ Investment:
US\$150 million
- ∴ Installed capacity:
140MW
- ∴ Annual Energy produced:
588.000 MWh

49% Samarco – 51% Belgo-Mineira





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Achievements

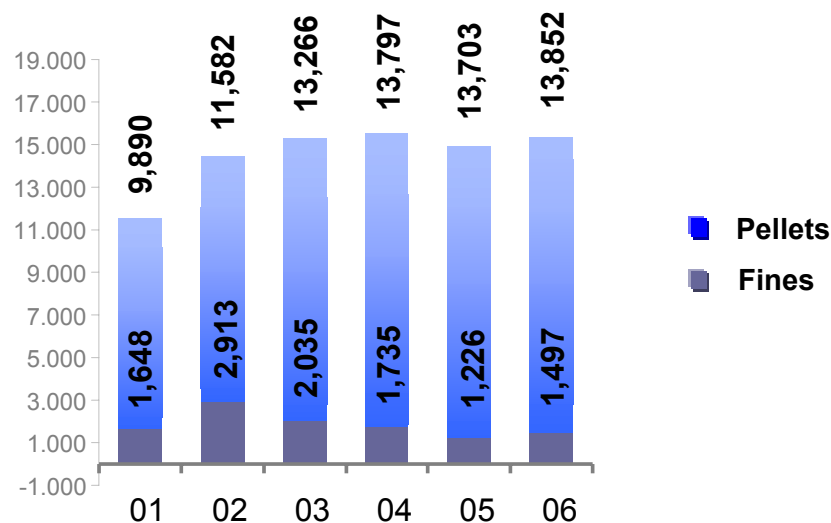
Corporate Strategy

Third Pellet Plant

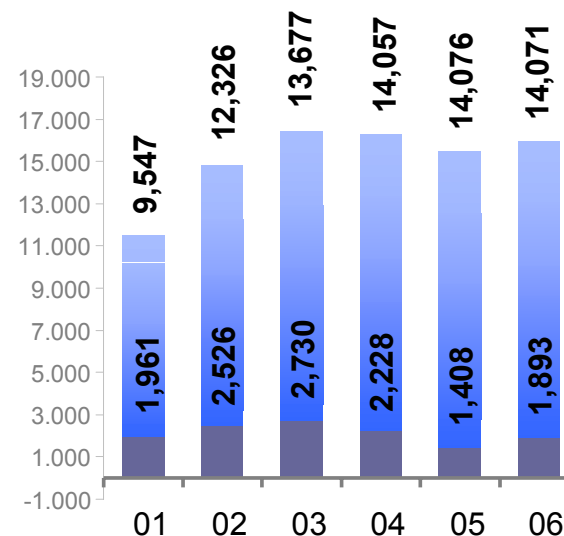
Summary

Production and Sales

Production - In TMS 000's

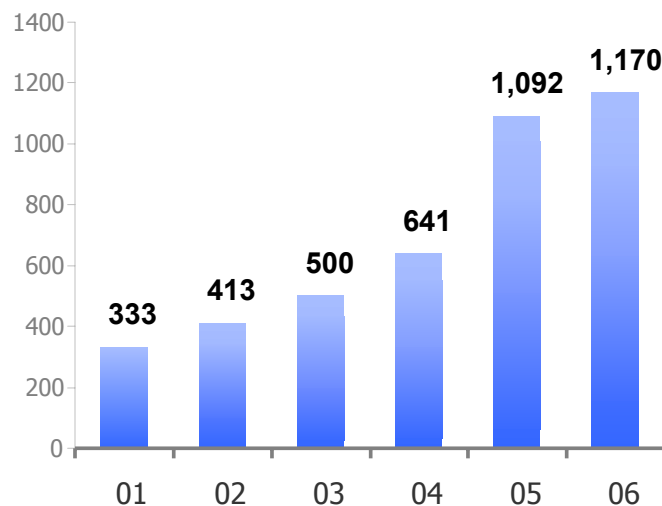


Sales - In TMN 000's

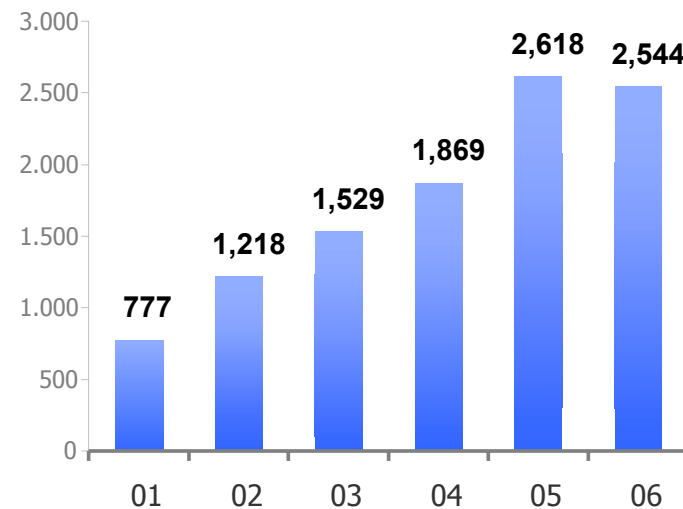


Gross Revenue

Gross Revenue (US\$ MM)

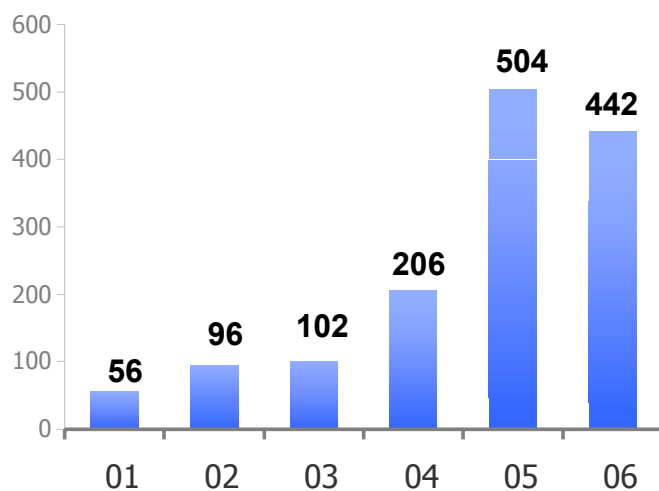


Gross Revenue (R\$ MM)

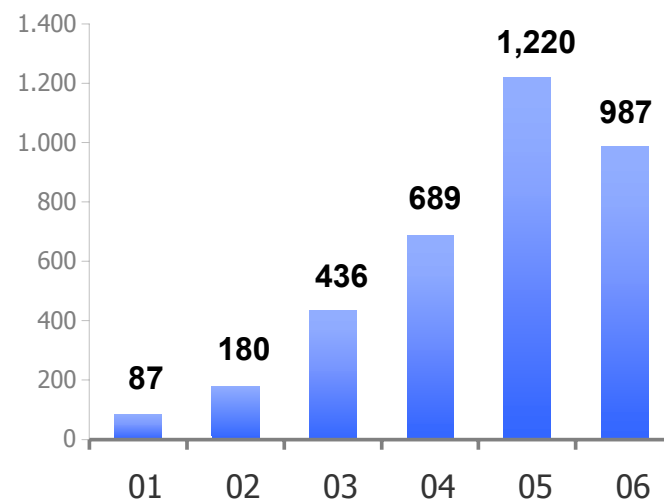


Net Income

Net Income (US\$ MM)

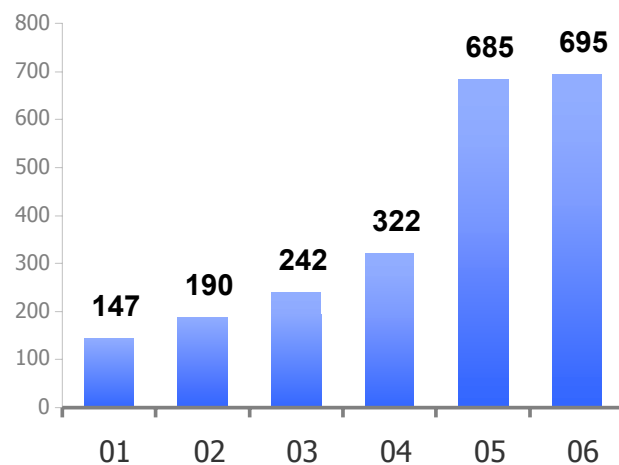


Net Income (R\$ MM)

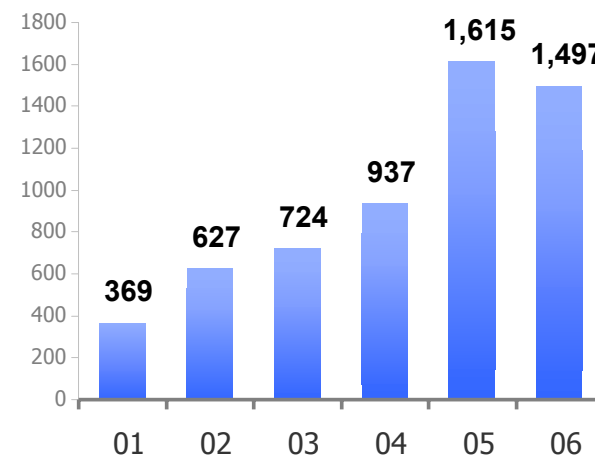


EBITDA

■ EBITDA US\$ MM

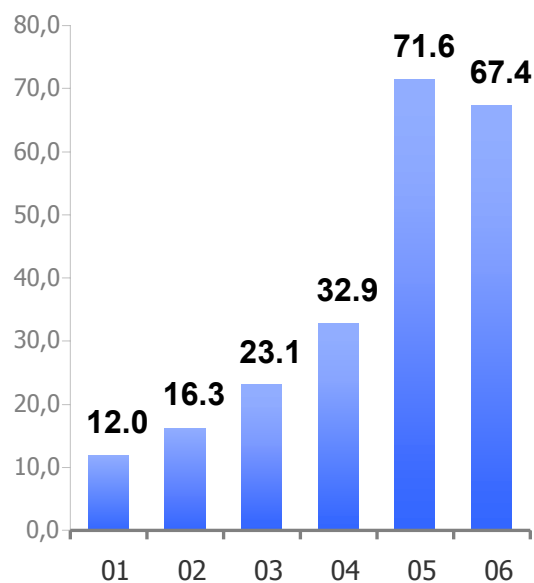


■ EBITDA R\$ MM

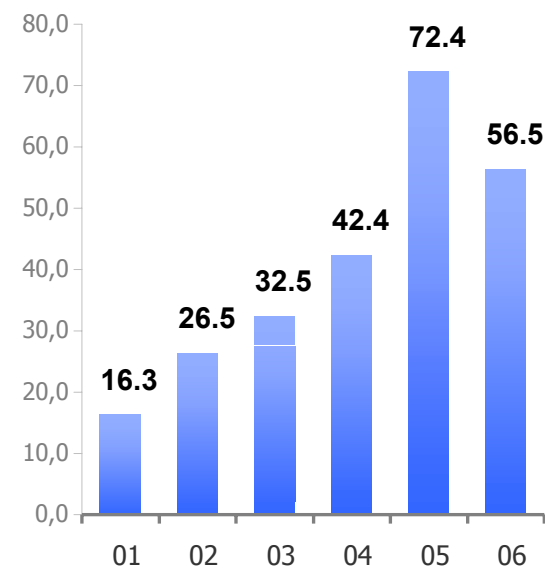


ROCE

■ ROCE
in US\$ (%)

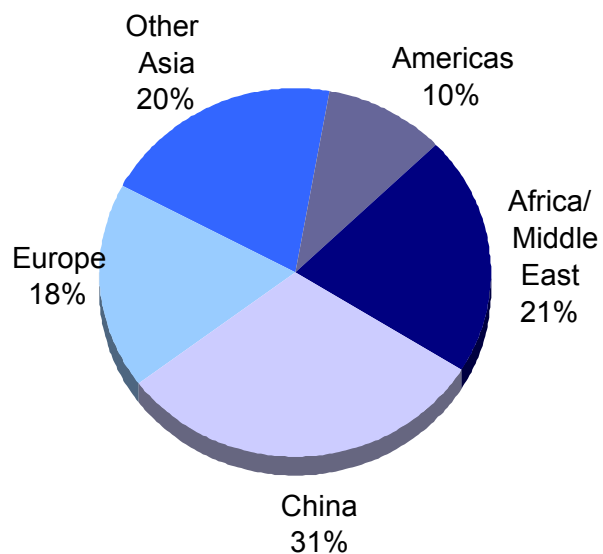


■ ROCE
in R\$ (%)

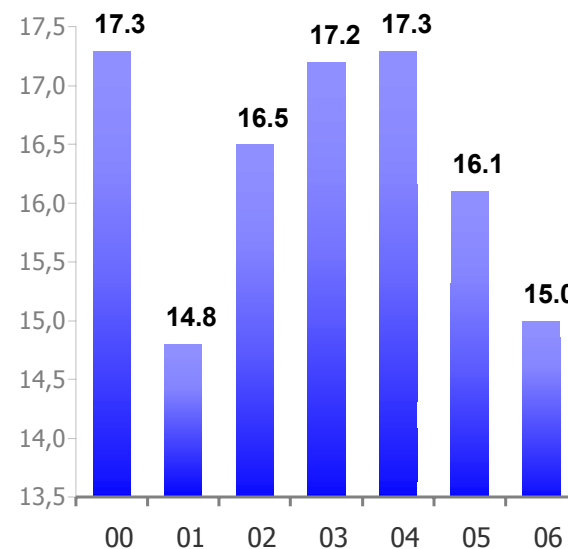


Market Share and Sales Distribution

Sales Distribution in 2006 (%)



Market Share In (%)





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➤ *Strategy: Competitive Advantages*

- **Favorable market perspectives;**
- **Significant “Player” in the seaborne pellets market: 2nd largest exporter;**
- **Strong and long standing commercial relationships;**
- **Balanced geographical distribution of costumers;**
- **Leading position in operational excellence: lowest production cost;**
- **Strong cash generation;**
- **Logistics: integrated industrial process (from mine to port).**



Safety & Environmental Policy :

- Samarco operates under rigorous safety standards
- The Company is monitored by International Finance Corporation (“IFC”) for the environmental world bank standards,
- Is fully compliant with current environmental laws in the country
 - Has an internal committee to identify and evaluate the environmental laws
 - Has engaged an environmental legal office, which monitors all new laws and changes

ISO 9001:2000
1994



ISO 14001 1998



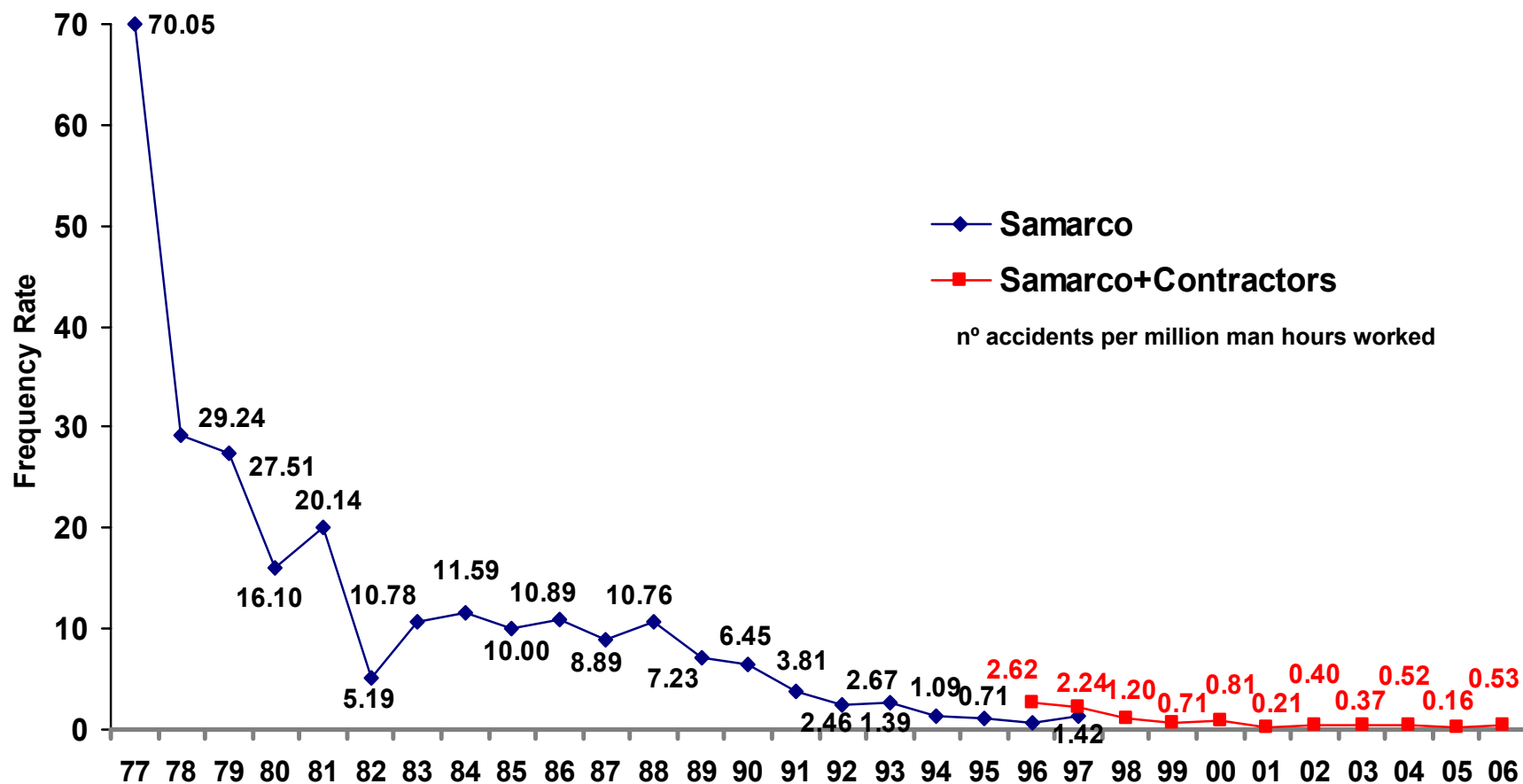
OHSAS 18001 2000



BS 7799
2004



Lost Time Injury Frequency Rate



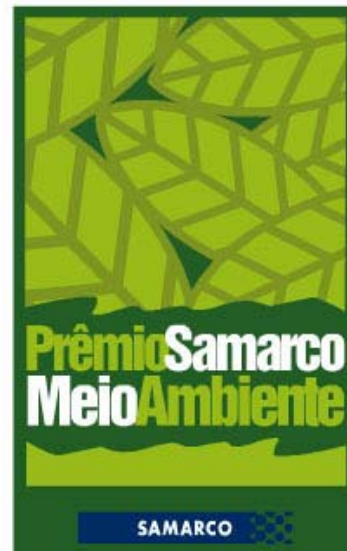


Samarco believes that the company's growth should be shared with the communities, and seeks various ways to contribute to the practice of citizenship and the sustainable development of these localities.

The initiatives are based on four different areas:

- Socio-environmental programs;
- Institutional positioning (campaigns, visits, participation in forums, committees and entities);
- Sponsorship and donations;
- Volunteering programs.

Environmental Education



Volunteer Work



Dia V



Health



Mamamiga

SAÚDE EM NOSSAS MÃOS.



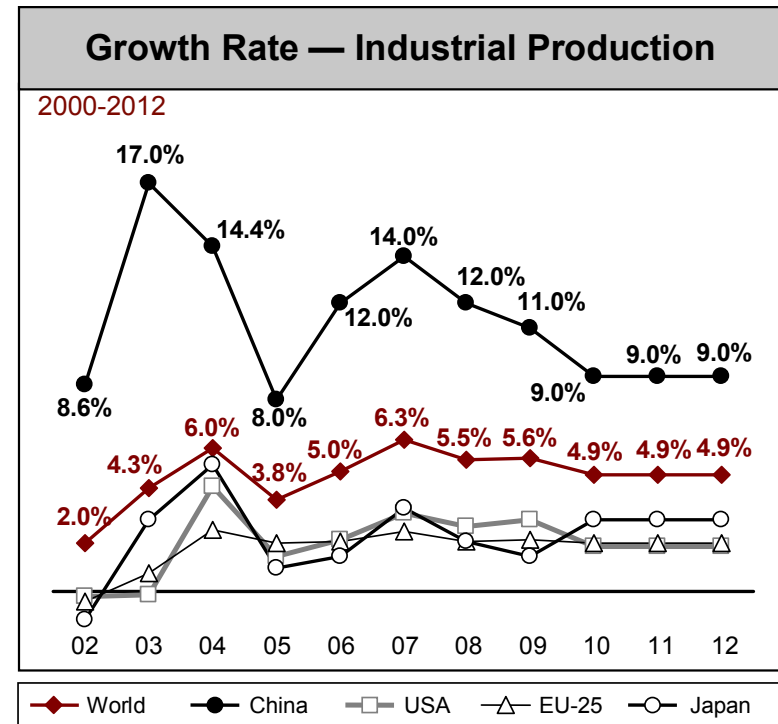
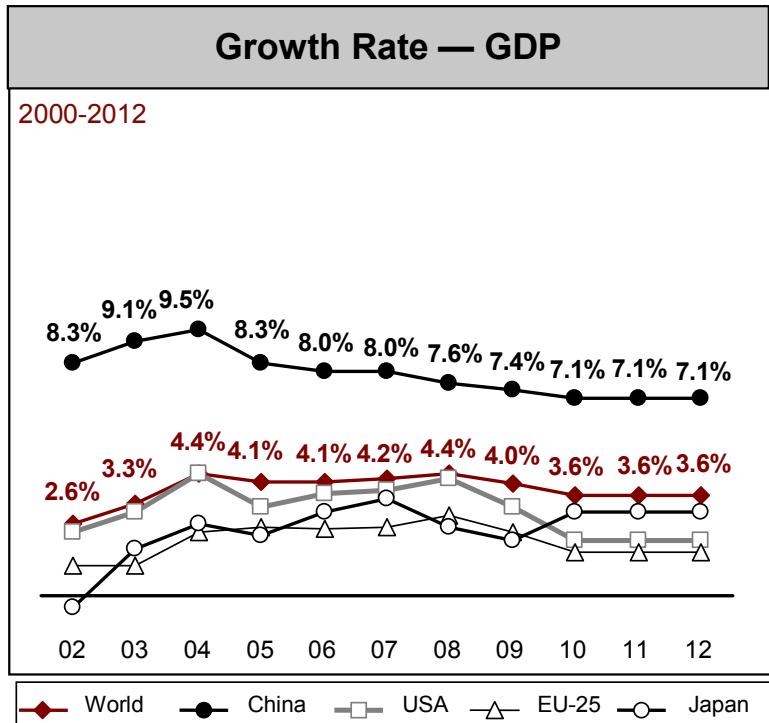
Regional Development



Citizen Community



The world is going through a period of great growth, fired by China and its industrial expansion



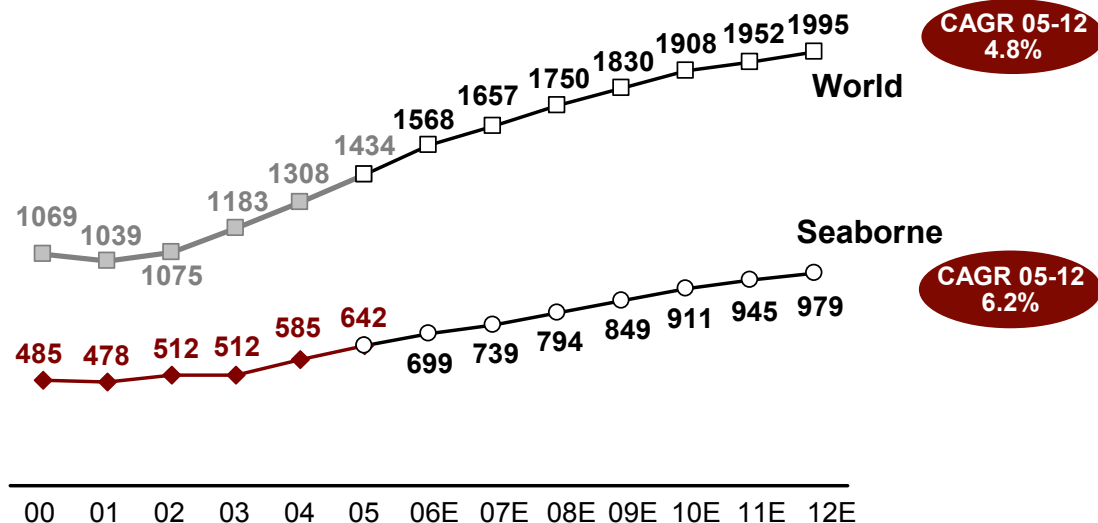
Source: AME; A.T. Kearney Analysis

The demand for iron ore will continue with main growth in the seaborne market

Market Demand — Iron Ore

Million tons

2000-2012

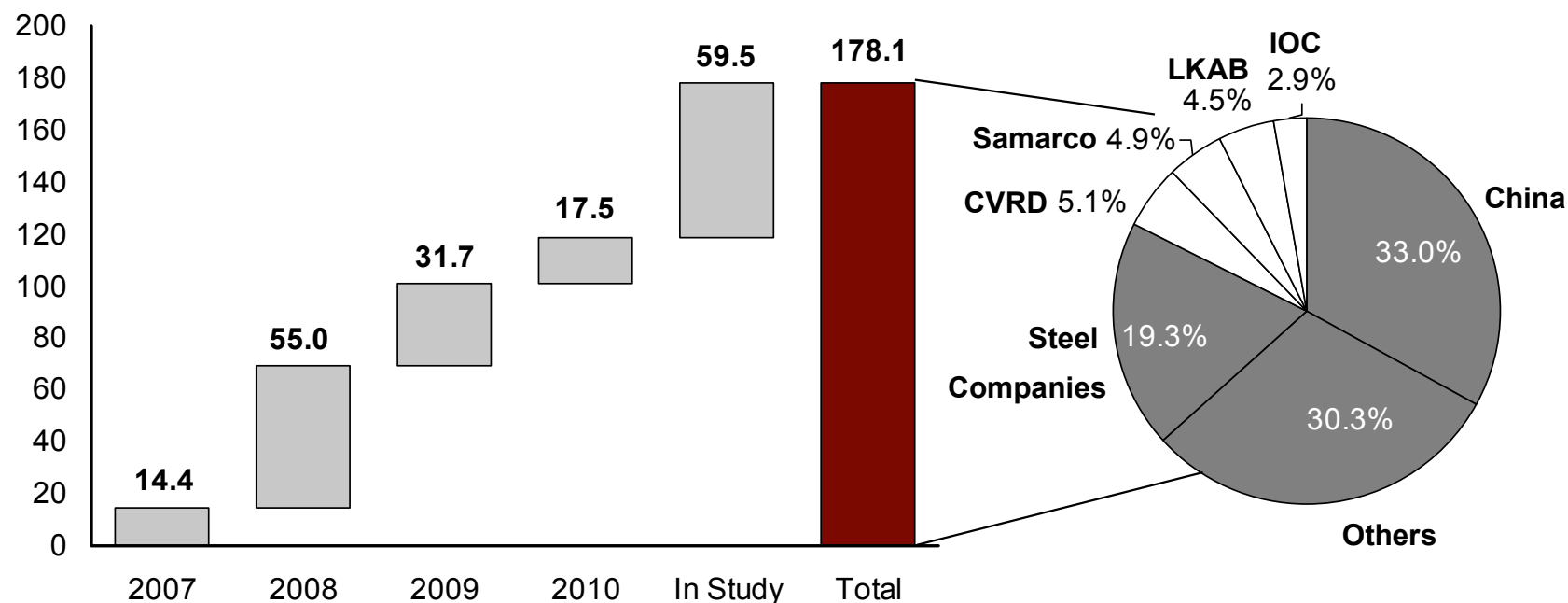


Market — Iron Ore

- **Demand** — the accelerated world growth, specially from 2003 on, reflected in a higher steel demand. Consequently the increase of iron ore demand made necessary to explore new mines increasing even more the seaborne market
- **Geographic Market** — Due to it's extraordinary industrial growth, China will raise market share from 52% to 58% in the iron ore seaborne market

New players represent 83% of the planned increase in pellets capacity

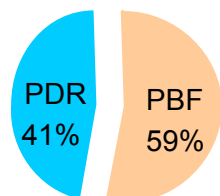
New Plants — Pelletizing (MM tons)



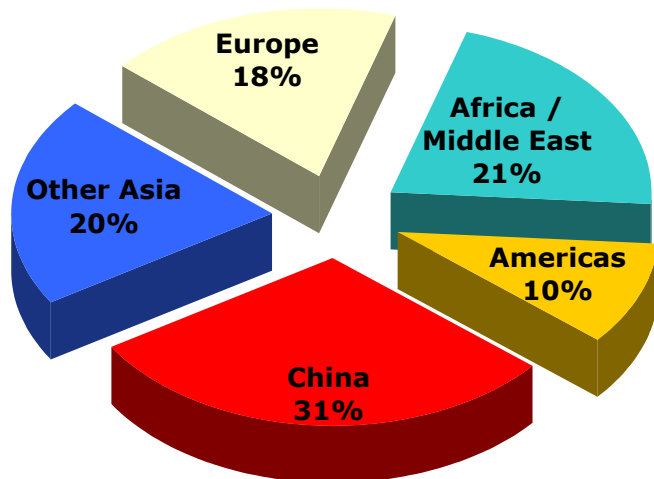


Sales by Region

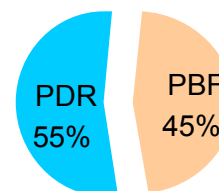
2006



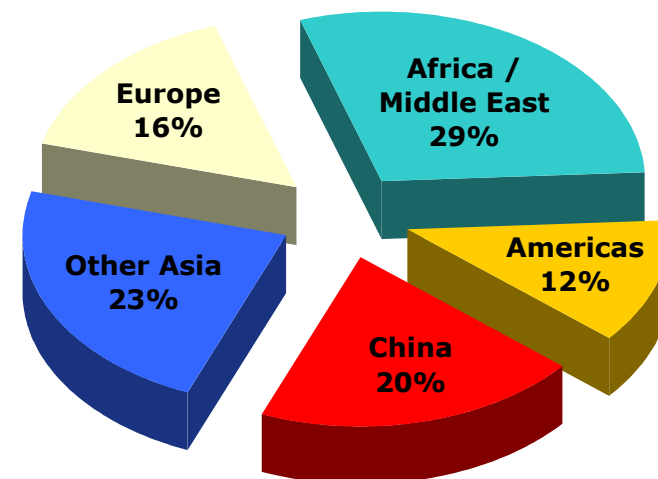
Sales by Region



2009



Sales by Region





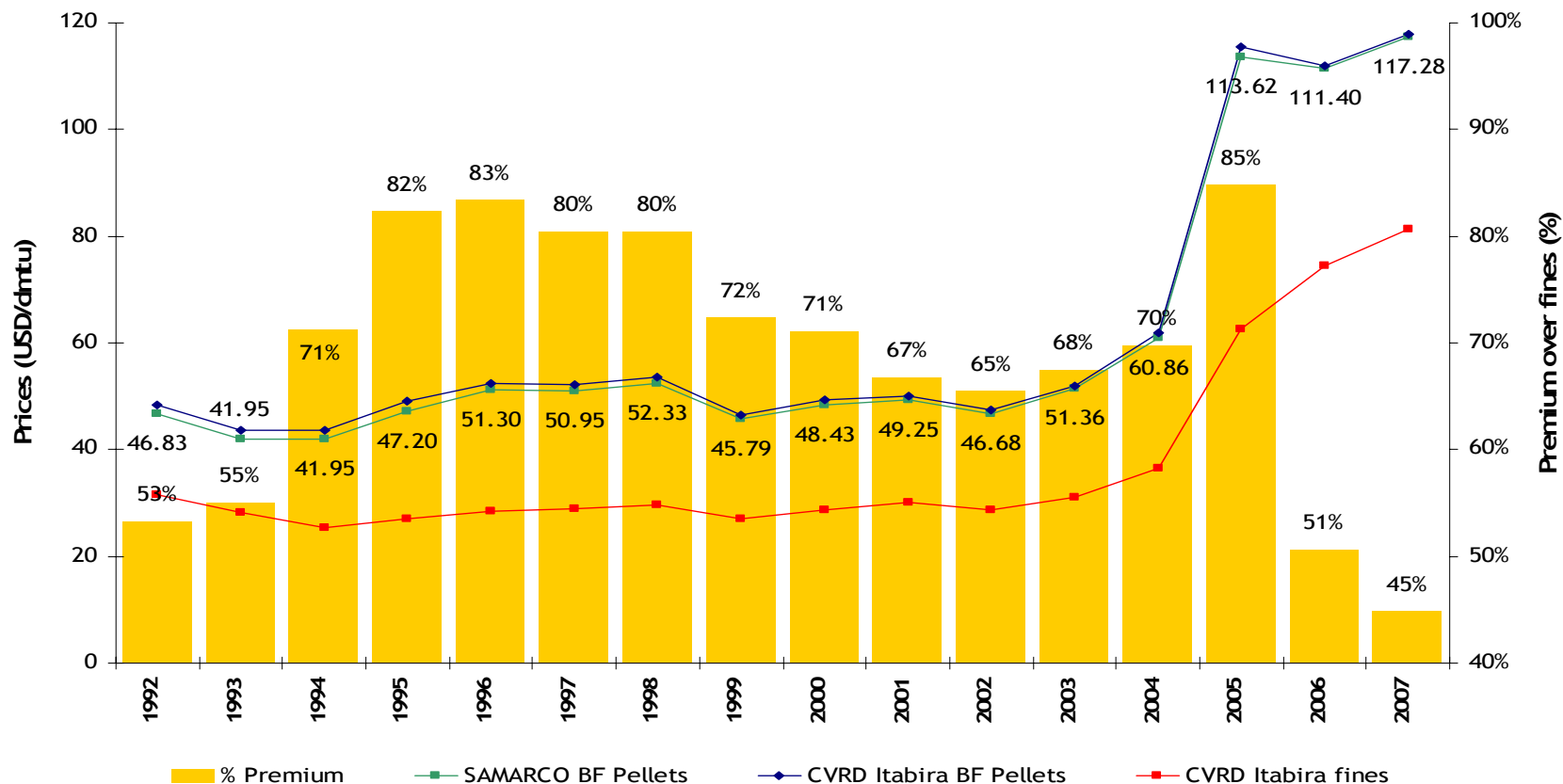
Pricing:

- In 2005 an unprecedented 85% rise of the benchmark pellet price, reflected the limited amount of additional supply capacity. Such increase established a new base price level similar, in real terms, to that of the early 1980s.
- The recently concluded 2007 iron ore price negotiation followed the actual market conditions allowing 9.5% increase in the price of iron ore fines.
- Simultaneously, pellet price negotiations reflected actual market condition resulting of an increase of 5.28%.

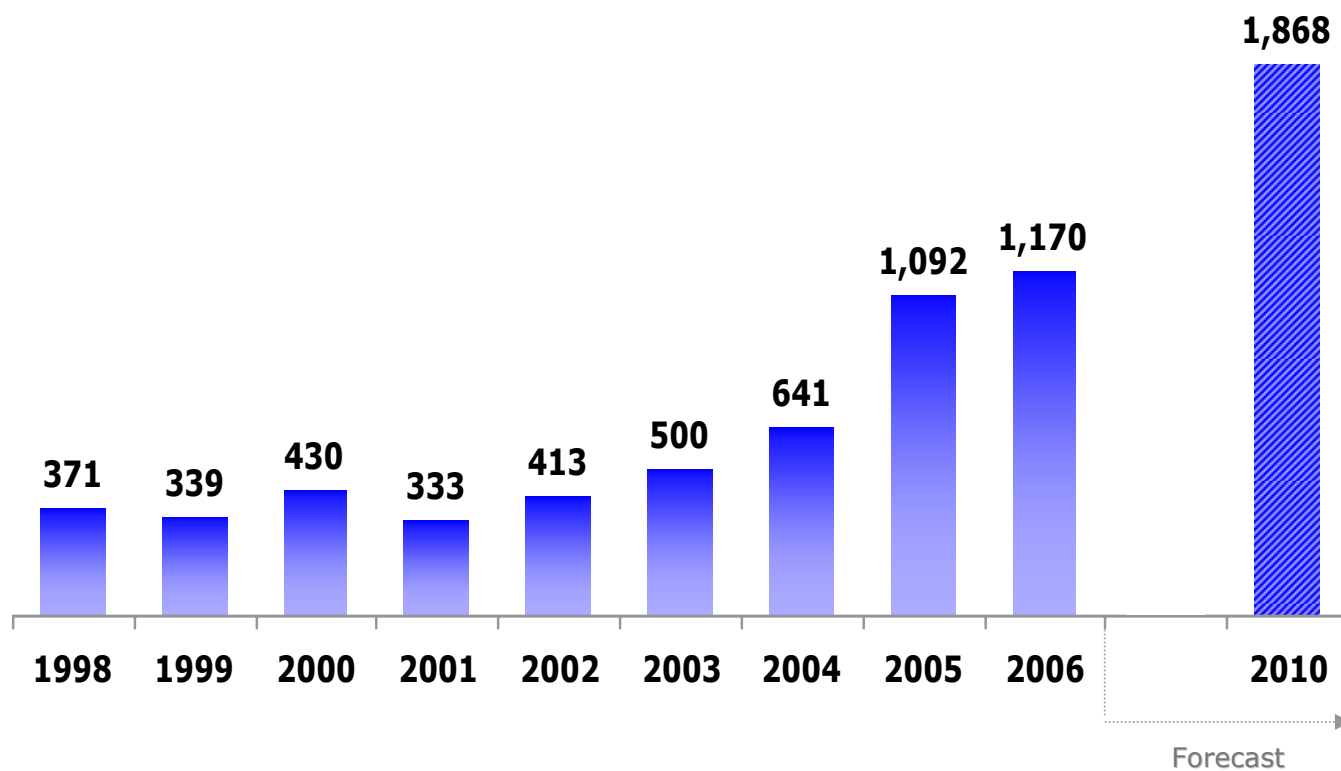
Pricing:

- The resurgence in the direct reduction sector will put further pressure on pellet supply, keeping pellet prices similar to the 2005 level in real terms through 2009

CVRD and Samarco Iron Ore Prices

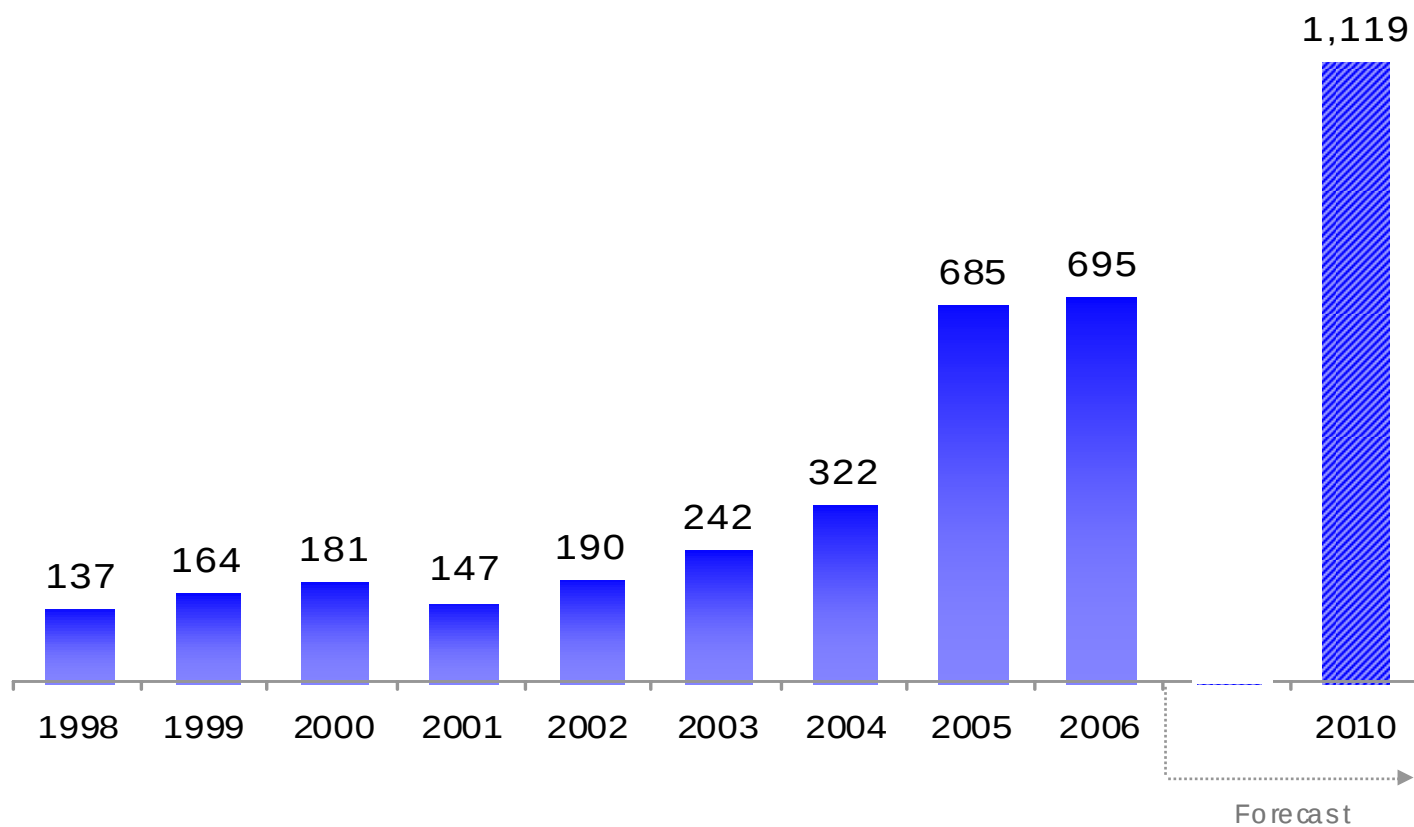


Revenue (US\$ million)

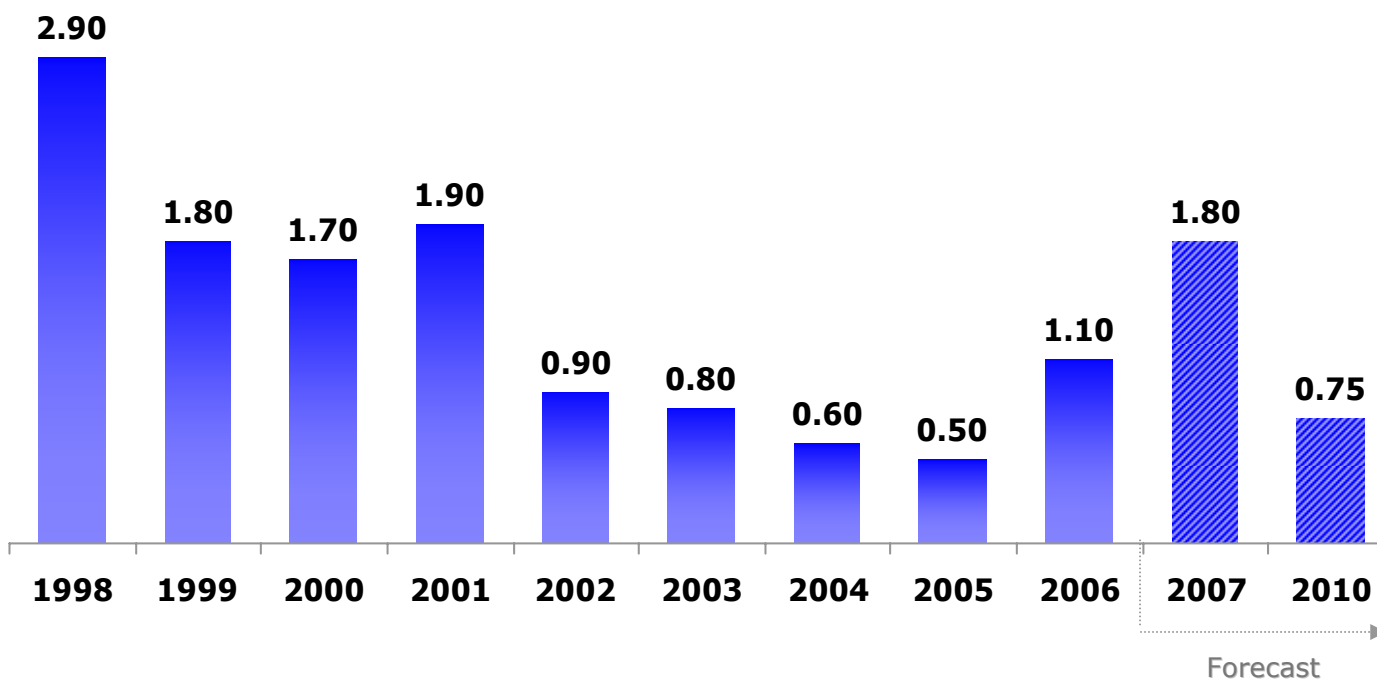


Source: Samarco's data

EBITDA (US\$ million) - CY

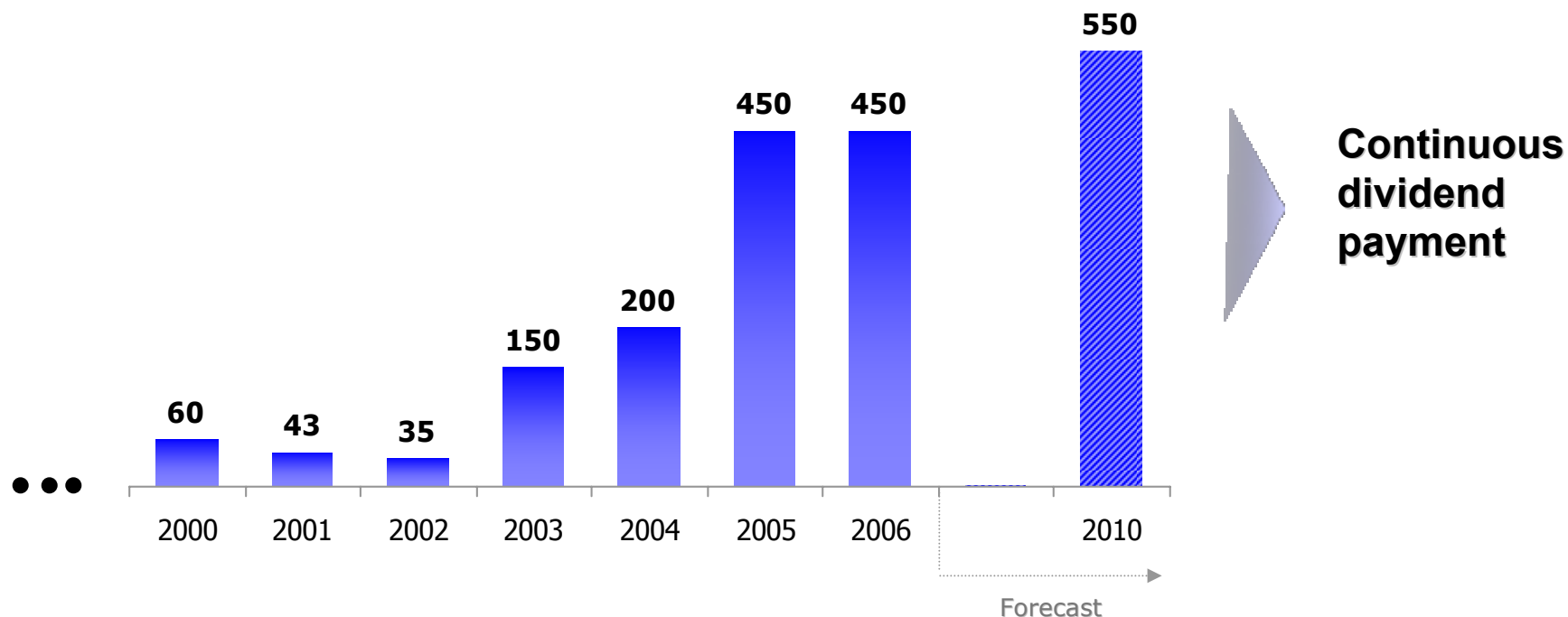


Net Debt/ EBITDA (x) US\$



Dividends payment long history (US\$ million)

The Company paid uninterruptedly annual dividends since its inception



Source: Samarco's data



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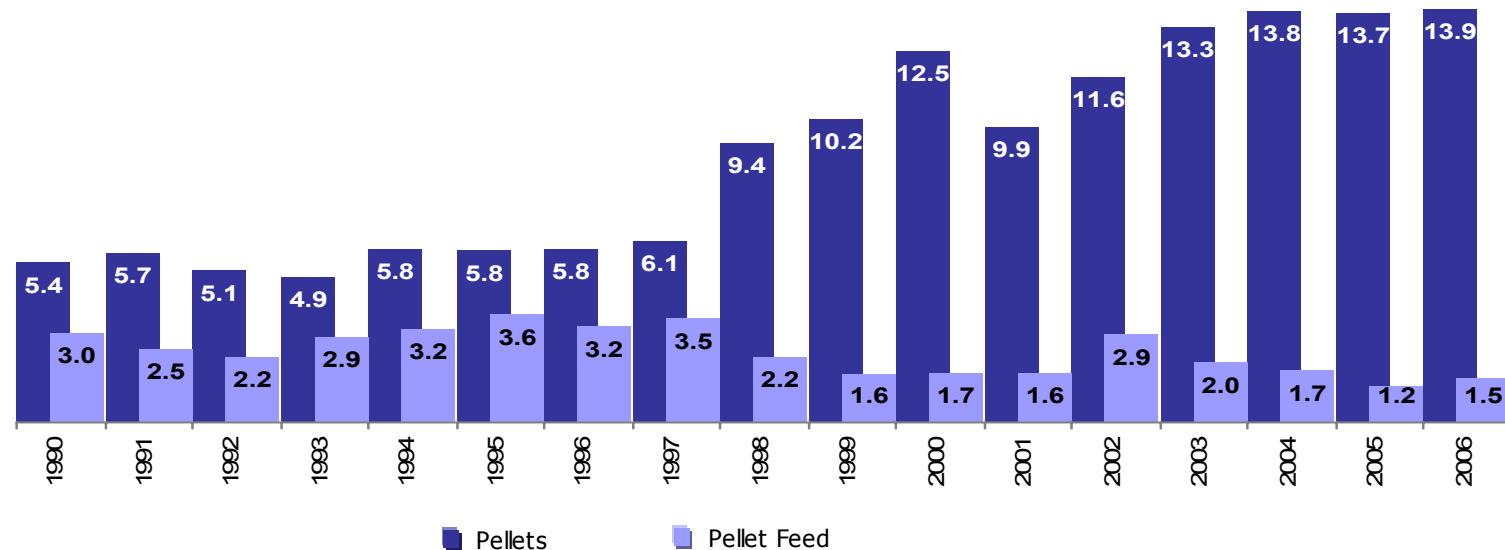
Corporate Strategy

Third Pellet Plant

Summary

Capacity Expansion:

- In the years of 2004, 2005 and 2006, Samarco reached its maximum production capacity
- The Third Pellet Plant Project will increase capacity to 21.6 million tons by 2008
- Samarco's historical pellet production:





Favorable Market Conditions:

- Pellets account for more than 18% of current global iron ore exports;
- Brazil remains the largest exporter with more than one third market share;
- In 2006, Samarco's share in seaborne pellet sales market reached 15%; after Project's implementation market share is expected to increase to 20%;
- Additionally, the current strong demand favors long-term contracts arrangements:
 - Most of the total project's output has already been contracted by Samarco with its current customer base under long-term agreements, and the remaining capacity should be contracted following the same pattern.

The production process of the Expansion will be substantially similar to Samarco's current operations

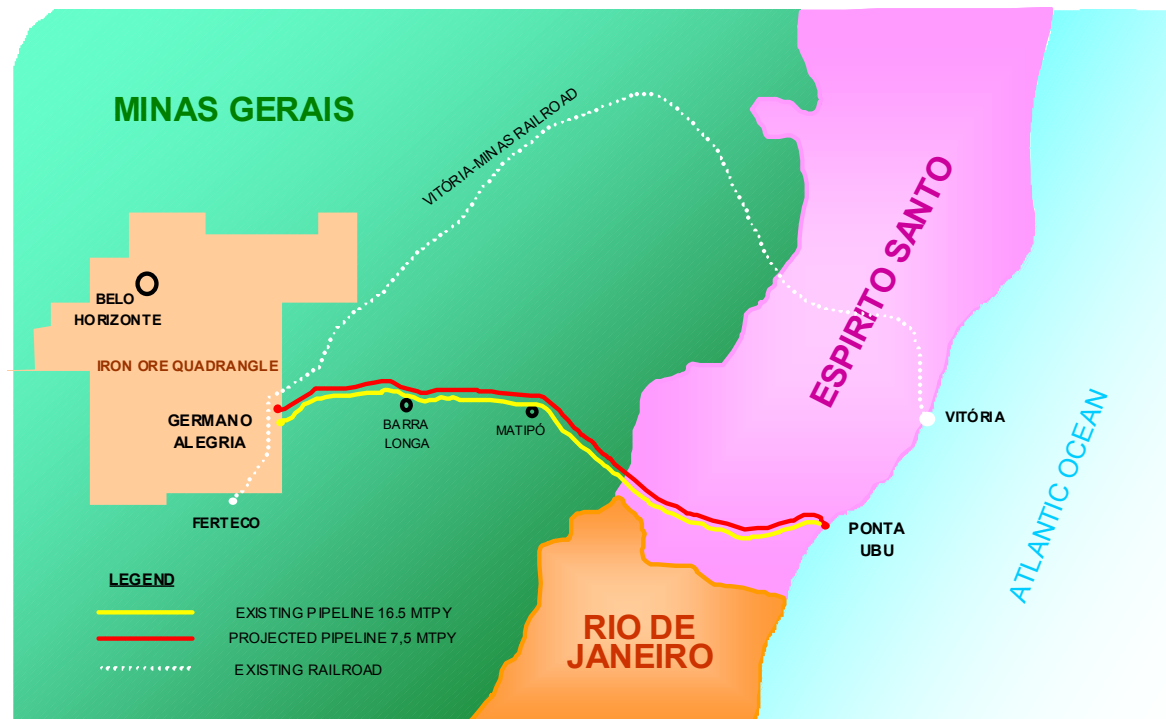
Mine and Concentration Plant:

- Samarco will increase its concentrate capacity from 16.5 to 24 mtpa.
- Expected Investment of US\$ 276 million



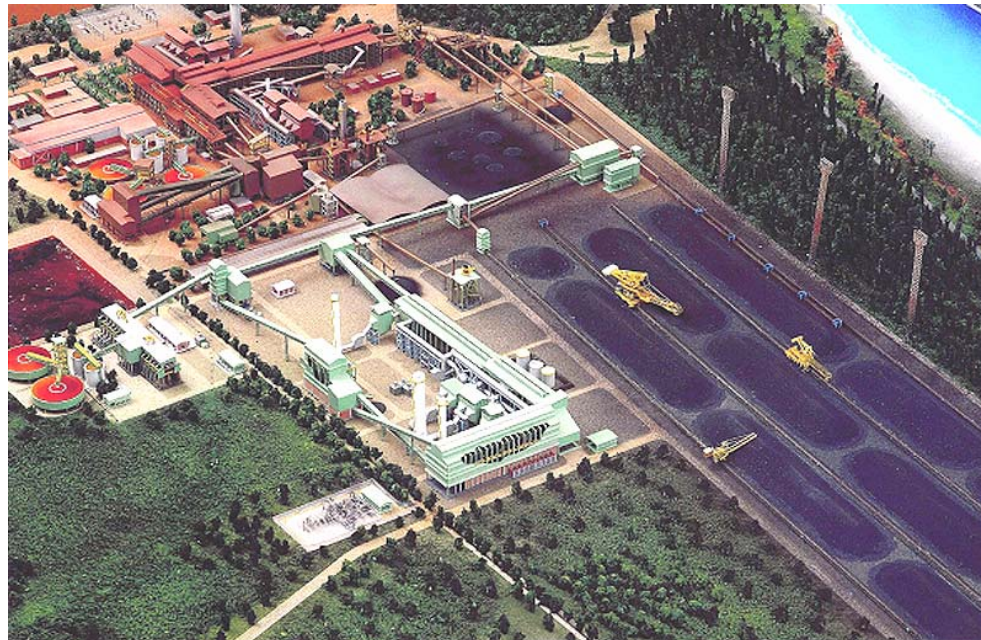
Pipeline:

- Samarco will transport the additional production of its mine and new concentrate plant by a second pipeline been constructed in parallel to the existing pipeline, with capacity to transport 7.5 mtpa of concentrate
- Expected Investment of US\$ 295 million



Pellet Plant, Stock and Loading Facilities:

- Samarco will increase its capacity by:
 - Constructing a new 7.6 mtpa capacity pellet plant at Ponta Ubu
 - Constructing an additional stockyard area
 - Enhancing the existing handling and shipping facilities
- Expected Investment of US\$ 600 million





PROJECT HIGHLIGHTS

- **Project completion is on Schedule.**
- **One lost time injury was registered until February 2007:**
 - **Worked hours** : 10.540.735
 - **Lost Time Injuries Frequency Rate(LTIFR)** : 0,09
 - **Classified Injuries Frequency Rate(CIFR)** : 0,19
- **Physical Progress: Up to date = 61%**



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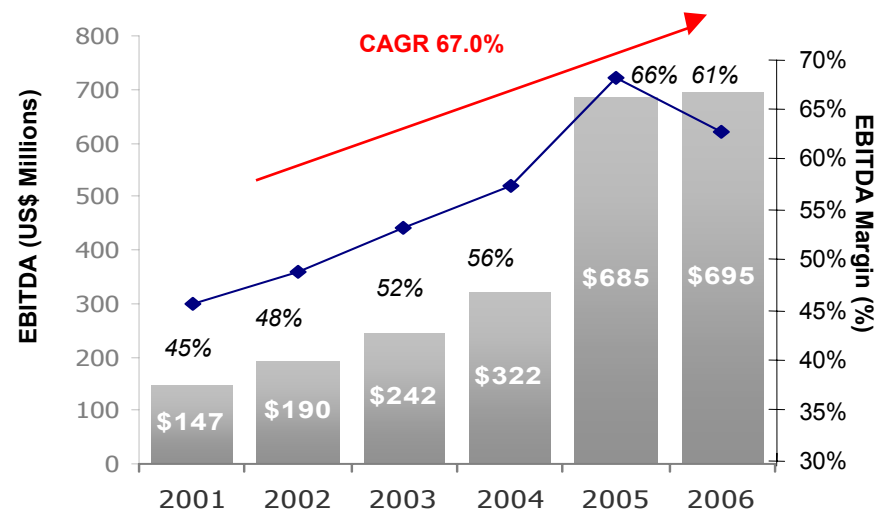
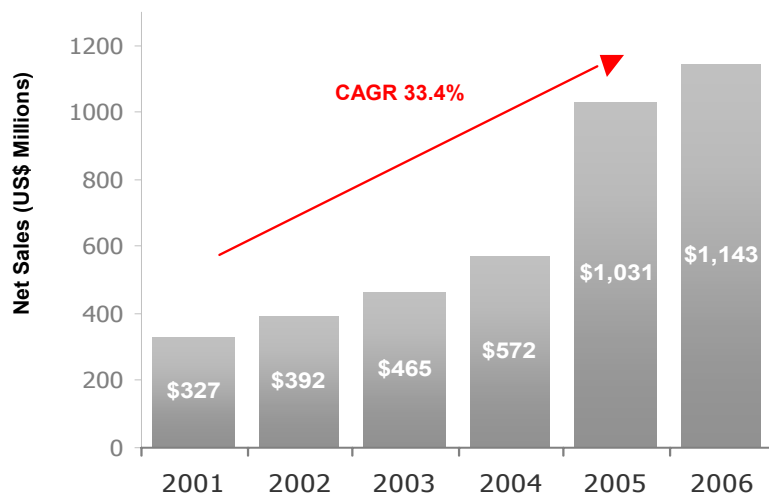


Strong Sponsors:

- **BHP Billiton (A+ by S&P):** a diversified natural resources company occupying industry leader or near industry leader position in major commodity business.
- **CVRD (BBB+ by S&P):** the largest diversified mining company in the Americas and the fifth largest company in the global metals & mining industry.

Solid Credit Profile:

- Experienced Management Team
- Leading Market Position
- Independent from the Brazilian economy: 100% exporter (revenues in hard currency) and fully integrated (own its mines, pipeline and port facilities)
- Increasing performance:





Summary

- Samarco is strongly positioned in the pellet market;
- Low-cost producer of high-margin product;
- The company has an unique “continuous” logistical system that provides a very low cost base;
- The end of CAPEX cycle gave the company larger scale, and a higher cash generation capability;
- Samarco has a sound management system and successful continuous improvement program;
- An array of new value-creation possibilities is available for growth.



SAMARCO

www.samarco.com