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Companhia Vale do Rio Doce  
Form 6-K  
May 18, 2006

**Table of Contents**

**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  
May 2006  
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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**Table of Contents**

**Table of Contents**

BRGAAP Press Release  
BRGAAP Financial Pages

A Quarterly information

1-Balance Sheet

2-Statement of Income

3-Statement of Changes in Stockholders' Equity

4-Statement of Cash Flows

5-Notes to the Quarterly information at March 31, 2006 and 2005

5.1- Operations

5.2- Presentation of Quarterly information

5.3- Principles and Practices of Consolidation

5.4- Significant Accounting Policies

5.5- Stock Merger - CAEMI

5.6- Divestment

5.7- Cash and Cash Equivalents

5.8- Accounts Receivable

5.9- Related Parties

5.10- Inventories

5.11- Taxes to recover or offset

5.12- Deferred Income Tax and Social Contribution

5.13- Consolidated investments

5.14- Property, Plant and Equipment

5.15- Loans and Financing

5.16- Contingent Liabilities

5.17- Environmental and Site Reclamation and Restoration Costs

5.18- Treasury Stock

5.19- Paid-up Capital

5.20- Financial Results

5.21- Financial Instruments - Derivatives

5.22- Sales, Administrative and Other Operating Expenses

5.23- Subsequent Events

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

7- Report of the Independent Accountants

B Additional Information

8 - Management's Discussion and Analysis of the Operating Results for the Year Ended March 31, 2006 and Supplemental Information

8.1- Comments on Consolidated Operating Results

8.1.1- Gross Revenue

8.1.2- Cost of Products and Services

8.1.3- Selling expenses and administrative expenses

8.1.4- Research and development

8.1.5- Other operating expenses

8.1.6- Net financial results

8.1.7- Income Tax and Social Contribution

8.1.8 - Cash generation

8.2- Comments on the Parent Company Results

8.2.1 - Gross Revenue

8.2.2 - Cost of Products and Services

**Table of Contents**

8.2.3 - Gross Margin

8.2.4 - Results of Shareholdings by Business Area

8.2.5 - Selling expenses and Administrative expenses

8.2.6 - Research and development

8.2.7 - Other operating expenses

8.2.8 - Net Financial Results

8.2.9 - Income Tax and Social Contribution

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

Signature Page

3

---

**Table of Contents**

**BR GAAP**

**BOVESPA: VALE3, VALE5  
NYSE: RIO, RIOPR  
LATIBEX: XVALO, XVALP**

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**DELIVERING A SOLID PERFORMANCE**

CVRD's performance in the first quarter of 2006 (1Q06)

Rio de Janeiro, May 10, 2006 Companhia Vale do Rio Doce (CVRD) returned a very solid performance in the first quarter of 2006, continuing the good results of recent years. Appropriate execution of the long-term strategy has enabled the Company to take advantage of the opportunities offered by the economic cycle, making possible sustained growth with both operational and financial performance able to generate value for its shareholders.

The main highlights of 1Q06 financial results are:

Gross revenues of R\$8.281 billion, up 17.4% on 1Q05.

Consolidated exports amounting to US\$2.282 billion, up 70.8% compared to 1Q05.

Net exports (exports less imports) of US\$2.054 billion, 87.6% higher than those reported in 1Q05. CVRD's contribution to Brazil's trade balance has increased, rising from 14% in the last two years, to 22% of the trade surplus in 1Q06, when it amounted to US\$9.341 billion. CVRD's sales performance in this quarter highlights its position as Brazil's largest net exporting Company.

Operating profit, as measured by EBIT (earnings before interest and tax) of R\$3.240 billion, 36.4% higher than in 1Q05.

EBIT margin of 40.7%, compared to 35.3% in 1Q05.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R\$3.753 billion, an increase of R\$904 million compared to 1Q05.

Net earnings of R\$2.185 billion, corresponding to earnings per share of R\$1.80, up 35.3% on 1Q05.

Return on equity (ROE) of 27.5%.

Investments realized of US\$1.126 billion<sup>1</sup>, US\$843 million being spent on organic growth, US\$236 million on the maintenance of existing operations and US\$47 million on acquisitions.

<sup>1</sup> Calculated according to generally accepted accounting principles in the United States (US GAAP) and based on financial disbursements.

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with generally accepted Brazilian accounting principles (Brazilian GAAP). According to the criteria of Brazilian GAAP, those companies in which CVRD has effective control, or shared control as defined by shareholders agreement, are included in the consolidated figures. In the instances where CVRD has effective control, the consolidation is carried out on a 100% basis and the difference between this amount and the percentage of CVRD's equity stake in the subsidiary is discounted at the minority shareholding line. CVRD's main subsidiaries are Caemi, Alunorte, Albras, RDM, RDME, RDMN, Urucum Mineração, Docenave, Ferrovia Centro-Atlântica (FCA), Rio Doce Europa, CVRD International, CVRD Overseas and Rio Doce International Finance. For companies in which control is shared, the consolidated figures are proportional to the equity stake held by CVRD in each company. The main companies in which CVRD has shared control are MRN, Valesul, Kobrasco, Nibrasco, Hispanobras, Itabrasco, GIIC, Samarco and CSI.

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**Table of Contents****BR GAAP****SELECTED FINANCIAL INDICATORS**

|                              | <b>1Q05</b> | <b>4Q05</b> | <b>1Q06</b> | R\$ million  |              |
|------------------------------|-------------|-------------|-------------|--------------|--------------|
|                              | <b>(A)</b>  | <b>(B)</b>  | <b>(C)</b>  | <b>%</b>     | <b>%</b>     |
|                              |             |             |             | <b>(C/A)</b> | <b>(C/B)</b> |
| Gross operating revenues     | 7,052       | 9,204       | 8,281       | 17.4         | -10.0        |
| Exports (US\$ million)       | 1,336       | 2,011       | 2,282       | 70.8         | 13.5         |
| Net exports (US\$ million)   | 1,095       | 1,838       | 2,054       | 87.6         | 11.8         |
| EBIT                         | 2,375       | 3,659       | 3,240       | 36.4         | -11.5        |
| EBIT margin (%)              | 35.3        | 41.0        | 40.7        |              |              |
| EBITDA                       | 2,849       | 4,200       | 3,753       | 31.7         | -10.6        |
| Net earnings                 | 1,614       | 2,637       | 2,185       | 35.3         | -17.2        |
| Net earnings per share (R\$) | 1.40        | 2.29        | 1.80        | 28.4         | -21.4        |
| Annualized ROE (%)           | 32.6        | 43.9        | 27.5        |              |              |
| Capex* (US\$ million)        | 570.4       | 1,851.8     | 1,126.0     | 97.4         | -39.2        |

\* acquisitions included

**BUSINESS OUTLOOK**

The performance of the global economy, exceeding expectations, produced renewed surprises. In spite of the oil price shock, for the fourth year running global GDP growth is expected to be more than 4% in 2006. The last time this happened was more than 30 years ago, over the years 1970-1973.

Oil prices continue to be high and we expect them to remain so for a long time. Expansion of demand and concerns on the future behavior of supply given the level of investment considered to be insufficient by the International Energy Agency and many analysts have made oil prices very sensitive to the effects of geopolitical uncertainty, significantly increasing their volatility.

The greater efficacy of monetary policy, helping to reduce macroeconomic stability worldwide, and the credibility of the Central Banks as inflation fighters, are factors which have enabled the global economy to expand rapidly even in the face of rising oil prices since 2003. In an environment of low inflation, with expectations of stability in price levels and the perception that companies do not have the price power, the pass-through of the oil price shock to final products tends to be much more limited than in the past thus limiting its effects on economic activity.

The Central Banks, led by the US Federal Reserve Bank, have put in place a normalization of their monetary policies after a cycle of extremely low interest rates. Short-term interest rates have risen, and more recently long-term rates have followed them, although they are still below historic levels. At the same time, the differentials between long-term and short-term interest rates are very narrow, reflecting the excess of savings in the world. Interest rate spreads, both in industrialized countries and emerging economies, are at their lowest levels for the last 20 years. It is expected that the negative impact of oil prices will be compensated by a gradual recovery in investments, both because companies' idle capacity has been almost completely absorbed, and conditions in the financial markets are very favorable, and also because there is continuity in macroeconomic policies that support the expansion of global economic activity.

In this context industrial production, completing the global cycle of consumption of inventories which continued until mid-2005, has begun to expand again in all regions. Purchasing Managers Indices for manufacturing industry which tends to



**Table of Contents**

**BR GAAP**

correlate well with the demand for metals indicate continuity of growth in the United States, Japan and the Eurozone, with increase of production, orders and jobs. In the European Union, where growth has been slower, signals of dynamism in its largest economies Germany, the UK, France and Italy are beginning to appear.

The greater macroeconomic stability, expressed in lower volatility of inflation and real GDP, has translated into longer periods of economic expansion and less frequent and less acute global recessions. This benign environment tends to be reflected in the metals cycle, where its influence is strengthened by the process of economic development in China.

The current metals expansion cycle has now lasted more than 50 months the longest since 1970 and the global macroeconomic scenario is highly favorable to its continuation. Simultaneously with the historic growth of demand in China, metals consumption in India is also expanding strongly, although less fast and on a smaller base. India is rich in mineral resources, and the initial effect is that it reallocates its exports to the local market to meet domestic demand. This is beginning to happen in iron ore, aiming to satisfy the demand caused by the growth of steel production, which averaged 9.4% per year over 2001-2005, and is a strategic priority for the country's industrial policy.

On the demand side, there is a new phenomenon in the form of allocation of part of institutional investors' portfolio to investment in commodities, whose prices have low or even negative correlation with the prices of shares on various time horizons. Investment in this new class of assets is a way of seeking diversification from the systematic (or non-diversifiable) risk of equity portfolios.

Our estimate is that commodities funds' investments in basic metals copper, aluminum, nickel are still small in relation to the size of these metals' respective markets, somewhere between 3% and 4%. However, the marginal impact on demand and prices could be significant.

The supply of minerals and metals also suffers the effect of the strong slowdown in investments in expansion of capacity and mineral exploration, in response to the Southeast Asian crisis of 1997. According to data from the Metals Economics Group, the level of investment in mineral exploration recovered its 1997 level, of US\$5.1 billion, only in 2005, with 40% of expenditure going into feasibility studies. Thus, new discoveries of mineral deposits have waned and there is no reasonable inventory of world-class projects expected to start operation over the next five years. The secondary position of expenditure in looking for new (grassroots) discoveries suggests that this problem could propagate into the future.

The absence of shock absorbers, such as idle capacity and inventories, to absorb shocks, lead to an upward bias in prices. For example, operation at full capacity increases the probability of production problems, which, due to the greater scarcity of replacement parts, tends to result in supply disruptions which, in the presence of very low inventories, help to increase price volatility.

In the specific case of iron ore, there are various indicators typical of persistence of the situation of excess of global demand which have appeared since 2003, and call for higher prices to stimulate their future correction.

China's imports of iron ore reached a monthly record of 29.5 million tons in March, totaling 80.9 million tons in 1Q06, 28% more than in 1Q05. Chinese iron ore inventories remain at a low level in relation to China's output of pig iron, and these levels are falling. The differential of prices for spot transactions and those in contracts for iron ore delivered to China reached an average of 30% in April.

**Table of Contents**

**BR GAAP**

In March 2006 world production of crude steel was 6.1% higher than in March 2005. Monthly production in China where apparent consumption of finished steel products is growing at 20% per year reached the record volume of 32.9 million tons, 19.4% more than in March 2005. In Europe 25, where the production of raw steel had fallen significantly last year, a recovery appears to be in progress: output was 4% higher than in March 2005, led by France (+8.7%) and the UK (+11.8%).

The price of metallics (scrap and pig iron) and steel products is in full recovery in all the regions of the world, which could be indicating a new cycle of generalized growth in steel output and would strengthen the pressures on demand for iron ore.

At the same time, due to the substantial increase in the capacity of the world's bulk shipping fleet the growth in terms of tons in 2005 was by far the greatest in the last 35 years prices of seaborne freight for iron ore have declined significantly. Between the end of 2004 and April 2006 there was an average reduction of US\$20 per ton for the Brazil-Asia route, and US\$12 per ton for the Brazil-Rotterdam route, which resulted in a considerable reduction of cost for the purchasers of iron ore in the seaborne market.

The announcement of start-up of additional alumina production capacity in China caused some reduction in spot market prices. In spite of this adjustment, they remained in the range US\$550 to US\$600 per ton FOB Australia, a clear indication of the imbalance between global demand and supply. In this context, the start-up of operation of stages 4 and 5 of CVRD's alumina refinery happens at a moment that is extremely favorable for achieving a good performance.

The strong appreciation of the Brazilian currency, the Real, against the US dollar has negatively affected the profitability of the farm products that Brazil exports, reversing initial estimates of expansion of output in 2006. This change is likely to have an adverse effect on the demand for railway transportation of general cargo, and on the price of potash, due to the importance of the Brazilian market as a purchaser in the global market.

**RELEVANT EVENTS**

**New levers of growth**

Two new projects were concluded stages 4 and 5 of Alunorte, and the Capim Branco I hydroelectric power plant which will make a significant contribution to the Company's cash flow and value creation in the near future.

With the addition of stages 4 and 5, the nominal production capacity of CVRD subsidiary Alunorte increases to 4.4 million tons per year of alumina, making it the world's largest alumina refinery. The project was delivered on schedule, for investment of US\$768 million.

The Capim Branco I power plant, on the Araguari river in the state of Minas Gerais, Brazil, with installed capacity of 240MW, is CVRD's sixth hydroelectric plant. CVRD's take in its energy output is equal to its share in the consortium that holds the concession, of 48.42%, and will be allocated to consumption by the units of CVRD located in the Southern System, helping to reduce costs. CVRD's investment was US\$187 million.

**Acquisition of assets**

In January 2006 the assets of Rio Verde Mineração mineral resources, land and equipments were acquired, for US\$47 million. These assets are close to the

**Table of Contents**

**BR GAAP**

operations of CVRD's subsidiary MBR in Nova Lima, in the Iron Quadrilateral in the state of Minas Gerais, Brazil.

**Stock merger with Caemi**

On May 3, 2006 CVRD concluded the stock merger with Caemi and now holds 100% of the capital of Caemi. The preferred shares issued by Caemi were exchanged for CVRD PNA shares on the basis of 0.04115 of a CVRD PNA preferred share for one Caemi PN preferred share. For this transaction, 64,151,361 preferred Class A shares were issued by CVRD, increasing its total number of shares by 5.6%.

Caemi's PN shares ceased trading on the São Paulo Stock Exchange (Bovespa) on May 4, 2006. On May 16, 2006 the CVRD PNA shares arising from fractioning in the exchange of Caemi PN for CVRD PNA will be auctioned on the Bovespa.

**Payment of dividends**

In accordance with CVRD's dividend policy and the announcement made on January 26 this year, the first portion of the minimum remuneration to shareholders for 2006, in the amount of R\$1.145292894 per common or preferred share, totaling R\$1.39 billion, was paid to shareholders on April 28.

**Stock split**

CVRD's Extraordinary General Meeting of Shareholders approved a two-for-one stock split of both common and preferred shares, as a result of which CVRD's capital will be 2,459,657,056 shares, of which 1,499,898,858 are common shares and 959,758,198 are PNA preferred shares.

For the shares traded on the São Paulo Stock Exchange (Bovespa), the new shares arising from the split will be distributed on May 25, 2006, to shareholders on record as of May 19, 2006.

For the American Depositary Receipts (ADRs) traded on the New York Stock Exchange, the distribution of new ADRs one for each existing ADR will be finalized on June 7, with record date as of May 24, 2006.

Each ADR both RIO and RIOPR will continue to represent one CVRD's common or preferred share.

The split aims to reposition the Company's share price after an appreciation of 180% in US dollar between August 19, 2004, when the last CVRD's forward stock split took place, and end of April 2006.

**REVENUES**

In 1Q06, CVRD's gross revenues amounted to R\$8.281 billion, 17.4% up on 1Q05.

The increase in the price of products sold by the Company, determined basically by the upward movement in the ore and metals cycle, contributed R\$2.304 billion to the increase seen in CVRD's gross revenue. The rise in sales volume was responsible for R\$56 million of this increase, while the appreciation in the Brazilian Real against the US dollar in this period, of 21.5%, had an adverse impact on CVRD's gross revenue of R\$1.131 billion.

**Table of Contents****BR GAAP**

In the first quarter of 2006, sales of iron ore accounted for 69.3% of CVRD's total revenue, while sales of products in the aluminum chain accounted for 12.7%, logistic services, 8.5%, non-ferrous minerals, 4.8% and steel products, 4.2%.

Revenues from sales to the Americas accounted for 34.5% of CVRD's total sales in the quarter. Brazil was the main destination for the Company's sales, responsible for 21.3% of total revenue. Asia accounted for 34.3%, 18.1% of the total being sales to China, while Europe accounted for 26.3% of CVRD's total sales in 1Q06.

The importance of the Chinese market has been growing, the percentage of the Company's revenues from that country rising from 10.6% in 2004 to 14.6% in 2005 and 18.1% in 1Q06.

**GROSS REVENUES BY PRODUCT**

|  | 1Q05         |              | 4Q05         |              | 1Q06         |              | R\$ million |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
|  |              | %            |              | %            |              | %            |             |
| <b>Iron ore and pellets</b>                  | <b>3,920</b> | <b>55.6</b>  | <b>6,343</b> | <b>68.9</b>  | <b>5,480</b> | <b>66.2</b>  |             |
| Iron ore                                     | 2,753        | 39.0         | 4,404        | 47.8         | 4,147        | 50.1         |             |
| Pellets                                      | 1,167        | 16.5         | 1,939        | 21.1         | 1,333        | 16.1         |             |
| <b>Pelletizing plants operation services</b> | <b>21</b>    | <b>0.3</b>   | <b>19</b>    | <b>0.2</b>   | <b>18</b>    | <b>0.2</b>   |             |
| <b>Manganese and ferro-alloys</b>            | <b>498</b>   | <b>7.1</b>   | <b>272</b>   | <b>3.0</b>   | <b>256</b>   | <b>3.1</b>   |             |
| <b>Copper concentrate</b>                    | <b>200</b>   | <b>2.8</b>   | <b>294</b>   | <b>3.2</b>   | <b>242</b>   | <b>2.9</b>   |             |
| <b>Potash</b>                                | <b>80</b>    | <b>1.1</b>   | <b>92</b>    | <b>1.0</b>   | <b>49</b>    | <b>0.6</b>   |             |
| <b>Kaolin</b>                                | <b>105</b>   | <b>1.5</b>   | <b>114</b>   | <b>1.2</b>   | <b>106</b>   | <b>1.3</b>   |             |
| <b>Aluminum</b>                              | <b>1,040</b> | <b>14.7</b>  | <b>933</b>   | <b>10.1</b>  | <b>1,053</b> | <b>12.7</b>  |             |
| <b>Logistics</b>                             | <b>725</b>   | <b>10.3</b>  | <b>781</b>   | <b>8.5</b>   | <b>704</b>   | <b>8.5</b>   |             |
| Railroads                                    | 506          | 7.2          | 575          | 6.2          | 535          | 6.5          |             |
| Ports  | 114          | 1.6          | 111          | 1.2          | 106          | 1.3          |             |
| Shipping                                     | 105          | 1.5          | 95           | 1.0          | 63           | 0.8          |             |
| <b>Steel products</b>                        | <b>452</b>   | <b>6.4</b>   | <b>338</b>   | <b>3.7</b>   | <b>349</b>   | <b>4.2</b>   |             |
| <b>Coal</b>                                  |              | <b>0.0</b>   |              | <b>0.0</b>   | <b>9</b>     | <b>0.1</b>   |             |
| <b>Others</b>                                | <b>11</b>    | <b>0.2</b>   | <b>18</b>    | <b>0.2</b>   | <b>15</b>    | <b>0.2</b>   |             |
| <b>Total</b>                                 | <b>7,052</b> | <b>100.0</b> | <b>9,204</b> | <b>100.0</b> | <b>8,281</b> | <b>100.0</b> |             |

**GROSS REVENUES BY DESTINATION**

|                          | 1Q05         |              | 4Q05         |              | 1Q06         |              | R\$ million |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
|                          |              | %            |              | %            |              | %            |             |
| <b>Americas</b>          | <b>3,026</b> | <b>42.9</b>  | <b>3,082</b> | <b>33.5</b>  | <b>2,854</b> | <b>34.5</b>  |             |
| Brazil                   | 1,765        | 25.0         | 1,855        | 20.2         | 1,761        | 21.3         |             |
| USA                      | 743          | 10.5         | 627          | 6.8          | 526          | 6.4          |             |
| Others                   | 518          | 7.3          | 600          | 6.5          | 567          | 6.8          |             |
| <b>Asia</b>              | <b>1,861</b> | <b>26.4</b>  | <b>3,143</b> | <b>34.1</b>  | <b>2,840</b> | <b>34.3</b>  |             |
| China                    | 836          | 11.9         | 1,759        | 19.1         | 1,495        | 18.1         |             |
| Japan                    | 597          | 8.5          | 810          | 8.8          | 837          | 10.1         |             |
| Others                   | 428          | 6.1          | 574          | 6.2          | 508          | 6.1          |             |
| <b>Europe</b>            | <b>1,828</b> | <b>25.9</b>  | <b>2,347</b> | <b>25.5</b>  | <b>2,175</b> | <b>26.3</b>  |             |
| <b>Rest of the World</b> | <b>336</b>   | <b>4.8</b>   | <b>632</b>   | <b>6.9</b>   | <b>412</b>   | <b>5.0</b>   |             |
| <b>Total</b>             | <b>7,051</b> | <b>100.0</b> | <b>9,204</b> | <b>100.0</b> | <b>8,281</b> | <b>100.0</b> |             |

**OPERATIONAL COSTS AND EXPENSES**

CVRD's cost of goods sold (COGS) amounted to R\$3.945 billion in 1Q06, up R\$160 million, or 4.2%, compared to the same quarter in 2005. Of this amount, 71%

**Table of Contents**

**BR GAAP**

was denominated in Brazilian Reais and 29% denominated in, or indexed to, the US Dollar.

Expenditure on outsourced services contributed R\$865 million to the cost of goods sold, up R\$107 million compared to 1Q05. The main elements of these expenses consisted of railfreight contracted, principally for the transport of iron ore produced by MBR and the Oeste mines, in CVRD's Southern System, equipment and facilities maintenance services and waste and ore removal being the main COGS item, responsible for 21.9% of the total.

Expenses on material, of R\$712 million, were practically equal to the figure reported in 1Q05, of R\$715 million.

Expenditure on personnel amounted to R\$372 million, 18.5% higher than in 1Q05, as a result of an annual salary rise of 6.5% awarded to employees in July 2005, as well as an increase in the size of the workforce needed to support the growth in the Company's activities.

Expenditure on fuel oil, gas and electricity, of R\$760 million, was R\$36 million higher than that reported in 1Q05, basically due to the increase in fuel and electricity prices.

Expenditure on the acquisitions of products was reduced by R\$69 million, dropping from R\$593 million in 1Q05 to R\$524 million in 1Q06. In 1Q06, CVRD purchased 3.663 million tons of iron ore from small mining companies in the Iron Quadrangle in the state of Minas Gerais, compared to 4.356 million tons in 1Q05. In addition to the reduction of 15.9% in the volume purchased of iron ore, the effect of the appreciation in the Brazilian Real against the US Dollar had a favorable effect, reducing the price of these purchases in Reais.

Demurrage payments by the Company for shipping delays at its maritime terminals amounted to R\$21 million in 1Q06, down 62.5% on 1Q05. Considerable progress was made in cutting demurrage expenses, which amounted to US\$0.20 per ton shipped, below the target for 2006 of US\$0.22 per ton, and less than half that in 2004, of US\$0.45 per ton.

Operational expenses totaled R\$781 million in 1Q06, 39.5% higher than the expenditure in the same quarter in 2005.

Sales expenses amounted to R\$105 million, R\$5 million more than the figure in 1Q05. Administrative expenses, of R\$331 million, increased by 28.3% compared to 1Q05, basically due to higher expenditure on publicity and advertising, consultancy services, depreciation and the salary increase mentioned above.

Expenditure on research and development (R&D) amounted to R\$156 million, 92.6% more than in 1Q05. The increase in R&D expenditure at CVRD in the last few quarters is due to the implementation of its strategy of focusing on organic growth, which implies heavier investment in mineral exploration and feasibility studies for the development of mineral deposits in various countries.

Other operational expenses, of R\$189 million, were R\$68 million higher than the number reported in 1Q05. This increase was basically due to higher contingency provisions, employee profit sharing, and write-downs in the Company's asset inventory.

**Table of Contents****BR GAAP****COGS BREAKDOWN**

|                             | R\$ million  |              |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                             | <b>1Q05</b>  | <b>%</b>     | <b>4Q05</b>  | <b>%</b>     | <b>1Q06</b>  | <b>%</b>     |
| Personnel                   | 314          | 8.3          | 419          | 9.5          | 372          | 9.4          |
| Material                    | 715          | 18.9         | 777          | 17.6         | 712          | 18.0         |
| Fuel oil and gases          | 407          | 10.7         | 519          | 11.8         | 456          | 11.6         |
| Outsourced services         | 758          | 20.0         | 992          | 22.5         | 865          | 21.9         |
| Electric energy             | 318          | 8.4          | 362          | 8.2          | 304          | 7.7          |
| Acquisition of products     | 593          | 15.7         | 594          | 13.5         | 524          | 13.3         |
| Depreciation and exhaustion | 347          | 9.2          | 393          | 8.9          | 368          | 9.3          |
| Goodwill amortization       | 96           | 2.5          | 91           | 2.1          | 92           | 2.3          |
| Others                      | 238          | 6.3          | 260          | 5.9          | 252          | 6.4          |
| <b>Total</b>                | <b>3,785</b> | <b>100.0</b> | <b>4,407</b> | <b>100.0</b> | <b>3,945</b> | <b>100.0</b> |

**OPERATIONAL PERFORMANCE**

Operational performance, as measured by EBIT, in the first quarter of 2006 totaled to R\$3.240 billion, R\$865 million higher than that reported in 1Q05, of R\$2.375 billion.

EBIT in 1Q06 was principally influenced by the increase of R\$1.245 billion in net revenues, partially offset by a rise of R\$159 million in COGS and R\$221 million on administrative, sales, general and R&D expenses.

EBIT margin in 1Q06 amounted to 40.7%, 540 basis points (bp) higher than the margin reported in 1Q05, of 35.3%.

**CASH GENERATION**

Cash generation, as measured by EBITDA, in 1Q06 amounted to R\$3.753 billion, 31.7% higher than that reported in 1Q05, of R\$2.849 billion.

The increase of R\$904 million observed in EBITDA was basically due to the growth of R\$865 million in EBIT and R\$39 million in depreciation. In 1Q06, CVRD received dividends from non-consolidated affiliates of R\$1 million.

In 1Q06 the business areas made the following contributions to cash flow: ferrous minerals 78.3%, aluminum chain 11.6%, logistics services 6.3%, non-ferrous minerals 3.1%, steel, 1.7% and others, represented by expenditure on research and development, (1.0%).

**QUARTERLY EBITDA**

|   | R\$ million  |              |              |
|---|--------------|--------------|--------------|
|   | <b>1Q05</b>  | <b>4Q05</b>  | <b>1Q06</b>  |
| Net operating revenues                  | 6,720        | 8,916        | 7,965        |
| COGS                                    | (3,785)      | (4,407)      | (3,944)      |
| SG&A                                    | (358)        | (436)        | (436)        |
| Research and development                | (81)         | (209)        | (156)        |
| Other operational expenses              | (121)        | (205)        | (189)        |
| <b>EBIT</b>                             | <b>2,375</b> | <b>3,659</b> | <b>3,240</b> |
| Depreciation, amortization & exhaustion | 473          | 538          | 512          |
| Dividends received                      |              | 3            | 1            |
| <b>EBITDA</b>                           | <b>2,849</b> | <b>4,200</b> | <b>3,753</b> |

**Table of Contents**

**BR GAAP**

**FINANCIAL RESULT**

CVRD's net financial result in the first quarter of 2006 was a negative R\$259 million, compared to a negative R\$274 million in 1Q05. Financial expenses totaled R\$527 million and financial revenues, R\$108 million. Monetary variation resulted in a gain of R\$160 million, due to the appreciation in the Brazilian Real against the US Dollar between 1Q05 and 1Q06.

**EQUITY INCOME RESULT**

CVRD's equity income result amounted to R\$16 million, compared to R\$73 million in 1Q05. This drop was principally due to the lower contributions from the steel segment.

**NET EARNINGS**

In the first quarter of 2006, CVRD's net earnings totaled R\$2.185 billion, corresponding to R\$1.80 per share. Compared to the net earnings reported in 1Q05, of R\$1.614 billion, the Company's net earnings showed an increase of 35.3% in twelve months.

In this quarter, CVRD booked R\$19 million in gains from the sale of its stake in Nova Era Silicon - NES, sold for a total of US\$14 million in February 2006.

Provisions made for the payment of income tax and social contribution amounted to R\$585 million, R\$194 million more than in 1Q05.

Minority shareholding participations in 1Q06 reduced net earnings by R\$247 million. With the incorporation of Caemi's shares into CVRD, in the next quarter this item will cease to include the accounting effect of the portion of earnings attributed to the minority shareholders in Caemi. In 1Q06, this contributed to a reduction in CVRD's net earnings of R\$117 million.

**A HEALTHY BALANCE SHEET**

CVRD's total debt has increased from US\$5.010 billion on December 31, 2005 to US\$6.063 billion on March 31, 2006, with net debt US\$4.419 billion at the end of 1Q06, against US\$3.969 billion at the end of 4Q05. The Company's cash position at the end of 1Q06 was US\$1.644 billion.

The increase in debt is fully compatible with CVRD's cash generation, and this is evidenced by the strong leverage and interest coverage indicators, which continue to portray the solidity of the balance sheet.

Gross debt/adjusted EBITDA was 0.84x on March 31, 2006, compared to 0.77x on December 31, 2005; and total debt/enterprise value remained effectively unchanged, increasing from 10.0% to 10.3%. Interest coverage, measured by adjusted EBITDA/interest paid, changed from 25.95x at the end of 2005 to 27.08x at the end of March 2006.

At the same time the average debt maturity was increased, from 7.89 years at end-December 2005 to 8.15 years at end-March 2006, reflecting the issue of US\$1 billion debt due in 2016 and coupon of 6.25% per year, and repurchase of short-term debt performed in 1Q06.



**Table of Contents****BR GAAP****DEBT INDICATORS**

|  | US\$ million |        |        |
|--|--------------|--------|--------|
|  | 1Q05         | 4Q05   | 1Q06   |
| Gross debt                                     | 4,182        | 5,010  | 6,063  |
| Net debt                                       | 3,060        | 3,969  | 4,419  |
| Gross debt / adjusted LTM EBITDA(x)            | 1.05         | 0.77   | 0.84   |
| Adjusted LTM EBITDA / LTM interest expenses(x) | 13.24        | 25.95  | 27.08  |
| Gross debt / EV(%)                             | 11.06%       | 10.04% | 10.31% |

*Enterprise Value = market capitalization + net debt*

**BUSINESS PERFORMANCE*****Ferrous minerals***

Shipments of iron ore and pellets in 1Q06, of 62.627 million tons, were 6.4% higher than the figure in the same quarter a year earlier, despite the stoppages on the Carajás Railway which interrupted the flow of products from the mines to the Ponta da Madeira maritime terminal.

Sales of iron ore amounted to 54.860 million tons, up 11.6% compared to 1Q05. Pellet sales, of 7.767 million tons in 1Q06, experienced a retraction in demand, due to the cutback of steel production in Europe and North America, down 20.1% compared to 1Q05.

Of the total volume of iron ore and pellets sold by CVRD in 1Q06, of 17.564 million tons, 28.1% of the volume sold was to China, compared to 19.6% in 1Q05. Japan accounted for 6.706 million tons, representing 10.7% of sales, Germany, 5.452 million tons, 8.7%, followed by South Korea, with 3.095 million tons, 4.9%. Sales to Brazil amounted to 11.054 million tons, 17.7% of total shipments.

CVRD's shipments of manganese ore amounted to 149,000 tons in 1Q06, down 24.7% on 1Q05. In this quarter, ferroalloys sales were 126,000 tons, down 7.4% on the amount shipped in the same period a year earlier.

The manganese and ferroalloy markets saw a slight recovery after the strong price decline which began at the beginning of the second half of 2004, a trend caused by excess supply in the market. After cuts in production and the gradual withdrawal of swing producers from the market, stocks are being consumed and prices are stabilizing at levels above those seen at the beginning of 2003, before the start of the last upcycle.

Revenues from ferrous minerals – iron ore, pellets, manganese and ferroalloys – in 1Q06 amounted to R\$5.754 billion, up 29.6% compared to 1Q05, when they reached R\$4.440 billion.

Revenues from the sale of iron ore were R\$4.147 billion; pellets, R\$1.333 billion; pelletization services from the operation of the pellet plants at Tubarão, R\$18 million; manganese ore, R\$25 million and ferro-alloys, R\$231 million. It is important to bear in mind that the increase in iron ore and pellet prices for 2005 only began to be reflected in the Company's numbers from the second quarter of that year. The retroactive effect on 1Q05 was incorporated from 2Q05 onwards.

In 1Q06, EBIT margin in the ferrous segment amounted to 47.6%. EBITDA from the sale of ferrous minerals amounted to R\$2.939 billion in 1Q06, against R\$1.936 billion in 1Q05.

Table of Contents**BR GAAP****SALES VOLUME-IRON ORE AND PELLETS**

|              | thousand tons |              |               |              |               |              |
|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|              | <b>1Q05</b>   | <b>%</b>     | <b>4Q05</b>   | <b>%</b>     | <b>1Q06</b>   | <b>%</b>     |
| Iron ore     | 49,159        | 83.5         | 56,007        | 82.8         | 54,860        | 87.6         |
| Pellets      | 9,725         | 16.5         | 11,604        | 17.2         | 7,767         | 12.4         |
| <b>Total</b> | <b>58,884</b> | <b>100.0</b> | <b>67,611</b> | <b>100.0</b> | <b>62,627</b> | <b>100.0</b> |

**VOLUME SOLD BY DESTINATION-IRON ORE AND PELLETS**

|                          | million tons |              |             |              |             |              |
|--------------------------|--------------|--------------|-------------|--------------|-------------|--------------|
|                          | <b>1Q05</b>  | <b>%</b>     | <b>4Q05</b> | <b>%</b>     | <b>1Q06</b> | <b>%</b>     |
| <b>Americas</b>          | <b>12.5</b>  | <b>21.2</b>  | <b>13.2</b> | <b>19.5</b>  | <b>11.7</b> | <b>18.7</b>  |
| Brazil                   | 11.2         | 19.1         | 11.4        | 16.9         | 11.1        | 17.7         |
| USA                      | 1.3          | 2.2          | 1.7         | 2.6          | 0.6         | 1.0          |
| <b>Asia</b>              | <b>22.7</b>  | <b>38.5</b>  | <b>30.7</b> | <b>45.4</b>  | <b>29.3</b> | <b>46.8</b>  |
| China                    | 11.5         | 19.6         | 17.9        | 26.4         | 17.6        | 28.1         |
| Japan                    | 5.8          | 9.9          | 6.6         | 9.8          | 6.7         | 10.7         |
| Others                   | 5.3          | 9.0          | 6.2         | 9.1          | 5.0         | 8.0          |
| <b>Europe</b>            | <b>18.0</b>  | <b>30.5</b>  | <b>17.5</b> | <b>25.9</b>  | <b>16.4</b> | <b>26.2</b>  |
| Germany                  | 5.9          | 10.0         | 5.8         | 8.6          | 5.5         | 8.7          |
| France                   | 2.6          | 4.4          | 3.3         | 4.9          | 2.6         | 4.2          |
| Others                   | 9.5          | 16.1         | 8.4         | 12.4         | 8.3         | 13.3         |
| <b>Rest of the World</b> | <b>5.7</b>   | <b>9.7</b>   | <b>6.3</b>  | <b>9.3</b>   | <b>5.2</b>  | <b>8.3</b>   |
| <b>Total</b>             | <b>58.9</b>  | <b>100.0</b> | <b>67.6</b> | <b>100.0</b> | <b>62.6</b> | <b>100.0</b> |

***Products in the aluminum chain***

In 1Q06, CVRD's bauxite sales amounted to 1.108 million tons, down 10.1% on 1Q05.

The volume sold of alumina in 1Q06 amounted to 490,000 tons, up 5.6% in relation to 1Q05, which already partially reflects the effect of stage 4 coming into service at the Barcarena refinery in January of this year.

Sales of primary aluminum, of 124,000 tons, were two thousand tons higher than in 1Q05, reflecting productivity gains at the smelter in Barcarena, where production totaled 112,000 tons.

Revenues from the sale of products in the aluminum chain in 1Q06 amounted to R\$1.053 billion, compared to R\$1.040 billion in 1Q05.

In 1Q06, EBIT margin corresponding to products in the aluminum chain was 38.7% while EBITDA totaled R\$436 million, down R\$18 million on the figure reported in the first quarter of 2005.

***Non-ferrous minerals***

Sales of potash in 1Q06 amounted to 103,000 tons, down 25.4% compared to 1Q05. The behavior seen in Brazil's agricultural segment, whose profitability has been adversely affected by the strong appreciation in the Brazilian Real, has contributed to a reduction in fertilizer demand. This also has had an influence on the potash price, given Brazil's leading position as a buyer of potash in the global market.

In 1Q06, revenues from the sale of potash were R\$49 million, against R\$80 million obtained in the same period a year earlier.

Kaolin sales volume in 1Q06, of 321,000 tons, were 14.6% higher than the volume

**Table of Contents****BR GAAP**

sold in 1Q05, of 280,000 tons. Revenues in this quarter, of R\$106 million, were in line with those reported in 1Q05. Sales of copper concentrate totaled 70,000 tons, compared to 85,000 tons in 1Q05, as production at the Sossego mine was adversely affected by operational problems in the ball mill at the beneficiation plant, which were solved at the end of February. Production is expected to recover gradually to an annualized level of around 120,000 tons of copper concentrate per year.

The increased seen in the price of copper concentrate between 1Q05 and 1Q06, more than compensated for the drop in sales volume, resulting in revenues from the sale of copper concentrate, of R\$242 million, up 21.0% compared to the first quarter a year earlier.

In 1Q06, EBIT margin generated by the non-ferrous mineral division amounted to 19.1% and EBITDA totaled R\$117 million.

**SALES VOLUME-ORES AND METALS**

|                    | thousand tons |             |             |
|--------------------|---------------|-------------|-------------|
|                    | <b>1Q05</b>   | <b>4Q05</b> | <b>1Q06</b> |
| Manganese          | 198           | 244         | 149         |
| Ferro alloys       | 136           | 124         | 126         |
| Copper concentrate | 85            | 112         | 70          |
| Potash             | 138           | 176         | 103         |
| Kaolin             | 280           | 355         | 321         |
| Coal               |               |             | 46          |
| Bauxite            | 1,233         | 1,544       | 1,108       |
| Alumina            | 464           | 403         | 490         |
| Aluminum           | 122           | 131         | 124         |

***Coal***

In January 2006, CVRD received its first delivery of Yongcheng anthracite coal, of 46,000 tons, from the operation of Henan Longyu Energy Resources Co. Ltd. (Longyu), a joint venture between CVRD and Chinese companies. This sale generated revenues of R\$9 million. The equity income result generated by CVRD stake in Longyu in the 1Q06 was R\$14 million.

***Logistics Services***

In the first quarter of 2006, CVRD's railroads – Carajás, Vitória a Minas, Centro-Atlântica and MRS Logística transported 6.170 billion net ton kilometers (ntk) of general cargo for clients, 2.7% higher than the volume transported in 1Q05, of 6.009 billion ntk. The main cargoes transported were inputs and products for the steel industry, 48.3%, agricultural products, 32.3%, and building materials and forestry products, 8.5%.

The Company's maritime terminals and ports handled 6.189 million tons of general cargo, compared to 6.313 million in 1Q05.

Logistics services for clients generated revenues of R\$704 million in 1Q06, down 2.9% in relation to 1Q05. Rail transportation for clients generated revenues of R\$535 million, while port services generated R\$106 million and coastal shipping and ports support services, R\$63 million.

EBIT margin for the logistics business amounted to 16.1%. In 1Q06, EBITDA from this segment totaled R\$235 million, compared to R\$292 million in 1Q05.



**Table of Contents****BR GAAP****LOGISTICS SERVICES**

|                         | <b>1Q05</b> | <b>4Q05</b> | <b>1Q06</b> |
|-------------------------|-------------|-------------|-------------|
| Railroads (million ntk) | 6,009       | 6,373       | 6,170       |
| Ports (thousand tons)   | 6,313       | 7,622       | 6,189       |

**Steel**

In 1Q06, revenues generated by CVRD's stakes in the steel industry were R\$349 million, R\$103 million less than that obtained in the same quarter a year earlier. In this quarter, EBIT margin was 17.7%, while EBITDA amounted to R\$66 million.

**EBITDA BY BUSINESS AREA**

|                      | R\$ million  |              |              |              |              |              |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                      | <b>1Q05</b>  | <b>%</b>     | <b>4Q05</b>  | <b>%</b>     | <b>1Q06</b>  | <b>%</b>     |
| Ferrous minerals     | 1,936        | 67.9         | 3,528        | 84.0         | 2,939        | 78.3         |
| Non-ferrous minerals | 104          | 3.6          | 157          | 3.7          | 117          | 3.1          |
| Logistics            | 292          | 10.2         | 221          | 5.3          | 235          | 6.3          |
| Aluminum             | 454          | 15.9         | 339          | 8.1          | 436          | 11.6         |
| Steel                | 64           | 2.2          | 46           | 1.1          | 66           | 1.8          |
| Others               |              | 0.0          | (91)         | -2.2         | (40)         | -1.1         |
| <b>Total</b>         | <b>2,849</b> | <b>100.0</b> | <b>4,200</b> | <b>100.0</b> | <b>3,753</b> | <b>100.0</b> |

**TWO NEW PROJECTS DELIVERED**

CVRD's capital expenditure in 1Q06 was US\$1.126 billion, 39.2% lower than in 4Q05 of US\$1.852 billion, which includes the acquisition of 99.2% of Canico Resources Corp., and representing an increase of 97.5% from the US\$570 million invested in capital expenditure in 1Q05.

Capex in the first quarter of 2006, excluding the US\$47 million in acquisition, was 23.3% of the year's total capex budget of US\$4.626 billion.

Expenditure on organic growth R&D and projects was US\$843 million, stay-in-business capex was US\$236 million, and US\$47 million was spent on one acquisition.

Two important projects were completed in this quarter.

Stage 4 of the alumina refinery started operating in January 2006, and stage 5 at the end of March, increasing nominal production capacity from 2.5 million to 4.4 million tons per year. The project was completed on schedule, for total cost of US\$768 million, equivalent to a cost of US\$412 per ton of additional capacity – almost half the average cost for brownfield projects currently under development in the global aluminum industry.

The ramp-up of stages 4 and 5 will increase alumina production to 3.8 million tons in 2006 – from 2.6 million tons in 2005. Operation at full capacity is expected in 2007.

This investment makes Alunorte the world's largest aluminum refinery. A new project, for the construction of stages 6 and 7, is already being developed and will add approximately 1.9 million tons per year to this refinery's nominal capacity.

The Capim Branco I hydroelectric power plant started commercial operation in February 2006. It has installed capacity for 240MW, and is located on the Araguari river in the state of Minas Gerais, Brazil. CVRD has a 48.42% share in the consortium holding the concession for construction and operation of the plant, and



**Table of Contents****BR GAAP**

its take in the electricity generated will be consumed by CVRD's operational units located in the Southern System. Capim Branco I is the sixth hydroelectric plant in the construction of which CVRD has been involved its investment was US\$177 million. Generation by the power plants in which CVRD has stakes Igarapava, Porto Estrela, Funil, Candonga and Aimorés provided 53% of the consumption by the Southern System's operations last year. The Company's investment in R&D in 1Q06 was US\$81 million, which compares with US\$109 million in the previous quarter and US\$28 million in 1Q05. Spending was concentrated in prospecting for new deposits of copper, coal, nickel and manganese, and project studies (conceptual, pre-feasibility and feasibility).

CVRD's Board of Directors approved investment of US\$200 million in the CSA steel slab project, located in Rio de Janeiro state, with nominal capacity of 4.4 million tons per year of steel slabs and start-up scheduled for 2008. CVRD has an option to divest its position in this project in the future.

CSA will generate annual demand for 7 million tons of iron ore and pellets, which will be supplied by CVRD.

The assets of Rio Verde Mineração land, natural resources and mining equipments were acquired in January, for US\$47 million. Its iron ore deposits are located in the Iron Quadrilateral, close to those assets of the CVRD's subsidiary MBR in Nova Lima, in the state of Minas Gerais, Brazil. The Mar Azul mine, one of the assets acquired, produced 244,000 tons in 1Q06.

**Main projects in progress**

| <b>Area</b>                 | <b>Project</b>  | <b>2006<br/>budget,<br/>R\$ MM</b> | <b>Status</b>   |
|-----------------------------|---|------------------------------------|---|
| <b>Ferrous<br/>minerals</b> | Expansion of Carajás iron ore capacity to 85 Mtpy Northern System           | 41                                 | This project will increase capacity by 15 million tons per year completion in 3Q06.   |
|                             | Expansion of capacity of Carajás iron ore mines to 100 Mtpy Northern System | 289                                | This project will increase CVRD's annual output capacity by 15 million tons, with conclusion planned for the second half of 2007. The Ponta da Madeira Port Terminal will be expanded, and Pier III will be extended, with a third ship loading unit and fourth shipment line.                      |
|                             | Brucutu iron ore mine Southern System                                       | 310                                | Completion of Phase I is expected in 2Q06, increasing nominal production capacity to 12 million tons per year. Phase II is scheduled for completion in 1Q07, bringing the mine's capacity to 24 million tons per year. Expansion of the project to 30 Mtpy is under study. Budget has been revised. |
|                             | Fazendão iron ore mine Southern System                                      | 39                                 | Project to produce 14 million tons of run-of-mine (ROM unprocessed) iron ore per year. The project makes Samarco's third pelletization plant viable. Work will start in 1H06, for completion and operational start-up in second half 2007.  |
|                             | Expansion of the Fábrica iron ore mine Southern                             | 88                                 | Expansion by 5 million tons, from 12 to 17 million tons per year, with start-up planned for 4Q07.   |

System



**Table of Contents****BR GAAP**

| <b>Area</b>                 | <b>Project</b>                                | <b>2006<br/>budget,<br/>R\$ MM</b> | <b>Status</b>   |
|-----------------------------|---|------------------------------------|---|
|                             | Expansion of the Tubarão port Southern System | 20                                 | Project to expand the conveyor belt systems, patio machinery and new storage platforms, adding 10 million tons per year to the port's handling capacity conclusion planned for 1Q07.  |
|                             | Itabiritos                                    | 338                                | Construction of a pelletization plant in Minas Gerais state, with nominal annual production capacity of 7 million tons, and an iron ore concentration plant. Start-up planned for second half 2008.   |
|                             | Tubarão VIII                                  | 31                                 | Construction of pelletization plant, with nominal production capacity of 7 Mtpy in the Tubarão complex. Start-up planned for 2008. Subject to CVRD Board of Directors approval.   |
| <b>Coal</b>                 | Metallurgical coke                            | 9                                  | Acquisition of 25% stake in Shandong Yankuang International Coking Ltd, a Chinese company that will produce metallurgical coke. The project has estimated production capacity of 2 million tons per year of coke and 200,000 tons per year of methanol. Start of operation is scheduled for first half 2006.  |
| <b>Non-ferrous minerals</b> | 118 copper mine                               | 21                                 | This project will have capacity to produce 36,000 tons per year of copper cathode. Key equipment has been ordered and start-up is scheduled for first half 2008. Proceedings to obtain the license for the project are in progress.   |
|                             | Vermelho nickel mine                          | 97                                 | Estimated production capacity is 46,000 tons of metallic nickel and 2,800 tons of cobalt, per year. The main equipment has been ordered. EPCM (Engineering, Procurement, Construction Management) contracts were signed in December 2005. Proceedings to obtain environmental license are in progress. Start-up of the mine timetabled for fourth quarter 2008. |
|                             | Paragominas I bauxite mine                    | 210                                | The first phase of this mine will produce 5.4 million tons of bauxite per year starting in 1Q07. A 244-km ore pipeline will transport the bauxite to the Barcarena alumina refinery, in the Brazilian state of Pará its construction is planned   |

for completion in December 2006.

|                       |   |     |  |
|-----------------------|---|-----|--|
|                       | Stages 6 and 7 of Alunorte alumina                                | 239 | This will increase Alunorte's capacity to 6.26Mtpy of alumina. Conclusion is planned for 2Q08.   |
|                       | Paragominas II bauxite mine                                       | 14  | The second phase of Paragominas will add 4.5Mtpy to the capacity of 5.4Mtpy resulting from the first phase. Conclusion timetabled for 2Q08.  |
| <b>Logistics</b>      | Railroads (EFVM, EFC, FCA): acquisition of locomotives and wagons | 379 | In 2006, CVRD will acquire 22 locomotives, and 1,426 rail wagons. 150 for general cargo and 1,276 to carry iron ore. All the locomotives will be used to haul iron ore.  |
| <b>Electricity</b>    | Capim Branco I and II hydroelectric power plants                  | 61  | Both are on the Araguari river in the state of Minas Gerais, and will have generation capacity, respectively, of 240MW and 210MW. Capim Branco I started operating in 1Q06. Capim Branco II is timetabled for start-up in 1Q07.  |
|                       | Estreito hydroelectric power plant                                | 68  | On the Tocantins river, on the border between the Brazilian states of Maranhão and Tocantins. Planned installed capacity of 1,087MW. Start of construction is planned for 2006, subject to obtaining installation license. First rotor is expected to start producing in second half 2009. |
| <b>Steel holdings</b> | Ceará Steel   | 11  | Project for a steel slab plant in the state of Ceará in Brazil's Northeast region, with nominal capacity for 1.5 million tons per year. Start-up planned for 2009.   |
|                       | CSA   | 72  | Project for a steel slab plant in the state of Rio de Janeiro, with nominal capacity for 4.4 million tons per year, and start-up in 2008. CVRD's Board of Directors approved the investment in 1Q06.   |

**Table of Contents****BR GAAP****TOTAL CAPEX BY BUSINESS AREA**

| By business area     | Actual, 1Q06     |               | US\$ million<br>Budgeted, 2006 |               |
|----------------------|------------------|---------------|--------------------------------|---------------|
|                      | Ferrous minerals | 519           | 46.1%                          | 2,118         |
| Non-ferrous minerals | 82               | 7.3%          | 412                            | 8.9%          |
| Logistics            | 228              | 20.3%         | 785                            | 17.0%         |
| Aluminum             | 219              | 19.4%         | 778                            | 16.8%         |
| Coal                 | 8                | 0.8%          | 124                            | 2.7%          |
| Energy               | 25               | 2.2%          | 135                            | 2.9%          |
| Steel holdings       | 8                | 0.7%          | 112                            | 2.4%          |
| Other                | 37               | 3.2%          | 162                            | 3.5%          |
| <b>Total</b>         | <b>1,126</b>     | <b>100.0%</b> | <b>4,626</b>                   | <b>100.0%</b> |

**CONFERENCE CALL AND WEBCAST**

CVRD will hold a conference call and webcast on May 12, at 12:00 midday Rio de Janeiro time, 11:00 am US Eastern Standard Time, 4:00 pm UK time. Instructions for participation are on the website [www.cvrld.com.br](http://www.cvrld.com.br), under *Investor Relations*. A recording will be available on CVRD's site for 90 days from May 12.

**FINANCIAL INDICATORS OF NON-CONSOLIDATED COMPANIES**

For selected financial indicators of the main companies not consolidated, see CVRD quarterly financial statements on [www.cvrld.com.br](http://www.cvrld.com.br), under *Investor Relations*.

**Table of Contents****BR GAAP****FINANCIAL STATEMENTS**

|  | R\$ million  |              |              |
|--|--------------|--------------|--------------|
|  | 1Q05         | 4Q05         | 1Q06         |
| <b>Gross operating revenues</b>                          | <b>7,052</b> | <b>9,204</b> | <b>8,281</b> |
| Taxes  | (332)        | (288)        | (316)        |
| <b>Net operating revenues</b>                            | <b>6,720</b> | <b>8,916</b> | <b>7,965</b> |
| Cost of goods sold                                       | (3,785)      | (4,407)      | (3,944)      |
| <b>Gross profit</b>                                      | <b>2,935</b> | <b>4,509</b> | <b>4,021</b> |
| Gross margin (%)   | 43.7%        | 50.6%        | 50.5%        |
| <b>Operational expenses</b>                              | <b>(560)</b> | <b>(850)</b> | <b>(781)</b> |
| Sales  | (100)        | (54)         | (105)        |
| Administrative   | (258)        | (382)        | (331)        |
| Research and development                                 | (81)         | (209)        | (156)        |
| Other operational expenses                               | (121)        | (205)        | (189)        |
| <b>Operating profit before result from shareholdings</b> | <b>2,375</b> | <b>3,659</b> | <b>3,240</b> |
| <b>Result from shareholdings</b>                         | <b>73</b>    | <b>105</b>   | <b>16</b>    |
| Equity income  | 130          | 136          | 76           |
| Goodwill amortization                                    | (57)         | (51)         | (38)         |
| Others   |              | 20           | (22)         |
| <b>Financial result</b>                                  | <b>(274)</b> | <b>(764)</b> | <b>(259)</b> |
| Financial expenses                                       | (295)        | (527)        | (527)        |
| Financial revenues                                       | 113          | 103          | 108          |
| Monetary variation                                       | (92)         | (340)        | 160          |
| <b>Operating profit</b>                                  | <b>2,174</b> | <b>3,000</b> | <b>2,997</b> |
| Result of discontinued operations                        |              |              | 19           |
| Income tax and social contribution                       | 2,174        | 3,000        | 3,017        |
| Earnings before income tax and social contribution       | (391)        | (153)        | (585)        |
| Minority interest  | (169)        | (210)        | (247)        |
| <b>Net earnings</b>                                      | <b>1,614</b> | <b>2,637</b> | <b>2,185</b> |

**BALANCE SHEET**

|                     | R\$ million   |               |               |
|---------------------|---------------|---------------|---------------|
|                     | 03/31/2005    | 12/31/2005    | 03/31/2006    |
| <b>Asset</b>        |               |               |               |
| Current             | 11,937        | 12,571        | 13,715        |
| Long term           | 3,787         | 4,235         | 4,551         |
| Fixed               | 29,159        | 36,788        | 41,917        |
| <b>Total</b>        | <b>44,884</b> | <b>53,594</b> | <b>60,183</b> |
| <b>Liabilities</b>  |               |               |               |
| Current             | 8,712         | 11,667        | 10,078        |
| Long term           | 14,225        | 14,915        | 16,292        |
| Others              | 2,162         | 2,960         | 2,085         |
| Shareholders equity | 19,785        | 24,052        | 31,728        |
| Paid-up capital     | 7,300         | 14,000        | 19,492        |
| Reserves            | 12,485        | 10,052        | 12,236        |
| <b>Total</b>        | <b>44,884</b> | <b>53,594</b> | <b>60,183</b> |



**Table of Contents****BR GAAP****CASH FLOW**

|   | <b>1Q05</b>    | <b>4Q05</b>    | R\$ million<br><b>1Q06</b> |
|---|----------------|----------------|----------------------------|
| <b>Cash flows from operating activities:</b>                                    |                |                |                            |
| Net income  | 1,614          | 2,637          | 2,185                      |
| Adjustments to reconcile net income with cash provided by operating activities: |                |                |                            |
| Result from shareholdings   | (74)           | (105)          | (16)                       |
| Result from sale of investment  |                |                | (19)                       |
| Depreciation, depletion and amortization  | 385            | 446            | 420                        |
| Deferred income tax and social contribution                                     | (113)          | (201)          | (77)                       |
| Financial expenses and foreign exchange and monetary net variation              | 46             | 437            | (654)                      |
| Minority interest   | 169            | 211            | 246                        |
| Impairment of property, plant and equipment                                     | 15             | 46             | 18                         |
| Goodwill amortization in the COGS   | 96             | 92             | 92                         |
| Net unrealized derivative losses  | 5              | 252            | 158                        |
| Dividends/interest attributed to stockholders received                          |                | 4              | 1                          |
| Others  | (81)           | (21)           | 22                         |
| Decrease (increase) in assets:  |                |                |                            |
| Accounts receivable   | (338)          | (376)          | 492                        |
| Inventories   | (70)           | (21)           | (188)                      |
| Advanced pay to energy suppliers  | (43)           | (142)          | (68)                       |
| Others  | (79)           | 328            | (404)                      |
| Increase (decrease) in liabilities:   |                |                |                            |
| Suppliers and contractors   | 49             | 365            | (842)                      |
| Payroll and related charges   | (94)           | 93             | (242)                      |
| Taxes and Contributions   | (579)          | (980)          | (329)                      |
| Others  | (257)          | 216            | (285)                      |
| <b>Net cash provided by operating activities</b>                                | <b>651</b>     | <b>3,280</b>   | <b>511</b>                 |
| Cash Flow from investing activities:  |                |                |                            |
| Loans and advances receivable   | 12             | 66             | 26                         |
| Guarantees and deposits   | (52)           | (43)           | (52)                       |
| Additions to investments  | (10)           | (23)           | (112)                      |
| Additions to property, plant and equipment                                      | (1,755)        | (3,099)        | (1,699)                    |
| Net cash for acquisition and investment on subsidiaries                         |                | (1,621)        |                            |
| Proceeds from disposals of investments/property, plant and equipment            | 6              | 37             | 48                         |
| <b>Net cash used I investing activities</b>                                     | <b>(1,798)</b> | <b>(4,683)</b> | <b>(1,789)</b>             |
| Cash flows from financing activities:   |                |                |                            |
| Short-term debt, net issuances (repayments)                                     | 221            | (145)          | 155                        |
| Long-term debt  | 726            | 3,406          | 3,091                      |
| Financial institutions  | (477)          | (334)          | (739)                      |
| Interest attributed to stockholders   |                | (1,810)        | (55)                       |
| <b>Net cash used in financing activities</b>                                    | <b>470</b>     | <b>1,117</b>   | <b>2,452</b>               |
| Increase (decrease) in cash and cash equivalents                                | (677)          | (286)          | 1,174                      |
| Cash and equivalents, beginning of period                                       | 3,917          | 2,989          | 2,703                      |
| <b>Cash and equivalents, end of period</b>                                      | <b>3,240</b>   | <b>2,703</b>   | <b>3,877</b>               |
| Cash paid during the period for:  |                |                |                            |

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|  |       |       |       |
|--|-------|-------|-------|
| Interest on short-term debt  | (2)   | (18)  | (8)   |
| Interest on long-term debt   | (226) | (135) | (219) |
| Paid income tax and social contribution                            | (211) | (173) | (432) |
| Non-cash transactions:   |       |       |       |
| Additions to property, plant and equipment interest capitalization | (27)  | (123) | (220) |
| Income tax and social contribution paid with credits               | (49)  | (315) | (82)  |

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18

**Table of Contents**

**BR GAAP**

This communication may include declarations which represent the expectations of the Company's Management about future results or events. All such declarations, when based on future expectations and not on historical facts, involve various risks and uncertainties. The Company cannot guarantee that such declarations turn out to be correct. Such risks and uncertainties include factors relative to the Brazilian economy and capital markets, which are volatile and may be affected by developments in other countries; factors relative to the iron ore business and its dependence on the steel industry, which is cyclical in nature; and factors relative to the high degree of competitiveness in industries in which CVRD operates. To obtain additional information on factors which could cause results to be different from those estimated by the Company, please consult the reports filed with the Comissão de Valores Mobiliários (CVM Brazilian stock exchange regulatory authority) and the U.S. Securities and Exchange Commission (SEC), including the most recent Annual Report (CVRD Form 20F).



**Table of Contents**

**Contents**

|   |    |
|---|----|
| <u>A - Quarterly information</u>  | 2  |
| <u>1 - Balance Sheet</u>  | 2  |
| <u>2 - Statement of Income</u>  | 3  |
| <u>3 - Statement of Changes in Stockholders' Equity</u>   | 4  |
| <u>4 - Statement of Cash Flows</u>  | 5  |
| <u>5 - Notes to the Quarterly information at March 31, 2006 and 2005</u>  | 6  |
| <u>5.1 - Operations</u>   | 6  |
| <u>5.2 - Presentation of Quarterly information</u>  | 6  |
| <u>5.3 - Principles and Practices of Consolidation</u>  | 6  |
| <u>5.4 - Significant Accounting Policies</u>  | 6  |
| <u>5.5 - Stock Merger - CAEMI</u>   | 7  |
| <u>5.6 - Divestment</u>   | 7  |
| <u>5.7 - Cash and Cash Equivalents</u>  | 7  |
| <u>5.8 - Accounts Receivable</u>  | 7  |
| <u>5.9 - Related Parties</u>  | 8  |
| <u>5.10 - Inventories</u>   | 8  |
| <u>5.11 - Taxes to recover or offset</u>  | 9  |
| <u>5.12 - Deferred Income Tax and Social Contribution</u>   | 9  |
| <u>5.13 - Consolidated investments</u>  | 10 |
| <u>5.14 - Property, Plant and Equipment</u>   | 11 |
| <u>5.15 - Loans and Financing</u>   | 12 |
| <u>5.16 - Contingent Liabilities</u>  | 13 |
| <u>5.17 - Environmental and Site Reclamation and Restoration Costs</u>  | 15 |
| <u>5.18 - Treasury Stock</u>  | 15 |
| <u>5.19 - Paid-up Capital</u>   | 15 |
| <u>5.20 - Financial Results</u>   | 16 |
| <u>5.21 - Financial Instruments - Derivatives</u>   | 16 |
| <u>5.22 - Sales, Administrative and Other Operating Expenses</u>  | 18 |
| <u>5.23 - Subsequent Events</u>   | 18 |
| <u>6 - Attachment I - Statement of Investments in Subsidiaries and Jointly-Controlled Companies</u>                                     | 19 |
| <u>7 - Report of the Independent Accountants</u>  | 20 |
| <u>B - Additional Information</u>   | 21 |
| <u>8 - Management's Discussion and Analysis of the Operating Results for the Year Ended March 31, 2006 and Supplemental Information</u> | 21 |
| <u>8.1 - Comments on Consolidated Operating Results</u>   | 21 |
| <u>8.1.1 - Gross Revenue</u>  | 21 |
| <u>8.1.2 - Cost of Products and Services</u>  | 22 |
| <u>8.1.3 - Selling expenses and administrative expenses</u>   | 22 |
| <u>8.1.4 - Research and development</u>   | 23 |
| <u>8.1.5 - Other operating expenses</u>   | 23 |
| <u>8.1.6 - Net financial results</u>  | 23 |
| <u>8.1.7 - Income Tax and Social Contribution</u>   | 23 |
| <u>8.1.8 - Cash generation</u>  | 24 |
| <u>8.2 - Comments on the Parent Company Results</u>   | 25 |
| <u>8.2.1 - Gross Revenue</u>  | 25 |
| <u>8.2.2 - Cost of Products and Services</u>  | 25 |
| <u>8.2.3 - Gross Margin</u>   | 25 |

|   |    |
|---|----|
| <u>8.2.4 - Results of Shareholdings by Business Area</u>                                  | 25 |
| <u>8.2.5 - Selling expenses and Administrative expenses</u>                               | 25 |
| <u>8.2.6 - Research and development</u>   | 26 |
| <u>8.2.7 - Other operating expenses</u>   | 26 |
| <u>8.2.8 - Net Financial Results</u>  | 26 |
| <u>8.2.9 - Income Tax and Social Contribution</u>   | 26 |
| <u>9 - Board of Directors, Fiscal Council, Advisory Committees and Executive Officers</u> | 27 |
| <b>A- Quarterly information</b>   |    |

**Table of Contents**

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

**1- Balance Sheet****March 31**

|   |              | <b>In thousands of reais</b> |                                  |                   |                                    |
|---|--------------|------------------------------|----------------------------------|-------------------|------------------------------------|
|   | <b>Notes</b> | <b>03/31/06</b>              | <b>Consolidated<br/>12/31/05</b> | <b>03/31/06</b>   | <b>Parent Company<br/>12/31/05</b> |
| <b>Assets</b>                               |              |                              |                                  |                   |                                    |
| <b>Current assets</b>                       |              |                              |                                  |                   |                                    |
| Cash and cash equivalents                   | 5.7          | 3,877,362                    | 2,703,252                        | 144,164           | 131,467                            |
| Accounts receivable from customers          | 5.8          | 3,670,235                    | 4,182,861                        | 2,071,977         | 2,038,066                          |
| Related parties                             | 5.9          | 220,847                      | 134,378                          | 1,363,243         | 777,786                            |
| Inventories                                 | 5.10         | 3,488,755                    | 3,234,595                        | 1,377,421         | 1,127,391                          |
| Taxes to recover or offset                  | 5.11         | 966,031                      | 985,522                          | 498,424           | 491,637                            |
| Deferred income tax and social contribution | 5.12         | 586,394                      | 428,383                          | 506,555           | 333,881                            |
| Other                                       |              | 905,046                      | 901,851                          | 333,830           | 305,653                            |
|   |              | <b>13,714,670</b>            | <b>12,570,842</b>                | <b>6,295,614</b>  | <b>5,205,881</b>                   |
| <b>Non-current assets</b>                   |              |                              |                                  |                   |                                    |
| <b>Long-term receivables</b>                |              |                              |                                  |                   |                                    |
| Related parties                             | 5.9          | 18,566                       | 5,999                            | 407,013           | 459,212                            |
| Loans and financing                         |              | 141,414                      | 143,144                          | 105,448           | 106,628                            |
| Deferred income tax and social contribution | 5.12         | 994,339                      | 1,043,383                        | 427,929           | 421,330                            |
| Judicial deposits                           | 5.16         | 1,722,990                    | 1,666,707                        | 1,068,188         | 1,030,201                          |
| Taxes to recover or offset                  | 5.11         | 214,280                      | 313,613                          | 176,722           | 170,613                            |
| Asset for sale                              |              | 114,997                      | 53,885                           |                   |                                    |
| Advances to energy suppliers                | 5.4(f)       | 794,789                      | 727,227                          |                   |                                    |
| Prepaid expenses                            |              | 109,399                      | 90,238                           |                   |                                    |
| Other                                       |              | 439,921                      | 191,476                          | 10,637            | 9,733                              |
|   |              | <b>4,550,695</b>             | <b>4,235,672</b>                 | <b>2,195,937</b>  | <b>2,197,717</b>                   |
| <b>Investments</b>                          | 5.13         | <b>7,008,981</b>             | <b>2,814,357</b>                 | <b>26,485,896</b> | <b>17,833,951</b>                  |
| <b>Property, plant and equipment</b>        | 5.14         | <b>34,696,174</b>            | <b>33,767,779</b>                | <b>21,548,895</b> | <b>20,760,650</b>                  |
| <b>Deferred charges</b>                     |              | <b>211,531</b>               | <b>205,807</b>                   |                   |                                    |
|   |              | <b>41,916,686</b>            | <b>36,787,943</b>                | <b>48,034,791</b> | <b>38,594,601</b>                  |
|   |              | <b>60,182,051</b>            | <b>53,594,457</b>                | <b>56,526,342</b> | <b>45,998,199</b>                  |
| <b>Liabilities and stockholders equity</b>  |              |                              |                                  |                   |                                    |
| <b>Current liabilities</b>                  |              |                              |                                  |                   |                                    |
| Short-term debt                             | 5.15         | 615,994                      | 516,851                          |                   |                                    |

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|  |      |                   |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Current portion of long-term debt                      | 5.15 | 2,746,618         | 2,939,569         | 771,617           | 882,114           |
| Payable to suppliers and contractors                   |      | 1,788,399         | 2,684,097         | 1,213,474         | 1,767,521         |
| Related parties  | 5.9  | 62,457            | 81,026            | 4,126,936         | 3,609,363         |
| Payroll and related charges                            |      | 303,466           | 541,947           | 196,976           | 424,466           |
| Pension Plan Valia                                     |      | 75,357            | 69,950            | 75,408            | 70,294            |
| Proposed dividends and interest on stockholders equity |      | 2,961,312         | 2,908,048         | 2,750,150         | 2,750,150         |
| Taxes and contributions                                |      | 529,006           | 908,900           | 54,201            | 67,912            |
| Other  |      | 995,143           | 1,017,281         | 422,645           | 490,770           |
|  |      | <b>10,077,752</b> | <b>11,667,669</b> | <b>9,611,407</b>  | <b>10,062,590</b> |
| <b>Non-current liabilities</b>                         |      |                   |                   |                   |                   |
| <b>Long-term liabilities</b>                           |      |                   |                   |                   |                   |
| Long-term debt   | 5.15 | 10,768,483        | 9,066,375         | 2,113,611         | 2,146,225         |
| Related parties  | 5.9  | 3,106             | 3,065             | 9,381,736         | 5,701,060         |
| Provisions for contingencies                           | 5.16 | 2,825,735         | 3,183,384         | 2,138,215         | 2,503,457         |
| Pension Plan Valia                                     |      | 546,695           | 562,759           | 545,060           | 562,157           |
| Provision for environmental liabilities                | 5.17 | 554,679           | 548,509           | 343,532           | 335,757           |
| Provisions for derivatives                             | 5.21 | 644,966           | 609,871           | 75,471            | 63,413            |
| Other  |      | 947,947           | 943,167           | 589,706           | 572,899           |
|  |      | <b>16,291,611</b> | <b>14,917,130</b> | <b>15,187,331</b> | <b>11,884,968</b> |
| <b>Deferred income</b>                                 |      | <b>7,603</b>      | <b>8,507</b>      |                   |                   |
| <b>Minority interest</b>                               |      | <b>2,077,481</b>  | <b>2,950,510</b>  |                   |                   |
| <b>Stockholders equity</b>                             |      |                   |                   |                   |                   |
| Paid-up capital  | 5.19 | 19,492,401        | 14,000,000        | 19,492,401        | 14,000,000        |
| Revenue reserves                                       |      | 12,235,203        | 10,050,641        | 12,235,203        | 10,050,641        |
|  |      | <b>31,727,604</b> | <b>24,050,641</b> | <b>31,727,604</b> | <b>24,050,641</b> |
|  |      | <b>60,182,051</b> | <b>53,594,457</b> | <b>56,526,342</b> | <b>45,998,199</b> |

The additional information, notes and attachment I are an integral part of the quarterly information.

**Table of Contents**

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

**2- Statement of Income**

| Periods ended March 31               |              | In thousands of reais |                    |                       |                         |                         |
|--------------------------------------|--------------|-----------------------|--------------------|-----------------------|-------------------------|-------------------------|
|                                      | Notes        | 1Q/06                 | 4Q/05              | Consolidated<br>1Q/05 | Parent Company<br>1Q/06 | Parent Company<br>1Q/05 |
| <b>Operating revenues</b>            | 8.1.1<br>and |                       |                    |                       |                         |                         |
| <b>Sales of ore and metals</b>       | 8.2.1        |                       |                    |                       |                         |                         |
| Iron ore and pellets                 |              | 5,498,489             | 6,362,284          | 3,941,538             | 3,454,470               | 2,701,710               |
| Manganese and ferroalloys            |              | 256,362               | 271,756            | 498,239               |                         |                         |
| Copper                               |              | 241,738               | 294,285            | 199,980               | 152,196                 | 188,079                 |
| Potash                               |              | 48,888                | 91,828             | 80,373                | 48,888                  | 80,373                  |
| Kaolin                               |              | 106,327               | 113,847            | 104,576               |                         |                         |
|                                      |              | <b>6,151,804</b>      | <b>7,134,000</b>   | <b>4,824,706</b>      | <b>3,655,554</b>        | <b>2,970,162</b>        |
| Transport services                   |              | 703,644               | 780,268            | 724,463               | 401,850                 | 365,932                 |
| Sales of aluminum-related products   |              | 1,052,552             | 933,725            | 1,039,968             | 20,893                  | 59,963                  |
| Sales of steel products              |              | 348,909               | 338,304            | 452,153               |                         |                         |
| Other products and services          |              | 24,215                | 18,176             | 11,073                | 17,584                  | 9,582                   |
|                                      |              | <b>8,281,124</b>      | <b>9,204,473</b>   | <b>7,052,363</b>      | <b>4,095,881</b>        | <b>3,405,639</b>        |
| Value Added taxes                    |              | (315,852)             | (288,953)          | (331,790)             | (228,663)               | (177,391)               |
| <b>Net operating revenues</b>        |              | <b>7,965,272</b>      | <b>8,915,520</b>   | <b>6,720,573</b>      | <b>3,867,218</b>        | <b>3,228,248</b>        |
| <b>Cost of products and services</b> | 8.1.2<br>and |                       |                    |                       |                         |                         |
| Ores and metals                      | 8.2.2        | (2,598,146)           | (2,944,056)        | (2,405,412)           | (2,200,458)             | (1,883,331)             |
| Transport services                   |              | (452,964)             | (535,660)          | (440,795)             | (160,454)               | (133,552)               |
| Aluminum-related products            |              | (600,677)             | (626,070)          | (549,292)             | (15,744)                | (32,918)                |
| Steel products                       |              | (278,906)             | (294,589)          | (383,660)             |                         |                         |
| Other products and services          |              | (14,017)              | (7,033)            | (5,820)               | (6,514)                 | (8,001)                 |
|                                      |              | <b>(3,944,710)</b>    | <b>(4,407,408)</b> | <b>(3,784,979)</b>    | <b>(2,383,170)</b>      | <b>(2,057,802)</b>      |
| <b>Gross profit</b>                  |              | <b>4,020,562</b>      | <b>4,508,112</b>   | <b>2,935,594</b>      | <b>1,484,048</b>        | <b>1,170,446</b>        |
| <b>Gross margin</b>                  |              | <b>50.5%</b>          | <b>50.6%</b>       | <b>43.7%</b>          | <b>38.4%</b>            | <b>36.3%</b>            |
| <b>Operating expenses</b>            |              |                       |                    |                       |                         |                         |
| Selling and Administrative           | 5.22         | (435,793)             | (434,795)          | (357,698)             | (187,651)               | (123,111)               |
| Research and development             |              | (156,058)             | (209,326)          | (81,129)              | (110,956)               | (72,657)                |
| Other operating expenses             | 5.22         | (188,825)             | (204,963)          | (120,868)             | (98,219)                | (78,813)                |

|  |      | (780,676)        | (849,084)        | (559,695)        | (396,826)        | (274,581)        |
|--|------|------------------|------------------|------------------|------------------|------------------|
| <b>Operating profit before financial results and results of equity investments</b> |      | <b>3,239,886</b> | <b>3,659,028</b> | <b>2,375,899</b> | <b>1,087,222</b> | <b>895,865</b>   |
| <b>Results of equity investments</b>   | 5.13 | <b>16,410</b>    | <b>105,916</b>   | <b>73,519</b>    | <b>1,081,040</b> | <b>1,026,200</b> |
| Gain on investments accounted for by the equity method                             |      | 76,774           | 136,884          | 130,359          | 1,763,166        | 1,056,641        |
| Amortization of goodwill   |      | (37,941)         | (51,025)         | (57,270)         | (37,941)         | (57,270)         |
| Provision for losses   |      |                  |                  |                  | (42,635)         | (10,998)         |
| Exchange variation in stockholders' equity of companies abroad                     |      | (22,423)         | 20,057           | 430              | (601,550)        | 37,827           |
| <b>Financial results, net</b>  | 5.20 | <b>(259,054)</b> | <b>(764,159)</b> | <b>(274,447)</b> | <b>284,159</b>   | <b>(190,607)</b> |
| <b>Sale of assets</b>  | 5.6  | <b>19,326</b>    |                  |                  | <b>19,326</b>    |                  |
| <b>Income before income tax and social contribution</b>                            |      | <b>3,016,568</b> | <b>3,000,785</b> | <b>2,174,971</b> | <b>2,471,747</b> | <b>1,731,458</b> |
| <b>Income tax and social contribution</b>  | 5.12 | <b>(585,334)</b> | <b>(152,191)</b> | <b>(390,544)</b> | <b>(287,185)</b> | <b>(116,268)</b> |
| <b>Income before minority interests</b>  |      | <b>2,431,234</b> | <b>2,848,594</b> | <b>1,784,427</b> | <b>2,184,562</b> | <b>1,615,190</b> |
| <b>Minority interests</b>  |      | <b>(246,672)</b> | <b>(211,547)</b> | <b>(169,237)</b> |                  |                  |
| <b>Net income for the period</b>   |      | <b>2,184,562</b> | <b>2,637,047</b> | <b>1,615,190</b> | <b>2,184,562</b> | <b>1,615,190</b> |
| <b>Number of shares outstanding at the end of the period (in thousands)</b>        | 5.19 | <b>1,215,672</b> | <b>1,151,520</b> | <b>1,151,520</b> | <b>1,215,672</b> | <b>1,151,520</b> |
| <b>Net earnings per share outstanding at the end of the period (R\$)</b>           |      | <b>1.80</b>      | <b>2.29</b>      | <b>1.40</b>      | <b>1.80</b>      | <b>1.40</b>      |

The notes and attachment I are an integral part of the quarterly information.

**Table of Contents**

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

**3- Statement of Changes in Stockholders Equity**

ended March 31

|                   |       |                    |                           |             |                      |                 |                    |                   | In thousands of      |
|-------------------|-------|--------------------|---------------------------|-------------|----------------------|-----------------|--------------------|-------------------|----------------------|
|                   | Notes | Paid-up<br>capital | Expansion/<br>Investments | Depletion   | Unrealized<br>income | Legalincentives | Fiscal<br>Reserves | Treasury<br>stock | Retained<br>earnings |
| er 31, 2004       |       | 7,300,000          | 8,206,978                 | 1,004,166   | 345,728              | 1,403,117       | 40,663             | (131,318)         | 18,1                 |
| me for the year   |       |                    |                           |             |                      |                 |                    |                   | 10,442,986           |
| ation of reserves |       | 6,700,000          | (5,129,319)               | (1,004,166) |                      | (525,853)       | (40,662)           |                   | 10,4                 |
| on of reserves    |       |                    |                           |             | (109,561)            |                 |                    |                   | 109,561              |
| e Samitri shares  |       |                    |                           |             |                      |                 |                    | 21                |                      |
| stock             |       |                    |                           |             |                      |                 |                    | (3)               |                      |
| iations:          |       |                    |                           |             |                      |                 |                    |                   |                      |
| nterest on        |       |                    |                           |             |                      |                 |                    |                   |                      |
| ders equity       |       |                    |                           |             |                      |                 |                    |                   | (783,387)            |
| ividends          |       |                    |                           |             |                      |                 |                    |                   | (1,028,160)          |
| al remuneration   |       |                    |                           |             |                      |                 |                    |                   | (2,750,150)          |
| l                 |       |                    |                           |             |                      |                 |                    |                   | (2,7                 |
| iation to revenue |       |                    | 5,385,337                 |             |                      | 522,149         | 83,364             |                   | (5,990,850)          |
| er 31, 2005       |       | 14,000,000         | 8,462,996                 |             | 236,167              | 1,399,413       | 83,365             | (131,300)         | 24,0                 |
| ncrease           | 5.19  | 5,492,401          |                           |             |                      |                 |                    |                   | 5,4                  |
| me for the period |       |                    |                           |             |                      |                 |                    |                   | 2,184,562            |
| 31, 2006          |       | 19,492,401         | 8,462,996                 |             | 236,167              | 1,399,413       | 83,365             | (131,300)         | 2,184,562            |

The notes and attachment I are an integral part of the quarterly information.

**Table of Contents**

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

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

|  |                  |                  | <b>Consolidated</b> | <b>In thousands of reais</b> |                                 |
|--|------------------|------------------|---------------------|------------------------------|---------------------------------|
|  | <b>1Q/06</b>     | <b>4Q/05</b>     | <b>1Q/05</b>        | <b>1Q/06</b>                 | <b>Parent Company<br/>1Q/05</b> |
| <b>Cash flows from operating activities:</b>   |                  |                  |                     |                              |                                 |
| Net income for the period  | 2,184,562        | 2,637,047        | 1,615,190           | 2,184,562                    | 1,615,190                       |
| Adjustments to reconcile net income for the period with cash provided by operating activities: |                  |                  |                     |                              |                                 |
| Results of equity investments  | (16,410)         | (105,916)        | (73,519)            | (1,081,040)                  | (1,026,200)                     |
| Sale of assets   | (19,326)         |                  |                     | (19,326)                     |                                 |
| Depreciation, amortization and depletion   | 420,329          | 446,250          | 385,025             | 224,703                      | 208,998                         |
| Deferred income tax and social contribution  | (76,550)         | (200,508)        | (113,309)           | (138,245)                    | (133,215)                       |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net    | (653,868)        | 436,690          | 46,291              | (566,514)                    | 45,163                          |
| Minority interest  | 246,672          | 211,547          | 169,237             |                              |                                 |
| Disposal of property, plant and equipment  | 18,653           | 45,918           | 15,247              | 19,129                       | 1,775                           |
| Amortization of goodwill in the cost of products sold  | 91,987           | 91,987           | 96,095              | 91,987                       | 96,095                          |
| Non recurring item goodwill of Samitri   |                  |                  |                     |                              |                                 |
| Net losses on derivatives  | 157,681          | 252,551          | 4,595               | 22,746                       | (3,350)                         |
| Dividends/interest on stockholders equity received   | 1,327            | 3,518            |                     | 239,158                      | 158,857                         |
| Other  | 22,018           | (21,009)         | (81,327)            | 93,530                       | 18,223                          |
|  | <b>2,377,075</b> | <b>3,798,075</b> | <b>2,063,525</b>    | <b>1,070,690</b>             | <b>981,536</b>                  |
| <b>Decrease (increase) in assets:</b>  |                  |                  |                     |                              |                                 |
| Accounts receivable  | 492,456          | (376,273)        | (337,836)           | (33,911)                     | 230,701                         |
| Inventories  | (188,357)        | (21,161)         | (69,899)            | (201,590)                    | (65,615)                        |
| Advances to energy suppliers   | (67,562)         | (142,479)        | (43,287)            |                              |                                 |
| Other  | (404,070)        | 328,401          | (79,040)            | (99,056)                     | (105,270)                       |
|  | <b>(167,533)</b> | <b>(211,512)</b> | <b>(530,062)</b>    | <b>(334,557)</b>             | <b>59,816</b>                   |
| <b>Increase (decrease) in liabilities:</b>   |                  |                  |                     |                              |                                 |
| Suppliers and contractors  | (841,968)        | 364,856          | 48,617              | (554,048)                    | 68,623                          |
| Payroll and related charges and Other  | (241,710)        | 92,675           | (94,265)            | (227,491)                    | (90,076)                        |



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|   |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Taxes and contributions   | (329,416)          | (980,386)          | (578,876)          | (16,786)           | (47,729)           |
| Other   | (285,510)          | 216,870            | (256,754)          | (350,889)          | 29,213             |
|   | <b>(1,698,604)</b> | <b>(305,985)</b>   | <b>(881,278)</b>   | <b>(1,149,214)</b> | <b>(39,969)</b>    |
| <b>Net cash provided by (used in) operating activities</b>          | <b>510,938</b>     | <b>3,280,578</b>   | <b>652,185</b>     | <b>(413,081)</b>   | <b>1,001,383</b>   |
| <b>Cash flows from investing activities:</b>                        |                    |                    |                    |                    |                    |
| Loans and advances receivable                                       | 25,771             | 65,659             | 12,030             | 54,775             | (14,892)           |
| Guarantees and deposits   | (51,764)           | (43,117)           | (51,560)           | (37,987)           | (33,718)           |
| Additions to investments  | (112,081)          | (23,064)           | (10,182)           | (3,047,554)        | (516,037)          |
| Additions to property, plant and equipment                          | (1,699,135)        | (3,099,337)        | (1,755,264)        | (1,320,433)        | (1,319,756)        |
| Net cash used in acquisitions and increase of funds to subsidiaries |                    | (1,620,659)        |                    |                    |                    |
| Proceeds from disposal of property, plant and equipment/investments | 48,353             | 36,533             | 6,477              | 49,335             | 6,477              |
| <b>Net cash used in financing activities</b>                        | <b>(1,788,856)</b> | <b>(4,683,985)</b> | <b>(1,798,499)</b> | <b>(4,301,864)</b> | <b>(1,877,926)</b> |
| <b>Cash flows from financing activities:</b>                        |                    |                    |                    |                    |                    |
| Short-term debt   | 155,180            | (144,698)          | 220,852            | 95,434             | 798,557            |
| Long-term debt  | 3,090,699          | 3,406,079          | 725,819            | 4,819,565          | 700,165            |
| Repayments:   |                    |                    |                    |                    |                    |
| Related parties   |                    |                    |                    |                    | (438,489)          |
| Financial institutions  | (739,096)          | (333,810)          | (477,347)          | (187,357)          | (189,262)          |
| Interest on stockholders' equity paid to stockholders               | (54,755)           | (1,810,160)        |                    |                    |                    |
| Treasure stock  |                    | (21)               |                    |                    |                    |
| <b>Net cash provided by financing activities</b>                    | <b>2,452,028</b>   | <b>1,117,390</b>   | <b>469,324</b>     | <b>4,727,642</b>   | <b>870,971</b>     |
| <b>Increase (decrease) in cash and cash equivalents</b>             | <b>1,174,110</b>   | <b>(286,017)</b>   | <b>(676,990)</b>   | <b>12,697</b>      | <b>(5,572)</b>     |
| Cash and cash equivalents, beginning of the period                  | 2,703,252          | 2,989,269          | 3,916,758          | 131,467            | 305,927            |
| <b>Cash and cash equivalents, end of the period</b>                 | <b>3,877,362</b>   | <b>2,703,252</b>   | <b>3,239,768</b>   | <b>144,164</b>     | <b>300,355</b>     |
| <b>Cash paid during the period for:</b>                             |                    |                    |                    |                    |                    |
| Short-term interest   | (7,875)            | (17,652)           | (1,544)            |                    |                    |
| Long-term interest  | (219,143)          | (134,984)          | (226,124)          | (104,087)          | (76,731)           |
| Income tax and social contribution                                  | (431,936)          | (173,386)          | (210,771)          | (386,892)          | (166,634)          |
| <b>Non-cash transactions:</b>                                       |                    |                    |                    |                    |                    |
|   | (220,168)          | (123,141)          | (26,792)           | (179,917)          | (38,265)           |

|  |          |           |          |           |           |
|--|----------|-----------|----------|-----------|-----------|
| Additions to property, plant and equipment                     |          |           |          |           |           |
| interest capitalization  |          |           |          |           |           |
| Transfer of advance for future capital increase to investments |          |           |          | (250,700) | (503,880) |
| Compensated income tax and social contribution                 | (82,078) | (314,875) | (48,681) | (28,997)  |           |

**The notes and attachment I are an integral part of the quarterly information.**

**Table of Contents**

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

**5- Notes to the Quarterly information at March 31, 2006 and 2005**

Expressed In thousands of *reais*

**5.1- Operations**

Companhia Vale do Rio Doce is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, copper 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, CVRD operates in iron ore and pellets, manganese and ferroalloys, kaolin, steel, aluminum-related products and logistics.

**5.2- Presentation of Quarterly information**

The quarterly information have been prepared in conformity 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 Instituto dos Auditores Independentes do Brasil IBRACON (Brazilian Independent Auditors Institute).

**5.3- Principles and Practices of Consolidation**

- (a) The consolidated quarterly information show the balances of assets and liabilities on March 31, 2006 and December 31, 2005 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies for the quarters ended on March 31, 2006, December 31, 2005 and March 31, 2005;
- (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 interests are 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 quarterly information in proportion to the participation of the Parent Company in the capital of each investee; and
- (d) The principal figures of the subsidiaries and jointly controlled companies included in the consolidation are presented in Attachment I.

**5.4- Significant Accounting Policies**

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as non-current;
- (c) 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 quarterly information date;
- (d) 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;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;
- (f) 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;
- (g) 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

and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for losses when applicable. At consolidated the exchange rate effect over stockholders equity from investees abroad are classified as monetary and exchange rate variation included as financial result, net;

- (h) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historical cost (increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the useful lives of the assets. Depletion of mineral reserves is based on the ratio between effective production and estimated capacity;
- (i) 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 as part of the costs of building and the development;
- (j) During the development of a mine, stripping costs incurred are capitalized as part of the depreciable cost of developing the mine. Post-production stripping costs are recorded as cost of sales;

**Table of Contents**

- (k) Pre-operating costs except for financial charges capitalized as mentioned in (h) above, are deferred and amortized over a period of 10 years. The deferred charges (consolidated) refer basically to copper projects and expansion of Alunorte and Albras;
- (l) CVRD follows the accounting practices laid down by to Deliberation CVM 371/00 related to the recognition of liabilities and results from actuarial valuation of employees' pension plan; and
- (m) The company adopts the accounting practices laid down by to Deliberation CVM 488/05 that aligns Brazilian accounting practices with international practices and Deliberation CVM 489/05 to recognize provisions, liabilities and contingent assets and contingent liabilities.

**5.5- Stock Merger CAEMI**

At the Extraordinary General Shareholders Meeting held on March 31, 2006 the merger of outstanding shares issued by Caemi Mineração e Metalurgia - Caemi into the assets of CVRD, was approved with the issuance by CVRD of 64,151,361 (128,302,722 after the split) preferred shares Class A. The capital stock is in the amount of R\$19,492,400,974.56 corresponding to 1,229,828,529 (2,459,657,056 after the split) shares, R\$9,007,032.62 divided into 749,949,429 common shares and R\$10,485,368,578.94 divided into 479,879,100 preferred Class A shares, including three (3) special Class shares, all without par value.

CVRD held 100% of the common shares of Caemi and 40.06% of the preferred shares, totaling 60.23% of its Capital. After the merger, became wholly owned subsidiary of CVRD.

If CVRD owned 100% of Caemi shares in the periods presented our results would be as follows:

|  | Caemi            |            | 1Q/06            |  | Caemi            |            | 4Q/05            |  | Caemi            |           | 1Q/05            |  |
|--|------------------|------------|------------------|--|------------------|------------|------------------|--|------------------|-----------|------------------|--|
|  | Additional       |            | Pro Forma        |  | Additional       |            | Pro Forma        |  | Additional       |           | Pro Forma        |  |
|  | (69.77%)         |            | (unaudited)      |  | (69.77%)         |            | (unaudited)      |  | (69.77%)         |           | (unaudited)      |  |
| Operating result                                   | 3,017            |            | 3,017            |  | 3,000            |            | 3,000            |  | 2,175            |           | 2,175            |  |
| Income tax and social contribution                 | (585)            |            | (585)            |  | (153)            |            | (153)            |  | (391)            |           | (391)            |  |
| Minority interests                                 | (247)            | 117        | (130)            |  | (210)            | 207        | (3)              |  | (169)            | 64        | (105)            |  |
| <b>Net income</b>                                  | <b>2,185</b>     | <b>117</b> | <b>2,302</b>     |  | <b>2,637</b>     | <b>207</b> | <b>2,844</b>     |  | <b>1,615</b>     | <b>64</b> | <b>1,679</b>     |  |
| <b>Number of shares outstanding (in thousands)</b> | <b>1,151,520</b> |            | <b>1,215,672</b> |  | <b>1,151,520</b> |            | <b>1,215,672</b> |  | <b>1,151,520</b> |           | <b>1,215,672</b> |  |
| <b>Net earnings per share outstanding</b>          | <b>1.90</b>      |            | <b>1.89</b>      |  | <b>2.29</b>      |            | <b>2.34</b>      |  | <b>1.40</b>      |           | <b>1.38</b>      |  |

**5.6- Divestment**

In February 2006, we sold our total interest in Nova Era Silicon (49% of the capital) to JFE Steel Corporation, resulting in a net gain of R\$19,326.

**5.7- Cash and Cash Equivalents**

|  | 03/31/06 | Consolidated<br>12/31/05 | Parent Company<br>03/31/06 | Parent Company<br>12/31/05 |
|--|----------|--------------------------|----------------------------|----------------------------|
|--|----------|--------------------------|----------------------------|----------------------------|

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|  |                  |                  |                |                |
|--|------------------|------------------|----------------|----------------|
| Cash and bank accounts   | 729,767          | 586,375          | 48,902         | 10,195         |
| Marketable securities linked to the interbank deposit certificate rate |                  | 784,844          | 95,262         | 121,272        |
|  | 1,001,900        |                  |                |                |
| Time deposits / overnight investments                                  | 2,145,695        | 1,332,033        |                |                |
|  | <b>3,877,362</b> | <b>2,703,252</b> | <b>144,164</b> | <b>131,467</b> |

**5.8- Accounts Receivable**

|                                  | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|----------------------------------|---------------------|------------------|-----------------------|------------------|
|                                  | <b>03/31/06</b>     | <b>12/31/05</b>  | <b>03/31/06</b>       | <b>12/31/05</b>  |
| Domestic                         | 702,840             | 744,967          | 748,766               | 735,927          |
| Export                           | 3,100,626           | 3,573,707        | 1,402,057             | 1,382,502        |
|                                  | <b>3,803,466</b>    | <b>4,318,674</b> | <b>2,150,823</b>      | <b>2,118,429</b> |
| Allowance for doubtful accounts  | (104,612)           | (100,963)        | (53,133)              | (49,337)         |
| Allowance for ore weight credits | (28,619)            | (34,850)         | (25,713)              | (31,026)         |
|                                  | <b>3,670,235</b>    | <b>4,182,861</b> | <b>2,071,977</b>      | <b>2,038,066</b> |

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

7

**Table of Contents****5.9- Related Parties**

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2013, as follows:

|   | 03/31/06         |                | Assets<br>12/31/05 |                | 03/31/06         |               | Consolidated<br>Liabilities<br>12/31/05 |               |
|---|------------------|----------------|--------------------|----------------|------------------|---------------|---|---------------|
| Customers   | Related<br>party | Customers      | Related<br>party   | Suppliers      | Related<br>party | Suppliers     | Related<br>party                        |               |
| <b>Companhia Nipo-Brasileira de Pelotização NIBRASCO</b>                      | 44,621           |                | 54,224             |                | 42,846           | 1,487         | 70,420                                  | 24,939        |
| <b>Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS</b>                | 61,652           | 131            | 26,988             | 14,839         | 43,243           | 1,217         | 35,778                                  | 11,935        |
| <b>Companhia Ítalo-Brasileira de Pelotização ITABRASCO</b>                    | 39,923           |                | 27,424             | 12,496         | 19,115           | 2,399         | 15,930                                  | 3,274         |
| <b>Companhia Coreano-Brasileira de Pelotização KOBRASCO</b>                   | 39,233           | 24,793         | 37,901             | 600            | 29,196           | 11,005        | 16,090                                  | 14,543        |
| <b>Gulf Industrial Investment Co. GIC</b>                                     | 6,468            |                | 11,382             |                | 1,417            |               | 26,796                                  |               |
| <b>USIMINAS Valesul Alumínio S.A.</b>   | 36,017           | 88,543         | 33,337             |                | 28               | 8,029         | 173                                     |               |
| <b>Samarco Mineração S.A.</b>   | 2,520            | 445            |                    | 689            | 34               | 2             |   |               |
| <b>MRS Logística S.A. Baovale Mineração S.A.</b>                              | 2,409            | 31             | 2,318              | 56             |                  |               |   |               |
| <b>Mineração Rio do Norte S.A. Valepar S.A. Minas da Serra Geral S.A. MSG</b> | 241              | 46,012         | 37                 | 82,694         | 5,331            | 17,939        | 4,338                                   | 14,209        |
| <b>Others</b>   | 7                | 482            | 9                  |                | 24,567           |               | 21,381                                  |               |
| <b>Total</b>  | 529              | 51,233         | 381                | 14,539         | 28,841           |               | 47,248                                  | 10,385        |
| <b>Total</b>  | <b>244,656</b>   | <b>239,413</b> | <b>208,148</b>     | <b>140,377</b> | <b>214,246</b>   | <b>65,563</b> | <b>254,303</b>                          | <b>84,091</b> |
| <b>Registered as:</b>   |                  |                |                    |                |                  |               |   |               |
| <b>Short-term</b>   | 244,656          | 220,847        | 208,148            | 134,378        | 214,246          | 62,457        | 254,303                                 | 81,026        |
| <b>Long-term</b>  |                  | 18,566         |                    | 5,999          |                  | 3,106         |   | 3,065         |

244,656    239,413    208,148    140,377    214,246    65,563    254,303    84,091

**5.10- Inventories**

|   |                  | <b>Consolidated</b> | <b>Parent Company</b> |                  |
|---|------------------|---------------------|-----------------------|------------------|
|   | <b>03/31/06</b>  | <b>12/31/05</b>     | <b>03/31/06</b>       | <b>12/31/05</b>  |
| <b>Finished products</b>                    |                  |                     |                       |                  |
| Iron ore and pellets                        | 976,781          | 819,512             | 476,518               | 413,117          |
| Manganese and ferroalloys                   | 300,470          | 377,764             |                       |                  |
| Aluminum                                    | 216,414          | 185,470             |                       |                  |
| Steel products                              | 59,001           | 81,301              |                       |                  |
| Copper                                      | 29,543           | 6,294               | 29,543                | 6,294            |
| Other                                       | 72,861           | 46,558              | 27,547                | 5,314            |
|   | <b>1,655,070</b> | <b>1,516,899</b>    | <b>533,608</b>        | <b>424,725</b>   |
| <b>Spare parts and maintenance supplies</b> | <b>1,833,685</b> | <b>1,717,696</b>    | <b>843,813</b>        | <b>702,666</b>   |
|   | <b>3,488,755</b> | <b>3,234,595</b>    | <b>1,377,421</b>      | <b>1,127,391</b> |



**Table of Contents****5.11- Taxes to recover or offset**

|   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                 |
|---|---------------------|------------------|-----------------------|-----------------|
|   | <b>03/31/06</b>     | <b>12/31/05</b>  | <b>03/31/06</b>       | <b>12/31/05</b> |
| Withholding income tax on marketable securities and stockholders' equity received | 44,573              | 63,558           | 9,293                 | 22,211          |
| Value-added tax   | 609,111             | 671,853          | 503,893               | 481,254         |
| PIS and COFINS non cumulative   | 300,109             | 230,036          | 64,847                | 4,008           |
| IR anticipated  | 168,011             | 289,912          | 65,678                | 126,765         |
| Others  | 58,507              | 43,776           | 31,435                | 28,012          |
|   | <b>1,180,311</b>    | <b>1,299,135</b> | <b>675,146</b>        | <b>662,250</b>  |
| Current   | 966,031             | 985,522          | 498,424               | 491,637         |
| Non-Current   | 214,280             | 313,613          | 176,722               | 170,613         |
|   | <b>1,180,311</b>    | <b>1,299,135</b> | <b>675,146</b>        | <b>662,250</b>  |

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

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

|                                | <b>Consolidated</b> |                  | <b>Net Deferred Parent Company</b> |                 |
|--------------------------------|---------------------|------------------|------------------------------------|-----------------|
|                                | <b>03/31/06</b>     | <b>12/31/05</b>  | <b>03/31/06</b>                    | <b>12/31/05</b> |
| Tax loss carryforward          | 636,012             | 468,911          | 198,464                            |                 |
| Temporary differences:         |                     |                  |                                    |                 |
| Pension Plan - Valia           | 210,959             | 215,034          | 210,959                            | 215,034         |
| Contingent liabilities         | 660,988             | 676,612          | 588,881                            | 592,698         |
| Provision for losses on assets | 173,219             | 131,497          | 170,987                            | 131,497         |
| Others                         | (100,445)           | (20,288)         | (234,807)                          | (184,018)       |
|                                | 944,721             | 1,002,855        | 736,020                            | 755,211         |
| <b>Total</b>                   | <b>1,580,733</b>    | <b>1,471,766</b> | <b>934,484</b>                     | <b>755,211</b>  |
| Short-term                     | 586,394             | 428,383          | 506,555                            | 333,881         |
| Long-term                      | 994,339             | 1,043,383        | 427,929                            | 421,330         |
|                                | <b>1,580,733</b>    | <b>1,471,766</b> | <b>934,484</b>                     | <b>755,211</b>  |

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

|  | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|--|---------------------|--------------|-----------------------|--------------|
|  | <b>1Q/06</b>        | <b>4Q/05</b> | <b>1Q/05</b>          | <b>1Q/06</b> |
| Income before income tax and social contribution | 3,016,568           | 3,000,785    | 2,174,971             | 2,471,747    |
| Equity in results                                | (16,410)            | (105,916)    | (73,519)              | (1,081,040)  |
|  |                     |              |                       | 1,731,458    |
|  |                     |              |                       | (1,026,200)  |

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|   |                    |                  |                  |                  |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
| Results on sale of assets   | (19,326)           |                  |                  | (19,326)         |                  |
|   | <b>2,980,832</b>   | <b>2,894,869</b> | <b>2,101,452</b> | <b>1,371,381</b> | <b>705,258</b>   |
| Income tax and social contribution at combined tax rates                                | 34%                | 34%              | 34%              | 34%              | 34%              |
| <b>Federal income tax and social contribution at statutory rates</b>                    | <b>(1,013,483)</b> | <b>(984,255)</b> | <b>(714,494)</b> | <b>(466,270)</b> | <b>(239,788)</b> |
| <b>Adjustments to net income which modify the effect on the results for the period:</b> |                    |                  |                  |                  |                  |
| <b>Income tax benefit from interest on stockholders equity</b>                          | 198,464            | 150,024          | 145,000          | 198,464          | 145,000          |
| Fiscal incentives   | 69,428             | 5,001            | 58,481           | 3,320            | 3,223            |
| Interest on stockholders equity received  |                    |                  |                  | (9,914)          |                  |
| Results of overseas companies not taxed (bilateral international agreements)            | 247,410            | 832,765          | 121,605          |                  |                  |
| Reduced incentive aliquot   | 17,943             | 27,842           | 20,744           |                  |                  |
| Other   | (105,096)          | (183,568)        | (21,880)         | (12,785)         | (24,703)         |
| <b>Income tax and social contribution</b>   | <b>(585,334)</b>   | <b>(152,191)</b> | <b>(390,544)</b> | <b>(287,185)</b> | <b>(116,268)</b> |

**Table of Contents**

The deferred assets and liabilities for 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.

We have certain tax incentives relative to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels which expires in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013 and bauxite in 2008. 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.

**5.13- Consolidated investments**

|   | <b>03/31/06</b>  | <b>Investments<br/>12/31/05</b> | <b>1Q/06</b>  | <b>Equity Results</b> |               |
|---|------------------|---------------------------------|---------------|-----------------------|---------------|
|   |                  |                                 |               | <b>4Q/05</b>          | <b>1Q/05</b>  |
| <b>Investments in affiliated companies</b>            |                  |                                 |               |                       |               |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a) | 1,009,392        | 1,016,519                       | 56,322        | 87,744                | 111,506       |
| Shandong Yankuang International Company Ltd.          | 46,735           | 50,350                          |               |                       | 125           |
| Henan Longyu Resources Co. Ltd.                       | 223,488          | 224,712                         | 14,377        | 22,684                |               |
| Goodwill of consolidated companies                    | 5,619,323        | 1,418,107                       | (37,941)      | (51,025)              | (57,270)      |
| Other   | 6,517            | 7,021                           | (19,709)      | 17,324                |               |
| <b>Investments at cost</b>                            |                  |                                 |               |                       |               |
| SIDERAR Sociedad Anonima                              |                  |                                 |               |                       |               |
| Industrial Y Comercial (a)                            | 32,586           | 35,107                          |               |                       | 177           |
| Quadrem International Holdings Ltd.                   | 10,132           | 10,916                          |               |                       | 55            |
| Other (b)   | 60,808           | 51,625                          | 3,361         | 29,189                | 18,926        |
|   | <b>7,008,981</b> | <b>2,814,357</b>                | <b>16,410</b> | <b>105,916</b>        | <b>73,519</b> |

(a) Interest at market price Usiminas R\$ 2,164,746 and Siderar R\$ 319,385; and

(b) Dividends received from Gerdau, R\$ 1.327.

**Table of Contents****5.14- Property, Plant and Equipment****(a) By type of asset:**

|                             | Average<br>deprecia-<br>tion<br>rates | Consolidated      |                     |                   |                   | Parent Company    |                    |                   |                   |
|-----------------------------|---------------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
|                             |                                       | 03/31/06          |                     | 12/31/05          |                   | 03/31/06          |                    | 12/31/05          |                   |
|                             |                                       | Accumulated       |                     | Accumulated       |                   | Accumulated       |                    | Accumulated       |                   |
|                             |                                       | Cost              | depreciation        | Net               | Net               | Cost              | depreciation       | Net               | Net               |
| Buildings                   | 2.82%                                 | 3,044,036         | (1,188,461)         | 1,855,575         | 1,781,215         | 2,001,677         | (741,266)          | 1,260,411         | 1,213,310         |
| Installations               | 3.69%                                 | 13,732,475        | (4,699,581)         | 9,032,894         | 9,170,637         | 7,844,862         | (3,062,951)        | 4,781,911         | 4,687,220         |
| Equipment                   | 9.52%                                 | 6,773,359         | (3,111,426)         | 3,661,933         | 3,514,202         | 2,547,940         | (973,165)          | 1,574,775         | 1,527,265         |
| Information<br>Technology   |                                       |                   |                     |                   |                   |                   |                    |                   |                   |
| Equipment                   | 20.00%                                | 1,141,429         | (450,105)           | 691,324           | 682,512           | 970,402           | (345,654)          | 624,748           | 625,245           |
| Railroads                   | 3.87%                                 | 8,012,500         | (3,244,181)         | 4,768,319         | 4,476,350         | 8,100,570         | (3,246,215)        | 4,854,355         | 4,617,682         |
| Mineral<br>rights (*)       | 1.84%                                 | 1,965,193         | (844,671)           | 1,120,522         | 1,146,175         | 1,300,205         | (164,941)          | 1,135,264         | 1,147,337         |
| Others                      | 14.50%                                | 3,982,267         | (2,004,838)         | 1,977,429         | 1,882,990         | 1,827,892         | (794,179)          | 1,033,713         | 1,012,017         |
|                             |                                       | <b>38,651,259</b> | <b>(15,543,263)</b> | <b>23,107,996</b> | <b>22,654,081</b> | <b>24,593,548</b> | <b>(9,328,371)</b> | <b>15,265,177</b> | <b>14,830,076</b> |
| Construction<br>in progress |                                       | 11,588,178        |                     | 11,588,178        | 11,113,892        | 6,283,718         |                    | 6,283,718         | 5,930,572         |
| <b>Total</b>                |                                       | <b>50,239,437</b> | <b>(15,543,263)</b> | <b>34,696,174</b> | <b>33,767,973</b> | <b>30,877,266</b> | <b>(9,328,371)</b> | <b>21,548,895</b> | <b>20,760,648</b> |

(\*) Calculated as on the basis of the volume of ore extracted in relation to the proven and probable reserves.

**(b) By business area:**

|                          | Cost              | Accumulated<br>depreciation | Consolidated      |                   |
|--------------------------|-------------------|-----------------------------|-------------------|-------------------|
|                          |                   |                             | 03/31/06          | 12/31/05          |
|                          |                   |                             | Net               | Net               |
| <b>Ferrous</b>           |                   |                             |                   |                   |
| In operation             | 25,562,957        | (10,871,643)                | 14,691,314        | 14,095,076        |
| Construction in Progress | 5,159,013         |                             | 5,159,013         | 4,982,627         |
|                          | <b>30,721,970</b> | <b>(10,871,643)</b>         | <b>19,850,327</b> | <b>19,077,703</b> |
| <b>Non Ferrous</b>       |                   |                             |                   |                   |
| In operation             | 2,959,212         | (747,713)                   | 2,211,499         | 2,247,586         |
| Construction in Progress | 2,910,310         |                             | 2,910,310         | 2,951,044         |
|                          | <b>5,869,522</b>  | <b>(747,713)</b>            | <b>5,121,809</b>  | <b>5,198,630</b>  |
| <b>Logistics</b>         |                   |                             |                   |                   |
| In operation             | 2,959,040         | (788,483)                   | 2,170,557         | 2,150,486         |
| Construction in Progress | 212,402           |                             | 212,402           | 232,257           |

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|                          |                   |                     |                   |                   |
|--------------------------|-------------------|---------------------|-------------------|-------------------|
|                          | <b>3,171,442</b>  | <b>(788,483)</b>    | <b>2,382,959</b>  | <b>2,382,743</b>  |
| <b>Holdings</b>          |                   |                     |                   |                   |
| In operation             | 6,184,318         | (2,825,050)         | 3,359,268         | 3,480,435         |
| Construction in Progress | 2,651,575         |                     | 2,651,575         | 2,341,826         |
|                          | <b>8,835,893</b>  | <b>(2,825,050)</b>  | <b>6,010,843</b>  | <b>5,822,261</b>  |
| <b>Corporate Center</b>  |                   |                     |                   |                   |
| Corporate                | 985,732           | (310,374)           | 675,358           | 680,498           |
| Construction in Progress | 654,878           |                     | 654,878           | 605,944           |
|                          | <b>1,640,610</b>  | <b>(310,374)</b>    | <b>1,330,236</b>  | <b>1,286,442</b>  |
| <b>Total</b>             | <b>50,239,437</b> | <b>(15,543,263)</b> | <b>34,696,174</b> | <b>33,767,779</b> |

**Table of Contents****5.15- Loans and Financing**  
**Short-Term**

|                 | <b>Consolidated</b> |                 | <b>Parent Company</b> |                 |
|-----------------|---------------------|-----------------|-----------------------|-----------------|
|                 | <b>03/31/06</b>     | <b>12/31/05</b> | <b>03/31/06</b>       | <b>12/31/05</b> |
| Trade finance   | 426,459             | 354,308         | 43                    |                 |
| Working capital | 189,535             | 162,543         |                       |                 |
|                 | <b>615,994</b>      | <b>516,851</b>  | <b>43</b>             |                 |

**Long-Term**

|                               | <b>Consolidated</b>        |                  |                              |                  | <b>Parent Company</b>      |                 |                              |                  |
|-------------------------------|----------------------------|------------------|------------------------------|------------------|----------------------------|-----------------|------------------------------|------------------|
|                               | <b>Current liabilities</b> |                  | <b>Long-term liabilities</b> |                  | <b>Current liabilities</b> |                 | <b>Long-term liabilities</b> |                  |
|                               | <b>03/31/06</b>            | <b>12/31/05</b>  | <b>03/31/06</b>              | <b>12/31/05</b>  | <b>03/31/06</b>            | <b>12/31/05</b> | <b>03/31/06</b>              | <b>12/31/05</b>  |
| <b>Foreign operations</b>     |                            |                  |                              |                  |                            |                 |                              |                  |
| Loans and financing in:       |                            |                  |                              |                  |                            |                 |                              |                  |
| U.S. dollars                  | 1,730,018                  | 1,961,211        | 4,477,420                    | 4,039,808        | 689,547                    | 774,665         | 1,881,711                    | 1,902,943        |
| Other currencies              | 6,885                      | 7,887            | 33,798                       | 35,815           | 6,885                      | 7,887           | 33,798                       | 35,815           |
| Notes in U.S. dollars         |                            |                  | 4,422,704                    | 2,835,632        |                            |                 |                              |                  |
| Export securitization         | 179,484                    | 190,908          | 701,796                      | 805,421          |                            |                 |                              |                  |
| Perpetual notes               |                            |                  | 168,646                      | 176,571          |                            |                 |                              |                  |
| Accrued charges               | 203,335                    | 226,395          |                              |                  | 19,070                     | 46,103          |                              |                  |
|                               | <b>2,119,722</b>           | <b>2,386,401</b> | <b>9,804,364</b>             | <b>7,893,247</b> | <b>715,502</b>             | <b>828,655</b>  | <b>1,915,509</b>             | <b>1,938,758</b> |
| <b>Local operations</b>       |                            |                  |                              |                  |                            |                 |                              |                  |
| Indexed by TJLP, TR and IGP-M |                            |                  |                              |                  |                            |                 |                              |                  |
| Basket of currencies          | 180,455                    | 175,190          | 362,796                      | 290,184          | 47,540                     | 46,289          | 179,927                      | 187,005          |
| Loans in U.S. dollars         | 3,799                      | 3,808            | 18,553                       | 20,513           | 3,555                      | 3,548           | 18,164                       | 20,451           |
| Non-convertible debentures    | 367,777                    | 318,383          | 248,070                      | 531,012          | 1,241                      | 1,784           |                              |                  |
| Accrued charges               | 652                        | 702              | 334,700                      | 329,658          | 652                        | 702             | 11                           | 11               |
|                               | 74,213                     | 55,085           |                              | 1,761            | 3,127                      | 1,136           |                              |                  |
|                               | <b>626,896</b>             | <b>553,168</b>   | <b>964,119</b>               | <b>1,173,128</b> | <b>56,115</b>              | <b>53,459</b>   | <b>198,102</b>               | <b>207,467</b>   |
|                               | <b>2,746,618</b>           | <b>2,939,569</b> | <b>10,768,483</b>            | <b>9,066,375</b> | <b>771,617</b>             | <b>882,114</b>  | <b>2,113,611</b>             | <b>2,146,225</b> |

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$1.00 = R\$2.1724 in 03/31/06 (R\$2.3407 in 12/31/05) and ¥1.00 = R\$0.018456 in

03/31/06 (R\$0.019833 in 12/31/05);

(b) At March 31, 2006, our consolidated debt was secured as follows:

Loans guaranteed by the Federal Government, to which we gave counter-guarantees of R\$265,049;

Securitization program of R\$890,593;

Property, plant and equipment of R\$248,105;

Others assets R\$1,071,327.

(c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows, as of 03/31/06:

|  | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|--|---------------------|-------------|-----------------------|-------------|
| 2007   | 803,564             | 7%          | 273,024               | 13%         |
| 2008   | 1,021,460           | 10%         | 430,649               | 20%         |
| 2009   | 822,263             | 8%          | 388,849               | 18%         |
| 2010 onward                                  | 7,617,850           | 70%         | 1,021,089             | 49%         |
| No due date (perpetual notes and debentures) | 503,346             | 5%          |                       |             |
|  | <b>10,768,483</b>   | <b>100%</b> | <b>2,113,611</b>      | <b>100%</b> |

The estimated market values of long-term loans and financing calculated at present value based on available interest rates as of 03/31/06 approximate their book values.

(d) In October 5, 2005, the subsidiary Vale Overseas Limited launched a US\$300 million notes issue maturing in 2034. The notes carry a coupon of 7.65% p.a. The notes form a single series with the US\$500 million notes issued in January 2004 and 8.25% p.a. coupon.

(e) In January, 2006 CVRD's wholly owned finance subsidiary Vale Overseas Limited issued US\$1 billion 10-year 6.250% p.a. notes, payable semi-annually due 2016, at a price of 99.97% p.a. of the principal amount.

**Table of Contents**

(f) In January, 2006 CVRD's wholly owned finance subsidiary Vale Overseas Limited concluded its tender offer for any and all of its US\$300 million aggregate principal amount outstanding 9.00% p.a. Guaranteed Notes due 2013.

**5.16- Contingent Liabilities**

At the quarterly information dates the contingent liabilities of the Company were:

(a) Provisions for contingencies and judicial deposits (booked under long-term liabilities and long-term assets, respectively), considered by management and its legal counsel as sufficient to cover losses from any type of lawsuit, were as follows:

|                              | <b>Consolidated</b>  |                  |                |               |                  |
|------------------------------|----------------------|------------------|----------------|---------------|------------------|
|                              | <b>Tax</b>           | <b>Labor and</b> | <b>Civil</b>   | <b>Others</b> | <b>Total</b>     |
| <b>Judicial deposits</b>     | <b>contingencies</b> | <b>social</b>    | <b>claims</b>  |               |                  |
|                              |                      | <b>security</b>  | <b>claims</b>  |               |                  |
| Balance at 31/12/2005        | 1,063,478            | 337,485          | 257,418        | 8,326         | 1,666,707        |
| Addition                     | 8,866                | 11,697           | 11,922         |               | 32,485           |
| Write off                    | (1,168)              | (1,760)          | (1,550)        |               | (4,478)          |
| Updating s                   | 26,233               | 176              | 1,811          | 56            | 28,276           |
| <b>Balance at 31/03/2006</b> | <b>1,097,409</b>     | <b>347,598</b>   | <b>269,601</b> | <b>8,382</b>  | <b>1,722,990</b> |

|                              | <b>Parent Company</b> |                  |                |               |                  |
|------------------------------|-----------------------|------------------|----------------|---------------|------------------|
|                              | <b>Tax</b>            | <b>Labor and</b> | <b>Civil</b>   | <b>Others</b> | <b>Total</b>     |
| <b>Judicial deposits</b>     | <b>contingencies</b>  | <b>social</b>    | <b>claims</b>  |               |                  |
|                              |                       | <b>security</b>  | <b>claims</b>  |               |                  |
| Balance at 31/12/2005        | 582,624               | 249,138          | 190,323        | 8,116         | 1,030,201        |
| Addition                     | 4,053                 | 5,809            | 8,365          |               | 18,227           |
| Write off                    | (1,155)               | (1,709)          | (1,549)        |               | (4,413)          |
| Updating s                   | 21,046                | 1,741            | 1,330          | 56            | 24,173           |
| <b>Balance at 31/03/2006</b> | <b>606,568</b>        | <b>254,979</b>   | <b>198,469</b> | <b>8,172</b>  | <b>1,068,188</b> |

|                                     | <b>Consolidated</b>  |                  |                |               |                  |
|-------------------------------------|----------------------|------------------|----------------|---------------|------------------|
|                                     | <b>Tax</b>           | <b>Labor and</b> | <b>Civil</b>   | <b>Others</b> | <b>Total</b>     |
| <b>Provisions for contingencies</b> | <b>contingencies</b> | <b>social</b>    | <b>claims</b>  |               |                  |
|                                     |                      | <b>security</b>  | <b>claims</b>  |               |                  |
| Balance at 31/12/2005               | 2,054,461            | 548,852          | 508,055        | 72,016        | 3,183,384        |
| Addition                            | 607,004              | 171,031          | 43,214         | 417           | 821,666          |
| Write off                           | (1,028,465)          | (183,080)        | (27,323)       | (13,777)      | (1,252,645)      |
| Updating s                          | 41,482               | 16,298           | 14,564         | 986           | 73,330           |
| <b>Balance at 31/03/2006</b>        | <b>1,674,482</b>     | <b>553,101</b>   | <b>538,510</b> | <b>59,642</b> | <b>2,825,735</b> |

|  | <b>Parent Company</b> |  |  |  |  |
|--|-----------------------|--|--|--|--|
|  | <b>Labor and</b>      |  |  |  |  |
|  | <b>social</b>         |  |  |  |  |
|  |                       |  |  |  |  |



| <b>Provisions for contingencies</b> | <b>Tax contingencies</b> | <b>security claims</b> | <b>Civil claims</b> | <b>Others</b> | <b>Total</b>     |
|-------------------------------------|--------------------------|------------------------|---------------------|---------------|------------------|
| Balance at 31/12/2005               | 1,685,603                | 423,236                | 364,252             | 30,366        | 2,503,457        |
| Addition                            | 604,300                  | 168,483                | 39,812              | 265           | 812,860          |
| Write off                           | (1,025,816)              | (179,675)              | (27,284)            | (13,777)      | (1,246,552)      |
| Updating s                          | 37,415                   | 15,941                 | 14,108              | 986           | 68,450           |
| <b>Balance at 31/03/2006</b>        | <b>1,301,502</b>         | <b>427,985</b>         | <b>390,888</b>      | <b>17,840</b> | <b>2,138,215</b> |

The Company is party to labor, civil, tax and other suits and has 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 by management based on the opinions of the legal department and outside counsel.

Labor and social security related actions principally comprise claims for (i) payment of time spent traveling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions 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 during which full indexation of contracts for inflation was not permitted and accidents.

Tax related actions principally comprise our challenges of certain revenue taxes, value added tax and income tax.

**Table of Contents**

In addition to the contingencies for which we have made provisions we have possible losses totaling R\$2.493.652 (R\$1.798.130 parent company). Based on the advice of our legal counsel, no provision is maintained.

- (b) Guarantees given to jointly controlled companies are as follows:

| Affiliate | Amount of guarantee |          | Denominated currency | Purpose              | Final maturity | Counter guarantees |
|-----------|---------------------|----------|----------------------|----------------------|----------------|--------------------|
|           | 03/31/06            | 12/31/05 |                      |                      |                |                    |
| SAMARCO   | 8,165               | 10,753   | US\$                 | Debt guarantee IFC   | 2008           | None               |
| VALESUL   | 767                 | 767      | R\$                  | Debt guarantee BNDES | 2007           | None               |

The Company does not expect such guarantees to be executed and therefore no provisions for losses have been made. CVRD does not charge Valesul for granting these guarantees.

- (c) Upon privatization of the Company in 1997, the Brazilian government stipulated the issuance of non-convertible debentures (Debentures) to the stockholders of record, including the federal government. The maturity dates of these Debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share any future benefits from the Company 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.

On October 4, 2002, the Comissão de Valores Mobiliários - CVM (Brazilian Securities Commission) approved the Company's registration request, for public trading of the Debentures. As from October 28, 2002, the Debentures can be traded on the secondary market.

The debenture holders are entitled to receive semi-annual payments equivalent to a percentage of the net revenue deriving from determined 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. Pursuant to this Deed, the payment date shall take place each semester in March and September.

Based on estimates of the operational start-up of copper projects, CVRD began calculating the premium referring to these minerals rights. Considering the iron ore sale, the Company estimates that the threshold for payment will be reached in approximately 2032 and 2019 for the Southern and Northern systems, respectively. Regarding other minerals, such as bauxite and nickel, the forecast for exploitation is for the second half of the decade, and according to the criteria established in the Deed, payment will be due on the net sales revenue in the fourth year after the date of first commercialization. The obligation to make payments to the debenture holders will cease when the pertinent mineral resources are exhausted.

On 04/03/06 we made available payment related to debentures in the amount of R\$4,491.

- (d) We and BNDES entered into a contract, known as the Mineral Risk Contract, in March 1997, relating to prospecting authorizations for mining regions where drilling and exploration were still in their early stages. The Mineral Risk Contract provides for the joint development of certain unexplored mineral deposits in approximately two million identified hectares of land in the Carajás region, as well as proportional participation in any financial benefits earned from the development of such resources. Iron ore and manganese deposits already identified and subject to development are specifically excluded from the Mineral Risk Contract.

Pursuant to the Mineral Risk Contract, we and BNDES each agreed to provide R\$445 million, which represents half of the R\$890 million in expenditures estimated as necessary to complete geological exploration and mineral resource development projects in the region for a period of five years. This period was postponed for two years. We will oversee these projects and BNDES will advance to us half of our costs on a quarterly basis. Under the Mineral Risk Contract, as of March 31, 2006, the remaining contributions towards exploration and development activities totaled R\$11 million. In the event that either of us wishes to conduct further exploration and development after having spent such R\$445 million, the contract provides that each party may either choose to match the other party's contributions, or may choose to have its financial interest proportionally diluted. If a party's participation in the project is diluted to an amount lower than 40% of the amount invested in connection with exploration and development projects, then the Mineral Risk Contract provides that the diluted party will lose all the rights and benefits provided for in the Mineral Risk Contract and any amounts previously contributed to the project.

**Table of Contents**

Under the Mineral Risk Contract, BNDES has agreed to compensate us through a finder's fee production royalty on their share of mineral resources that are discovered and placed into production. This finder's fee is equal to 3.5% of the revenues derived from the sale of gold, silver and platinum group metals and 1.5% of the revenues derived from the sale of other minerals, including copper, except for gold and other minerals discovered at Serra Leste, for which the finder's fee is equal to 6.5% of revenues.

The mineral contract risk in force will probably finish in the next future. However, the related exploitation activities are not concluded and therefore we are negotiating with BNDES a renewal of the contract, in the same basis as the original one.

**5.17- Environmental and Site Reclamation and Restoration Costs**

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. The Company manages its environmental policies according to the specifications of ISO 14,001 and 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. In 03/31/06, the provision for environmental liabilities amounted to R\$554,679 (R\$343,532 parent company), which was accounted for in

Provision for environmental liabilities in long-term liabilities. The Company adopts the concepts of the Accounting for Asset Retirement Obligations, as follows:

Costs for mine closure are recorded as part of the cost of these assets and a corresponding provision is made for such future expenditure;

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 values of the assets and liabilities.

**5.18- Treasury Stock**

The Board of Directors, under the terms of Subparagraph XV of Article 13 of the Bylaws and based on Article 30 of Law 6404/76 and CVM Instructions 10 of 02/14/80 and 268 of 11/13/97, approved the acquisition by the Company of its own shares to be held in treasury for later sale or cancellation.

On 03/31/06, the Company had acquired 14,145,510 common shares and 11,458 preferred shares, which are held in treasury in the amount of R\$130,300. The 14,145,510 common shares guarantee a loan of the subsidiary Alunorte.

| Class     | Shares            |                   |                       |      |       |                     | Average  |  |
|-----------|-------------------|-------------------|-----------------------|------|-------|---------------------|----------|--|
|           | Quantity          |                   | Unit acquisition cost |      |       | quoted market price |          |  |
|           | 03/31/06          | 12/31/05          | Average               | Low  | High  | 03/31/06            | 12/31/05 |  |
| Preferred | 11,458            | 11,458            | 17.12                 | 4.67 | 17.47 | 89.35               | 70.97    |  |
| Common    | 14,145,510        | 14,145,510        | 9.27                  | 6.69 | 17.36 | 102.04              | 82.35    |  |
|           | <b>14,156,968</b> | <b>14,156,968</b> |                       |      |       |                     |          |  |

**5.19- Paid-up Capital**

Through Extraordinary Shareholders Meeting held on 03/31/06 the Capital Stock is in the amount of R\$19,492,400,974.56, corresponding to 1,229,828,529 shares, being R\$9,007,032,395.62 divided into 749,949,429 common shares and R\$10,485,368,578.94, divided into 479,879,100 preferred Class A, including three (3) special Class shares, all without par value.

| Movement of shares                            | Common      | Preferred   | Quantity Total |
|---|-------------|-------------|----------------|
| Shares at 31/03/06 - pre-incorporation        | 749,949,429 | 415,727,739 | 1,165,677,168  |
| Issued shares for exchange by shares of Caemi |             | 64,151,361  | 64,151,361     |

|                           |                    |                    |                      |
|---------------------------|--------------------|--------------------|----------------------|
| <b>Shares at 31/03/06</b> | <b>749,949,429</b> | <b>479,879,100</b> | <b>1,229,828,529</b> |
|---------------------------|--------------------|--------------------|----------------------|

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.

15

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**Table of Contents****5.20- Financial Results**

|  | <b>Consolidated</b> |                    |                  |                  |                    |                    |                  |                    |                  |
|--|---------------------|--------------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|------------------|
|  | <b>1Q/06</b>        |                    |                  | <b>4Q/05</b>     |                    |                    | <b>1Q/05</b>     |                    |                  |
|  | <b>Financial</b>    | <b>Monetary</b>    |                  | <b>Financial</b> | <b>Monetary</b>    |                    | <b>Financial</b> | <b>Monetary</b>    |                  |
|  | <b>expenses</b>     | <b>and</b>         | <b>Total</b>     | <b>expenses</b>  | <b>exchange</b>    | <b>Total</b>       | <b>expenses</b>  | <b>exchange</b>    | <b>Total</b>     |
|  |                     | <b>rate</b>        |                  |                  | <b>rate</b>        |                    |                  | <b>rate</b>        |                  |
|  |                     | <b>variation</b>   |                  |                  | <b>variation</b>   |                    |                  | <b>variation</b>   |                  |
|  |                     | <b>on</b>          |                  |                  | <b>on</b>          |                    |                  | <b>on</b>          |                  |
|  |                     | <b>liabilities</b> |                  |                  | <b>liabilities</b> |                    |                  | <b>liabilities</b> |                  |
| Foreign debt   | (115,961)           | 242,259            | 126,298          | 11,665           | (713,972)          | (702,307)          | (80,710)         | (9,599)            | (90,309)         |
| Local debt   | (37,133)            | 155,170            | 118,037          | (24,530)         | (74,656)           | (99,186)           | (64,570)         | (11,428)           | (75,998)         |
| Related parties  | (2,664)             | (125)              | (2,789)          | (2,982)          | 84                 | (2,898)            | (27,373)         | (4,111)            | (31,484)         |
|  | <b>(155,758)</b>    | <b>397,304</b>     | <b>241,546</b>   | <b>(15,847)</b>  | <b>(788,544)</b>   | <b>(804,391)</b>   | <b>(172,653)</b> | <b>(25,138)</b>    | <b>(197,791)</b> |
| Labor, tax and civil contingencies                           | (56,910)            | (13,745)           | (70,655)         | (23,486)         | (27,249)           | (50,735)           | (31,011)         | (23,715)           | (54,726)         |
| Derivatives, net of gain/losses (interest and currencies)    | 1,589               | 432                | 2,021            | 4,405            | (388)              | 4,017              | 4,588            | (71)               | 4,517            |
| Derivatives, net of gain/losses (gold, aluminum and alumina) | (159,270)           | 50,226             | (109,044)        | (256,956)        | (30,284)           | (287,240)          | (9,183)          | (3,183)            | (12,366)         |
| CPMF   | (48,456)            |                    | (48,456)         | (47,736)         |                    | (47,736)           | (23,584)         |                    | (23,584)         |
| Other  | (108,266)           | (155,694)          | (263,960)        | (187,210)        | 159,458            | (27,752)           | (63,164)         | (75,171)           | (138,335)        |
|  | <b>(527,071)</b>    | <b>278,523</b>     | <b>(248,548)</b> | <b>(526,830)</b> | <b>(687,007)</b>   | <b>(1,213,837)</b> | <b>(295,007)</b> | <b>(127,278)</b>   | <b>(422,285)</b> |
|  |                     |                    |                  |                  | <b>Monetary</b>    |                    |                  | <b>Monetary</b>    |                  |
|  |                     |                    |                  |                  | <b>and</b>         |                    |                  | <b>and</b>         |                  |
|  |                     |                    |                  |                  | <b>exchange</b>    |                    |                  | <b>exchange</b>    |                  |
|  |                     |                    |                  |                  | <b>rate</b>        |                    |                  | <b>rate</b>        |                  |
|  |                     |                    |                  |                  | <b>variation</b>   |                    |                  | <b>variation</b>   |                  |
|  |                     |                    |                  |                  | <b>on</b>          |                    |                  | <b>on</b>          |                  |
|  |                     |                    |                  |                  | <b>assets</b>      |                    |                  | <b>assets</b>      |                  |
|  |                     |                    |                  |                  |                    |                    |                  |                    |                  |
|  |                     |                    |                  |                  |                    |                    |                  |                    |                  |
| Related parties  | 791                 | 4                  | 795              | (6,355)          | 4,017              | (2,338)            | 28,993           | 13,107             | 42,100           |
| Marketable securities  | 69,026              | (52,529)           | 16,497           | 70,091           | 237,289            | 307,380            | 43,101           | 14,259             | 57,360           |

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|       |                |                  |                 |                |                |                |                |               |                |
|-------|----------------|------------------|-----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Other | 38,290         | (66,088)         | (27,798)        | 38,978         | 105,658        | 144,636        | 40,746         | 7,632         | 48,378         |
|       | <b>108,107</b> | <b>(118,613)</b> | <b>(10,506)</b> | <b>102,714</b> | <b>346,964</b> | <b>449,678</b> | <b>112,840</b> | <b>34,998</b> | <b>147,838</b> |

**Financial  
income  
(expenses),  
net**

|  |                  |                |                  |                  |                  |                  |                  |                 |                  |
|--|------------------|----------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|
|  | <b>(418,964)</b> | <b>159,910</b> | <b>(259,054)</b> | <b>(424,116)</b> | <b>(340,043)</b> | <b>(764,159)</b> | <b>(182,167)</b> | <b>(92,280)</b> | <b>(274,447)</b> |
|--|------------------|----------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|

**Parent Company**

|   | 1Q/06                 |   |                 | 1Q/05                 |   |                  |
|---|-----------------------|---|-----------------|-----------------------|---|------------------|
|   | Financial<br>expenses | Monetary<br>and<br>exchange<br>rate<br>variation<br>on<br>liabilities | Total           | Financial<br>expenses | Monetary<br>and<br>exchange<br>rate<br>variation<br>on<br>liabilities | Total            |
| Foreign debt  | (23,398)              | (36,365)  | (59,763)        | (4,914)               | (5,338)   | (10,252)         |
| Local debt  | (4,278)               | 3,384   | (894)           | (4,165)               | (1,687)   | (5,852)          |
| Related parties   | (71,114)              | 648,941   | 577,827         | (67,075)              | (37,040)  | (104,115)        |
|   | <b>(98,790)</b>       | <b>615,960</b>  | <b>517,170</b>  | <b>(76,154)</b>       | <b>(44,065)</b>   | <b>(120,219)</b> |
| Labor, tax and civil contingencies                        | (55,754)              | (12,832)  | (68,586)        | (31,011)              | (22,796)  | (53,807)         |
| Derivatives, net of gain/losses (interest and currencies) | 756                   | (151)   | 605             | (1,039)               | 66  | (973)            |
| Derivatives, net of gain/losses (gold)                    | (23,502)              | 4,991   | (18,511)        | 4,389                 | (265)   | 4,124            |
| CPMF  | (33,636)              |   | (33,636)        | (15,051)              |   | (15,051)         |
| Other   | (24,193)              | (12,583)  | (36,776)        | (27,498)              | (32,785)  | (60,283)         |
|   | <b>(235,119)</b>      | <b>595,385</b>  | <b>360,266</b>  | <b>(146,364)</b>      | <b>(99,845)</b>   | <b>(246,209)</b> |
|   | Financial<br>income   | Monetary<br>and<br>exchange<br>rate<br>variation on<br>assets         | Total           | Financial<br>income   | Monetary<br>and<br>exchange<br>rate<br>variation on<br>assets         | Total            |
| Related parties   | 13,427                | (131,085)   | (117,658)       | 13,284                | 16,688  | 29,972           |
| Marketable securities                                     | 12,345                | 108   | 12,453          | 9,536                 | 5,966   | 15,502           |
| Other   | 6,975                 | 22,123  | 29,098          | 16,303                | (6,175)   | 10,128           |
|   | <b>32,747</b>         | <b>(108,854)</b>  | <b>(76,107)</b> | <b>39,123</b>         | <b>16,479</b>   | <b>55,602</b>    |
| <b>Financial income (expenses), net</b>                   | <b>(202,372)</b>      | <b>486,531</b>  | <b>284,159</b>  | <b>(107,241)</b>      | <b>(83,366)</b>   | <b>(190,607)</b> |

**5.21- Financial Instruments Derivatives**

The main market risks the Company faces are related to interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivative instruments.

The Company's risk management follows policies and guidelines reviewed and approved by the Board of Directors and Executive Board. These policies and guidelines prohibit speculative trading and short selling and require diversification of transactions and counterparties. The policy of the Company is to settle all contracts financially without physical delivery of the products. The credit limits and creditworthiness



**Table of Contents**

of counterparties are also reviewed periodically and are defined according to the rules approved by the Company's management. The results of hedging are recognized monthly in the financial results.

The following table shows the movement of gains/loss on derivatives:

|  |                                       |                           |                  |                  |                  | <b>Consolidated<br/>1Q/06</b>   |
|--|---------------------------------------|---------------------------|------------------|------------------|------------------|---------------------------------|
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>(*)<br/>Currencies</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Total</b>                    |
| Gains / (losses)                                   |                                       |                           |                  |                  |                  |                                 |
| unrealized on 12/31/05                             | (8,769)                               | 1,725                     | (107,561)        | (367,928)        | (125,614)        | (608,147)                       |
| Financial settlement                               | 987                                   |                           | 8,564            | 31,307           | 31,670           | 72,528                          |
| Financial expenses, net                            | 838                                   | 751                       | (36,338)         | (47,664)         | (75,268)         | (157,681)                       |
| Monetary variations, net                           | 583                                   | (151)                     | 8,711            | 31,051           | 10,464           | 50,658                          |
| <b>Gains / (losses)<br/>unrealized on 03/31/06</b> | <b>(6,361)</b>                        | <b>2,325</b>              | <b>(126,624)</b> | <b>(353,234)</b> | <b>(158,748)</b> | <b>(642,642)</b>                |
|  |                                       |                           |                  |                  |                  | <b>4Q/05</b>                    |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>(*)<br/>Currencies</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Total</b>                    |
| Gains / (losses)                                   |                                       |                           |                  |                  |                  |                                 |
| unrealized on 09/30/05                             | (15,385)                              | 2,348                     | (81,147)         | (221,060)        | (67,024)         | (382,268)                       |
| Financial settlement                               | 1,804                                 | 172                       | 8,913            | 22,654           | 23,802           | 57,345                          |
| Financial expenses, net                            | 5,272                                 | (867)                     | (30,130)         | (149,998)        | (76,828)         | (252,551)                       |
| Monetary variations, net                           | (460)                                 | 72                        | (5,197)          | (19,524)         | (5,564)          | (30,673)                        |
| <b>Gains / (losses)<br/>unrealized on 12/31/05</b> | <b>(8,769)</b>                        | <b>1,725</b>              | <b>(107,561)</b> | <b>(367,928)</b> | <b>(125,614)</b> | <b>(608,147)</b>                |
|  |                                       |                           |                  |                  |                  | <b>1Q/05</b>                    |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>(*)<br/>Currencies</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Total</b>                    |
| Gains / (losses)                                   |                                       |                           |                  |                  |                  |                                 |
| unrealized on 12/31/04                             | (44,887)                              | 9,405                     | (97,430)         | (152,280)        | (147,290)        | (432,482)                       |
| Financial settlement                               | 7,786                                 | (206)                     | 5,894            | 26,756           | 20,706           | 60,936                          |
| Financial expenses, net                            | 6,611                                 | (2,023)                   | 8,606            | (10,982)         | (6,807)          | (4,595)                         |
| Monetary variations, net                           | (87)                                  | 16                        | (731)            | (1,797)          | (655)            | (3,254)                         |
| <b>Gains / (losses)<br/>unrealized on 03/31/05</b> | <b>(30,577)</b>                       | <b>7,192</b>              | <b>(83,661)</b>  | <b>(138,303)</b> | <b>(134,046)</b> | <b>(379,395)</b>                |
|  |                                       |                           |                  |                  |                  | <b>Parent Company<br/>1Q/06</b> |

|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>(*)<br/>Currencies</b> | <b>Gold</b>     | <b>Total</b>    |
|--|---------------------------------------|---------------------------|-----------------|-----------------|
| Gains / (losses) unrealized on 12/31/05        | (5)                                   | 1,725                     | (63,408)        | (61,688)        |
| Financial settlement                           |                                       |                           | 6,448           | 6,448           |
| Financial expenses, net                        | 5                                     | 751                       | (23,502)        | (22,746)        |
| Monetary variations, net                       |                                       | (151)                     | 4,991           | 4,840           |
| <b>Gains / (losses) unrealized on 03/31/06</b> |                                       | <b>2,325</b>              | <b>(75,471)</b> | <b>(73,146)</b> |

|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>(*)<br/>Currencies</b> | <b>Gold</b>     | <b>Total</b>    |
|--|---------------------------------------|---------------------------|-----------------|-----------------|
| Gains / (losses) unrealized on 12/31/04        | (9,268)                               | 9,405                     | (55,406)        | (55,269)        |
| Financial settlement                           | 5,147                                 | (206)                     | 3,399           | 8,340           |
| Financial expenses, net                        | 984                                   | (2,023)                   | 4,389           | 3,350           |
| Monetary variations, net                       | 51                                    | 15                        | (265)           | (199)           |
| <b>Gains / (losses) unrealized on 03/31/05</b> | <b>(3,086)</b>                        | <b>7,191</b>              | <b>(47,883)</b> | <b>(43,778)</b> |

(\*) Included as  
others in current  
assets.

Final maturity dates for the above instruments are as follows:

|                        |          |
|------------------------|----------|
| Gold                   | Dec 2008 |
| Interest rates (LIBOR) | Oct 2007 |
| Currencies             | Dec 2011 |
| Alumina                | Dec 2008 |
| Aluminum               | Dec 2008 |

**Table of Contents****5.22- Sales, Administrative and Other Operating Expenses**

|                                  | <b>Consolidated</b> |                |                | <b>Parent Company</b> |                |
|----------------------------------|---------------------|----------------|----------------|-----------------------|----------------|
|                                  | <b>1Q/06</b>        | <b>4Q/05</b>   | <b>1Q/05</b>   | <b>1Q/06</b>          | <b>1Q/05</b>   |
| <b>Administrative</b>            |                     |                |                |                       |                |
| Personnel                        | 137,285             | 114,681        | 103,750        | 70,927                | 52,286         |
| Services of technical consulting | 38,436              | 30,534         | 21,002         | 18,729                | 14,092         |
| Advertising and publicity        | 26,760              | 44,670         | 14,600         | 25,947                | 13,689         |
| Depreciation                     | 52,058              | 49,201         | 29,807         | 37,785                | 12,969         |
| Travel expenses                  | 10,705              | 13,794         | 9,004          | 9,059                 | 6,293          |
| Rents and taxes                  | 10,051              | 15,601         | 12,300         | 5,948                 | 6,685          |
| Community aborigine              | 4,063               | 3,734          | 4,883          | 4,063                 | 4,883          |
| Other                            | 51,549              | 109,181        | 62,203         | 11,112                | 12,129         |
| <b>Sub total</b>                 | <b>330,907</b>      | <b>381,396</b> | <b>257,549</b> | <b>183,570</b>        | <b>123,026</b> |
| Sales                            | 104,886             | 53,399         | 100,149        | 4,081                 | 85             |
| <b>Total</b>                     | <b>435,793</b>      | <b>434,795</b> | <b>357,698</b> | <b>187,651</b>        | <b>123,111</b> |

|  | <b>Consolidated</b> |                |                | <b>Parent Company</b> |               |
|--|---------------------|----------------|----------------|-----------------------|---------------|
|  | <b>1Q/06</b>        | <b>4Q/05</b>   | <b>1Q/05</b>   | <b>1Q/06</b>          | <b>1Q/05</b>  |
| <b>Other operating expenses (income)</b> |                     |                |                |                       |               |
| Provisions for contingencies             | 31,020              | 96,626         | 25,638         | 7,433                 | 27,000        |
| Provision for loss on ICMS credits       | 14,858              | 23,189         | 19,560         |                       |               |
| Provision for profit sharing             | 62,449              | 70,871         | 46,689         | 42,000                | 45,000        |
| Donations                                | 3,298               | 34,324         | 5,890          | 3,051                 | 5,848         |
| Other                                    | 77,200              | (20,047)       | 23,091         | 45,735                | 965           |
| <b>Total</b>                             | <b>188,825</b>      | <b>204,963</b> | <b>120,868</b> | <b>98,219</b>         | <b>78,813</b> |

**5.23- Subsequent Events****Payment to shareholders**

At 04/28/06 the payment of the first installment of the minimum dividend to shareholders for R\$1,392,300, equivalent to R\$1.145292894 per outstanding common or preferred class A or common share was made. From this amount, R\$809,800 equivalent to R\$0.666133869 per outstanding preferred class A or common share were paid in the form of interest on shareholders' equity and R\$582,500, equivalent to R\$0.479159025 per outstanding preferred or common share, in the form of dividends.

**Split of shares**

On the Extraordinary General Shareholders' meeting held on 04/27/2006 the shareholders approved the forward split proposal to be carried out on 05/22/2006. Each existing share, common or preferred, will be represented by two shares.

After giving effect to the stock split, CVRD's capital of R\$19,4 billions, will be composed of 2,459,657,056 shares, with 1,499,898,858 common shares and 959,758,198 preferred class A shares, including six (6) special class shares, all without par value (Golden Share). The proportion of one ADR to one underlying common or preferred share will be maintained.

**Table of Contents****6- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies**

| Participation (%) |        | Assets    |  |           | Liabilities and stockholders' equity             |                      |           | Net revenues | Cost of products and services | Operating income |
|-------------------|--------|-----------|--|-----------|--|----------------------|-----------|--------------|-------------------------------|------------------|
| Total             | Voting | Current   | Non-current  | Current   | Non-current                                      | Adjusted             |           |              |                               |                  |
|                   |        |           | Investments, property plant and equipment and deferred charges |           | Long-term, deferred income and minority interest | stockholders' equity |           |              |                               |                  |
| 100.00            | 100.00 |           |  |           |  |                      |           |              |                               | 42,682           |
| 51.00             | 51.00  | 931,155   | 1,128,973  | 1,055,545 | 755,941  | 1,083,069            | 1,276,663 | 559,428      | (363,070)                     | 9,971            |
| 57.03             | 61.74  | 667,677   | 183,828  | 3,258,072 | 497,834  | 1,289,402            | 2,322,341 | 452,157      | (293,362)                     | (48,465)         |
| 100.00            | 100.00 | 2,393     | 32,691   | 547       | 13,434   |                      | 22,197    |              |                               | (1,809)          |
| 100.00            | 100.00 | 2,483,751 | 107,583  | 1,977,494 | 854,728  | 866,132              | 2,847,968 | 1,050,307    | (481,275)                     | (150,297)        |
| 100.00            | 100.00 | 54,401    | 158,827  | 3,888     | 135,052  | 79,675               | 2,389     |              |                               | 3,683            |
| 100.00            | 100.00 | 131,215   | 5,959  | 162,663   | 64,946   | 130                  | 234,761   | 55,600       | (23,995)                      | 551              |
| 100.00            | 100.00 | 954,407   | 701,796  | 783,183   | 1,756,462  | 43,600               | 639,324   | 678,131      | (472,392)                     | (7,806)          |
| 100.00            | 100.00 | 12,833    | 314,710  | 147       | 19,395   | 265,577              | 42,718    |              |                               | (432)            |
| 100.00            | 100.00 | 343,930   | 147,023  | 1,437,167 | 202,194  | 1,886,348            | (160,422) | 148,752      | (166,997)                     | (21,016)         |
| 77.97             | 77.97  | 77,888    |  | 267,164   | 234,605  | 565                  | 109,882   | 305          | (601)                         | (12,812)         |
| 100.00            | 100.00 | 52,083    | 40,236   | 3,729     | 38,562   | 32,686               | 24,800    |              |                               | 1,635            |
| 100.00            | 100.00 | 5,786,928 | 9,561,139  | 2,301,037 | 3,872,067  | 6,252,802            | 7,524,235 | 3,454,972    | (2,598,387)                   | (232,753)        |
| 100.00            | 100.00 | 127       |  | 1,614,422 | 16,046   | 1,773,341            | (174,838) |              |                               | (58,142)         |
| 100.00            | 100.00 | 272,438   | 22,802   | 695,032   | 161,923  | 586,621              | 241,728   | 13,436       | (4,145)                       | (15,607)         |
| 100.00            | 100.00 | 1,912,708 | 1,877,553  | 465       | 453,173  | 418,064              | 2,919,489 |              | (1,703)                       | 32,503           |
| 100.00            | 100.00 | 232,664   | 203  | 68,750    | 114,287  | 1,838                | 185,492   | 121,378      | (124,368)                     | (15,358)         |
| 100.00            | 100.00 | 71,445    |  | 63,636    | 68,830   | 18,750               | 47,501    | 32,085       | (29,132)                      | (14,776)         |
| 100.00            | 100.00 | 505,566   | 212,919  | 383,213   | 282,802  | 201,322              | 617,574   | 132,476      | (112,294)                     | (29,773)         |
| 100.00            | 100.00 | 1,469     |  | 854,751   | 514  | 593,996              | 261,710   |              |                               |                  |
| 100.00            | 99.89  | 47,046    | 6,303  | 56,061    | 37,735   | 6,693                | 64,982    | 27,581       | (20,653)                      | (1,012)          |

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|        |        |         |           |           |         |           |         |         |           |          |
|--------|--------|---------|-----------|-----------|---------|-----------|---------|---------|-----------|----------|
| 100.00 | 100.00 | 77,494  | 17,465    | 70,169    | 22,168  | 94,662    | 48,298  | 35,489  | (20,094)  | (10,186) |
| 100.00 | 100.00 | 75,901  | 4,561,690 |           | 74,171  | 4,563,419 | 1       |         |           |          |
| 50.00  | 50.00  | 945,635 | 5,270     | 518,684   | 395,472 | 325,860   | 748,257 | 697,818 | (562,839) | (76,854) |
| 50.00  | 50.00  | 147,619 | 47,185    | 235,338   | 215,701 | 81,410    | 133,031 | 213,329 | (155,620) | 5,738    |
| 50.89  | 51.00  | 227,153 | 45,914    | 74,237    | 162,849 | 49,786    | 134,669 | 154,557 | (111,049) | (7,701)  |
| 50.90  | 51.00  | 180,378 | 56,823    | 72,556    | 123,634 | 67,286    | 118,837 | 127,498 | (96,392)  | (4,014)  |
| 51.00  | 51.11  | 219,359 | 70,033    | 120,926   | 166,721 | 30,461    | 213,136 | 271,602 | (204,598) | (4,925)  |
| 50.00  | 50.00  | 292,890 |           | 126,544   | 90,632  |           | 328,802 | 171,641 | (97,690)  | (33,531) |
| 50.00  | 50.00  | 16,550  | 13,830    | 89,243    | 1,649   | 22,940    | 95,034  | 6,140   | (2,702)   | (2,766)  |
| 40.00  | 40.00  | 149,116 | 482,377   | 965,286   | 730,644 | 226,141   | 639,994 | 181,384 | (110,949) | 3,733    |
| 40.45  | 28.75  | 652,659 | 288,216   | 1,153,752 | 689,284 | 677,715   | 727,628 | 411,340 | (239,065) | (24,693) |
| 50.00  | 50.00  | 446,377 | 118,661   | 1,380,010 | 732,181 | 236,167   | 976,700 | 486,643 | (179,434) | (68,157) |
| 54.51  | 54.51  | 175,915 | 64,521    | 122,184   | 57,207  | 32,438    | 272,975 | 126,199 | (99,779)  | (6,445)  |
| 50.00  | 100.00 | 49,316  |           | 52,441    | 20,459  |           | 81,298  | 7,359   | (1,087)   | (17,401) |

Notes:

- (a) The amounts above correspond to totals presented in the quarterly information of these companies on March 31, 2006 adjusted and unaudited;
- (b) The quarterly information of Caemi are consolidated and include R\$39,980 of minority interests (note 8);
- (c) Dividends received during the period: Hispanobrás R\$29,950, Itabrasco

R\$25,450, MSG  
R\$1,480, Nibrasco  
R\$46,713,  
Samarco R\$54,238  
and MRN  
R\$80,000;

- (d) Previously known  
as Itabira Rio Doce  
Company Ltd.  
ITACO

Additional  
information of the  
main investees  
companies  
available on the  
CVRD website,  
[www.cvrd.com.br](http://www.cvrd.com.br),  
investors relations.

**Table of Contents**

**7- Report of the Independent Accountants on Limited Review**

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

1. We have carried out a limited review of the Quarterly Financial Information (ITR) of Companhia Vale do Rio Doce, holding company and consolidated, in respect of the quarter ended March 31, 2006, prepared in accordance with The accounting practices adopted in Brazil and under the responsibility of the Company's management, comprising the balance sheets the statements of income and the comments on the Company's performance.
2. Except as mentioned in paragraph 3, our limited reviews was carried out in accordance with the specific procedures established by the Institute of Independent Auditors of Brazil (IBRACON). in conjunction with the Federal Accounting Board, and consisted mainly of: (a) inquires and discussion with the officers responsible for the Company's and its investees' accounting, financial and operational areas about the procedures Adopted for preparing the Quarterly Financial information (ITR), and (b) review of the information and subsequent events which have, or may have, relevant effects on the Company's and its investees' financial positions and operations.
3. The financial statements as of March 31. 2006, of certain subsidiaries, jointly-owned and associated companies, in which there are relevant investments, have not been reviewed by independent auditors. Accordingly, the conclusions resulting from our review do not cover the amounts of RS 13,921,496 thousand of these investments and RS 851,575 thousand of the income generated by them for the quarter then ended.
4. Based on our limited review, except for the effects of the adjustments, if any, which might have been required if the financial statements of the subsidiaries, jointly-owned and associated companies mentioned in paragraph 3 had been reviewed by independent auditors, Financial Information (ITR) refund to in paragraph 1, for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of the obligatory. Quarterly Financial Information (ITR).
5. Our limited reviews were conducted for the purpose of issuing our report on the Quarterly Financial Information (ITR) referred to in paragraph 1, taken as a whole. The statements of cash flows, holding company and consolidated, are presented as additional information, and are not a required part of the Quarterly Financial Information. Such statements have not been material adjustments that should be made to such statements for them to be adequately presented in relation to the Quarterly Financial Information.
6. We have previously audited the balance sheets, holding company and consolidated, as of December 31, 2005 and issued our unqualified opinion, dated March 6, 2006, sharing the responsibility in respect of the audits, by other independent auditors, of the financial statements of certain subsidiaries, jointly-owned and associated companies. Additionally, we reviewed the statements of income, holding company and consolidated, in respect to the quarter ended March 31, 2005, presented for comparison purpose, and issued our report, dated May 6, 2005, including a qualification regarding the financial statements of certain subsidiaries, jointly-owned and associated companies, which have not been reviewed by independent auditors.

Rio de Janeiro, May 10, 2005

**Table of Contents****B Additional Information****8 Management's Discussion and Analysis of the Operating Results for the Year Ended March 31, 2006 and Supplemental Information**

According to corporate governance best practices and with the objective of increasing the transparency of operations, CVRD presents additional information, which was reviewed by independent auditors.

As a result of the analysis some general aspects must be considered, as follows:

On 03/31/06, about 92% of the consolidated gross revenue and 71% of consolidated total cost are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate variation between the two currencies have a significant impact on the operating results.

Approximately 87 % of consolidated short-term and long-term loans on 03/31/06 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses and income.

The average Dollar rate fell 17.7% between periods (R\$2.1974 in 03/31/06 against R\$2.6692 in 03/31/05), partially offset by price increases, and the end rate fell 18.5% (R\$2.1724 in 03/31/06 against R\$2.6662 in 03/31/05).

In 2005, iron ore prices increased by 71.5% and pellets prices increased by 86.4%.

**The consolidated Trade Balance was:**

|         | In US\$ million |              |              |
|---------|-----------------|--------------|--------------|
|         | 1Q/06           | 4Q/05        | 1Q/05        |
| Exports | 2,282           | 2,011        | 1,336        |
| Imports | (228)           | (173)        | (241)        |
|         | <b>2,054</b>    | <b>1,838</b> | <b>1,095</b> |

**8.1- Comments on Consolidated Operating Results****8.1.1- Gross Revenue**

Sales volume and revenues by products and services:

|   | In thousands of metric tons<br>(except railroad transportation) |               |            |               |           | In thousands of reais |                  |             |                  |             |
|---|---|---------------|------------|---------------|-----------|-----------------------|------------------|-------------|------------------|-------------|
|   | 1Q/06   | 4Q/05         | Δ%         | 1Q/05         | Δ%        | 1Q/06                 | 4Q/05            | Δ%          | 1Q/05            | Δ%          |
| Iron ore                                | 54,860  | 56,007        | (2)        | 49,159        | 12        | 4,146,849             | 4,404,241        | (6)         | 2,753,407        | 51          |
| Pellets (*)                             | 7,767   | 11,604        | (33)       | 9,725         | (20)      | 1,351,640             | 1,958,043        | (31)        | 1,188,131        | 14          |
|   | <b>62,627</b>   | <b>67,611</b> | <b>(7)</b> | <b>58,884</b> | <b>10</b> | <b>5,498,489</b>      | <b>6,362,284</b> | <b>(14)</b> | <b>3,941,538</b> | <b>40</b>   |
| Manganese                               | 149   | 244           | (39)       | 198           | (25)      | 24,869                | 39,568           | (37)        | 63,355           | (61)        |
| Ferroalloys                             | 126   | 124           | 2          | 136           | (7)       | 231,493               | 232,188          |             | 434,884          | (47)        |
|   |   |               |            |               |           | <b>256,362</b>        | <b>271,756</b>   | <b>(6)</b>  | <b>498,239</b>   | <b>(49)</b> |
| Copper                                  | 70  | 112           | (38)       | 85            | (18)      | 241,738               | 294,285          | (18)        | 199,980          | 21          |
| Potash                                  | 103   | 176           | (41)       | 138           | (25)      | 48,888                | 91,828           | (47)        | 80,373           | (39)        |
| Kaolin                                  | 321   | 355           | (10)       | 280           | 15        | 106,327               | 113,847          | (7)         | 104,576          | 2           |
|   |   |               |            |               |           | <b>396,953</b>        | <b>499,960</b>   | <b>(21)</b> | <b>384,929</b>   | <b>3</b>    |
| Railroad transportation<br>(millions of | 8,335   | 8,705         | (4)        | 8,333         |           | 534,837               | 574,158          | (7)         | 505,512          | 6           |



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|                             |       |       |      |       |     |                  |                  |             |                  |      |
|-----------------------------|-------|-------|------|-------|-----|------------------|------------------|-------------|------------------|------|
| TKU) (**)                   |       |       |      |       |     |                  |                  |             |                  |      |
| Port services               | 6,189 | 7,622 | (19) | 6,313 | (2) | 105,654          | 110,701          | (5)         | 114,375          | (8)  |
| Boat services               |       |       |      |       |     | 12,915           | 16,508           | (22)        | 16,050           | (20) |
| Maritime transportation     |       |       |      |       |     | <b>50,238</b>    | <b>78,901</b>    | <b>(36)</b> | <b>88,526</b>    | (43) |
|                             |       |       |      |       |     | <b>703,644</b>   | <b>780,268</b>   | (10)        | <b>724,463</b>   | (3)  |
| Aluminum                    |       |       |      |       |     | 651,097          | 570,388          | 14          | 611,222          | 7    |
| Alumina                     | 124   | 131   | (5)  | 122   | 2   | 336,068          | 269,306          | 25          | 358,703          | (6)  |
| Bauxite                     | 490   | 403   | 22   | 464   | 6   | 65,387           | 94,031           | (30)        | 70,043           | (7)  |
|                             |       |       |      |       |     | <b>1,052,552</b> | <b>933,725</b>   | 13          | <b>1,039,968</b> | 1    |
| Steel                       |       |       |      |       |     | 348,909          | 338,304          | 3           | 452,153          | (23) |
| Other products and services |       |       |      |       |     | 24,215           | 18,176           | 33          | 11,073           | 119  |
|                             |       |       |      |       |     | <b>8,281,124</b> | <b>9,204,473</b> | (10)        | <b>7,052,363</b> | 17   |

(\*) Includes revenues derived from services provided to pelletizing joint ventures in the amounts of R\$17,891, R\$18,661 and R\$21,213 referring to the 1Q/06, 4Q/05, and 1Q/05, respectively.

(\*\*) The Company carried through its railroad system 6,170, 6,373 and 6,009 million of TKUs of general cargo and 2,165, 2,332 and 2,324 million of TKUs of iron ore for third parties in 1Q/06, 4Q/05, and 1Q/05, respectively.

**Table of Contents**

The 17% gross revenue increase, from R\$7,052,363 to R\$8,281,124 was due to:

Reference price increase of 71.5% to iron ore and 86.4% to pellets;

Increase of copper prices; and

Increase of iron ore volumes sold.

The above effects were partially offset by:

The devaluation of the average dollar compared with the real was 18 %; and

Decrease in ferroalloys prices (due to increase of offer began by the end of 2004) and the decline of manganese volume sold.

**Gross Consolidated Revenue by Segment**

|  | Holdings         |                        |                |                  |                |                  |            |                  | Accumulated |                  |            |
|--|------------------|------------------------|----------------|------------------|----------------|------------------|------------|------------------|-------------|------------------|------------|
|  | Ferrous Minerals | Non - Ferrous Minerals | Logistics      | Aluminum         | Steel          | 1Q/06            | %          | 4Q/05            | %           | 1Q/05            | %          |
| <b>External market</b>                         |                  |                        |                |                  |                |                  |            |                  |             |                  |            |
| Americas, except United States                 | 379,651          | 169                    | 12,925         | 174,226          |                | 566,971          | 7          | 600,138          | 7           | 518,258          | 7          |
| United States                                  | 138,343          | 5,958                  |                | 32,702           | 348,909        | 525,912          | 6          | 628,367          | 7           | 743,389          | 11         |
| Germany  | 553,789          | 62,390                 |                |                  |                | 616,179          | 7          | 682,888          | 7           | 480,107          | 7          |
| France   | 209,168          | 12,754                 |                |                  |                | 221,922          | 3          | 299,547          | 3           | 205,788          | 3          |
| England  | 161,941          | 414                    |                | 3,424            |                | 165,779          | 2          | 155,112          | 2           | 148,006          | 2          |
| Europe, except for Germany, France and England | 689,165          | 76,573                 | 1,968          | 403,304          |                | 1,171,010        | 14         | 1,207,913        | 13          | 994,225          | 14         |
| Middle East/Africa/Oceania                     | 382,825          | 743                    |                | 28,888           |                | 412,456          | 5          | 631,197          | 7           | 335,674          | 5          |
| China  | 1,465,465        | 23,195                 | 6,077          |                  |                | 1,494,737        | 18         | 1,758,760        | 19          | 836,224          | 12         |
| South Korea                                    | 238,825          | 52,311                 | 2,730          |                  |                | 293,866          | 4          | 315,502          | 3           | 187,706          | 3          |
| Japan  | 517,780          | 42,405                 |                | 276,622          |                | 836,807          | 10         | 810,547          | 9           | 597,197          | 8          |
| Asia, other than China, South Korea and Japan  | 187,381          | 8,011                  |                | 19,250           |                | 214,642          | 3          | 258,425          | 3           | 240,728          | 3          |
|  | <b>4,924,333</b> | <b>284,923</b>         | <b>23,700</b>  | <b>938,416</b>   | <b>348,909</b> | <b>6,520,281</b> | <b>79</b>  | <b>7,348,396</b> | <b>80</b>   | <b>5,287,302</b> | <b>75</b>  |
| <b>Brazil</b>                                  | <b>854,099</b>   | <b>112,030</b>         | <b>668,316</b> | <b>117,039</b>   | <b>9,359</b>   | <b>1,760,843</b> | <b>21</b>  | <b>1,856,077</b> | <b>20</b>   | <b>1,765,061</b> | <b>25</b>  |
| <b>Total</b>                                   | <b>5,778,432</b> | <b>396,953</b>         | <b>692,016</b> | <b>1,055,455</b> | <b>358,268</b> | <b>8,281,124</b> | <b>100</b> | <b>9,204,473</b> | <b>100</b>  | <b>7,052,363</b> | <b>100</b> |

**8.1.2 Cost of Products and Services**

By nature

|             | Denominated in |         |         |    |         |    |      |         |    |    |
|-------------|----------------|---------|---------|----|---------|----|------|---------|----|----|
|             | R\$            | US\$    | 1Q/06   | %  | 4Q/05   | %  | Δ%   | 1Q/05   | %  | Δ% |
| Personnel   | 340,642        | 31,773  | 372,415 | 9  | 419,150 | 10 | (11) | 314,171 | 8  | 19 |
| Material    | 563,864        | 147,910 | 711,774 | 18 | 776,857 | 18 | (8)  | 715,021 | 19 |    |
| Oil and gas | 355,259        | 101,036 | 456,295 | 12 | 518,872 | 12 | (12) | 406,509 | 11 | 12 |

|                            |                  |                  |                  |     |                  |     |      |                  |     |      |
|----------------------------|------------------|------------------|------------------|-----|------------------|-----|------|------------------|-----|------|
| Outsourced services        | 662,151          | 202,850          | 865,001          | 22  | 991,687          | 23  | (13) | 758,162          | 20  | 14   |
| Energy                     | 289,542          | 14,237           | 303,779          | 8   | 361,789          | 8   | (16) | 317,545          | 8   | (4)  |
| Raw Material               | 12,252           | 511,586          | 523,838          | 13  | 594,279          | 13  | (12) | 593,004          | 16  | (12) |
| Depreciation and depletion | 353,754          | 13,874           | 367,628          | 9   | 393,273          | 9   | (7)  | 346,733          | 9   | 6    |
| Amortization of goodwill   | 91,987           |                  | 91,987           | 2   | 91,987           | 2   |      | 96,095           | 3   | (4)  |
| Others                     | 122,005          | 129,988          | 251,993          | 7   | 259,514          | 5   | (3)  | 237,739          | 6   | 6    |
| <b>Total</b>               | <b>2,791,456</b> | <b>1,153,254</b> | <b>3,944,710</b> | 100 | <b>4,407,408</b> | 100 | (10) | <b>3,784,979</b> | 100 | 4    |

**71%**                      **29%**

The 4,2 % increase in the cost of products and services (R\$3,944,710 on 03/31/06 against R\$3,784,979 on 03/31/05) is due to increase in sales volumes and changes in the prices of materials, oil, energy and services which comprise production cost during the period.

### **8.1.3 Selling expenses and administrative expenses**

Selling expenses increased by 4.7 %, from R\$100,149 on 03/31/05 to R\$104,886 on 03/31/06. Administrative expenses increased by 28.5% from R\$257,549 on 03/31/05 to R\$330,907 on 03/31/06, basically due to personnel agreements and expenses with technical consulting services and groundwork.

**Table of Contents**

**8.1.4 Research and development**

Research and development increased by 92.4 %, from R\$81,129 on 03/31/05 to R\$156,058 on 03/31/06, reflecting CVRD expansion plan to diversify production and expansion of production to meet world demand.

**8.1.5 Other operating expenses**

Other operating expenses increased by R\$67.957, from R\$120.868 on 03/31/05 to R\$188.825 on 03/31/06.

**8.1.6 Net financial results**

The net financial result had an impact of R\$15,393 (expense of R\$259,054 on 03/31/06 compared to expense of R\$274,447 on 03/31/05) due to exchange rate variation effect over the foreign debt, that was partially compensated with the exchange variation on cash equivalents and increase on loss on derivatives (mainly alumina).

**8.1.7 Income Tax and Social Contribution**

Income tax and social contribution reflect an expense of R\$585,334 on 03/31/06 compared with an expense of R\$390,544 on 03/31/05, mainly caused by increase of taxable income.

**Table of Contents****8.1.8 Cash generation**

The operating cash generation measured by EBITDA (earnings before financial results, results of equity investments, interest, income tax and depreciation, amortization and depletion more dividends received) was R\$3,753,529 in 03/31/06, against R\$2,849,394 in 03/31/05, an increase of 31.7%.

EBITDA is not a BR GAAP measure and does not represent cash flow for the periods presented and should not be considered as an alternative 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.

Although EBITDA, as defined above, does not provide a US GAAP measure of operating cash flows, our management uses it to measure our operating performance and it is commonly used by financial analysts in evaluating our business.

**EBITDA**

|   | <b>1Q/06</b>      | <b>4Q/05</b>      | <b>1Q/05</b>      |
|---|-------------------|-------------------|-------------------|
| <b>Operating profit EBIT</b>                        | <b>3,239,886</b>  | <b>3,659,028</b>  | <b>2,375,899</b>  |
| Depreciation / amortization of goodwill             | 512,316           | 538,237           | 473,495           |
|   | <b>3,752,202</b>  | <b>4,197,265</b>  | <b>2,849,394</b>  |
| Dividends received                                  | 1,327             | 3,518             |                   |
| <b>EBITDA</b>                                       | <b>3,753,529</b>  | <b>4,200,783</b>  | <b>2,849,394</b>  |
| Depreciation / amortization of goodwill             | (512,316)         | (538,237)         | (473,495)         |
| Non-recurring item amortization of goodwill Samitri | (1,327)           | (3,518)           |                   |
| Resultado de participações societárias              | 16,410            | 105,916           | 73,519            |
| Venda de ativos                                     | 19,326            |                   |                   |
| Resultado Financeiro líquido                        | (259,054)         | (764,159)         | (274,447)         |
| Imposto de renda e contribuição social              | (585,334)         | (152,191)         | (390,544)         |
| Participações de minoritários                       | (246,672)         | (211,547)         | (169,237)         |
| <b>Net income</b>                                   | <b>2,184,562</b>  | <b>2,637,047</b>  | <b>1,615,190</b>  |
| <b>Current liabilities</b>                          |                   |                   |                   |
| Current portion of long-term debt unrelated parties | 2,746,618         | 2,939,569         | 2,058,984         |
| Short-term debt                                     | 615,994           | 516,851           | 702,853           |
| Related parties                                     | 62,457            | 81,026            | 108,801           |
|   | <b>3,425,069</b>  | <b>3,537,446</b>  | <b>2,870,638</b>  |
| <b>Long-term liabilities</b>                        |                   |                   |                   |
| Long-term debt unrelated parties                    | 10,768,483        | 9,066,375         | 9,336,284         |
| Related parties                                     | 3,106             | 3,065             | 31,131            |
|   | <b>10,771,589</b> | <b>9,069,440</b>  | <b>9,367,415</b>  |
| <b>Gross debt</b>                                   | <b>14,196,658</b> | <b>12,606,886</b> | <b>12,238,053</b> |
| <b>Interest paid</b>                                | <b>227,018</b>    | <b>152,636</b>    | <b>227,668</b>    |

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>Stockholders equity</b>                | <b>31,727,604</b> | <b>24,050,641</b> | <b>19,784,523</b> |
| <b>EBITDA (LTM) / Interest paid (LTM)</b> | <b>23.98</b>      | <b>22.72</b>      | <b>14.19</b>      |
| <b>EBITDA Margin (LTM)</b>                | <b>50%</b>        | <b>49%</b>        | <b>44%</b>        |
| <b>EBIT Margin (LTM)</b>                  | <b>44%</b>        | <b>43%</b>        | <b>39%</b>        |
| <b>Gross debt / EBITDA (LTM)</b>          | <b>0.81</b>       | <b>0.75</b>       | <b>0.97</b>       |
| <b>Gross debt / Equity Capitalization</b> | <b>31</b>         | <b>34</b>         | <b>38</b>         |
| <b>Consolidated EBITDA by Segment</b>     |                   |                   |                   |

| <b>Segments</b>      | <b>1Q/06</b>     | <b>% of total</b> | <b>4Q/05</b>     | <b>% of total</b> | <b>1Q/05</b>     | <b>% of total</b> |
|----------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Ferrous minerals     | 2,939,026        | 78%               | 3,529,386        | 84%               | 1,935,966        | 68%               |
| Non-ferrous minerals | 116,889          | 3%                | 157,013          | 4%                | 103,739          | 4%                |
| Logistics            | 234,764          | 6%                | 220,768          | 5%                | 292,033          | 10%               |
| Holdings             |                  |                   |                  |                   |                  |                   |
| Aluminum             | 436,262          | 12%               | 338,901          | 8%                | 453,984          | 16%               |
| Steel                | 66,651           | 2%                | 45,962           | 1%                | 63,672           | 2%                |
| Others               | (40,063)         | -1%               | (91,247)         | -2%               |                  |                   |
|                      | <b>3,753,529</b> | <b>100%</b>       | <b>4,200,783</b> | <b>100%</b>       | <b>2,849,394</b> | <b>100%</b>       |

**Table of Contents****8.2- Comments on the Parent Company Results****8.2.1 Gross Revenue**

The 20 % increase in gross revenue (R\$4.095.881 on 03/31/06 against R\$3.405.639 on 03/31/05) is the result of the 10% increase in sales of iron ore and also for the increase of prices. This effect was compensated in part by the average appreciation the real against the United States Dollar by 18% incident in revenues of the Company.

**8.2.2 Cost of Products and Services**

Cost of products and services sold to 03/31/06 was R\$2.383.170 on 03/31/06 against R\$2,057,802 to 03/31/05 representing a 15,8% increase. The main factors are, higher volumes sold of products in general, contracts readjustments and the increase of assets reflecting increase of expenses related to depreciation.

**8.2.3 Gross Margin**

The gross margin increased by 2,1% (38,4% on 03/31/06 against 36.3% on 03/31/05) mainly due to increase of prices.

**8.2.4 Results of Shareholdings by Business Area**

The numbers below do not necessarily reflect the individual results of each company, but rather the amounts effectively applicable to the business area.

| <b>Business Area</b>  | <b>1Q/06</b>     | <b>1Q/05</b>     | <b>Δ%</b> |
|---|------------------|------------------|-----------|
| <b>Ferrous Minerals</b>                                       |                  |                  |           |
| . Iron ore  | 1,320,894        | 377,309          | 250       |
| . Pellets   | 188,512          | 148,809          | 27        |
| . Manganese and ferroalloys                                   | (33,157)         | 145,928          | (123)     |
| <b>Non-Ferrous Minerals</b>                                   | (6,994)          | (314)            | (2,127)   |
| <b>Logistics</b>  | 43,335           | 46,337           | (6)       |
| <b>Holdings</b>   |                  |                  |           |
| . Steel   | 89,218           | 140,930          | (37)      |
| . Aluminum  | 186,174          | 200,863          | (7)       |
| . Research and development                                    | (25,276)         | (3,493)          | (624)     |
| <b>Others</b>   | 460              | 272              | 69        |
| <b>Gain on investments accounted for by the equity method</b> | <b>1,763,166</b> | <b>1,056,641</b> | <b>67</b> |
| Provision for losses  | (42,635)         | (10,998)         | (288)     |
| Amortization of goodwill                                      | (37,941)         | (57,270)         | 34        |
| Exchange variation in Stockholders Equity of companies abroad | (601,550)        | 37,827           | (1,690)   |
| <b>Results of equity investments</b>                          | <b>1,081,040</b> | <b>1,026,200</b> | <b>5</b>  |

Results of equity investments are strongly affected by the exchange rate variation over debt, which had a positive impact due to the appreciation of the Real against the Dollar in the period ended in March, 2006 of 7,2 % in comparison with a 0,4% decrease during the period ended in March, 2005. This effect is partially offset by the negative exchange rate variation from investments abroad.

Operationally, volumes and average selling prices increased in iron ore, pellets and aluminum areas. This increase was partially compensated by decrease in average selling prices and volume in manganese and ferroalloys and steel areas. The decrease in steel is due to higher production costs of bauxite and energy.

The negative result of equity in others refers to expenses with subsidiaries of mineral prospection in Africa, South America and Oceania.

**8.2.5 Selling expenses and Administrative expenses**

Selling expenses increased by R\$3,996, from R\$85 on 03/31/05 to R\$4,081 on 03/31/06, while administrative expenses increased by 49.2%, from R\$123,026 in 03/31/05 to R\$183,570 in 03/31/06, basically due to personnel agreement and expenses with technical consulting services and groundwork.





**Table of Contents**

**8.2.6 Research and development**

Research and development increased by 52,7%, from R\$72,657 on 03/31/05 to R\$110,956 on 03/31/06, reflecting CVRD expansion plan to diversify production and expansion of production to meet world demand.

**8.2.7 Other operating expenses**

Other operating expenses increased by R\$19,406, from R\$78,813 in 03/31/05 to R\$98,219 in 03/31/06.

**8.2.8 Net Financial Results**

The net financial results in 03/31/06 had an impact of R\$474,766 (income of R\$284,159 on 03/31/06 compared to expense of R\$190,607 expense on 03/31/05) basically due to exchange rate variation effect of the Real against the dollar over the foreign debt.

**8.2.9 Income Tax and Social Contribution**

Income tax and social contribution reflect an expense of R\$287,185 on 03/31/06 compared with an expense of R\$116,268 on 03/31/05, mainly caused by increase of taxable income.

**Table of Contents**

**9- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers**

**Board of Directors**

Sérgio Ricardo Silva Rosa

**Chairman**

Arlindo Magno de Oliveira

Eduardo Fernando Jardim Pinto

Erik Persson

Francisco Augusto da Costa e Silva

Hiroshi Tada

Jaques Wagner

Jorge Luiz Pacheco

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

**Advisory Committees of the**

**Board of Directors**

**Controlling Committee**

Antonio José de Figueiredo Ferreira

Inácio Clemente da Silva

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Arlindo Magno de Oliveira

João Moisés de Oliveira

Olga Nietta Loffredi

Oscar Augusto de Camargo Filho

**Strategic Committee**

Roger Agnelli

Gabriel Stoliar

Demian Fiocca

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Sérgio Ricardo Silva Rosa

**Finance Committee**

Roger Agnelli

Fábio de Oliveira Barbosa

Rômulo de Mello Dias

Wanderlei Viçoso Fagundes

Ivan Luiz Modesto Schara

**Governance and Sustainability Committee**

Renato da Cruz Gomes

Ricardo Simonsen

Ricardo Carvalho Giambromi

**Fiscal Council**

Marcelo Amaral Moraes

**Chairman**

Anibal Moreira dos Santos

Bernard Appy

José Bernardo de Medeiros Neto  
**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**  
Murilo de Oliveira Ferreira  
**Executive Officer for Equity Holdings and  
Business Development**

José Carlos Martins  
**Executive Officer for Ferrous Minerals**  
Carla Grasso  
**Executive Officer for Human Resources and  
Corporate Services**

José Lancaster  
**Executive Officer for Non-Ferrous Minerals**  
Fábio de Oliveira Barbosa  
**Chief Financial Officer and Investor Relations**

Gabriel Stoliar  
**Executive Officer for Planning**  
Guilherme Rodolfo Laager  
**Executive Officer for Logistics**  
Tito Botelho Martins  
**Executive Officer for Corporate Affairs**

Otto de Souza Marques Junior  
**Chief Officer of Control Department**

Marcus Vinícius Dias Severini  
**Chief Accountant**  
**CRC-RJ 093892/O-3**

**Table of Contents**

**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.

Date: May 18, 2006

COMPANHIA VALE DO RIO DOCE  
(Registrant)

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa  
Chief Financial Officer

6