



CVRD – Production Report 1Q06

Strong operational performance

Rio de Janeiro, May 10, 2006 - Companhia Vale do Rio Doce (CVRD) reported a strong operational performance in the first quarter of 2006 (1Q06), with significantly higher levels of production than in the same quarter of last year in iron ore, alumina, aluminum, potash and kaolin, taking advantage of the opportunities offered by the strong demand in the global market for ores and metals.

There were quarterly output records in alumina (728,000 tons) and potash (185,000 tons).

➤ ***Iron ore: overcoming seasonal effects; CVRD's second best ever quarter***

In spite of the seasonal effects caused by strong rains at the beginning of the year, in 1Q06 CVRD kept up its vigorous trend of recent years in iron ore production, posting its second best ever quarterly output, after the record of 61.2 million tons in 3Q05.

Under US GAAP criterion (accounting principles generally accepted in the US), CVRD's iron ore output in 1Q06 totaled 60.6 million tons, 17.7% more than in the first quarter of 2005, and even slightly higher than its volume of 4Q05 (60.5 million tons). This is the first time that CVRD's iron ore production in the first quarter has exceeded its output in the fourth quarter of the prior year.

The production of CVRD's Southern System, representing 45% of its iron ore output, was 27.3 million tons, 11.4% more than in 1Q05. Part of this result was due to the improvement in output at the Mariana complex, mainly reflecting the start-up in April 2005 of the Fábrica Nova mine – which produced 7.8 million tons in 2005, and 3.0 million tons in 1Q06.

The iron ore production of Carajás in this quarter was 19 million tons, 19.3% more than in 1Q05.

MBR also produced a quarterly record, of 14 million tons in 1Q06, an increase of 3.1 million tons, or 28.6%, over its output in 1Q05.

The Capão Xavier mine produced 700,000 tons more in 1Q06 than in 1Q05 – a total of 3.2 million tons – and there were also significant increases in output volume from the Pico and Vargem Grande mines. Additionally, MBR began operating the Mar Azul mine, following its acquisition in January of this year of Mineração Rio Verde, for US\$ 47 million. Mar Azul produced 244,000 tons in this quarter.

➤ ***Pellets: reallocation of fines supply***

Under US GAAP criterion, which excludes the contribution of joint ventures (Samarco, GIIC, Nibrasco, Kobrasco, Hispanobras and Itabrasco), CVRD's production of pellets in 1Q06 was 3.5 million tons, 17% less than in 1Q05.

This was partly result of the temporary shutdown of the São Luís pelletization plant, which produced 954,000 tons, as compared to 1.560 million tons in 1Q05. This step was taken to reallocate the volume of iron ore fines which should be dedicated to pellet-making to be shipped directly to clients, meeting at least partially their strong demand for iron ore fines.

The current level of inventories and the growing production of CVRD pellet plant in the Southern System will guarantee its supply to clients until São Luís resumes operation. In 1Q06 the greatest contribution to output of pellets were from the CVRD I and CVRD II plants, which have been operating since the end of 2004 at the annualized rate of 6 million tons per year.

Under US GAAP, CVRD's production of blast furnace pellets totaled 1.8 million tons in the quarter, and production of direct reduction pellets was 1.7 million tons.



Under BR GAAP (accounting principles generally accepted in Brazil), which volumes produced by the joint ventures are included in proportion to CVRD's stakes in each of them, CVRD's production of pellets in 1Q06 totaled 8.3 million tons, 7.9% less than in the same period of the previous year. This percentage reduction is much lower than the percentage of 17% resulting from the comparison only for the plants controlled by CVRD – São Luís, Fábrica, CVRD I and CVRD II.

Under BR GAAP, in 1Q06, CVRD produced 5.3 million tons of blast furnace pellets, and 3.0 million tons of direct reduction pellets.

➤ ***Manganese ore and ferro alloys: production adjusted in response to global excess supply***

CVRD produced a total of 546,000 tons of manganese ore in 1Q06, 19.8% less than in 1Q05.

The Azul mine at Carajás produced 402,000 tons, compared with 478,000 tons in 1Q05. CVRD began reducing production of manganese ore in the last quarter of 2005, in response to the excess of supply in the global market.

CVRD's output of ferro alloys in the first quarter of 2006 was 129,000 tons, higher than the 100,000 tons produced in 4Q05, but less than the 164,000 tons produced in 1Q05. Production in Europe returned to its normal level, with Dunkerque and Mo I Rana producing 35,000 tons and 26,000 tons, respectively. Production was slowed down in Brazil, from 97,000 tons in 1Q05, to 63,000 tons in 1Q06. Three furnaces of the Simões Filho plant, in the state of Bahia in Brazil, were temporarily shut down due to excess of supply in the local market.

Production of alloys in the first quarter was made up of 60,800 tons of ferro silicon manganese alloys (FeSiMn), 49,900 tons of high carbon ferro manganese alloy (FeMnAC), 11,800 tons of medium carbon ferro manganese alloy (FeMnMC) and 4,800 tons of other types of alloys. The production of cored wire (special alloys) by Dunkerque plant totaled 1,400 tons.

➤ ***Bauxite: output still higher than nominal capacity***

In spite of the negative effects of the seasonal trend, production at MRN Trombetas mine in 1Q06 totaled 4.162 million tons, 3.0% more than in 1Q05. Annualized output, 16.6 million tons, is higher than the nominal capacity of 16.3 million tons/year. In 2005 Trombetas produced 17.2 million tons, another record.

➤ ***Alumina: quarterly record***

The Barcarena alumina refinery posted a new production record of 728,000 tons in 1Q06, 15.4% lower than in 1Q05, and 11.4% more than in 4Q05, reflecting the start-up of module 4 at the end of January. Module 5 started operation at the end of March.

The inauguration of modules 4 and 5 increases alumina production capacity from 2.5 to 4.4 million tons per year, making Alunorte the world's largest alumina refinery. With the ramp-up of modules 4 and 5, production is expected to increase to 3.8 million tons in 2006.

➤ ***Primary aluminum: operational improvements***

CVRD's production of primary aluminum in 1Q06 was 112,000 tons, 2.1% more than in 1Q05. Operational improvements, obtained at very low cost, have been achieving marginal gains in production, and have increased output to more than nominal capacity. This effort is important at this stage of the economic cycle, when aluminum prices are higher, offsetting the higher costs that have resulted from the appreciation of the Real against the US dollar and the increased price of energy.



➤ ***Copper: working to overcome operational challenges***

The output of copper concentrate from Sossego in 1Q06 was less than expected at 22,000 tons, 15.4% less than in 4Q05, and 11.2% less than in 1Q05.

Operational problems with the ball mill used at the Sossego concentration plant began at the end of 2005, reducing the feed rate into the plant and as a result the output of copper concentrate. The mill began operating normally again in the end of February, and production is expected to recover gradually to an annualized rate of approximately 120,000 tons.

➤ ***Potash: new record following ramp-up***

The Taquari-Vassouras mine produced an output record of 185,000 tons in 1Q06, 25.5% more than in 1Q05.

The expansion of capacity at Taquari-Vassouras was completed in 3Q05, and the ramp-up is proceeding as planned: production is expected to total 850,000 tons in 2006.

➤ ***Kaolin: good operational performance maintained***

Continuing the performance of the previous quarter, kaolin production in 1Q06 was 341,000 tons, up 14.9% than in the same quarter of last year.

Production increased at both CVRD's operations: PPSA and Cadam. PPSA produced 150,000 tons, compared with 111,000 tons in 1Q05, and Cadam produced 190,000 tons, beating its 1Q05 output of 186,000 tons.



CVRD Production Report - US GAAP*

thousand tons

	1Q05	4Q05	1Q06	% Change 1Q06/4Q05	% Change 1Q06/1Q05
IRON ORE	51,465	60,489	60,560	0.1%	17.7%
Southern System	24,444	27,505	27,241	-1.0%	11.4%
Itabira	11,255	11,334	11,249	-0.8%	-0.1%
Mariana	4,595	7,003	6,968	-0.5%	51.6%
Minas Centrais	3,947	4,196	4,350	3.7%	10.2%
Minas do Oeste	4,649	4,973	4,675	-6.0%	0.6%
Carajás	15,922	20,307	18,994	-6.5%	19.3%
Urucum	235	308	351	14.1%	49.8%
MBR	10,864	12,369	13,974	13.0%	28.6%
PELLETS	4,148	4,315	3,443	-20.2%	-17.0%
CVRD I and CVRD II	1,495	1,532	1,494	-2.5%	-0.1%
Fabrica	1,093	1,016	995	-2.0%	-8.9%
São Luís	1,560	1,768	954	-46.0%	-38.9%
MANGANESE ORE	681	614	546	-11.0%	-19.8%
Azul	478	481	402	-16.4%	-15.9%
Urucum	103	73	98	34.3%	-4.7%
other mines	100	60	46	-23.3%	-54.2%
FERRO-ALLOYS	164	100	129	28.1%	-21.6%
RDM	97	63	63	0.3%	-35.1%
RDME	34	22	35	61.4%	1.6%
RDMN	28	10	26	156.1%	-7.0%
Urucum	5	6	5	-13.7%	0.0%
ALUMINA	631	653	728	11.4%	15.4%
Alunorte	631	653	728	11.4%	15.4%
ALUMINUM	110	113	112	-1.0%	2.1%
Albras	110	113	112	-1.0%	2.1%
COPPER	25	26	22	-15.4%	-11.2%
Sossego	25	26	22	-15.4%	-11.2%
POTASH	147	174	185	5.8%	25.5%
Taquari-Vassouras	147	174	185	5.8%	25.5%
KAOLIN	296	341	341	-0.2%	14.9%
PPSA	111	154	150	-2.3%	35.4%
Cadam	186	188	190	1.5%	2.6%

* Under US GAAP, CVRD consolidates the total production volumes of companies in which it has more than 50% of the voting capital and effective control.



CVRD Production Report - Consolidated BR GAAP*

thousand tons

	1Q05	4Q05	1Q06	% Change 1Q06/4Q05	% Change 1Q06/1Q05
IRON ORE	53,004	62,160	62,190	0.0%	17.3%
Southern System	24,444	27,505	27,241	-1.0%	11.4%
Itabira	11,255	11,334	11,249	-0.8%	-0.1%
Mariana	4,595	7,003	6,968	-0.5%	51.6%
Minas Centrais	3,947	4,196	4,350	3.7%	10.2%
Minas do Oeste	4,649	4,973	4,675	-6.0%	0.6%
Carajás	15,922	20,307	18,994	-6.5%	19.3%
Urucum	235	308	351	14.1%	49.8%
MBR	10,864	12,369	13,974	13.0%	28.6%
Samarco	1,539	1,671	1,630	-2.4%	5.9%
PELLETS	8,955	9,326	8,248	-11.6%	-7.9%
CVRD I and CVRD II	1,495	1,532	1,494	-2.5%	-0.1%
Fabrica	1,093	1,016	995	-2.0%	-8.9%
São Luís	1,560	1,768	954	-46.0%	-38.9%
Nibrasco	1,155	1,134	1,142	0.7%	-1.1%
Kobrasco	573	626	596	-4.8%	4.1%
Hispanobras	540	467	558	19.4%	3.3%
Itabrasco	508	441	490	11.3%	-3.5%
Samarco	1,659	1,751	1,504	-14.1%	-9.3%
GIIC	373	592	515	-13.0%	38.1%
MANGANESE ORE	681	614	546	-11.0%	-19.8%
Azul	478	481	402	-16.4%	-15.9%
Urucum	103	73	98	34.3%	-4.7%
other mines	100	60	46	-23.3%	-54.2%
FERRO-ALLOYS	164	100	129	28.1%	-21.6%
RDM	97	63	63	0.3%	-35.1%
RDME	34	22	35	61.4%	1.6%
RDMN	28	10	26	156.1%	-7.0%
Urucum	5	6	5	-13.7%	0.0%
BAUXITE	1,616	1,702	1,665	-2.2%	3.0%
MRN	1,616	1,702	1,665	-2.2%	3.0%
ALUMINA	631	653	728	11.4%	15.4%
Alunorte	631	653	728	11.4%	15.4%
ALUMINUM	122	126	126	0.3%	3.2%
Albras	110	113	112	-1.0%	2.1%
Valesul	12	13	14	12.2%	13.7%
COPPER	25	26	22	-15.4%	-11.2%
Sossego	25	26	22	-15.4%	-11.2%
POTASH	147	174	185	5.8%	25.5%
Taquari-Vassouras	147	174	185	5.8%	25.5%
KAOLIN	296	341	341	-0.2%	14.9%
PPSA	111	154	150	-2.3%	35.4%
Cadam	186	188	190	1.5%	2.6%

* 1) Under Consolidated BR GAAP, CVRD consolidates the total production of all the companies in which it has more than 50% of the voting capital and effective control.

2) For the companies in which CVRD has shared control (Samarco, Nibrasco, Kobrasco, Hispanobras, Itabira, GIIC, MRN and Valesul), consolidation is proportional to CVRD's stake in the company.

3) The production volumes of companies in which CVRD has minority interests are not consolidated.



**Companhia
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