BR GAAP

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

THE PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE FIRST QUARTER OF 2005

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with Brazilian generally accepted 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, Itaco, 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. ***From this quarter onwards, CVRD will be publishing financial and operational figures based on consolidated financial statements in Brazilian GAAP on a quarterly basis.***

DELIVERING A STRONG PERFORMANCE

Rio de Janeiro, May 11, 2005 – Companhia Vale do Rio Doce (CVRD) hereby reports net earnings of R$ 1.615 billion for the first quarter 2005 (1Q05), which corresponds to earnings per share of R$ 1.40. The net earnings in 1Q05 were 69.3% higher than the one reported in 1Q04, of R$ 954 million.

The return on equity (ROE), calculated on an annualized quarterly earnings basis, amounted to 32.7%, compared to 24.7% in 1Q04.

Gross revenues amounted to R$ 7.052 billion, an increase of 18.9% in relation to 1Q04.

Consolidated exports amounted to US$ 1.336 billion, a yoy increase of 22.8%. The performance of the Company foreign sales consolidates its position as the largest exporter of Brazil.

Net exports (exports less imports) amounted to 1.095 billion, an increase of 17.5% compared to 1Q04. CVRD continues to make a relevant contribution to the Brazilian trade balance, accounting for 13.2% of the US$ 8.3 billion surplus obtained in this quarter.

Operational performance, as measured by EBIT (earnings before interest expenses and taxes), amounted to R$ 2.376 billion, 33.5% higher than the EBIT of 1Q04, of R$ 1.780 billion. Operating margin amounted to 35.3%, higher than that obtained in 1Q04, of 31.4%.

Cash generation, as measured by EBITDA (earnings before interest expenses, taxes, depreciation and amortization), amounted to R$ 2.849 billion, a yoy increase of 17.0%.

CVRD delivered very good results in 1Q05 in spite of adverse conditions, caused by (i) the strengthening of the Brazilian Real against the US dollar, (ii) cyclical cost pressures in labor, energy, raw materials, parts and equipment, and (iii) most importantly, the strong seasonal impact of the summer rains on mining production and the performance of the railroads. The new prices of iron ore and pellets negotiated with clients for 2005 are not reflected in the figures for 1Q05.

The Company's capital expenditure, according to the generally accepted accounting principles in the United States (US GAAP), in 1Q05 was US$570.3 million, of which US$430.7 million, or 75.5%, was investment in growth – that is to say, greenfield and brownfield projects and research & development.

The Fábrica Nova mine started operating in April – adding one more platform for value creation. In the last 12 months CVRD has started up three iron ore capacity expansion projects: Carajás 70 Mtpy, Capão Xavier and Fábrica Nova. Meanwhile, in 2004 the third pier of the Ponta da Madeira Port was launched and the Company continues to invest in iron ore logistics infrastructure, increasing the capacity of its railroads and maritime terminals.

SELECTED FINANCIAL INDICATORS

R$ million

	1Q04 (A)	1Q05 (B)	% (B/A)
Gross operating revenues	5,930	7,052	18.9
Gross margin (%)	44.1%	43.7%	
Net earnings	954	1,615	69.3
Net earnings per share (R$)	0.83	1.40	68.7
EBITDA	2,436	2,849	17.0
EBIT	1,780	2,376	33.5
EBIT margin (%)	31.4%	35.3%	
Annualized ROE (%)	24.7%	32.7%	
Exports (US$ million)	1,088	1,336	22.8

BUSINESS OUTLOOK

The world economy continues to expand. After averaging 6% per year between late 2003 and early 2004, global GDP growth slowed, in the context of a natural transition to a sustainable path.

The current expansion present some imbalances, with the US and China being the engines of the growth. The Chinese economy continues to expand more strongly than expected, in spite of the restraining measures. China's GDP growth rate was 9.5% in 1Q05, its seventh successive quarter of expansion at a higher rate than 9%.

The economies of Europe and Japan are growing much less than previously expected. Their performance is excessively dependent on exports, which suffer the adverse effect of the strengthening of the euro and the yen, since domestic demand in the Euro Zone and Japan is growing very slowly.

The emerging economies continue to grow at higher rates than in prior recent years, although more slowly than in 2004.

Brazil accompanies the general trend of these economies, with its Central Bank responding to an increase in inflation rates by applying a contractionary monetary policy, and a fiscal policy that continues to post higher than expected primary surpluses. The increase in the current account surplus of the balance of payments, the result of vigorous growth of exports, will result in the Brazilian Real remaining strong in the coming months even while the current tightening cycle in domestic interest rates is gradually eased.

In spite of the moderation of global growth, oil prices remain high, with considerable volatility – reflecting strong demand, the uncertainties on Opec's output plans, declines in production in the rest of the world and the low level of idle capacity.

The fundamentals of the global economy do not, however, justify pessimistic forecasts for the near future. Inflation rates continue to be contained, real interest rates are close to zero, and unless some supply shock and/or acceleration of economic growth takes place, the probability of a further sharp increase in oil prices is low.

World crude steel production was 6.5% higher year-on-year in first quarter 2005, compared to 8.8% growth in the whole of 2004. Chinese production was 23.8% higher year-on-year – accounting for 91% of worldwide expansion in this period.

We now expect to see some slowdown in the world steel production growth rate, reflecting forecasts of slower expansion of demand for finished steel products. The IISI expects consumption of these products to exceed 1 billion tons/year in 2005 for the first time in history, 3.7% higher than in 2004. In 1994-2004 apparent steel consumption, worldwide, grew at an annual average rate of 4.4%, increasing to 7.9% in the recent phase of 2001-2004.

The continuing substantial growth of China's steel production contribute to an increase in its iron ore imports by 24% year-on-year in the first quarter, to an annualized level of 256 million tons, compared to 208 million tons in 2004. Iron ore inventories are at levels considered to be normal, and the differential between Brazil-Asia and Australia-Asia maritime freight rates, an indicator of demand, continues to break records.

China's fixed assets investment is increasing at a rate of approximately 25%, much higher than the 16% target established by the Chinese government for 2005. Since investment in fixed assets is a good leading indicator for Chinese steel consumption, derivative demand for iron ore is expected to continue to expand significantly.

In alumina, the disequilibrium between demand and supply continues, reflected in the high spot price levels, around US$400 per ton FOB. The additional capacity programmed to come on stream does not make it possible to forecast correction of this imbalance at least until the end of 2005.

Aluminum inventories continued to decline, and are currently at eight weeks' consumption, compared to almost 11 weeks at the beginning of 2004, and the high prices of alumina restrains expansion of output.

The increase in copper concentrate production since the second half of 2004, and the slow ramp-up of smelters' production, is contributing to the considerable increase in prices charged (TC/RC) for transformation into metal. Refined copper stocks are at historically very low levels and, we believe, unlikely to change significantly during the year, tending to sustain copper prices.

CVRD continues to develop capacity expansion projects and seek increases in productivity, to benefit from the favorable world situation.

The Fábrica Nova iron ore mine, with nominal production capacity of 15 million tons/year, began operating in April. It is the third CVRD iron ore project to come on stream over the last twelve months.

Over time, the Company has succeeded in growing and providing good results independently of economic cycles. According to CRU, CVRD is number one metals and mining company in total shareholder return over the last ten years. To maintain this performance in the future, CVRD has developed a complete program to promote excellence in project execution, maintenance and operation.

TEOR, one of the programs in this initiative, aims to assess the operation of each of CVRD's mines, identifying any inefficiencies and correcting them, so as to achieve marginal increases in production in each one, without incurring the cost of investments in additional capacity.

IMPORTANT RECENT EVENTS

Improving risk perception

CVRD increased its committed bank facilities, from US$500 million to US$750 million, building in lengthened maturities and lower costs.

A US$400 million line, with availability of one year for drawdown and one year for payment, was replaced by another of US$650 million, with availability for two years and payment time of two years. The cost consists of a commitment fee of 0.3%, and in the event of use of the line, Libor plus 0.75% p.a.

The Company has not used this credit line since the program began in May 2004.

The facility allows greater efficiency in cash management and increases risk perception, consistently with the strategy focus on reduction of cost of capital. There are no restrictions to the use of the facility linked to country risk.

Remuneration of shareholders and debenture holders

On April 29 CVRD paid R$ 1.11 per share to its common and preferred shareholders, the first installment of the minimum dividend for 2005, as announced on January 31. The total distributed was R$ 1.28 billion.

The remuneration to holders of CVRD's "shareholders debentures", R$0.019005992 per debenture, totaling R$ 7 million, was paid on April 1.

Ferrous minerals

- **Iron ore price negotiation for 2005 completed**

With the agreement made on March 31 with ThyssenKrupp, Germany's largest steelmaker, to increase the price of Carajás lumps by 79%, negotiation of prices for the principal iron ore products for 2005 was completed.

- **New contracts for supply of pellets and ferro-alloys**

CVRD signed a contract to supply 2.66 million tons of direct reduction pellets for six years to Qatar Iron and Steel company (QASCO), one of the largest steel producers in the Middle East. A contract with Huttenwerke Krupp Mannesmann GmbH, a subsidiary of ThyssenKrupp, was signed for supply of 20,000 tons/year of manganese ferro-alloys, for two years. This contract follows the new trend in the commercial relationship between producers of ferro-alloys and their clients, aiming to optimize planning of output by both parties.

- **Fábrica Nova mine starts up**

The Fábrica Nova iron ore mine, in the Mariana region of Minas Gerais state, in the Brazilian Southern System, began operating in April. Its production capacity is 15 million tons/year; estimated production for 2005 is 10 million tons.

- **Carajás 100 Mtpy**

CVRD's Board of Directors approved the project to increase Carajás iron ore production capacity to 100 million tons/year. This project is in the phase of detailed planning of engineering and initiating the equipment, works and services supply processes. Conclusion is scheduled for 2007.

- **Mining rights**

The company bought Mineração Estrela do Apolo, holder of mining rights on the reserves at Maquiné, in the iron ore quadrangle in Minas Gerais State, for US$9.3 million. Maquiné has reserves of iron ore and bauxite.

SALES VOLUMES AND REVENUES

CVRD's gross revenues in 1Q05, of R$ 7.052 billion, were 18.9% higher than in 1Q04. The appreciation of the Real against the US dollar has a negative impact on the CVRD´s gross revenues in Real currency, given that 86% of it is denominated or indexed to the US dollar.

The increase of R$ 1.122 billion in 1Q05 revenues, compared to 1Q04, was mainly due to higher prices, which contributed with R$ 1.499 billion. The startup of the Sossego copper mine in June 2004 also had a positive impact on CVRD's gross revenues in 1Q05, generating R$ 200 million in revenues. On the other hand, the 7.8% appreciation of the Real against the US dollar and the divestiture of the company's stake in CST reduced gross revenues by R$ 421 million and R$ 272 million, respectively.

In this quarter, Asia became CVRD´s major destination of sales with 26.4% of the total revenues, surpassing Europe, which accounted for 25.9%. Brazil is the most important country for CVRD's sales destination, accounting for 25.0% of the total revenues in 1Q05.

China presented the highest rate of sales revenue growth, 44.7% yoy. The sales revenues to the USA increased by 23.2% yoy. Japan showed the lowest rate of sales revenue growth, 7.9% yoy.

In 1Q05 the gross margin achieved 43.7%, compared to 44.1% in 1Q04. The decrease was mainly due to a 22.4% raise in sales taxes, resulted from the increase of copper concentrates and alumina shipments to the domestic market.

- **Ferrous minerals**

Revenues from the sale of ferrous minerals – iron ore, pellets, manganese ore and ferro-alloys – in 1Q05 amounted to R$ 4.440 billion, higher than that obtained in 1Q04, of R$ 3.576 billion. Iron ore shipments generated R$ 2.753 billion, pellets R$ 1.167 billion, Tubarão pellet plant operation services R$ 21 million, manganese ore R$ 63 million and ferro-alloys R$ 435 million.

The figures for revenue from shipments of iron ore and pellets do not reflect the new prices agreed for 2005.

In spite of the heavy rains that affected the iron ore production of Carajás, iron ore and pellet shipments in 1Q05, at 58.884 million tons, were 11.5% higher than in the first quarter of 2004.

Shipments summed 49.159 million tons of iron ore and 9.725 million tons of pellets, a yoy increase of 13.3% and 3.2%, respectively.

During this quarter CVRD acquired 4.4 million tons of iron ore from other mining companies located in the Iron Ore Quadrangle in Brazil's State of Minas Gerais, to complement its production and fulfill client contracts. These purchases totaled 15.9 million tons in 2004, being 3.3 million tons in the first quarter.

In 1Q05, 19.5% (11.5 million tons) of CVRD's total volume of iron ore and pellets sold was shipped to China, 10.0% to Germany, 9.8% to Japan, 4.4% to France and 4.2% to South Korea. Sales to Brazil, 11.2 million tons, accounted for 19.0% of total sales volume.

Sales of manganese ore amounted to 198,000 tons in 1Q05, an increase of 23.0% yoy.

Sales of ferro-alloys amounted to 136,000 tons, down 33.0% compared to 1Q04, when shipments of ferro-alloys set a record of 203,000 tons, not only as a result of the fact that the Mo I Rana plant, in Norway, was operating at full capacity, but also due to the draw-down of existing stock levels.

- **Aluminum chain**

The products in the Company's aluminum chain - bauxite, alumina and primary aluminum - generated revenues of R$ 1.040 billion, 14.7% of CVRD's total revenues. This amount was 15.2% higher than that recorded in 1Q04.

Sales volume of bauxite amounted to 1.233 million tons in 1Q05, an increase of 8.6% yoy.

464,000 tons of alumina were sold in 1Q05, practically in line with the figure recorded in 1Q04, of 467,000 tons.

Sales of primary aluminum amounted to 122,000 tons, a yoy increase of 10.9%.

- **Copper**

In 1Q05, CVRD sold 85,000 tons of copper concentrates. Production at the Sossego copper mine was adversely affected in this quarter by the rainy season and by operational problems with mining equipment.

- **Industrial minerals**

Sales of potash contributed R$ 80 million to the Company's revenues in 1Q05, representing 1.1% of CVRD's total revenues. This amount was 23.7% higher than that of 1Q04.

The volume sold, of 138,000 tons, was in line with the same period a year earlier.

Sales of kaolin accounted for R$ 105 million in revenues, 1.5% of CVRD's total revenues, down 7.4% yoy. The decrease was mainly due to a decrease in the sales volume and appreciation of the Real against the US dollar.

Total volume of kaolin sold amounted to 280,000 tons, down 2.1% yoy. Considering the new contracts that were signed, shipments of kaolin are likely to increase from 2Q05 onwards.

- **Logistics**

Logistics services reached R$ 725 million in 1Q05, an increase of 12.3% in relation to the R$ 645 million in 1Q04. Logistics services accounted for 10.2% of the Company's total revenues in the quarter.

General cargo transported for clients on the CVRD railroads contributed with sales of R$ 506 million and port services, with R$ 114 million. Coastal shipping and port handling services accounted for R$ 105 million.

The railroads transported 5.679 billion ntk of general cargo for third parties, 8.6% less than in 1Q04. The strong rains in the Southeast Region caused landslides that restricted movement of general cargo on the EFVM, CVRD's main railroad for third party cargo. The main cargos hauled were steel industry inputs and products, 49.7% of the total, agricultural products, 26.2%, and fuels, 10.5%.

The Company's ports and maritime terminals handled 6.313 million tons of general cargo for clients, compared to 6.213 million in 1Q04.

- **Steel industry participations**

Revenues generated by CVRD's equity stakes in the steel industry amounted to R$ 452 million in 1Q05, down 26% compared to the amount of R$ 610 million in 1Q04. This variation is mainly due to the sales of CST in December 2004, which was partly compensated by the better results from CSI in this quarter compared to 1Q04. The equity stakes in the steel industry accounted for 6.4% of CVRD's total revenues in 1Q05.

SALES VOLUME – IRON ORE AND PELLETS				
				Thousand tons
	1Q04	%	1Q05	%
Iron ore	43,383	82%	49,159	83%
Pellets	9,427	18%	9,725	17%
Total	**52,810**	**100%**	**58,884**	**100%**

SALES VOLUME – ORES AND METALS		
		Thousand tons
	1Q04	1Q05
Manganese	161	198
Ferro alloys	203	136
Copper concentrates	-	85
Potash	138	138
Kaolin	286	280
Bauxite	1,135	1,233
Alumina	467	464
Aluminum	110	122

VOLUME SOLD BY DESTINATION – IRON ORE AND PELLETS				
				Thousand tons
	1Q04	%	1Q05	%
ASIA	**20.2**	**38.3%**	**22.7**	**38.5%**
China	9.5	18.0%	11.5	19.5%
Japan	5.3	10.0%	5.8	9.8%
South Corea	2.8	5.3%	2.5	4.2%
Emerging Asia (ex China)	2.6	4.9%	2.9	4.9%
Europe	**16.1**	30.5%	**18.0**	30.6%
Germany	5.2	**9.8%**	5.9	**10.0%**
France	2.7	**5.1%**	2.6	**4.4%**
Italy	2.6	**4.9%**	2.2	**3.7%**
Others	5.6	**10.6%**	7.3	**12.4%**
Brazil	**9.8**	**18.6%**	**11.2**	**19.0%**
USA	**1.0**	**1.9%**	**1.3**	**2.2%**
Rest of the world	**5.7**	**10.8%**	**5.7**	**9.7%**
Total	**52.8**	**100.0%**	**58.9**	**100.0%**

LOGISTICS SERVICES		
	1Q04	1Q05
Railroads (million ntk)	6,215	5,679
Ports (thousand tons)	6,213	6,313

GROSS REVENUES – BY PRODUCT				
				R$ million
	1Q04	%	1Q05	%
Iron ore and pellets	**3,194**	**53.9%**	**3,920**	**55.6%**
Iron ore	2,264	**38.2%**	2,753	**39.0%**
Pellets	930	**15.7%**	1,167	**16.5%**
Pellet plant operation services	**14**	**0.2%**	**21**	**0.3%**
Manganese and ferro-alloys	**368**	**6.2%**	**498**	**7.1%**
Copper concentrates	**-**	**0.0%**	**200**	**2.8%**
Potash	**65**	**1.1%**	**80**	**1.1%**
Kaolin	**113**	**1.9%**	**105**	**1.5%**
Aluminum	**903**	**15.2%**	**1,040**	**14.7%**
Logistics	**645**	**10.9%**	**725**	**10.3%**
Railroads	457	7.7%	506	7.2%
Ports	96	1.6%	114	1.6%
Shipping	92	1.6%	105	1.5%
Steel products	**610**	**10.3%**	**452**	**6.4%**
Others	**18**	**0.3%**	**11**	**0.2%**
Total	**5,930**	**100.0%**	**7,052**	**100.0%**

GROSS REVENUES – BY DESTINATION				
				R$ millions
	1Q04	%	1Q05	%
Brazil	**1,485**	**25.0%**	**1,765**	**25.0%**
External market	**4,445**	**75.0%**	**5,287**	**75.0%**
USA	603	10.2%	743	10.5%
Europe	1,576	26.6%	1,828	25.9%
Japan	553	9.3%	597	8.5%
China	578	9.7%	836	11.9%
Emerging Asia (ex-China)	388	6.5%	428	6.1%
Rest of the World	746	12.6%	854	12.1%
Total	**5,930**	**100.0%**	**7,052**	**100.0%**

OPERATIONAL MARGIN IN EXPANSION

Operating profit, as measured by EBIT, amounted to R$ 2.376 billion, an increase of 33.5% compared to 1Q04.

EBIT margin amounted to 35.3%, higher than that reported in 1Q04, of 31.4%.

EBIT increased by R$ 596 million yoy, due to the increase in net revenues of R$ 1.062 billion, partly offset by the increase in the cost of goods sold (COGS) of R$ 620 million.

In general terms, the increase in COGS was due to higher prices determined by the current economic cycle, the start-up of the Sossego copper mine in mid-2004 and of course by the expansion in production.

The specific sources of the higher 1Q05 COGS relatively to 1Q04 were the growth in expenses with: (a) materials, R$ 191 million; (b) outsourced services, R$ 222 million; (c) energy, R$ 141 million; and (d) depreciation, R$ 32 million.

Higher prices of parts and components contributed to the increase of costs of materials. Energy costs were impacted by a 31% rise in fuel prices, and various increases in electricity rates. The increase in expenditure on contracted services is mainly due to price increases already scheduled in existing contracts, while the increased depreciation expense reflects the larger Company's assets.

Demurrage expenses totaled R$ 56 million in 1Q05. Simultaneously with the investments in expansion of loading capacity at the Ports of Ponta da Madeira, Tubarão and Sepetiba, CVRD is making efforts to optimize interaction between production, rail transport and shipment timing, to reduce waiting time suffered by ships in ports.

Negative factors in 1Q05 EBIT – compared to 1Q04 – were: (a) SG&A expenses R$ 3 million higher, basically due to the annual increase in salaries in July 2004, and increased commissions on sales – resulting from increased sales volume; and (b) an increase of R$ 15 million in research and development expenditure, reflecting intensified exploration activities.

COGS BREAKDOWN

R$ million

	1Q04	%	1Q05	%
Personnel	321	10.1%	314	8.3%
Material	524	16.6%	715	18.9%
Fuel oil and gases	347	11.0%	407	10.7%
Outsourced services	536	16.9%	758	20.0%
Electric energy	236	7.4%	318	8.4%
Acquisition of products	600	19.0%	593	15.7%
Depreciation and exhaustion	315	10.0%	347	9.2%
Goodwill amortization	96	3.0%	96	2.5%
Others	189	6.0%	238	6.3%
Total	**3,165**	**100.0%**	**3,785**	**100.0%**

LTM EBITDA OF R$ 12.622 BILLION

Cash generation, as measured by EBITDA, amounted to R$ 2.849 billion, an increase of 17.0%, compared to 1Q04.

In the twelve-month period to March 31, EBITDA amounted to R$ 12.662 billion. This represented a qoq growth of R$ 413 million.

Ferrous minerals operation – iron ore, pellets, manganese ore and ferro-alloys – contributed to 68% of CVRD cash generation in 1Q05, while the aluminum chain - bauxite, alumina and primary aluminum – contributed to 16%, logistics services to 10%, non-ferrous minerals to 4% and equity stakes in the steel industry to 2%.

QUARTERLY EBITDA		
		R$ million
	1Q04	1Q05
Net operating revenues	5,659	6,721
COGS	(3,165)	(3,785)
SG&A	(355)	(358)
Research and development	(66)	(81)
Other operational expenses	(292)	(121)
EBIT	**1,780**	**2,376**
Adjustment for non-cash items	**183**	**-**
Depreciation, amortization & exhaustion	**437**	**473**
Dividends received	**36**	**-**
EBITDA	**2,436**	**2,849**

EBITDA BY BUSINESS AREA		
		R$ million
	1Q04	1Q05
Ferrous minerals	1,554	1,936
Non- ferrous minerals	21	104
Logistics	260	292
Aluminum	417	454
Steel	184	64
Total	**2,436**	**2,849**

SOLID PERFORMANCE: NET EARNINGS OF R$ 1.615 BILLION

In the first quarter of 2005, CVRD obtained net earnings of R$ 1.615 billion, an increase of 69.3% compared to the same period a year earlier. The yoy rise of R$ 596 million in operating profit, the result of the growth achieved in practically all the Company's business areas, was the main factor behind CVRD's higher net earnings in the first quarter in 2005.

Net income in this quarter was also higher than the one achieved in 4Q04, of R$ 1.528 billion, which was positively impacted by non-recurring asset sales. Excluding these extraordinary events, 1Q05 net earnings would be approximately 11% higher than 4Q04.

It is also important to highlight the quality of this quarter net income: there was no influence on non-recurring items, such as results from asset sales, nor monetary variations, since the Real/US dollar exchange rate of March 31st, 2005, of R$ 2.6662, was basically the same of December 31st, 2004, of R$ 2.6544.

The net financial result also had a positive impact on net earnings in 1Q05, being down R$ 231 million compared to 1Q04. Of this amount, a reduction in financial expenses contributed with R$ 179 million, an increase in financial revenues, with R$ 44 million and monetary variation, with R$ 8 million.

The equity income result amounted to R$ 74 million, an increase of R$ 67 million, compared to 1Q04.

The good financial and equity income results more than compensated for the increase of R$ 155 million in expenses on income tax and social contribution, due to the higher taxable earnings base.

DEBT INDICATORS CONTINUE TO IMPROVE

According to US GAAP (United States generally accepted accounting principles), CVRD's total debt at March 31, 2005 was US$4.182 billion, US$94 million more than at December 31, 2004 (US$4.088 billion). Net debt at the end of March 2005 was US$3.060 billion, vs. US$2.839 billion at the end of December 2004.

Trailing 12-month net debt/adjusted EBITDA increased from 1.10 on December 31, 2004 to 1.05 on March 31, 2005. The ratio of net debt to enterprise value was stable, with a change from 11.8% to 11.1%. Interest coverage as measured by trailing 12-month adjusted EBITDA/interest paid increased, from 12.41 at the end of 2004 to 13.24 on March 31, 2005. The changes in these indicators show the Company's powerful cash flow and the strategic focus on preserving a healthy balance sheet.

FINANCIAL EXPENSES – US GAAP			
			US$ million
Financial expenses:	1Q04	4Q04	1Q05
Debt with third parties	(56)	(63)	(48)
Debt with related parties	(2)	-	(2)
Total debt-related financial expenses	**(58)**	**(63)**	**(50)**
Gross interest on:	1Q04	4Q04	1Q05
Tax and labour contingencies	(6)	(11)	(11)
Tax on financial transactions (CPMF)	(4)	(11)	(9)
Derivatives	(59)	(67)	5
Others	(15)	(106)	(27)
Total gross interest	**(84)**	**(195)**	**(42)**
Total	**(142)**	**(258)**	**(92)**

DEBT INDICATORS – US GAAP			
			US$ million
	1Q04	4Q04	1Q05
Gross debt	4,526	4,088	4,182
Net debt	3,443	2,839	3,060
Gross debt / adjusted LTM EBITDA (x)	1.86	1.10	1.05
Adjusted LTM EBITDA / LTM interest expenses (x)	11.69	12.41	13.24
Gross debt / EV (x)	0.19	0.12	0.11

Enterprise Value = market capitalization + net debt

CAPEX: FABRICA NOVA A NEW VALUE CREATION PLATFORM

According to US GAAP (United States generally accepted accounting principles), CVRD's capital expenditure in 1Q05 totaled US$ 570.3 million, of which US$ 430.7 million was spent on organic growth - projects and R&D, and US$ 139.6 million on "stay-in-business Capex" – maintenance of existing operations[1].

Expenditure on R&D was US$ 28.2 million. Ore exploration was concentrated on looking for deposits of copper, nickel, gold, bauxite and manganese.

The feasibility study for the Vermelho project – to be CVRD's first nickel mine – was completed. A feasibility study for development of the Moatize coal deposit in Mozambique was started at the beginning of 2005 and is expected to be completed in June 2006.

The Fabrica Nova mine, which is part of the CVRD Southern System, started to operate in April, and its 2005 output is expected to reach 10 million tons. Fabrica Nova has a nominal capacity of 15 million tons per year. It is the third Company's iron ore project to come on stream over the last twelve months.

Total capex with the development of Fabrica Nova is US$ 106 million. It will add approximately 15% to the Southern System total production capacity of iron ore. In 2004, the Southern System mines produced 98.8 million tons of iron ore.

- **Main projects in progress**

Area	Project	Realized	Budgeted		Status
		US million			
		1Q05	2005	Total	
Ferrous minerals	Expansion of the Carajás iron ore mines to 85 Mtpa – Northern System	41	140	296	This project will increase CVRD's production capacity by 15 million tons/year, and is scheduled for completion in 2006. Works on the plant and port are in progress. Conclusion of works on the second phase of Pier III of the Ponta da Madeira Port terminal – an additional ship loading facility – is planned for July 2005, for total investment of US$70 million.
	Brucutu iron ore mine – Southern System	24	205	448	We expect Brucutu to produce 6.5 million tons this year. Phase I should be completed in 2006, bringing nominal production capacity to 15 million tons/year. Phase II is scheduled for completion in 2007, bringing production capacity to 24 million tons/year. Works on Phase I are 55% completed.
	Fábrica Nova iron ore mine – Southern System	7	37	106	Started operating in April. Reallocation of the Samarco ore duct is currently in progress – this will increase the workable area. Project conclusion scheduled for the end of this year.
	Expansion of the Itabira iron ore mines – Southern System	3	16	75	Modernization of operations and expansion of production capacity of the Itabira mines to 46 million tons/year. Conclusion and startup planned for 2006. Surface removal has been completed. Work on processing facilities scheduled to start 2Q05.
	Fazendão iron ore mine – Southern System	-	52	100	Project to produce 14 million of ROM (unprocessed) iron ore/year. Works planned to start in second half 2005, with completion and startup in 2006.
	Fábrica iron ore mine – Southern System	-	38	144	Project to expand production capacity at the Fábrica mine by 5 million tons, from 12 million to 17 million tons/year. Startup planned for 2007.

[1] Capex data is based on effective financial disbursements.

	Timbopeba iron ore mine	-	25	25	Extension of the useful life of this mine to 2008, with estimated annual production of 2.7 million tons. US$7.8 million will be invested in development, purchase of small-scale equipment and new access to the rock face. US$17.6 million will be invested in acquisition of rolling stock for the EFVM railroad.
	Tubarão Port expansion – Southern System	5	22	65	Project to expand the conveyor belt systems and loading machinery, and building of new stockyard. Half the works have been completed. Conclusion planned for 2006.
	São Luis pelletizing plant – expansion	3	18	18	Expansion of the plant capacity to 7 million tons/year, with startup planned for second half 2005.
Coal	Anthracite	0	86	86	Agreement to acquire 25% stake in the Chinese anthracite producer Henan Longyu Energy Resources Ltd., in partnership with Yoncheng and Baosteel. In 2005 the mine will produce 1.7 million tons of high quality anthracite.
	Coking coal	0	16	26	Acquisition, in association with the Chinese coal producer Yankuang, of 25% of Shandong Yankuang International Coking Ltd, for production of Coking coal. Production capacity is estimated at 2 million tons/year of coke and 200,000 tons/year of methanol. The coke plant is being assembled, and startup is timetabled for 2006.
Non-ferrous minerals	Expansion of the Taquari-Vassouras potash mine	3	9	78	Project to expand nominal potash production capacity from 600,000 to 850,000 tons/year. Approximately 90% of works completed. Operation scheduled to start in second half 2005.
	The 118 copper mine	-	32	218	Project to produce 36,000 tons of copper cathode. Planning at assessment phase.
	Vermelho nickel mine	-	34	875	Project to produce 45,000 tons of nickel cathode and 2,000 tons of cobalt per year. Planning at assessment stage.
Aluminum	Modules 4 and 5 of Alunorte – alumina	83	306	583	The project for construction of modules 4 and 5 will increase the refinery's production capacity to 4.2 million tons of alumina per year. Conclusion scheduled for 2006. Approx. 70% of works completed.
	Paragominas I bauxite mine	14	154	352	We expect this mine to start producing 4.5 million of bauxite/year at the end of 2006. The tubes for the 244 km pipeline to transport bauxite from Paragominas to the alumina refinery in Barcarena, in the State of Pará, have been purchased, and production startup is programmed for June 2005. Approximately 20% of works have been completed.
Logistics	Acquisition of locomotives and wagons for the EFVM/EFC/FCA railroads	86	559	559	1,067 wagons and 26 locomotives were bought in the first quarter of 2005.
Electric energy	Aimorés hydroelectric power plant	5	12	144	This plant, on the Rio Doce River in the Brazilian state of Minas Gerais, will have generating capacity of 330MW with startup scheduled for 3Q05. By the end of 1Q05, 95% of the works had been completed. CVRD's share in the project is 51.0%.
	Capim Branco I and II hydroelectric plants	16	73	181	Both plants are located on the Araguari River in Brazil's State of Minas Gerais. They will have generation capacity of 240MW and 210MW respectively. Startup of the projects is scheduled for 2006. 57% of the works on Capim Branco I have been concluded, and 31% for Capim Branco II. CVRD's stake in these project is 48.4%.

CAPEX BY BUSINESS AREA				
				US$ million
	Realized 1Q05		Budgeted2005	
Ferrous minerals	200	35.1%	1,266	38.0%
Non-ferrous minerals	36	6.3%	303	9.1%
Logistics	154	27.0%	760	22.8%
Aluminum	127	22.2%	537	16.1%
Coal	3	0.4%	136	4.1%
Electric energy	24	4.2%	109	3.3%
Other	28	4.9%	221	6.6%
Total	**570**	**100.0%**	**3,.32**	**100.0%**

SELECTED FINANCIAL INDICTORS FOR THE MAIN NON-CONSOLIDATED COMPANIES

These are available in the quarterly financial statements of CVRD, on the company's website www.cvrd.com.br, in the sub-section *Investor Relations*.

CONFERENCE CALL/WEBCAST

A conference call and webcast will be held on Friday, May 13, at 10 a.m. Rio de Janeiro time, 9 am US Eastern Standard Time and 1 pm United Kingdom time. Instructions for participation are on the CVRD website www.cvrd.com.br, under *Investor Relations*. A recording of the conference call and webcast will be available on CVRD's website for 90 days after May 13, 2005.

BR GAAP

FINANCIAL STATEMENTS		
		R$ million
	1Q04	1Q05
Gross operating revenues	**5,930**	**7,052**
Taxes	(271)	(332)
Net operating revenues	**5,659**	**6,721**
Cost of goods sold	(3,165)	(3,785)
Gross profit	**2,494**	**2,936**
Gross margin (%)	44.1%	43.7%
Operational expenses	**(714)**	**(560)**
Sales	(113)	(100)
Administrative	(242)	(258)
Research and development	(66)	(81)
Other operational expenses	(110)	(121)
Samitri	(183)	-
Result from shareholdings	**7**	**74**
Equity income	64	130
Goodwill amortization	(57)	(57)
Provision for losses	-	-
Financial result	**(505)**	**(274)**
Financial expenses	(474)	(295)
Financial revenues	69	113
Monetary variation	(100)	(92)
Operating profit	**1,281**	**2,175**
Result of discontinued operations	-	-
Change in accounting method	-	-
Income tax and social contribution	(236)	(391)
Minority interest	(92)	(169)
Net earnings	**954**	**1,615**

BALANCE SHEET		
		R$ million
	12/31/2004	03/31/2005
Asset		
Current	11,930	11,937
Long term	3,710	3,787
Fixed	27,831	29,159
Total	**43,471**	**44,884**
Liabilities		
Current	9,327	8,712
Long term	13,935	14,225
Others	2,041	2,162
Shareholders' equity	18,169	19,785
Paid-up capital	7,300	7,300
Reserves	10,869	12,485
Total	**43,471**	**44,884**

CASH FLOW		
		R$ million
	1Q04	1Q05
Cash flows from operating activities:		
Net income	954	1,615
Adjustments to reconcile net income with cash provided by operating activities:		
Result from shareholdings	(7)	(74)
Depreciation, depletion and amortization	129	385
Deferred income tax and social contribution	(93)	(113)
Result from sale of investment	-	-
Financial expenses and foreign exchange and monetary net variation	180	46
Minority interest	92	169
Impairment of property, plant and equipment	15	15
Goodwill amortization in the COGS	96	96
Non-recurring item - Goodwill for Samitri	183	-
Net unrealized derivative losses	153	5
Dividends/interest attributed to stochholders received	36	-
Others	(70)	(81)
Decrease (increase) in assets:		
Accounts receivable	(163)	(338)
Inventories	(78)	(70)
Others	(454)	(122)
Increase (decrease) in liabilities:		
Suppliers and contractors	(94)	49
Payroll and related charges	34	(94)
Taxes and Contributions	275	(579)
Others	569	(257)
Net cash provided by operating activities	**1,755**	**652**
Cash Flow from investing activities:		
Loans and advances receivable	63	12
Guarantees and deposits	(60)	(52)
Additions to investments	(105)	(10)
Additions to property, plant and equipment	(929)	(1,755)
Proceeds from disposals of investments/property, plant and equipment	0	6
Net cash used I investing activities	**(1,031)**	**(1,798)**
Cash flows from financing activities:		
Short-term debt, net issuances (repayments)	173	221
Long-term debt	2,141	726
Repayments:		
Related parties	-	-
Financial institutions	(1,663)	(477)
Ações em tesouraria	-	0
Net cash used in financing activities	**650**	**470**
Increase (decrease) in cash and cash equivalents	1,374	(677)
Cash and equivalents, beginning of period	2,129	3,917
Cash and equivalents, end of period	**3,503**	**3,240**
Cash paid during the period for:		
Interest on short-term debt	(18)	(2)
Interest on long-term debt	(282)	(226)
Paid income tax and social contribution	(9)	(211)
Non-cash transactions:		
Additions to property, plant and equipment - interest capitalization	(22)	(27)
Transfer of advance for future capital increase to investments	-	-
Income tax and social contribution paid with credits	-	(49)