BR GAAP

Companhia Vale do Rio Doce

SUSTAINING PROFITABLE GROWTH
CVRD's performance in the third quarter of 2005 (3Q05)

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

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Rio de Janeiro, November 9, 2005 – Companhia Vale do Rio Doce (CVRD) has been showing excellent financial and operational performance, reaching and exceeding several existing records in the last few quarters. Past investment, together with significant gains in productivity, have resulted in record sales, with new records being set in this quarter for the shipment of iron ore, pellets and potash, as well as in the general cargo transported and port operations.

CVRD is operating at full capacity in most of its units and every ton produced is being shipped to its clients.

Despite the cost pressures provoked by the economic cycle and the significant appreciation in the Brazilian Real, profit margins continue significantly higher than the historic average, while cash generation has been sufficient to finance a huge investment program, as well as providing a considerable return on capital for the shareholders. At the same time, the Company has reported strong growth in its balance sheet.

- Iron ore and pellet shipments of 63.977 million tons, with shipments amounting to 184.578 million tons in the first nine months of the year.
- Record potash sales of 197,000 tons, with sales of 464,000 tons accumulated in the period to the end of September.
- General cargo carried for clients by CVRD railroads, of 8.242 billion net ton kilometres (ntk), exceeding the previous record of 7.952 billion ntk. CVRD's railroads transported 22.006 billion ntk of general cargo in 9M05.
- Record levels of cargo handled for clients at the Company's ports, of 8.315 million tons, corresponding to 22.908 million tons for the first nine months 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.

3Q05

- Gross revenues of R$ 9.042 billion, up 14.0% on 3Q04. From the period January to September 2005, gross revenues totalled R$ 26.146 billion, up 23.1% on the same period a year earlier.
- Consolidated exports for the period January to September 2005, of US$ 5.010 billion, up 20.1% compared to the same period in 2004. CVRD's sales to external markets in 2005 reinforced the Company's position as Brazil's largest private sector exporter.
- Net exports (exports less imports) in the first nine months of 2005, of US$ 4.501 billion, up 28.4% on the figure reported in 9M04. CVRD's contribution to Brazil's trade balance continues to the extremely significant, accounting for 13.8% of the national trade surplus of US$ 32.664 billion recorded in this period.
- Operating profit, as measured by EBIT (earnings before interest and tax), of R$ 3.765 billion, up 24.4% on 3Q04, totalling R$ 10.897 billion for the first nine months of this year.
- EBIT margin of 42.8%, 260 basis points higher than EBIT margin in 3Q04.
- Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R$ 4.318 billion, 26.0% up on 3Q04.
- EBITDA for the 12-month period ending on September 30, 2005, amounted to R$ 15.503 billion, 26.6% higher than reported for the year 2004, of R$ 12.249 billion.
- Net earnings of R$ 2.711 billion, corresponding to R$ 2.35 per share, up 18.1% when compared to 3Q04. In the first nine months of the year, net earnings amounted to R$ 7.806 billion, R$ 6.78 per share, up 58.2% compared to the earnings in the same period last year of R$ 4.933 billion.
- Return on equity (ROE) in 3Q05 of 35.9%, compared to 38.3% in 2Q05.
- Investments[1] in 3Q05 of US$ 917 million, and US$ 2.309 billion for the period January to September 2005.

SELECTED FINANCIAL INDICATORS

R$ million

	3Q04	2Q05	3Q05	9M04	9M05
Gross operating revenues	7,932	10,051	9,042	21,236	26,146
Exports (US$ million)	1,484	1,951	1,723	4,170	5,010
EBIT	3,026	4,756	3,765	7,773	10,896
EBIT margin (%)	40.2%	49.8%	42.8%	37.4%	43.5%
EBITDA	3,427	5,334	4,318	9,246	12,500
Net earnings	2,296	3,479	2,711	4,933	7,805
Net earnings per share (R$)	1.99	3.02	2.35	4.29	6.78
Capex (US$ million)	424.0	821.3	917.0	1,270.3	2,308.6

[1] according to the generally accepted accounting principles in the United States (US GAAP)

OUTLOOK FOR THE BUSINESS

Global economic growth remains on track, in spite of the continuing high prices of crude oil and refined oil products that contribute to increases in production costs bringing some uncertainty over the future.

World economic expansion has undergone some variations since 2003, but these were not enough to deflect it from a path of expansion higher than the long-term trend. After a surge in the end of 2003 and the beginning of 2004, global growth slowed down somewhat, converging to levels below than the 6% posted during that period. Expansion picked up again in 1Q05, before another soft patch driven by the global inventories cycle.

Nevertheless, in 3Q05 industrial production and international trade again expanded firmly. Also, leading indicators for manufacturing industry – important for the demand for ores and metals – showed significant strength.

The global Purchasing Managers' Index (PMI) for manufacturing industry, computed by JP Morgan, reached a 13-month peak in October, consistent with a manufacturing output growth rate of 6% p.a. The figures indicate balanced growth across the regions, with increases in the Euro Zone, principally in Germany, its leading economy, and Japan, where the manufacturing PMI is the highest since September 2004 and 2005, respectively. In the US there was a slight decrease in October, but after a very high level in the previous months.

Long-term interest rates, in spite of some recent volatility, continue to be very low, and stock markets have been strong, stimulated by companies' increasing profits and more solid balance sheets. Credit spreads, as well as premiums demanded on long-term debt securities, are now tight in comparison with historic averages.

Oil prices, after a peak in nominal terms in August reflecting market nervousness on the impact of hurricanes in the US, have fallen during the last two months.

In 3Q05, the US economy grew at an annual rate of more than 3% for the tenth quarter running, in spite of the effects of Hurricane Katrina.

Increased oil prices led to US monthly inflation in September being the highest since 1980, with the 12-month inflation reaching 4.7%. However, core inflation is at 2% p.a. We expect the US Federal Reserve to take monetary policy on a less expansionary course, continuing to increase short-term interest rates to attempt to avoid secondary pass-through effects on domestic prices from the high prices of oil and oil products. The short-term real interest rate in the US is still close to zero even after the increases of 300 basis points in the nominal rate between June 2004 and October 2005.

The Chinese economy posted annualized GDP growth above 9% for the ninth consecutive quarter. Industrial production growth stabilized at 16% p.a. since 2Q05, while fixed assets investments, an important leading indicator for steel consumption, show an annual growth rate of 27%.

Since urbanization is still low in China, similar to Brazil's level of 45 years ago, and since its manufacturing industry has not yet reached the capital-intensive production stage, there is significant potential for expansion of demand for ore and metals over the next 10 to 15 years.

China's economic development, intensive in metals consumption – a long-term phenomenon – is a key difference between the current expansion cycle and those of the 1980s and '90s, when the demand for mineral products depended basically upon fluctuations in mature economies, which were more exposed to cyclical fluctuations and where the importance of manufacturing industry output is naturally declining.

On the other hand, the investment cycle in the ores and metals industry, which began a pickup in 2003 after the contraction that followed the South East Asian crisis, that caused significant increase in costs of equipment and engineering services and in the time taken to conclude new projects. This has two important consequences: the first is the lengthen of the cycle, as supply responds more slowly to the context of higher prices; and the second is that the attractiveness of new projects requires higher long term prices.

Forecasts of an excess in supply of metals in the second half of 2005 did not materialize. On the contrary, inventories of aluminum and copper diminished in September and October. Copper prices have tested the barrier of US$ 4,000/ton, unprecedented in the last 20 years, and aluminum prices are again varying around US$ 2,000/ton, level reached in the March of this year, and highest since January 1995.

With firm indications of industrial production growth worldwide in the coming quarters, low inventory levels, and the absence of any projects adding significant increment in the supply of copper concentrate, this situation is very likely to continue.

In aluminum, China's increased production has called for higher imports of alumina and this has been a determining factor in the current excess global demand, reflected in a significant raise in spot prices, now above US$ 500/ton, more than double their levels of 2001-2. We do not expect this imbalance to be corrected in the next 24 months.

World steel production was 6.3% up year-on-year in 9M05, led strongly by China, where production rose 27.4%. Chinese production is now more than 31% of world production, and exceeds the aggregate production of Europe of the 25 and the NAFTA countries.

China's iron ore imports in 9M05 were 198.9 million tons, 31.7% more than in 9M04. In the context of the stability of demand in the rest of the world, the increase of almost 50 million tons in Chinese imports is a good indicator of the substantial pressure of the global demand.

The existence of a spot iron ore market provides short-term signals on the degree of balance between supply and demand. The change in estimated spot transactions from 4% of seaborne trade in 2003 to 9%, and the persistence of prices higher than those in the long-term contract market gives us a good indication of continuation of the excess demand for iron ore. This information is even more important if we consider that this is happening in an environment in which inventories continue to be low, without any signal of increase, and in which the iron ore industry has been working at full capacity since the second half of 2003.

Among the products for which global demand benefits most strongly from China's economic growth are those, such as iron ore, alumina (bauxite), copper concentrate and nickel, in which reserves are limited in volume and/or quality – precisely the markets in which CVRD either has an excellent existing position (iron ore and alumina) or is investing to become one of the largest global players (copper and nickel).

RELEVANT EVENTS

- **Consolidation of the investment grade rating**

After the upgrade by Moody's Investor Service of CVRD's credit risk from Ba1 to *Baa3*, corresponding to investment grade, this rating was confirmed by two other important rating agencies, Standard & Poor's Rating Services with a *BBB* rating, and Dominion Bond Rating Services, with a rating of *BBB low*.

As a result, besides being the first Brazilian company to receive an investment grade rating, CVRD is the only Brazilian company classified as investment grade by three of the world's most important rating agencies.

These decisions consolidate market perception on CVRD's high quality credit risk.

- **New tranche of CVRD 2034 issued**

In October, CVRD issued US$ 300 million in bonds due 2034 – making up a single series with its US$ 500 million 2034 issued on January 15, 2004.

Purchase offers from investors were more than twice supply. The placement, which provides an yield to investor of 7.65% per year, will lead to magnifying the market liquidity of CVRD 2034 and lengthening the average maturity of the Company's debt. This issuance is in line with the strategic aim of minimizing the Company refinancing risk while at the same time strengthening the positive perception of CVRD's credit quality by the global capital markets.

- **Acquisition offer for Canico**

In September, CVRD made an offer for the acquisition of all the common stock of the Canadian mining exploration company Canico Resource Corp (Canico) for CAN$17.50 (Canadian dollars) per common share, to be paid in cash.

Canico focuses on the development of the Onça Puma lateritic nickel project in the Brazilian state of Pará. Due to the location of Canico's sole asset and existing efficient infrastructure in Carajás, also in the state of Pará, Brazil, there are significant synergies to be exploited.

- **Investment in new pelletizing plants**

A US$ 759 million investment by CVRD´s subsidiary Caemi in its Itabiritos project was approved.

The project consists of construction of a pelletizing plant (US$ 462 million) at Vargem Grande, in the state of Minas Gerais, Brazil, with nominal production capacity of 7 Mtpy, an iron ore concentration plant at the Pico mine (US$ 282 million) and a 4-km iron ore pipeline (US$ 15 million), to carry the ore between these two operational units. Operational start-up is scheduled for 2008.

At the same time CVRD approved the development of the third pelletizing plant of Samarco, at Ponta Ubu, in the state of Espírito Santo, for an estimated investment of US$ 1.183 billion, to increase its current pellet production capacity by 7.6 Mtpy to 21.6 Mtpy.

Of this total, US$ 518 million will be invested in the pelletizing plant, US$ 240 million in an iron ore concentration plant at the Alegria mine, and US$ 300 million in an iron ore pipeline parallel to the existing one, linking these two units – the remainder being invested in the mine and in expansion of the shipment and storage capacity. This operation is scheduled to start-up in the first half of 2008.

CVRD holds 50% of Samarco, which represents an integral part of its business strategy in pellets.

- **Development of the 118 project approved**

In October, CVRD's Board of Directors approved the investment to develop the 118 oxide copper project. The estimated cost is US$ 232 million, with start-up planned for first half 2008. Estimated average production capacity is 36,000 tpy of copper cathode, with forecast useful life of 11 years.

The project has synergies with the Sossego mine, through the utilization of this mine´s deposit of oxide ore in its processing plant, and with the Vermelho nickel project, through the use of the sulfuric acid plants.

- **Further expansions of bauxite and alumina output capacity**

In line with the strategic focus on upstream in the aluminum production chain, in which CVRD has strong competitive advantages, the Board of Directors approved expansion of the Paragominas bauxite mine and Alunorte's alumina refinery – both in the state of Pará, Brazil.

US$ 196 million will be invested in the second phase of Paragominas, which will add 4.5 Mtpy of bauxite to the 5.4 Mtpy capacity of the first phase, currently under development. Conclusion of the first phase is set for 1Q07, and of the second phase for 2Q08.

The construction of stages 6 and 7 of Alunorte, each with production capacity of 925,000 tpy of alumina, will require investment of US$ 846 million. This project is expected to be concluded in 2Q08, when the refinery will reach nominal capacity of 6.26 Mtpy.

- **Dividends**

The priorities for use of the Company's cash flow are: financing of the growth opportunities that generate value, appropriate management of the balance sheet, and return to shareholders. A total of US$ 1.3 billion was distributed to shareholders this year, and of US$ 3.4 billion in the last four years.

On October 31, 2005, CVRD paid dividends to its shareholders consisted of R$ 1.8 billion, equivalent to R$ 1.57 per common or preferred outstanding share. This amount corresponds to the second portion of the minimum dividend announced in January of R$ 1.1 billion together with the additional dividend proposed in September of R$ 678 million.

In 2005 CVRD has paid R$ 3.09 billion to its shareholders, or R$ 2.68 per common or preferred outstanding share, an increase of 36% over the amount paid in 2004 and representing average annual growth of 39% since 2002.

GROSS REVENUES OF R$ 9.042 BILLION

CVRD's gross revenue in 3Q05 amounted to R$ 9.042 billion, 14.0% higher than that reported in 3Q04, of R$ 7.932 billion, being the second-highest in the Company's history. The increase in the prices of products sold by CVRD contributed R$ 2.885 billion to this revenue growth. On the other hand, the appreciation of the Brazilian Real against the US dollar during these quarters, of 21.3%, had a negative impact on the Company's gross revenue of R$ 1.676 billion, considering that 86% of revenues are denominated in US dollars.

The retroactive effect of the iron ore and pellet price increases on revenues in 3Q05 amounted to R$ 52 million, while in 2Q05 the effect was R$ 779 million. Disregarding these effects, gross revenues in 2Q05 and 3Q05 would have been, respectively, R$ 9.272 billion and R$ 8.990 billion.

Sales of iron ore accounted for 70.6% of CVRD's total revenue in 3Q05, while non-ferrous minerals accounted for 4.7%. The aluminum chain accounted for 10.6% of the Company's gross revenues, logistics services 10.4%, and steel products, 3.8%.

Brazil accounted for the largest slice of CVRD's sales in 3Q05, amounting to 23.6% of gross revenue. Shipments to Europe accounted for 27.1% of revenues in the quarter, of which Germany received the most, accounting for 8.1% of total sales. Sales to Asia accounted for 30.8%, China accounting for 15.8% of Company's total sales.

In the first nine months of 2005, gross revenues generated by CVRD amounted to R$ 26.146 billion, 23.1% higher than the R$ 21.236 billion reported for the same period in 2004.

- **Ferrous minerals – record sales of iron ore**

Sales of iron ore and pelets in 3Q05 amounted to a record 63.977 million tons, composed by 55.203 million tons of iron ore and e 8.774 million tons of pellets.

In the first nine months of 2005, CVRD sold 157.331 million tons of iron ore, up 17.845 million tons compared to the same period last year and 3.159 million tons more than the whole of 2003.

As demand for iron ore continues extremely tight, a large proportion of the shipment growth was due to gains in productivity achieved in the production complexes of the Southern System. As well as a good operational performance, the start-up of operations at the Fábrica Nova mine was fundamental in providing the additional capacity for the Company to expand its sales.

In 3Q05, CVRD purchased 4.613 million tons of iron ore from third parties - mining companies located in the Iron Quadrangle, in the state of Minas Gerais, Brazil - to supplement its production and meet the demands of its clients. In this same quarter, CVRD's iron ore production set a new record of 63.168 million tons. In the first nine months of the year, purchases from third parties totalled 13.109 million tons, up 11.9% on the amount purchased in the same period in 2004, of 11.710 million tons of iron ore.

A temporary occurrence – problems with the port terminal of a US client caused by Hurricane Katrina – caused a reduction in pellet sales in 3Q05, to 8.774 million tons, compared to pellet sales of 10.160 million tons in 3Q04. Pellet sales in 9M05 totalled 27.247 million tons, compared to 30.013 million in the same period in 2004.

19.375 million tons of iron ore and pellets were shipped to Europe, 30.3% of the total. 6.293 million tons were sold to Germany, 3.028 million tons to France and 3.089 million tons to Italy. China, CVRD's largest buyer, accounted for 14.852 million tons, 23.2% of the total and Japan for 6.240 million tons, 9.8% of the total.

Sales to Brazil amounted to 11.568 million tons, which represented 18.1% of the overall sales total. Of this amount, 8.722 million tons were sold to the steel industry and pig iron producers, while 2.846 million tons were sold to the pellet joint ventures, which after being transformed into pellets, were then exported.

Gross revenues generated by iron ore shipments amounted to R$ 4.463 billion, while pellet shipments generated R$ 1.625 billion. Together, the revenues obtained from the sales of these two products represented 67.3% of the Company's total revenue in 3Q05. The retroactive effect of the iron ore and pellet price increase in 3Q05 amounted to R$ 52 million, while in 2Q05 a difference of R$ 779 million was accounted for as a result of the increase.

Revenues obtained from the operation of pelletizing joint ventures in Tubarão amounted to R$ 19 million.

Manganese sales in 3Q05, amounted to 271,000 tons, 13.4% less than in 3Q04. Comparing manganese sales in 3Q05 with those in 2Q05, there was an increase of 77,000 tons.

Sales of ferro-alloys, of 136,000 tons, were in line with the volume sold in the same quarter in 2004, but 9.9% lower than in 2Q05. The drop in volume sold had been already expected, due to the temporary shutdown of the equivalent of one third of CVRD's total ferro-alloy production capacity from August this year, which resulted in a 15% drop in production in 3Q05, compared to the previous quarter.

Revenues from the sale of manganese in 3Q05 amounted to R$ 49 million, while sales of ferro alloys generated revenues of R$ 226 million.

Ferro-alloy prices have already started to show signs of stabilization, it being possible to observe some recovery from September, due to the market's reaction to the shrinkage in global production.

In 3Q05, ferrous minerals – iron ore, pellets, manganese ore and ferro-alloys – were responsible for 70.6% of the Company's total revenues, of R$ 6.381 billion.

- **Bauxite, alumina and primary aluminum**

Given the stabilization of the production capacity in the short term, there were no remarkable changes in the quarterly sales volumes of bauxite, alumina and aluminum.

In 3Q05, bauxite sales amounted to 1.422 million tons, down 7.0% compared to 3Q04, but practically in line with the sales in the previous quarter. The drought in the Amazon region harmed the navigation through Trombetas river, negatively affecting bauxite shipments. Since the raining season starts in the last quarter of the year, this problem was already eliminated.

Alumina sales amounted to 504,000 tons in 3Q05, almost the same as the volume in 3Q04, but 37.3% higher than that sold in 2Q05. With the Alunorte refinery operating at full capacity and producing at a rate of 2.5 million tons a year, the fluctuation in the volume sold in each quarter was basically caused by the use of swaps with other producers, with the aim of maximizing sales profitability.

The quantity of primary aluminum sold, 122,000 tons in 3Q05, was 6.1% higher than the sales recorded in 3Q04, but the same as that sold in 2Q05.

In 3Q05, gross revenue generated by the sale of products in the aluminum chain amounted to R$ 955 million, 10.6% of the Company's total gross revenue.

- **Copper**

In 3Q05, sales of copper concentrate amounted to 96,000 tons, 9,000 tons less than the amount sold in 2Q05, but the same as that sold in 3Q04. Sales accumulated in the first nine months of 2005 amounted to 286,000 tons.

Copper production from the Sossego mine continues to be below nominal capacity, due to the delay in the delivery of drilling machines: of the four ordered, only one is in service. Once the new equipment comes into operation, being more suited to the type of rock found at Sossego, we expect the rate of production, and consequently sales, to increase from 1Q06.

The higher prices compensated for the effect of the lower volume sold in 3Q05 on revenues. In this quarter, total revenue from the shipment of copper concentrate amounted to R$ 214 million, bringing the total for 9M05 to R$ 643 million.

- **Industrial minerals**

In 3Q05, kaolin sales amounted to 280,000 tons, compared to 303,000 tons in the previous quarter and 318,000 tons in 3Q04. The drop in volume was partially due to the postponement of a shipment of 18,000 tons to Japan, from the end of September to October, due to problems with the vessel involved. Sales of this product generated gross revenues of R$ 99 million.

Sales of potash, of 197,000 tons, were 52.7% higher than the sales reported in 2Q05, and 22.4% higher than in 3Q04. The seasonal effect as a result of the harvest planting was responsible for the increase in demand, which was partly met by the use of stock that had been accumulated at the beginning of this year. Production capacity at the Taquari-Vassouras potash mine has been increased from 600,000 tons to 850,000 tons a year, and from 2006 the mine should be operating at full capacity. Gross revenue from the potash sales in 3Q05 amounted to R$ 111 million.

Gross revenue obtained from the sales of potash and kaolin in the first nine months of 2005, amounted to R$ 581 million.

- **Logistics services**

In 3Q05, logistics services generated gross revenue of R$ 938 million – 10.4% of the Company's total revenue, up 10.6% on 2Q05, and up 17.4% compared to 3Q04. In the first nine months of this year, gross revenues from logistics services amounted to R$ 2.510 billion, an increase of 12.3% when compared to revenues in the same period a year earlier, of R$ 2.236 billion.

General cargo carried by CVRD railroads contributed with revenues of R$ 694 million, while port services produced R$ 142 million, and coastal shipping and port support services R$ 102 million.

In 3Q05 CVRD's railroad network transported 8.242 billion ntk of general cargo, a new record and up 3.7% on 3Q04, during which period the network recorded 7.952 billion ntks. The main cargo transported consisted of agricultural products, 39.1% of the total, steel industry inputs and products, 37.0%, and building materials and forestry products, 6.9%. For the first time, the transport of agricultural products exceeded that of products in the steel production chain, as a consequence of the movement of goods from the harvest and CVRD's exploitation of its growth potential.

The Company's ports and maritime terminals handled 8.315 million tons of general cargo, compared to 7.454 million tons in 3Q04.

SALES VOLUME – IRON ORE AND PELLETS								
								thousand tons
	3Q04	%	2Q05	%	3Q05	%	9M05	%
Iron ore	50,872	83	52,969	86	55,203	86	157,331	85
Pellets	10,160	17	8,748	14	8,774	14	27,247	15
Total	**61,032**	**100**	**61,717**	**100**	**63,977**	**100**	**184,578**	**100**

SALES VOLUME – ORES AND METALS					
					thousand tons
	3Q04	2Q05	3Q05	9M04	9M05
Manganese	313	194	271	679	663
Ferro alloys	133	151	136	430	423
Copper concentrate	96	105	96	130	286
Potash	161	129	197	465	464
Kaolin	318	303	280	896	863
Bauxite	1,530	1,401	1,422	3,900	4,056
Alumina	508	367	504	1,312	1,335
Aluminum	115	123	122	358	367

LOGISTICS SERVICES					
	3Q04	2Q05	3Q05	9M04	9M05
Railroads (million ntk)	7,952	7,755	8,242	21,408	22,006
Ports (thousand tons)	7,454	8,280	8,315	21,787	22,908

VOLUME SOLD BY DESTINATION – IRON ORE AND PELLETS								
								million tons
	3Q04	%	2Q05	%	3Q05	%	9M05	%
Asia	**22.8**	**37.4**	**22.5**	**36.5**	**26.0**	**40.6**	**71.2**	**38.6**
China	12.1	19.8	12.3	19.9	14.9	23.3	38.7	21.0
Japan	5.4	8.9	6.6	10.7	6.2	9.7	18.6	10.1
South Korea	3.2	5.2	1.3	2.1	2.9	4.5	6.7	3.6
Emerging Asia (ex-China)	2.1	3.4	2.3	3.7	2.0	3.1	7.2	3.9
Europe	**19.6**	**32.1**	**20.6**	**33.4**	**19.4**	**30.3**	**58.0**	**31.4**
Germany	6.8	11.1	6.5	10.5	6.3	9.8	18.7	10.1
France	3.2	5.2	3.0	4.9	3.0	4.7	8.6	4.7
Italy	2.3	3.8	3.4	5.5	3.1	4.8	8.7	4.7
Others	7.3	12.0	7.7	12.5	7.0	10.9	22.0	11.9
Brazil	**11.2**	**18.4**	**11.4**	**18.5**	**11.6**	**18.1**	**34.2**	**18.5**
USA	**1.1**	**1.8**	**1.1**	**1.8**	**0.9**	**1.4**	**3.3**	**1.8**
RoW	**6.3**	**10.3**	**6.1**	**9.9**	**6.1**	**9.5**	**17.9**	**9.7**
Total	**61.0**	**100.0**	**61.7**	**100.0**	**64.0**	**100.0**	**184.6**	**100.0**

GROSS REVENUES – BY PRODUCT								
R$ million								
	3Q04	%	2Q05	%	3Q05	%	9M05	%
Iron ore and pellets	**4,331**	**54.6**	**7,015**	**69.8**	**6,087**	**67.3**	**17,023**	**65.1**
Iron ore	3,133	**39.5**	5,072	**50.5**	4,463	**49.4**	12,288	**47.0**
Pellets	1,199	**15.1**	1,943	**19.3**	1,625	**18.0**	4,735	**18.1**
Pelletizing plants operation services	**17**	**0.2**	**13**	**0.1**	**19**	**0.2**	**53**	**0.2**
Manganese and ferro-alloys	**594**	**7.5**	**443**	**4.4**	**275**	**3.0**	**1,216**	**4.7**
Copper concentrate	**196**	**2.5**	**229**	**2.3**	**215**	**2.4**	**643**	**2.5**
Potash	**103**	**1.3**	**76**	**0.8**	**111**	**1.2**	**267**	**1.0**
Kaolin	**126**	**1.6**	**111**	**1.1**	**99**	**1.1**	**314**	**1.2**
Aluminum	**1,081**	**13.6**	**928**	**9.2**	**955**	**10.6**	**2,923**	**11.2**
Logistics	**799**	**10.1**	**848**	**8.4**	**938**	**10.4**	**2,510**	**9.6**
Railroads	566	7.1	631	6.3	694	7.7	1,831	7.0
Ports	117	1.5	123	1.2	142	1.6	379	1.4
Shipping	117	1.5	94	0.9	102	1.1	301	1.2
Steel products	**670**	**8.4**	**379**	**3.8**	**340**	**3.8**	**1,171**	**4.5**
Others	**15**	**0.2**	**11**	**0.1**	**3**	**0.0**	**25**	**0.1**
Total	**7,932**	**100.0**	**10,051**	**100.0**	**9,042**	**100.0**	**26,145**	**100.0**

GROSS REVENUES – BY DESTINATION								
R$ million								
	3Q04	%	2Q05	%	3Q05	%	9M05	%
Brazil	1,779	22.4	2,323	23.1	2,132	23.6	6,220	23.8
USA	986	12.4	715	7.1	560	6.2	2,019	7.7
Europe	2,287	28.8	3,027	30.1	2,452	27.1	7,306	27.9
Japan	635	8.0	841	8.4	795	8.8	2,233	8.5
China	960	12.1	1,129	11.2	1,430	15.8	3,395	13.0
Emerging Asia (ex-China)	490	6.2	548	5.4	560	6.2	1,536	5.9
Rest of the World	795	10.0	1,470	14.6	1,114	12.3	3,438	13.1
Total	**7,932**	**100.0**	**10,051**	**100.0**	**9,042**	**100.0**	**26,146**	**100.0**

GOOD OPERATIONAL PERFORMANCE

CVRD's operating profit (EBIT) in 3Q05 amounted to R$ 3.765 billion, 20.9% less than that obtained in the previous quarter, but 24.4% higher than the EBIT reported in 3Q04. EBIT margin in 3Q05 amounted to 42.8%, 260 basis points higher than the EBIT margin in 3Q04, of 40.2%.

In the first nine months of 2005, the Company's total EBIT amounted to R$ 10.897 billion, 5.7% higher than the whole 2004, for which EBIT amounted to R$ 10.306 billion.

The drop of R$ 992 million in EBIT seen between 3Q05 and 2Q05 is basically explained by the reduction of R$ 746 million in the Company's net revenues. 97.5% of this reduction is expalined when the retroactive effect of the iron ore and pellet price increases is deducted from revenues. In addition, the appreciation of 5.5% in the Brazilian Real had an adverse effect on revenues.

The Company's cost of goods sold (COGS) rose by R$ 97 million, while operational expenses increased by R$ 148 million.

The increase of R$ 738 million seen in the Company's EBIT, comparing 3Q04 with 3Q05, is explained by the increase in net revenue of R$ 1.275 billion – the result of higher sales volume and higher average prices – partially offset by the increase of R$ 385 million in COGS.

Expenditure on contract services increased by R$ 232 million, which was due mainly to higher freight expenses (up R$ 81 million) and the waste removal from the mines (an increase of R$ 98 million). The cost of material increased by R$ 235 million, due to higher expenditure on conveyor belts, replacement parts and tyres, as a result of a larger number bought, as well as an increase in their respective prices.

Expenditure on electric power, fuel oil and gas increased by R$ 63 million, due to the price increases in these inputs, as well as the renewal of the electricity supply contract for Albras, in June 2004, whose price per MWh is sensitive to inflation and the price of aluminum on the LME (London Metals Exchange).

As a consequence of the expansion in CVRD's asset base, which has grown from R$ 15.7 billion at the end of 2002, to R$ 29.3 billion at the end of September 2005, as a result of substantial investment in the last few years, the cost of depreciation and exhaustion increased by R$ 85 million, compared to 3Q04, amounting to R$ 366 million.

On the other hand, expenditure on product purchases was down by R$ 272 million, mainly due to the sale of CST, concluded at the end of last year. It should also be pointed out that the effect of the appreciation of the Brazilian Real against the US Dollar on purchases carried out by companies located outside Brazil, was favourable, because the purchase amounts in terms of Brazilian Reais were reduced.

Demurrage expenses amounted to R$ 42 million, totalling R$ 138 million for the first nine months of 2005. This total, when annualised, is equivalent to R$ 184 million, 24.9% less than that in 2004. This improvement was the result of efforts being made by the Company to optimise the shipment logistics of its products and enlarge the capacity of its ports. Nevertheless, a more significant drop will be achieved over time.

EBIT was negatively affected by the increase of R$ 151 million in operational expenses. Administrative expenses increased by R$ 87 million, basically as a result of a salary increase for the Company's employees, a raise of 6.5% being agreed for Company employees for the period from July 2005 to June 2006, as well as the payment of a one-off bonus in August. Personnel expenses increased by R$ 48 million. At the same time, expenses on technical consulting, maintenance, infrastructure and support services at the Company's installations, increased by R$ 17 million.

Expenditure on research and development increased by 103.6%, rising from R$ 108 million in 3Q04, to R$ 220 million in 3Q05. The Company continues to intensify its efforts of the mineral exploration front, with the aim of ensuring a base of projects ready for development. Of the total invested in 3Q05, 41.3% was spent on projects in other countries in Latin America, Africa and Asia.

Other operational expenses were down R$ 48 million, mainly due to lower provisions for ICMS losses. In 3Q05, provisions were made for contingencies generated to a large degree by FCA as well as provisions for losses, due to the write-down in the Company's inventories of ferro-alloys.

COGS BREAKDOWN								
								R$ million
	3Q04	%	2Q05	%	3Q05	%	9M05	%
Personnel	365	9.8	340	8.5	377	9.2	1,032	8.7
Material	586	15.7	792	19.7	821	20.0	2,328	19.6
Fuel oil and gases	409	11.0	446	11.1	458	11.1	1,311	11.0
Outsourced services	630	16.9	795	19.8	862	21.0	2,415	20.3
Electric energy	346	9.3	371	9.3	361	8.8	1,050	8.8
Acquisition of products	754	20.2	570	14.2	482	11.7	1,645	13.8
Depreciation and exhaustion	282	7.6	362	9.0	366	8.9	1,075	9.0
Goodwill amortization	96	2.6	96	2.4	95	2.3	287	2.4
Others	256	6.9	238	5.9	286	7.0	763	6.4
Total	**3,723**	**100.0**	**4,011**	**100.0**	**4,108**	**100.0**	**11,904**	**100.0**

CASH GENERATION CONTINUES TO EXPAND

CVRD's cash generation in 3Q05, as measured by EBITDA, amounted to R$ 4.318 billion, 19.1% less than the record obtained in the previous quarter, but up 26.0% on the amount generated in 3Q04. In the first nine months of 2005, CVRD's EBITDA totalled R$ 12.500 billion, 35.2% higher than that obtained in the same period in 2004.

In the nine months to the end of September 2005, CVRD's EBITDA amounted to R$ 15.504 billion, 26.6% more than the EBITDA reported for the whole year of 2004, of R$ 12.249 billion.

The rise in EBITDA seen between 3Q04 and 3Q05 was the result of an increase of R$ 738 million in EBIT and R$ 94 million in depreciation. In 3Q05, CVRD received R$ 59 million in dividends from companies not consolidated in its financial statements, while in 3Q04 it received no dividends at all from this source.

Ferrous mineral operations (iron ore, pellets, manganese ore and ferro-alloys) were responsible for 85.0% of EBITDA in 3Q05, logistics services accounting for 7.9%, products of the aluminum chain, 7.1%, non-ferrous minerals (copper, kaolin and potash), 1.9% and others – representing spending on research and development, (3.5)%.

QUARTERLY EBITDA					
					R$ million
	3Q04	2Q05	3Q05	9M04	9M05
Net operating revenues	7,531	9,551	8,805	20,160	25,077
COGS	(3,723)	(4,011)	(4,108)	(10,286)	(11,904)
SG&A	(336)	(403)	(423)	(1,078)	(1,185)
Research and development	(108)	(161)	(220)	(256)	(463)
Other operational expenses	(337)	(220)	(289)	(767)	(629)
EBIT	**3,026**	**4,756**	**3,765**	**7,773**	**10,896**
Adjustment for non-cash items	**-**	**-**	**-**	**183**	**-**
Depreciation, amortization & exhaustion	**401**	**488**	**495**	**1,254**	**1,456**
Dividends received	**-**	**89**	**59**	**36**	**148**
EBITDA	**3,427**	**5,334**	**4,318**	**9,246**	**12,500**

EBITDA BY BUSINESS AREA					
					R$ million
	3Q04	2Q05	3Q05	9M04	9M05
Ferrous minerals	2,147	4,445	3,671	5,885	10,053
Non- ferrous minerals	56	83	84	227	270
Logistics	339	364	340	957	996
Aluminum	594	348	305	1,445	1,107
Steel	291	120	68	731	252
Others	-	(27)	(151)	-	(178)
Total	**3,427**	**5,334**	**4,318**	**9,246**	**12,500**

NET EARNINGS OF R$ 7.8 BILLION TO SEPTEMBER 30

In 3Q05, CVRD's net earnings amounted to R$ 2.711 billion, 22.0% down on 2Q05, but 18.1% higher than net earnings reported in 3Q04.

The Company's net earnings totalled R$ 7.806 billion for the first nine months of 2005, 20.8% higher than that obtained for the whole of 2004, of R$ 6.460 billion.

The increase of R$ 738 million in operating profit between 3Q04 and 3Q05 was the main reason behind the net earnings performance.

The result from shareholdings amounted to R$ 13 million, R$ 22 million less than in 3Q04, basically due to the effect of exchange rate variation on investments outside Brazil. The equity income result of R$ 70 million, was to a large part offset by the goodwill on consolidated companies, of R$ 57 million.

The financial result suffered a negative impact of approximately R$ 319 million. Even so, this was still R$ 9 million less than the negative figure reported in 3Q04, of R$ 328 million.

In 3Q05, financial expenses totalled R$ 509 million, while financial revenues amounted to R$ 65 million. Monetary variation increased by 71.2%, up from R$ 73 million in 3Q04, to R$ 125 million in 3Q05.

In this quarter, a profit of R$ 298 million was booked from the sale of Quebec Cartier Mining Company (QCM) shares, a Canadian producer of iron ore and pellets, while in 3Q04, there was a gain of R$ 466 million booked from the sale of the Company's stake in CST.

Provisions for the payment of income tax and social contribution were R$ 177 million higher than those in 3Q04.

DEBT: EXCELLENCE IN CREDIT QUALITY

After achieving investment grade status on July 8, 2005, with the rating by Moody's Investor Service, CVRD obtained the same recognition from two of the other principal rating agencies in the world: Standard & Poor's Ratings Services and Dominion Bond Ratings Service. In our view, this represents the consolidation of market's perception on CVRD's high credit quality.

CVRD's total debt on September 30, 2005 was US$ 3.942 billion, which compares with US$ 4.168 billion at the end of June 2005, and US$ 4.088 billion at the end of 2004. Net debt at the end of September 2005 was US$ 2.707 billion, a reduction of

US$ 505 million from the net debt position of US$ 3.212 billion at the end of June 2005.

The average maturity of CVRD's debt on September 30, 2005 was 6.89 years, of which 47% was at fixed rates and 53% at floating rates.

The Company's leverage and interest coverage indicators continued to improve, reflecting the strength of its balance sheet: total debt/adjusted EBITDA declined from 0.83x on June 30, 2005 to 0.68x on September 30, 2005; and interest coverage, measured as LTM Adjusted EBITDA / interest paid, increased from 17.73x to 21.03x over the same period.

In October 2005 CVRD raised US$ 300 million from the issue of a further tranche of the CVRD 2034 bond, with an yield to investors of 7.65% p.a. This represents a spread of 286 bp over US Treasury securities of equal duration, and 50 bp less than the US$ 500 million issue of January 2004 – and with a yield to investors 70 bp lower.

The transaction, which was placed amidst an environment of fears of inflation acceleration in the US and expectations of higher long-term interest rates, was very successful, given the excess demand to buy the bond and the spread reduction compared to the January 2004 issue.

The main effects of an additional issue of the 2034 bond were: liquidity increase, a marginal lengthening of the average maturity of CVRD's debt, and, consequently, reduction in its refinancing risks.

FINANCIAL EXPENSES			
			US$ million
Financial expenses on:	**3Q04**	**2Q05**	**3Q05**
Debt with third parties	(61)	(57)	(69)
Debt with related parties	(3)	(4)	2
Total debt-related financial expenses	**(64)**	**(61)**	**(67)**
Gross interest on:	**3Q04**	**2Q05**	**3Q05**
Tax and labour contingencies	(11)	(13)	(27)
Tax on financial transactions (CPMF)	(9)	(16)	(15)
Derivatives	(36)	56	(64)
Others	(45)	(17)	(43)
Total gross interest	**(101)**	**10**	**(149)**
Total	**(165)**	**(51)**	**(216)**

DEBT INDICATORS			
			US$ million
	3Q04	**2Q05**	**3Q05**
Gross debt	4,418	4,168	3,942
Net debt	2,479	3,212	2,707
Gross debt / adjusted LTM EBITDA (x)	1.34	0.83	0.68
Adjusted LTM EBITDA / LTM interest expenses (x)	13.00	17.73	21.03
Gross debt / EV (x)	0.16	0.11	0.08

Enterprise Value = market capitalization + net debt

CVRD's total capital expenditure in 3Q05 was US$ 917.0 million, 11.7% more than in 2Q05 at US$ 821.3 million and 60.8% higher than in 1Q05 at US$ 570.3 million.

Capex in 9M05 was US$ 2.309 billion, 69.3% of the US$ 3.332 billion budgeted for the year. In the 12 months to the end of September 2005 CVRD's capex was US$ 2.995 billion, an all-time record in the Company's history.

Of the total 3Q05 capex, US$ 700.2 million was allocated to organic growth – R&D and projects – and US$ 216.8 million to "stay-in-business capex". In the first nine months of the year US$ 1.608 billion was invested in projects, US$ 181 million in R&D and US$ 519 million in maintenance.

Three important projects have been completed this year: the Fábrica Nova iron ore mine, the increase in capacity at the Taquari-Vassouras potash mine from 600,000 to 850,000 tons/year and the construction of the Aimorés hydroelectric power plant.

In the quarter, CVRD invested US$ 110.1 million in R&D, which compares with US$ 42.7 million in 2Q05. Mineral exploration efforts were concentrated mainly in looking for new deposits of copper, coal, nickel, gold and manganese and in project studies (conceptual, pre-feasibility and feasibility studies).

CVRD Board of Directors approved projects totaling US$ 2.033 billion, involving capacity expansion of pellets, copper, bauxite and alumina. These projects, submitted to rigorous approval criteria, will be new sources of cash generation and shareholder value from 2008, when operations are scheduled to begin.

CVRD subsidiary Caemi will invest US$ 759 million in the Itabiritos project, to be completed in 2008. This involves construction of a pelletizing plant with nominal capacity of 7 Mtpy (US$ 462 million), an iron ore concentration plant at the Pico mine (US$ 282 million) and an iron ore pipeline for the transportation of ore between these two units (US$ 15 million).

The investment in the second phase of the Paragominas bauxite mine, in Brazil, state of Pará, was also approved. It will add 4.5 Mtpy to the nominal capacity of the first phase currently being developed, of 5.4 Mtpy. The project, budgeted to cost US$ 196 million, is planned for completion in the second quarter of 2008, when Paragominas will have capacity to produce 9.9 Mtpy of bauxite.

Construction of stages 6 and 7 of the Barcarena alumina refineryt, each with annual capacity of 935,000 tons, has also been approved. The cost of this project is estimated at US$ 846 million, extremely competitive even with the appreciation of the Brazilian Real and the strong rise in prices of equipments and contractors' services.

The start-up is also programmed for the second quarter of 2008. The two new stages will increase the capacity of the refinery to 6.26 Mtpy, consolidating its position as the world's largest and most up-to-date plant.

In October CVRD's Board approved investment in developing the 118 oxide copper project, with average production capacity estimated at 36,000 tons of cooper cathode/year. The 118 project is in the Southern part of Carajás, in the Brazilian state of Pará. The estimated investment is US$ 232 million, for start-up in the first half of 2008.

- **Main CVRD projects underway: progress report**

Area	Project	Budgeted 2005	Status
Ferrous minerals	Expansion of the Carajás iron ore mines to 85 Mtpy – Northern System	140	This project will add 15 Mtpy to CVRD's production capacity and is scheduled for conclusion in 3Q06. The second ship loader of Pier III started operating in August.
	Brucutu iron ore mine – Southern System	205	Phase I of the project is expected to be complete in 3Q06, bringing nominal production capacity to 12 Mtpy. Conclusion of Phase II is planned for 2007, bringing capacity to 24 Mtpy. Studies are in progress for expansion to 30 Mtpy.
	Expansion of the Itabira iron ore mines – Southern System	16	Modernization of operations and expansion of production capacity of the Itabira mines to 46 Mtpy. Conclusion and start-up scheduled for 2H07.
	Fazendão iron ore mine – Southern System	52	Project for 14 million tpy of run-of-mine (ROM) iron ore. Works are planned to start in 1H06, for completion and start-up in 2H07.
	Fábrica iron ore mine – Southern System	38	Project to expand capacity by 5 million tons from 12 to 17 Mtpy, with start-up in 3Q07.
	Timbopeba iron ore mine – Southern System	25	Small-scale equipments for this project are now operating. Access road to the mine is under construction, to be ready in December 2005. Output is in line with estimates (2.7 million tons).
	Tubarão Port expansion – Southern System	22	Project to expand conveyor belt systems and cargo handling area machinery, and build new cargo handling areas. The project will increase the port's handling capacity by 10 million tons. Conclusion scheduled for December 2006.
	Expansion of the São Luis pelletizing plant	18	Expansion of capacity from 6 to 7 Mtpy – will be finalized by January 2006. 85% of the project has been completed. Estimated production this year is 6.25 million tons.
Coal	Anthracite	86	The process of acquisition of 25% of the Chinese anthracite producer Henan Longyu Energy Resources Ltd., in partnership with Yoncheng and Baosteel, has been completed. The mine is expected to produce 1.7 million tons of high quality anthracite in 2005, of which CVRD's take is equal to its percentage holding in the company.
	Metallurgical coke	16	Acquisition of a 25% stake, in association with the Chinese coal producer Yankuang, in Shandong Yankuang International Coking Ltd, to produce metallurgical coke. The project has estimated production capacity of 2 Mtpy of coke and 200,000 tons/year of methanol. Start-up scheduled for 2006.
Non-ferrous minerals	Expansion of the Taquari-Vassouras potash mine	9	The works to expand nominal potash production capacity from 600,000 to 850,000 tpy have been completed.
	118 copper mine	32	This project was approved in October 2005 and the mine is scheduled to start producing in 1H08. The project will have production capacity of 36,000 tons of copper cathode/year, and estimated total investment of US$ 232 million. The principal equipment has been ordered.

	Vermelho nickel mine	34	This project was approved in July 2005, for scheduled start-up of the mine in 4Q08, with estimated production capacity of 46,000 tons of metallic nickel and 2,800 tons of cobalt per year. Estimated total investment is US$ 1.2 billion. The main equipment has been ordered and work on the site should start in 2006 after the rainy season. Work on obtaining the environmental license is in progress.
Aluminum	Alumina: Alunorte stages 4 and 5	306	The project to built stages 4 and 5 will increase alumina refinery capacity to 4.2 Mtpy, with start-up planned for stage 4 in 1Q06, and stage 5 planned for completion in 2Q06. 95% of the physical works have been completed.
	Paragominas Bauxite mine Phase 1 1	154	The first module of this mine will produce 5.4 Mtpy of bauxite, starting in 1Q07. The 244-km ore pipeline, which will carry bauxite from the mine to the alumina refinery in Barcarena, in the Brazilian state of Pará, is under construction with completion expected to March 2006.
Logistics	Acquisition of locomotives and wagons –EFVM, EFC and FCA	559	Up to the end of September 2005, 3,953 wagons and 68 locomotives had been purchased.
Electricity	Aimorés hydroelectric plant	12	This power plant, on the Rio Doce, in the Brazilian state of Minas Gerais, will have generation capacity of 330MW. The three rotors are already in partial operation. CVRD's stake is 51.0%.
	Capim Branco I and II hydro plants	73	These two power plants on the Araguari river in the state of Minas Gerais will have generation capacity of 240MW and 210MW respectively. Both are planned to start operating in 2006.

CAPEX BY BUSINESS AREA

US$ million

Business area	3Q05		realized 2005	
Ferrous minerals	353.7	38.6%	893.9	38.7%
Non ferrous minerals	71.3	7.8%	160.1	6.9%
Logistcs	231.6	25.3%	514.1	22.3%
Aluminum	170.8	18.6%	448.5	19.4%
Coal	5.9	0.6%	99.9	4.3%
Electric energy	33.6	3.7%	93.1	4.0%
Others	50.1	5.5%	99.1	4.3%
Total	**917.0**	**100.0%**	**2,308.7**	**100.0%**

CONFERENCE CALL AND WEBCAST

CVRD will hold its conference call and webcast on Friday, November 11, at 12:00 pm Rio de Janeiro time, 9:00 am Eastern Standard Time and 2:00 pm UK time. Instructions for participation are on the website www.cvrd.com.br, *Investor Relations* section. A recording of the call and webcast will be available on the website for 90 days following November 11.

SELECTED FINANCIAL INDICATORS FOR THE MAIN NON-CONSOLIDATED COMPANIES

Selected financial indicators for the principal non-consolidated companies are available in CVRD's quarterly financial statements, on its website www.cvrd.com.br, in the *Investor Relations* section.

BR GAAP

FINANCIAL STATEMENTS			
			R$ million
	3Q04	2Q05	3Q05
Gross operating revenues	**7,932**	**10,051**	**9,042**
Taxes	(402)	(500)	(237)
Net operating revenues	**7,531**	**9,551**	**8,805**
Cost of goods sold	(3,723)	(4,011)	(4,108)
Gross profit	**3,808**	**5,541**	**4,697**
Gross margin (%)	50.6%	58.0%	53.3%
Operational expenses	**(782)**	**(784)**	**(932)**
Sales	(91)	(96)	(91)
Administrative	(246)	(308)	(333)
Research and development	(108)	(161)	(220)
Other operational expenses	(337)	(220)	(289)
Operating profit before financial result and result from shareholders	**3,026**	**4,756**	**3,765**
Result from shareholdings	**36**	**77**	**13**
Equity income	99	147	85
Goodwill amortization	(57)	(57)	(57)
Others	(6)	(13)	(14)
Financial result	**(329)**	**82**	**(319)**
Financial expenses	(476)	(247)	(510)
Financial revenues	74	58	65
Monetary variation	73	271	125
Operating profit	**2,733**	**4,915**	**3,458**
Result of discontinued operations	466	-	298
Earnings before income tax and social contribution	**3,199**	**4,915**	**3,756**
Income tax and social contribution	(587)	(1,061)	(764)
Minority interest	(316)	(375)	(281)
Net earnings	**2,296**	**3,479**	**2,711**
Earnings per share	**1.99**	**3.02**	**2.35**

BALANCE SHEET		
		R$ million
	06/30/05	09/30/05
Asset		
Current	12,387	12,172
Long term	4,106	4,279
Fixed	30,462	32,285
Total	**46,954**	**48,736**
Liabilities		
Current	8,195	7,248
Long term	12,918	12,730
Others	2,579	2,784
Shareholders' equity	23,262	25,974
Paid-up capital	14,000	14,000
Reserves	9,262	11,974
Total	**46,954**	**48,736**

CASH FLOW			
			R$ million
	3Q04	2Q05	3Q05
Cash flows from operating activities:			
Net income	**2,296**	**3,479**	**2,711**
Adjustments to reconcile net income with cash provided by operating activities:			
Result from shareholdings	(36)	(77)	(13)
Result from sale of investment	(466)	-	(298)
Depreciation, depletion and amortization	362	384	400
Deferred income tax and social contribution	(240)	53	(283)
Financial expenses and foreign exchange and monetary net variation	(868)	(982)	(420)
Minority interest	316	375	281
Impairment of property, plant and equipment	62	60	1
Goodwill amortization in the COGS	96	96	95
Net unrealized derivative losses	116	(10)	169
Dividends/interest attributed to stockholders received	-	89	59
Others	(143)	58	37
Decrease (increase) in assets:			
Accounts receivable	(30)	(1,026)	735
Inventories	(161)	(67)	(69)
Others	247	(593)	(870)
Increase (decrease) in liabilities:			
Suppliers and contractors	101	278	(291)
Payroll and related charges	49	30	55
Taxes and Contributions	577	885	1,265
Others	629	288	(348)
Net cash provided by operating activities	**2,907**	**3,323**	**3,214**
Cash Flow from investing activities:			
Loans and advances receivable	35	(43)	89
Guarantees and deposits	(53)	(37)	(84)
Additions to investments	-	(208)	(31)
Additions to property, plant and equipment	(1,302)	(1,926)	(2,464)
Proceeds from disposals of investments/property, plant and equipment	1,261	4	301
Net cash used I investing activities	**(60)**	**(2,212)**	**(2,190)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	71	470	(435)
Long-term debt	142	342	26
Financial institutions	(691)	(1,138)	(370)
Interest attributed to stockholders	-	(1,280)	-
Net cash used in financing activities	**(478)**	**(1,606)**	**(779)**
Increase (decrease) in cash and cash equivalents	**2,369**	**(496)**	**245**
Cash and equivalents, beginning of period	3,792	3,240	2,744
Cash and equivalents, end of period	**6,161**	**2,744**	**2,989**
Cash paid during the period for:			
Interest on short-term debt	(12)	(20)	(10)
Interest on long-term debt	(284)	(128)	(196)
Paid income tax and social contribution	(12)	(378)	(469)
Non-cash transactions:			
Additions to property, plant and equipment - interest capitalization	210	402	120
Income tax and social contribution paid with credits	(67)	(56)	(64)

“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.”