BR GAAP

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

Companhia Vale do Rio Doce

CRUISING AT HIGH SPEED
Performance of CVRD in 2005

Rio de Janeiro, March 6, 2006 – Companhia Vale do Rio Doce (CVRD) has ended 2005 with record operational and financial results for the third year running.

Despite the strong cost pressures, due to the cyclical rise in input prices and the appreciation of the Brazilian Real against the US dollar, CVRD set several new performance records for the year. Production maximization - made possible by the conclusion of various projects, the fact that most of its units were operating at full capacity, as well as the productivity gains achieved, together with the high prices due to the excess global demand for ores and metals - all enabled CVRD to produce an excellent performance.

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New records set in 2005

- Sales:
  - iron ore and pellets, 252.189 million tons
  - bauxite, 5.600 million tons
  - alumina, 1.738 million tons
  - primary aluminum, 498,000 tons
  - kaolin, 1.218 million tons
- Railroad general cargo transported for clients, 28.4 billion net ton kilometers (ntk).
- Cargo handled for clients in CVRD ports, 30.5 million tons.
- Gross revenues of R$ 35.4 billion.
- Consolidated exports of US$ 7.021 billion, up 26.9% compared to 2004.
- Net exports (exports less imports) of US$ 6.339 billion, 37.3% higher than the figure reported in 2004. CVRD's contribution to Brazil's trade surplus continued to be extremely significant, being responsible for 14.1% of the record trade surplus of US$ 44.8 billion last year. This results consolidates CVRD as the largest Brazilian net exporter.
- Operating profit, as measured by EBIT (earnings before interest and tax) of R$ 14.5 billion.

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 and Samarco and CSI.

4Q05

- EBIT margin of 42.8%.
- Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R$ 16.7 billion.
- Net earnings of R$ 10.4 billion, corresponding to R$ 9.07 per share.
- Return on equity (ROE) of 43.4%.
- Investments carried out in 2005 of US$ 4.2 billion[1] - US$ 2.6 billion on organic growth, US$ 757 million on maintaining existing operations and US$ 800 million on acquisitions.

CVRD has successfully continued to implement its long-term strategy, making the most of opportunities offered by the economic cycle to invest with the discipline required to grow in a profitable manner and generate significant value for its shareholders.

In the last five years, CVRD has invested US$ 10.5 billion, establishing itself as the private-sector company that most invest in Brazil, having commissioned 14 large projects in the areas of iron ore, pellets, manganese alloys, bauxite, alumina, copper, potash, electric power and logistics.

In 2006, CVRD plans to invest US$ 4.626 billion, 77% in organic growth.

At the moment, 24 projects are being implemented and there are several others under studies.

Due to its policy of investing with a high return, the total return of CVRD shareholders in the period 2001-2005 reached to an annual average of 41.7%.

Alongside the private benefits which remunerate the investment effort of its thousands of shareholders, this process produces a series of benefits for Brazilian society. Thus, in the period 2001-2005, direct jobs provided by CVRD grew at an average annual rate of 17.1% – CVRD will be offering 137,000 new jobs in 2006 – its net exports contributed with US$ 20 billion to the Brazil´s trade surplus and it's railroads transported 127 billion ntk for customers, making new businesses possible in agriculture and industry, as well as contributing to a veritable rebirth of the national railway equipment industry.

The projects developed by CVRD routinely contain initiatives dedicated to improving the degree of welfare in the communities where they are carried out, involving investment in physical infrastructure and education, in this way creating opportunities for social and economic mobility for local inhabitants.

One of the most serious challenges for a growing company is reconciling the financing of its investments with the shareholder dividends aspirations and at the same time preserving of a healthy balance sheet. CVRD has managed to simultaneously meet all these objectives.

In addition to significant investments, CVRD distributed R$ 11.4 billion in dividends and interest on shareholders equity in the period 2001-2005. The amount distributed in 2005, of R$ 3.1 billion, equivalent to R$ 2.68 per share, constituted another record achieved this year.

Debt leverage, as measured by the ratio of total debt to adjusted EBITDA, according to the generally accepted accounting principles in the United States (US GAAP), at the end 2005 reached the lowest level in the past few years, of 0.77.

1 Calculated according to generally accepted accounting principles in the United States (US GAAP) and based on the amounts paid out.

CVRD's financial soundness was duly recognized by being granted "investment grade" status by the world's three largest rating agencies.

The reduction in the cost of capital, influenced by this recognition, is very important to the extent that it helps CVRD invest significant funds, generating jobs, income and exports for Brazil.

SELECTED FINANCIAL INDICATORS

R$ million

	4Q04	3Q05	4Q05	2004	2005
Gross operating revenues	7,784	9,042	9,204	29,020	35,350
Exports (US$ million)	1,364	1,723	2,011	5,534	7,021
EBIT	2,533	3,765	3,659	10,306	14,556
EBIT margin (%)	34.3	42.8	41.0	37.4	42.8
EBITDA	3,003	4,318	4,200	12,249	16,701
Net earnings	1,527	2,712	2,637	6,460	10,443
Net earnings per share (R$)	1.33	2.36	2.29	5.61	9.07
Annualized ROE (%)	33.6	41.8	43.9	35.6	43.4
Capex* (US$ million)	685.7	917.0	1,851.8	1,956.0	4,160.5

* acquisitions included

BUSINESS OUTLOOK

With a solid outlook, the global economy is expanding at slightly more than 4% per year, with the developed countries – the US, the 15 of Europe, and Japan – growing at 3%, and the emerging market economies of Asia, Latin America and Eastern Europe at 6%.

The expansion is becoming more balanced between the different regions of the world, which until recently was believed to be possible only through considerable depreciation of the US dollar. However, this has been made possible by the restructuring of some important economies without requiring expansion of exchange rates volatility. The main implication of this re-balancing is reduction of the risk of a significant slowdown in the global economy as a result of an eventual recession the US economy.

The Japanese economy is returning to normality with the end of deflation and widespread over-capacity, and the significant decrease in non-performing bank loans. For the first time since 1996 bank credit is showing positive growth rates. Prices of commercial property have begun to rise after 14 years of decline, and industrial production is expanding firmly.

The behavior of GDP is becoming less dependent on exports, and the strong rise in the Nikkei-225, of 40% in 2005, translates investors' optimism on the future of Japanese economy. The long restructuring process has enabled companies to capitalize, investing and hiring again, giving a new dynamic to domestic demand.

In Germany, the largest economy in Europe, corporate restructuring has contributed to an increase in productivity, profits and investments. In the short term this generates a negative impact on consumer spending, which tends to reverse as expansion of investments continues. The IFO business climate indicator rose to its highest level since 1994, with positive expectation on the part of both industry and retailers, the latter already anticipating future improvement in consumer spending.

As in Japan, the German economy is beginning to show less dependence on external demand, and, in 2006, for the first time in many years, domestic demand is likely to be the main source of growth of real GDP.

In the US, the low growth of the economy in the fourth quarter of 2005, the weakest since the last quarter of 2002, was due to the effect of several shocks suffered over the July-September period of last year, which have now been absorbed, thus seen as a temporary volatility.

China grew 9.9% in 2005 and is expected to maintain the same rate of expansion this year. Domestic demand is strengthening with the expansion of public investments in infrastructure, which are being accelerated in the first year of the execution of the new five-year plan, and with the return of significant spending on real estate construction in medium-sized cities, characterizing a new cycle of investments.

In Brazil, the obtainment of several primary fiscal surpluses and the austerity in monetary policy contributed to promote a more stable environment, favoring economic growth. Besides that, higher exports and the good liquidity in the global financial markets contributed to generate significant improvement in the balance of payments, reducing its vulnerability. Consequently, a better performance of the economy is expected for 2006.

The world's industrial production indicators point to a solid and more balanced expansion in the coming quarters. In particular, the performance of orders and the relation between this variable and inventories are behaving in a very stable manner.

Thus the global scenario provides grounds for continuation of strong demand for mining and metals.

Reasonably large imbalances persist between global demand and supply for iron ore and alumina which, in spite of the additional capacity being put into operation in the coming months and the projects currently in progress, are not likely to be eliminated in the short-term.

It is estimated that the seaborne iron ore market reached 675 million tons in 2005, with China importing 275 million tons, representing an increase of 32% over 2004. In January 2006 China's seasonally adjusted imports were another all time record, which demonstrates continuity of the demand pressure in the iron ore market.

In one more production record, CVRD produced 240.4 million tons of iron ore in 2005. In 2006 the Company expects to increase its iron ore production to 264 million tons, to meet expansion in demand from its clients.

The spot iron ore market continues to be highly active and with prices higher than those for long-term contracts, reflecting the global excess of demand. Purchasers in this market have to face difficulties such as lower quality, price volatility and uncertain shipment frequencies, which harm their competitiveness and make their cash flows unstable.

The growth of the global fleet of capesize vessels, and the expansion of capacity of ports in countries such as Brazil, Australia and China, have caused a decline in the prices of freight in the spot market. This reduction, which – comparing the April 2005 peak with today's prices – is as much as US$ 15 per ton for the Brazil-China route, results in an important fall in the cost of iron ore for the steelmakers who contract maritime freight in this market.

In the alumina spot market, prices are now over US$ 600/ton, about 25% of the prices quoted for aluminum on the London Metal Exchange, reflecting increase in global scarcity. Stage 4 of Alunorte, CVRD´s alumina refinery, started up at the end of January this year, and Stage 5 will begin operating in March, thus adding

1.9 million tons/year to present capacity. In 2005, CVRD produced 2.6 million tons.

Simultaneously to the expansion of demand there are several types of limitations – much higher costs and supply restrictions of equipment and engineering services, greater relative scarcity of mineral reserves of good quality and substantial size, the need for logistics infrastructure, and the delay in obtaining environmental licenses – all these raise difficulties and a more lagged response of supply to increases in prices of ores and metals.

Systematic operation at full capacity increases the probability of production downtime. Given the restrictions on the supply of replacement parts and inventories at a historically low level, the impact of production problems on prices tends to be magnified. This has been important, for example, in the copper market, imposing an upward bias on prices.

Particularly for metals, the growing flow of financial resources into investment funds in commodities, resulting from the allocation of part of the pension funds money to this class of assets, has now begun to constitute a new source of demand, pressuring prices.

Influenced by profound cuts in global production in the second half of 2005, the manganese alloys prices are now recovering slightly, especially high carbon manganese ferro alloys (FeHcMn), in which we saw relatively higher cuts in production between 2004 and 2005. CVRD has kept about one-third of its alloys production capacity idle.

The Brazilian agricultural crop is forecast to be 9.3% larger this year than last year, when it was harmed by drought in the southern region of the country. This reversal will have a positive impact on the performance of CVRD´s sales of potash and logistics services.

RELEVANT EVENTS

- **Absorption of the shares of Caemi**

On January 26, 2006, the Board of Directors of CVRD approved the merger of all the preferred shares of Caemi Mineração e Metalurgia S.A. (Caemi) outstanding into CVRD. Non-controlling shareholders of Caemi will receive 0.04115 preferred PNA shares issued by CVRD for each preferred share they hold in Caemi. The exchange ratio reflects the performance of the prices of the preferred shares of CVRD and Caemi on the São Paulo Stock Exchange (Bovespa) during the 90 days period ending on January 23, 2006.

The necessary steps for carrying out the merger are being taken, and expected to be concluded at the end of March.

CVRD is owner of 100% of the common shares and 40.06% of the preferred shares of Caemi, or 60.23% of its total capital. After the conclusion of the transaction CVRD will own all the shares of Caemi.

- **Maintaining the focus on organic growth**

On January 26, 2006 CVRD's Board of Directors approved a capital expenditure budget in the amount of US$ 4.626 billion, the highest in its history. In 2006, US$ 3.558 billion will be invested in organic growth, made up of US$ 3.067 billion in greenfield and brownfield projects, and US$ 491 million in research and development. The remaining US$ 1.068 billion will be allocated to stay in business expenditures.

The ferrous minerals business will receive 46% of the total capital expenditure; 17% will be allocated to the aluminum business, 17% to the logistics services area, and 9% to non-ferrous minerals.

More details can be obtained on www.cvrd.com.br, Investor Relations section, under *press releases*.

- **Minimum dividend for 2006 of US$ 1.3 billion**

The Executive Board of CVRD will submit to the Board of Directors a proposal for payment of minimum dividend to shareholders of US$ 1.3 billion in 2006. Taking into account the issue of new CVRD preferred (PNA) shares to be carried out upon completion of the merger of the shares of Caemi, if this is approved by the Company's shareholders, the dividend per outstanding share, common or preferred, will be US$ 1.069367781.

- **Issue and repurchase of debt securities**

In January 2006 CVRD issued US$ 1 billion in 10-year bonds with 6.25% annual coupon and yield to investors of 6.254% per year (CVRD 2016). The spread over US treasuries with similar maturity was 190 basis points (bp), contrasting with the spread of 288 bp on the issue of CVRD 2013, with 10-year tenor and coupon of 9.0% per year, in August 2003.

The CVRD 2016 bond received rating BBB from Standard & Poor's and Baa3 from Moody's.

In parallel to this issue, CVRD repurchased approximately US$ 176 million of the principal of the CVRD 2013.

The basis of these transactions was the focus of CVRD's financial policy on minimization of cost of capital.

- **Conclusion of the acquisition of Canico**

In the last quarter of 2005 CVRD acquired 99.2% of Canico Resources Corp., for approximately US$ 800 million. In February 2006 the acquisition of all the shares of Canico was completed, and they were withdrawn from trading on the Toronto Stock Exchange.

Canico was the owner of the Onça Puma laterite nickel project in the Brazilian state of Pará, which will be developed by CVRD, simultaneously with the Vermelho nickel project.

- **Ceará Steel project**

In December 2005 CVRD announced that it will have a 9% stake in Ceará Steel, a steel project in the state of Ceará, Brazil, whose nominal capacity will be 1.5 million tons per year of steel slabs.

CVRD's investment will be US$ 25 million, and the project has start-up planned for 2009. CVRD will supply 2.5 million tons of pellets annually to Ceará Steel, which will use it as raw material for 100% of the mill's needs.

The investment in the Ceará Steel project is part of CVRD’s strategy of promoting the consumption of iron ore through minority stakes in steel projects located in Brazil.

- **First shipment of coal**

In January the first shipment of Yongcheng anthracite coal, of 40,000 tons, arrived in Brazil from Henan Longyu Energy Resources Co. Ltd., joint venture between CVRD and Chinese companies, located in China.

This event is an important milestone in CVRD’s strategy to become a player in the global coal market.

- **Sale of stake in Nova Era Silicon**

In February, CVRD sold its entire stake in Nova Era Silicon (NES), 49% of the total capital, to JFE Steel Corporation, for US$ 14 million.

This divestment is consistent with CVRD’s strategic guideline for the manganese business, of focusing on manganese ore and manganese ferro alloys production through wholly owned subsidiaries.

- **Sale of stake in the Foz do Chapecó hydroelectric power plant**

Also in February, CVRD sold its 40% stake in the consortium formed to build and operate the Foz do Chapecó hydroelectric power plant, for R$ 9 million.

A NEW PLATEAU OF REVENUES

In 2005, CVRD's gross revenues exceeded the R$ 35 billion barrier, totaling R$ 35.350 billion, the highest in CVRD's history, and 21.8% higher than that obtained in 2004.

The increase in the sales price of CVRD's products contributed with R$ 10.691 billion to the rise in gross revenues, while the increase in volume sold was responsible for R$ 466 million.

On the other hand, the appreciation of the Brazilian Real in relation to the US dollar in 2005, of 20.2%, had a negative impact on CVRD's gross revenue of R$ 4.827 billion. About 87% of CVRD's gross revenues are denominated and/or indexed to the US dollar.

Sales of ferrous minerals accounted for 70.3% of CVRD's total sales in 2005, while sales of products in the aluminum chain accounted for 10.9%, logistics services 9.3%, non-ferrous minerals 4.9% and steel products, 4.3%.

Revenues from sales to China grown from R$ 3.079 billion in 2004 to R$ 5.154 billion in 2005. However, CVRD continues to enjoy broad geographical diversification in its sales.

The Americas are the main sales destination, accounting for 37.1%, with the Brazilian market responsible for 22.8% of total revenues and the US, for 7.5%. This was followed by Asia, which in 2005 for the first time produced more steel than all the other regions in the world, with 29.2%, exceeding sales in Europe, which accounted for 27.3% of CVRD's gross sales.

CVRD's gross revenues in 4Q05 amounted to R$ 9.204 billion, 18.2% higher than that reported in 4Q04.

GROSS REVENUES – BY PRODUCT							
							R$ million
	4Q04	3Q05	4Q05	2004	%	2005	%
Iron ore and pellets	**4,111**	**6,087**	**6,343**	**15,548**	**53.6**	**23,368**	**66.1**
Iron ore	2,954	4,463	4,404	11,030	38.0	16,693	47.2
Pellets	1,157	1,625	1,939	4,518	15.6	6,675	18.9
Pelletizing plants operation services	**20**	**19**	**19**	**77**	**0.3**	**71**	**0.2**
Manganese and ferro-alloys	**594**	**275**	**272**	**2,083**	**7.2**	**1,488**	**4.2**
Copper concentrate	**324**	**215**	**294**	**592**	**2.0**	**937**	**2.7**
Potash	**98**	**111**	**92**	**362**	**1.2**	**359**	**1.0**
Kaolin	**113**	**99**	**114**	**468**	**1.6**	**428**	**1.2**
Aluminum	**1,090**	**956**	**933**	**4,056**	**14.0**	**3,857**	**10.9**
Logistics	**789**	**938**	**781**	**3,025**	**10.4**	**3,291**	**9.3**
Railroads	550	694	575	2,126	**7.3**	2,405	6.8
Ports	118	142	111	450	**1.6**	490	1.4
Shipping	121	102	95	450	**1.5**	396	1.1
Steel products	**623**	**340**	**338**	**2,731**	**9.4**	**1,509**	**4.3**
Others	**23**	**3**	**18**	**78**	**0.3**	**43**	**0.1**
Total	**7,784**	**9,043**	**9,204**	**29,020**	**100.0**	**35,350**	**100.0**

GROSS REVENUES – BY DESTINATION							
							R$ million
	4Q04	3Q05	4Q05	2004	%	2005	%
Americas	**3,460**	**3,210**	**3,082**	**12,299**	**42.4**	**13,104**	**37.1**
Brazil	1,826	2,132	1,855	6,930	23.9	8,075	22.8
USA	890	560	627	3,272	11.3	2,645	7.5
Others	744	518	600	2,097	7.2	2,384	6.7
Asia	**2,024**	**2,785**	**3,143**	**7,378**	**25.4**	**10,307**	**29.2**
China	842	1,430	1,759	3,079	10.6	5,154	14.6
Japan	651	795	810	2,529	8.7	3,043	8.6
Others	531	560	574	1,770	6.1	2,110	6.0
Europe	**1,914**	**2,452**	**2,347**	**8,011**	**27.6**	**9,654**	**27.3**
Rest of the World	**386**	**596**	**632**	**1,332**	**4.6**	**2,286**	**6.5**
Total	**7,784**	**9,043**	**9,204**	**29,020**	**100.0**	**35,351**	**100.0**

COST PRESSURES AND THE EFFORTS TO OVERCOME THEM

In 2005, CVRD's cost of goods sold (COGS) amounted to R$ 16.311 billion, an increase of 15.5%, or R$ 2.188 billion, compared to 2004.

In 4Q05, CVRD's COGS totaled R$ 4.407 billion, up 14.9% on 4Q04.

CVRD, as in the case of other mining and metals companies, is suffering from a general cost pressures arising from the economic cycle - manifested by the increase in the price of equipment, spare parts, steel, energy, raw materials and services.

Expenditure on outsourced services, the principal item in COGS, which contributed R$ 3.406 billion to the cost of goods sold, was up by R$ 932 million compared to the previous year, mainly due to higher expenditure on railfreight as a result of both the growth in the volume transported, as well as the increase in tariffs. Also impacting this line was higher expenditure on the waste removal, as well as maintenance services.

Outsourced services contributed R$ 255 million to the raise in COGS between 4Q04 and 4Q05.

Expenditure on material increased by R$ 780 million, amounting to R$ 3.105 billion, being substantially influenced by the higher prices of spare parts, such as conveyor belts and tires.

In 4Q05, this item amounted to R$ 777 million, compared to R$ 674 million in 4Q04.

As a consequence of the amplification in CVRD's asset base, which had increased from R$ 15.7 billion at the end of 2002, to R$ 31.7 billion at the end 2005, the cost of depreciation and exhaustion for the year amounted to R$ 1.468 billion, up R$ 277 million in relation to 2004.

The cost of depreciation and exhaustion in 4Q05 was R$ 393 million.

Expenditure on fuel oil, gas and electric power, of R$ 3.241 billion, was R$ 391 million higher than that observed in 2004. This rise in expenditure was due to the expansion of CVRD activities, as well as the price increases seen in these inputs. The average price of fuel oil for CVRD was up 21.2%, contributing significantly to this rise in expenditure.

In 2005, CVRD's electric power consumption increased by 5.3%, totaling 17.619 GWh, of which 38% was spent on the production of aluminum, and 8.9% on ferro-alloy operations.

In 4Q05, fuel oil, gas and electricity expenses were R$ 881 million, R$ 59 higher than the amount spent in 4Q04.

Expenditure on the purchase of products was down R$ 281 million, dropping from R$ 2.520 billion in 2004, to R$ 2.239 billion in 2005, principally due to the sale of CVRD's stake in CST, concluded at the end of 2004. The effect of the appreciation in the Brazilian Real against the US dollar on purchases carried out by companies located outside Brazil also had a favorable effect, reducing the value of these purchases in Brazilian Reais.

In 4Q05, costs in this area amounted to R$ 594 million.

In 2005, operational expenses totaled R$ 3.126 billion, in line with the amount seen in 2004, of R$ 3.115 billion. In 4Q05, CVRD's operational expenses totaled R$ 850 million.

Sales expenses of R$ 340 million, were R$ 72 million less than in 2004. Administrative expenses, of R$ 1.280 billion, saw an increase of 13.8% on the previous year, basically due to higher expenditure on publicity and advertising, the hiring of consultancy services and the 6.5% salary increase for employees in July 2005.

In 4Q05, sales expenses totaled R$ 54 million, while administrative expenses amounted to R$ 382 million.

Expenditure on research and development (R&D) increased by 52.7% compared to 2004, amounting to R$ 672 million. This increase was due to the execution of a strategy of focusing on organic growth, which necessarily implies increasing investment in mineral exploration and feasibility studies for the development of mineral deposits in various countries.

Investment in R&D is essential for the sustaining of CVRD's profitable growth over the long term. In the context of a global and multi-commodity program, investments have been carried out in 11 countries, covering all the world's continents in a diversified mineral portfolio, involving coal, copper, nickel, manganese, potash, phosphates, bauxite and iron ore.

Expenditure on research and development in 4Q05 was R$ 209 million, R$ 25 million higher than that in 4Q04.

Other operational expenses amounted to R$ 834 million, down R$ 304 million in relation to the previous year. This reduction was basically because of the provisions for ICMS losses, as well as the end of the amortization of the goodwill involved in the acquisition of Samitri in 2000, which contributed R$ 183 million in 2004. In 4Q05, these expenses were R$ 205 million.

In energy, CVRD has stakes in five hydroelectric power plants under operation, and the take from these - 1,278 GWh in 2005 – makes a reduction in its costs possible. In 2005, the economy reached via energy self-generation as opposed to acquiring energy through long-term contracts is estimated at R$ 110 million. Purchases of electricity have been made in auctions, obtaining in 2005 prices per MWh in average R$ 29 lower than those on long-term contracts. Such alternatives clearly has limitations, but contributes to reduction of the average cost of this input.

In the refining of bauxite into alumina, a co-generation electricity plant is due to come on stream in the middle of this year, which will have a direct impact on electricity cost, expected to reduce them by approximately R$ 66 million from 2007 onwards.

In addition, various studies are currently ongoing, aiming to restructure CVRD's energy matrix and to adopt energy conservation measures, with the purpose of minimizing costs.

Demurrage expenses - the fines paid for delays in ship loading at CVRD's maritime terminals - amounted to R$ 48 million in 4Q05 and R$ 186 million in 2005, down by 60.0% on 4Q04, and 24.1% on 2004, respectively, despite the increase in shipping volumes.

The procedures put into practice for the optimizing of iron ore shipping logistics have already started to show the first positive results. For example, in December CVRD obtained a dispatch bonus at the Ponta da Madeira maritime terminal, for the loading of ships ahead of the time limit stipulated.

Demurrage costs are tending to converge to a level that is considerably lower than that seen in the last two years. For 2006, it is expected that the demurrage cost per ton shipped from CVRD's maritime terminals will be US$ 0.22 per ton, which would represent less than half the fines paid in 2004, of US$ 0.45 per ton.

CVRD's programs of excellence, which include the maintenance and operation of its mines and the carrying out of investment projects, will have the consequence of reducing costs and achieving productivity gains over the next few years.

In 2005, CVRD's gross margin amounted to 52.0%, 330 basis points (bp) higher than that reported in 2004, of 48.7%.

The margin obtained in 4Q05 amounted to 50.6%, compared to 48.0% in 4Q04.

COGS BREAKDOWN							
							R$ million
	4Q04	3Q05	4Q05	2004	%	2005	%
Personnel	374	377	419	1,412	10.0	1,451	8.9
Material	674	821	777	2,325	16.5	3,105	19.0
Fuel oil and gases	441	458	519	1,597	11.3	1,829	11.2
Outsourced services	738	862	992	2,474	17.5	3,406	20.9
Electric energy	381	361	362	1,253	8.9	1,412	8.7
Acquisition of products	558	482	594	2,520	17.8	2,239	13.7
Depreciation and exhaustion	306	366	393	1,191	8.4	1,468	9.0
Goodwill amortization	96	95	95	384	2.7	382	2.3
Others	269	286	256	967	6.8	1,019	6.2
Total	**3,837**	**4,108**	**4,407**	**14,123**	**100.0**	**16,311**	**100.0**

OPERATING PROFIT: A NEW RECORD

CVRD's excellent operational performance in 2005 was evidenced by the obtaining of a record operating profit, of R$ 14.556 billion, R$ 4.250 billion higher than that achieved in 2004. EBIT in 2005 was basically influenced by the increase of R$ 6.449 billion in net revenues, partially offset by a raise of R$ 2.188 billion in COGS.

CVRD's EBIT in 4Q05 amounted to R$ 3.659 billion, 44.5% above that reported in 4Q04.

EBIT margin in 2005 was 42.8%, 540 bp higher than that reported in 2004, of 37.4%.

In 4Q05, EBIT margin was 41.0%, compared to 34.3% in the same quarter in 2004.

CASH GENERATION RECORD

Cash generation, as measured by EBITDA, in 2005 amounted to R$ 16.701 billion, constituting a new record for CVRD, being R$ 4.452 billion higher than the previous year. EBITDA reported in 2005 was 3.3 times that reported in 2001, of R$ 5.128 billion, attesting to the enlargement in the dimensions of CVRD's activities.

The raise seen in EBITDA between 2004 and 2005 was basically the result of a higher EBIT, R$ 4.250 billion, and the increased depreciation of R$ 300 million. In 2005, CVRD received dividends from non-consolidated companies of R$ 151 million, compared to R$ 66 million in 2004.

Ferrous mineral operations accounted for 81.3% of EBITDA in 2005, products in the aluminum chain, 8.7%, logistic services, 7.3%, non-ferrous mineral operations, 2.6%, steel, 1.8% and others, represented by expenditure on research and development, negative in 1.6%.

In 4Q05, EBITDA was R$ 4.200 billion, compared to R$ 3.003 billion in 4Q04.

QUARTERLY EBITDA					
					R$ million
	4Q04	3Q05	4Q05	2004	2005
Net operating revenues	7,384	8,805	8,916	27,544	33,993
COGS	(3,837)	(4,108)	(4,407)	(14,123)	(16,311)
SG&A	(459)	(423)	(436)	(1,537)	(1,621)
Research and development	(184)	(220)	(209)	(440)	(672)
Other operational expenses	(371)	(289)	(205)	(1,138)	(834)
EBIT	**2,533**	**3,765**	**3,659**	**10,306**	**14,556**
Adjustment for non-cash items	**-**	**-**	**-**	**183**	**-**
Depreciation, amortization & exhaustion	**440**	**495**	**538**	**1,694**	**1,994**
Dividends received	**30**	**59**	**3**	**66**	**151**
EBITDA	**3,003**	**4,318**	**4,200**	**12,249**	**16,701**

FINANCIAL RESULT

In 2005, CVRD's net financial result amounted to a negative R$ 1.276 billion, representing an improvement of R$ 724 million on that obtained in 2004. This improvement was due to the favorable movement of three components within this account: financial revenues, finance expenses and monetary variation.

Financial expenses amounted to R$ 1.579 billion, while financial revenues totaled R$ 339 million. The net result in monetary variation in 2005 was a loss of R$ 36 million.

In 4Q05, CVRD's net finance result amounted to a negative R$ 764 million, compared to a negative R$ 271 million in the same quarter a year earlier. Financial expenses totaled R$ 527 million, financial revenues, R$ 103 million and monetary variation, a negative R$ 340 million.

EQUITY INCOME RESULT

CVRD's equity income result increased by R$ 113 million, rising from R$ 156 million in 2004 to R$ 269 million in 2005. The main contributions to this result were from the steel sector – an increase of R$ 70 million – and the stake in Henan Longyu Energy Resources Ltd, the Chinese producer of anthracite coal, R$ 23 million.

In 4Q05, CVRD's equity income result was R$ 105 million.

RECORD NET EARNINGS: R$ 10.4 BILLION

In 2005, CVRD's net earnings amounted to R$ 10.443 billion, corresponding to R$ 9.07 per share. Compared to the net earnings in 2004, of R$ 6.460 billion, CVRD's results were up 61.7% in 2005.

In addition to its substantial size, being the largest profit achieved in CVRD's history, it is also worth pointing out the high earnings quality. This is because CVRD is investing record amounts, while at the same time enlarging its base for future profitability.

In 2005, CVRD received R$ 298 million from the sale of Caemi's stake in QCM, while in 2004, CVRD got R$ 551 million from the sale of its stake in CST.

The provisions made for the payment of income tax and social contribution, totaling R$ 2.368 billion in 2005, compared to R$ 1.810 billion in 2004.

In the final quarter of 2005, CVRD reported net earnings of R$ 2.637 billion, compared to R$ 1.527 billion in the same quarter a year earlier. CVRD made a provision of R$ 153 million for the payment of income tax and social contribution in the quarter.

CONCILIATING CAPEX, DIVIDENDS AND FINANCIAL STRENGHT

One of the greatest challenges for a company that is growing is to conciliate financing of capital expenditure, distribution of dividends and maintenance of a level of financial health that will ensure good risk perception by the capital markets.

CVRD's strong cash generation has enabled it to finance its growth initiatives, allowing the projects to be assessed and approved in accordance with their merit. At the same time, it has been possible to make a good distribution of dividends to shareholders. In the last five years investments and dividends paid totaled approximately US$ 15 billion. Simultaneously there was a strengthening of the balance sheet.

Breaking paradigms, CVRD obtained the Investment Grade rating in 2005 from three of the most respected rating agencies in the world: Standard & Poor's (BBB), Moody's (Baa3) and Dominion (BBB low).

Leverage and interest coverage indicators improved considerably in 2005, evidencing CVRD's financial strenght.

Total debt, according to the generally accepted accounting principles in the United States (US GAAP), on December 31, 2005 was US$ 5.010 billion, an increase of US$ 922 million from the debt of US$ 4.088 billion at December 31, 2004.

Gross debt/adjusted EBITDA fell from 1.10x on December 31, 2004 to 0.77x on December 31, 2005. Total debt/enterprise value fell from 11.8% to 10.1%. Interest coverage, measured by adjusted EBITDA/interest paid, increased, from 12.41x at the end of 2004 to 25.95x at the end of 2005.

Net debt at the end of 2005 was US$ 3.969 billion, with a cash position of US$ 1.041 billion. Besides its cash holding, CVRD has the potential for additional liquidity provided by committed bank credit lines in the amount of US$ 750 million.

The average debt maturity on December 31, 2005 was 7.89 years, compared to 6.83 years at the end of 2004. 60% of the debt was at floating rates and 40% at fixed rates. Because prices of aluminum and copper both vary in the same direction as the Libor rate, there is a natural hedge against oscillations in floating interest rates.

The Company's debt management policy aims to reduce its refinancing costs and risks. In this context, the development of liquid markets for its bonds and maintaining of a dynamic posture in relation to management of liabilities are very important.

In October 2005 CVRD again issued bonds, due in 2034 and 8.25% annual coupon, totaling US$ 300 million. This increased the amount maturing in that year to US$ 800 million, providing good liquidity conditions for investors, helping to increase the bonds' attractiveness.

In January 2006 the CVRD 2016 bond was issued, with 10-year tenor, 6.250% annual coupon and yield to investors of 6.254% per year, for a total of US$ 1.0 billion, its cost already reflecting the improvement of risk perception expressed by the award of Investment Grade rating. Since its issuance, CVRD 2016 has risen in value, with the yield to maturity converging gradually towards 6.0%.

Over the period from 4Q04 to the beginning of 2006, CVRD repurchased debt with higher interest rates and lower duration in the amount of US$ 600 million. For example, more recently, and simultaneously with the issue of CVRD 2016, the Company bought US$ 176 million of the CVRD 2013 bond, with coupon of 9.000% per year.

DEBT INDICATORS

US$ million

	4Q04	3Q05	4Q05
Gross debt	4,088	3,942	5,010
Net debt	2,839	2,707	3,969
Gross debt / adjusted LTM EBITDA (x)	1.10	0.68	0.77
Adjusted LTM EBITDA / LTM interest expenses (x)	12.41	21.03	25.95
Gross debt / EV (x)	0.12	0.08	0.10

Enterprise Value = capitalização de mercado + dívida líquida

BUSINESS PERFORMANCE

Ferrous minerals

The strong growth in global demand for iron ore and pellets, together with CVRD's expansion of its production - due to the conclusion of a number of projects and productivity gains achieved - has enabled CVRD to obtain a series of successive sales volume records. Total shipments of these products in 2005 of 252.189 million tons, up 8.9% on 2004, thus constituted another new record.

Sales in 4Q05, of 67.611 million tons, set a new quarterly record.

In 2005, sales of iron ore amounted to 213.338 million tons, up 11.9% compared to 2004. Pellet sales, of 38.851 million tons, were in line with sales in 2004.

Compared to 2004, CVRD increased its purchases of iron ore from small mining companies located in the so-called Iron Quadrangle, in the state of Minas Gerais, by 3.2%, acquiring 16.430 million tons to complement its production and meet the growing demand from its clients.

In 2005, China bought 56.530 million tons of iron ore from CVRD, 22.4% of total sales volume. Japan absorbed 25.250 million tons, representing 10.0% of sales, Germany acquired 24.555 million tons representing 9.7%, followed by France with 4.7%, South Korea with 4.2% and Italy with 3.9%. Sales to the steel industry and pig iron producers in Brazil amounted to 45.644 million tons, 18.1% of total shipments.

Shipments made in 4Q05 constituted another quarterly record, when 67.611 million tons, being 56.007 million tons of iron ore and 11.604 million tons of pellets. Sales of pellets in 4Q05 increased by 32.3% compared to 3Q05, when only 8.774 million tons were sold, due to issues associated with hurricane Katrina and the rescheduling of shipments.

In contrast to those for other metals and mining products, the market for ferro-manganese alloys is seeing an excess of supply, due to the exaggerated response by producers encouraged by the rise in prices which resulted in production expansion of 18.6% in 2004. Thus, 2005 was characterized by a reduction in alloy prices, begun in the last quarter, and by cuts in production, implemented since 2Q05. Manganese ore, whose main use is in the manufacture of alloys, suffered from the negative effect of price movements, by a time-lag of approximately six months.

In 2005, 907,000 tons of manganese was sold, 9.2% down on that sold in 2004, of 999,000 tons. Sales of ferro-alloys totaled 547,000 tons, in line with the previous year.

In 4Q05, manganese sales amounted to 244,000 tons, down 24.5% on the same period in 2004, which saw a quarterly sales record of 320,000 tons. At the end of 2004 demand for manganese benefited from the significant expansion in alloy production. In 4Q05, sales of ferro-alloys amounted to 124,000 tons.

Revenues from ferrous minerals - iron ore, pellets, manganese and ferro-alloys – in 2005 was R$ 24.856 billion, up 41.0% compared to 2004, when revenues was R$ 17.631 billion.

Gross revenues generated by iron ore shipments totaled R$ 16.693 billion, while revenues from pellet sales amounted to R$ 6.675 billion. Revenues in 2005, corresponding to 66.1% of the total reported by CVRD, were 50.2% higher than those reported in 2004, basically due to the increase in the price of products sold. Revenues obtained through the pelletization services provided by the pellet plants located in the port of Tubarão, amounted to R$ 71 million.

Gross revenues generated by the sales of manganese amounted to R$ 214 million, 20.2% higher than the figure in the previous year, of R$ 178 million. Gross revenues from the sale of ferro-alloys amounted to R$ 1.274 billion, 33.1% lower than the revenues obtained in 2004, due to the drop in the price of this product. Shipments of manganese and ferro-alloys accounted for 4.2% of CVRD's total gross revenues in 2005.

Operating profit from the area of ferrous minerals division – iron ore, pellets, manganese ore and ferro-alloys – amounted to R$ 12.548 billion, 81.5% higher than the EBIT reported in the previous year, of R$ 6.914 billion, mainly due to iron ore and pellet price increases in 2005 which more than compensated for the increased costs arising from metals and mining price cycle. In addition, 2004 saw the amortization of the goodwill associated with the acquisition of Samitri.

EBITDA generated from ferrous minerals business amounted to R$ 13.582 billion, or 81.3% of CVRD's total cash generation in 2005, up 70.9% on the amount reported in 2004, of R$ 7.947 billion.

SALES VOLUME – IRON ORE AND PELLETS

thousand tons

	4Q04	3Q05	4Q05	2004	%	2005	%
Iron ore	51,165	55,203	56,007	190,651	82.9	213,338	84.6
Pellets	10,230	8,774	11,604	39,230	17.1	38,851	15.4
Total	**61,395**	**63,977**	**67,611**	**229,881**	**100.0**	**252,189**	**100.0**

VOLUME SOLD BY DESTINATION – IRON ORE AND PELLETS							
							million tons
	4Q04	3Q05	4Q05	2004	%	2005	%
Asia	**23.5**	**26.0**	**30.7**	**85.4**	**37.1**	**101.9**	**40.4**
China	13.3	14.9	17.9	43.8	19.0	56.6	22.4
Japan	5.3	6.2	6.6	21.4	9.3	25.2	10.0
South Korea	2.6	2.9	4.0	10.7	4.6	10.7	4.2
Emerging Asia (ex-China)	2.4	2.0	2.2	9.5	4.2	9.4	3.7
Europe	**19.2**	**19.4**	**17.5**	**73.2**	**31.9**	**75.5**	**29.9**
Germany	6.9	6.3	5.8	25.3	11.0	24.6	9.7
France	3.0	3.0	3.3	12.0	5.2	11.9	4.7
Italy	2.2	3.1	1.1	9.3	4.1	9.8	3.9
Others	7.1	7.0	7.3	26.7	11.6	29.2	11.6
Brazil	**11.4**	**11.6**	**11.4**	**43.2**	**18.8**	**45.6**	**18.1**
USA	**1.2**	**0.9**	**1.7**	**4.8**	**2.1**	**5.0**	**2.0**
RoW	**6.1**	**6.1**	**6.3**	**23.2**	**10.1**	**24.2**	**9.6**
Total	**61.4**	**64.0**	**67.6**	**229.9**	**100.0**	**252.2**	**100.0**

Aluminum

The strong growth in Chinese consumption of alumina, resulting in the importing of 7 million tons in 2005, contributed to increasing the imbalance between global demand and supply, causing spot prices to continue their upward trend. The prices of primary aluminum, which did not accompany the upward cycle in metal prices so sharply, fluctuated substantially during the year, falling to a level of US$ 1,700 per ton in July, but finally reaching their highest level in the last 16 years in December, of approximately US$ 2,300 per ton.

In 2005, CVRD sold 5.600 million tons of bauxite, a record volume, up 3.2% compared to previous year. In 4Q05, bauxite sales totaled 1.544 million tons.

Alumina sales in 2005 amounted to 1.738 million tons, up 3.6% on the previous year. Alumina sales in 4Q05 totaled 403,000 tons.

As most of CVRD’s sales are associated with long-term contracts, the price increases in the market are not entirely reflected in its average sales price. Nonetheless, as new contracts are entered into, so the higher alumina prices will reflect a higher percentage of the aluminum price quoted on the London Metal Exchange - LME.

Sales of primary aluminum in 2005 amounted to 498,000 tons, compared to 477,000 tons in 2004. This was possible due to the implementation of operational improvements at the Barcarena plant, which enabled production capacity to be expanded. Primary aluminum shipments in 4Q05 totaled 131,000 tons.

Gross revenues from the sale of products in the aluminum chain totaled R$ 3.857 billion, 10.9% of CVRD's total revenues in 2005, but down 4.9% on the revenues from this source obtained in 2004, of R$ 4.056 billion, due to the appreciation in the Brazilian Real against the US dollar.

Operating profit generated from products in the aluminum chain totaled R$ 1.225 billion, 30.1% lower than that obtained in 2004, of R$ 1.753 billion, basically due to the increase in costs and expenses which were impacted by the appreciation in the Brazilian Real against the US dollar, the price of electric power and price increases in various inputs, such as caustic soda, calcining oil, and coke.

EBITDA was R$ 1.446 billion, 8.7% of CVRD's total EBITDA in 2005, but this figure was 26.4% lower that the EBITDA obtained in 2004, of R$ 1.965 billion.

Non-ferrous minerals

Global demand for potash experienced a growth slowdown in the second half of 2005, due to a reduction in consumption in some Asian countries as well as in Brazil, due to harvest problems. In the case of Brazil, a strong recovery is predicted in grain harvests in 2006, particularly for soybean, which is likely to provoke a recovery in demand for CVRD’s potash products.

The conclusion of the production capacity expansion project at Taquari-Vassouras to 850,000 tons will enable sales to be increased in 2006.

Potash sales totaled 640,000 tons in 2005, up 10,000 tons on the previous year. Gross revenues from potash sales amounted to R$ 359 million.

In 4Q05, CVRD sold 176,000 tons of potash, up 6.7% on 4Q04.

In 2005, kaolin shipments shipments totaled 1.218 million tons, in line with the volume sold in the previous year. Gross revenues from kaolin sales amounted to R$ 428 million, down 8.5% on that obtained in 2004, basically due to the appreciation in the Brazilian Real.

In the 4Q05, kaolin sales amounted to 355,000 tons, compared to 311,000 tons 4Q04.

In the first full year of operation of the Sossego mine, CVRD sold 398,000 tons of copper concentrate, compared to 269,000 tons in 2004, when the mine operated for seven months. Gross revenues totaled R$ 937 million, also reflecting the increase in copper prices seen in 2005.

In 4Q05, sales of copper concentrate amounted to 112,000 tons, compared to 139,000 tons in 4Q04. The reduction seen between these two quarters was because of operational problems to do with copper extraction and processing.

In 2005, gross revenues from the sale of non-ferrous minerals – copper, potash and kaolin – was R$ 1.725 billion, accounting for 4.9% of CVRD total gross revenues.

The relatively small size of CVRD's non-ferrous mineral operations imposes a certain volatility on its operating results, given its sensitivity to fluctuations in product prices and inputs, as well as the Brasilian Real/US dollar exchange rate.

EBIT generated by non-ferrous mineral operations totaled R$ 273 million, 21.3% higher than that seen in 2004, basically because of the operation of the Sossego copper mine for twelve months in 2005, compared to just seven months in 2004.

EBITDA amounted to R$ 427 million, accounting for 2.6% of CVRD's total cash generation in 2005.

SALES VOLUME – ORES AND METALS

					thousand tons
	4Q04	3Q05	4Q05	2004	2005
Manganese	320	271	244	999	907
Ferro alloys	112	136	124	542	547
Copper concentrate	139	96	112	269	398
Potash	165	197	176	630	640
Kaolin	311	280	355	1,207	1,218
Bauxite	1,529	1,422	1,544	5,429	5,600
Alumina	366	504	403	1,678	1,738
Aluminum	119	122	131	477	498

Logistics services

In 2005, CVRD's railroads – Carajas (EFC), Vitoria a Minas (EFVM) and Centro-Atlantica (FCA) – transported 28.379 billion ntk of general cargo, in line with the previous year, when 28.214 billion ntk were transported. The main cargoes transported were inputs and products for the steel industry, 44.2% of the total; agricultural products, 37.8%, and building materials and forestry products, 8.0%.

In 4Q05, CVRD's railroads transported 6.373 billion ntks.

The interruption in the rapid growth in railroad transport seen in the last few years – an average of 8% between 2001 and 2004 – was caused by the 3.9% drop in Brazilian steel production in 2005, the shrinkage in the agricultural harvest and the change in the profile of freight transported, with a reduction in the handling of petrochemical products. Even so, CVRD increased its market share in the transport of soybean for export, from 16% to 18%, and from 7% to 9% in the transport of fertilizers. The handling of petrochemicals is being replaced by containers, having seen the start of, for example, the transport of electronic goods.

Security in the railroad operation is a very important issue in CVRD business strategy. In this sense, the number of accidents at CVRD railroads – EFVM, EFC and FCA – has been continuously decreasing.

ACCIDENTS ON RAILROADS			
			Accidents per million of trains km
	EFC	EFVM	FCA
2001	12	34	86
2002	9	23	68
2003	11	20	61
2004	5	13	45
2005	5	9	29

CVRD's ports and maritime terminals handled 30.530 million tons, an increase of 6.4% on 2004. In 2005 the ninth grain warehouse entered into service at Terminal de Produtores Diversos (TPD), in the port of Tubarão and the fourth silo at the Ponta da Madeira maritime terminal. The amount shipped by CVRD's ports and maritime terminals in the 4Q05 was 7.622 million tons.

Logistics services generated gross revenues of R$ 3.291 billion, 9.3% of CVRD's total gross revenues, 8.8% higher than that obtained in 2004, of R$ 3.025 billion. General cargo carried by CVRD railroads contributed with revenues of R$ 2.405 billion, port services, R$ 490 million and coastal shipping and port support services, R$ 396 million.

EBIT from logistics services, of R$ 665 million, was in line with that seen in the previous year, of R$ 630 million.

EBITDA generated by logistics services amounted to R$ 1.217 billion, 7.3% of CVRD's total for 2005, in line with 2004, figure of R$ 1.234 billion.

LOGISTICS SERVICES					
	4Q04	3Q05	4Q05	2004	2005
Railroads (million ntk)	6,806	8,242	6,373	28,214	28,379
Ports (thousand tons)	6,910	8,315	7,622	28,697	30,530

Steel

Revenues generated by CVRD's equity stakes in the steel industry in 2005 amounted to R$ 1.509 billion, 4.3% of CVRD's gross revenues, lower than that obtained in 2004 due to the sale of CVRD's stake in CST. EBIT amounted to R$ 117 million and EBITDA, R$ 298 million.

EBITDA BY BUSINESS AREA

R$ million

	4Q04	3Q05	4Q05	2004	%	2005	%
Ferrous minerals	2,062	3,671	3,528	7,947	64.9	13,582	81.3
Non- ferrous minerals	82	84	157	309	2.5	427	2.6
Logistics	277	340	221	1,234	10.1	1,217	7.3
Aluminum	520	305	339	1,965	16.0	1,446	8.7
Steel	62	68	46	794	6.5	298	1.8
Others	-	(151)	(91)	-	0.0	(270)	-1.6
Total	**3,003**	**4,318**	**4,200**	**12,249**	**100.0**	**16,701**	**100.0**

CONFERENCE CALL AND WEBCAST

CVRD will hold its conference call and webcast on Wednesday, March 08, at 12:00 pm Rio de Janeiro time, 10:00 am Eastern Standard Time and 3:00 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 March 08.

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
	4Q04	3Q05	4Q05	2004	2005
Gross operating revenues	**7,784**	**9,042**	**9,204**	**29,020**	**35,350**
Taxes	(400)	(237)	(288)	(1,476)	(1,357)
Net operating revenues	**7,384**	**8,805**	**8,916**	**27,544**	**33,993**
Cost of goods sold	(3,837)	(4,108)	(4,407)	(14,123)	(16,311)
Gross profit	**3,547**	**4,697**	**4,509**	**13,421**	**17,682**
Gross margin (%)	48.0%	53.3%	50.6%	48.7%	52.0%
Operational expenses	**(1,014)**	**(932)**	**(850)**	**(3,115)**	**(3,126)**
Sales	(97)	(91)	(54)	(412)	(340)
Administrative	(362)	(333)	(382)	(1,125)	(1,280)
Research and development	(184)	(220)	(209)	(440)	(672)
Other operational expenses	(371)	(289)	(205)	(955)	(834)
Samitri	-	-	-	(183)	-
Operating profit before result from shareholdings	**2,533**	**3,765**	**3,659**	**10,306**	**14,556**
Result from shareholdings	**137**	**14**	**105**	**156**	**270**
Equity income	192	84	136	408	497
Goodwill amortization	(57)	(57)	(51)	(252)	(223)
Others	1	(13)	20	-	(5)
Financial result	**(271)**	**(319)**	**(764)**	**(2,000)**	**(1,276)**
Financial expenses	(563)	(510)	(527)	(1,866)	(1,579)
Financial revenues	109	65	103	297	339
Monetary variation	183	125	(340)	(431)	(36)
Operating profit	**2,399**	**3,459**	**3,000**	**8,462**	**13,549**
Result of discontinued operations	85	298	-	551	298
Income tax and social contribution	2,483	3,757	3,000	9,013	13,847
Earnings before income tax and social contribution	(761)	(764)	(153)	(1,810)	(2,368)
Minority interest	(195)	(281)	(210)	(743)	(1,036)
Net earnings	**1,527**	**2,712**	**2,637**	**6,460**	**10,443**

BALANCE SHEET			
			R$ million
	12/31/04	09/30/05	12/31/05
Asset			
Current	11,832	12,172	12,571
Long term	3,818	4,279	4,235
Fixed	27,831	32,285	36.788
Total	**43,481**	**48,736**	**53,594**
Liabilities			
Current	9,326	7,248	11,667
Long term	13,944	12,730	14,915
Others	2,041	2,784	2,960
Shareholders' equity	18,170	25,974	24,052
Paid-up capital	7,300	14,000	14,000
Reserves	10,869	11,974	10,052
Total	**43,481**	**48,736**	**53,594**

BR GAAP

CASH FLOW					
					R$ million
	4Q04	3Q05	4Q05	2004	2005
Cash flows from operating activities:					
Net income	1,527	2,711	2,637	6,460	10,443
Adjustments to reconcile net income with cash provided by operating activities:					
Result from shareholdings	(136)	(13)	(105)	(156)	(269)
Depreciation, depletion and amortization	(85)	(298)	-	(551)	(298)
Deferred income tax and social contribution	356	400	446	1,406	1,615
Result from sale of investment	1,141	(283)	(201)	873	(545)
Financial expenses and foreign exchange and monetary net variation	(342)	(420)	437	(144)	(919)
Minority interest	195	281	211	743	1,036
Impairment of property, plant and equipment	1	1	46	17	123
Goodwill amortization in the COGS	96	95	92	384	379
Non-recurring item - Goodwill for Samitri	-	-	-	183	-
Net unrealized derivative losses	173	169	252	368	416
Dividends/interest attributed to stockholders received	30	59	4	66	151
Others	154	37	(21)	247	(7)
Decrease (increase) in assets:					
Accounts receivable	116	735	(376)	(503)	(1,005)
Inventories	(164)	(69)	(21)	(699)	(228)
Advanced pay to energy suppliers	(147)	(139)	(142)	(259)	(468)
Others	(114)	(731)	327	(462)	(931)
Increase (decrease) in liabilities:					
Suppliers and contractors	941	(291)	365	787	401
Payroll and related charges	55	55	93	137	84
Taxes and Contributions	(422)	1,265	(980)	678	591
Others	(795)	(350)	216	453	(102)
Net cash provided by operating activities	**2,581**	**3,214**	**3,280**	**10,028**	**10,468**
Cash flow from investing activities:					
Loans and advances receivable	(17)	89	66	81	123
Guarantees and deposits	(66)	(84)	(43)	(256)	(217)
Additions to investments	(184)	(31)	(24)	(289)	(273)
Additions to property, plant and equipment	(2,256)	(2,464)	(3,099)	(6,014)	(9,245)
Net cash for acquisition and investrment on subsidiaries	-	-	(1,621)	-	(1,621)
Proceeds from disposals of investments/property, plant and equipment	472	301	37	1,736	348
Net cash used in investing activities	**(2,051)**	**(2,190)**	**(4,683)**	**(4,742)**	**(10,884)**
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(263)	(435)	(145)	(203)	111
Long-term debt	606	26	3,406	3,669	4,500
Financial institutions	(1,639)	(370)	(334)	(4,693)	(2,319)
Interest attributed to stockholders	(1,480)	-	(1,810)	(2,271)	(3,090)
Net cash used in financing activities	**(2,774)**	**(779)**	**1,117**	**(3,498)**	**(798)**
Increase (decrease) in cash and cash equivalents	(2,244)	245	(286)	1,788	(1,214)
Cash and equivalents, beginning of period	6,161	2,744	2,989	2,129	3,917
Cash and equivalents, end of period	**3,917**	**2,989**	**2,703**	**3,917**	**2,703**
Cash paid during the period for:					
Interest on short-term debt	(14)	(10)	(18)	(52)	(49)
Interest on long-term debt	(199)	(196)	(135)	(913)	(686)
Paid income tax and social contribution	(171)	(469)	(173)	(318)	(1,231)
Non-cash transactions:					
Additions to property, plant and equipment - interest capitalization	138	120	(123)	123	372
Income tax and social contribution paid with credits	-	(64)	(315)	(311)	(483)

“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.”