US GAAP

Companhia Vale do Rio Doce

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

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

Except where otherwise indicated, operational and financial information in this press release is based on the consolidated figures in accordance with generally accepted accounting principles in the United States (US GAAP). Except for the information on investments and market behavior, this information is based on quarterly financial statements reviewed by independent auditors. The main subsidiaries of CVRD that are consolidated are: Caemi, Alunorte, Albras, RDM, RDME, RDMN, Urucum Mineração, Docenave, Ferrovia Centro-Atlântica (FCA), Itaco, CVRD Overseas and Rio Doce International Finance.

www.cvrd.com.br
rio@cvrd.com.br

Departamento de Relações com Investidores

Roberto Castello Branco
Alessandra Gadelha
Barbara Geluda
Daniela Tinoco
Eduardo Mello Franco
Rafael Azevedo
Tel: (5521) 3814-4540

DELIVERING A SOLID PERFORMANCE

Rio de Janeiro, May 11, 2005 - Companhia Vale do Rio Doce (CVRD) has just reported its net earnings for the first quarter of 2005 (1Q05): US$698 million, US$0.61 per share. This was 72.3% higher than the 1Q04 net earnings of US$405 million, and the third highest-ever quarterly earnings in the Company's history.

Return on equity (ROE) reached 35.4% against 31.4% in 1Q04.

Gross revenue, at US$2.328 billion, was 34.5% higher year-on-year.

Operating profit – adjusted EBIT[1] – was US$795 million, 36.4% higher than the 1Q04 adjusted EBIT of US$583 million. Operating margin was 35.9%, higher than the operational margin of 35.2% in 1Q04.

Cash generation, measured as adjusted EBITDA[2], at US$993 million, was 33.6% higher than in 1Q04.

Last-12-month adjusted EBITDA to the end of March 2005, at US$3.972 billion, was a new record, 6.7% higher than the EBITDA for 2004, US$3.722 billion.

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

The Company's capital expenditure in 1Q05 was US$570.3 million, of which US$430.7 million, or 75.5%, was investment in growth – that is to say, greenfield and brownfield projects and research & development.

The Fábrica Nova mine started operating in April – adding one more platform for value creation. In the last 12 months CVRD has started up three iron ore capacity expansion projects: Carajás 70 Mtpy, Capão Xavier and Fábrica Nova.

Leverage and debt coverage indices continue to improve. Total debt/adjusted EBITDA for the last 12 months[3] reached its lowest level of the last 10 years, 1.05x, and LTM adjusted EBITDA/interest paid[4] reached its highest level, 13.24x.

SELECTED FINANCIAL INDICATORS

US$ million

	1Q04 (A)	4Q04 (B)	1Q05 (C)	% (C/A)	% (C/B)
Gross revenues	1,731	2,428	2,328	34.5	-4.1
Gross margin (%)	45.2	47.9	43.7		
Adjusted EBIT	583	822	795	36.4	-3.3
Adjusted EBIT margin (%)	35.2	35.5	35.9		
Adjusted EBITDA	743	1.001	993	33.6	-0.8
Net earnings	405	721	698	72.3	-3.2
Annualized ROE (%)	31.4	34.8	35.4		
Total debt/ adjusted LTM EBITDA (x)	1.86	1.10	1.05		
Capex *	358.0	685.7	570.3	59.3	-16.8

* including acquisitions

BUSINESS OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IMPORTANT RECENT EVENTS

Improving risk perception

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

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

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

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

Remuneration of shareholders and debenture holders

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

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

Ferrous minerals

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

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

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

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

- **Fábrica Nova mine starts up**

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

- **Carajás 100 Mtpy**

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

- **Mining rights**

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

STRONG GROWTH IN SALES VOLUME AND REVENUE

CVRD's gross revenue in 1Q05 was US$2.328 billion, 34.5% more than in 1Q04. In spite of the seasonal effects on production and almost non-existent inventories, it was only US$100 million less than in 4Q04 – when gross revenue was a record US$2.428 billion – and was, indeed, the Company's second highest-ever quarterly gross revenue.

1Q05 gross revenue was US$597 million higher than in 1Q04, mainly due to higher prices, which contributed with US$417 million of the increase. The remaining US$75 million is attributable to the startup of the Sossego copper mine in June 2004.

The highest proportion of the Company's sales went to Europe (28.1%), followed by the Brazilian market (28.0%), then Asia (26.6%). Of the US$652 million total revenue from sales to the domestic market, US$102 million came from pellet feed sales to the joint ventures at Tubarão (Nibrasco, Itabrasco, Hispanobras and Kobrasco), which after transformation into pellets are shipped to export markets. After the Brazilian market, China is the main destination of the Company's sales, providing 12.0% of total revenue in 1Q05.

- **Ferrous minerals**

Revenue from sales of ferrous minerals products – iron ore, pellets, manganese and ferro-alloys – in 1Q05 was US$1.604 billion, 34.5% more than the revenue of US$1.192 billion generated from the same products in 1Q04 – but slightly (2.6%) lower than in 4Q04 (US$1.647 billion).

Iron ore shipments resulted in revenue of US$1.088 billion, pellets US$321 million, operational services for the pelletization plants of Tubarão US$20 million, manganese ores US$20 million and ferro-alloys US$142 million.

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

In spite of the heavy rains that affected the iron ore production of Carajás, iron ore and pellet shipments in 1Q05, at 59.796 million tons, were 12.9% higher than in the first quarter of 2004 – and 3.3% lower than the record quarterly output achieved in 4Q04.

Shipments summed 52.483 million tons of iron ore and 7.313 million tons of pellets. Pellets increased as a percentage of total volume sold, to 12.2% from 11.6% in 1Q04 and 11.4% in 4Q4 – contributing to the increase in total revenue.

During the quarter, CVRD acquired 4.356 million tons of iron ore from other mining companies located in the Iron Ore Quadrangle in Brazil's State of Minas Gerais, to complement its production and meet commitments under contracts with clients. These purchases totaled 15.9 million tons in 2004, from which 3.3 million tons were acquired in 1Q04.

Average sale prices in 1Q05 were US$20.73 per ton for iron ore, and US$43.89 per ton for pellets.

Of CVRD's total volume of iron ore and pellets sold in 1Q05, 10.857 million tons, or 18.2% of the total, was sold to China, 9.7% to Germany, 9.5% to Japan, 4.1% to France and 4.1% to South Korea.

Sales to steel makers and pig iron producers in Brazil totaled 8.820 million tons, 14.8% of total volume, and sales to the Tubarão joint ventures totaled 9.0%, 5.390 million tons.

Sales of manganese ore reached 198,000 tons, 21.5% more than in 1Q04, though 38.7% lower than in 4Q04. The output of the Azul and Urucum mines was prejudiced by the seasonal rains in the first quarter, resulting in the reduction in volume – while global demand continued to be very high.

Ferro-alloy sales volume totaled 132,000 tons, 6.5% more than in the previous quarter, but 33.7% lower than in 1Q04 – in that quarter, ferro-alloy shipments were a record 199,000 tons, due to a combination of full-capacity operation of the Mo I Rana plant in Norway, and use of inventories.

After the substantial increase during 2004, ferro-alloy prices fell back significantly this year. The higher prices brought high-cost plants back into production, resulting in a strong increase in supply. The average price of CVRD's shipments in 1Q05 was US$1,076 per ton, against US$573 in 1Q04 and US$1,347 in 4Q04.

- **Aluminum**

The products in the aluminum chain – bauxite, alumina and primary aluminum – generated revenue of US$346 million, 14.9% of CVRD's total revenue in the quarter, 23.6% more than in 1Q04, and 2.3% less than in 4Q04.

The Company sold 478,000 tons of alumina in the quarter, similar to the 1Q04 volume of 482,000 tons, and 3.5% more than in 4Q04. We do not expect significant changes in volume shipped over the forthcoming quarters until stages 4 and 5 of the Alunorte refinery come into operation. This is expected to happen in the second half of 2006, increasing production capacity by 1.8 million tons/year.

CVRD's average sale price of alumina in 1Q05 was US$285 per ton, vs. US$218 in 1Q04 and US$305 in 4Q04. The reduction reflects lower volume of spot sales, since market prices of alumina did not change significantly.

Volume sold of primary aluminum was 109,000 tons, in line with the 113,000 tons sold in 4Q04, and 12.4% higher than in 1Q04. The average sale price was

US$1,835 per ton, reflecting the record levels on the LME, compared with US$1,608 in 1Q04 and US$1,726 in 4Q04.

- **Copper**

In this quarter, the output of the Sossego copper mine was negatively affected by the rainy season and by operational problems with mining equipment. In spite of the increase in average price – from US$770 per ton of concentrate in 4Q04 to US$882 in 1Q05 – revenue, at US$75 million, was lower than the US$107 million generated in the previous quarter.

In 1Q05 CVRD sold 85,000 tons of copper concentrate vs. 139,000 tons in 4Q04.

- **Industrial minerals**

Sales of potash contributed US$30 million to CVRD's revenue in 1Q05, 30.4% more than in 1Q04, and 14.3% less than in 4Q04. Volume shipped was 138,000 tons, equal to 1Q04, but 16.4% less than in 4Q04. The seasonal pattern in agricultural production is transmitted to sales of potash, which tend to increase in the second half of the year.

CVRD's average selling price of potash in 1Q05 was US$217 per ton, 30.0% more than in 1Q04 and 2.4% more than in 4Q04.

Kaolin sales revenue was US$39 million, equal to 1Q04, and 13.3% less than in 4Q04. Volume sold was 280,000 tons, vs. 285,000 in 1Q04 and 311,000 in 4Q04. Due to new contracts, kaolin sales are expected to show an increase from 2Q05 onwards.

- **Logistics services**

CVRD's logistics services provided revenue of US$232 million in 1Q05, 21.5% more than in 1Q04 (US$191 million), and slightly lower than the 4Q04 sales revenue of US$234 million. Logistics services provided 10.0% of the Company's revenue in the quarter.

Third party general cargo transported by the Carajás Railroad (EFC), the Vitória-Minas Railroad (EFVM) and the Centro-Atlântica Railroad (FCA) contributed with revenue of US$159 million, and revenue from port services was US$47 million. Coastal shipping and port support services provided a further US$26 million.

CVRD's railroads transported 5.679 billion ntk of general cargo for clients, 8.6% less than in 1Q04, and 16.3% less than in 4Q04. The strong rains in the Southeast Region caused landslides which restricted movement of general cargo on the EFVM, CVRD's principal railroad. The main cargos handled were steel industry inputs and products, 49.7% of the total, agricultural products, 26.2%, and fuels, 10.5%.

The Company's ports and maritime terminals handled 6.355 million tons of general cargo for clients, compared with 6.396 million tons in 1Q04 and 7.097 million tons in 4Q04.

VOLUME SOLD: IRON ORE AND PELLETS						
						Thousands of tons
	1Q04	%	4Q04	%	1Q05	%
Iron ore	46,825	88.4	54,748	88.6	52,483	87.8
Pellets	6,125	11.6	7,076	11.4	7,313	12.2
Total	**52,950**	**100.0**	**61,824**	**100.0**	**59,796**	**100.0**

VOLUME SOLD: MINERALS AND METALS			
			Thousands of tons
	1Q04	4Q04	1Q05
Manganese ore	163	323	198
Ferroalloys	199	124	132
Alumina	482	462	478
Primary aluminum	97	113	109
Bauxite	545	514	361
Potash	138	165	138
Kaolin	285	311	280
Copper concentrates	0	139	85

IRON ORE AND PELLET SALES BY DESTINATION						
						Thousands of tons
	1Q04	%	4Q04	%	1Q05	%
European Union	**15,288**	**28.9%**	**18,356**	**29.7%**	**17,403**	**29.1%**
Germany	5,087	9.6%	7,022	11.4%	5,816	9.7%
France	2,616	4.9%	2,806	4.5%	2,424	4.1%
Belgium	1,669	3.2%	2,021	3.3%	1,907	3.2%
Italy	2,165	4.1%	2,091	3.4%	1,920	3.2%
Other	3,751	7.1%	4,416	7.1%	5,336	8.9%
China	**8,632**	**16.3%**	**12,673**	**20.5%**	**10,857**	**18.2%**
Japan	**5,698**	**10.8%**	**2,515**	**4.1%**	**5,693**	**9.5%**
South Korea	**2,501**	**4.7%**	**2,477**	**4.0%**	**2,455**	**4.1%**
Middle East	**1,866**	**3.5%**	**2,155**	**3.5%**	**1,314**	**2.2%**
USA	**995**	**1.9%**	**1,384**	**2.2%**	**1,276**	**2.1%**
Brazil	**13,140**	**24.8%**	**14,370**	**23.2%**	**14,210**	**23.8%**
Steel and pig iron producers	8,281	15.6%	9,232	14.9%	8,820	14.8%
Pelletizing joint ventures	4,859	9.2%	5,138	8.3%	5,390	9.0%
RoW	**4,830**	**9.1%**	**7,894**	**12.8%**	**6,588**	**11.0%**
Total	**52,950**	**100.0%**	**61,824**	**100.0%**	**59,796**	**100.0%**

LOGISTICS SERVICES – GENERAL CARGO			
	1Q04	4Q04	1Q05
Railroads (million ntk)	6,215	6,783	5,679
Ports (thousand tons)	6,396	7,097	6,355

AVERAGE PRICES REALIZED			
			US$ / ton
	1Q04	4Q04	1Q05
Iron ore	17.64	20.69	20.73
Pellets	36.41	40.56	43.89
Manganese ore	55.21	111.46	101.01
Ferroalloys	572.86	1,346.77	1,075.76
Alumina	217.84	305.19	284.52
Pimary aluminum	1,608.25	1,725.66	1,834.86
Bauxite	27.52	25.29	27.70
Potash	166.67	212.12	217.39
Kaolin	136.84	144.69	139.29
Copper concentrates	-	769.78	882.35

GROSS REVENUE BY PRODUCT						
						US$ million
	1Q04	%	4Q04	%	1Q05	%
Ferrous minerals	**1,193**	**68.9**	**1,647**	**67.8**	**1,604**	**68.9**
Iron ore	826	47.7	1,133	46.7	1,088	46.7
Pellet plant operation services	12	0.7	14	0.6	20	0.9
Pellets	223	12.9	287	11.8	321	13.8
Manganese ore	9	0.5	36	1.5	20	0.9
Ferro-alloys	114	6.6	167	6.9	142	6.1
Others	8	0.5	10	0.4	13	0.6
Non ferrous minerals	**62**	**3.6**	**187**	**7.7**	**144**	**6.2**
Potash	23	1.3	35	1.4	30	1.3
Kaolin	39	2.3	45	1.9	39	1.7
Copper concentrates	0	-	107	4.4	75	3.2
Aluminum products	**280**	**16.2**	**354**	**14.6**	**346**	**14.9**
Primary aluminum	156	9.0	195	8.0	200	8.6
Alumina	105	6.1	141	5.8	136	5.8
Bauxite	15	0.9	13	0.5	10	0.4
Others	4	0.2	5	0.2	0	-
Logistics services	**191**	**11.0**	**234**	**9.6**	**232**	**10.0**
Railroads	133	7.7	162	6.7	159	6.8
Ports	38	2.2	47	1.9	47	2.0
Shipping	20	1.2	25	1.0	26	1.1
Others	**6**	**0.3**	**6**	**0.2**	**2**	**0.1**
Total	**1,731**	**100.0**	**2,428**	**100.0**	**2,328**	**100.0**

GROSS REVENUE BY DESTINATION						
						US$ million
	1Q04	%	4Q04	%	1Q05	%
Europe	522	30.2	625	25.7	653	28.1
Brazil	488	28.2	678	27.9	652	28.0
China	171	9.9	345	14.2	279	12.0
Japan	171	9.9	220	9.1	216	9.3
Emerging Asia (ex-China)	97	5.6	134	5.5	125	5.3
USA	79	4.6	134	5.5	98	4.2
Rest of the world	203	11.7	292	12.0	305	13.1
Total	**1,731**	**100.0**	**2,428**	**100.0**	**2,328**	**100.0**

AN ABOVE AVERAGE OPERATING MARGIN

CVRD's operating margin, measured as adjusted EBIT, was US$795 million, 36.4% more than the first quarter of 2004, and 3.3% lower than in 4Q04. Adjusted EBIT margin was 35.9%, greater than in 1Q04 (35.2%) and in 4Q04 (35.5%).

Adjusted EBIT was US$212 million higher than in 1Q04, on net revenue US$557 million higher, partially offset by an increase of US$339 million in cost of goods sold (COGS).

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

The specific sources of the higher 1Q05 COGS relatively to 1Q04 were the growth in expenses with: (a) materials, US$107 million; (b) outsourced services, US$96 million; (c) energy, US$66 million; and (d) depreciation, US$27 million.

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

Demurrage expenses totaled US$21 million. Annualized, this is almost exactly the same figure as for the whole of 2004, US$83 million, indicating the demand pressure on the logistics infrastructure. Simultaneously with the investments in expansion of loading capacity at the Ports of Ponta da Madeira, Tubarão and Sepetiba, CVRD is making efforts to optimize interaction between production, rail transport and shipment timing, to reduce waiting time suffered by ships in ports.

With the objective of improving the Company's COGS analysis, we performed reclassifications among 2004 COGS components. There was no change in the total quarterly COGS figure and/or in the total figure of the year. The lines that were changed were "Material", "Acquisition of iron ore and pellets" and "Acquisition of other products". The following table indicates the changes, showing the previous and new figures.

CHANGES IN COGS COMPOSITION

US$ million

	1Q04		2Q04		3Q04		4Q04		2004	
	previous	new	previous	new	previous	new	previous	new	previous	new
Material	103	124	149	149	173	188	191	203	616	664
Acquisition of iron ore and pellets	102	110	116	116	123	123	125	125	466	474
Acquisition of other products	116	87	83	83	102	87	110	98	411	355
CPV Total	**908**	**908**	**912**	**912**	**1,053**	**1,053**	**1,208**	**1,208**	**4,081**	**4,081**

COST OF GOODS SOLD – BREAKDOWN						
						US$ million
	1Q04	%	4Q04	%	1Q05	%
Personnel	88	9.7	108	8.9	98	7.9
Material	124	13.7	203	16.8	231	18.5
Fuels	97	10.7	128	10.6	130	10.4
Electric energy	64	7.0	116	9.6	97	7.8
Outsourced services	194	21.4	217	18.0	290	23.3
Acquisition of iron ore and pellets	110	12.1	125	10.3	115	9.2
Acquisition of other products	87	9.6	98	8.1	87	7.0
Depreciation and exhaustion	95	10.5	100	8.3	122	9.8
Others	49	5.4	113	9.4	77	6.2
Total	**908**	**100.0**	**1.208**	**100.0**	**1.247**	**100.0**

Negative factors in 1Q05 adjusted EBIT – compared to 1Q04 – were: (a) SG&A expenses US$12 million higher, basically due to the annual increase in salaries in July 2004, and increased commissions on sales – resulting from increased sales volume; and (b) an increase of US$11 million in research and development expenditure, reflecting intensified exploration activities.

The adjusted EBIT margin of the ferrous minerals division was 38.8%, 190 basis points (bp) higher than the 36.9% adjusted EBIT margin of 1Q04.

The adjusted EBIT margin of the aluminum business was 38.9%, compared to 40.0% in 1Q04. The increase in the cost of electricity for production of primary aluminum, caused by the terms of the new long-term contract that came into effect in May 2004, was the main reason for the reduction.

Adjusted EBIT margin of the logistics services was 22.2%, 250 bp less than the 24.7% margin achieved in 1Q04 – reflecting the increase in fuel prices, higher expenditure on maintenance and parts in FCA, and reduction in the volumes of general cargo handled by the railroads and the ports.

ADJUSTED EBIT MARGIN BY BUSINESS AREA			
	1Q04	4Q04	1Q05
Ferrous minerals	36.9%	40.5%	38.8%
Non ferrous minerals	36.8%	46.2%	30.9%
Aluminum	40.0%	35.3%	38.6%
Logistics	24.7%	8.2%	22.2%
Total	**35.2%**	**35.5%**	**35.9%**

TWELVE CONSECUTIVE QUARTERS OF ADJUSTED EBITDA GROWTH

In the last twelve months to March 2005, cash flow as measured by adjusted EBITDA was US$3.972 billion. First quarter 2005 is the twelfth consecutive quarter of growth in CVRD's LTM adjusted EBITDA. This figure was 63.4% higher than 1Q04.

1Q05 adjusted EBITDA, at US$993 million, was 33.6% higher than in 1Q04 – and slightly (0.8%) lower than in 4Q04.

The US$250 million increase in cash flow from 1Q04 to 1Q05 reflects the US$212 million increase in adjusted EBIT, depreciation US$30 million higher, and US$8 million of dividends received.

In 1Q05 CVRD received dividends from affiliated companies and joint ventures totaling US$69 million, of which US$28 million came from MRN, US$20 million from CSI, US$20 million from Samarco and US$1 million from Hispanobras.

The breakdown of cash flow by business area in 1Q05 was: ferrous minerals 67.9%, aluminum 17.0%, logistics 9.1% and non-ferrous ores 4.0%.

QUARTERLY ADJUSTED EBITDA

US$ million

	1Q04	4Q04	1Q05
Net operating revenues	1,656	2,317	2,213
COGS	(908)	(1,208)	(1,247)
SG&A	(101)	(133)	(113)
Research and development	(23)	(67)	(34)
Other operational expenses	(41)	(87)	(24)
Adjusted EBIT	**583**	**822**	**795**
Depreciation	99	119	129
Dividends received from affiliates and JVs	61	60	69
Adjusted EBITDA	**743**	**1,001**	**993**

ADJUSTED EBITDA BY BUSINESS AREA

US million

	1Q04	%	4Q04	%	1Q05	%
Ferrous minerals	506	68.1	720	71.9	674	67.9
Non ferrous minerals	8	1.1	59	5.9	40	4.0
Logistics	75	10.1	67	6.7	90	9.1
Aluminum	141	19.0	149	14.9	169	17.0
Others	13	1.7	6	0.6	20	2.0
Total	**743**	**100.0**	**1,001**	**100.0**	**993**	**100.0**

EXCELLENT EARNINGS PERFORMANCE: LARGE SIZE AND HIGH QUALITY

CVRD earned a net profit of US$698 million in 1Q05, 72.3% more than in 1Q04. Adjusting 4Q04 earnings for gains in asset sales, 1Q05 shows a 10.6% qoq increase.

Earnings performance in 1Q05 has a very high quality since it was not influenced by gains with asset sales and/or the impact of monetary variations – the BRL/USD exchange stayed at approximately the same level between Dec 31, 2004 and March 3, 2005.

The higher result reflected better operational performance resulting from growth in practically all the Company's business areas.

Net financial revenues, US$107 million higher than in 1Q04, also contributed to the improvement. Financial revenues increased by US$17 million; financial expenses were US$50 million lower; and monetary variations were US$40 million lower. The lower financial expenses reflected an improved result from hedge transactions – a gain of US$5 million, compared to a loss of US$59 million in 1Q04.

Equity income from subsidiaries was US$133 million, 54.6% (US$47 million) higher than in 1Q04. The non-consolidated ferrous minerals companies contributed US$52 million, and US$34 million of this total came from Samarco.

Equity income from the steel sector was US$53 million, US$19 million more than in 1Q04, in spite of the sale of CST. In the aluminum chain, MRN provided US$15 million, and Valesul US$3 million.

The good financial result and equity income more than compensated the US$48 million increase in provisions for income tax and Social Contribution, arising from higher taxable profit.

EQUITY INCOME			
			US$ million
	1Q04	4Q04	1Q05
Iron Ore and Pellets	33	55	52
Aluminum, Alumina and Bauxite	14	19	18
Logistics	6	11	10
Steel	34	95	53
Others	(1)	(1)	-
Total	**86**	**179**	**133**

DEBT INDICATORS CONTINUE TO IMPROVE

CVRD's total debt at March 31, 2005 was US$4.182 billion, US$94 million more than at December 31, 2004 (US$4.088 billion). Net debt(5) at the end of March 2005 was US$3.060 billion, vs. US$2.839 billion at the end of December 2004.

LTM gross debt/adjusted EBITDA increased from 1.10 on December 31, 2004 to 1.05 on March 31, 2005. The ratio of gross debt to enterprise value (6) was stable, with a change from 11.8% to 11.1%. Interest coverage as measured by LTM adjusted EBITDA/interest paid increased, from 12.41 at the end of 2004 to 13.24 on March 31, 2005. The changes in these indicators show the Company's powerful cash flow and the strategic focus on preserving a healthy balance sheet.

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

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

Enterprise Value = market capitalization + net debt

CAPEX: FÁBRICA NOVA, A NEW VALUE CREATION PLATFORM

CVRD's capital expenditure in 1Q05 totaled US$570.3 million, of which US$430.7 million was spent on organic growth - projects and R&D, and US$139.6 million on "stay-in-business Capex" – maintenance of existing operations[1].

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

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

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

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

- **Main projects in progress**

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

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

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

CAPEX BY BUSINESS AREA				
				US$ million
	Realized 1Q05		Budgeted2005	
Ferrous minerals	200	35.1%	1,266	38.0%
Non-ferrous minerals	36	6.3%	303	9.1%
Logistics	154	27.0%	760	22.8%
Aluminum	127	22.3%	537	16.1%
Coal	3	0.5%	136	4.1%
Electric energy	24	4.2%	109	3.3%
Other	26	4.6%	221	6.6%
Total	**570**	**100.0%**	**3,332**	**100.0%**

SELECTED FINANCIAL INDICATORS FOR THE MAIN NON-CONSOLIDATED COMPANIES

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

CONFERENCE CALL/WEBCAST

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

FINANCIAL STATEMENTS			
			US$ million
	1Q04	4Q04	1Q05
Gross operating revenues	1,731	2,428	2,328
Taxes	(75)	(111)	(115)
Net operating revenue	**1,656**	**2,317**	**2,213**
Cost of goods sold	(908)	(1,208)	(1,247)
Gross profit	**748**	**1,109**	**966**
Gross margin (%)	45.2	47.9	43.7
Selling, general and administrative expenses	(101)	(133)	(113)
Research and development expenses	(23)	(67)	(34)
Employee profit-sharing	(13)	(22)	(17)
Others	(28)	(65)	(7)
Operating profit	**583**	**822**	**795**
Financial revenues	12	41	29
Financial expenses	(142)	(258)	(92)
Monetary variation	(42)	275	(2)
Gains on sale of affiliates	-	90	-
Tax and social contribution (Current)	(97)	(10)	(160)
Tax and social contribution (Deferred)	32	(386)	47
Equity income and provision for losses	86	179	133
Minority shareholding participation	(27)	(32)	(52)
Net earnings	**405**	**721**	**698**
Earnings per share (US$)	**0.35**	**0.63**	**0.61**

BALANCE SHEET			
			US$ million
	03/31/04	12/31/04	03/31/05
Assets			
Current	3,117	3,890	3,923
Long-term	1,574	1,603	1,688
Fixed	7,971	10,222	10,763
Total	**12,662**	**15,715**	**16,374**
Liabilities			
Current	2,301	2,455	2,391
Long term	5,262	5,869	5,895
Shareholders’ equity	5,099	7,391	8,088
Paid-up capital	3,367	3,707	3,707
Reserves	1,732	3,684	4,381
Total	**12,662**	**15,715**	**16,374**

CASH FLOW STATEMENT			US$ million
	1Q04	4Q04	1Q05
Cash flows from operating activities:			
Net income	405	721	698
Adjustments to reconcile net income with cash provided by operating activities:			
Depreciation, depletion and amortization	99	119	129
Dividends received	61	60	69
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(86)	(179)	(133)
Deferred income taxes	(32)	386	(47)
Provisions for contingencies	16	42	(3)
Impairment of property, plant and equipment	-	4	4
Gain on sale of investment	-	(90)	-
Foreign exchange and monetary losses	45	(106)	27
Net unrealized derivative losses	54	66	(5)
Minority interest	27	32	52
Juros pagáveis, líquidos	0	38	(2)
Others	(48)	(70)	(17)
Decrease (increase) in assets:			
Accounts receivable	(23)	57	(92)
Inventories	(15)	(95)	(20)
Others	(25)	(76)	(74)
Increase (decrease) in liabilities:			
Suppliers	(25)	288	45
Payroll and related charges	(3)	22	(35)
Income Tax	0	(22)	(79)
Others	147	(126)	(86)
Net cash provided by operating activities	**597**	**1,071**	**431**
Cash flows from investing activities:			
Loans and advances receivable	56	(14)	4
Guarantees and deposits	(24)	(21)	(17)
Additions to investments	(9)	(15)	(1)
Additions to property, plant and equipment	(381)	(877)	(661)
Proceeds from disposals of investment	-	164	-
Proceeds from disposals of property, plant and equipment	-	7	2
Net cash used to acquire subsidiaries	-	-	-
Net cash used in investing activities	**(358)**	**(756)**	**(673)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	44	(100)	21
Loans	(3)	(18)	(13)
Long-term debt	665	116	239
Repayments of long-term debt	(470)	(390)	(156)
Interest attributed to stockholders	-	(518)	-
Net cash used in financing activities	**236**	**(910)**	**91**
Increase (decrease) in cash and cash equivalents	475	(595)	(151)
Effect of exchange rate changes on cash and cash equivalents	(3)	(95)	24
Initital cash in new consolidated subsidiaries	26	0	-
Cash and cash equivalents, beginning of period	585	1,939	1,249
Cash and cash equivalents, end of period	**1,083**	**1,249**	**1,122**
Cash paid during the period for:			
Interest on short-term debt	(2)	(3)	0
Interest on long-term debt	(80)	(82)	(82)
Income tax	-	(108)	(79)
Non-cash transactions			
Conversion of loans receivable to investments	-	(67)	0
Interest capitalized	(5)	(9)	(15)
Income tax paid with credits	-	0	(27)

Reconciliation of "non-GAAP" information with corresponding US GAAP figures

(1) Adjusted EBIT

			US$ million
	1Q04	4Q04	1Q05
Net operating revenues	1,656	2,317	2,213
COGS	(908)	(1,208)	(1,247)
SG&A	(101)	(133)	(113)
Research & development	(23)	(67)	(34)
Other operating expenses	(41)	(87)	(24)
Adjusted EBIT	**583**	**822**	**795**

(2) Adjusted EBITDA

The term "EBITDA" refers to a financial measure that is defined as earnings (losses) before interest, taxes, depreciation and amortisation; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes monetary gains/losses, equity in results of affiliates and joint ventures less dividends received from those companies, changes in provision for losses on equity investments, adjustments for changes in accounting practices, minority interests and non-recurring expenses. However, Adjusted EBITDA is not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles Adjusted EBITDA to net cash provided by (used in) operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

RECONCILIATION BETWEEN ADJUSTED EBITDA VS. OPERATING CASH FLOW			
			US$ million
	1Q04	4Q04	1Q05
Operating cash flow	**597**	**1,071**	**431**
Income tax	97	10	160
Monetary and foreign exchange losses	(3)	(169)	(25)
Financial expenses	144	179	65
Net working capital	(56)	(48)	341
Others	(36)	(42)	21
Adjusted EBITDA	**743**	**1,001**	**993**

(3) Gross debt / last 12 months adjusted EBITDA

	1Q04	4Q04	1Q05
Total debt / adjusted LTM EBITDA (x)	1.86	1.10	1.05
Total debt / LTM operating cash flow (x)	2.26	1.18	1.27

(4) Adjusted LTM EBITDA / LTM interest expenses

	1Q04	4Q04	1Q05
Adjusted LTM EBITDA / LTM interest expenses (x)	11.69	12.41	13.24
LTM operating income / LTM interest expenses (x)	8.96	10.41	11.12

(5) Net debt

RECONCILIATION BETWEEN GROSS DEBT VS, NET DEBT			
			US$ million
	1Q04	4Q04	1Q05
Gross debt	4,526	4,088	4,182
Cash and cash equivalents	1,083	1,249	1,122
Net debt	3,443	2,839	3,060

(6) Total debt / *enterprise value*

	1Q04	4Q04	1Q05
Total debt / EV (x)	0.19	0.12	0.11
Total debt / total assets (x)	0.36	0.26	0.25

Entreprise value = net debt + market capitalization