US 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 - 2005 was CVRD's third consecutive year of multiple operational and financial records. In spite of strong cost pressures – due to the cyclical rise in prices of raw materials, and the appreciation of the Brazilian Real against the US dollar – CVRD´s performance continued on its path of growth, as planned in its long-term strategy. Excellent results were made possible by maximized production levels supported by new projects coming on stream, operation at full capacity in most of its units, productivity gains, and the higher prices arising from the strong global demand for mining and metals.

CVRD's records in 2005

- Shipments of iron ore and pellets, 255,171 million tons.
- Shipments of primary aluminum, 447,000 tons.
- Shipments of kaolin, 1.218 million tons.
- Railroad haulage of general cargo for clients, 26.9 billion net ton kilometer (ntk).
- Cargo handling in ports for clients, 30.7 million tons.
- Gross revenue, US$ 13.4 billion.
- Operational profit as measured by adjusted EBIT[a] (earnings before interest and taxes), US$ 5.4 billion.
- Adjusted EBIT margin, 42.5%.
- Cash flow as measured by adjusted EBITDA[b] (earnings before interest, taxes, depreciation and amortization), US$ 6.5 billion.
- Net earnings, US$ 4.8 billion, or US$ 4.20 per share.
- Return on equity (ROE), 40.4%.
- Capex, US$ 4.2 billion composed by US$ 2.6 billion of organic growth, US$ 757 million of stay in business, and US$ 800 million of acquisitions.

CVRD has been executing its long-term strategy successfully, taking advantage of the opportunities offered by the economic cycle to invest with the discipline required to grow in a profitable manner and generate considerable value for its shareholders.

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Except where otherwise indicated the operational and financial information in this release is based on the consolidated figures in accordance with USGAAP and, with the exception of information on investments and behaviour of markets, quarterly financial statements reviewed by the company's independent auditors. The main subsidiaries that are consolidated are the following: Caemi, Alunorte, Albras, RDM, RDME, RDMN, Urucum Mineração, Docenave, Ferrovia Centro-Atlântica (FCA), Itaco, CVRD Overseas e Rio Doce International Finance.

4Q05

CVRD's capital expenditure in the last five years has totaled US$ 10.5 billion[1]. It has commissioned 14 large projects in iron ore, pellets, ferro alloys, bauxite, alumina, copper, potash, electricity and logistics.

In 2006, CVRD plans to invest US$ 4.626 billion, of which 77% will be dedicated to promote organic growth.

Currently we have 24 projects being implemented and several others under study.

Return on capital invested (ROIC) in 2005 was 41.5%, higher than the average obtained in the last five years, 33.0%, and well above the estimates for CVRD's weighted average cost of capital.

As a reflection of the process of investment with higher profitability, the total shareholder return of CVRD over the period 2001-2005 reached an annual average of 41.7%.

One of the most serious challenges for a growing company is to reconcile its capital expenditure financing, satisfaction of shareholders' aspirations for dividends, and the preservation of a healthy balance sheet. CVRD has succeeded in meeting these objectives simultaneously.

Along with significant capital expenditure, CVRD has distributed US$ 4.4 billion in dividends to its shareholders between 2001 and 2005. The amount distributed in 2005, US$ 1.3 billion, equivalent to US$ 1.13 per share, was another record broken this year.

Debt leverage, measured as total debt/adjusted EBITDA[c], reached its lowest level in recent years, 0.77, at the end of 2005. CVRD's financial soundness was recognized by the award of an *investment grade* rating by three of the world's largest rating agencies.

SELECTED FINANCIAL INDICATORS

US$ million

	4Q04	3Q05	4Q05	2004	2005
Gross revenues	2,428	3,610	3,746	8,479	13,405
Adjusted EBIT	822	1,405	1,461	3,123	5,432
Adjusted EBIT margin (%)	35.5	40.8	40.6	38.7	42.5
Adjusted EBITDA	1,001	1,734	1,780	3,722	6,540
Net earnings	721	1,317	1,196	2,573	4,841
Earnings per share (US$)	0.63	1.14	1.04	2.23	4.20
Annualized ROE (%)	34.8	35.8	40.4	34.8	40.4
Total debt/ adjusted LTM EBITDA (x)	1.10	0.68	0.77	1.10	0.77
Capex *	685.7	917.0	1,851.8	1,956.0	4,160.5

* including acquisitions

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

[1] The figures given for capital expenditure represent cash actually spent, and include spending on acquisitions.

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 233.9 million tons of iron ore in 2005, 100 million tons more than in 2001. 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.

With the merger, CVRD's shareholders will benefit from full exposure to the assets of Caemi and from the advantages of the synergies between the two companies. The shareholders of Caemi will start to enjoy these synergies, and the benefits arising from CVRD's high potential for profitable growth, a highly diversified portfolio of world-class assets, a very well-structured dividend policy, and shares with voting right and abundant liquidity on the Bovespa and on the New York Stock Exchange.

- **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

CVRD's gross revenue in 2005 was US$ 13.405 billion, an increase of 58.1% over 2004, when gross revenue was US$ 8.479 billion, and 141.7% greater than in 2003, when it was US$ 5.545 billion. The 2005 figure not only is a new record, but indicates a change in the overall scale of the Company, with its revenue exceeding the US$ 10 billion mark for the first time.

The increase of US$ 4.926 billion in 2005 in relation to the previous year was mainly due to the evolution of the metals and mining cycle, with price variations responsible for 81% of the increase.

Gross revenue for 4Q05, also a quarterly record, was US$ 3.746 billion, 54.3% more than in 4Q04.

In 2005 ferrous minerals provided 75.0% of gross revenue, products of the aluminum chain – bauxite, alumina and primary aluminum – 10.5%, logistics services 9.1%, and non-ferrous minerals 5.3%.

Revenues from sales to China more than doubled in 2005, from US$ 996 million in 2004 to US$ 2.016 billion. However, CVRD continues to have good geographical diversification of its sales.

The Americas were the primary destination of CVRD's sales in 2005, with 36.5% of total revenue. The Brazilian market was responsible for 26.6% of total revenue, and the US 3.1%. Asia, which in 2005 for the first time produced more steel than all the other regions of the world, followed absorbing 29.2% of CVRD sales, overtaking Europe, now with 28.4%.

If we include sales form the Tubarão palletizing joint ventures, which are not consolidated under US GAAP, the share of Americas in total CVRD revenue decreases to 31.4%, with Brazil having a 21.1% share.

GROSS REVENUE BY DESTI NATION

US$ milion

	4Q04	3Q05	4Q05	2004	%	2005	%
Americas	**997**	**1,294**	**1,252**	**3,352**	**39.5**	**4,898**	**36.5**
Brazil	678	1,006	894	2,367	27.9	3,565	26.6
USA	134	85	115	389	4.6	417	3.1
Others	185	203	243	596	7.0	916	6.8
Asia	**699**	**1,093**	**1,282**	**2,189**	**25.8**	**3,917**	**29.2**
China	345	568	738	996	11.7	2,016	15.0
Japan	220	342	349	788	9.3	1,231	9.2
Others	134	183	195	405	4.8	670	5.0
Europe	**625**	**1,015**	**996**	**2,552**	**30.1**	**3,813**	**28.4**
Rest of the World	**107**	**208**	**216**	**386**	**4.6**	**777**	**5.8**
Total	**2,428**	**3,610**	**3,746**	**8,479**	**100.0**	**13,405**	**100.0**

COST PRESSURES AND THE EFFORTS TO OVERCOME THEM

Cost of goods sold (COGS) totaled US$ 6.229 billion in 2005, 52.6% more than in 2004. COGS in 4Q05 was US$ 1.829 billion, US$ 621 million, or 51.4% more than in 4Q04.

CVRD, like the other mining and metals companies, is suffering generalized cost pressures derived from the economic cycle, represented by increases in prices of equipment, replacement parts, steel, energy, raw materials and services. The strong appreciation of the Real against the US dollar has increased the scale of these pressures, since approximately 70% of the company's costs are denominated in Brazilian currency.

The increase in prices of products and services was responsible for 55.7% of the growth in COGS in 2005, while volatility of the exchange rate was responsible for 29.6%, and the higher level of production, 14.7%.

Outsourced services, the main item in COGS, representing 23.8% of it and an increment of US$ 670 million in 2005, contributing for 31.2% of the increase in costs. Changes in the exchange rate and expansion of sales volume respectively contributed US$ 195 million and US$ 124 million to the increase in COGS, respectively. There were also increases of US$ 72 million in expenses on waste removal in the mines, US$ 57 million in rail freight expenses and US$ 43 million in maintenance services – all reflecting the higher prices of contracted services.

In the comparison between 4Q05 and 4Q04, outsourced services added US$ 257 million to the increment of COGS.

In 2005 materials costs increased by US$ 462 million, accounting for 21.5% of the growth in COGS. This increase was influenced by higher prices of replacement parts, such as conveyor belts and tires. In 4Q05 this item totaled US$ 305 million, 50.2% more than in 4Q04.

Expenses on energy totaled US$ 1.086 billion in 2005, or 17.4% of COGS. This was an increase of US$ 325 million compared to 2004, accounting for 15.1% of the enlargement of COGS in 2005. The growth of this item reflected expansion of the Company's activities and the increases in prices of fuel and electricity.

CVRD's consumption of electricity grew by 5.3% in 2005, to 17.619 GWh, of which 38% was spent in the production of aluminum and 8.9% on the ferro-alloys operation.

Expenses on electricity in the aluminum smelter Albras, which for technological reasons is CVRD's most electricity consumption intensive operational unit, increased by 41% from 2004. Higher prices of electricity were responsible for 91% of this increment. The increase of consumption as a result of higher output – from 435,000 tons in 2004 to 446,000 tons – added the remaining 9%.

The average price of fuel oil for CVRD were 21.2% higher yoy, leading to additional expenses on fuels and gases of US$ 184 million.

In 4Q05 the cost of energy was US$ 321 million, 31.6% more than in 4Q04.

Higher prices of iron ore and pellets had an important impact on COGS, since expenditures on acquisition of these products increased by US$ 287 million, 60.5%, in the year. This variation represented 13.4% of the growth in COGS in 2005.

The volume of iron ore that CVRD bought from other mining companies was 16.430 million tons, 3.1% more than in 2004. The company also bought, for resale to its clients, 9.655 million tons of pellets from the Tubarão joint ventures (Nibrasco, Itabrasco, Kobrasco and Hispanobras), compared to 9.347 million in 2004.

In 4Q05, the total value of purchases of iron ore and pellets was US$ 215 million, 72.0% more than in 4Q04.

Due to the increase in the value of the Company's asset base and the appreciation of the Real against the US dollar, the cost of depreciation and amortization grew by US$ 199 million, 53.1%, from 2004, contributing 9.3% to the increase in COGS. Over the period 2002 to 2005, in which US$ 8.9 billion was invested, the Real strengthened by 50.9% against the US dollar, increasing the value of CVRD's fixed assets from US$ 3.3 billion to US$ 14.1 billion at the end of 2005. As a result, depreciation changed from US$ 205 million in 2002 to US$ 375 million in 2004, and US$ 574 million in 2005.

Personnel expenses, at US$ 514 million in the year, or 8.3% of COGS, were US$ 128 million higher than in the previous year, and responsible for 6.0% of the total increase in costs. The annual raise of 6.5% in employees' salaries, valid for the period July 2005-June 2006, together with the appreciation of the Real, generated a significant part of this growth.

In 4Q05 personnel expenses totaled US$ 160 million, 48.1% more than in 4Q04.

Sales, general and administrative expenses (SG&A), at US$ 583 million in 2005, were US$ 131 million, 29.0% higher than 2004. This was the result of increases in personnel administrative expenses (US$ 48 million), maintenance expenses (US$ 35 million) and depreciation (US$ 20 million).

SG&A in 4Q05 was US$ 175 million, 31.6% higher than in 4Q04.

Research and development (R&D) expenses reached a record US$ 277 million in 2005[2], compared to US$ 153 million in 2004 and US$ 82 million in 2003. This increase is derived from execution of the strategy of focus on organic growth, which necessarily means expansion of investments in mineral exploration and feasibility studies on development of mineral deposits in several countries.

The investments in R&D are essential for sustaining the Company's profitable growth in the long term. In the context of a global and multicommodity program, these investments have been carried out in 11 countries, in all the continents, and through a diversified portfolio of minerals: coal, copper, nickel, manganese, potash, phosphate, bauxite and iron ore.

CVRD has undertaken a number of initiatives for reducing operational costs and capital expenditures combined with the obtaining of efficiency gains.

In energy, CVRD has stakes in five hydroelectric power plants that are in 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 production as opposed to acquiring energy through long term contracts is estimated at US$ 45 million. Purchases of electricity have been made in auctions, obtaining in 2005 prices per MWh in average US$ 12 lower than those on long-term contracts. Such alternatives clearly has limitations, but contributes to reduction of the average cost of this input.

[2] The amount stated for capex on research and development in 2005 in CVRD's January 26, 2006 press release on its capex program was US$ 290 million. This amount refers to the actual cash disbursements in 2006.

In the refining of bauxite into alumina, a cogeneration plant of gas and steam will start operating this year, directly reducing the cost of alumina production by US$ 27 million from 2007 onwards through reduction of energy consumption.

Further, several studies are under way aiming to restructure the energy matrix and adopt energy conservation measures to minimize costs.

Expenses on demurrage – the penalty payments paid for delay in loading of ships at the Company's port terminals – were US$ 21 million in 4Q05, and US$ 76 million in the whole of 2005, respectively 51.2% and 8.4% lower than in 4Q04 and the whole of 2004, in spite of the growth in volume of shipments.

The procedures put in place to optimize the logistics of iron ore shipment loading have begun to show their first positive effects. For example, in December CVRD achieved dispatch, a premium for loading of vessels before the agreed deadline, at the Ponta da Madeira port terminal.

Demurrage costs are tending to a level considerably lower than those of the last two years. For 2006 we expect demurrage costs per ton shipped in the Company's maritime terminal to be US$ 0.22, what will represent last than half of the penalties paid in 2004, of US$ 0.45 per ton.

Our excellence programs, which include maintenance, mine operation and execution of capital expenditure projects, will also result in reduction of costs and productivity gains over the coming years.

COST OF GOODS SOLD – BREAKDOWN

US$ million

	4Q04	3Q05	4Q05	2004	%	2005	%
Personnel	108	139	160	386	9.5	514	8.3
Material	203	310	305	664	16.3	1,126	18.1
Fuels	128	164	188	446	10.9	630	10.1
Electric energy	116	109	133	315	7.7	456	7.3
Outsourced services	217	377	474	813	19.9	1,483	23.8
Acquisition of iron ore and pellets	125	216	215	474	11.6	761	12.2
Acquisition of other products	98	83	82	355	8.7	332	5.3
Depreciation and exhaustion	100	161	164	375	9.2	574	9.2
Others	113	86	108	253	6.2	353	5.7
Total	**1,208**	**1,645**	**1,829**	**4,081**	**100.0**	**6,229**	**100.0**

OPERATIONAL PERFORMANCE IS A RECORD

CVRD's operational profit, measured by adjusted EBIT, was US$ 5.432 billion in 2005, the highest in the Company's history. Adjusted EBIT was 73.9% higher than in 2004, led by the US$ 4.726 billion increase in net revenue, partially offset by the US$ 2.148 billion increase in COGS.

Adjusted EBIT in 4Q05 was US$ 1.461 billion, almost double of that of 4Q04, US$ 822 million.

Adjusted EBIT margin was 42.5%, another record, 380 bp more than in the previous year.

In 4Q05 adjusted EBIT margin was 40.6%, 510 bp above that of 4Q04, and 400 bp higher than the average for the last 16 quarters.

NEW CASH FLOW RECORD: US$ 6.5 BILLION

CVRD's cash flow generation in 2005, measured by adjusted EBITDA, at US$ 6.540 billion, was a new record, 75.7% higher than the adjusted EBITDA of US$ 3.722 billion in 2004, and 3.7 times the 2002 adjusted EBITDA of US$ 1.780 billion. This evolution provides a clear view of the change in the dimension of the Company's activities.

4Q05 was the fifteenth consecutive quarter of growth in last-12-months (LTM) adjusted EBITDA, 13.5% higher than the LTM adjusted EBITDA of 3Q05.

The main factors in the US$ 2.818 billion increase in adjusted EBITDA in 2005 are US$ 2.309 billion growth in adjusted EBIT, US$ 220 million increase in depreciation and US$ 289 million increase in dividends paid by non-consolidated companies.

Dividends received in 2005 totaled US$ 489 million, compared to US$ 200 million in the previous year. The highest payment came from Samarco, which distributed US$ 225 million to CVRD, vs. US$ 100 million in 2004. The Company also received the following dividends: US$ 62 million from Usiminas; US$ 58 million from MRN; US$ 51 million from GIIC; US$ 28 million from CSI; US$ 20 million from Hispanobras; US$ 16 million from Nibrasco; US$ 10 million from Itabrasco; US$ 8 million from Valesul, and US$ 11 million from MRS.

In 2005 the business areas made the following contributions to cash flow: ferrous minerals 84.1%, aluminum 8.4%, logistics 6.3%, and non-ferrous minerals 3.1%. R&D expenditure, not allocated to the business areas, reduced adjusted EBITDA by US$ 277 million.

QUARTERLY ADJUSTED EBITDA

US$ million

	4Q04	3Q05	4Q05	2004	2005
Net operating revenues	2,317	3,445	3,598	8,066	12,792
COGS	(1,208)	(1,645)	(1,829)	(4,081)	(6,229)
SG&A	(133)	(160)	(175)	(452)	(583)
Research and development	(67)	(104)	(85)	(153)	(277)
Other operational expenses	(87)	(131)	(48)	(257)	(271)
Adjusted EBIT	**822**	**1,405**	**1,461**	**3,123**	**5,432**
Depreciation, amortization & exhaustion	119	171	183	399	619
Dividends received	60	158	136	200	489
Adjusted EBITDA	**1,001**	**1,734**	**1,780**	**3,722**	**6,540**

FINANCIAL RESULT

CVRD posted net financial expenses of US$ 138 million in 2005, an improvement of US$ 386 million from 2004.

The change resulted from favorable movements in the three components of this account: financial revenues, financial expenses and monetary variations.

Financial revenue increased from US$ 82 million in 2004 to US$ 123 million in 2005, reflecting higher interest rates and higher annual average cash balance.

Financial expenses decreased by US$ 111 million, down from US$ 671 million in 2004 to US$ 560 million in 2005. The main driver for this decline was lower average debt, reduced from US$ 4.372 billion in 2004 to US$ 4.095 billion in 2005, reducing interest expenses by US$ 57 million, and the reduction in losses on derivatives hedging against volatility of aluminum prices, of US$ 23 million.

Monetary variations contributed for an improvement in the financial result, adding US$ 234 million, due to the 20.2% appreciation of the Real against the US dollar from 2004 to 2005.

Comparing 4Q05 with 4Q04, there was a negative variation of US$ 394 million, from revenue of US$ 58 million in 4Q04 to expense of US$ 336 million in 4Q05.

Monetary variations had a negative effect of US$ 441 million on this variation, since the Real was in fact weaker in the end of the 4Q05 than in the end of 3Q05, leading to a negative result, while between the end of 3Q04 and of the 4Q04 it appreciated, generating the opposite effect. A US$ 57 million reduction in financial expenses compensated the decline of financial revenues by US$ 10 million.

EQUITY INCOME

Equity income from subsidiaries totaled US$ 760 million, 40.2% or US$ 218 million higher than in 2004.

In 4Q05 equity income was US$ 213 million, vs. US$ 179 million in 4Q04.

Of total equity income in 2005, companies in the ferrous minerals business contributed with 57.2%, steel companies 25.9%, companies in the aluminum production chain 8.5%, and logistics operations 7.1%.

Among the pelletizing joint ventures, Samarco considerably increased its contribution, from US$ 117 million in 2004 to US$ 257 million in 2005. The total of equity income from the investments in these companies – Nibrasco, Hispanobras, Kobrasco, Itabrasco, GIIC and Samarco – was US$ 438 million, 155% more than in 2004.

Equity income from the aluminum business declined to US$ 65 million in 2005 from US$ 71 million in 2004. While the contribution of MRN increased from US$ 57 million to US$ 64 million, that of Valesul fell from US$ 14 million to US$ 1 million, reflecting the strong negative impact of the growth of electricity cost.

CVRD’s investment in Henan Longyu Energy Resources Ltd., the Chinese producer of anthracite coal, produced equity income of US$ 9 million in 2005.

The investments in logistics companies returned US$ 54 million in 2005, vs. US$ 33 million in 2004.

Equity income from holdings in the steel industry was US$ 197 million in 2005, vs. US$ 271 million in 2004.

RESULT FROM SHAREHOLDINGS

R$ million

	4Q04	3Q05	4Q05	2004	%	2005	%
Iron Ore and Pellets	55	127	128	170	31.4	435	57.2
Aluminum, Alumina and Bauxite	19	15	14	71	13.1	65	8.6
Logistics	11	17	15	33	6.1	54	7.1
Steel	95	35	47	271	50.0	197	25.9
Coal	-	-	9	-	0.0	9	1.2
Others	(1)	-	-	(3)	(0.6)	-	0.0

Total	**179**	**194**	**213**	**542**	**100.0**	**760**	**100.0**

RECORD NET EARNINGS: US$ 4.8 BILLION

CVRD's 2005 net earnings, of US$ 4.841 billion, was 88.1% higher than the 2004 net earnings of US$ 2.573 billion.

As well as its scale – this is the largest net earnings in CVRD's history – the highly positive qualitative aspect of this result should also be emphasized: CVRD is simultaneously investing record amounts in its own growth, laying down the basis for future profitability.

Main components of the net earnings figure were: (a) an increase of US$ 2.309 billion in operational profit; (b) an improvement of US$ 386 million in financial result; and (c) an increase of US$ 218 million in equity income.

Gains on sales of assets were US$ 278 million lower in the year. In 2004, the divestment of CST contributed US$ 404 million to profit, while in 2005 QCM was sold for US$ 126 million.

The 4Q05 net earnings of US$ 1.196 billion suffered the effect of a perverse combination of oscillations of the BRL/USD exchange rate. The Real was 5% weaker at the end of 4Q05 than at the end of 3Q05, resulting in the accounting of negative monetary variations. On the other hand, on the basis of the average exchange rates in the two quarters, the Real was 4.1% stronger against the dollar, also reducing profit in 4Q05 – in this case, through higher costs.

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.

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

Total debt 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.

Net debt[f] 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.

FINANCIAL EXPENSES

US$ million

Financial expenses on:	4Q04	3Q05	4Q05	2004	2005
Debt with third parties	(63)	(69)	(32)	(259)	(206)
Debt with related parties	-	2	(2)	(10)	(6)
Total debt-related financial expenses	**(63)**	**(67)**	**(34)**	**(269)**	**(212)**
Gross interest on:	**4Q04**	**3Q05**	**4Q05**	**2004**	**2005**
Tax and labour contingencies	(11)	(27)	(12)	(37)	(62)
Tax on financial transactions (CPMF)	(11)	(15)	(19)	(38)	(59)
Derivatives	(67)	(64)	(113)	(134)	(116)
Others	(106)	(43)	(23)	(193)	(111)
Total gross interest	**(195)**	**(149)**	**(167)**	**(402)**	**(348)**
Total	**(258)**	**(216)**	**(201)**	**(671)**	**(560)**

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 = market capitalization + net debt

PERFORMANCE OF THE BUSINESS SEGMENTS

- **Ferrous minerals**

The vigorous growth in global demand for iron ore and pellets and the expansion of CVRD's production, resulting from the conclusion of projects and productivity gains, has enabled it to return successive record sales volumes. The volume of ferrous minerals shipped in 2005, at 255.171 million tons, was the highest in the Company's history, and 10.4% more than in the previous year.

CVRD's 4Q05 sales of iron ore and pellets, 67.729 million tons, were a quarterly record.

2005 sales of iron ore totaled 226.679 million tons, and sales of pellets 28.492 million tons, respectively 11.4% and 3.6% more than in 2004.

CVRD's purchases of iron ore from small mining companies operating in the "Iron Quadrilateral" in the state of Minas Gerais, to complement its own production and meet the growing demand from clients, increased by 3.2%, to 16.430 million tons in 2005. CVRD regularly buys pellets from its joint ventures at Tubarão to re-sell to clients, and this volume increased from 9.347 million tons in 2004 to 9.655 million in 2005.

In 2005 China bought 54.157 million tons of iron ore from CVRD, 21.2% of CVRD's total sales volume. This compares with 17.8% in 2004. Japan bought 24.814 million tons, 9.7% of total sales; Germany 24.164 million tons, 9.5%; France 4.4%, South Korea 3.9% and Italy 3.5%.

Sales to Brazilian producers of steel and pig iron totaled 36.023 million tons, 14.1% of total shipments. Sales to the pelletizing joint ventures of Tubarão were 21.576 million tons, 8.5% of the total, which after transformation into pellets are mainly sold to other countries.

The average sale price of iron ore in 2005, US$ 32.63 per ton, was 66.2% higher than in 2004. For pellets the average price was US$ 70.79 per ton, 77.8% higher than in 2004.

Note that as a general rule, price increases take effect in January only for Western clients. For the Asian market, price renewal follows the Japanese fiscal year, running from April through March of the following year.

Total shipments in 4Q05 were a quarterly record, at 67.729 million tons, made up of 59.190 million tons of iron ore and 8.579 million ton of pellets. The volume of pellets sold in 4Q05 was 34.4% higher than in 3Q05, when, due to factors associated with Hurricane Katrina and the reprogramming of shipments, only 6.381 million tons were shipped.

In 4Q05 the average sale price of iron ore, US$ 35.08 was 69.6% higher than in 4Q04. In pellets, the average price in 4Q05 was US$ 72.62, 79.0% higher than in 4Q04.

In contrast with the other mineral products, there was an excess of supply in the manganese alloys market, due to producers' over response to the stimulus given by price increases, which resulted in growth of 18.6% in production in 2004. As a result there was a reduction in the price of alloys in 2005, beginning in the last quarter, and production cuts, starting in the second quarter. Manganese ore, mainly used in producing alloys, suffered the negative effect of the price movements after a lag of approximately six months.

CVRD's shipments of manganese ore totaled 907,000 tons in 2005, 9.5% less than in 2004, for average sale price of US$ 84.90, still 11.9% higher than in 2004.

In the last quarter of 2005, 244,000 tons were sold 24.5% less than in 4Q04, which posted a quarterly sales record of 323,000 tons. At the end of 2004 the demand for manganese benefited from the strong expansion of production of alloys.

The average price of manganese ore in 4Q05, US$ 73.77 per ton, was in line with that of 3Q05, but 33.8% lower than in 4Q04, US$ 111.46 per ton.

Sales of ferro-alloys totaled 529,000 tons in 2005, 14.1% less than in 2004, and average price, at US$ 846.88, was 11.5% less than in 2004, but 54.6% more than in 2003.

Sales in 4Q05, at 119,000 tons, were 4.0% lower than in 4Q04 by volume.

After three quarters of declining prices, the average price of ferro-alloys computed by CVRD in 4Q05 recovered, to US$ 731.09, or 18.2% more than 3Q05. This reflected the improvement in market prices, caused by the reduction in global output – of 7% in 3Q05 and 8.2% in 4Q05 – and the change in the mix of products sold, with more FeMcMn and FeSiMn, alloys for which prices are higher than FeHcMn.

Revenues from ferrous minerals – iron ore, pellets, manganese and ferro-alloys – in 2005 totaled US$ 10.050 billion, 72.0% more than in 2004, when they were US$ 5,844 billion. Price increases accounted for 81.0% of the increase in revenue, and the increment in quantity shipped accounted for the remaining 19%.

Sales revenue from iron ore was US$ 7.396 billion, revenue from pellets US$ 2.017 billion, from operation of the Tubarão pelletizing plants US$ 66 million, from manganese ore US$ 77 million and ferro-alloys US$ 448 million.

Adjusted EBIT margin was 49.7%, 740 bp more than the 42.3% adjusted EBIT margin of 2004.

2005 adjusted EBITDA was US$ 5.497 billion, 107.9% more than in 2004.

FERROUS MINERALS					
	4Q04	3Q05	4Q05	2004	2005
Adjusted EBIT margin (%)	40.5%	50.7%	48.0%	42.3%	49.7%
Adjusted EBITDA (US$ million)	738	1,541	1,595	2,644	5,497

- **Aluminum**

The strong growth in Chinese consumption of alumina, resulting in imports of 7 million tons in 2005, helped to increase the mismatch between global supply and demand, keeping spot prices high. The prices of primary aluminum, which have not accompanied with the same intensity the rise in metal prices, varied widely during the year, falling to US$ 1,700 per ton in July, but finally reaching their highest level in the last 16 years, in December, at around US$ 2,300 per ton.

CVRD sold 1.904 million tons of bauxite in 2005, 8.3% less than in 2004, with average sale price of US$ 28.36 per ton, 11.1% more than in 2004.

4Q05 shipments totaled 700,000 tons, with average price of US$ 30.00 per ton.

The volume of alumina sold in 2005 was 1.828 million tons, 2.2% more than the 1.788 million tons sold in 2004. Average price, of US$ 290.48/ton, was 13.4% higher than in 2004, US$ 256.15 per ton.

Since the greater part of CVRD's sales are associated to long-term contracts, the increase of market prices is not entirely reflected in its average realizaed prices. However, as new contracts are signed, the higher alumina price levels are transmitted to its pricing in the form of higher percentages of the LME aluminum price.

Sales of primary aluminum, of 447,000 tons in 2005, were a record, 17,000 tons more than the previous record of 2004. This achievement was possible due to operational improvements made at the Barcarena plant which enabled the increase in production capacity.

CVRD's average sale price for aluminum in 2005, US$ 1,841.16/ton, was 9.2% higher than in 2004.

Revenue from sales of bauxite, alumina and aluminum in 2005 totaled US$ 1.408 billion vs. US$ 1.250 billion in 2004.

In spite of the increase in net revenue, the increase in operational costs and depreciation caused a reduction in adjusted EBIT margin, from 41.7% in 2004 to 31.7%. The appreciation of the Real against the US dollar and the increase in prices of electricity, caustic soda, coke and calcining oil all worked against the profitability of the operations in the aluminum production chain.

2005 adjusted EBITDA was US$ 551 million, US$ 55 million less than in the previous year.

ALUMINUM					
	4Q04	3Q05	4Q05	2004	2005
Adjusted EBIT margin (%)	35.3%	25.3%	30.7%	41.6%	31.7%
Adjusted EBITDA (US$ million)	149	111	122	606	551

- **Non-ferrous minerals**

The rate of growth in global demand for potash decreased in the second half of 2005, reflecting reduction of consumption in some countries of Asia and in Brazil, due to problems with farm crops. A strong recovery in the harvest is expected in Brazil in 2006, especially of soy, which should reactivate expansion of demand for CVRD's product.

Conclusion of the project to expand capacity of production at the Taquari-Vassouras mine to 850,000 tons will enable sales to be increased in 2006.

CVRD's sales of potash in 2005 totaled 640,000 tons, an annual record, 1.6% more than in 2004.

The average selling price was US$ 232.81 per ton, 18.3% more than in 2004, and US$ 232.95 per ton in 4Q05, 9.82% more than in 4Q04.

In 4Q05 CVRD sold 176,000 tons of potash, 6.7% more than in 4Q04, with an average price of US$ 232.95 per ton.

Revenue from potash in 2005 was US$ 149 million, 20.2% more than in 2004, US$ 124 million.

The volume of kaolin sold in 2005, 1.218 million tons, was almost the same as in 2004, 1.208 million tons. The average price of kaolin was 7.0% higher, up from US$ 135.76 per ton in 2004, to US$ 145.32 per ton. As a result revenue increased to 7.9%, at US$ 177 million, in 2005.

In the first full year of operation of the Sossego mine, CVRD sold 398,000 tons of copper concentrate, for an average price of US$ 982 per ton, producing revenue of US$ 391 million in 2005.

The relatively small size of CVRD's non-ferrous minerals operations creates a certain volatility in their operational results, due to the sensitivity to fluctuations in the prices of products and inputs, and in the BRL/USD exchange rate.

The increase in revenue, resulting from higher price levels and growth in volume of sales of copper concentrate, was fully offset by the increase in costs and depreciation, causing a reduction in the EBIT margin of the non-ferrous area, from 41.7% in 2004 to 23.7% in 2005.

Adjusted EBITDA of the non-ferrous minerals division was US$ 200 million, vs. US$ 176 million in 2004.

NON FERROUS MINERALS					
	4Q04	3Q05	4Q05	2004	2005
Adjusted EBIT margin (%)	46.2%	8.0%	26.4%	41.7%	23.7%
Adjusted EBITDA (US$ million)	107	36	79	176	200

- **Logistics**

The CVRD railroads – Carajás, Vitória a Minas and Centro-Atlântica – transported 26.885 billion ntk of general cargo for clients in 2005, in line with 2004 leves of 26.734 billion ntk. The main cargos transported were inputs and products for the steel industry, 44.2%, agricultural products, mainly soy, sugar and fertilizers, 37.8%; and construction industry inputs and forest products, 8.0%.

The halt in the rapid growth of railroad transportation in recent years – averaging 8% per year over the period 2001 to 2004 – was the result of a 3.9% reduction in Brazilian steel output, the partial failure of the farm crop, and the new decision on the profile of cargo transported, with less haulage of petrochemicals. Even so, CVRD increased its share in the transport of soy for export from 16% to 18%, of fertilizers from 7% to 9%. The transportation of petrochemicals is being replaced by containers, including, for example, transport of electronics.

At the CVRD's ports and maritime terminals were handled 30.681 million tons of general cargo, vs. 28.741 million in 2004. The ninth grain storage facility at the TPD (Sundry Products Terminal) in Tubarão, and the fourth silo in the Ponta da Madeira maritime terminal, started operating in 2005.

Logistics services generated revenue of US$ 1,216 billion in 2005, 38.7% more than in 2004.

Railroad haulage of general cargo produced revenue of US$ 881 million, 72.5% of the division's total. Port services added US$ 204 million, and coastal shipping and port support services US$ 131 million.

Adjusted EBIT margin was 22.4%, slightly higher than the 21.9% obtained in 2004.

2005 adjusted EBITDA was US$ 414 million in 2005, 21.1% more than the 2004 adjusted EBITDA of US$ 342 million.

LOGISTICS					
	4Q04	3Q05	4Q05	2004	2005
Adjusted EBIT margin (%)	8.2%	27.6%	8.6%	21.9%	22.4%
Adjusted EBITDA (US$ million)	68	114	80	342	414

VOLUME SOLD, PRICES AND REVENUES

VOLUME SOLD: IRON ORE AND PELLETS							
							thousands of tons
	4Q04	3Q05	4Q05	2004	%	2005	%
Iron ore	54,748	58,879	59,150	203,536	88.1	226,679	88.8
Pellets	7,076	6,381	8,579	27,507	11.9	28,492	11.2
Total	**61,824**	**65,260**	**67,729**	**231,043**	**100.0**	**255,171**	**100.0**

VOLUME SOLD: MINERALS AND METALS					
					thousands of tons
	4Q04	3Q05	4Q05	2004	2005
Manganese ore	323	271	244	1,002	907
Ferro-alloys	124	131	119	616	529
Alumina	462	507	441	1,788	1,828
Primary aluminum	113	112	116	430	447
Bauxite	514	368	700	2,076	1,904
Potash	165	197	176	630	640
Kaolin	311	280	355	1,208	1,218
Copper concentrates	139	96	112	269	398

IRON ORE AND PELLET SALES BY DESTINATION							
							thousands of tons
	4Q04	3Q05	4Q05	2004	%	2005	%
EU	**18,356**	**18,884**	**16,856**	**69,558**	**30.1**	**73,159**	**28.7**
Germany	7,022	6,124	5,758	24,512	10.6	24,164	9.5
France	2,806	2,977	3,034	11,364	4.9	11,285	4.4
Belgium	2,021	1,961	2,005	8,022	3.5	7,652	3.0
Italy	2,091	2,915	832	8,151	3.5	8,815	3.5
Others	4,416	4,907	5,227	17,509	7.6	21,243	8.3
China	**12,673**	**14,301**	**17,252**	**41,045**	**17.8**	**54,157**	**21.2**
Japan	**2,515**	**6,330**	**6,542**	**20,773**	**9.0**	**24,814**	**9.7**
South Korea	**2,477**	**2,647**	**3,726**	**9,614**	**4.2**	**10,065**	**3.9**
Middle East	**2,155**	**2,244**	**2,030**	**7,073**	**3.1**	**7,651**	**3.0**
USA	**1,384**	**878**	**1,710**	**5,467**	**2.4**	**4,947**	**1.9**
Brazil	**14,371**	**14,749**	**14,243**	**55,676**	**24.1**	**57,599**	**22.6**
Steel mills and pig iron producers	9,232	8,975	9,190	35,892	15.5	36,023	14.1
Pelletizing joint ventures	5,139	5,774	5,053	19,784	8.6	21,576	8.5
RoW	**7,894**	**5,227**	**5,370**	**21,837**	**9.5**	**22,779**	**8.9**
Total	**61,824**	**65,260**	**67,729**	**231,043**	**100.0**	**255,171**	**100.0**

LOGISTICS SERVICES – GENERAL CARGO					
	4Q04	3Q05	4Q05	2004	2005

Railroads (million ntk)	6,306	7,789	5,999	26,734	26,885
Ports (thousand tons)	7,097	8,349	7,641	28,741	30,681

AVERAGE PRICES REALIZED

US$ / ton

	4Q04	3Q05	4Q05	2004	2005
Iron ore	20.69	35.07	35.08	19.63	32.63
Pellets	40.56	79.92	72.62	39.81	70.79
Manganese	111.46	73.80	73.77	75.85	84.90
Ferro alloys	1,346.77	618.32	731.09	956.49	846.88
Alumina	305.19	287.97	315.19	256.15	290.48
Aluminum	1,725.66	1,803.57	1,870.69	1,686.05	1,841.16
Bauxite	25.29	27.17	30.00	25.53	28.36
Potash	212.12	238.58	232.95	196.83	232.81
Kaolin	144.69	150.00	143.66	135.76	145.32
Copper concentrates	769.78	958.33	1,169.64	747.21	982.41

GROSS REVENUE BY PRODUCT

US$ million

	4Q04	3Q05	4Q05	2004	%	2005	%
Ferrous minerals	**1,647**	**2,706**	**2,832**	**5,844**	**68.9**	**10,050**	**75.0**
Iron ore	1,133	2,065	2,075	3,995	47.1	7,396	55.2
Pellet plant operation services	14	19	21	53	0.6	66	0.5
Pellets	287	510	623	1,095	12.9	2,017	15.0
Manganese ore	36	20	18	76	0.9	77	0.6
Ferro-alloys	167	81	87	589	6.9	448	3.3
Others	10	11	8	36	0.4	46	0.3
Non ferrous minerals	**187**	**181**	**223**	**489**	**5.8**	**717**	**5.3**
Potash	35	47	41	124	1.5	149	1.1
Kaolin	45	42	51	164	1.9	177	1.3
Copper concentrates	107	92	131	201	2.4	391	2.9
Aluminum products	**354**	**358**	**377**	**1,250**	**14.7**	**1,408**	**10.5**
Primary aluminum	195	202	217	727	8.6	823	6.1
Alumina	141	146	139	458	5.4	531	4.0
Bauxite	13	10	21	53	0.6	54	0.4
Others	5	0	0	12	0.2	-	-
Logistics services	**234**	**359**	**309**	**877**	**10.3**	**1,216**	**9.1**
Railroads	162	267	223	613	7.2	881	6.6
Ports	43	60	50	151	2.0	204	1.5
Shipping	29	32	36	114	1.1	131	1.0
Others	**6**	**6**	**5**	**19**	**0.2**	**14**	**0.1**
Total	**2,428**	**3,610**	**3,746**	**8,479**	**100.0**	**13,405**	**100.0**

ADJUSTED EBIT MARGIN BY BUSINESS AREA

	4Q04	3Q05	4Q05	2004	2005
Ferrous minerals	40.5%	50.7%	48.0%	42.3%	49.7%
Non ferrous minerals	46.2%	8.0%	26.4%	41.7%	23.7%
Aluminum	35.3%	25.3%	30.7%	41.6%	31.7%
Logistics	8.2%	27.6%	8.6%	21.9%	22.4%
Total	**35.5%**	**40.8%**	**40.6%**	**38.7%**	**42.5%**

ADJUSTED EBITDA BY BUSINESS AREA							
							US$ million
	4Q04	3Q05	4Q05	2004	%	2005	%
Ferrous minerals	738	1,541	1,595	2,644	71.0	5,497	84.1
Non- ferrous minerals	107	36	79	176	4.7	200	3.1
Logistics	68	114	80	342	9.2	414	6.3
Aluminum	149	111	122	606	16.3	551	8.4
Others	(61)	(68)	(96)	(46)	-1.2	(122)	-1.9
Total	**1,001**	**1,734**	**1,780**	**3,722**	**100.0**	**6,540**	**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.

FINANCIAL STATEMENTS					
					US$ million
	4Q04	3Q05	4Q05	2004	2005
Gross operating revenues	2,428	3,610	3,746	8,479	13,405
Taxes	(111)	(165)	(148)	(413)	(613)
Net operating revenue	**2,317**	**3,445**	**3,598**	**8,066**	**12,792**
Cost of goods sold	(1,208)	(1,645)	(1,829)	(4,081)	(6,229)
Gross profit	**1,109**	**1,800**	**1,769**	**3,985**	**6,563**
Gross margin (%)	47.9	52.2	49.2	49.4	51.3
Selling, general and administrative expenses	(133)	(160)	(175)	(452)	(583)
Research and development expenses	(67)	(104)	(85)	(153)	(277)
Employee profit-sharing	(22)	(24)	(32)	(69)	(97)
Others	(65)	(107)	(16)	(188)	(174)
Operating profit	**822**	**1,405**	**1,461**	**3,123**	**5,432**
Financial revenues	41	36	31	82	123
Financial expenses	(258)	(216)	(201)	(671)	(560)
Monetary variation	275	163	(166)	65	299
Gains on sale of affiliates	90	126	-	404	126
Tax and social contribution (Current)	(10)	(172)	(92)	(433)	(754)
Tax and social contribution (Deferred)	(386)	(102)	36	(316)	(126)
Equity income and provision for losses	179	194	213	542	760
Minority shareholding participation	(32)	(117)	(86)	(223)	(459)
Net earnings	**721**	**1,317**	**1,196**	**2,573**	**4,841**
Earnings per share	**0.63**	**1.14**	**1.04**	**2.23**	**4.20**

BALANCE SHEET			
			US$ million
	12/31/04	09/30/05	12/31/05
Assets			
Current	3,890	5,006	4,775
Long-term	1,603	2,078	2,031
Fixed	10,222	15,019	15,838
Total	**15,715**	**22,103**	**22,644**
Liabilities			
Current	2,455	2,964	3,325
Long term	5,869	6,934	7,342
Shareholders' equity	7,391	12,205	11,977
Paid-up capital	3,707	6,366	6,366
Reserves	3,684	5,839	5,611
Total	**15,715**	**22,103**	**22,644**

CASH FLOW STATEMENT					
					US$ million
	4Q04	3Q05	4Q05	2004	2005
Cash flows from operating activities:					
Net income	721	1.317	1.196	2.573	4.841
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation, depletion and amortization	119	171	183	399	619
Dividends received	60	158	136	200	489
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(179)	(194)	(213)	(542)	(760)
Deferred income taxes	386	102	(36)	316	126
Provisions for contingencies	42	10	18	137	27
Impairment of property, plant and equipment	4	18	0	34	26
Gain on sale of investment	(90)	(126)	-	(404)	(126)
Foreign exchange and monetary losses	(106)	(201)	235	112	(237)
Net unrealized derivative losses	66	65	126	134	101
Minority interest	32	117	86	223	459
Net interest payable	38	12	14	93	62
Others	(70)	(15)	(62)	(123)	(159)
Decrease (increase) in assets:					
Accounts receivable	57	281	(133)	(98)	(416)
Inventories	(95)	(44)	(24)	(216)	(138)
Others	(76)	(441)	63	(78)	(639)
Increase (decrease) in liabilities:					
Suppliers	288	(21)	113	230	279
Payroll and related charges	22	22	40	28	40
Income Tax	(22)	396	(229)	348	413
Others	(126)	161	3	105	154
Net cash provided by operating activities	**1.071**	**1.788**	**1.516**	**3.471**	**5.161**
Cash flows from investing activities:					
Loans and advances receivable	(14)	26	63	36	88
Guarantees and deposits	(21)	(32)	(7)	(111)	(59)
Additions to investments	(15)	0	(12)	(34)	(103)
Additions to property, plant and equipment	(877)	(1.302)	(1.237)	(2.022)	(3.977)
Proceeds from disposals of investment	164	126	-	579	126
Proceeds from disposals of property, plant and equipment	7	1	12	11	16
Net cash used to acquire subsidiaries	-	0	(737)	0	(737)
Net cash used in investing activities	**(756)**	**(1.181)**	**(1.918)**	**(1.541)**	**(4.646)**
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(100)	(194)	(129)	(60)	(86)
Loans	(18)	(17)	3	(6)	(33)
Long-term debt	116	22	1.386	1.051	1.772
Repayments of long-term debt	(390)	(156)	(140)	(1.286)	(884)
Interest attributed to stockholders	(518)	0	(800)	(787)	(1.300)
Net cash used in financing activities	**(910)**	**(345)**	**320**	**(1.088)**	**(531)**
Increase (decrease) in cash and cash equivalents	(595)	262	(82)	842	(16)
Effect of exchange rate changes on cash and cash equivalents	(95)	17	(112)	(204)	(192)
Initital cash in new consolidated subsidiaries	0	0	-	26	0
Cash and cash equivalents, beginning of period	1.939	956	1.235	585	1.249
Cash and cash equivalents, end of period	**1.249**	**1.235**	**1.041**	**1.249**	**1.041**
Cash paid during the period for:					
Interest on short-term debt	(3)	(1)	(8)	(5)	(9)
Interest on long-term debt	(82)	(71)	(55)	(295)	(243)
Income tax	(108)	(202)	(29)	(108)	(481)
Non-cash transactions					
Income tax paid with credits	0	(16)	(65)	(100)	(161)
Interest capitalized	(9)	(10)	(52)	(31)	(86)

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

(a) Adjusted EBIT

US$ million

	4Q04	3Q05	4Q05	2004	2005
Net operating revenues	2,317	3,445	3,598	8,066	12,792
COGS	(1,208)	(1,645)	(1,829)	(4,081)	(6,229)
SG&A	(133)	(160)	(175)	(452)	(583)
Research & development	(67)	(104)	(85)	(153)	(277)
Other operating expenses	(87)	(131)	(48)	(257)	(271)
Adjusted EBIT	**822**	**1,405**	**1,461**	**3,123**	**5,432**

(b) 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

	4Q04	3Q05	4Q05
Operating cash flow	1,071	1,788	1,528
Income tax	10	172	92
Monetary and foreign exchange losses	(169)	38	(8)
Financial expenses	179	103	30
Net working capital	(48)	(354)	94
Others	(42)	(13)	44
Adjusted EBITDA	1,001	1,734	1,780

(c) Gross debt / last 12 months adjusted EBITDA

	4Q04	3Q05	4Q05
Total debt / adjusted LTM EBITDA (x)	1.10	0.68	0.77
Total debt / LTM operating cash flow (x)	1.18	0.83	0.61

(d) Total debt / *enterprise value*

	4Q04	3Q05	4Q05
Total debt / EV (x)	0.12	0.08	0.10
Total debt / total assets (x)	26.01	17.83	22.14

Entreprise value = net debt + market capitalization

(e) Adjusted LTM EBITDA / LTM interest expenses

	4Q04	3Q05	4Q05
Adjusted LTM EBITDA / LTM interest expenses (x)	12.41	21.03	25.95
LTM operating income / LTM interest expenses (x)	10.41	17.49	21.56

(f) Net debt

RECONCILIATION BETWEEN GROSS DEBT VS, NET DEBT			
			US$ million
	4Q04	3Q05	4Q05
Gross debt	4,088	3,942	5,010
Cash and cash equivalents	1,249	1,235	1,041
Net debt	2,839	2,707	3,969