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Companhia Vale do Rio Doce
Form 6-K
March 10, 2006

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**United States Securities and Exchange Commission
Washington, D.C. 20549**

FORM 6-K

**Report of Foreign Private Issuer
Pursuant To Rule 13a-16 or 15d-16
of the**

Securities Exchange Act of 1934

For the month of

March 2006

Companhia Vale do Rio Doce

Avenida Graça Aranha, No. 26
20005-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82__.)

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

**CRUISING AT HIGH SPEED
Performance of CVRD in 2005**

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

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

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New records set in 2005

Sales:

iron ore and pellets, 252.189 million tons

bauxite, 5.600 million tons

alumina, 1.738 million tons

primary aluminum, 498,000 tons

kaolin, 1.218 million tons

Railroad general cargo transported for clients, 28.4 billion net ton kilometers (ntk).

Cargo handled for clients in CVRD ports, 30.5 million tons.

Gross revenues of R\$ 35.4 billion.

Consolidated exports of US\$ 7.021 billion, up 26.9% compared to 2004.

Net exports (exports less imports) of US\$ 6.339 billion, 37.3% higher than the figure reported in 2004. CVRD's contribution to Brazil's trade surplus continued to be extremely significant, being responsible for 14.1% of the record trade surplus of US\$ 44.8 billion last year. This results consolidates CVRD as the largest Brazilian net exporter.

Operating profit, as measured by EBIT (earnings before interest and tax) of R\$ 14.5 billion.

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with Brazilian generally accepted accounting principles (Brazilian GAAP). According to the criteria of Brazilian GAAP, those companies in which CVRD has effective control, or shared control as defined by shareholders agreement, are included in the consolidated figures. In the instances where CVRD has effective control, the consolidation is carried out on a 100% basis and the difference between this amount and the percentage of CVRD's equity stake in the subsidiary is discounted at the minority shareholding line. CVRD's main subsidiaries are Caemi, Alunorte, Albras, RDM, RDME, RDMN, Urucum Mineração, Docenave, Ferrovia Centro-Atlântica (FCA), Rio Doce Europa, Itaco, CVRD Overseas and Rio Doce International Finance. For companies in which control is shared, the consolidated figures are proportional to the equity stake held by CVRD in each company. The main companies in which CVRD has shared control are MRN, Valesul, Kobraesco, Nibrasco, Hispanobras, Itabrasco, GIIC and Samarco and CSI.

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EBIT margin of 42.8%.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R\$ 16.7 billion.

Net earnings of R\$ 10.4 billion, corresponding to R\$ 9.07 per share.

Return on equity (ROE) of 43.4%.

Investments carried out in 2005 of US\$ 4.2 billion ¹ US\$ 2.6 billion on organic growth, US\$ 757 million on maintaining existing operations and US\$ 800 million on acquisitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

SELECTED FINANCIAL INDICATORS

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

* acquisitions included

BUSINESS OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Systematic operation at full capacity increases the probability of production downtime. Given the restrictions on the supply of replacement parts and inventories at a historically low level, the impact of production problems on prices tends to be magnified. This has been important, for example, in the copper market, imposing an upward bias on prices. Particularly for metals, the growing flow of financial resources into investment funds in commodities, resulting from the allocation of part of the pension funds money to this class of assets, has now begun to constitute a new source of demand, pressuring prices.

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

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

RELEVANT EVENTS

Absorption of the shares of Caemi

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

The necessary steps for carrying out the merger are being taken, and expected to be concluded at the end of March. CVRD is owner of 100% of the common shares and 40.06% of the preferred shares of Caemi, or 60.23% of its total capital. After the conclusion of the transaction CVRD will own all the shares of Caemi.

Maintaining the focus on organic growth

On January 26, 2006 CVRD´s Board of Directors approved a capital expenditure budget in the amount of US\$ 4.626 billion, the highest in its history. In 2006, US\$ 3.558 billion will be invested in organic growth, made up of US\$ 3.067 billion in greenfield and brownfield projects, and US\$ 491 million in research and

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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.

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

First shipment of coal

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

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

Sale of stake in Nova Era Silicon

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

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

Sale of stake in the Foz do Chapecó hydroelectric power plant

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

A NEW PLATEAU OF REVENUES

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

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

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

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

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

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

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

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

GROSS REVENUES BY DESTINATION

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

COST PRESSURES AND THE EFFORTS TO OVERCOME THEM

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

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

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

Expenditure on outsourced services, the principal item in COGS, which contributed R\$ 3.406 billion to the cost of goods sold, was up by R\$ 932 million compared to the previous year, mainly due to higher expenditure on railfreight

as a result of both the growth in the volume transported, as well as the increase in tariffs. Also impacting this line was higher expenditure on the waste removal, as well as maintenance services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment in R&D is essential for the sustaining of CVRD's profitable growth over the long term. In the context of a global and multi-commodity program,

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investments have been carried out in 11 countries, covering all the world's continents in a diversified mineral portfolio, involving coal, copper, nickel, manganese, potash, phosphates, bauxite and iron ore.

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

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

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

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

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

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

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

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

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

In 2005, CVRD's gross margin amounted to 52.0%, 330 basis points (bp) higher than that reported in 2004, of 48.7%. The margin obtained in 4Q05 amounted to 50.6%, compared to 48.0% in 4Q04.

Table of Contents**COGS BREAKDOWN**

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

OPERATING PROFIT: A NEW RECORD

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

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

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

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

CASH GENERATION RECORD

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

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

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

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

Table of Contents**BR GAAP****QUARTERLY EBITDA**

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

FINANCIAL RESULT

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

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

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

EQUITY INCOME RESULT

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

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

RECORD NET EARNINGS: R\$10.4 BILLION

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

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

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BR GAAP

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

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

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

CONCILIATING CAPEX, DIVIDENDS AND FINANCIAL STRENGTH

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

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

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

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

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

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

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

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

DEBT INDICATORS

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

Enterprise Value = capitalização de mercado + dívida líquida

BUSINESS PERFORMANCE***Ferrous minerals***

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

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

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

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

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

Shipments made in 4Q05 constituted another quarterly record, when 67.611 million tons, being 56.007 million tons of iron ore and 11.604 million tons of pellets. Sales of pellets in 4Q05 increased by 32.3% compared to 3Q05, when only 8.774 million

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tons were sold, due to issues associated with hurricane Katrina and the rescheduling of shipments.

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

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

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

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

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

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

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

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

SALES VOLUME – IRON ORE AND PELLETS

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

Table of Contents**BR GAAP****VOLUME SOLD BY DESTINATION IRON ORE AND PELLETS**

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

Aluminum

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

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

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

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

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

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

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

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

Table of Contents**BR GAAP*****Non-ferrous minerals***

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

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

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

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

In 2005, kaolin shipments totaled 1.218 million tons, in line with the volume sold in the previous year.

Gross revenues from kaolin sales amounted to R\$428 million, down 8.5% on that obtained in 2004, basically due to the appreciation in the Brazilian Real.

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

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

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

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

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

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

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

SALES VOLUME ORES AND METALS

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

Table of Contents**BR GAAP****Logistics services**

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

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

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

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

ACCIDENTS ON RAILROADS

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

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

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

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

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

LOGISTICS SERVICES

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

Table of Contents**BR GAAP****Steel**

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

EBITDA BY BUSINESS AREA

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

CONFERENCE CALL AND WEBCAST

CVRD will hold its conference call and webcast on Wednesday, March 08, at 12:00 pm Rio de Janeiro time, 10:00 am Eastern Standard Time and 3:00 pm UK time. Instructions for participation are on the website www.cvrd.com.br, *Investor Relations* section. A recording of the call and webcast will be available on the website for 90 days following March 08.

SELECTED FINANCIAL INDICATORS FOR THE MAIN NON-CONSOLIDATED COMPANIES

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

Table of Contents**BR GAAP****FINANCIAL STATEMENTS**

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

BALANCE SHEET

| | R\$ million | | |
|----------------------|-----------------|-----------------|-----------------|
| | 12/31/04 | 09/30/05 | 12/31/05 |
| Asset | | | |
| Current | 11,832 | 12,172 | 12,571 |
| Long term | 3,818 | 4,279 | 4,235 |
| Fixed | 27,831 | 32,285 | 36,788 |
| Total | 43,481 | 48,736 | 53,594 |
| Liabilities | | | |
| Current | 9,326 | 7,248 | 11,667 |
| Long term | 13,944 | 12,730 | 14,915 |
| Others | 2,041 | 2,784 | 2,960 |
| Shareholders' equity | 18,170 | 25,974 | 24,052 |
| Paid-up capital | 7,300 | 14,000 | 14,000 |

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| | | | |
|--------------|---------------|---------------|---------------|
| Reserves | 10,869 | 11,974 | 10,052 |
| Total | 43,481 | 48,736 | 53,594 |

Table of Contents**BR GAAP****CASH FLOW**

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

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| | | | | | |
|---|----------------|--------------|--------------|----------------|----------------|
| Interest attributed to stockholders | (1,480) | | (1,810) | (2,271) | (3,090) |
| Net cash used in financing activities | (2,774) | (779) | 1,117 | (3,498) | (798) |
| Increase (decrease) in cash and cash equivalents | (2,244) | 245 | (286) | 1,788 | (1,214) |
| Cash and equivalents, beginning of period | 6,161 | 2,744 | 2,989 | 2,129 | 3,917 |
| Cash and equivalents, end of period | 3,917 | 2,989 | 2,703 | 3,917 | 2,703 |
| Cash paid during the period for: | | | | | |
| Interest on short-term debt | (14) | (10) | (18) | (52) | (49) |
| Interest on long-term debt | (199) | (196) | (135) | (913) | (686) |
| Paid income tax and social contribution | (171) | (469) | (173) | (318) | (1,231) |
| Non-cash transactions: | | | | | |
| Additions to property, plant and equipment | | | | | |
| interest capitalization | 138 | 120 | (123) | 123 | 372 |
| Income tax and social contribution paid with credits | | (64) | (315) | (311) | (483) |

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BR GAAP

This communication may include declarations which represent the expectations of the Company's Management about future results or events. All such declarations, when based on future expectations and not on historical facts, involve various risks and uncertainties. The Company cannot guarantee that such declarations turn out to be correct. Such risks and uncertainties include factors relative to the Brazilian economy and capital markets, which are volatile and may be affected by developments in other countries; factors relative to the iron ore business and its dependence on the steel industry, which is cyclical in nature; and factors relative to the high degree of competitiveness in industries in which CVRD operates. To obtain additional information on factors which could cause results to be different from those estimated by the Company, please consult the reports filed with the Comissão de Valores Mobiliários (CVM Brazilian stock exchange regulatory authority) and the U.S. Securities and Exchange Commission (SEC), including the most recent Annual Report (CVRD Form 20F).

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Table of Contents**A Financial Statements**

(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

1 Balance Sheet

| December 31 | | Consolidated | | In millions of reais | |
|---|--------------|---------------------|---------------|-----------------------------|---------------|
| | Notes | 2005 | 2004 | Parent Company | |
| | | 2005 | 2004 | 2005 | 2004 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7.8 | 2,703 | 3,917 | 131 | 306 |
| Accounts receivable from customers | 7.9 | 4,183 | 3,076 | 2,038 | 1,850 |
| Related parties | 7.11 | 134 | 73 | 778 | 589 |
| Inventories | 7.10 | 3,235 | 2,894 | 1,127 | 870 |
| Taxes to recover or offset | 7.12 | 986 | 801 | 492 | 414 |
| Deferred income tax and social contribution | 7.13 | 428 | 428 | 334 | 347 |
| Other | | 902 | 643 | 306 | 253 |
| | | 12,571 | 11,832 | 5,206 | 4,629 |
| Non-current assets | | | | | |
| Long-term receivables | | | | | |
| Related parties | 7.11 | 6 | 109 | 459 | 587 |
| Loans and financing | | 143 | 150 | 107 | 106 |
| Deferred income tax and social contribution | 7.13 | 1,043 | 1,058 | 421 | 523 |
| Judicial deposits | 7.17 | 1,667 | 1,680 | 1,030 | 1,147 |
| Taxes to recover or offset | 7.12 | 313 | 185 | 170 | 98 |
| Asset for sale | | 54 | 111 | | |
| Advances to energy suppliers | 7.5(f) | 727 | 259 | | |
| Provision for derivatives | 7.25 | 2 | 9 | 2 | 9 |
| Other | | 280 | 257 | 8 | 28 |
| | | 4,235 | 3,818 | 2,197 | 2,498 |
| Investments | 7.14 | 2,814 | 2,830 | 17,834 | 12,975 |
| Property, plant and equipment | 7.15 | 33,768 | 24,798 | 20,761 | 15,246 |
| Deferred charges | | 206 | 203 | | |
| | | 36,788 | 27,831 | 38,595 | 28,221 |
| | | 53,594 | 43,481 | 45,998 | 35,348 |
| Liabilities and stockholders equity | | | | | |
| Current liabilities | | | | | |
| Short-term debt | 7.16 | 517 | 515 | | |
| Current portion of long-term debt | 7.16 | 2,940 | 2,526 | 882 | 670 |
| Payable to suppliers and contractors | | 2,684 | 1,972 | 1,768 | 1,516 |
| Related parties | 7.11 | 81 | 106 | 3,609 | 2,043 |
| Payroll and related charges | | 542 | 399 | 424 | 288 |

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| | | | | | |
|--|------|---------------|---------------|---------------|---------------|
| Pension Plan Valia | 7.19 | 70 | 91 | 70 | 91 |
| Proposed dividends and interest on stockholders equity | 7.23 | 2,907 | 1,557 | 2,750 | 1,279 |
| Taxes and contributions | | 909 | 1,286 | 68 | 527 |
| Other | | 1,017 | 874 | 490 | 379 |
| | | 11,667 | 9,326 | 10,061 | 6,793 |
| Non-current liabilities | | | | | |
| Long-term liabilities | | | | | |
| Long-term debt | 7.16 | 9,066 | 9,045 | 2,146 | 2,911 |
| Related parties | 7.11 | 3 | 41 | 5,701 | 3,784 |
| Provisions for contingencies | 7.17 | 3,183 | 2,604 | 2,503 | 1,953 |
| Pension Plan Valia | 7.19 | 563 | 570 | 563 | 570 |
| Provision for environmental liabilities | 7.18 | 549 | 354 | 336 | 255 |
| Provisions for derivatives | 7.25 | 610 | 441 | 63 | 64 |
| Other | | 941 | 889 | 573 | 848 |
| | | 14,915 | 13,944 | 11,885 | 10,385 |
| Deferred income | | 9 | 10 | | |
| Minority interest | | 2,951 | 2,031 | | |
| Stockholders equity | | | | | |
| Paid-up capital | 7.20 | 14,000 | 7,300 | 14,000 | 7,300 |
| Revenue reserves | | 10,052 | 10,870 | 10,052 | 10,870 |
| | | 24,052 | 18,170 | 24,052 | 18,170 |
| | | 53,594 | 43,481 | 45,998 | 35,348 |

The additional information, notes and attachment I are an integral part of the financial statements.

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

2 Statement of Income

Years ended December 31

| | | | | Consolidated | | In millions of reais | |
|---------------------------------------|-------------|----------------|----------------|----------------|-----------------|----------------------|----------------|
| | (Unaudited) | | Quarter | Accumulated | Accumulated | | |
| | Notes | 4Q/05 | 4Q/04 | 2005 | 2004 | 2005 | 2004 |
| | 12.1.1 | | | | | | |
| Operating revenues | | | | | | | |
| | and | | | | | | |
| Revenues of ore and metals | 12.2.1 | | | | | | |
| Iron ore and pellets | | 6,362 | 6,107 | 4,131 | 23,438 | 14,921 | 11,198 |
| Manganese and ferroalloys | | 272 | 275 | 594 | 1,488 | | |
| Copper | | 294 | 214 | 324 | 937 | 773 | 592 |
| Flux | | 92 | 111 | 98 | 359 | 359 | 362 |
| Chromite | | 114 | 98 | 113 | 428 | | |
| | | 7,134 | 6,805 | 5,260 | 26,650 | 16,053 | 12,152 |
| Transport services | | 781 | 938 | 789 | 3,291 | 1,801 | 1,556 |
| Revenues of aluminum-related products | | 933 | 956 | 1,090 | 3,857 | 189 | 26 |
| Revenues of steel products | | 338 | 340 | 623 | 1,509 | | |
| Other products and services | | 18 | 3 | 22 | 43 | 55 | 51 |
| | | 9,204 | 9,042 | 7,784 | 35,350 | 18,098 | 13,785 |
| Value Added taxes | | (288) | (237) | (400) | (1,357) | (1,004) | (697) |
| Net operating revenues | | 8,916 | 8,805 | 7,384 | 33,993 | 17,094 | 13,088 |
| | 12.1.2 | | | | | | |
| Cost of products and services | | | | | | | |
| | and | | | | | | |
| | 12.2.2 | | | | | | |
| Iron ore and metals | | (2,945) | (2,616) | (2,350) | (10,585) | (8,833) | (6,640) |
| Transport services | | (535) | (511) | (498) | (1,977) | (637) | (479) |
| Aluminum-related products | | (626) | (642) | (571) | (2,361) | (111) | (16) |
| Steel products | | (295) | (333) | (411) | (1,364) | | |
| Other products and services | | (6) | (6) | (7) | (24) | (22) | (12) |
| | | (4,407) | (4,108) | (3,837) | (16,311) | (9,603) | (7,147) |
| Gross profit | | 4,509 | 4,697 | 3,547 | 17,682 | 7,491 | 5,941 |
| Gross margin | | 50.6% | 53.3% | 48.0% | 52.0% | 43.8% | 45.4% |
| Operating expenses | | | | | | | |

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| | | | | | | | | |
|----------------------------------|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| elling | | (54) | (90) | (97) | (340) | (412) | (3) | (25) |
| Administrative | | (382) | (333) | (362) | (1,280) | (1,125) | (685) | (531) |
| Research and development | | (209) | (221) | (184) | (672) | (440) | (415) | (349) |
| Other operating expenses | | (205) | (288) | (371) | (834) | (955) | (235) | (548) |
| Non-recurring item | | | | | | | | |
| Intangible assets Goodwill | | | | | | | | |
| Amortization | | | | | | (183) | | (183) |
| | | (850) | (932) | (1,014) | (3,126) | (3,115) | (1,338) | (1,636) |
| Operating profit before | | | | | | | | |
| financial results and | | | | | | | | |
| results of equity | | | | | | | | |
| Investments | | 3,659 | 3,765 | 2,533 | 14,556 | 10,306 | 6,153 | 4,305 |
| Results of equity | | | | | | | | |
| Investments | 7.14 | 105 | 14 | 136 | 269 | 156 | 5,466 | 3,251 |
| Gain on investments | | | | | | | | |
| Accounted for by the equity | | | | | | | | |
| Method | | 136 | 84 | 192 | 498 | 408 | 6,875 | 3,947 |
| Amortization of goodwill | | (51) | (57) | (57) | (223) | (252) | (223) | (252) |
| Provision for losses | | | | | | | (308) | (79) |
| Exchange variation in | | | | | | | | |
| Stockholders' equity of | | | | | | | | |
| Companies abroad | | 20 | (13) | 1 | (6) | | (878) | (365) |
| Financial results, net | 7.24 | (764) | (320) | (271) | (1,276) | (2,000) | 81 | (752) |
| Change in | | | | | | | | |
| book value of assets | | | 298 | 85 | 298 | 551 | | 541 |
| Income before income tax | | | | | | | | |
| and social contribution | | 3,000 | 3,757 | 2,483 | 13,847 | 9,013 | 11,700 | 7,345 |
| Income tax and social | | | | | | | | |
| contribution | 7.13 | (153) | (764) | (761) | (2,368) | (1,810) | (1,257) | (885) |
| Income before minority | | | | | | | | |
| interests | | 2,847 | 2,993 | 1,722 | 11,479 | 7,203 | 10,443 | 6,460 |
| Minority interests | | (210) | (281) | (195) | (1,036) | (743) | | |
| Net income for the year | | 2,637 | 2,712 | 1,527 | 10,443 | 6,460 | 10,443 | 6,460 |
| Number of shares | | | | | | | | |
| outstanding at the end of | | | | | | | | |
| the year (in thousands) | | 1,151,520 | 1,151,520 | 1,151,520 | 1,151,520 | 1,151,520 | 1,151,520 | 1,151,520 |

Net earnings per share
outstanding at the end of
the year (R\$)

2.29

2.36

1.33

9.07

5.61

9.07

5.61

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

3- Statement of Changes in Stockholders Equity**Years ended December 31**

| | In millions of reais | | | | | | | | |
|--|----------------------|--------------------|---------------------------|-------------------------|--|-------------------------------|-----------|--------------|---------------|
| | | Paid-up capital | Expansion/ Investments | Unrealized Depletion | Revenue reserves Fiscal Legislatives | Retained stock earnings | | Total | |
| | Notes | | | | | | | | |
| December 31, 2003 | | 6,300 | 6,039 | 1,004 | 557 | 1,081 | 90 | (131) | 14,940 |
| Capitalization of reserves | | 1,000 | (910) | | | (90) | | | |
| Realization of reserves | | | | | (211) | | | | 211 |
| Net income for the year | | | | | | | | | 6,460 |
| Interim interest on stockholders equity | | | | | | | | | (1,671) |
| Interim dividends | | | | | | | | | (280) |
| Additional remuneration proposed | | | | | | | | | (1,279) |
| Appropriation to revenue reserves | | | 3,077 | | | 323 | 41 | | (3,441) |
| | | 7,300 | 8,206 | 1,004 | 346 | 1,404 | 41 | (131) | 18,170 |
| December 31, 2004 | | | | | | | | | |
| Net income for the year | | | | | | | | | 10,443 |
| Capitalization of reserves | | 6,700 | (5,129) | (1,004) | | (526) | (41) | | |
| Realization of reserves | | | | | (109) | | | | 109 |
| Appropriations: | | | | | | | | | |
| Interim interest on stockholders equity | 7.23 | | | | | | | | (783) |
| Interim dividends | 7.23 | | | | | | | | (1,028) |
| Additional remuneration proposed | 7.23 | | | | | | | | (2,750) |
| Appropriation to revenue reserves | 7.23 | | 5,386 | | | 522 | 83 | | (5,991) |
| December 31, 2005 | | 14,000 | 8,463 | | 237 | 1,400 | 83 | (131) | 24,052 |

The notes and attachment I are an integral part of the financial statements.

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(A free translation of the original in Portuguese relating to the financial statements prepared in accordance with the requirements of Brazilian Corporate Law)

4- Statement of Changes in Financial Position**Years ended December 31**

| | Consolidated | | In millions of reais | |
|---|---------------------|---------------|-----------------------------|---------------|
| | 2005 | 2004 | Parent Company | 2004 |
| Funds were provided by: | | | | |
| Net income for the year | 10,443 | 6,460 | 10,443 | 6,460 |
| Expenses (income) not affecting working capital: | | | | |
| Result of equity investments | (269) | (156) | (5,466) | (3,251) |
| Dividends/interest on stockholders' equity | 151 | 66 | 1,441 | 974 |
| Depreciation, amortization and depletion | 1,615 | 1,406 | 869 | 704 |
| Deferred income tax and social contribution | (442) | 324 | 102 | 218 |
| Disposal of investments | 298 | 1,701 | | 1,267 |
| Result on sale of assets | (298) | (551) | | (541) |
| Net monetary and exchange rate variations on long-term assets and liabilities | (1,035) | (554) | (586) | 145 |
| Disposal of property, plant and equipment | 123 | 17 | 20 | 5 |
| Amortization of goodwill in the cost of products sold | 379 | 384 | 379 | 384 |
| Non recurring item - goodwill of Samitri | | 183 | | 183 |
| Net unrealized derivative losses | 416 | 368 | 31 | 22 |
| Minority interests | 1,036 | 743 | | |
| Others | 706 | 503 | 729 | 317 |
| Total funds from operations | 13,123 | 10,894 | 7,962 | 6,887 |
| Loans to related parties, transferred to current assets | 234 | 43 | 138 | 162 |
| Loans and financing obtained | 4,489 | 3,664 | 813 | 1,106 |
| Loans from related parties | 11 | 36 | 3,392 | 798 |
| Others | 444 | 793 | 89 | 136 |
| Total funds provided | 18,301 | 15,430 | 12,394 | 9,089 |
| Funds were used for: | | | | |
| Long-term debt transferred to current liabilities | 3,187 | 3,785 | 2,180 | 1,902 |
| Related parties | 13 | 62 | 283 | 79 |
| Additions to permanent assets | 9,048 | 5,891 | 6,366 | 3,774 |
| Capital subscription in subsidiary and affiliated companies | 1,893 | 289 | 1,219 | 798 |
| Dividends/interest on stockholders' equity | 4,561 | 3,230 | 4,561 | 3,230 |
| Guarantees and deposits | 217 | 256 | 107 | 163 |
| Advances to energy suppliers | 468 | 259 | | |
| Others | 516 | 164 | 369 | 68 |
| Total funds used | 19,903 | 13,936 | 15,085 | 10,014 |

| | | | | |
|---|----------------|--------------|----------------|--------------|
| Increase (decrease) in working capital | (1,602) | 1,494 | (2,691) | (925) |
|---|----------------|--------------|----------------|--------------|

Changes in working capital are as follows:

Current assets:

| | | | | |
|------------------------------|------------|--------------|------------|------------|
| At the end of the year | 12,571 | 11,832 | 5,206 | 4,629 |
| At the beginning of the year | 11,832 | 8,709 | 4,629 | 4,009 |
| | 739 | 3,123 | 577 | 620 |

Current liabilities:

| | | | | |
|------------------------------|--------------|--------------|--------------|--------------|
| At the end of the year | 11,667 | 9,326 | 10,061 | 6,793 |
| At the beginning of the year | 9,326 | 7,697 | 6,793 | 5,248 |
| | 2,341 | 1,629 | 3,268 | 1,545 |

| | | | | |
|---|----------------|--------------|----------------|--------------|
| Increase (decrease) in working capital | (1,602) | 1,494 | (2,691) | (925) |
|---|----------------|--------------|----------------|--------------|

The notes and attachment I are an integral part of the financial statements.

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

5- Statement of Cash Flows**Years ended December 31**

| | | | | Consolidated | | In millions of reais | |
|--|--------------------|--------------|----------------|---------------------|----------------|-----------------------------|--------------|
| | (Unaudited) | | Quarter | Accumulated | | Parent Company | |
| | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 | 2005 | 2004 |
| Cash flows from operating activities: | | | | | | | |
| Net income for the year | 2,637 | 2,712 | 1,527 | 10,443 | 6,460 | 10,443 | 6,460 |
| Adjustments to reconcile net income for the year with cash provided by operating activities: | | | | | | | |
| Results of equity investments | (105) | (14) | (136) | (269) | (156) | (5,466) | (3,251) |
| Sale of assets | | (298) | (85) | (298) | (551) | | (541) |
| Depreciation, amortization and depletion | 446 | 400 | 356 | 1,615 | 1,406 | 869 | 704 |
| Deferred income tax and social contribution | (201) | (283) | 1,141 | (545) | 873 | 114 | 269 |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net | 437 | (420) | (342) | (919) | (144) | (542) | 106 |
| Minority interest | 210 | 281 | 195 | 1,036 | 743 | | |
| Disposal of property, plant and equipment | 46 | 1 | 1 | 123 | 17 | 20 | 5 |
| Amortization of goodwill in the cost of products sold | 92 | 95 | 96 | 379 | 384 | 379 | 384 |
| Non recurring item goodwill of Samitri | | | | | 183 | | 183 |
| Net losses on derivatives | 252 | 169 | 174 | 416 | 368 | 31 | 22 |
| Dividends/interest on stockholders equity received | 4 | 59 | 30 | 151 | 66 | 1,554 | 716 |
| Others | (20) | 37 | 154 | (6) | 247 | 7 | (22) |
| | 3,798 | 2,739 | 3,111 | 12,126 | 9,896 | 7,409 | 5,035 |
| Decrease (increase) in assets: | | | | | | | |
| Accounts receivable | (376) | 735 | 116 | (1,005) | (503) | (188) | (663) |
| Inventories | (21) | (69) | (164) | (228) | (699) | (193) | (317) |
| Advances to energy suppliers | (142) | (139) | (147) | (468) | (259) | | |
| Others | 327 | (731) | (114) | (931) | (462) | (488) | 8 |
| | (212) | (204) | (309) | (2,632) | (1,923) | (869) | (972) |
| Increase (decrease) in liabilities: | | | | | | | |
| Suppliers and contractors | 365 | (291) | 941 | 401 | 787 | 252 | 705 |
| Payroll and related charges and others | 93 | 55 | 55 | 84 | 137 | 77 | 66 |
| Taxes and contributions | (980) | 1,265 | (422) | 591 | 678 | 277 | 673 |

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| | | | | | | | |
|---|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| Others | 216 | (350) | (795) | (102) | 453 | (65) | 213 |
| | (306) | 679 | (221) | 974 | 2,055 | 541 | 1,657 |
| Net cash provided by operating activities | 3,280 | 3,214 | 2,581 | 10,468 | 10,028 | 7,081 | 5,720 |
| Cash flows from investing activities: | | | | | | | |
| Loans and advances receivable | 66 | 88 | (17) | 123 | 81 | (202) | 318 |
| Guarantees and deposits | (43) | (84) | (66) | (217) | (256) | (107) | (163) |
| Additions to investments | (23) | (31) | (184) | (272) | (289) | (1,219) | (798) |
| Additions to property, plant and equipment | (3,099) | (2,464) | (2,256) | (9,245) | (6,014) | (6,461) | (3,810) |
| Net cash used in acquisitions and increase of funds to subsidiaries | (1,621) | | | (1,621) | | | |
| Proceeds from disposal of property, plant and equipment/investments | 37 | 301 | 472 | 348 | 1,736 | 49 | 1,268 |
| Net cash used in financing activities | (4,683) | (2,190) | (2,051) | (10,884) | (4,742) | (7,940) | (3,185) |
| Cash flows from financing activities: | | | | | | | |
| Short-term debt | (145) | (435) | (263) | 111 | (203) | 784 | (308) |
| Long-term debt | 3,406 | 26 | 606 | 4,500 | 3,669 | 4,205 | 2,380 |
| Repayments: | | | | | | | |
| Related parties | | | | | | (266) | (475) |
| Financial institutions | (334) | (370) | (1,639) | (2,319) | (4,693) | (949) | (1,897) |
| Interest on stockholders' equity paid to stockholders | (1,810) | | (1,478) | (3,090) | (2,271) | (3,090) | (2,271) |
| Net cash used in financing activities | 1,117 | (779) | (2,774) | (798) | (3,498) | 684 | (2,571) |
| Increase (decrease) in cash and cash equivalents | | | | | | | |
| Cash and cash equivalents, beginning of the year | 2,989 | 2,744 | 6,161 | 3,917 | 2,129 | 306 | 342 |
| Cash and cash equivalents, end of the year | 2,703 | 2,989 | 3,917 | 2,703 | 3,917 | 131 | 306 |
| Cash paid during the year for: | | | | | | | |
| Short-term interest | (18) | (10) | (14) | (49) | (52) | (11) | (5) |
| Long-term interest | (135) | (196) | (199) | (686) | (913) | (284) | (340) |
| Income tax and social contribution | (173) | (469) | (171) | (1,231) | (318) | (892) | |
| Non-cash transactions: | | | | | | | |
| Additions to property, plant and equipment interest capitalization | (123) | 120 | 138 | 372 | 123 | 96 | 35 |
| Transfer of advance for future capital increase to investments | (315) | (64) | | (483) | (311) | (1,009) | (261) |

Compensated income tax and social
contribution

The notes and attachment I are an integral part of the financial statements.

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

6 STATEMENT OF VALUE ADDED**Years ended December 31**

| | | | | | In millions of reais | | | |
|--|---------------|------------|------------------------------|------------|-----------------------------|------------|--------------------------------|------------|
| | 2005 | % | Consolidated 2004 | % | 2005 | % | Parent Company 2004 | % |
| Generation of Value Added | | | | | | | | |
| Gross revenue | 35,350 | 100 | 29,020 | 100 | 18,098 | 100 | 13,785 | 100 |
| Less: Acquisition of products | (2,239) | (6) | (2,755) | (9) | (1,897) | (10) | (1,368) | (11) |
| Outsourced services | (3,784) | (11) | (4,156) | (14) | (2,356) | (13) | (2,005) | (15) |
| Materials | (3,125) | (9) | (2,497) | (9) | (1,891) | (10) | (1,453) | (12) |
| Fuel oil and gas | (1,829) | (5) | (1,698) | (6) | (868) | (5) | (848) | (6) |
| Research and development, selling and administrative | (1,142) | (3) | (764) | (3) | (491) | (3) | (432) | (3) |
| Other operating expenses | (2,822) | (8) | (2,207) | (8) | (706) | (4) | (782) | (6) |
| Gross Value Added | 20,409 | 58 | 14,943 | 51 | 9,889 | 55 | 6,897 | 47 |
| Depreciation, amortization and depletion | (1,994) | (6) | (1,694) | (6) | (1,248) | (7) | (1,007) | (7) |
| Net Value Added | 18,415 | 52 | 13,249 | 45 | 8,641 | 48 | 5,890 | 40 |
| Received from third parties | | | | | | | | |
| Financial revenue (a) | (319) | (1) | 347 | 1 | 175 | 1 | 102 | 1 |
| Results of equity investments | 269 | 1 | 156 | 1 | 5,466 | 30 | 3,251 | 24 |
| Results on sale of assets | 298 | 1 | 551 | 2 | | | 541 | 4 |
| Total Value Added | 18,663 | 53 | 14,303 | 49 | 14,282 | 79 | 9,784 | 69 |
| Distribution of Value Added | | | | | | | | |
| Employees | 1,884 | 10 | 1,885 | 13 | 1,054 | 7 | 901 | 9 |
| Government | 4,510 | 24 | 2,862 | 20 | 2,792 | 19 | 1,653 | 17 |
| Third parties capital (interest and monetary and | 790 | 4 | 2,353 | 16 | (7) | | 770 | 8 |

| | | | | | | | | |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|--------------|------------|
| exchange variances, net) (b) | | | | | | | | |
| Stockholders remuneration | 4,561 | 24 | 3,230 | 23 | 5,221 | 37 | 3,230 | 33 |
| Minority interests | 1,036 | 6 | 743 | 5 | | | | |
| Retained earnings | 5,882 | 32 | 3,230 | 23 | 5,222 | 37 | 3,230 | 33 |
| Total Value added distributed | 18,663 | 100 | 14,303 | 100 | 14,282 | 100 | 9,784 | 100 |

The notes and attachment I are an integral part of the financial statements.

- (a) Includes monetary and exchange rate variation losses from assets;
- (b) Includes monetary and exchange rate variations gains from liabilities.

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(A free translation of the original in Portuguese relating to the Financial Statements prepared in accordance with the requirements of Accounting, Practices Generally Accepted in Brazil)

7 Notes to the Financial Statements at December 31, 2005 and 2004

Expressed In millions of *reais*

7.1 Operations

Companhia Vale do Rio Doce is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, copper and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly-controlled companies, CVRD operates in iron ore and pellets, manganese and ferroalloys, kaolin, steel, aluminum-related products and logistics.

7.2 Presentation of Financial Statements

The financial statements have been prepared in conformity with accounting practices adopted in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission) and Instituto dos Auditores Independentes do Brasil IBRACON (Brazilian Independent Auditors Institute). The quarter financial information to 12/31/05, 09/30/05 and 12/31/04 are unaudited but reviewed by the auditors in accordance to specific rules applied to a review of quarterly information.

7.3 Accounting Pronouncements Recently-issued by Comissão de Valores Mobiliários

- (a) On October 3rd, 2005 CVM issued Deliberation N° 488, which approved IBRACON Pronouncement NPC 27 on the presentation and disclosure of Financial Statements, whose effectiveness was extended to years ending after 12/31/2005 through Deliberation N° 496 dated 01/03/06; and
- (b) On the same date CVM issued Deliberation N° 489, which approved IBRACON Pronouncement NPC 22 on provisions, liabilities, contingent liabilities and contingent assets.

CVRD has followed substantially the instructions referred to in the Deliberations and does not expect any significant change when they are finally implemented.

7.4 Principles and Practices of Consolidation

- (a) The consolidated financial statements show the balances of assets and liabilities on December 31, 2005 and 2004 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies for the years then ended;
- (b) Intercompany balances and the Parent Company's investments in its direct and indirect subsidiaries and jointly-controlled companies were eliminated in the consolidation. Minority interests are shown separately on the balance sheet and statement of income;
- (c) In the case of investments in companies in which the control is shared with other stockholders, the components of assets and liabilities and revenues and expenses are included in the consolidated financial statements in proportion to the participation of the Parent Company in the capital of each investee; and
- (d) The principal figures of the subsidiaries and jointly-controlled companies included in the consolidation are presented in Attachment I.

7.5- Significant Accounting Policies

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the financial statements date are classified as non-current;
- (c) Marketable securities, classified as cash and cash equivalents are represented by less than 90 days applications and are stated at cost plus accrued income earned to the financial statements date;

- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the financial statements date, and those in local currency, when applicable, are restated based on contractual indices;

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- (f) Amounts given in advance to Centrais Elétricas do Norte do Brasil S.A. Eletronorte due to long term contract to supply of energy, are classified as Advances to energy suppliers , in long-term receivables;
- (g) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for losses when applicable. At consolidated the exchange rate effect over stockholders equity from investees abroad are classified as monetary and exchange rate variation included as financial result, net;
- (h) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historical cost (increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the useful lives of the assets. Depletion of mineral reserves is based on the ratio between effective production and estimated capacity;
- (i) Research and development costs are incurred as operational expenses until the proof of its economical feasibility to exploit commercially a mine. After this proof, the costs are capitalized as part of the costs of building and constructing of mine;
- (j) During the development of a mine, stripping costs registered are capitalized as part of the depreciable cost of building and developing the mine. Post-production stripping costs are recorded as cost of sales;
- (k) Pre-operating costs except for financial charges capitalized as mentioned in (h) above, are deferred and amortized over a period of 10 years. The deferred charges (consolidated) refer basically to copper projects and expansion of Alunorte and Albras;
- (l) CVRD follows the accounting practices laid down by to Deliberation CVM 371/00 related to the recognition of liabilities and results from actuarial valuation of employees pension plan; and
- (m) The financial statements of the Parent Company reflect the Board of Directors proposal for appropriation of the net income for the year, for the approval of the Annual General Meeting.

7.6- Independent Auditors Policy

The policy concerning independent accountants in relation to non-audit services is based on the maintenance of their independence. According to best practices of corporate governance, all services rendered by independent auditors are pre-approved by the Fiscal Council. During 2005, the amount of non-audit services paid was less than 5% compared to the total fees paid to independent auditors.

7.7- Major Acquisitions and Divestments

- (a) In November and December 2005, CVRD acquired 93.0% and 6.2% of the voting capital of Canico Resource Corp. (Canico) for R\$ 1,656 and R\$ 112, respectively. Canico is a Public Traded Canadian based junior company, whose principal asset is the participation in Mineração Onça Puma, a pre-operational mineral exploitation company focused on the development of the nickel laterite project.

In February, 2006, CVRD concluded the acquisition of the outstanding common shares of Canico, acquiring the remaining voting capital of Canico, 0.8% of its total capital for R\$ 14. CVRD owns 100% of Canico and will dilist it;

- (b) In July 2005, CVRD subsidiary Caemi sold the remaining QCM preferred shares to Dofasco Inc. (Dofasco) for R\$ 298. The accounting value of the investment had previously been completely written-off and therefore all proceeds were recorded as gain; and

(c) In 2004, CVRD sold the total participation in Companhia Siderúrgica de Tubarão (CST), accounting for a gain of R\$ 541.

7.8- Cash and Cash Equivalent

| | Consolidated | | Parent Company | |
|--|---------------------|--------------|-----------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash and bank accounts | 586 | 416 | 10 | 90 |
| Marketable securities linked to the interbank deposit certificate rate | 785 | 1,156 | 121 | 216 |
| Time deposits / overnight investments | 1,332 | 2,313 | | |
| Fixed-yield bond investments (funds) | | 25 | | |
| Others | | 7 | | |
| | 2,703 | 3,917 | 131 | 306 |

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| | Consolidated | | Parent Company | |
|----------------------------------|---------------------|--------------|-----------------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| Domestic | 745 | 587 | 736 | 568 |
| Export | 3,574 | 2,622 | 1,382 | 1,367 |
| | 4,319 | 3,209 | 2,118 | 1,935 |
| Allowance for doubtful accounts | (101) | (101) | (49) | (55) |
| Allowance for ore weight credits | (35) | (32) | (31) | (30) |
| | 4,183 | 3,076 | 2,038 | 1,850 |

No individual client was responsible for more than 10% of total revenues.

7.10 Inventories

| | Consolidated | | Parent Company | |
|---|---------------------|--------------|-----------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Finished products | | | | |
| . Iron ore and pellets | 820 | 592 | 413 | 363 |
| . Manganese and ferroalloys | 378 | 389 | | |
| . Aluminum | 185 | 232 | | |
| . Steel products | 81 | 93 | | |
| . Copper | 6 | 7 | 6 | 7 |
| . Others | 47 | 71 | 5 | 5 |
| | 1,517 | 1,384 | 424 | 375 |
| Spare parts and maintenance supplies | 1,718 | 1,510 | 703 | 495 |
| | 3,235 | 2,894 | 1,127 | 870 |

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Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2013, as follows:

| | 2005 | | Assets | | 2005 | | Consolidated | |
|---------------------------------------|------------|------------|------------|------------|------------|-------------|--------------|-------------|
| | Related | | 2004 | | Related | | Liabilities | |
| | party - | | Related | | party - | | 2004 | |
| | Customers | assets | party - | assets | Suppliers | liabilities | Suppliers | Related |
| | Customers | Customers | assets | Suppliers | Suppliers | Suppliers | liabilities | party - |
| | | | | | | | | liabilities |
| Nibrasco | 54 | | 37 | | 70 | 25 | 21 | 17 |
| Hispanobras | 27 | 15 | 32 | | 36 | 12 | 39 | 11 |
| Itabrasco | 27 | 12 | 32 | | 16 | 3 | 34 | 3 |
| Kobrasco | 38 | 1 | 25 | 30 | 16 | 15 | 8 | 16 |
| Gulf Industrial Investment Co. | | | | | | | | |
| GIIC | 11 | | 14 | | 27 | | | |
| Usiminas | 33 | | 21 | | | | | |
| Samarco Mineração S.A | 2 | | 2 | | | | | |
| MRS Logística | | 83 | 4 | 26 | 4 | 14 | 4 | 42 |
| Baovale Mineração S.A | | | | | 21 | | 18 | |
| Ferrobán | | | 1 | 102 | | | | 22 |
| Mineração Rio do Norte | | 15 | | | 47 | | 32 | |
| Minas da Serra Geral | | 3 | | | 9 | 1 | | |
| FVRD | | | | 6 | | | 1 | 11 |
| Nova Era Silicon | | 4 | | 4 | | | | |
| Others | 14 | 7 | 27 | 14 | 8 | 4 | 3 | 12 |
| Total | 206 | 140 | 195 | 182 | 254 | 84 | 160 | 147 |
| Registered as: | | | | | | | | |
| Short-term | 206 | 134 | 195 | 73 | 254 | 81 | 160 | 106 |
| Long-term | | 6 | | 109 | | 3 | | 41 |
| | 206 | 140 | 195 | 182 | 254 | 84 | 160 | 147 |

The principal results arising from commercial and financial transactions carried out by the Parent Company with related parties, classified in the statement of income as revenue and costs of sales and services and financial income and expenses, are as follows:

| | Income | | Consolidated | |
|------------------------|--------|------|----------------|------|
| | 2005 | 2004 | Expense / Cost | 2004 |
| | 2005 | 2004 | 2005 | 2004 |
| Baovale Mineração S.A. | | | 15 | 14 |

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| | | | | |
|--|--------------|--------------|--------------|--------------|
| California Steel Industries, Inc. | 4 | 35 | | |
| Companhia Siderúrgica de Tubarão CST | | 579 | | |
| Gulf Industrial Investment Co.-GIIC | 163 | 91 | 3 | 2 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 182 | 146 | 347 | 151 |
| Companhia Italo-Brasileira de Pelotização ITABRASCO | 168 | 125 | 151 | 39 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 184 | 135 | 274 | 104 |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 299 | 218 | 572 | 221 |
| Mineração Rio do Norte S.A. | | 1 | 243 | 267 |
| MRS Logística S.A. | 6 | | 657 | 525 |
| Samarco Mineração S.A. | 52 | 24 | | |
| Valesul Alumínio S.A. | 66 | 9 | | |
| Usinas Siderúrgicas de Minas Gerais USIMINAS | 617 | 394 | | |
| Others | 21 | 1 | 10 | 1 |
| | 1,762 | 1,758 | 2,272 | 1,324 |

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| | Consolidated | | Parent Company | |
|---|---------------------|-------------|-----------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Withholding income tax on marketable securities and stockholders' equity received | 64 | 68 | 22 | 36 |
| Value-added tax | 672 | 491 | 481 | 359 |
| PIS and COFINS | 230 | 180 | 4 | 90 |
| IR anticipated | 290 | 54 | 127 | 5 |
| Others | 43 | 193 | 28 | 22 |
| | 1,299 | 986 | 662 | 512 |
| Current | 986 | 801 | 492 | 414 |
| Non-Current | 313 | 185 | 170 | 98 |
| | 1,299 | 986 | 662 | 512 |

7.13 Deferred Income Tax and Social Contribution

Income of the company is subject to the normal tax system. The balances of deferred assets and liabilities are presented as follows:

| | Consolidated | | Net Deferred Parent Company | |
|----------------------------------|---------------------|--------------|------------------------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Tax loss carryforward | 469 | 558 | | |
| Temporary differences: | | | | |
| . Pension Plan - Valia | 215 | 247 | 215 | 247 |
| . Contingent liabilities | 677 | 593 | 593 | 536 |
| . Provision for losses on assets | 131 | 166 | 131 | 156 |
| . Others | (21) | (78) | (184) | (69) |
| | 1,002 | 928 | 755 | 870 |
| Total | 1,471 | 1,486 | 755 | 870 |
| Short-term | 428 | 428 | 334 | 347 |
| Long-term | 1,043 | 1,058 | 421 | 523 |
| | 1,471 | 1,486 | 755 | 870 |

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The amounts reported as income tax and social contribution, which affected the results for the year, are as follows:

| | (Unaudited) Quarter | | | Consolidated Accumulated | | Parent Company Accumulated | |
|--|----------------------------|----------------|--------------|-------------------------------------|----------------|---------------------------------------|----------------|
| | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 | 2005 | 2004 |
| Income before income tax and social contribution | 3,000 | 3,757 | 2,483 | 13,847 | 9,013 | 11,700 | 7,345 |
| Equity in results | (136) | (84) | (192) | (498) | (408) | (6,875) | (3,947) |
| Exchange rate variation on stockholders equity | (20) | 13 | (1) | 6 | | 878 | 365 |
| Non-deductible goodwill and provision for losses | 49 | 55 | 55 | 213 | 220 | 531 | 220 |
| Results on sale of assets | | (298) | (85) | (298) | (551) | | (541) |
| | 2,893 | 3,443 | 2,260 | 13,270 | 8,274 | 6,234 | 3,442 |
| Income tax and social contribution at combined tax rates | 34% | 34% | 34% | 34% | 34% | 34% | 34% |
| Federal income tax and social contribution at statutory rates | (984) | (1,171) | (768) | (4,512) | (2,813) | (2,120) | (1,170) |
| Adjustments to net income which modify the effect on the results for the year: | | | | | | | |
| . Income tax benefit from interest on stockholders equity | 150 | 116 | 151 | 701 | 577 | 701 | 568 |
| . Fiscal incentives | 5 | 134 | 25 | 250 | 152 | 110 | 41 |
| . Interest on stockholders equity received | | | | | | (11) | (48) |
| . Results of overseas companies not taxed (bilateral international agreements) | 833 | 105 | 175 | 1,239 | 464 | | |
| . Amortized negative goodwill taxed | | | (99) | | (99) | | (99) |
| . Temporary difference due to capital loss non-deductible | | | (176) | | (176) | | (176) |
| . Reduced incentive aliquot | 28 | 38 | (7) | 116 | 62 | | |
| | | | 105 | | 105 | | |

| | | | | | | | |
|---|--------------|--------------|--------------|----------------|----------------|----------------|--------------|
| . Reversal of provision for losses | | | | | | | |
| . Others | (185) | 14 | (167) | (162) | (82) | 63 | (1) |
| Income tax and social contribution | (153) | (764) | (761) | (2,368) | (1,810) | (1,257) | (885) |

The deferred assets and liabilities for income tax and social contribution arising from tax losses, negative social contribution bases and temporary differences are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared based on internal assumptions and macroeconomic, commercial and fiscal scenarios which could change in the future.

These temporary differences will be realized upon the occurrence of the corresponding taxable events, expected to be as follows:

| Years | Net amount of credits | |
|-------|-----------------------|----------------|
| | Consolidated | Parent company |
| 2006 | 428 | 334 |
| 2007 | 289 | 135 |
| 2008 | 268 | 135 |
| 2009 | 130 | 4 |
| 2010 | 124 | 22 |
| 2011 | 77 | 23 |
| 2012 | 76 | 23 |
| 2013 | 23 | 23 |
| 2014 | 23 | 23 |
| 2015 | 33 | 33 |
| | 1,471 | 755 |

In addition to the credits recorded, the Company has a lawsuit claiming an additional 51.8% monetary restatement for tax purposes applied to the months of January and February 1989 (Plano Verão monetary plan). A favorable ruling has already been obtained for compensation of credits corresponding to 42.7% instead of the 51.8% requested (however, not yet utilized). The amount of these credits covered by the ruling totals approximately R\$ 309 and the accounting effects have not yet been recognized in the financial statements.

The company has also a lawsuit claiming the application of PIS and COFINS over other revenues during the effectiveness of article 3° of Law 9718/98 had validity. In November 2005, the Supreme Court (STF) considered not constitutional the referred prevision of the law. The recoverable value in case CVRD wins the case is R\$ 458, not yet recognized in the financial statements.

There is no direct relation between the net income of the Company and the income tax and social contribution. Therefore, the projection for the use of tax credits should not be taken as an indication of the company future net income.

The Company has certain tax incentives related to iron ore and manganese operations in Carajás, bauxite in Oriximiná, potash in Rosario do Catete, alumina and aluminum operations in Barcarena and kaolin operations in Ipixuna and Mazagão. The incentives related to iron ore comprise full income tax exemption on defined production levels up to 2005 and for manganese partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels which expire in 2009 and 2013, respectively,

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while the partial exemption incentives related to aluminum and kaolin expire in 2013 and bauxite in 2008. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed to the stockholders.

7.14 Investments Consolidated and Parent Company

| | | | | | | CONSOLIDATED | |
|---|--------------------|--------------|--------------|----------------------------|--------------|-----------------------------------|-------------|
| | Investments | | 4Q/05 | (Unaudited) Quarter | | Equity Results Accumulated | |
| | 2005 | 2004 | | | 3Q/05 | 4Q/04 | 2005 |
| Investments in affiliated companies | | | | | | | |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a) and (b) | 1,017 | 759 | 88 | 74 | 171 | 402 | 332 |
| Shandong Yankuang International Company Ltd. | 50 | 28 | | | | | |
| Henan Longyu Resources Co. Ltd. | 225 | | 23 | | | 23 | |
| Goodwill of consolidated companies | 1,418 | 1,997 | (51) | (57) | (57) | (223) | (252) |
| Others | 7 | 8 | 17 | (11) | | | |
| Investments at cost | | | | | | | |
| SIDERAR Sociedad Anonima Industrial Y Comercial (a) | 35 | 40 | | | | | |
| Quadrem International Holdings Ltd. | 11 | 12 | | | | | |
| Others | 51 | (14) | 28 | 8 | 22 | 67 | 76 |
| | 2,814 | 2,830 | 105 | 14 | 136 | 269 | 156 |

(a) Interest at market price Usiminas R\$ 1,324 and Siderar R\$ 332;

(b) Dividends received from Usiminas in 2005, R\$ 144.

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| | PARENT COMPANY | | | | | | | |
|--|------------------------|-------------------------------------|--|--------------------|-----------------|-----------------|------------------------------------|----------------------|
| | Participation % | Adjusted stockholders equity | Adjusted net income (loss) for the year | Investments | | | Results of equity Dividends | |
| | | | | 31/12/05 | 31/12/04 | 31/12/05 | investments 31/12/04 | received 2005 |
| Iron ore and pellets | | | | | | | | |
| Caemi Mineração e Metalurgia S.A. (e, g) | 60.23 | 2,882 | 1,759 | 1,415 | 654 | 1,005 | 333 | |
| Goodwill of Caemi | | | | 1,005 | 1,147 | (142) | (142) | |
| KOBRASCO | 50.00 | 188 | 121 | 94 | 34 | 61 | 31 | |
| HISpanoBRÁS | 50.89 | 112 | 136 | 57 | 58 | 69 | 22 | 48 |
| ITABRASCO | 50.90 | 102 | 108 | 52 | 46 | 55 | 14 | 23 |
| NIBRASCO | 51.00 | 269 | 181 | 137 | 82 | 92 | 39 | 45 |
| CVRD Overseas Ltd. (a) | 100.00 | 646 | 660 | 646 | 621 | 660 | 235 | |
| Gulf Industrial Investment Co. GIIC (a) | 50.00 | 289 | 315 | 144 | 120 | 157 | 42 | |
| ITACO/ RDE (a) | 100.00 | 5,102 | 2,176 | 5,102 | 2,282 | 2,176 | 210 | |
| Minas da Serra Geral S.A. MSG (g) | 50.00 | 99 | (9) | 50 | 47 | (4) | (8) | |
| Samarco Mineração S.A. (g) | 50.00 | 887 | 1,229 | 443 | 285 | 615 | 350 | 522 |
| Companhia Portuária da Baía de Sepetiba | 100.00 | 248 | 83 | 248 | 223 | 83 | 63 | 58 |
| Others | | | | 281 | 248 | 30 | 40 | |
| Incorporated companies (c) | | | | 379 | 757 | | | |
| Goodwill of other companies | | | | 35 | 19 | (10) | (10) | 30 |
| | | | | 10,088 | 6,623 | 4,847 | 1,219 | 726 |
| Manganese and ferroalloys | | | | | | | | |
| Rio Doce Manganèse Europe RDME (a) | 100.00 | 204 | (76) | 204 | 280 | (76) | 92 | |
| Rio Doce Manganês S.A. (g) | 100.00 | 634 | 58 | 634 | 867 | 58 | 321 | 296 |
| Goodwill of Rio Doce Manganês | | | | | 71 | (71) | (75) | |
| Urucum Mineração S.A. (g) | 100.00 | 47 | 20 | 47 | 46 | 20 | 15 | 39 |

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| | | | | | | | | |
|--|--------|-------|-------|--------------|--------------|--------------|------------|------------|
| Others | | | | 36 | 112 | (54) | 142 | 22 |
| | | | | 921 | 1,376 | (123) | 495 | 357 |
| Non-ferrous | | | | | | | | |
| Cadam S. A. (g) | 37.03 | 343 | (28) | 127 | | (10) | | |
| Pará Pigmentos S.A. (g) | 49.41 | 111 | (9) | 55 | 60 | (5) | 25 | |
| Ferro-Gusa Carajás (g) | 77.97 | 123 | (14) | 96 | 107 | (11) | | |
| Salobo Metais S.A. (f, g) | 100.00 | 262 | | 262 | 233 | | | |
| Advanced for capital increase Salobo Metais | | | | 12 | 26 | | | |
| Others | | | | (1) | (3) | (2) | (31) | 1 |
| | | | | 551 | 423 | (28) | (6) | 1 |
| Logistics | | | | | | | | |
| Ferrovia Centro-Atlântica S.A. (g) | 100.00 | (121) | (160) | (121) | 39 | (160) | (95) | |
| Advanced for capital increase Ferrovia Centro-Atlântica S.A. | | | | 1,525 | 531 | | | |
| MRS Logística S.A. (b,g) | 29.35 | 629 | 410 | 185 | 121 | 120 | 72 | 9 |
| DOCENAVE (g) | 100.00 | 322 | 86 | 322 | 242 | 86 | 92 | 6 |
| TVV Terminal de Vila Velha S.A. (g) | 99.89 | 80 | 20 | 80 | 71 | 20 | 16 | 11 |
| CPP Participações | 100.00 | (14) | 2 | (14) | (16) | 2 | (1) | |
| Goodwill of CPP Participações | | | | | | | (23) | |
| Others | | | | (14) | (11) | (1) | | |
| | | | | 1,963 | 977 | 67 | 61 | 26 |
| Steel | | | | | | | | |
| California Steel Industries, Inc CSI (a) | 50.00 | 749 | 59 | 374 | 411 | 29 | 95 | |
| CST (d) | | | | | | | 325 | |
| Rio Doce Limited (a) | 100.00 | 312 | | 312 | 313 | | | |
| USIMINAS (e) | 11.46 | 8,870 | 3,505 | 1,017 | 759 | 402 | 332 | 144 |
| Others | | | | 46 | | (5) | | |
| | | | | 1,749 | 1,483 | 426 | 752 | 144 |
| Aluminum | | | | | | | | |
| ALBRAS Alumínio Brasileiro S.A. | 51.00 | 1,131 | 178 | 577 | 549 | 91 | 226 | 103 |

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ALUNORTE

| | | | | | | | | |
|---------------------------------|-------|-------|-----|--------------|--------------|------------|------------|------------|
| Alumina do Norte do Brasil S.A. | 57.03 | 2,084 | 334 | 1,188 | 934 | 190 | 244 | 14 |
| Itabira Rio Doce (ITACO) (a) | | | | | | 130 | 28 | |
| Mineração Rio do Norte S.A. (g) | 40.00 | 932 | 425 | 373 | 348 | 170 | 191 | 143 |
| Valesul Alumínio S.A. (g) | 54.51 | 254 | 2 | 139 | 149 | 1 | 41 | 20 |
| | | | | 2,277 | 1,980 | 582 | 730 | 280 |

Others

| | | | | | | | | |
|---|--------|----------|-------|-------|------|-------|------|----|
| DOCEPAR S.A. (g) | 100.00 | 43 | 5 | 43 | 39 | 5 | 13 | |
| Quadrem International Holdings Ltd | 9.00 | | | 11 | 12 | (1) | (1) | |
| Florestas Rio Doce S.A. | 100.00 | 54 | (12) | 54 | 78 | (12) | 2 | 13 |
| Henan Longyu Energy Resources Co. Ltd (a) | 25.00 | 899 | 120 | 225 | | 30 | 2 | |
| Tethys Mining LLC (a) | 100.00 | (3) | (15) | (3) | | (15) | | |
| Compagnie Miniere Trois Riviere CMTR (a,g) | 100.00 | 4 | (48) | 4 | | (48) | | |
| Compañia Minera Andino-Brasileira Ltd-CMAB (a) | 100.00 | | (4) | | | (4) | (17) | |
| Compañia Minera Latino Americana CMLA (a) | 100.00 | | (45) | | (3) | (45) | (14) | |
| Rio Doce South Africa (a) | 100.00 | 6 | (54) | 6 | | (54) | | |
| Rio Doce Moçambique (a) | 100.00 | 5 | (14) | 5 | | (14) | | |
| Rio Doce Argentina (a) | 100.00 | 7 | (2) | 7 | | (2) | | |
| Gevale-Indústria Mineira Ltda. (a,g) | 51.00 | 3 | (9) | 1 | | (5) | | |
| Rio Doce Austrália Pty Ltd. (a) | 100.00 | 5 | (15) | 5 | | (15) | | |
| CVRD Holdings GMBh (a) | 100.00 | (103) | (103) | (103) | | (103) | | |
| Shandong Yankuang International Coking Co. Ltd. (a) | 25.00 | 201 | (17) | 50 | | (4) | | |
| Others | | | | (35) | (28) | (18) | 15 | 7 |
| Advances for capital increase other | | | | 15 | 15 | | | |

companies

| | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|
| | 285 | 113 | (305) | | 20 |
| | 17,834 | 12,975 | 5,466 | 3,251 | 1,554 |

- (a) The net equity of companies located abroad is converted into local currency at rates in effect on the financial statements date. The equity method comprises the difference due to the exchange rate variations as well as participation in results;
- (b) CVRD's interest in MRS Logística S.A is held directly and indirectly through Caemi Mineração e Metalurgia S.A.;
- (c) Merged companies (Ferteco, Socoimex e Samitri) amortization of goodwill recorded in the cost of products sold of the Parent Company;
- (d) Companies sold;
- (e) Investments in companies that were listed on stock exchanges in 2005. The market value of these investments does not necessarily reflect the value that could be realized from selling a representative group of shares;
- (f) Companies in pre-operating phase;
- (g) Audited by our independent auditors.

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| | Average deprecia- tion rates | Consolidated | | | | Parent Company | | | |
|--|---------------------------------------|---------------|-----------------|---------------|---------------|----------------|----------------|---------------|---------------|
| | | Accumulated | | Accumulated | | 2005 | | 2004 | |
| | | Cost | depreciation | Net | Net | Cost | depreciation | Net | Net |
| Buildings | 2.82% | 2,929 | (1,148) | 1,781 | 1,981 | 1,942 | (729) | 1,213 | 1,068 |
| Installations | 3.69% | 13,734 | (4,563) | 9,171 | 7,029 | 7,695 | (3,008) | 4,687 | 3,492 |
| Equipment | 9.52% | 6,557 | (3,042) | 3,515 | 2,652 | 2,454 | (927) | 1,527 | 759 |
| Information Technology Equipment | 20.00% | 1,118 | (436) | 682 | 177 | 936 | (311) | 625 | 138 |
| Railroads | 3.87% | 7,646 | (3,170) | 4,476 | 3,359 | 7,799 | (3,182) | 4,617 | 3,216 |
| Mineral rights (*) | 1.84% | 1,995 | (849) | 1,146 | 986 | 1,323 | (175) | 1,148 | 908 |
| Others | 14.50% | 3,865 | (1,982) | 1,883 | 1,170 | 1,760 | (748) | 1,012 | 703 |
| | | 37,844 | (15,190) | 22,654 | 17,354 | 23,909 | (9,080) | 14,829 | 10,284 |
| Construction in progress | | 11,114 | | 11,114 | 7,444 | 5,932 | | 5,932 | 4,962 |
| Total | | 48,958 | (15,190) | 33,768 | 24,798 | 29,841 | (9,080) | 20,761 | 15,246 |

(*) Calculated as a function of the volume of ore extracted in relation to the proven and probable reserves.

(b) By business area:

| | Cost | Accumulated depreciation | Consolidated | |
|---------------------------|---------------|-----------------------------|---------------|---------------|
| | | | 2005 | 2004 |
| | | | Net | Net |
| Ferrous | | | | |
| Iron Ore | 19,946 | (8,690) | 11,256 | 8,262 |
| Pelletizing | 2,827 | (1,382) | 1,445 | 1,247 |
| Manganese and ferroalloys | 1,121 | (566) | 555 | 486 |
| Energy | 908 | (70) | 838 | 491 |
| Construction in Progress | 4,983 | | 4,983 | 4,254 |
| | 29,785 | (10,708) | 19,077 | 14,740 |
| Non Ferrous | | | | |
| Potash | 398 | (102) | 296 | 89 |
| Gold | 6 | (2) | 4 | 5 |
| Copper | 1,712 | (237) | 1,475 | 1,350 |

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| | | | | |
|--------------------------|---------------|-----------------|---------------|---------------|
| Kaolin | 740 | (303) | 437 | 385 |
| Research and development | 100 | (63) | 37 | 33 |
| Construction in Progress | 1,328 | | 1,328 | 1,581 |
| | 4,284 | (707) | 3,577 | 3,443 |
| Logistics | | | | |
| Maritime | 19 | (10) | 9 | 9 |
| Ports | 939 | (350) | 589 | 428 |
| Railroad | 1,966 | (413) | 1,553 | 958 |
| Construction in Progress | 232 | | 232 | 277 |
| | 3,156 | (773) | 2,383 | 1,672 |
| Holdings | | | | |
| Aluminum | 5,366 | (2,337) | 3,029 | 3,181 |
| Steel | 840 | (392) | 448 | 305 |
| Others | 4 | | 4 | 4 |
| Construction in Progress | 3,963 | | 3,963 | 935 |
| | 10,173 | (2,729) | 7,444 | 4,425 |
| Corporate Center | | | | |
| Corporate | 952 | (273) | 679 | 122 |
| Construction in Progress | 608 | | 608 | 396 |
| | 1,560 | (273) | 1,287 | 518 |
| Total | 48,958 | (15,190) | 33,768 | 24,798 |

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Short Term

| | Consolidated | |
|-----------------|---------------------|-------------|
| | 2005 | 2004 |
| Trade finance | 354 | 254 |
| Working capital | 163 | 261 |
| | 517 | 515 |

Long Term

| | Current liabilities | | Consolidated Long-term liabilities | | Current liabilities | | Parent Company Long-term liabilities | |
|-------------------------------|----------------------------|--------------|---|--------------|----------------------------|-------------|---|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Foreign operations | | | | | | | | |
| Loans and financing in: | | | | | | | | |
| U.S. dollars | 2,013 | 1,345 | 4,040 | 3,233 | 775 | 545 | 1,903 | 2,669 |
| Other currencies | 8 | 11 | 36 | 65 | 8 | 11 | 36 | 57 |
| Notes in U.S. dollars | 101 | 93 | 2,836 | 2,628 | | | | |
| Export securitization | 191 | 146 | 805 | 1,130 | | | | |
| Perpetual notes | | | 176 | 174 | | | | |
| Accrued charges | 74 | 213 | | | 46 | 34 | | |
| | 2,387 | 1,808 | 7,893 | 7,230 | 829 | 590 | 1,939 | 2,726 |
| Local operations | | | | | | | | |
| Indexed by TJLP, TR and IGP-M | | | | | | | | |
| Basket of currencies | 175 | 168 | 290 | 392 | 46 | 20 | 187 | 39 |
| Loans in U.S. dollars | 4 | 21 | 20 | 111 | 4 | 11 | | 1 |
| Non-convertible debentures | 318 | 471 | 531 | 996 | 1 | 48 | 20 | 144 |
| Accrued charges | 1 | | 330 | 311 | 1 | | | 1 |
| | 55 | 58 | 2 | 5 | 1 | 1 | | |
| | 553 | 718 | 1,173 | 1,815 | 53 | 80 | 207 | 185 |
| | 2,940 | 2,526 | 9,066 | 9,045 | 882 | 670 | 2,146 | 2,911 |

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the financial statements date, being US\$ 1.00 = R\$ 2.3407 in 2005 (R\$ 2.6544 in 2004) and ¥ 1.00 = R\$ 0.019833 in 2005 (R\$ 0.025935 in 2004);

(b) At December 31, 2005, our consolidated debt was secured as follows:

Loans guaranteed by the Federal Government, to which we gave counter-guarantees of R\$ 317;

Securitization program of R\$ 1,007;

Property, plant and equipment of R\$ 287;

Others assets R\$ 765.

- (c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows, as of 2005:

| | Consolidated | | Parent Company | |
|--|---------------------|-------------|-----------------------|-------------|
| 2007 | 844 | 9% | 460 | 21% |
| 2008 | 1,172 | 13% | 460 | 21% |
| 2009 | 1,084 | 12% | 402 | 19% |
| 2010 onward | 5,460 | 60% | 824 | 39% |
| No due date (perpetual notes and debentures) | 506 | 6% | | |
| | 9,066 | 100% | 2,146 | 100% |

- (d) Long-term foreign and domestic loans and financing are subject to annual interest rates (plus exchange rate and monetary variation) in 2005 as follows:

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| | Consolidated | | Parent Company | |
|----------------------------|---------------------|-------------|-----------------------|-------------|
| Long-term | | | | |
| Up to 3% | 184 | 2% | 1 | |
| 3.1 to 5% | 4,427 | 37% | 1,436 | 47% |
| 5.1 to 7% | 2,782 | 23% | 965 | 32% |
| 7.1 to 9% | 4,067 | 34% | 575 | 19% |
| 9.1 to 11% | 56 | 0% | 51 | 2% |
| Over 11% | 293 | 2% | | 0% |
| Variable (perpetual notes) | 197 | 2% | | 0% |
| | 12,006 | 100% | 3,028 | 100% |

(e) On October 5, 2005, the subsidiary Vale Overseas Limited launched a US\$ 300 million notes issue maturing in 2034. The notes carry a coupon of 7.65% p.a. The notes form a single series with the US\$ 500 million notes issued on January 2004 and 8.25% coupon.

7.17- Contingent Liabilities

At the financial statements dates the contingent liabilities of the Company were:

(a) Provisions for contingencies and judicial deposits (booked under long-term liabilities and long-term assets, respectively), considered by management and its legal counsel as sufficient to cover losses from any type of lawsuit, were as follows:

| | Judicial deposits | | | Consolidated Provisions for contingencies | | | Parent Company Provisions for contingencies | | |
|----------------------------------|--------------------------|--------------|--------------|--|--------------|--------------|--|--------------|--|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | |
| Tax contingencies | 1,064 | 1,175 | 2,054 | 1,435 | 576 | 750 | 1,686 | 1,001 | |
| Labor and social security claims | 338 | 293 | 549 | 606 | 249 | 227 | 423 | 501 | |
| Civil claims | 257 | 197 | 508 | 547 | 190 | 156 | 364 | 434 | |
| Other | 8 | 15 | 72 | 16 | 15 | 14 | 30 | 17 | |
| Total | 1,667 | 1,680 | 3,183 | 2,604 | 1,030 | 1,147 | 2,503 | 1,953 | |

The Company is party to labor, civil, tax and other suits and has been contesting these matters both administratively and in court. When applicable, these are backed by judicial deposits. Provisions for losses are estimated and restated monetarily by management based on the opinions of the legal department and outside counsel.

Tax contingencies relate principally to a legal action taken by the Company claiming aspects of legislation of tax income and PIS and COFINS and other actions relating to value-added tax (ICMS).

Labor-related actions principally comprise employee claims in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally relate to claims made against the Company by contractors in connection with losses alleged to have been incurred as a result of various past government economic plans.

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In addition to the contingencies for which we have made provisions we have possible losses totaling R\$ 2,466 (R\$ 1,643 parent company) at December 31, 2005, based on the advice of our legal counsel, no provision is maintained.

(b) Guarantees given to jointly-controlled companies are as follows:

| Affiliate or Joint Venture | Amount of guarantee | | Denominated currency | Purpose | Final maturity | Counter guarantees |
|----------------------------|---------------------|------|----------------------|----------------------|----------------|--------------------|
| | 2005 | 2004 | | | | |
| SAMARCO | 11 | 17 | US\$ | Debt guarantee IFC | 2008 | None |
| VALESUL | 1 | 1 | R\$ | Debt guarantee BNDES | 2007 | None |

The Company does not expect such guarantees to be executed and therefore no provisions for losses have been made. CVRD does not charge Valesul for granting these guarantees.

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- (c) Upon privatization of the Company in 1997, the Brazilian government stipulated the issuance of non-convertible debentures (Debentures) to the stockholders of record, including the federal government. The maturity dates of these Debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share any future benefits from mineral resources held by the Company and its subsidiary and affiliated companies that were not evaluated at the time of setting the minimum price of CVRD shares at the privatization auction occurred on 1997.

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one cent), whose value is to be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed.

On October 4, 2002, the Comissão de Valores Mobiliários – CVM (Brazilian Securities Commission) approved the Company’s registration request, for public trading of the Debentures. As from October 28, 2002, the Debentures can be traded on the secondary market.

The debenture holders are entitled to receive semi-annual payments equivalent to a percentage of the net revenue deriving from determined mineral resources owned in May 1997 and included in the Issue Deed.

According to the Debenture Issue Deed, the amount of the premium must include interest up to the month prior to that of effective payment, plus 1% in the month in which the funds are made available to the debenture holder. Pursuant to this Deed, the payment date shall take place each semester in March and September.

Based on estimates of the operational start-up of copper projects, CVRD began calculating the premium referring to these minerals rights. Considering the iron ore sale, the Company estimates that the threshold for payment will be reached in approximately 2030 and 2020 for the Southern and Northern systems, respectively. Regarding other minerals, such as bauxite and nickel, the forecast for exploitation is for the second half of the decade, and according to the criteria established in the Deed, payment will be due on the net sales revenue in the fourth year after the date of first commercialization. The obligation to make payments to the debenture holders will cease when the pertinent mineral resources are exhausted.

In 2005 we made available payment related to debentures in the amount of R\$ 12.

- (d) CVRD is compromised by a contract of take-or-pay to buy approximately 33,733 thousand metric tons of bauxite from Mineração Rio do Norte S. A. – MRN by a price calculated on the quoted aluminum London Metal Exchange LME.

Based on the market price of US\$ 23.01 (R\$ 53.86) per metric ton, in December 31, 2005, this represents an amount of R\$ 1,817 million, as follows:

| | |
|-------------|--------------|
| 2006 | 339 |
| 2007 | 339 |
| 2008 | 339 |
| 2009 | 339 |
| 2010 | 339 |
| 2011 onward | 122 |
| | 1,817 |

7.18- Environmental and Site Reclamation and Restoration Costs

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. The Company manages its environmental policies according to the specifications of ISO 14,001 and maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine. In 2005, the provision for environmental liabilities amounted to R\$ 526 (R\$ 354 in 2004), which was accounted for in Provision for environmental liabilities in long-term liabilities. The Company adopts the concepts of the Accounting for Asset Retirement Obligations, as follows:

Costs for mine closure are recorded as part of the cost of these assets and a corresponding provision is made for such future expenditure;

The estimated costs are accounted for at the present value of the obligations, discounted using a risk free rate; and

The estimated costs are reviewed annually and changes in the present value are adjusted in the recorded values of the assets and liabilities.

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Table of Contents**7.19- Pension Plan Valia**

The Fundação Vale do Rio Doce de Seguridade Social Valia is a private non-profit supplementary social security entity, legally separate from CVRD, founded in 1973 to provide supplementary social security benefits to the employees of the Company, its subsidiaries, affiliated companies and others that participate or may in the future participate in plans administered by the Foundation.

The Company and several of its subsidiaries and affiliated companies are sponsors of Valia, in the following benefit plans:

(a) Benefit Plan**Defined Benefit Plan BD**

This is a pure defined benefit plan, now being phased out, instituted in 1973 upon establishment of Valia. This plan has been closed to new members and is maintained only for existing retired participants and their beneficiaries and a few residual active participants.

Mixed-Benefit Plan Vale Mais

This is a mixed plan, which provides programmable retirement income benefits of the defined contribution type, independent of government social security. It also includes a deferred severance benefit (vesting), as well as risk benefits: retirement for disability, death benefits and sick-leave assistance. This new plan has more modern, transparent and flexible rules that make it more attractive for employees and more economical for the sponsors.

Vale Mais was established in May 2000 and nearly 98.7% of the active employees migrated to this new plan.

The contributions of the sponsors are as follows:

Ordinary contribution Destined to accumulate the resources necessary to grant income benefits, sponsor contributions match participant contributions, up to 9% of their participation salaries, which may not exceed ten plan reference units (R\$ 1,810.41 in December 2005).

Extraordinary contribution This can be made at any time, at the discretion of the sponsors.

Normal contribution To fund the risk plan and administrative expenses, fixed by the actuary based on actuarial appraisals.

Special contribution Destined to cover any special commitment that may arise.

The results of the actuarial evaluation are as follows:

Fair value of assets development

| | 2005 | 2004 |
|--|--------------|--------------|
| Fair value of assets at the beginning of the year | 5,516 | 4,728 |
| Actual return on assets | 1,289 | 1,078 |
| Contribution from sponsor | 54 | 45 |
| Benefits paid in the year | (353) | (335) |
| Fair value of assets at the end of the year | 6,506 | 5,516 |

Evolution of present value of obligation

| | 2005 | 2004 |
|--|-------------|-------------|
|--|-------------|-------------|

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| | | |
|--|--------------|--------------|
| Present value of obligations at the beginning of the year | 3,983 | 4,131 |
| Cost of current service | 5 | 4 |
| Cost of interest | 510 | 484 |
| Benefits paid in the year | (353) | (335) |
| Hypotheses change | 25 | (357) |
| Loss on liabilities | 4 | 56 |
| Present value of obligations at the end of the year | 4,174 | 3,983 |

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Table of Contents**Conciliation of assets and liabilities recognized in the balance sheet**

| | 2005 | 2004 |
|---|----------------|----------------|
| Present value of totally or partially covered actuarial obligations | (4,174) | (3,983) |
| Fair value of assets | 6,506 | 5,516 |
| Net gains not recognized on the balance sheet | (1,795) | (1,297) |
| Actuarial assets/liabilities to be recorded in the balance sheet | (*) 537 | (*) 236 |

(*) The Company has not recorded the actuarial asset on its balance sheet, since there is no clear evidence as to its realization, as established by item 4.9 of NPC 26.

(b) Investment target and composition of plan assets

The fair asset value of these plans is R\$ 6,506 and R\$ 6,516 at the end of 2005 and 2004, respectively. The assets allocations for the Company pension plan at the end of 2005 and 2004 and the target allocation for 2006, by asset category are as follows:

| Asset category | Percentage of plan assets at December 31, | | |
|-------------------|---|-------------|-------------|
| | Target allocation for 2006 (unaudited) | 2005 | 2004 |
| Equity securities | 27% | 30% | 29% |
| Real state | 6% | 5% | 6% |
| Loans | 4% | 4% | 3% |
| Fixed income | 63% | 61% | 62% |
| Total | 100% | 100% | 100% |

The fixed income allocation target of 63% was established in order to match the asset with the benefit payments. The proposal for 2006 is to re-establish the investments in inflation-indexed funds up to 35%. The remaining investments in fixed income will be used for the payment of short-term plan benefits.

The target of 27% for equity securities reflects the expected appreciation of the Brazilian stock markets as well as the Brazilian interest rates.

(c) Actuarial liability**Complementary Value and Health Insurance Plan**

Refers to the responsibility CVRD has to complement the retirements, pensions and health assistance related to the incentive to the disconnecting of some employees occurred between 1987 e 1989.

The results of the actuarial evaluation of this liability are as follows:

Change of fair value of assets (*)

| | Complementary Plan | |
|---|--------------------|------|
| | 2005 | 2004 |
| Fair value of assets at the beginning of the year | 76 | 58 |
| Actual return on assets | 26 | 7 |

| | | |
|--|------------|-----------|
| Contribution from sponsor | 102 | 64 |
| Benefits paid in the year | (58) | (53) |
| Fair value of assets at the end of the year | 146 | 76 |

(*) Does not apply to fair value of assets to health plan.

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Table of Contents**Change in the present value of obligations**

| | 2005 | Health Plan 2004 | Complementary Value Plan 2005 | 2004 |
|--|-------------|---------------------------------|--|-------------|
| Present value of obligations at the beginning of the year | 174 | 152 | 582 | 507 |
| Cost of interest | 23 | 19 | 74 | 65 |
| Benefits paid in the year | (12) | (10) | (58) | (53) |
| Hipoteses change | | | | 6 |
| Loss on liabilities | (2) | 13 | (14) | 57 |
| Present value of obligations at the end of the year | 183 | 174 | 584 | 582 |

Reconciliation of assets and liabilities recognized on the balance sheet

| | 2005 | Health Plan 2004 | Complementary Value Plan 2005 | 2004 |
|--|--------------|---------------------------------|--|--------------|
| Present value of totally or partially covered actuarial obligations | (183) | (174) | (584) | (582) |
| Fair value of assets | | | 146 | 76 |
| Net (gains) loss not recognized on the balance sheet | 11 | 13 | (23) | 6 |
| Actuarial assets and liabilities accrued in the balance sheet | (172) | (161) | (461) | (500) |

Costs incurred in the income statement

| | 2005 | Health Plan 2004 | Complementary Value Plan 2005 | 2004 |
|----------------------------|-------------|---------------------------------|--|-------------|
| Cost of interest | 23 | 19 | 74 | 65 |
| Real interest of assets | | | (11) | (7) |
| Total of costs, net | 23 | 19 | 63 | 58 |

(d) Sponsor contributions

| | 2005 | 2004 |
|--|--------------|--------------|
| Mixed benefit plan Vale Mais income | (23) | (19) |
| Mixed benefit plan Vale Mais risk and proportional benefit | (54) | (45) |
| Complementary value (*) | (102) | (64) |
| Health insurance plan for retired employee (*) | (12) | (10) |
| Total contributions | (191) | (138) |

(*) Refers to actuarial liability

(e) Actuarial and economic hypotheses

All calculation includes future projections in relation to certain parameters, for example: salaries, interest, inflation, benefits from social security, mortality, invalidity and others. No actuarial results can be analyzed without knowledge of the scenarios utilized in the evaluation.

The actuarial economic hypotheses were considering the long-term to their maturity, and must be analyzed from this point of view. They not necessarily are realizable in the short-term.

The evaluation was based on the following economic hypotheses:

| Economic assumptions | 2005 | 2004 |
|---|------------------------------|-------------------------|
| - Discount rate | 13.4% p.a. (nominal) | 13.4% p.a. (nominal) |
| - Expected return on plan assets | 13.4% p.a. (nominal) | 13.4% p.a. (nominal) |
| - Nominal growth index of medical costs | 9.2% p.a. | 9.2% p.a. |
| - Future salary increases | 8.15% p.a. until 47 years | 6.91% until 47 years |
| - Growth in social security benefits and limits | 5.0% p.a. | 5.0% p.a. |
| - Inflation | 5.0% p.a. | 5.0% p.a. |

All assumptions were revised during 2005.

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Table of Contents**7.20- Paid-up Capital**

At the Ordinary General Meeting of 04/27/05, the Company's capital was increased to R\$ 14 billion through capitalization of part of the expansion reserve in the amount of R\$ 6,700.

On August 18, 2004 the Extraordinary General Stockholders' Meeting approved the forward stock split. Each share, common and preferred, is represented by three shares. After the split the Company's capital comprises 1,165,677,165, of which 749,949,429 common shares and 415,727,736 class A preferred shares.

Preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share or 3% of the book net equity value of the share, whichever is greater.

On December 31, 2005 the Company's capital is held as follows:

| Stockholders | Common | % | Preferred | % | Number of shares | |
|--|--------------------|------------|--------------------|------------|----------------------|------------|
| | | | | | Total | % |
| Valepar S.A. | 392,147,133 | 52 | | | 392,147,133 | 34 |
| Brazilian Government (National Treasury / BNDES/ INSS / FPS) | 14,178 | | 15,226,023 | 4 | 15,240,201 | 1 |
| American Depositary Receipts ADRs | 196,433,872 | 26 | 190,162,779 | 46 | 386,596,651 | 34 |
| FMP FGTS | 37,881,084 | 5 | | | 37,881,084 | 3 |
| BNDESPar | 50,289,430 | 7 | 364,333 | | 50,653,763 | 4 |
| Foreign institutional investors | 18,010,853 | 2 | 66,808,192 | 16 | 84,819,045 | 7 |
| Brazil institutional investors | 25,071,898 | 4 | 71,196,249 | 17 | 96,268,147 | 8 |
| Brazil retail investors | 15,955,471 | 2 | 71,958,702 | 17 | 87,914,173 | 8 |
| Treasury stock in Brazil | 14,145,510 | 2 | 11,458 | | 14,156,968 | 1 |
| Total | 749,949,429 | 100 | 415,727,736 | 100 | 1,165,677,165 | 100 |

The members of the Board of Directors and Executive Board together own 43,761 common shares and 261,187 preferred shares.

7.21- American Depositary Receipts (ADR) Program

On June 2000, the Company obtained a registration from the United States Securities and Exchange Commission (SEC), for its preferred shares to be traded on the New York Stock Exchange (NYSE). On March 21, 2002, in connection with the sale of shares held by the BNDES and Brazilian Government, the common shares began to be traded on the NYSE. Each ADR represents 1 (one) preferred Class A or common share, traded under the codes RIOPR and RIO, respectively.

Since 09/07/04 each ADR was also split in 3 (three). In this way the proportion of 1 (one) ADR to each common or preferred share was maintained.

7.22- Treasury Stock

The Board of Directors, under the terms of Subparagraph XV of Article 13 of the Bylaws and based on Article 30 of Law 6404/76 and CVM Instructions 10 of 02/14/80 and 268 of 11/13/97, approved the acquisition by the Company of its own shares to be held in treasury for later sale or cancellation.

In 2005, the Company had acquired 14,145,510 common shares and 11,458 preferred shares, which are held in treasury in the amount of R\$ 131. In 2005, 493 preferred shares were in treasury and were changed for Samitri's shares, a merged company. The 14,145,510 common shares guarantee a loan of the subsidiary Alunorte.

| Class | Shares | | | Unit acquisition cost | | Average quoted market price | |
|-----------|-------------------|-------------------|---------|-----------------------|-------|-----------------------------|-------|
| | Quantity | | Average | Low | High | 2005 | 2004 |
| | 2005 | 2004 | | | | | |
| Preferred | 11,458 | 11,951 | 17.12 | 4.67 | 17.47 | 70.97 | 47.93 |
| Common | 14,145,510 | 14,145,510 | 9.27 | 6.69 | 17.36 | 82.35 | 56.13 |
| | 14,156,968 | 14,157,461 | | | | | |

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Table of Contents**7.23- Remuneration of Stockholders**

Briefly, the total remuneration paid stockholders in 2005 was as follows:

| Deliberation | | Payment | Fiscal year | R\$ |
|---|---------------------------------|----------------|--------------------|-----------------|
| 04/14/2005 | Interest on stockholders equity | 4/30/2005 | 2004 | (c)1,279 |
| 04/14/2005 | Interest on stockholders equity | 4/30/2005 | 2005 | 1 |
| 10/13/2005 | Interest on stockholders equity | 10/29/2005 | 2005 | 782 |
| 10/13/2005 | Dividends | 10/29/2005 | 2005 | 1,028 |
| Total paid in 2005 | | | | (b)3,090 |
| Complementary remuneration for 2005 proposed | | | | (a)2,750 |
| Remunerations fiscal year 2005 (a + b - c) | | | | 4,561 |

The remuneration to stockholders proposed for 2005 was calculated as follows:

| | |
|--|--------------|
| Net income for the year | 10,443 |
| Fiscal incentive reserve | (83) |
| Legal reserve | (522) |
| Realization of unrealized income reserve | 109 |
| Adjusted net income | 9,947 |
| Mandatory dividend amount 25% (R\$2.15 per outstanding share) | 2,487 |
| Statutory dividend on preferred shares (3% of net equity, R\$0.61 per outstanding share) | 253 |
| Statutory dividend on preferred shares (6% of paid-up capital, R\$0.72 per outstanding share) | 300 |
| Dividends/ Interest on stockholders' equity (R\$3.96 per outstanding share) | 4,561 |

Pursuant to Ruling No. 207/96 of the Brazilian Securities Commission (CVM), the Company decided, as required by tax regulations, to account for interest on stockholders' equity under the heading of Financial expenses and to reverse the same amount in a specific account. This, however, does not appear in the financial statements because it had no effect on the final net income, except for the tax impact recorded as Income tax and social contribution.

Proposed Appropriations of the Net Income for the Year**Funds provided:**

| | |
|--|---------------|
| Net income for the year | 10,443 |
| Realization of unrealized income reserve (*) | 109 |
| | 10,552 |

Funds used:

| | |
|--------------------|-----|
| Legal reserve (5%) | 522 |
|--------------------|-----|

| | |
|--|---------------|
| Expansion/investment reserve | 5,386 |
| Fiscal incentives reserve | 83 |
| Interim interest on stockholders' equity | 783 |
| Interim dividends | 1,028 |
| Additional remuneration proposed | 2,750 |
| | 10,552 |

(*) The realization is based on the dividends received, write-off or disposal of investments and depreciation, write-off and disposal of property, plant and equipment.

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Table of Contents**7.24- Financial Results**

| | Consolidated | | | | | | | | |
|--|---------------------|--------------------|------------------|-----------------|--------------------|------------------|------------------|--------------------|----------------|
| | (Unaudited) | | | | | | | | Quarter |
| | 4Q/05 | | | | 3Q/05 | | | | 4Q/04 |
| | Financial | Monetary | Financial | | Monetary | Financial | | Monetary | Total |
| | expenses | and | Total | expenses | and | Total | expenses | and | |
| | | exchange | | | exchange | | | exchange | |
| | | rate | | | rate | | | rate | |
| | | variation | | | variation | | | variation | |
| | | on | | | on | | | on | |
| | | liabilities | | | liabilities | | | liabilities | |
| Foreign debt | 12 | (714) | (702) | (153) | 388 | 235 | (190) | 323 | 133 |
| Local debt | (25) | (75) | (100) | (19) | 130 | 111 | (55) | 121 | 66 |
| Related parties | (3) | | (3) | (6) | 1 | (5) | (3) | 370 | 367 |
| | (16) | (789) | (805) | (178) | 519 | 341 | (248) | 814 | 566 |
| Labor, tax and civil contingencies | (23) | (27) | (50) | (65) | 31 | (34) | (31) | (28) | (59) |
| Derivatives, net of gain/losses (interest and currencies) | 4 | | 4 | 3 | 1 | 4 | 10 | 5 | 15 |
| Derivatives, net of gain/losses (gold, aluminum and alumina) | (257) | (30) | (287) | (173) | 13 | (160) | (27) | 9 | (18) |
| CPMF | (48) | | (48) | (35) | | (35) | (38) | | (38) |
| Others | (187) | 159 | (28) | (62) | (95) | (157) | (229) | 1,243 | 1,014 |
| | (527) | (687) | (1,214) | (510) | 469 | (41) | (563) | 2,043 | 1,480 |
| | | Monetary | | | Monetary | | | Monetary | |
| | | and | | | and | | | and | |
| | | exchange | | | exchange | | | exchange | |
| | | rate | | | rate | | | rate | |
| | | variation | | | variation | | | variation | |
| | | on | | | on | | | on | |
| | | assets | | | assets | | | assets | |
| | Financial | | Financial | | Financial | | Financial | | Total |
| | income | | income | | income | | income | | |
| Related parties | (6) | 4 | (2) | 1 | (13) | (12) | 20 | (511) | (491) |
| Marketable securities | 70 | 237 | 307 | 60 | (104) | (44) | 70 | (268) | (198) |
| Others | 39 | 106 | 145 | 4 | (227) | (223) | 19 | (1,081) | (1,062) |
| | 103 | 347 | 450 | 65 | (344) | (279) | 109 | (1,860) | (1,751) |

| Financial income (expenses), net | (424) | (340) | (764) | (445) | 125 | (320) | (454) | 183 | (271) |
|--|----------------|--------------|--|--------------|----------------|---------------------------|--|-----------------------------|----------------|
| | | | | | 2005 | | | Accumulated for 2004 | |
| | | | Monetary and exchange rate variation on liabilities | | Total | Financial expenses | Monetary and exchange rate variation on liabilities | | Total |
| Foreign debt | (323) | | 445 | | 122 | (675) | 299 | | (376) |
| Local debt | (162) | | 279 | | 117 | (228) | 113 | | (115) |
| Related parties | (20) | | 1 | | (19) | (55) | 464 | | 409 |
| | (505) | | 725 | | 220 | (958) | 876 | | (82) |
| Labor, tax and civil contingencies | (152) | | (39) | | (191) | (114) | (119) | | (233) |
| Derivatives, net of gain/losses (interest and currencies) | 6 | | 3 | | 9 | 2 | 3 | | 5 |
| Derivatives, net of gain/losses (gold, aluminum and alumina) | (423) | | 22 | | (401) | (213) | 10 | | (203) |
| CPMF | (152) | | | | (152) | (120) | | | (120) |
| Others | (354) | | (96) | | (450) | (463) | 800 | | 337 |
| | (1,580) | | 615 | | (965) | (1,866) | 1,570 | | (296) |
| | | | Monetary and exchange rate variation on assets | | Total | Financial income | Monetary and exchange rate variation on assets | | Total |
| Related parties | 9 | | (1) | | 8 | 64 | (757) | | (693) |
| Marketable securities | 225 | | (83) | | 142 | 159 | (262) | | (103) |
| Others | 105 | | (566) | | (461) | 74 | (982) | | (908) |
| | 339 | | (650) | | (311) | 297 | (2,001) | | (1,704) |
| Financial income (expenses), net | (1,241) | | (35) | | (1,276) | (1,569) | (431) | | (2,000) |

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| | Parent Company | | | | | |
|---|---------------------------|--|--------------|-----------------------------|--|--------------|
| | 2005 | | | Accumulated for 2004 | | |
| | Financial expenses | Monetary and exchange rate variation on liabilities | Total | Financial expenses | Monetary and exchange rate variation on liabilities | Total |
| Foreign debt | (59) | 145 | 86 | (116) | 148 | 32 |
| Local debt | (18) | 64 | 46 | (22) | 26 | 4 |
| Related parties | (223) | 396 | 173 | (208) | 335 | 127 |
| | (300) | 605 | 305 | (346) | 509 | 163 |
| Labor, tax and civil contingencies | (141) | (36) | (177) | (113) | (119) | (232) |
| Derivatives, net of gain/losses (interest and currencies) | (4) | | (4) | 3 | 2 | 5 |
| Derivatives, net of gain/losses (gold) | (27) | 4 | (23) | (25) | 9 | (16) |
| CPMF | (89) | | (89) | (70) | | (70) |
| Others | (114) | 181 | 67 | (216) | (287) | (503) |
| | (675) | 754 | 79 | (767) | 114 | (653) |
| | Financial income | Monetary and exchange rate variation on assets | Total | Financial income | Monetary and exchange rate variation on assets | Total |
| Related parties | 51 | (131) | (80) | 62 | (256) | (194) |
| Marketable securities | 51 | 13 | 64 | 19 | 57 | 76 |
| Others | 37 | (19) | 18 | 21 | (2) | 19 |
| | 139 | (137) | 2 | 102 | (201) | (99) |
| Financial income (expenses), net | (536) | 617 | 81 | (665) | (87) | (752) |

7.25- Financial Instruments Derivatives

The main market risks the Company faces are related to interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivative instruments.

The Company's risk management follows policies and guidelines reviewed and approved by the Company's executive management (Board of Directors and Executive Board). These policies and guidelines prohibit speculative trading and short selling and require diversification of transactions and counterparties. The policy of the Company is to settle all

contracts financially without physical delivery of the products. The credit limits and creditworthiness of counterparties are also reviewed periodically and are defined according to the rules approved by the Company's management. The results of hedging are recognized monthly in the financial results.

Interest Rate Risk

Interest rate risk derives from floating-rate debt, mainly from trade finance operations. The portion of floating-rate debt denominated in foreign currency is mainly subject to fluctuations in the LIBOR – London Interbank Offered Rate. The portion of floating-rate debt expressed in *reais* refers basically to the Brazilian long-term interest rate TJLP, established by the Brazilian Central Bank. Since May 1998, CVRD has been using derivatives to limit its exposure to fluctuations in the LIBOR.

The interest rate derivatives portfolio consists mainly of instruments contracted to limit exposure to interest rate fluctuations, establishing upper and lower limits. Some operations are subject to knockout provisions which, if triggered, eliminate the protection contracted.

Exchange Rate Risk

Exchange rate risk arises from foreign currency debts. On the other hand, a substantial part of the Company's revenues are denominated or indexed in U.S. dollars, while the majority of costs are in *reais*. This provides a natural hedge against possible devaluation of the Brazilian currency. Events of this nature have an immediate negative impact on foreign currency debt, offset by the positive effect on future cash flows.

The Company adopts a strategy of monitoring market fluctuations and, if necessary, carrying out derivatives operations to cover risks related to these variations.

The portion of debt denominated in euros and yens (main components of basket of currencies) is protected by derivatives to cover risks of exchange rate movements of these currencies.

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Table of Contents**Commodities Price Risk**

The prices of iron ore, the Company's main product, are set in annual negotiations between producers and consumers and are notably stable over time. The Company does not enter into derivatives operations to hedge iron ore price exposure.

The Company uses hedge instruments to manage its exposure to changes in the price of gold, aluminum and alumina. These derivatives operations allow establishment of a minimum profit level for future output. The Company actively manages its open positions, with the results reported monthly to senior management to allow adjustment of targets and strategies in response to market conditions.

The unrealized gain or loss represents the present value of payable or receivable if all operations had been settled on the dates disclosed, as follows:

| | Consolidated (Unaudited) 4Q/05 | | | | | |
|--|---|-------------------|--------------|------------------|----------------|--------------|
| | Interest rates (libor) | Currencies | Gold | Aluminium | Alumina | Total |
| Gains / (losses) unrealized on 09/30/05 | (15) | 2 | (81) | (221) | (67) | (382) |
| Financial settlement | 2 | | 9 | 23 | 24 | 58 |
| Financial expenses, net | 5 | | (30) | (150) | (77) | (252) |
| Monetary variations, net | (1) | | (5) | (20) | (6) | (32) |
| Gains / (losses) unrealized on 12/30/05 | (9) | 2 | (107) | (368) | (126) | (608) |
| | (Unaudited) 3Q/05 | | | | | |
| | Interest rates (libor) | Currencies | Gold | Aluminium | Alumina | Total |
| Gains / (losses) unrealized on 06/30/05 | (21) | 4 | (70) | (127) | (51) | (265) |
| Financial settlement | 2 | (1) | 6 | 15 | 16 | 38 |
| Financial expenses, net | 3 | (1) | (21) | (116) | (35) | (170) |
| Monetary variations, net | 1 | | 4 | 7 | 3 | 15 |
| Gains / (losses) unrealized on 09/30/05 | (15) | 2 | (81) | (221) | (67) | (382) |
| | (Unaudited) 4Q/04 | | | | | |
| | Interest rates (libor) | Currencies | Gold | Aluminium | Alumina | Total |
| Gains/ (losses) unrealized on 09/30/04 | (89) | 4 | (91) | (186) | (106) | (468) |
| Financial settlement | 34 | | 6 | | | 40 |
| Financial expenses, net | 4 | 5 | (21) | 34 | (41) | (19) |
| Monetary variations, net | 6 | | 9 | | | 15 |

| Gains / (losses) unrealized on 12/31/04 | | | | | | |
|--|-------------------------------|-------------------|--------------|------------------|----------------|--------------|
| | (45) | 9 | (97) | (152) | (147) | (432) |
| 2005 | | | | | | |
| | Interest rates (libor) | Currencies | Gold | Aluminium | Alumina | Total |
| Gains / (losses) unrealized on 12/31/04 | (45) | 9 | (97) | (152) | (147) | (432) |
| Financial settlement | 21 | (2) | 27 | 88 | 82 | 216 |
| Financial expenses, net | 11 | (5) | (44) | (305) | (73) | (416) |
| Monetary variations, net | 4 | | 7 | 1 | 12 | 24 |
| Gains / (losses) unrealized on 12/31/05 | | | | | | |
| | (9) | 2 | (107) | (368) | (126) | (608) |
| 2004 | | | | | | |
| | Interest rates (libor) | Currencies | Gold | Aluminium | Alumina | Total |
| Gains / (losses) unrealized on 12/31/03 | (136) | 16 | (92) | (59) | (52) | (323) |
| Financial settlement | 86 | (7) | 10 | | | 89 |
| Financial expenses, net | 1 | 1 | (25) | (93) | (95) | (211) |
| Monetary variations, net | 4 | (1) | 10 | | | 13 |
| Gains / (losses) unrealized on 12/31/04 | | | | | | |
| | (45) | 9 | (97) | (152) | (147) | (432) |

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| | Controladora 2005 | | | |
|--|---------------------------------------|-------------------|-------------|--------------|
| | Interest rates (libor) | Currencies | Gold | Total |
| Gains / (losses) unrealized on 12/31/04 | (9) | 9 | (55) | (55) |
| Financial settlement | 8 | (2) | 15 | 21 |
| Financial expenses, net | 1 | (5) | (27) | (31) |
| Monetary variations, net | | | 4 | 4 |
| Gains / (losses) unrealized on 12/31/05 | | 2 | (63) | (61) |

| | 2004 | | | |
|--|---------------------------------------|-------------------|-------------|--------------|
| | Interest rates (libor) | Currencies | Gold | Total |
| Gains / (losses) unrealized on 12/31/03 | (136) | 16 | (92) | (212) |
| Financial settlement | 122 | (7) | 53 | 168 |
| Financial expenses, net | 2 | 1 | (25) | (22) |
| Monetary variations, net | 3 | (1) | 9 | 11 |
| Gains / (losses) unrealized on 12/31/04 | (9) | 9 | (55) | (55) |

Final maturity dates for the above instruments are as follows:

| | |
|------------------------|----------|
| Gold | Dec 2008 |
| Interest rates (LIBOR) | Oct 2007 |
| Currencies | Dec 2011 |
| Alumina | Dec 2008 |
| Aluminum | Dec 2008 |

7.26- Administrative and Other Operating Expenses

| Administrative | (Unaudited) | | Quarter 4Q/04 | Consolidated | | Parent Company | |
|---|--------------------|--------------|--------------------------|---------------------|--------------|-----------------------|-------------|
| | 4Q/05 | 3Q/05 | | 2005 | 2004 | 2005 | 2004 |
| Personnel | 115 | 138 | 135 | 460 | 434 | 263 | 202 |
| Services of technical consulting, groundwork and stand-by | 99 | 89 | 34 | 335 | 229 | 94 | 104 |
| Advertising and publicity | 44 | 24 | 32 | 113 | 68 | 112 | 61 |
| Depreciation | 49 | 33 | 31 | 141 | 116 | 68 | 39 |
| Travel expenses | 14 | 10 | 19 | 48 | 39 | 41 | 25 |
| Rents and taxes | 16 | 6 | 52 | 56 | 86 | 31 | 31 |
| Community aborigine | 4 | 4 | | 17 | | 17 | |
| Others | 41 | 29 | 59 | 110 | 153 | 59 | 69 |
| Total | 382 | 333 | 362 | 1,280 | 1,125 | 685 | 531 |

| | (Unaudited) | | Quarter | Consolidated | | Parent Company | |
|--|--------------------|--------------|----------------|---------------------|-------------|-----------------------|-------------|
| | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 | 2005 | 2004 |
| Other operating expenses (income) | | | | | | | |
| Provisions for contingencies | 97 | 117 | 124 | 275 | 277 | 86 | 166 |
| Provision for loss on ICMS credits | 23 | 16 | 26 | 40 | 130 | | 90 |
| Provision for profit sharing | 70 | 53 | 41 | 230 | 196 | 180 | 176 |
| Donations | 34 | 10 | 7 | 76 | 34 | 66 | 27 |
| Others | (19) | 92 | 173 | 213 | 318 | (97) | 89 |
| Total | 205 | 288 | 371 | 834 | 955 | 235 | 548 |

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Table of Contents**7.27- Concessions and Leases****(a) Railroad Companies**

The Company and some of its group companies entered into agreements with the Brazilian government, through the Ministry of Transport, for concession, exploitation and development of public rail cargo transport services and for lease of the assets destined for rendering these services.

The concessions periods are, by railroad:

| Railroad | End of concession period |
|---------------------------------------|---------------------------------|
| Vitória-Minas (direct) (*) | June 2027 |
| Carajás (direct) (*) | June 2027 |
| Malha Centro-Leste (indirect via FCA) | August 2026 |
| Malha Sudoeste (indirect via MRS) | December 2026 |

(*) Concessions with no disbursement

The concessions will expire upon one of the following events: termination of the contractual term, cancellation, forfeiture, rescission, annulment and bankruptcy or extinction of the concessionaire.

Concessions and leasing from controlled companies are accounting treated as operating leasing and present the following characteristics:

| | FCA | MRS |
|------------------------------|---------------------|---------------------|
| 1) Total installments | 112 | 83 |
| 2) Frequency of payment | Quarterly IGP-DI | Quarterly IGP-DI |
| 3) Update index | FGV | FGV |
| 4) Total installment paid | 30 | 34 |
| 5) Installment current value | | |
| Concession | \$ 1 | \$ 2 |
| Leasing | \$ 28 | \$ 40 |

(b) Ports

The Company owns specialized port terminals as listed below:

| Terminal (*) | Localization | End of concession period |
|--|---------------------|---------------------------------|
| Tubarão Terminal | Vitória - ES | 2020 |
| Praia Mole Terminal | Vitória - ES | 2020 |
| Various Products Terminal | Vitória - ES | 2020 |
| Vila Velha Terminal | Vila Velha - ES | 2023 |
| Paul Quay | Vila Velha - ES | 2005 |
| Liquid Bulk Terminal | Vitória - ES | 2020 |
| | São Luís - MA | |
| Ponta da Madeira Maritime Terminal Pier I | MA | 2018 |
| Ponta da Madeira Maritime Terminal Pier II | | 2010 |

| | | | |
|--------------------------------------|----------|----------------------------------|------|
| Ponta da Madeira Maritime Terminal | Pier III | São Luís - MA | 2018 |
| Inácio Barbosa Maritime Terminal | | São Luís - MA Aracaju - SE | 2012 |
| (*) Concessions with no disbursement | | | |

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Table of Contents**(c) Hydroelectric Projects**

The Company develops projects of electricity generation with the objective of self-supply. The projects in which the Company has investments are:

| Project | Start-up of operations | % Participation |
|--------------------|-------------------------------|------------------------|
| Funil | In operation | 51.00 |
| Candongá | In operation | 50.00 |
| Igarapava | In operation | 38.15 |
| Porto Estrela | In operation | 33.33 |
| Aimorés | In operation | 51.00 |
| Capim Branco I | February 2006 | 48.42 |
| Capim Branco II | 2007 | 48.42 |
| Estreito | 2009 | 30.00 |
| Foz do Chapecó (*) | | 40.00 |

(*) In 02/10/06 CVRD celebrated with Furnas Centrais Elétricas (Furnas) a contract to sell the interest of 40% in the consortium to build and operate the hydroelectric plant Foz do Chapecó for R\$ 9.

7.28- Effects on the Statements if Price-Level Restatement were Applied (unaudited)

The main difference between the financial statements prepared according to statutory accounting practices and those according to the price-level restatement method is due to the recognition, in the latter, of the net monetary restatement of permanent assets and stockholders' equity.

The Balance Sheet and the Statement of Income by monetary restatement, at December 31, 2005 price levels (indexed by the IGP-M of Fundação Getúlio Vargas) is as follows:

BALANCE SHEET**Years ended December 31**

| | Consolidated | | Parent Company | |
|---|---------------------|---------------|-----------------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Assets | | | | |
| Current assets | 12,424 | 11,974 | 5,304 | 4,784 |
| Non-Current | | | | |
| Long Term Receivable | 3,626 | 3,331 | 1,481 | 1,886 |
| Investments | 7,136 | 7,153 | 34,493 | 29,510 |
| Property, plant and equipment | 53,261 | 43,925 | 28,461 | 22,852 |
| Deferred charges | 1,467 | 1,462 | | |
| | 61,864 | 52,540 | 62,954 | 52,362 |
| | 77,914 | 67,845 | 69,739 | 59,032 |
| Liabilities and stockholders' equity | | | | |
| Current liabilities | 11,667 | 9,437 | 10,061 | 6,875 |
| Non Current | | | | |
| Long-term liabilities | 17,066 | 16,287 | 13,457 | 12,101 |
| Deferred income | 9 | 10 | | |
| Minority interests | 2,951 | 2,055 | | |

| | | | | |
|----------------------|---------------|---------------|---------------|---------------|
| Stockholders' equity | | | | |
| Paid-up capital | 14,113 | 7,502 | 14,113 | 7,502 |
| Capital reserves | 5,989 | 5,783 | 5,989 | 5,783 |
| Revenue reserves | 26,119 | 26,771 | 26,119 | 26,771 |
| | 46,221 | 40,056 | 46,221 | 40,056 |
| | 77,914 | 67,845 | 69,739 | 59,032 |

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Table of Contents**STATEMENT OF INCOME****Years ended December 31**

| | | Consolidated | | Parent Company | |
|--|---------------|---------------------|---------------|-----------------------|--|
| | 2005 | 2004 | 2005 | 2004 | |
| Operating revenues | 35,385 | 31,360 | 18,114 | 14,891 | |
| Value Added taxes | (1,359) | (1,595) | (1,005) | (752) | |
| Net operating revenues | 34,026 | 29,765 | 17,109 | 14,139 | |
| Cost of products and services | (16,328) | (15,262) | (9,611) | (7,722) | |
| Gross profit | 17,698 | 14,503 | 7,498 | 6,417 | |
| Gross margin | 52.0% | 48.7% | 43.8% | 45.4% | |
| Operating expenses, net | (4,404) | (4,401) | (1,213) | (1,662) | |
| Operating profit before financial results and results of equity investments | 13,294 | 10,102 | 6,285 | 4,755 | |
| Results of equity investments | 270 | 169 | 5,510 | 3,927 | |
| Operating profit | 13,564 | 10,271 | 11,795 | 8,682 | |
| Results on sale of assets | 298 | 595 | | 367 | |
| Income before income tax and social contribution | 13,862 | 10,866 | 11,795 | 9,049 | |
| Income tax and social contribution | (2,371) | (2,490) | (1,340) | (1,476) | |
| Income before minority interest | 11,491 | 8,376 | 10,455 | 7,573 | |
| Minority interest | (1,036) | (803) | | | |
| Net income for the year | 10,455 | 7,573 | 10,455 | 7,573 | |

7.29- Insurance**Operational Risks**

CVRD has an extensive risk management program that provides coverage and protection for all its assets as well as against possible losses from production interruptions, through *All Risks* policy. This program includes on-site inspection and training carried out by the various risk committees constituted by the Company, its subsidiaries and associated companies. The Company tries to harmonize risks in all areas and provide single and uniform treatment, and also seeking coverage in the domestic and international markets at levels compatible with an enterprise the size of CVRD.

Insurance

In order to provide the best instruments for more efficient risk management and to seek alternatives due to the crisis in the international insurance market, CVRD in 2002 established a captive reinsurer. This entity was created for the purpose of improving risk management and to provide a more efficient instrument for negotiation and market penetration, serving exclusively to underwrite the risks of the companies of the Group, in Brazil and abroad. Besides this, intensified action by the risk committees is being undertaken to accomplish technical recommendation from insurance and reinsurance market during annual inspections and are aligned with the group investments.

7.30- Profit Sharing Plan

The employee profit sharing plan is linked to financial-economic results as measured by indicators such as operational cash flow and by the meeting of performance targets for each unit and individual performance.

7.31- Subsequent Events

CVRD issues US\$ 1.0 billion of 10-year notes

On January, 2006 CVRD 's wholly owned Finance subsidiary Vale Overseas Limited issued US\$ 1 billion 10-year 6.250% notes, payable semi-annually due 2016, at a price of 99.97 % of the principal amount.

CVRD 's tender offer

On January 2006 CVRD 's wholly owned Finance subsidiary Vale Overseas Limited concluded a tender offer US\$ 300 million 9.000% Guaranteed Notes due 2013.

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Merger of Caemi

On January, 2006, shareholders of Valepar S.A. (Valepar), the controlling shareholder of CVRD, to be issued by CVRD, approved a proposal of CVRD senior management to exchange all outstanding preferred shares of Caemi. The Board of Directors ratified the proposal. All 1,558,963,806 of outstanding Caemi preferred shares (according to Article 4, paragraph 2 of 6.404/76) will be changed to preferred shares to be issued by CVRD.

Each non-controlling Caemi shareholder will receive 0.04115 preferred shares of CVRD for each Caemi preferred share. This exchange ratio reflects the stock market price behavior of both shares over the last 90 days.

CVRD currently owns 100% of Caemi's common shares and 40.06% of Caemi's preferred shares, for a total of 60.23% of its total capital. After the completion of the stock merger, CVRD will own all Caemi shares.

Capex Budget

On January, 2006, the Board of Directors of CVRD approved the capex budget for 2006 in the amount of R\$ 11.8 billion (US\$ 4.6 billion).

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Table of Contents**8- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies**

Year ended December 31, 2005

Millions of real
Accounting Information

| | Participation (%) | | Assets | | | Liabilities and stockholder's equity | | | Statement of income | | | | | |
|--|-------------------|--------|---------|-----------|---|--------------------------------------|---|--------------------------|---------------------|----------------------------|--------------------|----------------------|----------------|------------------------|
| | Total | Voting | Current | Long-term | Non-current assets Investments, property plant and equipment and deferred | Current | Long-term, deferred income and minority stockholder's | Adjusted equity revenues | Net | Cost of product and income | Operating expenses | Non-operating result | Income tax and | Adjusted income (loss) |
| Subsidiaries (a) | | | | | | | | | | | | | | |
| Amazon Iron Ore Overseas Co. Ltd. | 100.00 | 100.00 | | 7 | 2,756 | 12 | 1,050 | 1,701 | | | 1,126 | | | 1,126 |
| BRAS | | | | | | | | | | | | | | |
| Minério | | | | | | | | | | | | | | |
| Paralelo S.A. | 51.00 | 51.00 | 636 | 1,096 | 1,071 | 923 | 748 | 1,131 | 1,954 | (1,376) | (394) | (6) | | 1,126 |
| NUNORTO | | | | | | | | | | | | | | |
| Mineração do Norte | | | | | | | | | | | | | | |
| Brasil S.A. | 57.03 | 61.74 | 485 | 159 | 3,208 | 439 | 1,329 | 2,084 | 1,469 | (1,007) | (65) | (1) | (62) | 3,208 |
| Silux S.A. | 100.00 | 100.00 | 3 | 35 | 1 | 15 | | 24 | | | (3) | | | |
| Companhia Mineração e Metalurgia S.A.(b) | 60.23 | 100.00 | 2,551 | 96 | 1,790 | 705 | 850 | 2,882 | 4,346 | (1,814) | (414) | 121 | (480) | 1,790 |
| Companhia Mineradora S.A. (CMAB) | 100.00 | 100.00 | | | | | | | | | (4) | | | |
| Companhia Mineradora S.A. (MILA) | 100.00 | 100.00 | 1 | | | 1 | | | | | (45) | | | (45) |
| Companhia Siderúrgica de Ferro S.A. | 100.00 | 100.00 | 40 | 155 | 4 | 119 | 79 | 1 | | | (25) | (2) | (7) | (119) |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Baía de Itabira) | 100.00 | 100.00 | 93 | 6 | 164 | 15 | | 248 | 178 | (66) | 12 | | (41) | 178 |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Três Revoles) | 100.00 | 100.00 | 8 | | | 4 | | 4 | | | (48) | | | (48) |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Três Revoles) (CMTR) | 100.00 | 100.00 | | | | | | | | | | | | |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Três Revoles) (RD Holdings) | 100.00 | 100.00 | | | 1,769 | 1,872 | | (103) | | | (103) | | | (103) |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Três Revoles) (RD Overseas) | 100.00 | 100.00 | 774 | 805 | 803 | 1,689 | 47 | 646 | 2,824 | (2,111) | (53) | | | 646 |
| Companhia Siderúrgica de Ferro S.A. (Siderúrgica Três Revoles) (Siderúrgica Três Revoles S.A.) | 100.00 | 100.00 | 13 | 312 | | 19 | 263 | 43 | | | 6 | | (1) | 43 |

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| | | | | | | | | | | | | | | | |
|--|--------|--------|-------|-------|-------|-------|-------|-------|--------|----------|-------|-----|------|-------|--|
| Provia Centro S.A. | 100.00 | 100.00 | 325 | 141 | 1,403 | 337 | 1,653 | (121) | 671 | (729) | (102) | | | | |
| Pro Gusa Carajás S.A. | 77.97 | 77.97 | 58 | | 257 | 191 | 1 | 123 | | | (14) | | | | |
| Restas Rio Doce S.A. | 100.00 | 100.00 | 54 | 36 | 4 | 12 | 28 | 54 | | | (13) | (1) | 2 | | |
| Vale-Ind Mineira S.A. | 51.00 | 51.00 | 3 | | | | | 3 | | | (9) | | | | |
| Vale Rio Doce Company Limited | 100.00 | 100.00 | 5,846 | 6,592 | 4,083 | 4,727 | 4,907 | 6,887 | 13,861 | (10,732) | 996 | 1 | 2 | 4,114 | |
| Vale S.A. | 100.00 | 100.00 | | | 1,424 | 16 | 1,525 | (117) | | | (142) | | | | |
| Vale S.A. Vegetação Vale do Rio Doce S.A. | 100.00 | 100.00 | 272 | 32 | 719 | 95 | 606 | 322 | 86 | (32) | 55 | | (23) | | |
| Vale S.A. Rio Doce Austrália Ltd | 100.00 | 100.00 | 5 | | | | | 5 | | | (15) | | | | |
| Vale S.A. Rio Doce Argentina | 100.00 | 100.00 | 7 | | | | | 7 | | | (2) | | | | |
| Vale S.A. Rio Doce Limited | 100.00 | 100.00 | 160 | 319 | 375 | 165 | 1 | 688 | 437 | (463) | 78 | | (3) | | |
| Vale S.A. Rio Doce International | 100.00 | 100.00 | 1,806 | 2,243 | 1 | 483 | 453 | 3,114 | | | 55 | | | | |
| Vale S.A. Rio Doce Inglês Europe | 100.00 | 100.00 | 286 | | 74 | 154 | 2 | 204 | 474 | (442) | (103) | (2) | (3) | | |
| Vale S.A. Rio Doce Inglês | 100.00 | 100.00 | 57 | | 68 | 39 | 23 | 63 | 88 | (78) | (50) | | | | |
| Vale S.A. Rio Doce Inglês S.A. | 100.00 | 100.00 | 562 | 157 | 419 | 303 | 201 | 634 | 907 | (613) | (187) | (6) | (43) | | |
| Vale S.A. Rio Doce Zâmbique | 100.00 | 100.00 | 5 | | | | | 5 | | | (14) | | | | |
| Vale S.A. Rio Doce South Africa | 100.00 | 100.00 | 6 | | | | | 6 | | | (54) | | | | |
| Vale S.A. Rio Doce Cabo Metais S.A. | 100.00 | 100.00 | 3 | | 838 | 1 | 578 | 262 | | | | | | | |
| Vale S.A. Rio Doce Congo | 100.00 | 100.00 | | | | 3 | | (3) | | | (15) | | | | |
| Vale S.A. Rio Doce Vale Terminal de Carvão Velha S.A. | 100.00 | 100.00 | 41 | 6 | 57 | 18 | 6 | 80 | 108 | (77) | (1) | | (10) | | |
| Vale S.A. Rio Doce Congo Mineração | 100.00 | 99.89 | 84 | 18 | 73 | 40 | 88 | 47 | 173 | (82) | (54) | (1) | (16) | | |
| Indirectly-controlled companies (a) | | | | | | | | | | | | | | | |
| Vale S.A. Rio Doce California Steel Industries, Inc. | 50.00 | 50.00 | 961 | 6 | 566 | 433 | 351 | 749 | 3,018 | (2,734) | (133) | | (92) | | |
| Vale S.A. Rio Doce Companhia Siderúrgica Rio Doce S.A. - Belo Horizonte | 50.00 | 50.00 | 135 | 52 | 225 | 139 | 85 | 188 | 756 | (528) | (25) | (2) | (80) | | |

| | | | | | | | | | | | | | | |
|--|-------|-------|-----|-----|-------|-----|-----|-----|-------|-------|-------|-------|-------|-----|
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - SPA NOBRÁS | 50.89 | 51.00 | 230 | 46 | 75 | 188 | 51 | 112 | 725 | (492) | (23) | (74) | 13 | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - ABRASCO | 50.90 | 51.00 | 197 | 56 | 72 | 154 | 69 | 102 | 664 | (464) | (28) | (64) | 10 | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - BRASCO | 51.00 | 51.11 | 349 | 71 | 122 | 242 | 31 | 269 | 1,207 | (875) | (49) | (102) | 13 | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - GILF Industrial Investment S.A. - GILF | 50.00 | 50.00 | 288 | | 126 | 113 | 12 | 289 | 934 | (520) | (99) | | 3 | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Mensagens da Serra S.A. - MSG | 50.00 | 50.00 | 26 | 11 | 93 | 6 | 25 | 99 | 19 | (12) | (17) | 1 | | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Rio do Sul S.A. | 40.00 | 40.00 | 174 | 420 | 988 | 541 | 109 | 932 | 990 | (501) | 3 | (15) | (52) | 4 |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - RS Logística S.A. | 29.35 | 29.35 | 624 | 284 | 1,121 | 912 | 488 | 629 | 1,717 | (934) | (145) | (29) | (199) | (4) |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Marco Siderúrgico S.A. | 50.00 | 50.00 | 566 | 112 | 1,250 | 841 | 200 | 887 | 2,449 | (805) | (153) | (8) | (254) | 1,2 |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Solus Aluminio S.A. | 54.51 | 54.51 | 146 | 00 | 125 | 47 | 33 | 254 | 493 | (458) | (13) | 2 | (22) | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Vale Mineração S.A. | 50.00 | 50.00 | 42 | | 54 | 1 | | 95 | 29 | (3) | (17) | | (3) | |
| Companhia Siderúrgica de Aço-Brasileira de Pelotização S.A. - Nova Era Silicon S.A. | 49.00 | 49.00 | 27 | 15 | 47 | 30 | 37 | 22 | 100 | (85) | (22) | | (3) | (|

Notes:

- (a) The amounts above correspond to totals presented in the financial statements of these companies on December 31, 2005 adjusted and unaudited; and
- (b) The financial statements of Caemi are consolidated and include R\$ 178 of minority interests and capital gains of R\$ 298 due to selling of QCM, adjusted as non operating result.

Additional information of the main investees companies available on the CVRD website, www.cvrld.com.br, investors relations.

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9- Report of the Independent Accountants

(A free translation of the original opinion in Portuguese expressed on Financial Statements prepared in accordance with the accounting principles prescribed by Brazilian Corporate Law)

To the Board of Directors and Stockholders of
Companhia Vale do Rio Doce
Rio de Janeiro RJ

1- We have audited the accompanying balance sheets of Companhia Vale do Rio Doce, holding company and consolidated, as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders equity, and changes in financial position for the years then ended, prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The audits of the financial statements for the years ended December 31, 2005 and 2004 of certain subsidiaries, jointly-owned and associated companies, mentioned in note 7.14, accounted for by the equity method, were carried out by other independent auditors and our opinion, in regard to these investments as of December 31, 2005 in the amount of R\$7,386 million and as of December 31, 2004, in the amount of R\$6,749 million and the earnings therefrom for the years ended December 31, 2005 and 2004 in the amounts of R\$4,058 million and R\$2,231 million, respectively, is based solely on the reports of these other auditors.

2- Our audits were conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit, considering the materiality of the amounts presented, the volume of transactions and the Company's and its investees accounting and internal control systems; (b) examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements; and (c) the evaluation of the accounting practices followed and significant estimates made by management, as well as the presentation of the financial statements taken as whole.

3- In our opinion, based on our audits and on the reports of the other auditors, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Companhia Vale do Rio Doce, holding company and consolidated, as of December 31, 2005 and 2004, the results of its operations, the changes in its stockholders' equity and the changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.

4- Our audits were conducted for the purpose of forming an opinion on the basic financial statements referred to in the paragraph 1, taken as a whole. The statements of cash flows (holding company and consolidated) and value added (holding company and consolidated) are presented for purposes of additional information and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures described in paragraph 2 and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Rio de Janeiro, March 6, 2006

DELOITTE TOUCHE TOHMATSU
Independent Auditors

Marcelo Cavalcanti Almeida
Accountant

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10- Opinion of the Fiscal Council on the Annual Report and Financial Statements at December 31, 2005

The Fiscal Council of Companhia Vale do Rio Doce, in carrying out its legal and statutory duties, after examining the Company's Annual Report, Balance Sheet, Statement of Income, Statement of Changes in Stockholders' Equity, Statement of Changes in Financial Position and the respective Notes to the Financial Statements relative to the fiscal year ended December 31, 2005, and based on the opinion of the independent accountants, is of the opinion that the mentioned information, examined in light of applicable corporate legislation, which does not require information to be stated in currency of constant purchasing power, should be approved by the Annual Stockholders' General Meeting.

March 6st, 2006

Marcelo Amaral Moraes
Chairman

Aníbal Moreira dos Santos

Joaquim Vieira Ferreira Levy

José Bernardo de Medeiros Neto

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11- Opinion of the Board of Directors on the Annual Report and Financial Statements at December 31, 2005

The Board of Directors of Companhia Vale do Rio Doce, having examined the Annual Report, Balance Sheet and other Financial Statements of the Company relative to the fiscal year ended December 31, 2005, unanimously approved said proposal.

In view of this, the Board is of the opinion that the mentioned documents should be approved by the Annual Stockholders General Meeting.

March 6st, 2006

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior
Member

Arlindo Magno de Oliveira
Member

Oscar Augusto de Camargo Filho
Member

Erik Person
Member

Eduardo Fernando Jardim Pinto
Member

Jaques Wagner
Member

Francisco Augusto da Costa e Silva
Member

Hiroshi Tada
Member

Jorge Luiz Pacheco
Member

Renato da Cruz Gomes
Member

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Table of Contents**B Additional Information****12 - Management's Discussion and Analysis of the Operating Results for the Year Ended December 31, 2005 and Supplemental Information**

According to corporate governance best practices and with the objective of increasing the transparency of operations, CVRD presents additional information which was reviewed by independent auditors.

As a result of the analysis some general aspects must be considered, as follows:

About 87% of the consolidated gross revenue and 28% of consolidated total cost for 2005 are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate variation between the two currencies have a significant impact on the operating results.

Approximately 86% of consolidated short-term and long-term loans for 2005 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses and income.

The average Dollar rate fell 16.8% between periods (R\$ 2.4341 in 2005 against R\$ 2.9257 in 2004), partially offset by price increases, and the end rate fell 11.8% (R\$ 2.3407 in 2005 against R\$ 2.6544 in 2004).

In 2005, iron ore prices increased by 71.5% and pellets prices increased by 86.4%.

The consolidated Trade Balance was:

| | Consolidated (in US\$ million) | | | | |
|---------|--------------------------------|---------------------|--------------|--------------|--------------|
| | 4Q/05 | Quarter (Unaudited) | | | Accumulated |
| | | 3Q/05 | 4Q/04 | 2005 | 2004 |
| Exports | 2,011 | 1,723 | 1,364 | 7,021 | 5,534 |
| Imports | (173) | (134) | (252) | (682) | (916) |
| | 1,838 | 1,589 | 1,112 | 6,339 | 4,618 |

12.1- Comments on Consolidated Operating Results**12.1.1- Gross Revenue**

Sales volume and revenues by products and services:

| | In thousands of metric tons (except railroad transportation) | | | | | | | In millions of reais | | | | |
|-------------|---|---------------|---------------|----------------|----------------|-----------|--------------|----------------------|--------------|---------------|---------------|-------------|
| | Quarter | | | Accumulated | | | | (Unaudited) Quarter | | | Accumulated | |
| | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 | Δ% | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 | Δ% |
| Iron ore | 56,007 | 55,203 | 51,165 | 213,338 | 190,651 | 12 | 4,404 | 4,463 | 2,954 | 16,693 | 11,030 | 51 |
| Pellets (*) | 11,604 | 8,774 | 10,230 | 38,851 | 39,230 | (1) | 1,958 | 1,644 | 1,177 | 6,745 | 4,596 | 47 |
| | 67,611 | 63,977 | 61,395 | 252,189 | 229,881 | 10 | 6,362 | 6,107 | 4,131 | 23,438 | 15,626 | 50 |
| Manganese | 244 | 271 | 320 | 907 | 999 | (9) | 40 | 49 | 47 | 214 | 178 | 20 |
| Ferroalloys | 124 | 136 | 112 | 547 | 542 | 1 | 232 | 226 | 547 | 1,274 | 1,906 | (33) |
| | | | | | | | 272 | 275 | 594 | 1,488 | 2,084 | (29) |
| Copper | 112 | 96 | 139 | 398 | 269 | 48 | 294 | 214 | 324 | 937 | 592 | 58 |
| Potash | 176 | 197 | 165 | 640 | 630 | 2 | 92 | 111 | 98 | 359 | 362 | (1) |
| Kaolin | 355 | 280 | 311 | 1,218 | 1,207 | 1 | 114 | 98 | 113 | 428 | 468 | (9) |
| | | | | | | | 500 | 423 | 535 | 1,724 | 1,422 | 21 |

| | | | | | | | | | | | | |
|--|-------|--------|-------|--------|--------|-----|--------------|--------------|--------------|---------------|---------------|------------|
| Railroad transportation (millions of TKU) (**) | 8,705 | 10,468 | 9,371 | 37,525 | 38,271 | (2) | 575 | 694 | 550 | 2,405 | 2,125 | 13 |
| Port services | 7,622 | 8,315 | 6,910 | 30,530 | 28,697 | 6 | 111 | 142 | 118 | 490 | 450 | 9 |
| Maritime transportation | | | | | | | 95 | 102 | 121 | 396 | 450 | (12) |
| | | | | | | | 781 | 938 | 789 | 3,291 | 3,025 | 9 |
| Aluminum | 131 | 122 | 119 | 498 | 477 | 4 | 571 | 537 | 606 | 2,300 | 2,439 | (6) |
| Alumina | 403 | 504 | 366 | 1,738 | 1,678 | 4 | 268 | 333 | 411 | 1,199 | 1,315 | (9) |
| Bauxite | 1,544 | 1,422 | 1,529 | 5,600 | 5,429 | 3 | 94 | 86 | 73 | 358 | 301 | 19 |
| | | | | | | | 933 | 956 | 1,090 | 3,857 | 4,055 | (5) |
| Steel | | | | | | | 338 | 340 | 623 | 1,509 | 2,731 | (45) |
| Other products and services | | | | | | | 18 | 3 | 22 | 43 | 77 | (44) |
| | | | | | | | 9,204 | 9,042 | 7,784 | 35,350 | 29,020 | 22 |

(*) Includes revenues derived from services provided to pelletizing joint ventures in the amounts of R\$ 19, R\$ 19, R\$ 20, R\$ 71 and R\$ 77 referring to the 4Q/05, 3Q/05, 4Q/04, 2005 and 2004, respectively.

(**) The company carried through its railroad system 6,373, 8,242, 6,806, 28,379 and 28,214 million of TKUs of general cargo and 2,332, 2,226, 2,565, 9,146 and 10,057 million of TKUs of iron ore for third parties in 4Q/05, 3Q/05, 4Q/04, 2005 and 2004, respectively.

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The 22% gross revenue increase, from R\$ 29,020 to R\$ 35,350 was due to:

Reference price increase of 71.5% to iron ore and 86.4% to pellets;

Increase of copper prices;

Increase of railroad and port services prices; and

Increase of iron ore and copper volumes sold (copper started its operations in June, 2004 compared with a whole year of trading in 2005).

The above effects were partially offset by:

The devaluation of the average dollar compared with the real was 17%;

CST sale in the second half of 2004; and

Decrease in ferroalloys prices (due to increase of offer began by the end of 2004) and the decline of manganese volume sold.

Gross Consolidated Revenue by Segment

| | Non | | | | | Holdings (Unaudited) | | | | Quarter | | Acumulated | | | |
|--|---------------------|---------------------|------------|------------|------------|----------------------|------------|--------------|------------|--------------|------------|---------------|------------|---------------|------------|
| | Ferrous Minerals | Ferrous Minerals | Logistics | Aluminum | Steel | 4Q/05 | % | 3Q/05 | % | 4Q/04 | % | 2005 | % | 2004 | % |
| External market | | | | | | | | | | | | | | | |
| Americas, except United States | 471 | | 16 | 113 | | 600 | 7 | 518 | 6 | 744 | 10 | 2,385 | 7 | 2,096 | 7 |
| United States | 187 | 9 | | 93 | 338 | 627 | 7 | 560 | 6 | 890 | 11 | 2,647 | 7 | 3,272 | 11 |
| Germany | 588 | 95 | | | | 683 | 7 | 734 | 8 | 574 | 7 | 2,774 | 8 | 2,168 | 7 |
| France | 286 | 14 | | | | 300 | 3 | 277 | 3 | 280 | 4 | 1,156 | 3 | 1,169 | 4 |
| England | 151 | | | 4 | | 155 | 2 | 124 | 1 | 103 | 1 | 590 | 2 | 293 | 1 |
| Europe, except for Germany, France and England | 705 | 168 | 11 | 325 | | 1,209 | 13 | 1,316 | 15 | 957 | 12 | 5,132 | 15 | 4,382 | 15 |
| Middle East/Africa/Oceania | 569 | 1 | | 62 | | 632 | 7 | 596 | 7 | 386 | 5 | 2,285 | 6 | 1,333 | 5 |
| China | 1,692 | 32 | 8 | 27 | | 1,759 | 19 | 1,430 | 16 | 842 | 11 | 5,154 | 15 | 3,079 | 11 |
| South Korea | 308 | 8 | | | | 316 | 3 | 322 | 4 | 291 | 4 | 1,015 | 3 | 890 | 3 |
| Japan | 552 | 25 | | 233 | | 810 | 9 | 795 | 9 | 651 | 8 | 3,044 | 9 | 2,528 | 9 |
| Ásia, other than China, South Korea and Japan | 221 | 36 | | 1 | | 258 | 3 | 238 | 3 | 240 | 3 | 1,095 | 3 | 880 | 3 |
| | 5,730 | 388 | 35 | 858 | 338 | 7,349 | 80 | 6,910 | 78 | 5,958 | 76 | 27,277 | 78 | 22,090 | 76 |
| Brazil | 930 | 113 | 732 | 80 | | 1,855 | 20 | 2,132 | 22 | 1,826 | 24 | 8,073 | 22 | 6,930 | 24 |
| Total | 6,660 | 501 | 767 | 938 | 338 | 9,204 | 100 | 9,042 | 100 | 7,784 | 100 | 35,350 | 100 | 29,020 | 100 |

| | Denominated in | | (Unaudited) | | | | Quarter | | | | Accumulated | | |
|---------------|----------------|--------------|--------------|------------|--------------|------------|--------------|------------|---------------|------------|---------------|------------|-----------|
| | R\$ | US\$ | 4Q/05 | % | 3Q/05 | % | 4Q/04 | % | 2005 | % | 2004 | % | Δ% |
| Personnel | 395 | 24 | 419 | 10 | 377 | 9 | 374 | 10 | 1,451 | 9 | 1,412 | 10 | 3 |
| Material | 641 | 136 | 777 | 18 | 821 | 20 | 674 | 17 | 3,105 | 19 | 2,325 | 16 | 34 |
| Oil and gas | 430 | 89 | 519 | 12 | 458 | 11 | 441 | 11 | 1,829 | 11 | 1,597 | 11 | 15 |
| Outsourced | | | | | | | | | | | | | |
| services | 770 | 222 | 992 | 23 | 862 | 21 | 738 | 19 | 3,406 | 21 | 2,474 | 18 | 38 |
| Energy | 353 | 9 | 362 | 8 | 361 | 9 | 381 | 10 | 1,412 | 9 | 1,253 | 9 | 13 |
| Raw Material | 7 | 587 | 594 | 13 | 482 | 12 | 558 | 15 | 2,239 | 14 | 2,520 | 18 | (11) |
| Depreciation | | | | | | | | | | | | | |
| and depletion | 379 | 14 | 393 | 9 | 366 | 9 | 306 | 8 | 1,468 | 9 | 1,191 | 8 | 23 |
| Amortization | | | | | | | | | | | | | |
| of goodwill | 95 | | 95 | 2 | 95 | 2 | 96 | 3 | 382 | 2 | 384 | 3 | (1) |
| Others | 110 | 146 | 256 | 5 | 286 | 7 | 269 | 7 | 1,019 | 6 | 967 | 7 | 5 |
| Total | 3,180 | 1,227 | 4,407 | 100 | 4,108 | 100 | 3,837 | 100 | 16,311 | 100 | 14,123 | 100 | 15 |
| | 72% | 28% | | | | | | | | | | | |

The 15% increase (R\$ 2,188) in the cost of products and services (R\$ 16,311 in 2005 against R\$ 14,123 in 2004) is due to increase in sales volumes and changes in the prices of materials, oil, energy and services which comprise production cost during the period.

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Table of Contents**12.1.3 Selling expenses**

Selling expenses decreased by 17.5%, from R\$ 412 in 2004 to R\$ 340 in 2005, basically due to sale of CST in the second half of 2004 and less commission on sales.

12.1.4 Administrative expenses

Administrative expenses increased by 13.8%, from R\$ 1,125 in 2004 to R\$ 1,280 in 2005, basically due to personnel agreements and expenses with technical consulting services and groundwork.

12.1.5 Research and development

Research and development increased by 52.7%, from R\$ 440 in 2004 to R\$ 672 in 2005, reflecting 0 expansion plan to diversify production and expansion of production to attend world demand.

12.1.6 Other operating expenses

Other operating expenses decreased by R\$ 116, from R\$ 955 in 2004 to R\$ 834 in 2005, basically due to less need of provision for loss with ICMS credits.

12.1.7 Net Financial Results

The net financial result had an impact of R\$ 724 (expense of R\$ 1,276 in 2005 compared to expense of R\$ 2,000 in 2004) due to exchange rate variation effect of the Real against the dollar over the foreign debt, the reduction of financial expenses due to decrease of average debt and amount increase of revenues due to increase of rates over marketable securities abroad.

12.1.8 Income Tax and Social Contribution

Income tax and social contribution reflect an expense of R\$ 2,368 in 2005 compared with an expense of R\$ 1,810 in 2004, mainly caused by increase of taxable income.

12.1.9 Cash generation

The operating cash generation measured by EBITDA (earnings before financial results, results of equity investments, interest, income tax and depreciation, amortization and depletion more dividends received) was R\$ 16,701 in 2005, against R\$ 12,249 in 2004, an increase of 36,3%.

EBITDA

| | (Unaudited) | | Quarter | Accumulated | |
|---|--------------|--------------|--------------|---------------|---------------|
| | 4Q/05 | 3Q/05 | 4Q/04 | 2005 | 2004 |
| Net operating revenue | 8,916 | 8,805 | 7,384 | 33,993 | 27,544 |
| Cost of products and services | (4,407) | (4,108) | (3,837) | (16,311) | (14,123) |
| Operating expenses | (850) | (932) | (1,014) | (3,126) | (3,115) |
| Operating profit | 3,659 | 3,765 | 2,533 | 14,556 | 10,306 |
| Depreciation/amortization of goodwill | 538 | 495 | 440 | 1,994 | 1,694 |
| | 4,197 | 4,260 | 2,973 | 16,550 | 12,000 |
| Dividends received | 3 | 58 | 30 | 151 | 66 |
| Non-recurring item amortization of goodwill Samitri | | | | | 183 |
| EBITDA | 4,200 | 4,318 | 3,003 | 16,701 | 12,249 |
| Current liabilities | | | | | |
| Current portion of long-term debt unrelated parties | 2,940 | 1,628 | 2,526 | 2,940 | 2,526 |
| Short-term debt | 517 | 708 | 515 | 517 | 515 |
| Related parties | 81 | 69 | 106 | 81 | 106 |
| | 3,538 | 2,405 | 3,147 | 3,538 | 3,147 |

Long-term liabilities

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Long-term debt unrelated parties | 9,066 | 7,146 | 9,045 | 9,066 | 9,045 |
| Related parties | 3 | 3 | 41 | 3 | 41 |
| | 9,069 | 7,149 | 9,086 | 9,069 | 9,086 |
| Gross debt | 12,607 | 9,554 | 12,233 | 12,607 | 12,233 |
| Interest paid | 153 | 206 | 213 | 735 | 965 |
| Stockholders equity | 24,052 | 25,974 | 18,170 | 24,052 | 18,170 |
| EBITDA (LTM)/Interest paid (LTM) | 22.72 | 19.51 | 12.69 | 22.72 | 12.69 |
| EBITDA Margin (LTM) | 49% | 47% | 44% | 49% | 44% |
| EBIT Margin (LTM) | 43% | 43% | 38% | 43% | 38% |
| Gross debt/EBITDA (LTM) | 0.75 | 0.62 | 1.00 | 0.75 | 1.00 |
| Gross debt/Equity Capitalization | 34 | 27 | 40 | 34 | 40 |

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| Segments | 4Q/05 | % of total | 3Q/05 | (Unaudited) Quarter | | | 2005 | % of total | Accumulated | |
|----------------------|--------------|-------------|--------------|---------------------|--------------|-------------|---------------|-------------|---------------|-------------|
| | | | | % of total | 4Q/04 | % of total | | | 2004 | % of total |
| Ferrous minerals | 3,528 | 82% | 3,671 | 83% | 2,062 | 69% | 13,582 | 81% | 7,947 | 65% |
| Non-ferrous minerals | 157 | 4% | 84 | 2% | 82 | 3% | 428 | 3% | 309 | 3% |
| Logistics | 221 | 5% | 340 | 6% | 277 | 9% | 1,217 | 7% | 1,234 | 10% |
| Holdings | | | | | | | | | | |
| Aluminum | 339 | 8% | 305 | 7% | 520 | 17% | 1,446 | 9% | 1,965 | 16% |
| Steel | 46 | 1% | 68 | 2% | 62 | 2% | 298 | 2% | 794 | 6% |
| Others | (91) | 0% | (150) | 0% | | 0% | (270) | -2% | | 0% |
| | 4,200 | 100% | 4,318 | 100% | 3,003 | 100% | 16,701 | 100% | 12,249 | 100% |

Segment and geographical information

The business areas of the Company are, at present, organized as:

Ferrous comprises iron ore mining and pellet production, as well as the Northern and Southern transportation systems, including railroads, ports and terminals, as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous comprises the production of non-ferrous minerals.

Logistics comprises transportation systems as they pertain to the operation of ships, ports and railroads for third-party cargos.

Holdings divided into the following sub-groups:

Aluminum comprises aluminum trading activities, alumina refining and investments in joint ventures and affiliates engaged in bauxite mining and aluminum metal smelting.

Steel comprises investments in joint ventures and affiliates engaged in steel.

Others comprises investments in joint ventures and affiliates engaged in other businesses.

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Years ended December 31**

| | In millions of Reais 2005 | | | | | | | |
|--|------------------------------|-----------------------------|----------------|----------------|----------------|--------|---------------------|-----------------|
| | Holdings | | | | | | | |
| | Ferrous minerals | Non- ferrous minerals | Logistics | Aluminium | Steel | Others | Corporate curter | Total |
| Operating revenues | | | | | | | | |
| Sales of ore and metals | | | | | | | | |
| Iron ore and pellets | 23,438 | | | | | | | 23,438 |
| Manganese and ferroalloys | 1,488 | | | | | | | 1,488 |
| Copper | | 937 | | | | | | 937 |
| Potash | | 359 | | | | | | 359 |
| Kaolin | | 428 | | | | | | 428 |
| | 24,926 | 1,724 | | | | | | 26,650 |
| Transport services | | | 3,291 | | | | | 3,291 |
| Sales of aluminum-related products | | | | 3,857 | | | | 3,857 |
| Sales os steel products | | | | | 1,509 | | | 1,509 |
| Other products and services | 33 | 1 | | 9 | | | | 43 |
| | 24,959 | 1,725 | 3,291 | 3,866 | 1,509 | | | 35,350 |
| Vale Added taxes | (701) | (62) | (494) | (100) | | | | (1,357) |
| Net operational revenues | 24,258 | 1,663 | 2,797 | 3,766 | 1,509 | | | 33,993 |
| Cost of products and services | | | | | | | | |
| Ores and metals | (9,531) | (1,054) | | | | | | (10,585) |
| Transport services | | | (1,977) | | | | | (1,977) |
| Aluminum-related products | | | | (2,361) | | | | (2,361) |
| Steel products | | | | | (1,364) | | | (1,364) |
| Other products and services | (21) | (2) | | (1) | | | | (24) |
| | (9,552) | (1,056) | (1,977) | (2,362) | (1,364) | | | (16,311) |
| Gross profit | 14,706 | 607 | 820 | 1,404 | 145 | | | 17,682 |

| | | | | | | | | |
|--|----------------|--------------|--------------|--------------|-------------|---------------------|----------------|-----------------------------|
| Gross margin | 60.6% | 36.5% | 29.3% | 37.3% | 9.6% | | | 52.0% |
| Operational expenses | | | | | | | | |
| Selling | (242) | (53) | (12) | (27) | (6) | | | (340) |
| Administrative | (990) | (46) | (81) | (141) | (20) | (2) | | (1,280) |
| Research and development | (210) | (184) | (10) | (14) | | (254) | | (672) |
| Other operating expenses | (716) | (51) | (52) | 3 | (2) | (16) | | (834) |
| | (2,158) | (334) | (155) | (179) | (28) | (272) | | (3,126) |
| Operating profit (loss) before financial results and result of equity investments | 12,548 | 273 | 665 | 1,225 | 117 | (272) | | 14,556 |
| Results of equity investments | | | | | | | | |
| Gain on investments accounted by the equity method | 94 | | | | 397 | 1 | | 492 |
| Amortization of goodwill | (223) | | | | | | | (223) |
| Provision for losses | | | | | | | | |
| | (129) | | | | 397 | 1 | | 269 |
| Financial result | | | | | | | | |
| Financial expenses, net | | | | | | | (1,240) | (1,240) |
| Monetary and exchange rate variation, net | | | | | | | (36) | (36) |
| | | | | | | | (1,276) | (1,276) |
| Operating profit (loss) Results on sale of assets | 12,419 | 273 | 665 | 1,225 | 514 | (271) 298 | (1,276) | 13,549 298 |
| Income (loss) before income tax and social contribution | 12,419 | 273 | 665 | 1,225 | 514 | 27 | (1,276) | 13,847 |
| Income tax and social contribution | (2,136) | (3) | (98) | (95) | (46) | 10 | | (2,368) |
| Income (loss) before minority interests | 10,283 | 270 | 567 | 1,130 | 468 | 37 | (1,276) | 11,479 |
| Minority interests | (619) | | (121) | (230) | | (66) | | (1,036) |
| Income (loss) for the year | 9,664 | 270 | 446 | 900 | 468 | (29) | (1,276) | 10,443 |

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| | In millions of Reais | | | | | | | |
|--------------------------------------|-----------------------------|--------------------------------------|------------------|------------------|----------------|---------------|-----------------------------|-----------------|
| | | | | | | | | 2004 |
| | Holdings | | | | | | | |
| | Ferrous minerals | Non- ferrous minerals | Logistics | Aluminium | Steel | Others | Corporate curter | Total |
| Operating revenues | | | | | | | | |
| Sales of ore and metals | | | | | | | | |
| Iron ore and pellets | 15,626 | | | | | | | 15,626 |
| Manganese and ferroalloys | 2,084 | | | | | | | 2,084 |
| Copper | | 592 | | | | | | 592 |
| Potash | | 362 | | | | | | 362 |
| Kaolin | | 468 | | | | | | 468 |
| | 17,710 | 1,422 | | | | | | 19,132 |
| Transport services | | | 3,025 | | | | | 3,025 |
| Sales of aluminum-related products | | | | 4,055 | | | | 4,055 |
| Sales of steel products | | | | | 2,731 | | | 2,731 |
| Other products and services | 68 | 1 | | 8 | | | | 77 |
| | 17,778 | 1,423 | 3,025 | 4,063 | 2,731 | | | 29,020 |
| Vale Added taxes | (738) | (77) | (462) | (112) | (87) | | | (1,476) |
| Net operational revenues | 17,040 | 1,346 | 2,563 | 3,951 | 2,644 | | | 27,544 |
| Cost of products and services | | | | | | | | |
| Ores and metals | (7,873) | (655) | | | | | | (8,528) |
| Transport services | | | (1,805) | | | | | (1,805) |
| Aluminum-related products | | | | (2,013) | | | | (2,013) |
| Steel products | | | | | (1,738) | | | (1,738) |
| Other products and services | (33) | (6) | | | | | | (39) |
| | (7,906) | (661) | (1,805) | (2,013) | (1,738) | | | (14,123) |
| Gross profit | 9,134 | 685 | 758 | 1,938 | 906 | | | 13,421 |
| Gross margin | 53.6% | 50.9% | 29.6% | 49.1% | 34.3% | 0.0% | 0.0% | 48.7% |

Operational expenses

| | | | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|------------|----------------|
| Selling | (192) | (97) | (40) | (45) | (38) | | (412) |
| Administrative | (865) | (11) | (59) | (132) | (56) | (2) | (1,125) |
| Research and development | (133) | (303) | (4) | | | | (440) |
| Item não recorrente amortização de ágio Samitri | (183) | | | | | | (183) |
| Other operating expenses | (847) | (49) | (25) | (8) | (27) | 1 | (955) |
| | (2,220) | (460) | (128) | (185) | (121) | (1) | (3,115) |

Operating profit (loss) before financial results and result of equity investments

| | | | | | | | |
|--|--------------|------------|-------------|--------------|------------|------------|---------------|
| Results of equity investments | 6,914 | 225 | 630 | 1,753 | 785 | (1) | 10,306 |
| Gain on investments accounted by the equity method | 76 | | | | 332 | | 408 |
| Amortization of goodwill | (229) | | (23) | | | | (252) |
| Provision for losses | | | | | | | |
| | (153) | | (23) | | 332 | | 156 |

Financial result

| | | | | | | | | |
|---|--|--|--|--|--|--|----------------|----------------|
| Financial expenses, net | | | | | | | (1,556) | (1,556) |
| Monetary and exchange rate variation, net | | | | | | | (444) | (444) |
| | | | | | | | (2,000) | (2,000) |

Operating profit (loss)

| | | | | | | | | |
|----------------------------------|--------------|------------|------------|--------------|--------------|------------|----------------|--------------|
| Results on sale of assets | 6,761 | 225 | 607 | 1,753 | 1,117 | (1) | (2,000) | 8,462 |
| | (6) | | 21 | (5) | 541 | | | 551 |

Income**(loss) before****income tax and social contribution**

| | | | | | | | | |
|--|--------------|------------|------------|--------------|--------------|------------|----------------|--------------|
| | 6,755 | 225 | 628 | 1,748 | 1,658 | (1) | (2,000) | 9,013 |
| | (1,532) | (22) | (68) | (127) | (51) | (10) | | (1,810) |

Income tax and
social contribution

Income

(loss) before

| | | | | | | | | |
|---------------------------|--------------|------------|------------|--------------|--------------|-------------|----------------|--------------|
| minority interests | 5,223 | 203 | 560 | 1,621 | 1,607 | (11) | (2,000) | 7,203 |
| Minority interests | (297) | (26) | (22) | (398) | | | | (743) |

**Income (loss) for
the year**

| | | | | | | | |
|--------------|------------|------------|--------------|--------------|-------------|----------------|--------------|
| 4,926 | 177 | 538 | 1,223 | 1,607 | (11) | (2,000) | 6,460 |
|--------------|------------|------------|--------------|--------------|-------------|----------------|--------------|

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Table of Contents**12.2 Comments on the Parent Company Results****12.2.1 Gross Revenue**

The 31% increase in gross revenue (R\$ 18,098 in 2005 against R\$ 13,785 in 2004) is the result of the 10% increase in sales of iron ore and pellets and 7% increase in volume of port services and also for the increase of prices of both items. Additionally the revenues of the period include the sale of copper began in June 2004. This effect was compensated in part by the average appreciation the real against the United States Dollar by 17% incident in revenues of the Company.

12.2.2 Cost of Products and Services

Cost of products and services sold in 2005 was R\$ 9,603 in 2005 against R\$ 7,147 in 2004 representing a 34.4% increase. The main factors are the start of the trading of copper (since 2004), higher volumes sold of products in general, contracts readjustments and the increase of assets reflecting increase of expenses related to depreciation.

12.2.3 Gross Margin

The gross margin was reduced by 1.6% (43.8% in 2005 against 45.4% in 2004) mainly due to exchange rate variation loss from revenues, as described above, and the increase of unit cost for production of iron ore, copper and potash during 2005.

12.2.4 Results of Shareholdings by Business Area

The numbers below do not necessarily reflect the individual results of each company, but rather the amounts effectively applicable to the business area.

| Business Area | 2005 | Accumulated | |
|--|--------------|--------------------|-----------|
| | | 2004 | Δ% |
| Ferrous Minerals | | | |
| Iron ore | 4,560 | 1,168 | 290 |
| Pellets | 1,063 | 498 | 113 |
| Manganese and ferroalloys | 30 | 572 | (95) |
| Non-Ferrous Minerals | (28) | (4) | 600 |
| Logistics | 231 | 166 | 39 |
| Holdings | | | |
| Steel | 480 | 802 | (40) |
| Aluminum | 582 | 728 | (20) |
| Others | (43) | 17 | 353 |
| Gain on investments accounted for by the equity method | 6,875 | 3,947 | 74 |
| Provision for losses | (308) | (79) | (290) |
| Amortization of goodwill | (223) | (252) | 12 |
| Exchange variation in Stockholders' Equity of companies abroad | (878) | (365) | 141 |
| Results of equity investments | 5,466 | 3,251 | 68 |

Results of equity investments are strongly affected by the exchange rate variation over debt, which had a positive impact due to the appreciation of the Real against the Dollar in the year of 2005 of 11.8% in comparison with an 8.1% during the year of 2004. This effect is partially offset by the negative exchange rate variation from investments abroad.

Operationally, volumes and average selling prices increased in all businesses areas, except for ferroalloys, for which quantities and average sales price services were reduced. The decrease in steel is mainly due to the sale of CST and in the aluminum area, is due to higher production costs of bauxite and energy.

The negative result of equity in others refers to expenses with subsidiaries of mineral extraction in Africa, South America and Oceania.

12.2.5 Selling expenses

Selling expenses decreased by 88.0%, from R\$ 25 in 2004 to R\$ 3 in 2005, basically due to less commission on sales.

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12.2.6 Administrative expenses

Administrative expenses increased by 29.0%, from R\$ 531 in 2004 to R\$ 685 in 2005, basically due to personnel agreement and expenses with technical consulting services and groundwork.

12.2.7 Research and development

Research and development increased by 18.9%, from R\$ 349 in 2004 to R\$ 415 in 2005, reflecting CVRD expansion plan to diversify production and expansion of production to attend world demand.

12.2.8 Other operating expenses

Other operating expenses decreased by R\$ 313, from R\$ 548 in 2004 to R\$ 235 in 2005, basically due to diminish of need of provision for loss with ICMS credits and contingences.

12.2.9 Net Financial Results

The net financial result on 2005 had an impact of R\$ 833 (income of R\$ 81 on 2005 compared to expense of R\$ 752 on 2004) due to exchange rate variation effect of the Real against the dollar over the foreign debt.

12.2.9 Income Tax and Social Contribution

Income tax and social contribution reflect an expense of R\$ 1,257 on 2005 compared with an expense of R\$ 885 on 2004, mainly caused by increase of taxable income.

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Table of Contents**12.3 Labor and Social Indicators****Years ended December 31****In millions of reais**

| | Consolidated (unaudited) | | Parent Company | |
|---|-------------------------------------|-------------|-----------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Basis for computation | 35,350 | 29,020 | 18,098 | 13,785 |
| Gross revenues | 35,350 | 29,020 | 18,098 | 13,785 |
| Operating profit before financial results and results of equity investments | 14,556 | 10,306 | 6,153 | 4,305 |
| Gross payroll | 1,217 | 1,195 | 695 | 585 |

| | 2005 % of Gross Amount | | 2004 % of Gross Amount | | 2005 % of Gross Amount | | 2004 % of Gross Amount | | | | | |
|-------------------------------|---|---------------|---|---------------|---|---------------|---|---------------|-----------|------------|------------|-----------|
| | Operating payroll | profit | Operating payroll | profit | Operating payroll | profit | Operating payroll | profit | | | | |
| Labor indicators | | | | | | | | | | | | |
| Food | 122 | 10 | 1 | 106 | 9 | 1 | 72 | 10 | 1 | 58 | 10 | 1 |
| Compulsory social charges | 460 | 38 | 3 | 416 | 35 | 4 | 287 | 41 | 5 | 244 | 42 | 6 |
| Private pension plan | 102 | 8 | 1 | 91 | 8 | 1 | 85 | 12 | 1 | 73 | 12 | 2 |
| Health | 91 | 7 | 1 | 77 | 6 | 1 | 54 | 8 | 1 | 40 | 7 | 1 |
| Education | 113 | 9 | 1 | 66 | 6 | 1 | 70 | 10 | 1 | 40 | 7 | 1 |
| Profit sharing | 235 | 19 | 2 | 252 | 21 | 2 | 180 | 26 | 4 | 176 | 30 | 4 |
| Other benefits | 160 | 13 | | 117 | 11 | 1 | 77 | 12 | 1 | 69 | 13 | 2 |
| Total Labor indicators | 1,283 | 104 | 9 | 1,125 | 96 | 11 | 825 | 119 | 14 | 700 | 121 | 17 |

| | 2005 % of Operating Amount | | 2004 % of Operating Amount | | 2005 % of Operating Amount | | 2004 % of Operating Amount | | | | | |
|-----------------------------------|---|---------------------------|---|---------------------------|---|---------------------------|---|---------------------------|----------|------------|----------|----------|
| | Gross profit | Gross revenues | Gross profit | Gross revenues | Gross profit | Gross revenues | Gross profit | Gross revenues | | | | |
| Social indicators | | | | | | | | | | | | |
| Taxes | 4,219 | 29 | 12 | 2,124 | 21 | 7 | 2,593 | 42 | 14 | 1,366 | 32 | 10 |
| Social investments | 108 | | | 81 | 1 | | 77 | 1 | 1 | 54 | 1 | 1 |
| Social projects and actions | 90 | | | 62 | 1 | | 59 | 1 | 1 | 35 | 1 | 1 |
| Indigenous communities | 18 | | | 19 | | | 18 | | | 19 | | |
| Environmental expenditures | 197 | 1 | | 166 | 1 | | 129 | 2 | 1 | 107 | 2 | 1 |
| Operational | 175 | 1 | | 128 | 1 | | 108 | 2 | 1 | 69 | 2 | 1 |

| | | | | | | | | | | | | |
|-------------------------------------|--------------|-----------|-----------|--------------|-----------|----------|--------------|-----------|-----------|--------------|-----------|-----------|
| On outside programs and/or projects | 22 | | | 38 | | | 21 | | | 38 | | |
| Total Social indicators | 4,524 | 30 | 12 | 2,371 | 23 | 7 | 2,799 | 45 | 16 | 1,527 | 35 | 12 |

| Headcount | 2005 | | 2004 | |
|---------------------------------|-------------|--------|-------------|--------|
| No. of employees at end of year | 38,828 | 36,176 | 21,882 | 18,457 |
| No. of new hires during year | 6,910 | 5,275 | 4,424 | 3,060 |

The Consolidated amounts relate to the percentage of participation of Parent Company in the companies.

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Table of Contents**12.4 Functional Currency**

On October, 2005, The Conselho Federal de Contabilidade - CFC - Federal Accounting Council issued resolution CFC N° 1,052/05, which approves rule NBC T 7 - Conversion of Foreign Currency in Financial Statements, and in line with international pronouncements and practices, established the functional currency and report currency concept and gives instruction that monetary effects calculated through financial statements conversion of companies with different functional currency from the parent company must be registered in a specific account in stockholders' equity. The applying of the rule would bring the following impacts on the results of year 2005:

| | CVRD | Adjustments | 2005 |
|---|---------------------|--------------------|--------------------|
| | Consolidated | (*) NBC T | With |
| | | 7 | Adjustments |
| | | | NBC T 7 |
| Net operating revenues | 33,993 | | 33,993 |
| Costs of products and services | (16.311) | | (16.311) |
| Gross profit | 17,682 | | 17,682 |
| Operating expenses | (3.126) | | (3.126) |
| Operating profit | 14,556 | | 14,556 |
| Results of equity investments | 269 | 4 | 273 |
| Financial results | (1.276) | 48 | (1.228) |
| Sale of assets | 298 | | 298 |
| Income before income tax and social contribution | 13,847 | 52 | 13,899 |
| Income tax and social contribution | (2.368) | | (2.368) |
| Income before minority interests | 11,479 | 52 | 11,531 |
| Minority interests | (1.036) | | (1.036) |
| Net income for the year | 10,443 | 52 | 10,495 |

(*) Adjustment to result against stockholders' equity account of the exchange rate variation due to conversion of entities abroad which functional currency other than Real.

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13 Board of Directors, Fiscal Council, Advisory Committees and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa
Chairman

Arlindo Magno de Oliveira

Eduardo Fernando Jardim Pinto

Erik Persson

Francisco Augusto da Costa e Silva

Hiroshi Tada

Jaques Wagner

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Jorge Luiz Pacheco

Renato da Cruz Gomes

**Advisory Committees of the
Board of Directors**

Controlling Committee

Antonio José de Figueiredo Ferreira
Inácio Clemente da Silva
Paulo Roberto Ferreira de Medeiros

Executive Development Committee

Arlindo Magno de Oliveira
João Moisés de Oliveira
Olga Nietta Loffredi
Oscar Augusto de Camargo Filho

Strategic Committee

Roger Agnelli
Gabriel Stoliar
César Manoel de Medeiros
José Roberto Mendonça de Barros
Luciano Coutinho

Fiscal Council

Marcelo Amaral Moraes
Chairman

Anibal Moreira dos Santos

Joaquim Vieira Ferreira Levy

José Bernardo de Medeiros Neto

Executive Officers

Roger Agnelli
Chief Executive Officer

Murilo de Oliveira Ferreira
**Executive Officer for Equity Holdings and
Business Development**

José Carlos Martins
Executive Officer for Ferrous Minerals

Carla Grasso
**Executive Officer for Human Resources and
Corporate Services**

José Lancaster
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

Gabriel Stoliar
Executive Officer for Planning

Guilherme Rodolfo Laager
Executive Officer for Logistics

Otto de Souza Marques Junior

Finance Committee

Roger Agnelli

Fábio de Oliveira Barbosa

Rômulo de Mello Dias

Wanderlei Viçoso Fagundes

Ivan Luiz Modesto Schara

Chief Officer of Control Department

Marcus Vinícius Dias Severini

Chief Accountant

CRC-RJ 093892/O-3

Governance and Ethics Committee

Renato da Cruz Gomes

Ricardo Simonsen

Ricardo Carvalho Giambroni

CVRD

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Table of Contents**Equity Investee Information 12/31/2005**
CAEMI (Adjusted and Unaudited)

| Information | 2005 | | | | | 2005 Total | 1Q | 2Q | 3Q | 4Q | 2005 Total | |
|---------------------------------------|-----------------------|----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | Total | | | | | | | |
| IRON ORE | | | | | | | | | | | | |
| Quantity sold external MT (thousands) | Market | | 9,560 | 9,949 | 10,737 | 9,174 | 39,420 | 7,855 | 7,407 | 9,311 | 9,446 | 34,010 |
| Quantity sold internal MT (thousands) | Market | | 1,946 | 2,388 | 2,673 | 2,570 | 9,577 | 1,941 | 2,851 | 2,525 | 2,349 | 9,666 |
| Quantity sold total | MT (thousands) | | 11,506 | 12,337 | 13,410 | 11,744 | 48,997 | 9,796 | 10,258 | 11,836 | 11,795 | 43,680 |
| Average sales price external market | US\$ | | 22.49 | 39.40 | 38.69 | 36.52 | 34.44 | 18.95 | 22.68 | 21.63 | 22.50 | 21.40 |
| Average sales price external market | US\$ | | 17.91 | 32.29 | 26.63 | 27.20 | 26.42 | 14.14 | 14.62 | 15.33 | 17.62 | 15.40 |
| Average sales price total | US\$ | | 21.71 | 38.02 | 36.30 | 34.69 | 32.92 | 18.00 | 20.44 | 20.28 | 21.53 | 20.10 |
| REFRACTORY FLUORITE | | | | | | | | | | | | |
| Quantity sold external MT (thousands) | Market | | | | | | | 19 | | | | 19 |
| Quantity sold internal MT (thousands) | Market | | | | | | | 1 | | | | 1 |
| Quantity sold total | MT (thousands) | | | | | | | 20 | | | | 20 |
| Average sales price external market | US\$ | | | | | | | 148.20 | | | | 148.20 |
| Average sales price external market | US\$ | | | | | | | 158.00 | | | | 158.00 |
| Average sales price total | US\$ | | | | | | | 148.67 | | | | 148.67 |
| BAOLIN | | | | | | | | | | | | |
| Quantity sold external MT (thousands) | Market | | 253 | 267 | 253 | 321 | 1,094 | 169 | 175 | 170 | 156 | 677 |
| Quantity sold internal MT (thousands) | Market | | 29 | 29 | 32 | 34 | 124 | 18 | 18 | 20 | 18 | 71 |
| Quantity sold total | MT (thousands) | | 282 | 296 | 285 | 355 | 1,218 | 187 | 193 | 190 | 174 | 748 |
| | US\$ | | 167.32 | 175.04 | 175.68 | 165.27 | 170.54 | 153.64 | 161.84 | 161.44 | 164.46 | 160.20 |

| | | | | | | | | | | | |
|---|-----|------------|------------|------------|------------|--------------|------------|------------|------------|------------|-----------|
| Income before income tax and social contribution | R\$ | | | | | | | | | | |
| Income tax and social contribution | | (93) | (256) | (232) | 46 | (535) | (67) | (108) | (99) | (78) | (35) |
| Minority interest | R\$ | (29) | (77) | (55) | (74) | (235) | (21) | (34) | (30) | (27) | (11) |
| Net income | R\$ | 162 | 475 | 601 | 521 | 1,759 | 109 | 171 | 176 | 151 | 60 |

Table of Contents**Aluminum Area Albras (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q | 4Q |
|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sold | MT (thousand) | | | | | | | | | |
| market | | 104 | 106 | 106 | 110 | 426 | 94 | 115 | 96 | 108 |
| Sold | MT (thousand) | | | | | | | | | |
| market | | 5 | 4 | 6 | 6 | 21 | 3 | 4 | 5 | 5 |
| by sold | MT (thousand) | | | | | | | | | |
| | | 109 | 110 | 112 | 116 | 447 | 97 | 119 | 101 | 113 |
| Sales | | | | | | | | | | |
| external | US\$ | 1,787.71 | 1,819.42 | 1,754.44 | 1,844.43 | 1,801.97 | 1,565.46 | 1,626.62 | 1,644.42 | 1,728.79 |
| Sales | | | | | | | | | | |
| internal | US\$ | 1,860.15 | 1,874.87 | 1,588.67 | 1,310.50 | 1,628.35 | 1,618.11 | 1,660.01 | 1,700.23 | 1,787.36 |
| Sales | US\$ | | | | | | | | | |
| total | | 1,790.92 | 1,821.74 | 1,745.56 | 1,816.81 | 1,793.81 | 1,567.28 | 1,627.72 | 1,647.09 | 1,731.32 |
| Business, gross | US\$ | 172 | 152 | 132 | 237 | 237 | 319 | 264 | 244 | 202 |
| Business, gross | US\$ | 23 | 142 | 190 | 172 | 172 | | | | |
| Business, | US\$ | | | | | | | | | |
| | | 195 | 294 | 322 | 409 | 409 | 319 | 264 | 244 | 202 |
| holders | R\$ | | | | | | | | | |
| | | 1,169 | 1,308 | 1,288 | 1,131 | 1,131 | 835 | 1,028 | 1,143 | 1,076 |
| Operating | R\$ | | | | | | | | | |
| | | 521 | 496 | 457 | 480 | 1,954 | 442 | 587 | 494 | 542 |
| products | R\$ | (353) | (348) | (333) | (342) | (1,376) | (258) | (346) | (289) | (392) |
| | R\$ | | | | | | | | | |
| /revenues | | (29) | (20) | (28) | (30) | (107) | (30) | (26) | (17) | (39) |
| tion, and | | | | | | | | | | |
| | R\$ | 15 | 17 | 17 | 20 | 69 | 16 | 16 | 17 | 17 |
| A | R\$ | 154 | 145 | 113 | 128 | 540 | 170 | 231 | 206 | 128 |
| tion, and | R\$ | (15) | (17) | (17) | (20) | (69) | (16) | (16) | (17) | (17) |

| | | | | | | | | | | |
|------------------|-----|------------|------------|-------------|--------------|------------|------------|------------|------------|------------|
| ent | R\$ | 139 | 128 | 96 | 108 | 471 | 154 | 215 | 189 | 111 |
| cial | R\$ | | | | | | (5) | 1 | | (1) |
| | R\$ | (24) | 51 | (92) | (229) | (294) | (101) | (49) | (59) | 31 |
| before | | | | | | | | | | |
| ax and | | | | | | | | | | |
| tion | R\$ | 115 | 179 | 4 | (121) | 177 | 48 | 167 | 130 | 141 |
| ax and | R\$ | | | | | | | | | |
| ntribution | | (23) | (40) | (24) | 88 | 1 | (53) | 27 | (15) | (2) |
| me (loss) | R\$ | 92 | 139 | (20) | (33) | 178 | (5) | 194 | 115 | 139 |

Table of Contents**Aluminum Area Alunorte (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q | 4Q | 2004 Total |
|--|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|---------------|---------------|---------------|-----------------------|
| Quantity sold external market | MT (thousand) | 395 | 366 | 404 | 393 | 1,558 | 439 | 343 | 487 | 414 | 1,683 |
| Quantity sold internal market | MT (thousand) | 263 | 249 | 271 | 246 | 1,029 | 231 | 212 | 216 | 218 | 877 |
| Quantity sold total | MT (thousand) | 658 | 615 | 675 | 639 | 2,587 | 670 | 555 | 703 | 632 | 2,560 |
| Average sales price external market | US\$ | 244.47 | 249.98 | 239.25 | 261.44 | 248.69 | 204.29 | 234.99 | 225.85 | 230.49 | 223.23 |
| Average sales price internal market | US\$ | 231.66 | 234.08 | 204.17 | 219.59 | 222.12 | 207.14 | 210.68 | 206.77 | 221.70 | 211.52 |
| Average sales price total | US\$ | 239.35 | 241.38 | 225.17 | 245.33 | 237.61 | 205.30 | 225.71 | 222.76 | 227.46 | 219.99 |
| Long-term indebtedness, gross | US\$ | 464 | 454 | 546 | 582 | 582 | 361 | 351 | 334 | 402 | 402 |
| Short-term indebtedness, gross | US\$ | 33 | | 34 | 1 | 1 | 90 | 64 | 58 | 9 | 9 |
| Total indebtedness, gross | US\$ | 497 | 454 | 580 | 583 | 583 | 451 | 415 | 392 | 411 | 412 |
| Stockholders equity | R\$ | 1,728 | 2,042 | 2,096 | 2,084 | 2,084 | 970 | 1,244 | 1,432 | 1,637 | 1,637 |
| Net operating revenues | R\$ | 407 | 351 | 357 | 354 | 1,469 | 385 | 375 | 448 | 386 | 1,594 |
| Cost of products | R\$ | (238) | (236) | (270) | (263) | (1,007) | (238) | (207) | (280) | (231) | (956) |
| Other expenses/revenues | R\$ | (19) | (14) | (1) | (12) | (46) | (12) | (11) | (12) | (17) | (52) |
| Depreciation, amortization and depletion | R\$ | 23 | 22 | 21 | 23 | 89 | 19 | 20 | 22 | 23 | 83 |
| EBITDA | R\$ | 173 | 123 | 107 | 102 | 505 | 154 | 177 | 178 | 161 | 670 |
| Depreciation, amortization and | R\$ | (23) | (22) | (21) | (23) | (89) | (19) | (20) | (22) | (23) | (83) |

depletion

| | | | | | | | | | | | |
|---|-----|------------|------------|-----------|-------------|------------|------------|------------|------------|------------|------------|
| EBIT | R\$ | 150 | 101 | 86 | 79 | 416 | 135 | 157 | 156 | 138 | 586 |
| Net financial results | R\$ | (22) | 138 | (7) | (129) | (20) | (87) | (80) | 34 | (29) | (162) |
| Income before income tax and social contribution | R\$ | 128 | 239 | 79 | (50) | 396 | 48 | 77 | 190 | 109 | 424 |
| Income tax and social contribution | R\$ | (12) | (40) | (24) | 14 | (62) | (11) | 52 | (3) | (35) | 3 |
| Net income | R\$ | 116 | 199 | 55 | (36) | 334 | 37 | 129 | 187 | 74 | 427 |

Table of Contents**Aluminum Area MRN (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q | 4Q | 2004 Total |
|--|---------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|--------------|-----------------------|
| Quantity sold external market | MT (thousand) | 1,426 | 1,461 | 1,433 | 1,509 | 5,829 | 1,106 | 1,157 | 1,699 | 1,715 | 5,677 |
| Quantity sold internal market | MT (thousand) | 2,431 | 2,972 | 3,165 | 3,398 | 11,966 | 2,198 | 2,834 | 2,728 | 3,016 | 10,776 |
| Quantity sold total | MT (thousand) | 3,857 | 4,433 | 4,598 | 4,907 | 17,795 | 3,304 | 3,991 | 4,427 | 4,731 | 16,453 |
| Average sales price external market | US\$ | 26.01 | 26.61 | 27.23 | 27.67 | 26.89 | 22.00 | 22.70 | 23.89 | 25.10 | 23.64 |
| Average sales price internal market | US\$ | 22.27 | 22.78 | 23.31 | 23.69 | 23.07 | 18.84 | 19.43 | 20.45 | 21.49 | 20.14 |
| Average sales price total | US\$ | 24.14 | 24.70 | 25.27 | 24.91 | 24.78 | 19.90 | 20.38 | 21.77 | 22.80 | 21.35 |
| Long-term indebtedness, gross | US\$ | 26 | 17 | 7 | 5 | 5 | 40 | 60 | 53 | 40 | 40 |
| Short-term indebtedness, gross | US\$ | 189 | 238 | 216 | 170 | 170 | 192 | 171 | 149 | 150 | 150 |
| Total indebtedness, gross | US\$ | 215 | 255 | 223 | 175 | 175 | 232 | 231 | 202 | 190 | 190 |
| Stockholders equity | R\$ | 849 | 794 | 905 | 932 | 932 | 777 | 729 | 880 | 870 | 870 |
| Net operating revenues | R\$ | 225 | 240 | 260 | 265 | 990 | 178 | 242 | 262 | 265 | 947 |
| Cost of products | R\$ | (98) | (118) | (140) | (146) | (502) | (75) | (98) | (105) | (116) | (394) |
| Other expenses/revenues | R\$ | (6) | (7) | (4) | (11) | (28) | (3) | (2) | (11) | (9) | (25) |
| Depreciation, amortization and depletion | R\$ | 26 | 26 | 27 | 33 | 112 | 25 | 26 | 26 | 26 | 103 |
| EBITDA | R\$ | 147 | 141 | 143 | 141 | 572 | 125 | 168 | 172 | 166 | 631 |
| Depreciation, amortization and depletion | R\$ | (26) | (26) | (27) | (33) | (112) | (25) | (26) | (26) | (26) | (103) |

| | | | | | | | | | | | |
|---|-----|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| EBIT | R\$ | 121 | 115 | 116 | 108 | 460 | 100 | 142 | 146 | 140 | 528 |
| Net financial results | R\$ | (6) | 21 | 8 | (7) | 16 | (6) | (23) | 18 | 8 | (3) |
| Income before income tax and social contribution | R\$ | 115 | 136 | 124 | 101 | 476 | 94 | 119 | 164 | 148 | 525 |
| Income tax and social contribution | R\$ | (12) | (12) | (13) | (14) | (51) | (11) | (12) | (13) | (13) | (48) |
| Net income | R\$ | 103 | 124 | 111 | 87 | 425 | 83 | 107 | 151 | 135 | 476 |

Table of Contents**Aluminum Area Valesul (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q | 4Q |
|--|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Produced market | MT (thousand) | 12 | 12 | 8 | 11 | 43 | 15 | 15 | 12 | 12 |
| Produced market | MT (thousand) | 11 | 12 | 12 | 16 | 51 | 10 | 10 | 12 | 12 |
| Produced market | MT (thousand) | 23 | 24 | 20 | 27 | 94 | 25 | 25 | 24 | 24 |
| Produced market | US\$ | 1,927.69 | 2,030.87 | 1,999.47 | 2,119.86 | 2,019.00 | 1,676.30 | 1,802.97 | 1,782.17 | 1,846.29 |
| Produced market | US\$ | 2,578.41 | 2,674.31 | 2,565.35 | 2,833.68 | 2,677.99 | 2,240.26 | 2,214.30 | 2,330.97 | 2,435.48 |
| Produced market | US\$ | 2,494.08 | 2,216.68 | 2,339.00 | 2,542.86 | 2,404.27 | 1,903.80 | 1,969.71 | 2,063.19 | 2,137.55 |
| Operating business, gross margin | US\$ | | | | | | 1 | | | |
| Operating business, gross margin | US\$ | 1 | | | | | 1 | 1 | 1 | |
| Operating business, margin | US\$ | | | | | | 2 | 1 | 1 | |
| Operating business | R\$ | 287 | 274 | 266 | 254 | 254 | 273 | 254 | 273 | 273 |
| Operating business | R\$ | 128 | 126 | 107 | 133 | 494 | 128 | 146 | 135 | 132 |
| Operating business | R\$ | (111) | (115) | (108) | (124) | (458) | (102) | (113) | (112) | (104) |
| Operating business | R\$ | | 3 | (3) | (13) | (13) | (3) | (7) | 1 | (6) |
| Operating business | R\$ | 4 | 4 | 3 | 4 | 15 | 4 | 4 | 4 | 4 |
| Operating business | R\$ | 21 | 18 | (1) | | 38 | 27 | 30 | 28 | 26 |
| Operating business | R\$ | (4) | (4) | (3) | (4) | (15) | (4) | (4) | (4) | (4) |

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| | | | | | | | | | | |
|----------------------|-----|-----------|-----------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| ocial | R\$ | 17 | 14 | (4) | (4) | 23 | 23 | 26 | 24 | 22 |
| | R\$ | 3 | (2) | | | 1 | 1 | 1 | 2 | 1 |
| before ax and | | | | | | | | | | |
| tion | R\$ | 20 | 12 | (4) | (4) | 24 | 24 | 27 | 26 | 23 |
| ax and ntribution | R\$ | (7) | (6) | (4) | (5) | (22) | (6) | (6) | (6) | (6) |
| me | R\$ | 13 | 6 | (8) | (9) | 2 | 18 | 21 | 20 | 17 |

Table of Contents**Pellets Area Hispanobras (Adjusted and Unaudited)**

| Information | | | | | | 2005 | | | | | 2004 |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market | MT (thousand) | 500 | 459 | 320 | 331 | 1,610 | 425 | 99 | 246 | 442 | 1,212 |
| Quantity sold internal market | MT (thousand) | 620 | 550 | 730 | 685 | 2,585 | 460 | 790 | 795 | 675 | 2,720 |
| Quantity sold total | MT (thousand) | 1,120 | 1,009 | 1,050 | 1,016 | 4,195 | 885 | 889 | 1,041 | 1,117 | 3,932 |
| Average sales price external market | US\$ | 38.46 | 69.35 | 72.19 | 71.87 | 60.84 | 32.48 | 57.40 | 38.57 | 39.18 | 38.20 |
| Average sales price internal market | US\$ | 38.43 | 50.85 | 74.00 | 73.14 | 60.32 | 31.18 | 42.37 | 37.67 | 38.62 | 38.17 |
| Average sales price total | US\$ | 38.45 | 59.27 | 73.45 | 72.73 | 60.52 | 31.83 | 44.04 | 37.88 | 38.84 | 38.18 |
| Stockholders equity | R\$ | 125 | 189 | 147 | 112 | 112 | 95 | 113 | 120 | 115 | 115 |
| Net operating revenues | R\$ | 114 | 265 | 178 | 168 | 725 | 82 | 121 | 119 | 120 | 443 |
| Cost of products | R\$ | (93) | (152) | (121) | (126) | (492) | (81) | (97) | (96) | (91) | (365) |
| Other expenses/income | R\$ | (4) | (2) | (2) | (7) | (15) | 3 | 6 | (4) | (7) | (2) |
| Depreciation, amortization and depletion | R\$ | 1 | 1 | 1 | 1 | 4 | 3 | 1 | 1 | 1 | 6 |
| EBITDA | R\$ | 18 | 112 | 56 | 36 | 222 | 7 | 32 | 20 | 23 | 82 |
| Depreciation, amortization and depletion | R\$ | (1) | (1) | (1) | (1) | (4) | (3) | (1) | (1) | (1) | (6) |
| EBIT | R\$ | 17 | 111 | 55 | 35 | 218 | 4 | 31 | 19 | 22 | 76 |
| Net financial results | R\$ | | (9) | (2) | 3 | (8) | (1) | 1 | (5) | (2) | (7) |
| Income before income tax and social contribution | R\$ | 17 | 102 | 53 | 38 | 210 | 3 | 32 | 14 | 20 | 69 |

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| | | | | | | | | | | | |
|------------------------------------|------------|-----------|-----------|-----------|-----------|------------|----------|-----------|----------|-----------|-----------|
| Income tax and social contribution | R\$ | (7) | (35) | (18) | (14) | (74) | (1) | (11) | (5) | (8) | (25) |
| Net income | R\$ | 10 | 67 | 35 | 24 | 136 | 2 | 21 | 9 | 12 | 44 |

Table of Contents**Pellets Area Itabrasco (Adjusted and Unaudited)**

| Information | | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q | 4Q |
|---|-----------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Sold | external market | MT (thousand) | 769 | 730 | 670 | 688 | 2,857 | 762 | 903 | 486 | 670 |
| Sold | internal market | MT (thousand) | 176 | 230 | 340 | 189 | 935 | | 105 | 260 | 400 |
| Sold | total | MT (thousand) | 945 | 960 | 1,010 | 877 | 3,792 | 762 | 1,008 | 746 | 1,070 |
| Sales price | external market | US\$ | 39.14 | 71.97 | 73.16 | 73.70 | 63.83 | 32.84 | 43.39 | 39.02 | 39.14 |
| Sales price | internal market | US\$ | 39.40 | 73.27 | 73.78 | 73.57 | 67.14 | | 38.29 | 39.33 | 39.20 |
| Sales price | total | US\$ | 39.18 | 72.29 | 73.37 | 73.67 | 64.65 | 32.84 | 42.86 | 39.13 | 39.20 |
| Indebtedness, gross | | US\$ | 4 | 9 | | | | 1 | 8 | 1 | |
| Indebtedness, gross | | US\$ | 4 | 9 | | | | 1 | 8 | 1 | |
| Shareholders equity | | R\$ | 94 | 157 | 133 | 102 | 102 | 66 | 79 | 84 | 84 |
| Operating revenues | | R\$ | 99 | 246 | 172 | 147 | 664 | 72 | 132 | 87 | 111 |
| Operating expenses | | R\$ | (84) | (145) | (123) | (112) | (464) | (70) | (111) | (72) | (100) |
| Operating expenses/revenues | | R\$ | (6) | (3) | (7) | (4) | (20) | | 4 | (4) | (11) |
| Depreciation, amortization and depletion | | R\$ | | | 2 | 1 | 3 | | 1 | 1 | |
| Depreciation, amortization and depletion | | R\$ | 9 | 98 | 44 | 32 | 183 | 2 | 26 | 12 | 12 |
| Depreciation, amortization and depletion | | R\$ | | | (2) | (1) | (3) | | (1) | (1) | |
| Equity investments | | R\$ | 9 | 98 | 42 | 31 | 180 | 2 | 25 | 11 | 11 |
| Financial results | | R\$ | (1) | (1) | (6) | | (8) | | (1) | (2) | |
| Income before income tax and social contribution | | R\$ | 8 | 97 | 36 | 31 | 172 | 2 | 24 | 9 | 11 |
| Income tax and social contribution | | R\$ | (4) | (33) | (15) | (12) | (64) | (1) | (9) | (4) | (6) |
| Income | | R\$ | 4 | 64 | 21 | 19 | 108 | 1 | 15 | 5 | 5 |

Table of Contents**Pellets Area Kobrasco (Adjusted and Unaudited)**

| Information | | | 2005 | | | | | | | | | |
|--|-----------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | |
| old | external market | MT (thousand) | 597 | 980 | 782 | 829 | 3,188 | 617 | 437 | 852 | 540 | |
| old | internal market | MT (thousand) | 662 | 329 | 400 | 310 | 1,701 | 623 | 460 | 320 | 540 | |
| old | internal market | Others | MT (thousand) | 1,259 | 1,309 | 1,182 | 1,139 | 4,889 | 1,240 | 897 | 1,172 | 1,090 |
| ales price | external market | US\$ | 38.08 | 71.48 | 75.54 | 73.27 | 66.69 | 34.27 | 38.04 | 37.94 | 38.20 | |
| ales price | internal market | US\$ | 39.32 | 73.80 | 71.98 | 72.85 | 59.78 | 33.26 | 39.59 | 38.96 | 39.30 | |
| ales price | total | US\$ | 38.73 | 72.26 | 74.34 | 73.16 | 64.34 | 33.76 | 38.84 | 38.22 | 38.70 | |
| indebtedness, gross | | US\$ | 87 | 70 | 49 | 27 | 27 | 97 | 92 | 87 | 80 | |
| indebtedness, gross | | US\$ | 87 | 70 | 49 | 27 | 27 | 97 | 92 | 87 | 80 | |
| ers equity | | R\$ | 78 | 144 | 164 | 188 | 188 | 15 | 15 | 44 | 60 | |
| ing revenues | | R\$ | 130 | 230 | 208 | 187 | 755 | 122 | 106 | 135 | 110 | |
| oducts | | R\$ | (98) | (152) | (143) | (136) | (529) | (106) | (92) | (107) | (90) | |
| enses/revenues | | R\$ | (9) | | (27) | (7) | (43) | 2 | 8 | (5) | (10) | |
| on, amortization and depletion | | R\$ | 2 | 2 | 2 | 2 | 8 | 2 | 2 | 2 | 10 | |
| on, amortization and depletion | | R\$ | 25 | 80 | 40 | 46 | 191 | 20 | 24 | 25 | 20 | |
| on, amortization and depletion | | R\$ | (2) | (2) | (2) | (2) | (8) | (2) | (2) | (2) | (10) | |
| al results | | R\$ | 23 | 78 | 38 | 44 | 183 | 18 | 22 | 23 | 10 | |
| al results | | R\$ | (3) | 23 | 3 | (5) | 18 | (4) | (21) | 21 | 10 | |
| efore income tax and social contribution | | R\$ | 20 | 101 | 41 | 39 | 201 | 14 | 1 | 44 | 30 | |
| t and social contribution | | R\$ | (9) | (35) | (22) | (14) | (80) | (6) | | (16) | (10) | |
| e | | R\$ | 11 | 66 | 19 | 25 | 121 | 9 | 1 | 28 | 20 | |

Table of Contents**Pellets Area Nibrasco (Adjusted and Unaudited)**

| Information | | | 1Q | 2Q | 3Q | 4Q | 2005 | 1Q | 2Q | 3Q |
|--|-----------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | | Total | | | |
| external market | | MT (thousand) | 675 | 627 | 827 | 807 | 2,936 | 563 | 803 | 776 |
| internal market | CVRD | MT (thousand) | 996 | 1,149 | 1,000 | 1,289 | 4,434 | 1,327 | 903 | 899 |
| internal market | Others | MT (thousand) | 35 | 34 | 35 | 34 | 138 | 33 | 33 | 31 |
| total | | MT (thousand) | 1,706 | 1,810 | 1,862 | 2,130 | 7,508 | 1,923 | 1,739 | 1,706 |
| price | external market | US\$ | 37.13 | 64.94 | 86.42 | 80.36 | 68.84 | 31.45 | 34.49 | 40.37 |
| price | internal market | US\$ | 37.77 | 68.70 | 106.16 | 70.54 | 70.74 | 31.51 | 35.96 | 37.51 |
| price | total | US\$ | 37.51 | 67.39 | 97.22 | 73.13 | 69.63 | 31.49 | 33.23 | 38.84 |
| debt | gross | US\$ | 4 | 4 | 4 | 3 | 3 | | | 3 |
| debt | gross | US\$ | | | | | | 1 | | |
| debt | gross | US\$ | 4 | 4 | 4 | 3 | 3 | 1 | | 3 |
| equity | | R\$ | 174 | 154 | 204 | 269 | 269 | 116 | 129 | 143 |
| revenues | | R\$ | 185 | 326 | 313 | 383 | 1,207 | 188 | 202 | 217 |
| costs | | R\$ | (156) | (238) | (210) | (271) | (875) | (171) | (173) | (183) |
| debt/revenues | | R\$ | (4) | (4) | (17) | (12) | (37) | 7 | 12 | (6) |
| amortization and depletion | | R\$ | 1 | 2 | 2 | 2 | 7 | 2 | 2 | 1 |
| | | R\$ | 26 | 86 | 88 | 102 | 302 | 26 | 43 | 29 |
| amortization and depletion | | R\$ | (1) | (2) | (2) | (2) | (7) | (2) | (2) | (1) |
| | | R\$ | 25 | 84 | 86 | 100 | 295 | 24 | 41 | 28 |
| results | | R\$ | (1) | (3) | (8) | | (12) | | | (4) |
| before income tax and social contribution | | R\$ | 24 | 81 | 78 | 100 | 283 | 24 | 41 | 24 |
| and social contribution | | R\$ | (11) | (28) | (29) | (34) | (102) | (9) | (13) | (9) |
| gross) | | R\$ | 13 | 53 | 49 | 66 | 181 | 15 | 28 | 15 |

Table of Contents**Pellets Area Samarco (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 | 1Q | 2Q | 3Q | 4Q |
|--|---------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|
| | | | | | | Total | | | | |
| Produced pellets | MT (thousand) | 3,297 | 3,024 | 3,666 | 4,089 | 14,076 | 3,462 | 3,177 | 3,264 | 3,910 |
| Produced iron ore | MT (thousand) | 239 | 431 | 407 | 330 | 1,407 | 497 | 471 | 688 | 365 |
| Average price pellets | US\$ | 43.88 | 76.50 | 80.98 | 79.60 | 70.93 | 39.31 | 39.11 | 38.89 | 40.60 |
| Average price iron ore | US\$ | 31.04 | 32.18 | 38.68 | 37.23 | 35.05 | 16.88 | 19.66 | 21.78 | 21.20 |
| Debt, gross | US\$ | 52 | 42 | 41 | 39 | 39 | 21 | 46 | 42 | 50 |
| Debt, net | US\$ | 156 | 140 | 156 | 299 | 299 | 174 | 153 | 139 | 140 |
| Debt, net | US\$ | 208 | 182 | 197 | 338 | 338 | 195 | 199 | 181 | 190 |
| Shareholders' equity | R\$ | 767 | 935 | 960 | 887 | 887 | 626 | 558 | 662 | 560 |
| Operating revenues | R\$ | 411 | 612 | 697 | 730 | 2,450 | 373 | 404 | 424 | 480 |
| Operating expenses | R\$ | (168) | (176) | (209) | (252) | (805) | (165) | (154) | (173) | (210) |
| Operating income | R\$ | (28) | (74) | (19) | (14) | (135) | (31) | (46) | (42) | (50) |
| Operating income, amortization and depletion | R\$ | 11 | 12 | 15 | 9 | 47 | 11 | 12 | 13 | 10 |
| Operating income | R\$ | 226 | 374 | 484 | 473 | 1,557 | 188 | 216 | 222 | 220 |
| Operating income, amortization and depletion | R\$ | (11) | (12) | (15) | (9) | (47) | (11) | (12) | (13) | (10) |
| Operating income | | 215 | 362 | 469 | 464 | 1,510 | 177 | 204 | 209 | 210 |
| Equity investments | R\$ | 7 | 9 | 10 | (6) | 20 | 11 | (5) | 20 | (10) |
| Financial results | R\$ | 13 | | (46) | (14) | (47) | (5) | (54) | 41 | (10) |
| Income before income tax and social contribution | R\$ | 235 | 371 | 433 | 444 | 1,483 | 183 | 145 | 270 | 200 |
| Income tax and social contribution | R\$ | (37) | (60) | (75) | (82) | (254) | (31) | (18) | (58) | (60) |
| Income before income tax and social contribution | R\$ | 198 | 311 | 358 | 362 | 1,229 | 152 | 127 | 212 | 200 |

Table of Contents**Pellets Area GIIC (Adjusted and Unaudited)**

| Information | | 1Q | 2Q | 3Q | 4Q | 2005 | 1Q | 2Q | 3Q | 4Q |
|--|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | | | | Total | | | | |
| Quantity sold external market | MT(thousands) | 710 | 1,058 | 893 | 932 | 3,593 | 906 | 683 | 1,003 | 1,092 |
| Average sales price external market | US\$ | 88.06 | 118.15 | 109.34 | 108.11 | 107.41 | 52.68 | 58.27 | 55.78 | 54.82 |
| Term indebtedness, gross | US\$ | 10 | 10 | 5 | 5 | 5 | 20 | 20 | 25 | 25 |
| Indebtedness, gross | US\$ | 10 | 10 | 5 | 5 | 5 | 20 | 20 | 25 | 25 |
| Shareholders equity | R\$ | 303 | 328 | 282 | 289 | 289 | 221 | 240 | 245 | 240 |
| Operating revenues | R\$ | 167 | 321 | 220 | 226 | 934 | 138 | 121 | 167 | 185 |
| Cost of products | R\$ | (102) | (156) | (133) | (129) | (520) | (104) | (102) | (131) | (137) |
| Expenses | R\$ | (3) | (46) | (23) | (16) | (88) | (11) | (9) | (10) | (16) |
| Depreciation, amortization and depletion | R\$ | 2 | 2 | 2 | 2 | 8 | 2 | 2 | 2 | 2 |
| Operating Profit (DA) | R\$ | 64 | 121 | 66 | 83 | 334 | 25 | 12 | 28 | 34 |
| Depreciation, amortization and depletion | R\$ | (2) | (2) | (2) | (2) | (8) | (2) | (2) | (2) | (2) |
| Operating Profit | R\$ | 62 | 119 | 64 | 81 | 326 | 23 | 10 | 26 | 32 |
| Loss in translation of currency | R\$ | | (16) | 4 | 15 | 3 | 2 | (4) | (6) | |
| Financial results | R\$ | | | (15) | 1 | (14) | | | | |
| Operating Income | R\$ | 62 | 103 | 53 | 97 | 315 | 23 | 12 | 22 | 26 |

Table of Contents**Manganese and Ferrolloys Area RDM (Adjusted and Unaudited)**

| Information | | | 1Q | 2Q | 3Q | 4Q | 2005 Total | 1Q | 2Q | 3Q |
|--|-------------|---------------|-----------------|-----------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| market | ferroalloys | MT (thousand) | 34 | 57 | 50 | 32 | 173 | 37 | 31 | 30 |
| market | ferroalloys | MT (thousand) | 36 | 41 | 33 | 35 | 145 | 45 | 47 | 44 |
| | | MT (thousand) | 70 | 98 | 83 | 67 | 318 | 82 | 78 | 74 |
| market | manganese | MT (thousand) | 355 | 312 | 419 | 334 | 1,420 | 213 | 350 | 466 |
| market | manganese | MT (thousand) | 69 | 68 | 76 | 46 | 259 | 72 | 72 | 66 |
| | | MT (thousand) | 424 | 380 | 495 | 380 | 1,679 | 285 | 422 | 532 |
| external market | ferroalloys | US\$ | 1,477.75 | 799.63 | 599.86 | 586.00 | 835.65 | 713.01 | 1,006.84 | 1,151.00 |
| external market | ferroalloys | US\$ | 1,010.90 | 1,385.38 | 717.24 | 738.97 | 984.32 | 700.76 | 1,038.88 | 1,484.10 |
| total | | US\$ | 1,237.52 | 1,049.97 | 646.53 | 665.91 | 905.04 | 706.34 | 1,026.72 | 1,316.80 |
| external market | manganese | US\$ | 71.67 | 79.40 | 78.23 | 75.24 | 76.14 | 44.98 | 48.51 | 56.10 |
| external market | manganese | US\$ | 72.19 | 72.64 | 76.16 | 82.54 | 75.31 | 45.15 | 55.80 | 54.90 |
| total | | US\$ | 72.10 | 73.80 | 77.91 | 76.12 | 75.11 | 45.02 | 49.76 | 55.90 |
| gross | | US\$ | 8 | 48 | 50 | 90 | 90 | 12 | 11 | 10 |
| gross | | US\$ | 34 | | | | | 40 | 34 | 30 |
| s | | US\$ | 42 | 48 | 50 | 90 | 90 | 52 | 45 | 40 |
| | | R\$ | 684 | 709 | 705 | 634 | 634 | 658 | 751 | 870 |
| | | R\$ | 279 | 275 | 216 | 137 | 907 | 179 | 265 | 350 |
| | | R\$ | (145) | (182) | (156) | (130) | (613) | (111) | (110) | (130) |
| | | R\$ | (13) | (34) | (57) | (66) | (170) | (26) | (23) | (30) |
| n and depletion | | R\$ | 6 | 7 | 6 | 5 | 24 | 6 | 5 | 5 |
| n and depletion | | R\$ | 127 | 66 | 9 | (54) | 148 | 48 | 137 | 180 |
| | | R\$ | (6) | (7) | (6) | (5) | (24) | (6) | (5) | (5) |
| | | R\$ | 121 | 59 | 3 | (59) | 124 | 42 | 132 | 170 |
| | | R\$ | 2 | (2) | | | | | | |
| | | R\$ | 1 | (26) | (7) | 8 | (24) | 3 | 5 | (1) |
| ome tax and social contribution | | R\$ | 124 | 31 | (4) | (51) | 100 | 45 | 137 | 160 |
| tribution | | R\$ | (31) | (7) | | (4) | (42) | (6) | (43) | (4) |
| | | R\$ | 93 | 24 | (4) | (55) | 58 | 39 | 94 | 110 |

Table of Contents**Manganese and Ferroalloys Area - Urucum (Adjusted and Unaudited)**

| Information | | | 2005 | | | | | | | |
|----------------------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| external market | iron ore | MT (thousand) | 222 | 263 | 279 | 198 | 962 | 127 | 106 | 254 |
| internal market | iron ore | MT (thousand) | 1 | | 4 | 17 | 22 | | 3 | |
| total | | MT (thousand) | 223 | 263 | 283 | 215 | 984 | 127 | 109 | 254 |
| external market | manganese | MT (thousand) | 26 | 50 | 7 | 38 | 121 | 22 | 4 | 39 |
| internal market | manganese | MT (thousand) | 64 | 48 | 48 | 36 | 196 | 50 | 62 | 52 |
| total | | MT (thousand) | 90 | 98 | 55 | 74 | 317 | 72 | 66 | 91 |
| external market | ferroalloys | MT (thousand) | 5 | 4 | 2 | 2 | 13 | 4 | 4 | 4 |
| internal market | ferroalloys | MT (thousand) | | | 2 | 4 | 6 | 1 | | |
| total | | MT (thousand) | 5 | 4 | 4 | 6 | 19 | 5 | 4 | 4 |
| external market | iron ore | US\$ | 17.89 | 32.72 | 34.19 | 32.09 | 29.59 | 15.05 | 19.09 | 19.18 |
| internal market | iron ore | US\$ | 2.63 | | 23.25 | 22.53 | 21.76 | | 2.28 | |
| total | | US\$ | 17.85 | 32.72 | 34.04 | 31.33 | 29.43 | 15.05 | 18.63 | 19.18 |
| external market | manganese | US\$ | 115.85 | 98.34 | 124.86 | 67.37 | 93.91 | 49.84 | 54.87 | 45.72 |
| internal market | manganese | US\$ | 72.57 | 114.52 | 107.81 | 111.19 | 98.57 | 44.19 | 47.69 | 55.82 |
| total | | US\$ | 85.16 | 106.27 | 109.98 | 88.69 | 96.82 | 45.92 | 48.10 | 51.53 |
| external market | ferroalloys | US\$ | 918.43 | 775.24 | 942.00 | 798.00 | 859.47 | 564.53 | 863.73 | 1,285.47 |
| internal market | ferroalloys | US\$ | | | 210.00 | 622.86 | 485.24 | 394.48 | | |
| total | | US\$ | 918.43 | 775.24 | 576.00 | 681.24 | 741.29 | 546.44 | 863.73 | 1,285.47 |
| business, gross | | US\$ | 12 | 17 | 19 | 23 | 23 | | 3 | 1 |
| business, gross | | US\$ | | | | | | 4 | 1 | 1 |
| business, gross | | US\$ | 12 | 17 | 19 | 23 | 23 | 4 | 4 | 2 |
| equity | | R\$ | 46 | 54 | 60 | 47 | 47 | 61 | 44 | 54 |
| revenues | | R\$ | 41 | 50 | 42 | 39 | 172 | 21 | 24 | 40 |
| | | R\$ | (18) | (19) | (17) | (28) | (82) | (11) | (11) | (15) |
| revenues | | R\$ | (5) | (11) | (9) | (13) | (38) | (4) | (3) | (7) |
| amortization and depletion | | R\$ | 1 | 1 | 1 | 1 | 4 | 1 | 1 | 1 |
| | | R\$ | 19 | 21 | 17 | (1) | 56 | 7 | 11 | 19 |

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| | | | | | | | | | |
|---|-----|-----------|-----------|-----------|------------|-----------|----------|-----------|-----------|
| Amortization and depletion | R\$ | (1) | (1) | (1) | (1) | (4) | (1) | (1) | (1) |
| | R\$ | 18 | 20 | 16 | (2) | 52 | 6 | 10 | 18 |
| | R\$ | | (1) | | (3) | (4) | (1) | | |
| | R\$ | (1) | (7) | (5) | | (13) | | | (2) |
| Income tax and social contribution | R\$ | 17 | 12 | 11 | (5) | 35 | 5 | 10 | 16 |
| Social contribution | R\$ | (6) | (4) | (5) | | (15) | (2) | (3) | (6) |
| | R\$ | 11 | 8 | 6 | (5) | 20 | 3 | 7 | 10 |

Table of Contents**Manganese and Ferrolloys Area RDME (Adjusted and Unaudited)**

| Information | | | 2005 | | | | | | | |
|------------------------|------------|----------------|-------------|-------------|-------------|-------------|--------------|------------|------------|------------|
| | | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| Internal market | Sinter | MT (thousands) | 47 | 27 | 11 | 25 | 110 | 66 | 86 | 88 |
| Internal market | Manganese | MT (thousands) | 45 | 6 | 28 | 77 | 156 | 55 | 33 | 68 |
| Internal market | Ferrolloys | MT (thousands) | 50 | 51 | 38 | 31 | 170 | 64 | 41 | 47 |
| external market | Sinter | US\$ | 134.00 | 155.00 | 157.00 | 120.52 | 138.39 | 103.70 | 108.70 | 95.68 |
| external market | Manganese | US\$ | 122.00 | 139.00 | 147.93 | 99.97 | 116.43 | 73.22 | 78.16 | 100.35 |
| external market | Ferrolloys | US\$ | 1,049.00 | 739.00 | 571.87 | 574.13 | 762.75 | 588.12 | 954.98 | 1,213.38 |
| Business, gross | | US\$ | 3 | 2 | 2 | | | 3 | 3 | 3 |
| Business, gross | | US\$ | | 1 | | 4 | 4 | | | |
| Business, gross | | US\$ | 3 | 3 | 2 | 4 | 4 | 3 | 3 | 3 |
| Business, net | | R\$ | 281 | 231 | 212 | 204 | 204 | 194 | 207 | 246 |
| Business, net | | R\$ | 181 | 127 | 87 | 79 | 474 | 147 | 165 | 209 |
| Business, net | | R\$ | (152) | (121) | (88) | (82) | (443) | (134) | (156) | (134) |
| Business, net | | R\$ | (7) | (7) | (6) | (14) | (34) | (3) | (9) | (24) |
| Business, net | | R\$ | 3 | 3 | 3 | 3 | 12 | 3 | 3 | 5 |
| Business, net | | R\$ | 25 | 2 | (4) | (14) | 9 | 13 | 3 | 56 |
| Business, net | | R\$ | (3) | (3) | (3) | (3) | (12) | (3) | (3) | (5) |
| Business, net | | R\$ | 22 | (1) | (7) | (17) | (3) | 10 | | 51 |
| Business, net | | R\$ | (12) | (17) | (18) | 8 | (39) | | (1) | (1) |
| Business, net | | R\$ | | | (30) | (1) | (31) | 2 | | |
| Business, net | | R\$ | 10 | (18) | (55) | (10) | (73) | 12 | (1) | 50 |
| Business, net | | R\$ | (8) | | 2 | 3 | (3) | | | |
| Business, net | | R\$ | 2 | (18) | (53) | (7) | (76) | 12 | (1) | 50 |

Table of Contents**Steel Area CSI (Adjusted and Unaudited)**

| Information | | 2005 | | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| al | MT (thousand) | 448 | 428 | 459 | 479 | 1,814 | 566 | 530 | 558 |
| e total | US\$ | 746.28 | 709.09 | 627.27 | 627.43 | 676.01 | 419.00 | 539.53 | 694.15 |
| ity | R\$ | 777 | 762 | 683 | 749 | 749 | 629 | 754 | 785 |
| ues | R\$ | 906 | 756 | 680 | 677 | 3,019 | 675 | 879 | 1,158 |
| | R\$ | (776) | (703) | (666) | (589) | (2,734) | (654) | (712) | (854) |
| ues | R\$ | (19) | (7) | (11) | (1) | (38) | | | (2) |
| ization and depletion | R\$ | 18 | 15 | 17 | 15 | 65 | 20 | 18 | 19 |
| | R\$ | 129 | 61 | 20 | 102 | 312 | 41 | 185 | 321 |
| ization and depletion | R\$ | (18) | (15) | (17) | (15) | (65) | (20) | (18) | (19) |
| | R\$ | 111 | 46 | 3 | 87 | 247 | 21 | 167 | 302 |
| estments | R\$ | | | | | | 4 | 3 | (17) |
| ion currency | R\$ | 8 | (110) | (45) | 49 | (98) | | 3 | (13) |
| | R\$ | (9) | (7) | (7) | 26 | 3 | (15) | (34) | (52) |
| e income tax and social contribution | R\$ | 110 | (71) | (49) | 162 | 152 | 10 | 139 | 220 |
| al contribution | R\$ | (44) | (15) | 3 | (37) | (93) | (4) | (56) | (96) |
| | R\$ | 66 | (86) | (46) | 125 | 59 | 6 | 83 | 124 |

Table of Contents**Logistics Area Docenave (Adjusted and Unaudited)**

| | | | | | | 2005 | | | |
|-----------------------------|----------------|------------|------------|------------|------------|--------------|------------|------------|-----|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | |
| Information | | | | | | | | | |
| market | | | | | | | | | |
| (EUS) | MT (thousands) | 889 | 881 | 777 | 812 | 3,359 | 1,426 | 1,430 | |
| | TEUS | 9,888 | 8,845 | 8,907 | 6,663 | 34,303 | 7,444 | 8,674 | 1 |
| | Operations | 556 | 804 | 991 | 416 | 2,767 | 698 | 623 | |
| market | | | | | | | | | |
| (EUS) | MT (thousands) | 345 | 291 | 330 | | 966 | 129 | 495 | |
| | TEUS | 13,826 | 12,964 | 14,288 | 18,432 | 59,510 | 14,532 | 15,916 | 1 |
| | Operations | 1,126 | 968 | 899 | 1,512 | 4,505 | 912 | 986 | |
| market | | | | | | | | | |
| (EUS) | US\$ | 15.55 | 11.25 | 14.89 | 16.85 | 14.58 | 10.83 | 11.83 | |
| | US\$ | 616.40 | 753.31 | 713.37 | 1,048.33 | 760.78 | 569.99 | 585.77 | 6 |
| | US\$ | 3,453.24 | 3,075.23 | 3,112.53 | 5,921.07 | 3,592.40 | 3,005.73 | 3,321.03 | 3,4 |
| market | | | | | | | | | |
| (EUS) | US\$ | 9.88 | 7.56 | 7.00 | | 8.20 | 3.81 | 8.37 | |
| | US\$ | 817.37 | 865.17 | 893.48 | 794.24 | 838.89 | 594.62 | 619.63 | 6 |
| | US\$ | 3,449.38 | 3,931.46 | 4,362.93 | 2,996.97 | 3,583.43 | 3,003.29 | 3,294.12 | 3,3 |
| | US\$ | | | | | | 1 | 1 | |
| | US\$ | 1 | 1 | 1 | | | 1 | 1 | |
| | US\$ | 1 | 1 | 1 | | | 2 | 2 | |
| | R\$ | 266 | 268 | 284 | 322 | 322 | 259 | 298 | |
| | R\$ | 104 | 86 | 90 | 90 | 370 | 96 | 118 | |
| | R\$ | (64) | (53) | (57) | (66) | (240) | (77) | (79) | |
| | R\$ | (4) | (1) | (5) | (5) | (15) | (8) | (6) | |
| | R\$ | 3 | 2 | 2 | 3 | 10 | | 3 | |
| | R\$ | 39 | 34 | 30 | 22 | 125 | 11 | 36 | |
| | R\$ | (3) | (2) | (2) | (3) | (10) | | (3) | |
| | R\$ | 36 | 32 | 28 | 19 | 115 | 11 | 33 | |
| | R\$ | | | | | | | | |
| | R\$ | 1 | (33) | (9) | 11 | (30) | | | |
| | R\$ | | | | | | | | |
| | R\$ | 4 | 11 | 6 | 12 | 33 | 13 | 14 | |
| tax and social contribution | R\$ | 41 | 10 | 25 | 42 | 118 | 24 | 47 | |
| ation | R\$ | (11) | (8) | (9) | (4) | (32) | (4) | (1) | |
| | R\$ | 30 | 2 | 16 | 38 | 86 | 20 | 46 | |

Table of Contents**Logistics Area FCA (Adjusted and Unaudited)**

| Information | | 2005 | | | | | 1Q | 2Q | 3Q | 4Q |
|---|----------------|-------------|------------|-------------|--------------|--------------|-------------|-------------|-------------|------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | | | | |
| Internal market | MT (thousands) | 6,103 | 7,416 | 7,616 | 6,425 | 27,560 | 5,807 | 6,943 | 6,931 | 7,080 |
| Price internal market | R\$ | 26.20 | 30.09 | 31.18 | 29.26 | 29.34 | 22.77 | 24.95 | 26.19 | 24.95 |
| Indebtedness, gross | US\$ | 127 | 136 | 133 | | | 111 | 107 | 109 | 133 |
| Indebtedness, gross | US\$ | | | | | | 18 | 18 | 18 | |
| Indebtedness, gross | US\$ | 127 | 136 | 133 | | | 129 | 125 | 127 | 133 |
| Equity | R\$ | 24 | 40 | (37) | (121) | (121) | 108 | 82 | 73 | 30 |
| Operating revenues | R\$ | 131 | 187 | 198 | 154 | 670 | 113 | 143 | 152 | 143 |
| Operating expenses | R\$ | (147) | (176) | (192) | (213) | (728) | (130) | (132) | (150) | (150) |
| Operating revenues/expenses | R\$ | | (16) | (53) | (32) | (101) | 4 | (13) | (13) | (2) |
| Operating expenses, amortization and depletion | R\$ | 13 | 15 | 18 | 23 | 69 | 10 | 9 | 12 | 11 |
| Operating expenses, amortization and depletion | R\$ | (3) | 10 | (29) | (68) | (90) | (4) | 7 | 1 | (2) |
| Operating expenses, amortization and depletion | R\$ | (13) | (15) | (18) | (23) | (69) | (10) | (9) | (12) | (11) |
| Operating results | R\$ | (16) | (5) | (47) | (91) | (159) | (14) | (2) | (11) | (3) |
| Operating results | R\$ | 1 | 21 | (29) | 6 | (1) | (12) | (24) | 3 | |
| Operating results before income tax and social contribution | R\$ | (15) | 16 | (76) | (85) | (160) | (26) | (26) | (8) | (3) |
| Operating results before income tax and social contribution | R\$ | | | | | | | | | |
| Operating results (loss) | R\$ | (15) | 16 | (76) | (85) | (160) | (26) | (26) | (8) | (3) |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO
DOCE

(Registrant)

Date: March 10, 2006

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa
Chief Financial Officer