Companhia Vale do Rio Doce
Form 6-K
May 18, 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
May 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 _X_ 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 _X_

(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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8.2.2 - Cost of Products and Services

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

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DELIVERING A SOLID PERFORMANCE

CVRD s performance in the first quarter of 2006 (1Q06)

Rio de Janeiro, May 10, 2006 Companhia Vale do Rio Doce (CVRD) returned a very solid performance in the first quarter of 2006, continuing the good results of recent years. Appropriate execution of the long-term strategy has enabled the Company to take advantage of the opportunities offered by the economic cycle, making possible sustained growth with both operational and financial performance able to generate value for its shareholders.

The main highlights of 1Q06 financial results are:

Gross revenues of R$8.281 billion, up 17.4% on 1Q05.

Consolidated exports amounting to US$2.282 billion, up 70.8% compared to 1Q05.

Net exports (exports less imports) of US$2.054 billion, 87.6% higher than those reported in 1Q05. CVRD s contribution to Brazil s trade balance has increased, rising from 14% in the last two years, to 22% of the trade surplus in 1Q06, when it amounted to US$9.341 billion. CVRD s sales performance in this quarter highlights its position as Brazil s largest net exporting Company.

Operating profit, as measured by EBIT (earnings before interest and tax) of R$3.240 billion, 36.4% higher than in 1Q05.

EBIT margin of 40.7%, compared to 35.3% in 1Q05.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R$3.753 billion, an increase of R$904 million compared to 1Q05.

Net earnings of R$2.185 billion, corresponding to earnings per share of R$1.80, up 35.3% on 1Q05.

Return on equity (ROE) of 27.5%.

Investments realized of US$1.126 billion[1], US$843 million being spent on organic growth, US$236 million on the maintenance of existing operations and US$47 million on acquisitions.

[1] Calculated according to generally accepted accounting principles in the United States (US GAAP) and based on financial disbursements.

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with generally accepted Brazilian 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, CVRD International, CVRD Overseas and Rio Doce International Finance. For companies in which control is shared, the consolidated figures are proportional to the equity st ake held by CVRD in each company. The main companies in which CVRD has shared control are MRN, Valesul, Kobrasco, Nibrasco, Hispanobras, Itabrasco, GIIC, Samarco and CSI.

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SELECTED FINANCIAL INDICATORS

R$ million

	1Q05 (A)	4Q05 (B)	1Q06 (C)	% (C/A)	% (C/B)
Gross operating revenues	7,052	9,204	8,281	17.4	-10.0
Exports (US$ million)	1,336	2,011	2,282	70.8	13.5
Net exports (US$ million)	1,095	1,838	2,054	87.6	11.8
EBIT	2,375	3,659	3,240	36.4	-11.5
EBIT margin (%)	35.3	41.0	40.7		
EBITDA	2,849	4,200	3,753	31.7	-10.6
Net earnings	1,614	2,637	2,185	35.3	-17.2
Net earnings per share (R$)	1.40	2.29	1.80	28.4	-21.4
Annualized ROE (%)	32.6	43.9	27.5		
Capex* (US$ million)	570.4	1,851.8	1,126.0	97.4	-39.2

* acquisitions included

BUSINESS OUTLOOK

The performance of the global economy, exceeding expectations, produced renewed surprises. In spite of the oil price shock, for the fourth year running global GDP growth is expected to be more than 4% in 2006. The last time this happened was more than 30 years ago, over the years 1970-1973.

Oil prices continue to be high and we expect them to remain so for a long time. Expansion of demand and concerns on the future behavior of supply given the level of investment considered to be insufficient by the International Energy Agency and many analysts have made oil prices very sensitive to the effects of geopolitical uncertainty, significantly increasing their volatility.

The greater efficacy of monetary policy, helping to reduce macroeconomic stability worldwide, and the credibility of the Central Banks as inflation fighters, are factors which have enabled the global economy to expand rapidly even in the face of rising oil prices since 2003. In an environment of low inflation, with expectations of stability in price levels and the perception that companies do not have the price power, the pass-through of the oil price shock to final products tends to be much more limited than in the past thus limiting its effects on economic activity.

The Central Banks, led by the US Federal Reserve Bank, have put in place a normalization of their monetary policies after a cycle of extremely low interest rates. Short-term interest rates have risen, and more recently long-term rates have followed them, although they are still below historic levels. At the same time, the differentials between long-term and short-term interest rates are very narrow, reflecting the excess of savings in the world. Interest rate spreads, both in industrialized counties and emerging economies, are at their lowest levels for the last 20 years.

It is expected that the negative impact of oil prices will be compensated by a gradual recovery in investments, both because companies idle capacity has been almost completely absorbed, and conditions in the financial markets are very favorable, and also because there is continuity in macroeconomic policies that support the expansion of global economic activity.

In this context industrial production, completing the global cycle of consumption of inventories which continued until mid-2005, has begun to expand again in all regions. Purchasing Managers Indices for manufacturing industry which tends to

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correlate well with the demand for metals indicate continuity of growth in the United States, Japan and the Eurozone, with increase of production, orders and jobs. In the European Union, where growth has been slower, signals of dynamism in its largest economies Germany, the UK, France and Italy are beginning to appear.

The greater macroeconomic stability, expressed in lower volatility of inflation and real GDP, has translated into longer periods of economic expansion and less frequent and less acute global recessions. This benign environment tends to be reflected in the metals cycle, where its influence is strengthened by the process of economic development in China.

The current metals expansion cycle has now lasted more than 50 months the longest since 1970 and the global macroeconomic scenario is highly favorable to its continuation. Simultaneously with the historic growth of demand in China, metals consumption in India is also expanding strongly, although less fast and on a smaller base. India is rich in mineral resources, and the initial effect is that it reallocates its exports to the local market to meet domestic demand. This is beginning to happen in iron ore, aiming to satisfy the demand caused by the growth of steel production, which averaged 9.4% per year over 2001-2005, and is a strategic priority for the country s industrial policy.

On the demand side, there is a new phenomenon in the form of allocation of part of institutional investors portfolio to investment in commodities, whose prices have low or even negative correlation with the prices of shares on various time horizons. Investment in this new class of assets is a way of seeking diversification from the systematic (or non-diversifiable) risk of equity portfolios.

Our estimate is that commodities funds investments in basic metals copper, aluminum, nickel are still small in relation to the size of these metals respective markets, somewhere between 3% and 4%. However, the marginal impact on demand and prices could be significant.

The supply of minerals and metals also suffers the effect of the strong slowdown in investments in expansion of capacity and mineral exploration, in response to the Southeast Asian crisis of 1997. According to data from the Metals Economics Group, the level of investment in mineral exploration recovered its 1997 level, of US$5.1 billion, only in 2005, with 40% of expenditure going into feasibility studies. Thus, new discoveries of mineral deposits have waned and there is no reasonable inventory of world-class projects expected to start operation over the next five years. The secondary position of expenditure in looking for new (grassroots) discoveries suggests that this problem could propagate into the future.

The absence of shock absorbers, such as idle capacity and inventories, to absorb shocks, lead to an upward bias in prices. For example, operation at full capacity increases the probability of production problems, which, due to the greater scarcity of replacement parts, tends to result in supply disruptions which, in the presence of very low inventories, help to increase price volatility.

In the specific case of iron ore, there are various indicators typical of persistence of the situation of excess of global demand which have appeared since 2003, and call for higher prices to stimulate their future correction.

China s imports of iron ore reached a monthly record of 29.5 million tons in March, totaling 80.9 million tons in 1Q06, 28% more than in 1Q05. Chinese iron ore inventories remain at a low level in relation to China s output of pig iron, and these levels are falling. The differential of prices for spot transactions and those in contracts for iron ore delivered to China reached an average of 30% in April.

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In March 2006 world production of crude steel was 6.1% higher than in March 2005. Monthly production in China where apparent consumption of finished steel products is growing at 20% per year reached the record volume of 32.9 million tons, 19.4% more than in March 2005. In Europe 25, where the production of raw steel had fallen significantly last year, a recovery appears to be in progress: output was 4% higher than in March 2005, led by France (+8.7%) and the UK (+11.8%).

The price of metallics (scrap and pig iron) and steel products is in full recovery in all the regions of the world, which could be indicating a new cycle of generalized growth in steel output and would strengthen the pressures on demand for iron ore.

At the same time, due to the substantial increase in the capacity of the world s bulk shipping fleet the growth in terms of tons in 2005 was by far the greatest in the last 35 years prices of seaborne freight for iron ore have declined significantly. Between the end of 2004 and April 2006 there was an average reduction of US$20 per ton for the Brazil-Asia route, and US$12 per ton for the Brazil-Rotterdam route, which resulted in a considerable reduction of cost for the purchasers of iron ore in the seaborne market.

The announcement of start-up of additional alumina production capacity in China caused some reduction in spot market prices. In spite of this adjustment, they remained in the range US$550 to US$600 per ton FOB Australia, a clear indication of the imbalance between global demand and supply. In this context, the start-up of operation of stages 4 and 5 of CVRD s alumina refinery happens at a moment that is extremely favorable for achieving a good performance.

The strong appreciation of the Brazilian currency, the Real, against the US dollar has negatively affected the profitability of the farm products that Brazil exports, reversing initial estimates of expansion of output in 2006. This change is likely to have an adverse effect on the demand for railway transportation of general cargo, and on the price of potash, due to the importance of the Brazilian market as a purchaser in the global market.

RELEVANT EVENTS

New levers of growth

Two new projects were concluded stages 4 and 5 of Alunorte, and the Capim Branco I hydroelectric power plant which will make a significant contribution to the Company s cash flow and value creation in the near future.

With the addition of stages 4 and 5, the nominal production capacity of CVRD subsidiary Alunorte increases to 4.4 million tons per year of alumina, making it the world s largest alumina refinery. The project was delivered on schedule, for investment of US$768 million.

The Capim Branco I power plant, on the Araguari river in the state of Minas Gerais, Brazil, with installed capacity of 240MW, is CVRD s sixth hydroelectric plant. CVRD s take in its energy output is equal to its share in the consortium that holds the concession, of 48.42%, and will be allocated to consumption by the units of CVRD located in the Southern System, helping to reduce costs. CVRD s investment was US$187 million.

Acquisition of assets

In January 2006 the assets of Rio Verde Mineração mineral resources, land and equipments were acquired, for US$47 million. These assets are close to the

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operations of CVRD s subsidiary MBR in Nova Lima, in the Iron Quadrilateral in the state of Minas Gerais, Brazil.

Stock merger with Caemi

On May 3, 2006 CVRD concluded the stock merger with Caemi and now holds 100% of the capital of Caemi. The preferred shares issued by Caemi were exchanged for CVRD PNA shares on the basis of 0.04115 of a CVRD PNA preferred share for one Caemi PN preferred share. For this transaction, 64,151,361 preferred Class A shares were issued by CVRD, increasing its total number of shares by 5.6%.

Caemi s PN shares ceased trading on the São Paulo Stock Exchange (Bovespa) on May 4, 2006. On May 16, 2006 the CVRD PNA shares arising from fractioning in the exchange of Caemi PN for CVRD PNA will be auctioned on the Bovespa.

Payment of dividends

In accordance with CVRD s dividend policy and the announcement made on January 26 this year, the first portion of the minimum remuneration to shareholders for 2006, in the amount of R$1.145292894 per common or preferred share, totaling R$1.39 billion, was paid to shareholders on April 28.

Stock split

CVRD s Extraordinary General Meeting of Shareholders approved a two-for-one stock split of both common and preferred shares, as a result of which CVRD s capital will be 2,459,657,056 shares, of which 1,499,898,858 are common shares and 959,758,198 are PNA preferred shares.

For the shares traded on the São Paulo Stock Exchange (Bovespa), the new shares arising from the split will be distributed on May 25, 2006, to shareholders on record as of May 19, 2006.

For the American Depositary Receipts (ADRs) traded on the New York Stock Exchange, the distribution of new ADRs one for each existing ADR will be finalized on June 7, with record date as of May 24, 2006.

Each ADR both RIO and RIOPR will continue to represent one CVRD s common or preferred share.

The split aims to reposition the Company s share price after an appreciation of 180% in US dollar between August 19, 2004, when the last CVRD ´s forward stock split took place, and end of April 2006.

REVENUES

In 1Q06, CVRD s gross revenues amounted to R$8.281 billion, 17.4% up on 1Q05.

The increase in the price of products sold by the Company, determined basically by the upward movement in the ore and metals cycle, contributed R$2.304 billion to the increase seen in CVRD s gross revenue. The rise in sales volume was responsible for R$56 million of this increase, while the appreciation in the Brazilian Real against the US dollar in this period, of 21.5%, had an adverse impact on CVRD s gross revenue of R$1.131 billion.

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In the first quarter of 2006, sales of iron ore accounted for 69.3% of CVRD s total revenue, while sales of products in the aluminum chain accounted for 12.7%, logistic services, 8.5%, non-ferrous minerals, 4.8% and steel products, 4.2%.

Revenues from sales to the Americas accounted for 34.5% of CVRD s total sales in the quarter. Brazil was the main destination for the Company s sales, responsible for 21.3% of total revenue. Asia accounted for 34.3%, 18.1% of the total being sales to China, while Europe accounted for 26.3% of CVRD s total sales in 1Q06.

The importance of the Chinese market has been growing, the percentage of the Company s revenues from that country rising from 10.6% in 2004 to 14.6% in 2005 and 18.1% in 1Q06.

GROSS REVENUES BY PRODUCT

R$ million

	1Q05	%	4Q05	%	1Q06	%
Iron ore and pellets	**3,920**	**55.6**	**6,343**	**68.9**	**5,480**	**66.2**
Iron ore	2,753	39.0	4,404	47.8	4,147	50.1
Pellets	1,167	16.5	1,939	21.1	1,333	16.1
Pelletizing plants operation services	**21**	**0.3**	**19**	**0.2**	**18**	**0.2**
Manganese and ferro-alloys	**498**	**7.1**	**272**	**3.0**	**256**	**3.1**
Copper concentrate	**200**	**2.8**	**294**	**3.2**	**242**	**2.9**
Potash	**80**	**1.1**	**92**	**1.0**	**49**	**0.6**
Kaolin	**105**	**1.5**	**114**	**1.2**	**106**	**1.3**
Aluminum	**1,040**	**14.7**	**933**	**10.1**	**1,053**	**12.7**
Logistics	**725**	**10.3**	**781**	**8.5**	**704**	**8.5**
Railroads	506	7.2	575	6.2	535	6.5
Ports	114	1.6	111	1.2	106	1.3
Shipping	105	1.5	95	1.0	63	0.8
Steel products	**452**	**6.4**	**338**	**3.7**	**349**	**4.2**
Coal		**0.0**		**0.0**	**9**	**0.1**
Others	**11**	**0.2**	**18**	**0.2**	**15**	**0.2**
Total	**7,052**	**100.0**	**9,204**	**100.0**	**8,281**	**100.0**

GROSS REVENUES BY DESTINATION

R$ million

	1Q05	%	4Q05	%	1Q06	%
Americas	**3,026**	**42.9**	**3,082**	**33.5**	**2,854**	**34.5**
Brazil	1,765	25.0	1,855	20.2	1,761	21.3
USA	743	10.5	627	6.8	526	6.4
Others	518	7.3	600	6.5	567	6.8
Asia	**1,861**	**26.4**	**3,143**	**34.1**	**2,840**	**34.3**
China	836	11.9	1,759	19.1	1,495	18.1
Japan	597	8.5	810	8.8	837	10.1
Others	428	6.1	574	6.2	508	6.1
Europe	**1,828**	**25.9**	**2,347**	**25.5**	**2,175**	**26.3**
Rest of the World	**336**	**4.8**	**632**	**6.9**	**412**	**5.0**
Total	**7,051**	**100.0**	**9,204**	**100.0**	**8,281**	**100.0**

OPERATIONAL COSTS AND EXPENSES

CVRD s cost of goods sold (COGS) amounted to R$3.945 billion in 1Q06, up R$160 million, or 4.2%, compared to the same quarter in 2005. Of this amount, 71%

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was denominated in Brazilian Reais and 29% denominated in, or indexed to, the US Dollar.
Expenditure on outsourced services contributed R$865 million to the cost of goods sold, up R$107 million compared to 1Q05. The main elements of these expenses consisted of railfreight contracted, principally for the transport of iron ore produced by MBR and the Oeste mines, in CVRD s Southern System, equipment and facilities maintenance services and waste and ore removal being the main COGS item, responsible for 21.9% of the total.
Expenses on material, of R$712 million, were practically equal to the figure reported in 1Q05, of R$715 million.
Expenditure on personnel amounted to R$372 million, 18.5% higher than in 1Q05, as a result of an annual salary rise of 6.5% awarded to employees in July 2005, as well as an increase in the size of the workforce needed to support the growth in the Company s activities.
Expenditure on fuel oil, gas and electricity, of R$760 million, was R$36 million higher than that reported in 1Q05, basically due to the increase in fuel and electricity prices.
Expenditure on the acquisitions of products was reduced by R$69 million, dropping from R$593 million in 1Q05 to R$524 million in 1Q06. In 1Q06, CVRD purchased 3.663 million tons of iron ore from small mining companies in the Iron Quadrangle in the state of Minas Gerais, compared to 4.356 million tons in 1Q05. In addition to the reduction of 15.9% in the volume purchased of iron ore, the effect of the appreciation in the Brazilian Real against the US Dollar had a favorable effect, reducing the price of these purchases in Reais.
Demurrage payments by the Company for shipping delays at its maritime terminals amounted to R$21 million in 1Q06, down 62.5% on 1Q05. Considerable progress was made in cutting demurrage expenses, which amounted to US$0.20 per ton shipped, below the target for 2006 of US$0.22 per ton, and less than half that in 2004, of US$0.45 per ton.
Operational expenses totaled R$781 million in 1Q06, 39.5% higher than the expenditure in the same quarter in 2005. Sales expenses amounted to R$105 million, R$5 million more than the figure in 1Q05. Administrative expenses, of R$331 million, increased by 28.3% compared to 1Q05, basically due to higher expenditure on publicity and advertising, consultancy services, depreciation and the salary increase mentioned above.
Expenditure on research and development (R&D) amounted to R$156 million, 92.6% more than in 1Q05. The increase in R&D expenditure at CVRD in the last few quarters is due to the implementation of its strategy of focusing on organic growth, which implies heavier investment in mineral exploration and feasibility studies for the development of mineral deposits in various countries.
Other operational expenses, of R$189 million, were R$68 million higher than the number reported in 1Q05. This increase was basically due to higher contingency provisions, employee profit sharing, and write-downs in the Company s asset inventory.

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COGS BREAKDOWN

R$ million

	1Q05	%	4Q05	%	1Q06	%
Personnel	314	8.3	419	9.5	372	9.4
Material	715	18.9	777	17.6	712	18.0
Fuel oil and gases	407	10.7	519	11.8	456	11.6
Outsourced services	758	20.0	992	22.5	865	21.9
Electric energy	318	8.4	362	8.2	304	7.7
Acquisition of products	593	15.7	594	13.5	524	13.3
Depreciation and exhaustion	347	9.2	393	8.9	368	9.3
Goodwill amortization	96	2.5	91	2.1	92	2.3
Others	238	6.3	260	5.9	252	6.4
Total	**3,785**	**100.0**	**4,407**	**100.0**	**3,945**	**100.0**

OPERATIONAL PERFORMANCE

Operational performance, as measured by EBIT, in the first quarter of 2006 totaled to R$3.240 billion, R$865 million higher than that reported in 1Q05, of R$2.375 billion.

EBIT in 1Q06 was principally influenced by the increase of R$1.245 billion in net revenues, partially offset by a rise of R$159 million in COGS and R$221 million on administrative, sales, general and R&D expenses.

EBIT margin in 1Q06 amounted to 40.7%, 540 basis points (bp) higher than the margin reported in 1Q05, of 35.3%.

CASH GENERATION

Cash generation, as measured by EBITDA, in 1Q06 amounted to R$3.753 billion, 31.7% higher than that reported in 1Q05, of R$2.849 billion.

The increase of R$904 million observed in EBITDA was basically due to the growth of R$865 million in EBIT and R$39 million in depreciation. In 1Q06, CVRD received dividends from non-consolidated affiliates of R$1 million.

In 1Q06 the business areas made the following contributions to cash flow: ferrous minerals 78.3%, aluminum chain 11.6%, logistics services 6.3%, non-ferrous minerals 3.1%, steel, 1.7% and others, represented by expenditure on research and development, (1.0%).

QUARTERLY EBITDA

R$ million

	1Q05	4Q05	1Q06
Net operating revenues	6,720	8,916	7,965
COGS	(3,785)	(4,407)	(3,944)
SG&A	(358)	(436)	(436)
Research and development	(81)	(209)	(156)
Other operational expenses	(121)	(205)	(189)
EBIT	**2,375**	**3,659**	**3,240**
Depreciation, amortization & exhaustion	473	538	512
Dividends received		3	1
EBITDA	**2,849**	**4,200**	**3,753**

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FINANCIAL RESULT

CVRD s net financial result in the first quarter of 2006 was a negative R$259 million, compared to a negative R$274 million in 1Q05. Financial expenses totaled R$527 million and financial revenues, R$108 million. Monetary variation resulted in a gain of R$160 million, due to the appreciation in the Brazilian Real against the US Dollar between 1Q05 and 1Q06.

EQUITY INCOME RESULT

CVRD s equity income result amounted to R$16 million, compared to R$73 million in 1Q05. This drop was principally due to the lower contributions from the steel segment.

NET EARNINGS

In the first quarter of 2006, CVRD s net earnings totaled R$2.185 billion, corresponding to R$1.80 per share. Compared to the net earnings reported in 1Q05, of R$1.614 billion, the Company s net earnings showed an increase of 35.3% in twelve months.

In this quarter, CVRD booked R$19 million in gains from the sale of its stake in Nova Era Silicon - NES, sold for a total of US$14 million in February 2006.

Provisions made for the payment of income tax and social contribution amounted to R$585 million, R$194 million more than in 1Q05.

Minority shareholding participations in 1Q06 reduced net earnings by R$247 million. With the incorporation of Caemi s shares into CVRD, in the next quarter this item will cease to include the accounting effect of the portion of earnings attributed to the minority shareholders in Caemi. In 1Q06, this contributed to a reduction in CVRD s net earnings of R$117 million.

A HEALTHY BALANCE SHEET

CVRD s total debt has increased from US$5.010 billion on December 31, 2005 to US$6.063 billion on March 31, 2006, with net debt US$4.419 billion at the end of 1Q06, against US$3.969 billion at the end of 4Q05. The Company s cash position at the end of 1Q06 was US$1.644 billion.

The increase in debt is fully compatible with CVRD s cash generation, and this is evidenced by the strong leverage and interest coverage indicators, which continue to portray the solidity of the balance sheet.

Gross debt/adjusted EBITDA was 0.84x on March 31, 2006, compared to 0.77x on December 31, 2005; and total debt/enterprise value remained effectively unchanged, increasing from 10.0% to 10.3%. Interest coverage, measured by adjusted EBITDA/interest paid, changed from 25.95x at the end of 2005 to 27.08x at the end of March 2006.

At the same time the average debt maturity was increased, from 7.89 years at end-December 2005 to 8.15 years at end-March 2006, reflecting the issue of US$1 billion debt due in 2016 and coupon of 6.25% per year, and repurchase of short-term debt performed in 1Q06.

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DEBT INDICATORS

US$ million

	1Q05	4Q05	1Q06
Gross debt	4,182	5,010	6,063
Net debt	3,060	3,969	4,419
Gross debt / adjusted LTM EBITDA(x)	1.05	0.77	0.84
Adjusted LTM EBITDA / LTM interest expenses(x)	13.24	25.95	27.08
Gross debt / EV(%)	11.06%	10.04%	10.31%

Enterprise Value = market capitalization + net debt

BUSINESS PERFORMANCE

Ferrous minerals

Shipments of iron ore and pellets in 1Q06, of 62.627 million tons, were 6.4% higher than the figure in the same quarter a year earlier, despite the stoppages on the Carajás Railway which interrupted the flow of products from the mines to the Ponta da Madeira maritime terminal.

Sales of iron ore amounted to 54.860 million tons, up 11.6% compared to 1Q05. Pellet sales, of 7.767 million tons in 1Q06, experienced a retraction in demand, due to the cutback of steel production in Europe and North America, down 20.1% compared to 1Q05.

Of the total volume of iron ore and pellets sold by CVRD in 1Q06, of 17.564 million tons, 28.1% of the volume sold was to China, compared to 19.6% in 1Q05. Japan accounted for 6.706 million tons, representing 10.7% of sales, Germany, 5.452 million tons, 8.7%, followed by South Korea, with 3.095 million tons, 4.9%. Sales to Brazil amounted to 11.054 million tons, 17.7% of total shipments.

CVRD s shipments of manganese ore amounted to 149,000 tons in 1Q06, down 24.7% on 1Q05. In this quarter, ferroalloys sales were 126,000 tons, down 7.4% on the amount shipped in the same period a year earlier.

The manganese and ferroalloy markets saw a slight recovery after the strong price decline which began at the beginning of the second half of 2004, a trend caused by excess supply in the market. After cuts in production and the gradual withdrawal of swing producers from the market, stocks are being consumed and prices are stabilizing at levels above those seen at the beginning of 2003, before the start of the last upcycle.

Revenues from ferrous minerals iron ore, pellets, manganese and ferroalloys in 1Q06 amounted to R$5.754 billion, up 29.6% compared to 1Q05, when they reached R$4.440 billion.

Revenues from the sale of iron ore were R$4.147 billion; pellets, R$1.333 billion; pelletization services from the operation of the pellet plants at Tubarão, R$18 million; manganese ore, R$25 million and ferro-alloys, R$231 million.

It is important to bear in mind that the increase in iron ore and pellet prices for 2005 only began to be reflected in the Company s numbers from the second quarter of that year. The retroactive effect on 1Q05 was incorporated from 2Q05 onwards.

In 1Q06, EBIT margin in the ferrous segment amounted to 47.6%. EBITDA from the sale of ferrous minerals amounted to R$2.939 billion in 1Q06, against R$1.936 billion in 1Q05.

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SALES VOLUME-IRON ORE AND PELLETS

thousand tons

	1Q05	%	4Q05	%	1Q06	%
Iron ore	49,159	83.5	56,007	82.8	54,860	87.6
Pellets	9,725	16.5	11,604	17.2	7,767	12.4
Total	**58,884**	**100.0**	**67,611**	**100.0**	**62,627**	**100.0**

VOLUME SOLD BY DESTINATION-IRON ORE AND PELLETS

million tons

	1Q05	%	4Q05	%	1Q06	%
Americas	**12.5**	**21.2**	**13.2**	**19.5**	**11.7**	**18.7**
Brazil	11.2	19.1	11.4	16.9	11.1	17.7
USA	1.3	2.2	1.7	2.6	0.6	1.0
Asia	**22.7**	**38.5**	**30.7**	**45.4**	**29.3**	**46.8**
China	11.5	19.6	17.9	26.4	17.6	28.1
Japan	5.8	9.9	6.6	9.8	6.7	10.7
Others	5.3	9.0	6.2	9.1	5.0	8.0
Europe	**18.0**	**30.5**	**17.5**	**25.9**	**16.4**	**26.2**
Germany	5.9	10.0	5.8	8.6	5.5	8.7
France	2.6	4.4	3.3	4.9	2.6	4.2
Others	9.5	16.1	8.4	12.4	8.3	13.3
Rest of the World	**5.7**	**9.7**	**6.3**	**9.3**	**5.2**	**8.3**
Total	**58.9**	**100.0**	**67.6**	**100.0**	**62.6**	**100.0**

Products in the aluminum chain

In 1Q06, CVRD s bauxite sales amounted to 1.108 million tons, down 10.1% on 1Q05.

The volume sold of alumina in 1Q06 amounted to 490,000 tons, up 5.6% in relation to 1Q05, which already partially reflects the effect of stage 4 coming into service at the Barcarena refinery in January of this year.

Sales of primary aluminum, of 124,000 tons, were two thousand tons higher than in 1Q05, reflecting productivity gains at the smelter in Barcarena, where production totaled 112,000 tons.

Revenues from the sale of products in the aluminum chain in 1Q06 amounted to R$1.053 billion, compared to R$1.040 billion in 1Q05.

In 1Q06, EBIT margin corresponding to products in the aluminum chain was 38.7% while EBITDA totaled R$436 million, down R$18 million on the figure reported in the first quarter of 2005.

Non-ferrous minerals

Sales of potash in 1Q06 amounted to 103,000 tons, down 25.4% compared to 1Q05. The behavior seen in Brazil s agricultural segment, whose profitability has been adversely affected by the strong appreciation in the Brazilian Real, has contributed to a reduction in fertilizer demand. This also has had an influence on the potash price, given Brazil s leading position as a buyer of potash in the global market.

In 1Q06, revenues from the sale of potash were R$49 million, against R$80 million obtained in the same period a year earlier.

Kaolin sales volume in 1Q06, of 321,000 tons, were 14.6% higher than the volume

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sold in 1Q05, of 280,000 tons. Revenues in this quarter, of R$106 million, were in line with those reported in 1Q05.
Sales of copper concentrate totaled 70,000 tons, compared to 85,000 tons in 1Q05, as production at the Sossego mine was adversely affected by operational problems in the ball mill at the beneficiation plant, which were solved at the end of February. Production is expected to recover gradually to an annualized level of around 120,000 tons of copper concentrate per year.
The increased seen in the price of copper concentrate between 1Q05 and 1Q06, more than compensated for the drop in sales volume, resulting in revenues from the sale of copper concentrate, of R$242 million, up 21.0% compared to the first quarter a year earlier.
In 1Q06, EBIT margin generated by the non-ferrous mineral division amounted to 19.1% and EBITDA totaled R$117 million.

SALES VOLUME-ORES AND METALS

thousand tons

	1Q05	4Q05	1Q06
Manganese	198	244	149
Ferro alloys	136	124	126
Copper concentrate	85	112	70
Potash	138	176	103
Kaolin	280	355	321
Coal			46
Bauxite	1,233	1,544	1,108
Alumina	464	403	490
Aluminum	122	131	124

Coal
In January 2006, CVRD received its first delivery of Yongcheng anthracite coal, of 46,000 tons, from the operation of Henan Longyu Energy Resources Co. Ltd. (Longyu), a joint venture between CVRD and Chinese companies. This sale generated revenues of R$9 million. The equity income result generated by CVRD stake in Longyu in the 1Q06 was R$14 million.
Logistics Services
In the first quarter of 2006, CVRD s railroads Carajás, Vitória a Minas, Centro-Atlântica and MRS Logística transported 6.170 billion net ton kilometers (ntk) of general cargo for clients, 2.7% higher than the volume transported in 1Q05, of 6.009 billion ntk. The main cargoes transported were inputs and products for the steel industry, 48.3%, agricultural products, 32.3%, and building materials and forestry products, 8.5%.
The Company s maritime terminals and ports handled 6.189 million tons of general cargo, compared to 6.313 million in 1Q05.
Logistics services for clients generated revenues of R$704 million in 1Q06, down 2.9% in relation to 1Q05. Rail transportation for clients generated revenues of R$535 million, while port services generated R$106 million and coastal shipping and ports support services, R$63 million.
EBIT margin for the logistics business amounted to 16.1%. In 1Q06, EBITDA from this segment totaled R$235 million, compared to R$292 million in 1Q05.

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LOGISTICS SERVICES

	1Q05	4Q05	1Q06
Railroads (million ntk)	6,009	6,373	6,170
Ports (thousand tons)	6,313	7,622	6,189

Steel

In 1Q06, revenues generated by CVRD s stakes in the steel industry were R$349 million, R$103 million less than that obtained in the same quarter a year earlier. In this quarter, EBIT margin was 17.7%, while EBITDA amounted to R$66 million.

EBITDA BY BUSINESS AREA

R$ million

	1Q05	%	4Q05	%	1Q06	%
Ferrous minerals	1,936	67.9	3,528	84.0	2,939	78.3
Non- ferrous minerals	104	3.6	157	3.7	117	3.1
Logistics	292	10.2	221	5.3	235	6.3
Aluminum	454	15.9	339	8.1	436	11.6
Steel	64	2.2	46	1.1	66	1.8
Others		0.0	(91)	-2.2	(40)	-1.1
Total	**2,849**	**100.0**	**4,200**	**100.0**	**3,753**	**100.0**

TWO NEW PROJECTS DELIVERED

CVRD s capital expenditure in 1Q06 was US$1.126 billion, 39.2% lower than in 4Q05 of US$1.852 billion, which includes the acquisition of 99.2% of Canico Resources Corp., and representing an increase of 97.5% from the US$570 million invested in capital expenditure in 1Q05.

Capex in the first quarter of 2006, excluding the US$47 million in acquisition, was 23.3% of the year s total capex budget of US$4.626 billion.

Expenditure on organic growth R&D and projects was US$843 million, stay-in-business capex was US$236 million, and US$47 million was spent on one acquisition.

Two important projects were completed in this quarter.

Stage 4 of the alumina refinery started operating in January 2006, and stage 5 at the end of March, increasing nominal production capacity from 2.5 million to 4.4 million tons per year. The project was completed on schedule, for total cost of US$768 million, equivalent to a cost of US$412 per ton of additional capacity almost half the average cost for brownfield projects currently under development in the global aluminum industry.

The ramp-up of stages 4 and 5 will increase alumina production to 3.8 million tons in 2006 from 2.6 million tons in 2005. Operation at full capacity is expected in 2007.

This investment makes Alunorte the world s largest aluminum refinery. A new project, for the construction of stages 6 and 7, is already being developed and will add approximately 1.9 million tons per year to this refinery s nominal capacity.

The Capim Branco I hydroelectric power plant started commercial operation in February 2006. It has installed capacity for 240MW, and is located on the Araguari river in the state of Minas Gerais, Brazil. CVRD has a 48.42% share in the consortium holding the concession for construction and operation of the plant, and

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its take in the electricity generated will be consumed by CVRD s operational units located in the Southern System. Capim Branco I is the sixth hydroelectric plant in the construction of which CVRD has been involved its investment was US$177 million. Generation by the power plants in which CVRD has stakes Igarapava, Porto Estrela, Funil, Candonga and Aimorés provided 53% of the consumption by the Southern System s operations last year.

The Company s investment in R&D in 1Q06 was US$81 million, which compares with US$109 million in the previous quarter and US$28 million in 1Q05. Spending was concentrated in prospecting for new deposits of copper, coal, nickel and manganese, and project studies (conceptual, pre-feasibility and feasibility).

CVRD s Board of Directors approved investment of US$200 million in the CSA steel slab project, located in Rio de Janeiro state, with nominal capacity of 4.4 million tons per year of steel slabs and start-up scheduled for 2008. CVRD has an option to divest its position in this project in the future.

CSA will generate annual demand for 7 million tons of iron ore and pellets, which will be supplied by CVRD.

The assets of Rio Verde Mineração land, natural resources and mining equipments were acquired in January, for US$47 million. Its iron ore deposits are located in the Iron Quadrilateral , close to those assets of the CVRD s subsidiary MBR in Nova Lima, in the state of Minas Gerais, Brazil. The Mar Azul mine, one of the assets acquired, produced 244,000 tons in 1Q06.

Main projects in progress

Area	Project	2006 budget, R$ MM	Status
Ferrous minerals	Expansion of Carajás iron ore capacity to 85 Mtpy Northern System	41	This project will increase capacity by 15 million tons per year completion in 3Q06.
	Expansion of capacity of Carajás iron ore mines to 100 Mtpy Northern System	289	This project will increase CVRD s annual output capacity by 15 million tons, with conclusion planned for the second half of 2007. The Ponta da Madeira Port Terminal will be expanded, and Pier III will be extended, with a third ship loading unit and fourth shipment line.
	Brucutu iron ore mine Southern System	310	Completion of Phase I is expected in 2Q06, increasing nominal production capacity to 12 million tons per year. Phase II is scheduled for completion in 1Q07, bringing the mine s capacity to 24 million tons per year. Expansion of the project to 30 Mtpy is under study. Budget has been revised.
	Fazendão iron ore mine Southern System	39	Project to produce 14 million tons of run-of-mine (ROM unprocessed) iron ore per year. The project makes Samarco s third pelletization plant viable. Work will start in 1H06, for completion and operational start-up in second half 2007.
	Expansion of the Fábrica iron ore mine Southern	88	Expansion by 5 million tons, from 12 to 17 million tons per year, with start-up planned for 4Q07.

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Area	Project	2006 budget, R$ MM	Status
	Expansion of the Tubarão port Southern System	20	Project to expand the conveyor belt systems, patio machinery and new storage platforms, adding 10 million tons per year to the port s handling capacity conclusion planned for 1Q07.
	Itabiritos	338	Construction of a pelletization plant in Minas Gerais state, with nominal annual production capacity of 7 million tons, and an iron ore concentration plant. Start-up planned for second half 2008.
	Tubarão VIII	31	Construction of pelletization plant, with nominal production capacity of 7 Mtpy in the Tubarão complex. Start-up planned for 2008. Subject to CVRD Board of Directors approval.
Coal	Metallurgical coke	9	Acquisition of 25% stake in Shandong Yankuang International Coking Ltd, a Chinese company that will produce metallurgical coke. The project has estimated production capacity of 2 million tons per year of coke and 200,000 tons per year of methanol. Start of operation is scheduled for first half 2006.
Non-ferrous minerals	118 copper mine	21	This project will have capacity to produce 36,000 tons per year of copper cathode. Key equipment has been ordered and start-up is scheduled for first half 2008. Proceedings to obtain the license for the project are in progress.
	Vermelho nickel mine	97	Estimated production capacity is 46,000 tons of metallic nickel and 2,800 tons of cobalt, per year. The main equipment has been ordered. EPCM (Engineering, Procurement, Construction Management) contracts were signed in December 2005. Proceedings to obtain environmental license are in progress. Start-up of the mine timetabled for fourth quarter 2008.
	Paragominas I bauxite mine	210	The first phase of this mine will produce 5.4 million tons of bauxite per year starting in 1Q07. A 244-km ore pipeline will transport the bauxite to the Barcarena alumina refinery, in the Brazilian state of Pará its construction is planned

			for completion in December 2006.
	Stages 6 and 7 of Alunorte alumina	239	This will increase Alunorte s capacity to 6.26Mtpy of alumina conclusion is planned for 2Q08.
	Paragominas II bauxite mine	14	The second phase of Paragominas will add 4.5Mtpy to the capacity of 5.4Mtpy resulting from the first phase. Conclusion timetabled for 2Q08.
Logistics	Railroads (EFVM, EFC, FCA): acquisition of locomotives and wagons	379	In 2006, CVRD will acquire 22 locomotives, and 1,426 rail wagons 150 for general cargo and 1,276 to carry iron ore. All the locomotives will be used to haul iron ore.
Electricity	Capim Branco I and II hydroelectric power plants	61	Both are on the Araguari river in the state of Minas Gerais, and will have generation capacity, respectively, of 240MW and 210MW. Capim Branco I started operating in 1Q06. Capim Branco II is timetabled for start-up in 1Q07.
	Estreito hydroelectric power plant	68	On the Tocantins river, on the border between the Brazilian states of Maranhão and Tocantins. Planned installed capacity of 1,087MW. Start of construction is planned for 2006, subject to obtaining installation license. First rotor is expected to start producing in second half 2009.
Steel holdings	Ceará Steel	11	Project for a steel slab plant in the state of Ceará in Brazil s Northeast region, with nominal capacity for 1.5 million tons per year. Start-up planned for 2009.
	CSA	72	Project for a steel slab plant in the state of Rio de Janeiro, with nominal capacity for 4.4 million tons per year, and start-up in 2008. CVRD s Board of Directors approved the investment in 1Q06.

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TOTAL CAPEX BY BUSINESS AREA

US$ million

By business area	Actual, 1Q06		Budgeted, 2006	
Ferrous minerals	519	46.1%	2,118	45.8%
Non-ferrous minerals	82	7.3%	412	8.9%
Logistics	228	20.3%	785	17.0%
Aluminum	219	19.4%	778	16.8%
Coal	8	0.8%	124	2.7%
Energy	25	2.2%	135	2.9%
Steel holdings	8	0.7%	112	2.4%
Other	37	3.2%	162	3.5%
Total	**1,126**	**100.0%**	**4,626**	**100.0%**

CONFERENCE CALL AND WEBCAST

CVRD will hold a conference call and webcast on May 12, at 12:00 midday Rio de Janeiro time, 11:00 am US Eastern Standard Time, 4:00 pm UK time. Instructions for participation are on the website www.cvrd.com.br, under *Investor Relations*. A recording will be available on CVRD s site for 90 days from May 12.

FINANCIAL INDICATORS OF NON-CONSOLIDATED COMPANIES

For selected financial indicators of the main companies not consolidated, see CVRD quarterly financial statements on www.cvrd.com.br, under Investor Relations.

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FINANCIAL STATEMENTS

R$ million

	1Q05	4Q05	1Q06
Gross operating revenues	**7,052**	**9,204**	**8,281**
Taxes	(332)	(288)	(316)
Net operating revenues	**6,720**	**8,916**	**7,965**
Cost of goods sold	(3,785)	(4,407)	(3,944)
Gross profit	**2,935**	**4,509**	**4,021**
Gross margin (%)	43.7%	50.6%	50.5%
Operational expenses	**(560)**	**(850)**	**(781)**
Sales	(100)	(54)	(105)
Administrative	(258)	(382)	(331)
Research and development	(81)	(209)	(156)
Other operational expenses	(121)	(205)	(189)
Operating profit before result from shareholdings	**2,375**	**3,659**	**3,240**
Result from shareholdings	**73**	**105**	**16**
Equity income	130	136	76
Goodwill amortization	(57)	(51)	(38)
Others		20	(22)
Financial result	**(274)**	**(764)**	**(259)**
Financial expenses	(295)	(527)	(527)
Financial revenues	113	103	108
Monetary variation	(92)	(340)	160
Operating profit	**2,174**	**3,000**	**2,997**
Result of discontinued operations			19
Income tax and social contribution	2,174	3,000	3,017
Earnings before income tax and social contribution	(391)	(153)	(585)
Minority interest	(169)	(210)	(247)
Net earnings	**1,614**	**2,637**	**2,185**

BALANCE SHEET

R$ million

	03/31/2005	12/31/2005	03/31/2006
Asset			
Current	11,937	12,571	13,715
Long term	3,787	4,235	4,551
Fixed	29,159	36,788	41,917
Total	**44,884**	**53,594**	**60,183**
Liabilities			
Current	8,712	11,667	10,078
Long term	14,225	14,915	16,292
Others	2,162	2,960	2,085
Shareholders equity	19,785	24,052	31,728
Paid-up capital	7,300	14,000	19,492
Reserves	12,485	10,052	12,236
Total	**44,884**	**53,594**	**60,183**

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CASH FLOW

			R$ million
	1Q05	**4Q05**	**1Q06**
Cash flows from operating activities:			
Net income	1,614	2,637	2,185
Adjustments to reconcile net income with cash provided by operating activities:			
Result from shareholdings	(74)	(105)	(16)
Result from sale of investment			(19)
Depreciation, depletion and amortization	385	446	420
Deferred income tax and social contribution	(113)	(201)	(77)
Financial expenses and foreign exchange and monetary net variation	46	437	(654)
Minority interest	169	211	246
Impairment of property, plant and equipment	15	46	18
Goodwill amortization in the COGS	96	92	92
Net unrealized derivative losses	5	252	158
Dividends/interest attributed to stockholders received		4	1
Others	(81)	(21)	22
Decrease (increase) in assets:			
Accounts receivable	(338)	(376)	492
Inventories	(70)	(21)	(188)
Advanced pay to energy suppliers	(43)	(142)	(68)
Others	(79)	328	(404)
Increase (decrease) in liabilities:			
Suppliers and contractors	49	365	(842)
Payroll and related charges	(94)	93	(242)
Taxes and Contributions	(579)	(980)	(329)
Others	(257)	216	(285)
Net cash provided by operating activities	**651**	**3,280**	**511**
Cash Flow from investing activities:			
Loans and advances receivable	12	66	26
Guarantees and deposits	(52)	(43)	(52)
Additions to investments	(10)	(23)	(112)
Additions to property, plant and equipment	(1,755)	(3,099)	(1,699)
Net cash for acquisition and investment on subsidiaries		(1,621)	
Proceeds from disposals of investments/property, plant and equipment	6	37	48
Net cash used I investing activities	**(1,798)**	**(4,683)**	**(1,789)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	221	(145)	155
Long-term debt	726	3,406	3,091
Financial institutions	(477)	(334)	(739)
Interest attributed to stockholders		(1,810)	(55)
Net cash used in financing activities	**470**	**1,117**	**2,452**
Increase (decrease) in cash and cash equivalents	(677)	(286)	1,174
Cash and equivalents, beginning of period	3,917	2,989	2,703
Cash and equivalents, end of period	**3,240**	**2,703**	**3,877**
Cash paid during the period for:			

Interest on short-term debt	(2)	(18)	(8)
Interest on long-term debt	(226)	(135)	(219)
Paid income tax and social contribution	(211)	(173)	(432)
Non-cash transactions:			
Additions to property, plant and equipment interest capitalization	(27)	(123)	(220)
Income tax and social contribution paid with credits	(49)	(315)	(82)

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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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A- Quarterly information

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

1- Balance Sheet

March 31					**In thousands of reais**
			Consolidated		**Parent Company**
	Notes	**03/31/06**	**12/31/05**	**03/31/06**	**12/31/05**
Assets					
Current assets					
Cash and cash equivalents	5.7	3,877,362	2,703,252	144,164	131,467
Accounts receivable from customers	5.8	3,670,235	4,182,861	2,071,977	2,038,066
Related parties	5.9	220,847	134,378	1,363,243	777,786
Inventories	5.10	3,488,755	3,234,595	1,377,421	1,127,391
Taxes to recover or offset	5.11	966,031	985,522	498,424	491,637
Deferred income tax and social contribution	5.12	586,394	428,383	506,555	333,881
Other		905,046	901,851	333,830	305,653
		13,714,670	**12,570,842**	**6,295,614**	**5,205,881**
Non-current assets					
Long-term receivables					
Related parties	5.9	18,566	5,999	407,013	459,212
Loans and financing		141,414	143,144	105,448	106,628
Deferred income tax and social contribution	5.12	994,339	1,043,383	427,929	421,330
Judicial deposits	5.16	1,722,990	1,666,707	1,068,188	1,030,201
Taxes to recover or offset	5.11	214,280	313,613	176,722	170,613
Asset for sale		114,997	53,885		
Advances to energy suppliers	5.4(f)	794,789	727,227		
Prepaid expenses		109,399	90,238		
Other		439,921	191,476	10,637	9,733
		4,550,695	**4,235,672**	**2,195,937**	**2,197,717**
Investments	5.13	**7,008,981**	**2,814,357**	**26,485,896**	**17,833,951**
Property, plant and equipment	5.14	**34,696,174**	**33,767,779**	**21,548,895**	**20,760,650**
Deferred charges		**211,531**	**205,807**		
		41,916,686	**36,787,943**	**48,034,791**	**38,594,601**
		60,182,051	**53,594,457**	**56,526,342**	**45,998,199**
Liabilities and stockholders equity					
Current liabilities					
Short-term debt	5.15	615,994	516,851		

Current portion of long-term debt	5.15	2,746,618	2,939,569	771,617	882,114
Payable to suppliers and contractors		1,788,399	2,684,097	1,213,474	1,767,521
Related parties	5.9	62,457	81,026	4,126,936	3,609,363
Payroll and related charges		303,466	541,947	196,976	424,466
Pension Plan Valia		75,357	69,950	75,408	70,294
Proposed dividends and interest on stockholders equity		2,961,312	2,908,048	2,750,150	2,750,150
Taxes and contributions		529,006	908,900	54,201	67,912
Other		995,143	1,017,281	422,645	490,770
		10,077,752	**11,667,669**	**9,611,407**	**10,062,590**
Non-current liabilities					
Long-term liabilities					
Long-term debt	5.15	10,768,483	9,066,375	2,113,611	2,146,225
Related parties	5.9	3,106	3,065	9,381,736	5,701,060
Provisions for contingencies	5.16	2,825,735	3,183,384	2,138,215	2,503,457
Pension Plan Valia		546,695	562,759	545,060	562,157
Provision for environmental liabilities	5.17	554,679	548,509	343,532	335,757
Provisions for derivatives	5.21	644,966	609,871	75,471	63,413
Other		947,947	943,167	589,706	572,899
		16,291,611	**14,917,130**	**15,187,331**	**11,884,968**
Deferred income		**7,603**	**8,507**		
Minority interest		**2,077,481**	**2,950,510**		
Stockholders equity					
Paid-up capital	5.19	19,492,401	14,000,000	19,492,401	14,000,000
Revenue reserves		12,235,203	10,050,641	12,235,203	10,050,641
		31,727,604	**24,050,641**	**31,727,604**	**24,050,641**
		60,182,051	**53,594,457**	**56,526,342**	**45,998,199**

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

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

2- Statement of Income

Periods ended March 31						**In thousands of reais**
				Consolidated		**Parent Company**
	Notes	**1Q/06**	**4Q/05**	**1Q/05**	**1Q/06**	**1Q/05**
Operating revenues	8.1.1 and					
Sales of ore and metals	8.2.1					
Iron ore and pellets		5,498,489	6,362,284	3,941,538	3,454,470	2,701,710
Manganese and ferroalloys		256,362	271,756	498,239		
Copper		241,738	294,285	199,980	152,196	188,079
Potash		48,888	91,828	80,373	48,888	80,373
Kaolin		106,327	113,847	104,576		
		6,151,804	**7,134,000**	**4,824,706**	**3,655,554**	**2,970,162**
Transport services		703,644	780,268	724,463	401,850	365,932
Sales of aluminum-related products		1,052,552	933,725	1,039,968	20,893	59,963
Sales of steel products		348,909	338,304	452,153		
Other products and services		24,215	18,176	11,073	17,584	9,582
		8,281,124	**9,204,473**	**7,052,363**	**4,095,881**	**3,405,639**
Value Added taxes		(315,852)	(288,953)	(331,790)	(228,663)	(177,391)
Net operating revenues		**7,965,272**	**8,915,520**	**6,720,573**	**3,867,218**	**3,228,248**
Cost of products and services	8.1.2 and					
Ores and metals	8.2.2	(2,598,146)	(2,944,056)	(2,405,412)	(2,200,458)	(1,883,331)
Transport services		(452,964)	(535,660)	(440,795)	(160,454)	(133,552)
Aluminum-related products		(600,677)	(626,070)	(549,292)	(15,744)	(32,918)
Steel products		(278,906)	(294,589)	(383,660)		
Other products and services		(14,017)	(7,033)	(5,820)	(6,514)	(8,001)
		(3,944,710)	**(4,407,408)**	**(3,784,979)**	**(2,383,170)**	**(2,057,802)**
Gross profit		**4,020,562**	**4,508,112**	**2,935,594**	**1,484,048**	**1,170,446**
Gross margin		**50.5%**	**50.6%**	**43.7%**	**38.4%**	**36.3%**
Operating expenses						
Selling and Administrative	5.22	(435,793)	(434,795)	(357,698)	(187,651)	(123,111)
Research and development		(156,058)	(209,326)	(81,129)	(110,956)	(72,657)
Other operating expenses	5.22	(188,825)	(204,963)	(120,868)	(98,219)	(78,813)

		(780,676)	**(849,084)**	**(559,695)**	**(396,826)**	**(274,581)**
Operating profit before financial results and results of equity investments		**3,239,886**	**3,659,028**	**2,375,899**	**1,087,222**	**895,865**
Results of equity investments	5.13	**16,410**	**105,916**	**73,519**	**1,081,040**	**1,026,200**
Gain on investments accounted for by the equity method		76,774	136,884	130,359	1,763,166	1,056,641
Amortization of goodwill		(37,941)	(51,025)	(57,270)	(37,941)	(57,270)
Provision for losses					(42,635)	(10,998)
Exchange variation in stockholders ´equity of companies abroad		(22,423)	20,057	430	(601,550)	37,827
Financial results, net	5.20	**(259,054)**	**(764,159)**	**(274,447)**	**284,159**	**(190,607)**
Sale of assets	5.6	**19,326**			**19,326**	
Income before income tax and social contribution		**3,016,568**	**3,000,785**	**2,174,971**	**2,471,747**	**1,731,458**
Income tax and social contribution	5.12	**(585,334)**	**(152,191)**	**(390,544)**	**(287,185)**	**(116,268)**
Income before minority interests		**2,431,234**	**2,848,594**	**1,784,427**	**2,184,562**	**1,615,190**
Minority interests		**(246,672)**	**(211,547)**	**(169,237)**		
Net income for the period		**2,184,562**	**2,637,047**	**1,615,190**	**2,184,562**	**1,615,190**
Number of shares outstanding at the end of the period (in thousands)	5.19	**1,215,672**	**1,151,520**	**1,151,520**	**1,215,672**	**1,151,520**
Net earnings per share outstanding at the end of the period (R$)		**1.80**	**2.29**	**1.40**	**1.80**	**1.40**

The notes and attachment I are an integral part of the quarterly information.

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

3- Statement of Changes in Stockholders Equity

ended March 31										**In thousands o**
							Revenue reserves			
	Notes	**Paid-up capital**	**Expansion/ Investments**	**Depletion**	**Unrealized income**	**Legal**	**Fiscal incentives**	**Treasury stock**	**Retained earnings**	
er 31, 2004		**7,300,000**	**8,206,978**	**1,004,166**	**345,728**	**1,403,117**	**40,663**	**(131,318)**		**18,1**
me for the year									10,442,986	10,4
ation of reserves		6,700,000	(5,129,319)	(1,004,166)		(525,853)	(40,662)			
on of reserves					(109,561)				109,561	
e Samitri shares								21		
stock								(3)		
iations:										
nterest on ders equity									(783,387)	(7
dividends									(1,028,160)	(1,0
al remuneration l									(2,750,150)	(2,7
iation to revenue			5,385,337			522,149	83,364		(5,990,850)	
er 31, 2005		**14,000,000**	**8,462,996**		**236,167**	**1,399,413**	**83,365**	**(131,300)**		**24,0**
ncrease	5.19	5,492,401								5,4
me for the period									2,184,562	2,1
1, 2006		**19,492,401**	**8,462,996**		**236,167**	**1,399,413**	**83,365**	**(131,300)**	**2,184,562**	**31,7**

The notes and attachment I are an integral part of the quarterly information.

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

4- Statement of Cash Flows

Years ended December 31					**In thousands of reais**
			Consolidated		**Parent Company**
	1Q/06	**4Q/05**	**1Q/05**	**1Q/06**	**1Q/05**
Cash flows from operating activities:					
Net income for the period	2,184,562	2,637,047	1,615,190	2,184,562	1,615,190
Adjustments to reconcile net income for the period with cash provided by operating activities:					
Results of equity investments	(16,410)	(105,916)	(73,519)	(1,081,040)	(1,026,200)
Sale of assets	(19,326)			(19,326)	
Depreciation, amortization and depletion	420,329	446,250	385,025	224,703	208,998
Deferred income tax and social contribution	(76,550)	(200,508)	(113,309)	(138,245)	(133,215)
Financial expenses and monetary and exchange rate variations on assets and liabilities, net	(653,868)	436,690	46,291	(566,514)	45,163
Minority interest	246,672	211,547	169,237		
Disposal of property, plant and equipment	18,653	45,918	15,247	19,129	1,775
Amortization of goodwill in the cost of products sold	91,987	91,987	96,095	91,987	96,095
Non recurring item goodwill of Samitri					
Net losses on derivatives	157,681	252,551	4,595	22,746	(3,350)
Dividends/interest on stockholders equity received	1,327	3,518		239,158	158,857
Other	22,018	(21,009)	(81,327)	93,530	18,223
	2,377,075	**3,798,075**	**2,063,525**	**1,070,690**	**981,536**
Decrease (increase) in assets:					
Accounts receivable	492,456	(376,273)	(337,836)	(33,911)	230,701
Inventories	(188,357)	(21,161)	(69,899)	(201,590)	(65,615)
Advances to energy suppliers	(67,562)	(142,479)	(43,287)		
Other	(404,070)	328,401	(79,040)	(99,056)	(105,270)
	(167,533)	**(211,512)**	**(530,062)**	**(334,557)**	**59,816**
Increase (decrease) in liabilities:					
Suppliers and contractors	(841,968)	364,856	48,617	(554,048)	68,623
Payroll and related charges and Other	(241,710)	92,675	(94,265)	(227,491)	(90,076)

Taxes and contributions	(329,416)	(980,386)	(578,876)	(16,786)	(47,729)
Other	(285,510)	216,870	(256,754)	(350,889)	29,213
	(1,698,604)	**(305,985)**	**(881,278)**	**(1,149,214)**	**(39,969)**
Net cash provided by (used in) operating activities	**510,938**	**3,280,578**	**652,185**	**(413,081)**	**1,001,383**
Cash flows from investing activities:					
Loans and advances receivable	25,771	65,659	12,030	54,775	(14,892)
Guarantees and deposits	(51,764)	(43,117)	(51,560)	(37,987)	(33,718)
Additions to investments	(112,081)	(23,064)	(10,182)	(3,047,554)	(516,037)
Additions to property, plant and equipment	(1,699,135)	(3,099,337)	(1,755,264)	(1,320,433)	(1,319,756)
Net cash used in acquisitions and increase of funds to subsidiaries		(1,620,659)			
Proceeds from disposal of property, plant and equipment/investments	48,353	36,533	6,477	49,335	6,477
Net cash used in financing activities	**(1,788,856)**	**(4,683,985)**	**(1,798,499)**	**(4,301,864)**	**(1,877,926)**
Cash flows from financing activities:					
Short-term debt	155,180	(144,698)	220,852	95,434	798,557
Long-term debt	3,090,699	3,406,079	725,819	4,819,565	700,165
Repayments:					
Related parties					(438,489)
Financial institutions	(739,096)	(333,810)	(477,347)	(187,357)	(189,262)
Interest on stockholders equity payed to stockholders	(54,755)	(1,810,160)			
Treasure stock		(21)			
Net cash provided by financing activities	**2,452,028**	**1,117,390**	**469,324**	**4,727,642**	**870,971**
Increase (decrease) in cash and cash equivalents	**1,174,110**	**(286,017)**	**(676,990)**	**12,697**	**(5,572)**
Cash and cash equivalents, beginning of the period	2,703,252	2,989,269	3,916,758	131,467	305,927
Cash and cash equivalents, end of the period	**3,877,362**	**2,703,252**	**3,239,768**	**144,164**	**300,355**
Cash paid during the period for:					
Short-term interest	(7,875)	(17,652)	(1,544)		
Long-term interest	(219,143)	(134,984)	(226,124)	(104,087)	(76,731)
Income tax and social contribution	(431,936)	(173,386)	(210,771)	(386,892)	(166,634)
Non-cash transactions:					
	(220,168)	(123,141)	(26,792)	(179,917)	(38,265)

Additions to property, plant and equipment interest capitalization					
Transfer of advance for future capital increase to investments				(250,700)	(503,880)
Compensated income tax and social contribution	(82,078)	(314,875)	(48,681)	(28,997)	

The notes and attachment I are an integral part of the quarterly information.

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

5- Notes to the Quarterly information at March 31, 2006 and 2005

Expressed In thousands of *reais*

5.1- 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.

5.2- Presentation of Quarterly information

The quarterly information have been prepared in conformity with accounting practices followed 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).

5.3- Principles and Practices of Consolidation

(a) The consolidated quarterly information show the balances of assets and liabilities on March 31, 2006 and December 31, 2005 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies for the quarters ended on March 31, 2006, December 31, 2005 and March 31, 2005;

(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 quarterly information 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.

5.4- 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 quarterly information 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 quarterly information 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 quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;

(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 the development;

(j) During the development of a mine, stripping costs incurred are capitalized as part of the depreciable cost of developing the mine. Post-production stripping costs are recorded as cost of sales;

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(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 company adopts the accounting practices laid down by to Deliberation CVM 488/05 that aligns Brazilian accounting practices with international practices and Deliberation CVM 489/05 to recognize provisions, liabilities and contingent assets and contingent liabilities.

5.5- Stock Merger CAEMI

At the Extraordinary General Shareholders Meeting held on March 31, 2006 the merger of outstanding shares issued by Caemi Mineração e Metalurgia Caemi into the assets of CVRD, was approved with the issuance by CVRD of 64,151,361 (128,302,722 after the split) preferred shares Class A. The capital stock is in the amount of R$19,492,400,974.56 corresponding to 1,229,828,529 (2,459,657,056 after the split) shares, R$9,007,032.62 divided into 749,949,429 common shares and R$10,485,368,578.94 divided into 479,879,100 preferred Class A shares, including three (3) special Class shares, all without par value.

CVRD held 100% of the common shares of Caemi and 40.06%od the preferred shares, totaling 60.23% of its Capital. After the merger, became wholly owned subsidiary of CVRD.

If CVRD owned 100% of Caemi shares in the periods presented our results would be as follows:

			1Q/06			**4Q/05**			**1Q/05**
	Consolidated	**Caemi Additional (39.77%)**	**Pro Forma (unaudited)**	**Consolidated**	**Caemi Additional (39.77%)**	**Pro Forma (unaudited)**	**Consolidated**	**Caemi Additional (39.77%)**	**Pro Forma (unaudited)**
Operating result	3,017		3,017	3,000		3,000	2,175		2,175
Income tax and social contribution	(585)		(585)	(153)		(153)	(391)		(391)
Minority interests	(247)	117	(130)	(210)	207	(3)	(169)	64	(105)
Net income	**2,185**	**117**	**2,302**	**2,637**	**207**	**2,844**	**1,615**	**64**	**1,679**
Number of shares outstanding (in thousands)	**1,151,520**		**1,215,672**	**1,151,520**		**1,215,672**	**1,151,520**		**1,215,672**
Net earnings per share outstanding	**1.90**		**1.89**	**2.29**		**2.34**	**1.40**		**1.38**

5.6- Divestiment

In February 2006, we sold our total interest in Nova Era Silicon (49% of the capital) to JFE Steel Corporation, resulting in a net gain of R$19,326.

5.7- Cash and Cash Equivalents

	Consolidated		**Parent Company**	
	03/31/06	**12/31/05**	**03/31/06**	**12/31/05**

Cash and bank accounts	729,767	586,375	48,902	10,195
Marketable securities linked to the interbank deposit certificate rate	1,001,900	784,844	95,262	121,272
Time deposits / overnight investments	2,145,695	1,332,033		
	3,877,362	**2,703,252**	**144,164**	**131,467**

5.8- Accounts Receivable

	Consolidated		Parent Company	
	03/31/06	**12/31/05**	**03/31/06**	**12/31/05**
Domestic	702,840	744,967	748,766	735,927
Export	3,100,626	3,573,707	1,402,057	1,382,502
	3,803,466	**4,318,674**	**2,150,823**	**2,118,429**
Allowance for doubtful accounts	(104,612)	(100,963)	(53,133)	(49,337)
Allowance for ore weight credits	(28,619)	(34,850)	(25,713)	(31,026)
	3,670,235	**4,182,861**	**2,071,977**	**2,038,066**

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

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5.9- Related Parties

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:

								Consolidated
				Assets				Liabilities
		03/31/06		12/31/05		03/31/06		12/31/05
	Customers	Related party	Customers	Related party	Suppliers	Related party	Suppliers	Related party
Companhia Nipo-Brasileira de Pelotização NIBRASCO	44,621		54,224		42,846	1,487	70,420	24,939
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	61,652	131	26,988	14,839	43,243	1,217	35,778	11,935
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	39,923		27,424	12,496	19,115	2,399	15,930	3,274
Companhia Coreano-Brasileira de Pelotização KOBRASCO	39,233	24,793	37,901	600	29,196	11,005	16,090	14,543
Gulf Industrial Investment Co. GIIC	6,468		11,382		1,417		26,796	
USIMINAS	36,017	88,543	33,337		28	8,029	173	
Valesul Alumínio S.A.	2,520	445		689	34	2		
Samarco Mineração S.A	2,409	31	2,318	56				
MRS Logistica S.A.	241	46,012	37	82,694	5,331	17,939	4,338	14,209
Baovale Mineração S.A	7	482	9		24,567		21,381	
Mineração Rio do Norte S.A.	529	51,233	381	14,539	28,841		47,248	
Valepar S.A.								10,385
Minas da Serra Geral S.A. MSG	131	459	131	2,945		6,232	9,226	1,108
Others	10,905	27,284	14,016	11,519	19,628	17,253	6,923	3,698
Total	**244,656**	**239,413**	**208,148**	**140,377**	**214,246**	**65,563**	**254,303**	**84,091**
Registered as:								
Short-term	244,656	220,847	208,148	134,378	214,246	62,457	254,303	81,026
Long-term		18,566		5,999		3,106		3,065

244,656	**239,413**	**208,148**	**140,377**	**214,246**	**65,563**	**254,303**	**84,091**

5.10- Inventories

		Consolidated		**Parent Company**
	03/31/06	**12/31/05**	**03/31/06**	**12/31/05**
Finished products				
Iron ore and pellets	976,781	819,512	476,518	413,117
Manganese and ferroalloys	300,470	377,764		
Aluminum	216,414	185,470		
Steel products	59,001	81,301		
Copper	29,543	6,294	29,543	6,294
Other	72,861	46,558	27,547	5,314
	1,655,070	**1,516,899**	**533,608**	**424,725**
Spare parts and maintenance supplies	**1,833,685**	**1,717,696**	**843,813**	**702,666**
	3,488,755	**3,234,595**	**1,377,421**	**1,127,391**

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5.11- Taxes to recover or offset

	Consolidated		Parent Company	
	03/31/06	**12/31/05**	**03/31/06**	**12/31/05**
Withholding income tax on marketable securities and stockholders equity received	44,573	63,558	9,293	22,211
Value-added tax	609,111	671,853	503,893	481,254
PIS and COFINS non cumulative	300,109	230,036	64,847	4,008
IR anticipated	168,011	289,912	65,678	126,765
Others	58,507	43,776	31,435	28,012
	1,180,311	**1,299,135**	**675,146**	**662,250**
Current	966,031	985,522	498,424	491,637
Non-Current	214,280	313,613	176,722	170,613
	1,180,311	**1,299,135**	**675,146**	**662,250**

5.12- 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:

			Net Deferred	
	Consolidated		Parent Company	
	03/31/06	**12/31/05**	**03/31/06**	**12/31/05**
Tax loss carryforward	636,012	468,911	198,464	
Temporary differences:				
Pension Plan Valia	210,959	215,034	210,959	215,034
Contingent liabilities	660,988	676,612	588,881	592,698
Provision for losses on assets	173,219	131,497	170,987	131,497
Others	(100,445)	(20,288)	(234,807)	(184,018)
	944,721	1,002,855	736,020	755,211
Total	**1,580,733**	**1,471,766**	**934,484**	**755,211**
Short-term	586,394	428,383	506,555	333,881
Long-term	994,339	1,043,383	427,929	421,330
	1,580,733	**1,471,766**	**934,484**	**755,211**

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

	Consolidated			Parent Company	
	1Q/06	**4Q/05**	**1Q/05**	**1Q/06**	**1Q/05**
Income before income tax and social contribution	3,016,568	3,000,785	2,174,971	2,471,747	1,731,458
Equity in results	(16,410)	(105,916)	(73,519)	(1,081,040)	(1,026,200)

Results on sale of assets	(19,326)			(19,326)	
	2,980,832	**2,894,869**	**2,101,452**	**1,371,381**	**705,258**
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%
Federal income tax and social contribution at statutory rates	**(1,013,483)**	**(984,255)**	**(714,494)**	**(466,270)**	**(239,788)**
Adjustments to net income which modify the effect on the results for the period:					
Income tax benefit from interest on stockholders equity	198,464	150,024	145,000	198,464	145,000
Fiscal incentives	69,428	5,001	58,481	3,320	3,223
Interest on stockholders equity received				(9,914)	
Results of overseas companies not taxed (bilateral international agreements)	247,410	832,765	121,605		
Reduced incentive aliquot	17,943	27,842	20,744		
Other	(105,096)	(183,568)	(21,880)	(12,785)	(24,703)
Income tax and social contribution	**(585,334)**	**(152,191)**	**(390,544)**	**(287,185)**	**(116,268)**

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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.

We have certain tax incentives relative to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels which expires in 2009 and 2013, respectively, while the partial exemption incentives relative 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 in the form of cash dividends.

5.13- Consolidated investments

		Investments			**Equity Results**
	03/31/06	**12/31/05**	**1Q/06**	**4Q/05**	**1Q/05**
Investments in affiliated companies					
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a)	1,009,392	1,016,519	56,322	87,744	111,506
Shandong Yankuang International Company Ltd.	46,735	50,350			125
Henan Longyu Resources Co. Ltd.	223,488	224,712	14,377	22,684	
Goodwill of consolidated companies	5,619,323	1,418,107	(37,941)	(51,025)	(57,270)
Other	6,517	7,021	(19,709)	17,324	
Investments at cost					
SIDERAR Sociedad Anonima Industrial Y Comercial (a)	32,586	35,107			177
Quadrem International Holdings Ltd.	10,132	10,916			55
Other (b)	60,808	51,625	3,361	29,189	18,926
	7,008,981	**2,814,357**	**16,410**	**105,916**	**73,519**

(a) Interest at market price Usiminas R$ 2,164,746 and Siderar R$ 319,385; and

(b) Dividends received from Gerdau, R$ 1.327.

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5.14- Property, Plant and Equipment

(a) By type of asset:

		Consolidated				Parent Company			
				03/31/06	12/31/05			03/31/06	12/31/05
	Average deprecia-tion rates	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
Buildings	2.82%	3,044,036	(1,188,461)	1,855,575	1,781,215	2,001,677	(741,266)	1,260,411	1,213,310
Installations	3.69%	13,732,475	(4,699,581)	9,032,894	9,170,637	7,844,862	(3,062,951)	4,781,911	4,687,220
Equipment	9.52%	6,773,359	(3,111,426)	3,661,933	3,514,202	2,547,940	(973,165)	1,574,775	1,527,265
Information Technology Equipment	20.00%	1,141,429	(450,105)	691,324	682,512	970,402	(345,654)	624,748	625,245
Railroads	3.87%	8,012,500	(3,244,181)	4,768,319	4,476,350	8,100,570	(3,246,215)	4,854,355	4,617,682
Mineral rights (*)	1.84%	1,965,193	(844,671)	1,120,522	1,146,175	1,300,205	(164,941)	1,135,264	1,147,337
Others	14.50%	3,982,267	(2,004,838)	1,977,429	1,882,990	1,827,892	(794,179)	1,033,713	1,012,017
		38,651,259	**(15,543,263)**	**23,107,996**	**22,654,081**	**24,593,548**	**(9,328,371)**	**15,265,177**	**14,830,076**
Construction in progress		11,588,178		11,588,178	11,113,892	6,283,718		6,283,718	5,930,572
Total		**50,239,437**	**(15,543,263)**	**34,696,174**	**33,767,973**	**30,877,266**	**(9,328,371)**	**21,548,895**	**20,760,648**

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

(b) By business area:

				Consolidated
			03/31/06	12/31/05
	Cost	Accumulated depreciation	Net	Net
Ferrous				
In operation	25,562,957	(10,871,643)	14,691,314	14,095,076
Construction in Progress	5,159,013		5,159,013	4,982,627
	30,721,970	**(10,871,643)**	**19,850,327**	**19,077,703**
Non Ferrous				
In operation	2,959,212	(747,713)	2,211,499	2,247,586
Construction in Progress	2,910,310		2,910,310	2,951,044
	5,869,522	**(747,713)**	**5,121,809**	**5,198,630**
Logistics				
In operation	2,959,040	(788,483)	2,170,557	2,150,486
Construction in Progress	212,402		212,402	232,257

	3,171,442	**(788,483)**	**2,382,959**	**2,382,743**
Holdings				
In operation	6,184,318	(2,825,050)	3,359,268	3,480,435
Construction in Progress	2,651,575		2,651,575	2,341,826
	8,835,893	**(2,825,050)**	**6,010,843**	**5,822,261**
Corporate Center				
Corporate	985,732	(310,374)	675,358	680,498
Construction in Progress	654,878		654,878	605,944
	1,640,610	**(310,374)**	**1,330,236**	**1,286,442**
Total	**50,239,437**	**(15,543,263)**	**34,696,174**	**33,767,779**

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5.15- Loans and Financing
Short-Term

	Consolidated		Parent Company	
	03/31/06	12/31/05	03/31/06	12/31/05
Trade finance	426,459	354,308	43	
Working capital	189,535	162,543		
	615,994	**516,851**	**43**	

Long-Term

	Consolidated				Parent Company			
	Current liabilities		Long-term liabilities		Current liabilities		Long-term liabilities	
	03/31/06	12/31/05	03/31/06	12/31/05	03/31/06	12/31/05	03/31/06	12/31/05
Foreign operations								
Loans and financing in:								
U.S. dollars	1,730,018	1,961,211	4,477,420	4,039,808	689,547	774,665	1,881,711	1,902,943
Other currencies	6,885	7,887	33,798	35,815	6,885	7,887	33,798	35,815
Notes in U.S. dollars			4,422,704	2,835,632				
Export securitization	179,484	190,908	701,796	805,421				
Perpetual notes			168,646	176,571				
Accrued charges	203,335	226,395			19,070	46,103		
	2,119,722	**2,386,401**	**9,804,364**	**7,893,247**	**715,502**	**828,655**	**1,915,509**	**1,938,758**
Local operations								
Indexed by TJLP, TR and IGP-M	180,455	175,190	362,796	290,184	47,540	46,289	179,927	187,005
Basket of currencies	3,799	3,808	18,553	20,513	3,555	3,548	18,164	20,451
Loans in U.S. dollars	367,777	318,383	248,070	531,012	1,241	1,784		
Non-convertible debentures	652	702	334,700	329,658	652	702	11	11
Accrued charges	74,213	55,085		1,761	3,127	1,136		
	626,896	**553,168**	**964,119**	**1,173,128**	**56,115**	**53,459**	**198,102**	**207,467**
	2,746,618	**2,939,569**	**10,768,483**	**9,066,375**	**771,617**	**882,114**	**2,113,611**	**2,146,225**

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US$1.00 = R$2.1724 in 03/31/06 (R$2.3407 in 12/31/05) and ¥1.00 = R$0.018456 in

03/31/06 (R$0.019833 in 12/31/05);

(b) At March 31, 2006, our consolidated debt was secured as follows:

Loans guaranteed by the Federal Government, to which we gave counter-guarantees of R$265,049;

Securitization program of R$890,593;

Property, plant and equipment of R$248,105;

Others assets R$1,071,327.

(c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows, as of 03/31/06:

	Consolidated		Parent Company	
2007	803,564	7%	273,024	13%
2008	1,021,460	10%	430,649	20%
2009	822,263	8%	388,849	18%
2010 onward	7,617,850	70%	1,021,089	49%
No due date (perpetual notes and debentures)	503,346	5%		
	10,768,483	**100%**	**2,113,611**	**100%**

The estimated market values of long-term loans and financing calculated at present value based on available interest rates as of 03/31/06 approximate their book values.

(d) In 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 in January 2004 and 8.25% p.a. coupon.

(e) In January, 2006 CVRD ´s wholly owned finance subsidiary Vale Overseas Limited issued US$1 billion 10-year 6.250% p.a. notes, payable semi-annually due 2016, at a price of 99.97% p.a. of the principal amount.

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(f) In January, 2006 CVRD ´s wholly owned finance subsidiary Vale Overseas Limited concluded its tender offer for any and all of its US$300 million aggregate principal amount outstanding 9.00% p.a. Guaranteed Notes due 2013.

5.16- Contingent Liabilities

At the quarterly information 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:

					Consolidated
Judicial deposits	**Tax contingencies**	**Labor and social security claims**	**Civil claims**	**Others**	**Total**
Balance at 31/12/2005	1,063,478	337,485	257,418	8,326	1,666,707
Addition	8,866	11,697	11,922		32,485
Write off	(1,168)	(1,760)	(1,550)		(4,478)
Updating s	26,233	176	1,811	56	28,276
Balance at 31/03/2006	**1,097,409**	**347,598**	**269,601**	**8,382**	**1,722,990**

					Parent Company
Judicial deposits	**Tax contingencies**	**Labor and social security claims**	**Civil claims**	**Others**	**Total**
Balance at 31/12/2005	582,624	249,138	190,323	8,116	1,030,201
Addition	4,053	5,809	8,365		18,227
Write off	(1,155)	(1,709)	(1,549)		(4,413)
Updating s	21,046	1,741	1,330	56	24,173
Balance at 31/03/2006	**606,568**	**254,979**	**198,469**	**8,172**	**1,068,188**

					Consolidated
Provisions for contingencies	**Tax contingencies**	**Labor and social security claims**	**Civil claims**	**Others**	**Total**
Balance at 31/12/2005	2,054,461	548,852	508,055	72,016	3,183,384
Addition	607,004	171,031	43,214	417	821,666
Write off	(1,028,465)	(183,080)	(27,323)	(13,777)	(1,252,645)
Updating s	41,482	16,298	14,564	986	73,330
Balance at 31/03/2006	**1,674,482**	**553,101**	**538,510**		