

VALLEY OF THE RIO DOCE CO

Form 6-K

May 17, 2005

**Table of Contents**

**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 2005

**Valley of the Rio Doce Company**

(Translation of Registrant's name into English)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes  No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes  No

(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-\_\_\_\_\_.)

---

**COMPANHIA VALE DO RIO DOCE**  
**Report on Form 6-K**

**Table of Contents**

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE FIRST  
QUARTER OF 2005 (BRAZILIAN GAAP)  
MANAGEMENT REPORT  
INDEX TO CONSOLIDATED FINANCIAL INFORMATION (BRAZILIAN GAAP)  
SIGNATURES

---

**Table of Contents**

**Gerência Geral de Controladoria GECOL**

---

**Table of Contents**

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

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

---

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

**DELIVERING A STRONG PERFORMANCE**

Rio de Janeiro, May 11, 2005 Companhia Vale do Rio Doce (CVRD) hereby reports net earnings of R\$ 1.615 billion for the first quarter 2005 (1Q05), which corresponds to earnings per share of R\$ 1.40. The net earnings in 1Q05 were 69.3% higher than the one reported in 1Q04, of R\$ 954 million.

The return on equity (ROE), calculated on an annualized quarterly earnings basis, amounted to 32.7%, compared to 24.7% in 1Q04.

Gross revenues amounted to R\$ 7.052 billion, an increase of 18.9% in relation to 1Q04.

Consolidated exports amounted to US\$ 1.336 billion, a 22.8% increase. The performance of the Company foreign sales consolidates its position as the largest exporter of Brazil.

Net exports (exports less imports) amounted to 1.095 billion, an increase of 17.5% compared to 1Q04. CVRD continues to make a relevant contribution to the Brazilian trade balance, accounting for 13.2% of the US\$ 8.3 billion surplus obtained in this quarter.

Operational performance, as measured by EBIT (earnings before interest expenses and taxes), amounted to R\$ 2.376 billion, 33.5% higher than the EBIT of 1Q04, of R\$ 1.780 billion. Operating margin amounted to 35.3%, higher than that obtained in 1Q04, of 31.4%.

Cash generation, as measured by EBITDA (earnings before interest expenses, taxes, depreciation and amortization), amounted to R\$ 2.849 billion, a 17.0% increase.



**Table of Contents**

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

The Company's capital expenditure, according to the generally accepted accounting principles in the United States (US GAAP), in 1Q05 was US\$570.3 million, of which US\$430.7 million, or 75.5%, was investment in growth – that is to say, greenfield and brownfield projects and research & development.

The Fábrica Nova mine started operating in April – adding one more platform for value creation. In the last 12 months CVRD has started up three iron ore capacity expansion projects: Carajás 70 Mtpy, Capão Xavier and Fábrica Nova. Meanwhile, in 2004 the third pier of the Ponta da Madeira Port was launched and the Company continues to invest in iron ore logistics infrastructure, increasing the capacity of its railroads and maritime terminals.

**SELECTED FINANCIAL INDICATORS**

	1Q04	1Q05	R\$ million %
	(A)	(B)	(B/A)
Gross operating revenues	5,930	7,052	18.9
Gross margin (%)	44.1%	43.7%	
Net earnings	954	1,615	69.3
Net earnings per share (R\$)	0.83	1.40	68.7
EBITDA	2,436	2,849	17.0
EBIT	1,780	2,376	33.5
EBIT margin (%)	31.4%	35.3%	
Annualized ROE (%)	24.7%	32.7%	
Exports (US\$ million)	1,088	1,336	22.8

**BUSINESS OUTLOOK**

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

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

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

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





**Table of Contents**

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

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

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

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

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

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

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

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

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

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

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

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

## **Table of Contents**

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

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

### **IMPORTANT RECENT EVENTS**

#### **Improving risk perception**

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

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

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

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

#### **Remuneration of shareholders and debenture holders**

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

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

#### **Ferrous minerals**

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

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

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

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



**Table of Contents**

**Fábrica Nova mine starts up**

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

**Carajás 100 Mtpy**

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

**Mining rights**

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

**SALES VOLUMES AND REVENUES**

CVRD's gross revenues in 1Q05, of R\$ 7.052 billion, were 18.9% higher than in 1Q04. The appreciation of the Real against the US dollar has a negative impact on the CVRD's gross revenues in Real currency, given that 86% of it is denominated or indexed to the US dollar.

The increase of R\$ 1.122 billion in 1Q05 revenues, compared to 1Q04, was mainly due to higher prices, which contributed with R\$ 1.499 billion. The startup of the Sossego copper mine in June 2004 also had a positive impact on CVRD's gross revenues in 1Q05, generating R\$ 200 million in revenues. On the other hand, the 7.8% appreciation of the Real against the US dollar and the divestiture of the company's stake in CST reduced gross revenues by R\$ 421 million and R\$ 272 million, respectively.

In this quarter, Asia became CVRD's major destination of sales with 26.4% of the total revenues, surpassing Europe, which accounted for 25.9%. Brazil is the most important country for CVRD's sales destination, accounting for 25.0% of the total revenues in 1Q05.

China presented the highest rate of sales revenue growth, 44.7% yoy. The sales revenues to the USA increased by 23.2% yoy. Japan showed the lowest rate of sales revenue growth, 7.9% yoy.

In 1Q05 the gross margin achieved 43.7%, compared to 44.1% in 1Q04. The decrease was mainly due to a 22.4% raise in sales taxes, resulted from the increase of copper concentrates and alumina shipments to the domestic market.

**Ferrous minerals**

Revenues from the sale of ferrous minerals – iron ore, pellets, manganese ore and ferro-alloys – in 1Q05 amounted to R\$ 4.440 billion, higher than that obtained in 1Q04, of R\$ 3.576 billion. Iron ore shipments generated R\$ 2.753 billion, pellets R\$ 1.167 billion, Tubarão pellet plant operation services R\$ 21 million, manganese ore R\$ 63 million and ferro-alloys R\$ 435 million.

**Table of Contents**

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

In spite of the heavy rains that affected the iron ore production of Carajás, iron ore and pellet shipments in 1Q05, at 58.884 million tons, were 11.5% higher than in the first quarter of 2004.

Shipments summed 49.159 million tons of iron ore and 9.725 million tons of pellets, a yoy increase of 13.3% and 3.2%, respectively.

During this quarter CVRD acquired 4.4 million tons of iron ore from other mining companies located in the Iron Ore Quadrangle in Brazil's State of Minas Gerais, to complement its production and fulfill client contracts. These purchases totaled 15.9 million tons in 2004, being 3.3 million tons in the first quarter.

In 1Q05, 19.5% (11.5 million tons) of CVRD's total volume of iron ore and pellets sold was shipped to China, 10.0% to Germany, 9.8% to Japan, 4.4% to France and 4.2% to South Korea. Sales to Brazil, 11.2 million tons, accounted for 19.0% of total sales volume.

Sales of manganese ore amounted to 198,000 tons in 1Q05, an increase of 23.0% yoy.

Sales of ferro-alloys amounted to 136,000 tons, down 33.0% compared to 1Q04, when shipments of ferro-alloys set a record of 203,000 tons, not only as a result of the fact that the Mo I Rana plant, in Norway, was operating at full capacity, but also due to the draw-down of existing stock levels.

**Aluminum chain**

The products in the Company's aluminum chain—bauxite, alumina and primary aluminum—generated revenues of R\$ 1.040 billion, 14.7% of CVRD's total revenues. This amount was 15.2% higher than that recorded in 1Q04.

Sales volume of bauxite amounted to 1.233 million tons in 1Q05, an increase of 8.6% yoy.

464,000 tons of alumina were sold in 1Q05, practically in line with the figure recorded in 1Q04, of 467,000 tons.

Sales of primary aluminum amounted to 122,000 tons, a yoy increase of 10.9%.

**Copper**

In 1Q05, CVRD sold 85,000 tons of copper concentrates. Production at the Sossego copper mine was adversely affected in this quarter by the rainy season and by operational problems with mining equipment.

**Industrial minerals**

Sales of potash contributed R\$ 80 million to the Company's revenues in 1Q05, representing 1.1% of CVRD's total revenues. This amount was 23.7% higher than that of 1Q04.

The volume sold, of 138,000 tons, was in line with the same period a year earlier.

Sales of kaolin accounted for R\$ 105 million in revenues, 1.5% of CVRD's total revenues, down 7.4% yoy. The decrease was mainly due to a decrease in the sales volume and appreciation of the Real against the US dollar.

**Table of Contents**

Total volume of kaolin sold amounted to 280,000 tons, down 2.1% yoy. Considering the new contracts that were signed, shipments of kaolin are likely to increase from 2Q05 onwards.

**Logistics**

Logistics services reached R\$ 725 million in 1Q05, an increase of 12.3% in relation to the R\$ 645 million in 1Q04. Logistics services accounted for 10.2% of the Company's total revenues in the quarter.

General cargo transported for clients on the CVRD railroads contributed with sales of R\$ 506 million and port services, with R\$ 114 million. Coastal shipping and port handling services accounted for R\$ 105 million.

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

The Company's ports and maritime terminals handled 6.313 million tons of general cargo for clients, compared to 6.213 million in 1Q04.

**Steel industry participations**

Revenues generated by CVRD's equity stakes in the steel industry amounted to R\$ 452 million in 1Q05, down 26% compared to the amount of R\$ 610 million in 1Q04. This variation is mainly due to the sales of CST in December 2004, which was partly compensated by the better results from CSI in this quarter compared to 1Q04. The equity stakes in the steel industry accounted for 6.4% of CVRD's total revenues in 1Q05.

**SALES VOLUME IRON ORE AND PELLETS**

	Thousand tons			
	1Q04	%	1Q05	%
Iron ore	43,383	82%	49,159	83%
Pellets	9,427	18%	9,725	17%
<b>Total</b>	<b>52,810</b>	<b>100%</b>	<b>58,884</b>	<b>100%</b>

**SALES VOLUME - ORES AND METALS**

	Thousand tons	
	1Q04	1Q05
Manganese	161	198
Ferro alloys	203	136
Copper concentrates		85
Potash	138	138
Kaolin	286	280
Bauxite	1,135	1,233
Alumina	467	464
Aluminum	110	122





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

	Thousand tons			
	1Q04	%	1Q05	%
<b>ASIA</b>	<b>20.2</b>	<b>38.3%</b>	<b>22.7</b>	<b>38.5%</b>
China	9.5	18.0%	11.5	19.5%
Japan	5.3	10.0%	5.8	9.8%
South Korea	2.8	5.3%	2.5	4.2%
Emerging Asia (ex China)	2.6	4.9%	2.9	4.9%
<b>Europe</b>	<b>16.1</b>	<b>30.5%</b>	<b>18.0</b>	<b>30.6%</b>
Germany	5.2	9.8%	5.9	10.0%
France	2.7	5.1%	2.6	4.4%
Italy	2.6	4.9%	2.2	3.7%
Others	5.6	10.6%	7.3	12.4%
<b>Brazil</b>	<b>9.8</b>	<b>18.6%</b>	<b>11.2</b>	<b>19.0%</b>
<b>USA</b>	<b>1.0</b>	<b>1.9%</b>	<b>1.3</b>	<b>2.2%</b>
<b>Rest of the world</b>	<b>5.7</b>	<b>10.8%</b>	<b>5.7</b>	<b>9.7%</b>
<b>Total</b>	<b>52.8</b>	<b>100.0%</b>	<b>58.9</b>	<b>100.0%</b>

**LOGISTICS SERVICES**

	1Q04	1Q05
Railroads (million ntk)	6,215	5,679
Ports (thousand tons)	6,213	6,313

**GROSS REVENUES BY PRODUCT**

	R\$ million			
	1Q04	%	1Q05	%
<b>Iron ore and pellets</b>	<b>3,194</b>	<b>53.9%</b>	<b>3,920</b>	<b>55.6%</b>
Iron ore	2,264	38.2%	2,753	39.0%
Pellets	930	15.7%	1,167	16.5%
<b>Pellet plant operation services</b>	<b>14</b>	<b>0.2%</b>	<b>21</b>	<b>0.3%</b>
<b>Manganese and ferro-alloys</b>	<b>368</b>	<b>6.2%</b>	<b>498</b>	<b>7.1%</b>
<b>Copper concentrates</b>		<b>0.0%</b>	<b>200</b>	<b>2.8%</b>
<b>Potash</b>	<b>65</b>	<b>1.1%</b>	<b>80</b>	<b>1.1%</b>
<b>Kaolin</b>	<b>113</b>	<b>1.9%</b>	<b>105</b>	<b>1.5%</b>
<b>Aluminum</b>	<b>903</b>	<b>15.2%</b>	<b>1,040</b>	<b>14.7%</b>
<b>Logistics</b>	<b>645</b>	<b>10.9%</b>	<b>725</b>	<b>10.3%</b>
Railroads	457	7.7%	506	7.2%
Ports	96	1.6%	114	1.6%
Shipping	92	1.6%	105	1.5%
<b>Steel products</b>	<b>610</b>	<b>10.3%</b>	<b>452</b>	<b>6.4%</b>
<b>Others</b>	<b>18</b>	<b>0.3%</b>	<b>11</b>	<b>0.2%</b>
<b>Total</b>	<b>5,930</b>	<b>100.0%</b>	<b>7,052</b>	<b>100.0%</b>

**GROSS REVENUES BY DESTINATION**

	R\$ millions			
	<b>1Q04</b>	<b>%</b>	<b>1Q05</b>	<b>%</b>
<b>Brazil</b>	<b>1,485</b>	<b>25.0%</b>	<b>1,765</b>	<b>25.0%</b>
<b>External market</b>	<b>4,445</b>	<b>75.0%</b>	<b>5,287</b>	<b>75.0%</b>
USA	603	10.2%	743	10.5%
Europe	1,576	26.6%	1,828	25.9%
Japan	553	9.3%	597	8.5%
China	578	9.7%	836	11.9%
Emerging Asia (ex-China)	388	6.5%	428	6.1%
Rest of the World	746	12.6%	854	12.1%
<b>Total</b>	<b>5,930</b>	<b>100.0%</b>	<b>7,052</b>	<b>100.0%</b>

**Table of Contents****OPERATIONAL MARGIN IN EXPANSION**

Operating profit, as measured by EBIT, amounted to R\$ 2.376 billion, an increase of 33.5% compared to 1Q04.

EBIT margin amounted to 35.3%, higher than that reported in 1Q04, of 31.4%.

EBIT increased by R\$ 596 million yoy, due to the increase in net revenues of R\$ 1.062 billion, partly offset by the increase in the cost of goods sold (COGS) of R\$ 620 million.

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

The specific sources of the higher 1Q05 COGS relatively to 1Q04 were the growth in expenses with: (a) materials, R\$ 191 million; (b) outsourced services, R\$ 222 million; (c) energy, R\$ 141 million; and (d) depreciation, R\$ 32 million.

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

Demurrage expenses totaled R\$ 56 million in 1Q05. Simultaneously with the investments in expansion of loading capacity at the Ports of Ponta da Madeira, Tubarão and Sepetiba, CVRD is making efforts to optimize interaction between production, rail transport and shipment timing, to reduce waiting time suffered by ships in ports.

Negative factors in 1Q05 EBIT compared to 1Q04 were: (a) SG&A expenses R\$ 3 million higher, basically due to the annual increase in salaries in July 2004, and increased commissions on sales - resulting from increased sales volume; and (b) an increase of R\$ 15 million in research and development expenditure, reflecting intensified exploration activities.

**COGS BREAKDOWN**

	R\$ million			
	1Q04	%	1Q05	%
Personnel	321	10.1%	314	8.3%
Material	524	16.6%	715	18.9%
Fuel oil and gases	347	11.0%	407	10.7%
Outsourced services	536	16.9%	758	20.0%
Electric energy	236	7.4%	318	8.4%
Acquisition of products	600	19.0%	593	15.7%
Depreciation and exhaustion	315	10.0%	347	9.2%
Goodwill amortization	96	3.0%	96	2.5%
Others	189	6.0%	238	6.3%
<b>Total</b>	<b>3,165</b>	<b>100.0%</b>	<b>3,785</b>	<b>100.0%</b>

**LTM EBITDA OF R\$ 12.622 BILLION**

Cash generation, as measured by EBITDA, amounted to R\$ 2.849 billion, an increase of 17.0%, compared to 1Q04.



**Table of Contents**

In the twelve-month period to March 31, EBITDA amounted to R\$ 12.662 billion. This represented a qoq growth of R\$ 413 million.

Ferrous minerals operation – iron ore, pellets, manganese ore and ferro-alloys – contributed to 68% of CVRD cash generation in 1Q05, while the aluminum chain – bauxite, alumina and primary aluminum – contributed to 16%, logistics services to 10%, non-ferrous minerals to 4% and equity stakes in the steel industry to 2%.

**QUARTERLY EBITDA**

	R\$ million	
	<b>1Q04</b>	<b>1Q05</b>
Net operating revenues	5,659	6,721
COGS	(3,165)	(3,785)
SG&A	(355)	(358)
Research and development	(66)	(81)
Other operational expenses	(292)	(121)
<b>EBIT</b>	<b>1,780</b>	<b>2,376</b>
<b>Adjustment for non-cash items</b>	<b>183</b>	<b>-</b>
<b>Depreciation, amortization &amp; exhaustion</b>	<b>437</b>	<b>473</b>
<b>Dividends received</b>	<b>36</b>	<b>-</b>
<b>EBITDA</b>	<b>2,436</b>	<b>2,849</b>

**EBITDA BY BUSINESS AREA**

	R\$ million	
	<b>1Q04</b>	<b>1Q05</b>
Ferrous minerals	1,554	1,936
Non-ferrous minerals	21	104
Logistics	260	292
Aluminum	417	454
Steel	184	64
<b>Total</b>	<b>2,436</b>	<b>2,849</b>

**SOLID PERFORMANCE: NET EARNINGS OF R\$ 1.615 BILLION**

In the first quarter of 2005, CVRD obtained net earnings of R\$ 1.615 billion, an increase of 69.3% compared to the same period a year earlier. The yoy rise of R\$ 596 million in operating profit, the result of the growth achieved in practically all the Company's business areas, was the main factor behind CVRD's higher net earnings in the first quarter in 2005.

Net income in this quarter was also higher than the one achieved in 4Q04, of R\$ 1.528 billion, which was positively impacted by non-recurring asset sales. Excluding these extraordinary events, 1Q05 net earnings would be approximately 11% higher than 4Q04.

It is also important to highlight the quality of this quarter net income: there was no influence on non-recurring items, such as results from asset sales, nor monetary variations, since the Real/US dollar exchange rate of March 31<sup>st</sup>, 2005, of R\$ 2.6662, was basically the same of December 31<sup>st</sup>, 2004, of R\$ 2.6544.

The net financial result also had a positive impact on net earnings in 1Q05, being down R\$ 231 million compared to 1Q04. Of this amount, a reduction in financial

**Table of Contents**

expenses contributed with R\$ 179 million, an increase in financial revenues, with R\$ 44 million and monetary variation, with R\$ 8 million.

The equity income result amounted to R\$ 74 million, an increase of R\$ 67 million, compared to 1Q04.

The good financial and equity income results more than compensated for the increase of R\$ 155 million in expenses on income tax and social contribution, due to the higher taxable earnings base.

**DEBT INDICATORS CONTINUE TO IMPROVE**

According to US GAAP (United States generally accepted accounting principles), CVRD's total debt at March 31, 2005 was US\$4.182 billion, US\$94 million more than at December 31, 2004 (US\$4.088 billion). Net debt at the end of March 2005 was US\$3.060 billion, vs. US\$2.839 billion at the end of December 2004.

Trailing 12-month net debt/adjusted EBITDA increased from 1.10 on December 31, 2004 to 1.05 on March 31, 2005. The ratio of net debt to enterprise value was stable, with a change from 11.8% to 11.1%. Interest coverage as measured by trailing 12-month adjusted EBITDA/interest paid increased, from 12.41 at the end of 2004 to 13.24 on March 31, 2005. The changes in these indicators show the Company's powerful cash flow and the strategic focus on preserving a healthy balance sheet.

**FINANCIAL EXPENSES US GAAP**

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

**DEBT INDICATORS US GAAP**

	US\$ million		
	1Q04	4Q04	1Q05
Gross debt	4,526	4,088	4,182
Net debt	3,443	2,839	3,060
Gross debt / adjusted LTM EBITDA (x)	1.86	1.10	1.05

Adjusted LTM EBITDA / LTM interest expenses (x)	11.69	12.41	13.24
Gross debt / EV (x)	0.19	0.12	0.11

*Enterprise Value = market capitalization + net debt*



**Table of Contents****CAPEX: FABRICA NOVA A NEW VALUE CREATION PLATFORM**

According to US GAAP (United States generally accepted accounting principles), CVRD's capital expenditure in 1Q05 totaled US\$ 570.3 million, of which US\$ 430.7 million was spent on organic growth projects and R&D, and US\$ 139.6 million on stay-in-business Capex maintenance of existing operations

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

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

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

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

**Main projects in progress**

Area	Project	Realized	Budgeted		Status
		1Q05	2005	Total	
<b>Ferrous minerals</b>	Expansion of the Carajás iron ore mines to 85 Mtpa - Northern System	41	140	296	This project will increase CVRD's production capacity by 15 million tons/year, and is scheduled for completion in 2006. Works on the plant and port are in progress. Conclusion of works on the second phase of Pier III of the Ponta da Madeira Port terminal - an additional ship loading facility - is planned for July 2005, for total investment of US\$70 million.
	Brucutu iron ore mine Southern System	24	205	448	We expect Brucutu to produce 6.5 million tons this year. Phase I should be completed in 2006, bringing nominal production capacity to 15 million tons/year. Phase II is scheduled for completion in 2007, bringing production capacity to 24 million tons/year. Works on Phase I are 55% completed.
	Fábrica Nova iron ore mine Southern System	7	37	106	Started operating in April. Reallocation of the Samarco ore duct is currently in progress - this will increase the workable area. Project conclusion scheduled for the end of this year.

Expansion of the Itabira iron ore mines Southern System	3	16	75	Modernization of operations and expansion of production capacity of the Itabira mines to 46 million tons/year. Conclusion and startup planned for 2006. Surface removal has been completed. Work on processing facilities scheduled to start 2Q05.
Fazendão iron ore mine Southern System	-	52	100	Project to produce 14 million of ROM (unprocessed) iron ore/year. Works planned to start in second half 2005, with completion and startup in 2006.
Fábrica iron ore mine Southern System	-	38	144	Project to expand production capacity at the Fábrica mine by 5 million tons, from 12 million to 17 million tons/year. Startup planned for 2007.

---

<sup>1</sup> Capex data is based on effective financial disbursements.

**Table of Contents**

Area	Project	Realized	Budgeted		Status
		1Q05	2005	Total	
	Timbopeba iron ore mine	-	25	25	Extension of the useful life of this mine to 2008, with estimated annual production of 2.7 million tons. US\$7.8 million will be invested in development, purchase of small-scale equipment and new access to the rock face. US\$17.6 million will be invested in acquisition of rolling stock for the EFVM railroad.
	Tubarão Port expansion - Southern System	5	22	65	Project to expand the conveyor belt systems and loading machinery, and building of new stockyard. Half the works have been completed. Conclusion planned for 2006.
	São Luis pelletizing plant - expansion	3	18	18	Expansion of the plant capacity to 7 million tons/year, with startup planned for second half 2005.
<b>Coal</b>	Anthracite	0	86	86	Agreement to acquire 25% stake in the Chinese anthracite producer Henan Longyu Energy Resources Ltd., in partnership with Yoncheng and Baosteel. In 2005 the mine will produce 1.7 million tons of high quality anthracite.
	Coking coal	0	16	26	Acquisition, in association with the Chinese coal producer Yankuang, of 25% of Shandong Yankuang International Coking Ltd, for production of Coking coal. Production capacity is estimated at 2 million tons/year of coke and 200,000 tons/year of methanol. The coke plant is being assembled, and startup is timetabled for 2006.
<b>Non-ferrous minerals</b>	Expansion of the Taquari-Vassouras potash mine	3	9	78	Project to expand nominal potash production capacity from 600,000 to 850,000 tons/year. Approximately 90% of works completed. Operation scheduled to start in second half 2005.
	The 118 copper mine	-	32	218	Project to produce 36,000 tons of copper cathode. Planning at assessment phase.
	Vermelho nickel mine	-	34	875	Project to produce 45,000 tons of nickel cathode and 2,000 tons of cobalt per year. Planning at

assessment stage.

<b>Aluminum</b>	Modules 4 and 5 of Alunorte alumina	83	306	583	The project for construction of modules 4 and 5 will increase the refinery's production capacity to 4.2 million tons of alumina per year. Conclusion scheduled for 2006. Approx. 70% of works completed.
	Paragominas I bauxite mine	14	154	352	We expect this mine to start producing 4.5 million of bauxite/year at the end of 2006. The tubes for the 244 km pipeline to transport bauxite from Paragominas to the alumina refinery in Barcarena, in the State of Pará, have been purchased, and production startup is programmed for June 2005. Approximately 20% of works have been completed.
<b>Logistics</b>	Acquisition of locomotives and wagons for the EFVM/EFC/FCA railroads	86	559	559	1,067 wagons and 26 locomotives were bought in the first quarter of 2005.
<b>Electric energy</b>	Aimorés hydroelectric power plant	5	12	144	This plant, on the Rio Doce River in the Brazilian state of Minas Gerais, will have generating capacity of 330MW with startup scheduled for 3Q05. By the end of 1Q05, 95% of the works had been completed. CVRD's share in the project is 51.0%.
	Capim Branco I and II hydroelectric plants	16	73	181	Both plants are located on the Araguari River in Brazil's State of Minas Gerais. They will have generation capacity of 240MW and 210MW respectively. Startup of the projects is scheduled for 2006. 57% of the works on Capim Branco I have been concluded, and 31% for Capim Branco II. CVRD's stake in these project is 48.4%.

**Table of Contents****CAPEX BY BUSINESS AREA**

	<b>Realized 1Q05</b>		US\$ million <b>Budgeted 2005</b>	
Ferrous minerals	200	35.1%	1,266	38.0%
Non-ferrous minerals	36	6.3%	303	9.1%
Logistics	154	27.0%	760	22.8%
Aluminum	127	22.2%	537	16.1%
Coal	3	0.4%	136	4.1%
Electric energy	24	4.2%	109	3.3%
Other	28	4.9%	221	6.6%
<b>Total</b>	<b>570</b>	<b>100.0%</b>	<b>3.32</b>	<b>100.0%</b>

**SELECTED FINANCIAL INDICATORS FOR THE MAIN NON-CONSOLIDATED COMPANIES**

These are available in the quarterly financial statements of CVRD, on the company's website [www.cvrd.com.br](http://www.cvrd.com.br), in the sub-section *Investor Relations*.

**CONFERENCE CALL/WEBCAST**

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

**Table of Contents****FINANCIAL STATEMENTS**

	R\$ million	
	<b>1Q04</b>	<b>1Q05</b>
<b>Gross operating revenues</b>	<b>5,930</b>	<b>7,052</b>
Taxes	(271)	(332)
<b>Net operating revenues</b>	<b>5,659</b>	<b>6,721</b>
Cost of goods sold	(3,165)	(3,785)
<b>Gross profit</b>	<b>2,494</b>	<b>2,936</b>
Gross margin (%)	44.1%	43.7%
<b>Operational expenses</b>	<b>(714)</b>	<b>(560)</b>
Sales	(113)	(100)
Administrative	(242)	(258)
Research and development	(66)	(81)
Other operational expenses	(110)	(121)
Samitri	(183)	
<b>Result from shareholdings</b>	<b>7</b>	<b>74</b>
Equity income	64	130
Goodwill amortization	(57)	(57)
Provision for losses		
<b>Financial result</b>	<b>(505)</b>	<b>(274)</b>
Financial expenses	(474)	(295)
Financial revenues	69	113
Monetary variation	(100)	(92)
<b>Operating profit</b>	<b>1,281</b>	<b>2,175</b>
Result of discontinued operations		
Change in accounting method		
Income tax and social contribution	(236)	(391)
Minority interest	(92)	(169)
<b>Net earnings</b>	<b>954</b>	<b>1,615</b>

**BALANCE SHEET**

	R\$ million	
	<b>12/31/2004</b>	<b>03/31/2005</b>
<b>Asset</b>		
Current	11,930	11,937
Long term	3,710	3,787
Fixed	27,831	29,159
<b>Total</b>	<b>43,471</b>	<b>44,884</b>
<b>Liabilities</b>		
Current	9,327	8,712
Long term	13,935	14,225
Others	2,041	2,162
Shareholders' equity	18,169	19,785
Paid-up capital	7,300	7,300

Reserves	10,869	12,485
<b>Total</b>	<b>43,471</b>	<b>44,884</b>

**Table of Contents****CASH FLOW**

	R\$ million	
	<b>1Q04</b>	<b>1Q05</b>
<b>Cash flows from operating activities:</b>		
Net income	954	1,615
Adjustments to reconcile net income with cash provided by operating activities:		
Result from shareholdings	(7)	(74)
Depreciation, depletion and amortization	129	385
Deferred income tax and social contribution	(93)	(113)
Result from sale of investment		
Financial expenses and foreign exchange and monetary net variation	180	46
Minority interest	92	169
Impairment of property, plant and equipment	15	15
Goodwill amortization in the COGS	96	96
Non-recurring item Goodwill for Samitri	183	
Net unrealized derivative losses	153	5
Dividends/interest attributed to stockholders received	36	
Others	(70)	(81)
Decrease (increase) in assets:		
Accounts receivable	(163)	(338)
Inventories	(78)	(70)
Others	(454)	(122)
Increase (decrease) in liabilities:		
Suppliers and contractors	(94)	49
Payroll and related charges	34	(94)
Taxes and Contributions	275	(579)
Others	569	(257)
<b>Net cash provided by operating activities</b>	<b>1,755</b>	<b>652</b>
Cash Flow from investing activities:		
Loans and advances receivable	63	12
Guarantees and deposits	(60)	(52)
Additions to investments	(105)	(10)
Additions to property, plant and equipment	(929)	(1,755)
Proceeds from disposals of investments/property, plant and equipment	0	6
<b>Net cash used I investing activities</b>	<b>(1,031)</b>	<b>(1,798)</b>
Cash flows from financing activities:		
Short-term debt, net issuances (repayments)	173	221
Long-term debt	2,141	726
Repayments:		
Related parties		
Financial institutions	(1,663)	(477)
Ações em tesouraria		0
<b>Net cash used in financing activities</b>	<b>650</b>	<b>470</b>
Increase (decrease) in cash and cash equivalents	1,374	(677)
Cash and equivalents, beginning of period	2,129	3,917
<b>Cash and equivalents, end of period</b>	<b>3,503</b>	<b>3,240</b>



**Cash paid during the period for:**

Interest on short-term debt	(18)	(2)
Interest on long-term debt	(282)	(226)
Paid income tax and social contribution	(9)	(211)

**Non-cash transactions:**

Additions to property, plant and equipment interest capitalization	(22)	(27)
Transfer of advance for future capital increase to investments		
Income tax and social contribution paid with credits		(49)

**Table of Contents**

---

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.

**Table of Contents****Contents**

Part I	2
1- Management's Discussion and Analysis of the Operating Results at March 31, 2005 Compared With March 31, 2004	2
1.1- General Aspects	2
1.2- Comments on the Consolidated Results	4
1.2.1- Consolidated Gross Revenue	4
1.2.2- Consolidated Cost of Products and Services	5
1.2.3- Cash Generation Consolidated	6
1.3- Comments on the Parent Company Results	7
1.3.1- Gross Revenue	7
1.3.2- Cost of Products and Services	8
1.3.3- Results of Shareholdings by Business Area	9
1.3.4- Other Operating Expenses	10
1.3.5- Net Financial Results	10
1.3.6- Income Tax and Social Contribution	10
Part II	11
Quarterly Information and Notes to the Quarterly Information	11
2- Balance Sheet	11
3- Statement of Income	12
4- Statement of Changes in Stockholders' Equity (additional Information)	14
5- Statement of Cash Flows (Additional Information)	15
6- Notes to the Quarterly Information at March 31, 2005 and 2004	16
6.1- Operations	16
6.2- Presentation of Quarterly Information	16
6.3- Significant Accounting Policies	16
6.4- Principles of Consolidation	17
6.5- Cash and Cash Equivalents	17
6.6- Accounts Receivable from Customers	17
6.7- Inventories	17
6.8- Related parties	18
6.9- Taxes to recover or offset	18
6.10- Deferred Income Tax and Social Contribution	19
6.11- Consolidated investments	20
6.12- Property, Plant and Equipment	20
6.13- Loans and Financing	21
6.14- Contingent Liabilities	22
6.15- Environmental and Site Reclamation and Restoration Costs	23
6.16- Paid-up Capital	24
6.17- Treasury Stock	24
6.18- Financial Results - Parent company and consolidated	25
6.19- Financial Instruments - Derivatives	26
6.20- Administrative and Other Operating Expenses	27
6.21- Subsequent Events	27

Part III	29
9- Attachment I - Statement of Investments in Subsidiaries and Jointly-Controlled Companies	29
10- Other Information the Company Deems Relevant	30
10.1- Consolidated Iron Ore and Pellet Sales (Main Markets) (Not Reviewed)	30
11- Report of the Independent Accountants	31
12- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers	32
<b>CVRD</b>	<b>1</b>

---

**Table of Contents**

**Part I**

Expressed In thousands of reais

**1- Management's Discussion and Analysis of the Operating Results at March 31, 2005 Compared With March 31, 2004**

**1.1- General Aspects**

**(a) Companhia Vale do Rio Doce's segments of business are as follows:**

Ferrous minerals: iron ore and pellets as well as manganese and ferroalloys;

Non-ferrous minerals: potash, kaolin and copper;

Logistics: railroads, ports and maritime terminals and shipping; and

Holdings: equity holdings in producers of aluminum, steel and electric power generation.

**Ferrous Minerals**

*Iron Ore and Pellets*

Operating through two world-class integrated systems for ore production and distribution. The Southern System, based in the states of Minas Gerais and Espírito Santo and the Northern System, based in the states of Pará and Maranhão, each consisting of mines, railroads and maritime terminals. Besides those, there is a third system that consists of mines and port facilities from Caemi.

Currently CVRD operates nine pelletizing plants in Brazil, five of them in joint ventures with international partners. The Company also has an interest in Samarco, which owns and operates two pelletizing plants in Espírito Santo, and an interest in GIIC, a pelletizing plant in Bahrein.

Iron ore and pellets sales are generally made pursuant to long-term supply contracts which provide for annual price negotiations. Cyclical changes in the world demand for steel products affect sales prices and volumes in the world iron ore market. Different factors, such as the iron content of specific ore deposits, the various beneficiation processes required to produce the desired final product, granulometric, moisture content, and the type and concentration of contaminants (such as phosphorus, alumina and manganese) in the ore, influence contract prices for iron ore. Contract prices also depend on transportation costs.

Annual price negotiations generally occur from November to February, with separate prices established for the Asian and European iron ore markets. In the Asian market, the renegotiated prices are effective as of April of each period up to March of the next period. In the European market, the renegotiated prices are effective as of January of each period. For 2005 prices increased by 71.5%.

*Manganese and Ferroalloys*

This activity is carried out through the subsidiaries RDM located in the state of Bahia and Minas Gerais, Urucum located in the state of Mato Grosso do Sul, Rio Doce Manganèse Europe in France and Rio Doce Manganese Norway in Norway.

## **Non-Ferrous Minerals**

### *Potash*

The Company through a leasing contract with Petroleo Brasileiro S.A. - PETROBRAS, has a potash leased mine from Operational Unit Taquari-Vassouras (UOTV), located in state of Sergipe. It is the only producer of potash chloride in activity in Brazil, The potash explored by the Company is raw material to fertilizers producers.

In November, 2004, CVRD won an international competition for the research evaluation and exploration of a potash deposit in the Neuquen Province, Argentina.

### *Copper*

CVRD's copper activities have been operating since June, 2004 the Sossego mine in Pará. Sossego is the first copper mine of CVRD.

### *Kaolin*

Kaolin is a fine white aluminum silicate clay, used in the paper, ceramic and pharmaceutical industries as a coating and filler. Kaolin commercial activities are conducted through Caemi, controller of Pará Pigmentos S.A. and Cadam.

**CVRD**

**2**

---

**Table of Contents****Logistics**

The logistics system includes the Vitória to Minas Railroad and the Tubarão port complex in the Southern System, and the Carajás Railroad and Ponta da Madeira Marine Terminal in the Northern System. In addition, CVRD controls the railroad Ferrovia Centro-Atlântica S.A. - FCA, and has interest in MRS Logística.

The principal cargo of CVRD's railroad is the Company's own iron ore, along with steel, coal, pig iron, agricultural products and fuel. The Company charges market rates for third-party cargo, which vary based upon the distance traveled and the density of the freight in question.

**Energy**

The Company participates in nine hydroelectric plants, four of which are in operation. CVRD's investments in the sector seek to optimize the Group's supply of electric power.

**Holdings***Aluminum Operations*

The Company sells aluminum, alumina and bauxite to an active world market in which prices are determined based on prices for the primary aluminum quoted on the London Metals Exchange and the Commodity Exchange, Inc (Comex) at the time of delivery.

Bauxite extraction operation works through our jointly-controlled company Mineração Rio do Norte S.A. - MRN.

Alumina refine works through ALUNORTE - Alumina do Norte do Brasil S.A. and the smelts of aluminum through ALBRAS - Alumínio Brasileiro S.A. and the jointly-controlled company Valesul Alumínio S.A..

*Steel*

Commercial activities in the steel industry are conducted through the jointly-controlled company California Steel Industries Inc., located in California and through the affiliated company Usiminas.

- (b) **The variations of the main currencies and indices in relation to the *real*, which impacted the results of the Company and its subsidiaries, jointly-controlled companies and affiliates, were as follows:**

Period	Currencies / Indices	$\Delta\%$				Parity - end of period	
		U.S. DOLLAR	YEN	IGP-M	TJLP	US\$ x R\$	US\$ x Yen
From 01/01/05 to 03/31/05		0.4	(4.1)	1.6	2.4	2.6662	107.39
From 10/01/04 to 12/31/04		(7.1)	(0.2)	2.0	2.4	2.6544	102.55
From 01/01/04 to 03/31/04		0.7	3.3	2.7	2.4	2.9086	104.48

About 86% of the consolidated gross revenue (88% parent company) on 03/31/05 is linked to the U.S. dollar. About 33% (32% parent company) of total consolidated costs are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating cash flows.

Approximately 91% (97% parent company) of the short-term and long-term loans of the consolidated on 03/31/05 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Notes 6.13 and 6.18).

(c) On 03/31/05, the consolidated trade balance of US\$ 1,095 million was generated as follows:

	<b>Consolidated (in US\$ million)</b>	
	<b>03/31/05</b>	<b>03/31/04</b>
Exports	1,336	1,088
Imports	(241)	(156)
	<b>1,095</b>	<b>932</b>
	<b>CVRD</b>	<b>3</b>

---



**Table of Contents****1.2- Comments on the Consolidated Results****1.2.1- Consolidated Gross Revenue**

Sales volume and revenues by products and services:

	In thousands of metric tons (except railroad transportation)			In thousands of reais		
	03/31/05	03/31/04	Δ%	03/31/05	03/31/04	Δ%
Iron ore	49,159	43,383	13	2,753,407	2,263,635	22
Pellets (*)	9,725	9,427	3	1,188,131	944,042	26
	<b>58,884</b>	<b>52,810</b>	<b>12</b>	<b>3,941,538</b>	<b>3,207,677</b>	<b>23</b>
Manganese	198	161	23	63,355	22,667	180
Ferroalloys	136	203	(33)	434,884	345,469	26
Copper	85			199,980		
Potash	138	138		80,373	65,272	23
Kaolin	280	286	(2)	104,576	112,594	(7)
Railroad transportation (millions of TKU)	8,333	8,795	(5)	505,512	456,958	11
Port services	6,313	6,213	2	114,375	96,086	19
Maritime transportation				104,576	92,490	13
Aluminum	122	110	11	611,222	525,091	16
Alumina	464	467	(1)	358,703	306,752	17
Bauxite	1,233	1,135	9	70,043	70,835	(1)
Steel				452,153	609,651	(26)
Other products and services				11,073	18,013	(39)
				<b>7,052,363</b>	<b>5,929,555</b>	<b>19</b>

(\*) Includes revenues derived from services provided to pelletizing joint ventures in the amount of R\$ 21,213 and R\$ 13,776, referring to the first quarter of 2005 and 2004, respectively.

Revenues from iron ore and pellets increased by 23% (R\$ 3,941,538 on 03/31/05 against R\$ 3,207,677 on 03/31/04) due to modification of the product mix and higher prices on 03/31/05.

Revenues from manganese and ferroalloys increased by 35% (R\$ 498,239 on 03/31/05 against R\$ 368,136 on 03/31/04) and reflect increase in prices and change of mix of products related to the companies of the segment discussed in Item 1.3.3 Ferrous Minerals Manganese and ferroalloys.

Revenues from kaolin decreased by 7% (R\$ 104,576 on 03/31/05 against R\$ 112,594 on 03/31/04). This effect was basically due to the sales decrease in volumes and the devaluation of the US American dollar compared to the real.

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

Revenues from transportation rose 11% (R\$ 505,512 on 03/31/05 against R\$ 456,958 on 03/31/04), due mainly to higher railway freight rates.

Revenues in the aluminum area rose 15% (R\$ 1,039,968 on 03/31/05 versus R\$ 902,678 on 03/31/04), due to increase of production capacity of bauxite and alumina plants as well as the average selling prices, discussed in Item 1.3.3 Holdings - Aluminum.

Revenues from steel products decreased by 26% (R\$ 452,153 on 03/31/05 compared with R\$ 609,651 on 03/31/04). This reflects the sale of CST on December 2004, offset by the performance of CSI, discussed in Item 1.3.3 Holdings - Steel.

**CVRD**

**4**

---

**Table of Contents****Gross Consolidated Revenue by Segment**

	Non -				Holdings		03/31/05	%	Total	
	Ferrous Minerals	Ferrous Minerals	Logistics	Aluminum	Steel	Eliminations			03/31/04	%
<b>External market</b>										
America, except										
United States	606,447	328	29,699	294,618		(412,834)	518,258	7	473,064	8
United States	339,020		7,767	246,431	452,153	(301,982)	743,389	11	603,193	10
Europe	2,289,882	132,649	15,552	374,606		(984,563)	1,828,126	26	1,575,853	27
Middle										
East/Africa/Oceania	447,831			14,916		(127,073)	335,674	5	273,346	5
Japan	558,736	16,858		257,435		(235,832)	597,197	8	553,443	9
China	1,154,378	71,554		67,434		(457,142)	836,224	12	578,045	10
Ásia, other than										
Japan and China	548,773	181,784				(302,123)	428,434	6	387,736	7
	<b>5,945,067</b>	<b>403,173</b>	<b>53,018</b>	<b>1,255,440</b>	<b>452,153</b>	<b>(2,821,549)</b>	<b>5,287,302</b>	<b>75</b>	<b>4,444,680</b>	<b>76</b>
<b>Internal Market</b>	<b>1,169,045</b>	<b>131,728</b>	<b>745,093</b>	<b>353,363</b>		<b>(634,168)</b>	<b>1,765,061</b>	<b>25</b>	<b>1,484,875</b>	<b>24</b>
<b>Total operating revenues</b>	<b>7,114,112</b>	<b>534,901</b>	<b>798,111</b>	<b>1,608,803</b>	<b>452,153</b>	<b>(3,455,717)</b>	<b>7,052,363</b>	<b>100</b>	<b>5,929,555</b>	<b>100</b>

**1.2.2- Consolidated Cost of Products and Services****By Nature**

	Denominated in		03/31/05	%	03/31/04	%	Δ%
	R\$	US\$					
Personnel	282,325	31,846	314,171	8	320,893	10	(2)
Material	552,674	162,347	715,021	19	524,117	17	36
Oil and gas	328,666	77,843	406,509	11	347,319	11	17
Outsourced services	552,127	206,035	758,162	20	536,195	17	41
Energy	299,490	18,055	317,545	8	235,584	7	35
Raw Material	12,577	580,427	593,004	16	600,323	19	(1)
Depreciation and depletion	331,830	14,903	346,733	9	315,075	10	10
Amortization of goodwill	96,095		96,095	3	96,096	3	
Others	95,412	142,327	237,739	6	189,417	6	26
<b>Total</b>	<b>2,551,196</b>	<b>1,233,783</b>	<b>3,784,979</b>	<b>100</b>	<b>3,165,019</b>	<b>100</b>	<b>20</b>
	<b>67%</b>	<b>33%</b>					

The 20% (R\$ 619,960) increase in the cost of products and services (R\$ 3,784,979 on 03/31/05 against R\$ 3,165,019 on 03/31/04) is due to changes in consolidated entities, increases in sales volumes and changes in the prices of the various elements which comprise production cost during the period.

**CVRD**

**5**

---

**Table of Contents****1.2.3- Cash Generation Consolidated**

The operating cash generation consolidated measured by EBITDA (earnings before financial results, results of equity investments, interest, income tax and depreciation, amortization and depletion plus dividends received) was R\$ 2,849,394 on 03/31/05, against R\$ 2,435,668 on 03/31/04, an increase of 17%.

**EBITDA**

	<b>03/31/05</b>	<b>03/31/04</b>
Net operating revenue	6,720,573	5,658,625
Cost of products and services	(3,784,979)	(3,165,019)
Operating expenses	(559,695)	(714,153)
<b>Operating profit</b>	<b>2,375,899</b>	<b>1,779,453</b>
Depreciation / amortization of goodwill	473,495	437,356
	<b>2,849,394</b>	<b>2,216,809</b>
Dividends received		36,063
Goodwill Samitri		182,796
<b>EBITDA R\$</b>	<b>2,849,394</b>	<b>2,435,668</b>
<b>Current liabilities</b>		
Current portion of long-term debt - unrelated parties	2,058,984	2,525,818
Short-term debt	702,853	515,202
Loans from related parties	108,801	72,976
	<b>2,870,638</b>	<b>3,113,996</b>
<b>Long-term liabilities</b>		
Long-term debt - unrelated parties	9,336,284	9,044,631
Loans from related parties	31,131	41,158
	<b>9,367,415</b>	<b>9,085,789</b>
<b>Gross debt</b>	<b>12,238,053</b>	<b>12,199,785</b>
<b>Interest paid</b>	<b>227,668</b>	<b>300,396</b>
<b>Stockholders equity</b>	<b>19,784,523</b>	<b>18,169,333</b>
<b>EBITDA / Interest paid</b>	<b>12.52</b>	<b>8.11</b>
<b>EBITDA Margin</b>	<b>42%</b>	<b>43%</b>
<b>EBIT Margin</b>	<b>35%</b>	<b>31%</b>
<b>Gross debt / EBITDA</b>	<b>4.29</b>	<b>5.01</b>

**Gross debt / Equity Capitalization** **38** **40**

**Consolidated EBITDA by Segment**

	<b>Segments</b>	<b>03/31/05 EBITDA % of total</b>	<b>Segments</b>	<b>03/31/04 EBITDA % of total</b>
Ferrous minerals	1,935,966	68%	1,553,513	64%
Non - ferrous minerals	103,739	4%	20,757	0%
Logistics	292,033	10%	260,265	11%
Holdings				
Aluminum	453,984	16%	416,862	17%
Steel	63,672	2%	184,271	8%
	<b>2,849,394</b>	<b>100%</b>	<b>2,435,668</b>	<b>100%</b>

**CVRD** **6**

---

**Table of Contents****1.3- Comments on the Parent Company Results**

The net income of the Company on 03/31/05 was R\$ 1,615,190 compared with net income of R\$ 953,714 on 03/31/04 (the earnings per share corresponds to R\$ 1.40 on 03/31/05 versus R\$ 0.83 on 03/31/04).

The gross margin declined from 43.4% on 03/31/04 to 36.3% on 03/31/05. The gross revenue rose R\$ 674,492 (to R\$ 2,731,147 on 03/31/05 from R\$ 2,057,802 on 03/31/04), while the cost of products and services increased R\$ 581,873 (from R\$ 1,475,929 on 03/31/04 to R\$ 2,057,802 on 03/31/05).

**1.3.1- Gross Revenue**

The 25% increase in gross revenue (R\$ 3,405,639 on 03/31/05 against R\$ 2,731,147 on 03/31/04) is the result of the 11% higher volume sold of iron ore and pellets and the increase of prices of products and services. The revenues of the period includes the sale of copper (85 thousands of tons - R\$ 188,079) began in June, 2004 and alumina, began in December 2004. This effect was compensated in part by the average valuation of the real against the United States Dollar by 8%, incident on 88% of the revenue of the Company.

	In thousands of metric tons (except railroad transportations)			In thousands of reais		
	03/31/05	03/31/04	Δ%	03/31/05	03/31/04	Δ%
External market						
Iron ore - fines	28,143	24,757	14	1,359,765	1,159,327	17
Iron ore - lump ore	1,629	2,087	(22)	81,172	109,027	(26)
Pellets	5,797	5,214	11	560,873	479,596	17
	<b>35,569</b>	<b>32,058</b>	<b>11</b>	<b>2,001,810</b>	<b>1,747,950</b>	<b>15</b>
Internal market						
Iron ore - fines	8,434	7,853	7	385,934	331,256	17
Iron ore - lump ore	2,559	2,204	16	118,943	97,225	22
Pellets (*)	1,271	1,141	11	195,023	151,278	29
	<b>12,264</b>	<b>11,198</b>	<b>10</b>	<b>699,900</b>	<b>579,759</b>	<b>21</b>
<b>Total</b>						
<b>Iron ore - fines</b>	<b>36,577</b>	<b>32,610</b>	<b>12</b>	<b>1,745,699</b>	<b>1,490,583</b>	<b>17</b>
<b>Iron ore - lump ore</b>	<b>4,188</b>	<b>4,291</b>	<b>(2)</b>	<b>200,115</b>	<b>206,252</b>	<b>(3)</b>
<b>Pellets</b>	<b>7,068</b>	<b>6,355</b>	<b>11</b>	<b>755,896</b>	<b>630,874</b>	<b>20</b>
	<b>47,833</b>	<b>43,256</b>	<b>11</b>	<b>2,701,710</b>	<b>2,327,709</b>	<b>16</b>
<b>Copper</b>	<b>85</b>			<b>188,079</b>		
<b>Potash</b>	<b>138</b>	<b>138</b>		<b>80,373</b>	<b>65,272</b>	<b>23</b>
<b>Railroad transportation (millions of TKU) (**)</b>	<b>5,674</b>	<b>5,526</b>	<b>3</b>	<b>289,037</b>	<b>261,142</b>	<b>11</b>

<b>Port services</b>	<b>5,499</b>	<b>5,635</b>	<b>(2)</b>	<b>76,895</b>	<b>71,485</b>	<b>8</b>
<b>Alumina</b>	<b>52</b>			<b>59,963</b>		
<b>Other products and services</b>				<b>9,582</b>	<b>5,539</b>	<b>73</b>
				<b>3,405,639</b>	<b>2,731,147</b>	<b>25</b>

---

(\*) Includes revenues derived from services provided to pelletizing joint ventures in the amounts of R\$ 52,456 and R\$ 35,777 in the first quarter of 2005 and 2004, respectively.

(\*\*) The Company carried through its railroad system 3,987 and 3,959 million of TKUs of general cargo and 1,687 and 1,567 million of TKUs of iron ore and pellets in the first quarter of 2005 and 2004, respectively.

**CVRD**

**7**



**Table of Contents****Gross revenue by segment**

	<b>Ferrous Minerals</b>	<b>Non-Ferrous Minerals</b>	<b>Logistics</b>	<b>3/31/2005</b>	<b>%</b>	<b>3/31/2004</b>	<b>Total %</b>
<b>External market</b>							
Americas, except the United States	157,700			157,700	5	156,185	6
United States	72,101			72,101	2	83,199	3
Europe	750,603	34,980		785,583	23	706,484	26
Middle East/Africa/Oceania	200,067			200,067	6	162,124	6
Japan	207,820			207,820	6	192,041	7
China	423,744	33,030		456,774	13	265,615	10
Asia, other than Japan and China	189,775	81,962		271,737	8	182,302	7
	<b>2,001,810</b>	<b>149,972</b>		<b>2,151,782</b>	<b>63</b>	<b>1,747,950</b>	<b>65</b>
<b>Internal market</b>	<b>709,482</b>	<b>178,443</b>	<b>365,932</b>	<b>1,253,857</b>	<b>37</b>	<b>983,197</b>	<b>35</b>
<b>Total gross revenues</b>	<b>2,711,292</b>	<b>328,415</b>	<b>365,932</b>	<b>3,405,639</b>	<b>100</b>	<b>2,731,147</b>	<b>100</b>

**1.3.2- Cost of Products and Services**

The 39% increase (R\$ 581,873) in products and services costs (R\$ 2,057,802 on 03/31/05 against R\$ 1,475,029 on 03/31/04) is mainly due to increase of sales, increase of expenses related to maintenance of assets and equipment, price increase, exchange rate impact on part of costs linked to US dollars and the sales of copper, that began in June 2004.

**By Nature**

	<b>Denominated</b>						
	<b>R\$</b>	<b>US\$</b>	<b>03/31/05</b>	<b>%</b>	<b>03/31/04</b>	<b>%</b>	<b>Δ%</b>
Personnel	162,803		162,803	8	149,942	10	9
Material	357,742	73,273	431,015	21	230,902	16	87
Oil and gas	203,518		203,518	10	160,025	11	27
Outsourced services	276,970	56,729	333,699	16	205,210	14	63
Outsourced transportation	5,345	101,548	106,893	5	83,281	6	28
Energy	77,514		77,514	4	43,871	3	77
Acquisition of iron ore and pellets		313,217	313,217	15	268,222	18	17
Tolling industrialization		16,379	16,379	1	14,991	1	9
Depreciation and depletion	191,226		191,226	9	148,533	10	29
Amortization of goodwill	96,095		96,095	5	96,096	6	
Others	33,781	91,662	125,443	6	74,856	5	68
<b>Total</b>	<b>1,404,994</b>	<b>652,808</b>	<b>2,057,802</b>	<b>100</b>	<b>1,475,929</b>	<b>100</b>	<b>39</b>

**68%**

**32%**

**CVRD**

**8**

---

**Table of Contents****1.3.3- 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.

<b>Business Area</b>	<b>03/31/05</b>	<b>03/31/04</b>	<b>%</b>
<b>Ferrous Minerals</b>			
Iron ore	377,308	139,778	170
Pellets	148,809	100,349	48
Manganese and ferroalloys	145,929	76,537	91
<b>Non-Ferrous Minerals</b>	(3,807)	5,635	(168)
<b>Logistics</b>	46,337	35,189	32
<b>Holdings</b>			
Steel	140,930	121,249	16
Aluminum	200,863	89,613	124
<b>Others</b>	272	3,697	(93)
<b>Gain on investments accounted for by the equity method</b>	<b>1,056,641</b>	<b>572,047</b>	85
Provision for losses	(10,998)	(28,402)	61
Amortization of goodwill	(57,270)	(57,270)	
Exchange variation in Stockholders' Equity of companies abroad	37,827	23,184	63
<b>Results of equity investments</b>	<b>1,026,200</b>	<b>509,559</b>	101

The effects of exchange rate variation on debt generated a sharp negative variation impacting the results of equity investments due to the real devaluation against US dollar of only 0.4% and 0.7% in the first quarter of 2005 and 2004, respectively.

**Ferrous Minerals***Iron Ore and Pellets*

Operationally, there occurred increases in iron ore and pellets sales volume and prices.

*Manganese and Ferroalloys*

Equity in the results of investees had an increase, mainly due to the increases in sales volume and selling average prices of manganese and ferroalloys.

**Non-Ferrous Minerals**

Operating income was stable despite the increase in sales volume and increase in average prices in US. The gains were offset by the negative exchange rate of the euro over costs and costs with mineral researches and expenses.

**CVRD**

**9**

---

**Table of Contents**

**Logistic**

Equity in the results of investees increased substantially, due to the increase in volume transported through the railroads and shipments as well as increase in port services. Selling average prices increased mainly due to the strong demand for transportation services, especially from the exporters.

**Holdings**

*Aluminum*

Better results mainly due to increase in price and volume.

*Steel*

Although we divested CST, the equity in the results increased due to exceptional results obtained mainly by the jointly-controlled company Usiminas.

**1.3.4- Other Operating Expenses**

The other operating expenses, except for non recurring item referring to Samitri's goodwill amortization, increased R\$ 17,398 (R\$ 274,581 on 03/31/05 compared to R\$ 257,183 on 03/31/04) (Note 6.20).

**1.3.5- Net Financial Results**

The net financial result on 03/31/05 had a impact of R\$ 14,304 (expense of R\$ 190,607 on 03/31/05 compared to expense of R\$ 204,911 on 03/31/04).

**1.3.6- Income Tax and Social Contribution**

Income tax and social contribution reflect an expense of R\$ 116,268 on 03/31/05 compared with an expense of R\$ 43,224 on 03/31/04, mainly caused by increase of taxable income. (Note 6.10)

**CVRD**

**10**

---

**Table of Contents****Part II****Quarterly Information and Notes to the Quarterly Information**

(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- Balance Sheet**

	Notes	Parent Company		In thousands of reais Consolidated	
		03/31/05	12/31/04	03/31/05	12/31/04
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6.5	300,355	305,927	3,239,768	3,916,758
Accounts receivable from customers	6.6	1,619,253	1,849,954	3,413,896	3,076,060
Related parties	6.8	963,991	588,563	131,320	73,360
Inventories	6.7	935,812	870,197	2,963,736	2,893,837
Taxes to recover or offset	6.9	477,741	512,246	815,259	898,174
Deferred income tax and social contribution	6.10	473,668	345,967	587,969	428,358
Others		369,524	252,096	785,162	643,507
		<b>5,140,344</b>	<b>4,724,950</b>	<b>11,937,110</b>	<b>11,930,054</b>
<b>Long-term receivables</b>					
Related parties	6.8	562,107	586,668	115,325	108,973
Loans and financing		103,322	106,324	147,951	149,843
Deferred income tax and social contribution	6.10	528,869	523,355	1,011,684	1,057,986
Judicial deposits	6.14	1,181,151	1,147,433	1,731,461	1,679,901
Prepaid expenses				101,154	94,908
Accounts receivable - sale of assets				34,375	38,465
Assets for sale				92,496	111,419
Advances to energy suppliers				302,394	260,264
Others		51,209	27,768	250,618	208,635
		<b>2,426,658</b>	<b>2,391,548</b>	<b>3,787,458</b>	<b>3,710,394</b>
<b>Permanent assets</b>					
Investments	6.11	13,932,719	12,975,425	2,773,384	2,829,997

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

Property, plant and equipment	6.12	16,386,783	15,246,012	26,181,260	24,797,944
Deferred charges				204,558	203,079
		<b>30,319,502</b>	<b>28,221,437</b>	<b>29,159,202</b>	<b>27,831,020</b>
		<b>37,886,504</b>	<b>35,337,935</b>	<b>44,883,770</b>	<b>43,471,468</b>

**Liabilities and stockholders equity**

**Current liabilities**

Short-term debt	6.13			702,853	515,202
Current portion of long-term debt	6.13	724,782	670,297	2,058,984	2,525,818
Payable to suppliers and contractors		1,584,524	1,515,901	2,020,679	1,972,062
Related parties	6.8	3,083,308	2,042,670	108,801	106,302
Payroll and related charges		198,376	288,452	305,163	399,428
Pension Plan - Valia		90,790	91,121	90,790	91,121
Proposed dividends and interest on stockholders equity		1,278,513	1,278,513	1,516,322	1,286,231
Taxes and contributions		575,053	527,324	977,842	1,556,718
Others		335,266	378,797	930,504	873,716
		<b>7,870,612</b>	<b>6,793,075</b>	<b>8,711,938</b>	<b>9,326,598</b>

**Long-term liabilities**

Long-term debt	6.13	2,939,859	2,910,794	9,336,284	9,044,631
Related parties	6.8	3,569,389	3,783,952	31,131	41,158
Provisions for contingencies	6.14	1,994,756	1,952,786	2,630,271	2,603,969
Pension Plan - Valia		576,209	569,671	576,209	569,671
Provision for environmental liabilities		263,281	255,464	263,281	255,464
Provisions for derivatives		43,778	55,268	379,396	432,483
Others		844,097	847,592	1,008,431	987,318
		<b>10,231,369</b>	<b>10,375,527</b>	<b>14,225,003</b>	<b>13,934,694</b>

**Deferred income**

8,909 9,538

**Minority interests**

2,153,397 2,031,305

**Stockholders equity**

Paid-up capital	6.16	7,300,000	7,300,000	7,300,000	7,300,000
Revenue reserves		12,484,523	10,869,333	12,484,523	10,869,333
		<b>19,784,523</b>	<b>18,169,333</b>	<b>19,784,523</b>	<b>18,169,333</b>

37,886,504 35,337,935 44,883,770 43,471,468

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

**CVRD**

**11**

---



**Table of Contents**

(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 Income****Periods ended March 31**

	Notes	Parent Company		In thousands of reais Consolidated	
		03/31/05	03/31/04	03/31/05	03/31/04
<b>Operating revenues</b>	1.2.1/				
<b>Sales of ore and metals</b>	1.3.1				
Iron ore and pellets		2,701,710	2,327,709	3,941,538	3,207,677
Manganese and ferroalloys				498,239	368,136
Copper		188,079		199,980	
Potash		80,373	65,272	80,373	65,272
Kaolin				104,576	112,594
		<b>2,970,162</b>	<b>2,392,981</b>	<b>4,824,706</b>	<b>3,753,679</b>
Transport services		365,932	332,627	724,463	645,534
Sales of aluminum-related products		59,963		1,039,968	902,678
Sales of steel products				452,153	609,651
Other products and services		9,582	5,539	11,073	18,013
		<b>3,405,639</b>	<b>2,731,147</b>	<b>7,052,363</b>	<b>5,929,555</b>
Value Added taxes		(177,391)	(122,949)	(331,790)	(270,930)
<b>Net operating revenues</b>		<b>3,228,248</b>	<b>2,608,198</b>	<b>6,720,573</b>	<b>5,658,625</b>
<b>Cost of products and services</b>	1.2.2/				
Ores and metals	1.3.2	(1,883,331)	(1,374,289)	(2,405,412)	(1,889,836)
Transport services		(133,552)	(98,616)	(440,795)	(408,193)
Aluminum-related products		(32,918)		(549,292)	(463,879)
Steel products				(383,660)	(392,482)
Other products and services		(8,001)	(3,024)	(5,820)	(10,629)
		<b>(2,057,802)</b>	<b>(1,475,929)</b>	<b>(3,784,979)</b>	<b>(3,165,019)</b>
<b>Gross profit</b>		<b>1,170,446</b>	<b>1,132,269</b>	<b>2,935,594</b>	<b>2,493,606</b>
<b>Gross margin</b>		<b>36.3%</b>	<b>43.4%</b>	<b>43.7%</b>	<b>44.1%</b>
<b>Operating expenses</b>					
Selling		(85)	(4,655)	(100,149)	(112,941)

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

Administrative	6.20	(123,026)	(104,589)	(257,549)	(242,388)
Research and development		(72,657)	(63,339)	(81,129)	(66,431)
Other operating expenses		(78,813)	(84,600)	(120,868)	(109,597)
Non recurring item - Samitri's Goodwill amortization			(182,796)		(182,796)
		<b>(274,581)</b>	<b>(439,979)</b>	<b>(559,695)</b>	<b>(714,153)</b>
<b>Operating profit before financial results and results of equity investments</b>		<b>895,865</b>	<b>692,290</b>	<b>2,375,899</b>	<b>1,779,453</b>
<b>Results of equity investments</b>	6.11				
Gain on investments accounted for by the equity method		1,056,641	572,047	130,359	64,131
Amortization of goodwill		(57,270)	(57,270)	(57,270)	(57,270)
Provision for losses		(10,998)	(28,402)		
Exchange variation in stockholders' equity of companies abroad		37,827	23,184	430	422
		<b>1,026,200</b>	<b>509,559</b>	<b>73,519</b>	<b>7,283</b>
<b>Financial results</b>	6.18	<b>(190,607)</b>	<b>(204,911)</b>	<b>(274,447)</b>	<b>(505,474)</b>
<b>Income before income tax and social contribution</b>		<b>1,731,458</b>	<b>996,938</b>	<b>2,174,971</b>	<b>1,281,262</b>
<b>Income tax and social contribution</b>	6.10	<b>(116,268)</b>	<b>(43,224)</b>	<b>(390,544)</b>	<b>(235,548)</b>
<b>Income before minority interests</b>		<b>1,615,190</b>	<b>953,714</b>	<b>1,784,427</b>	<b>1,045,714</b>
<b>Minority interests</b>				<b>(169,237)</b>	<b>(92,000)</b>
<b>Net income for the period</b>		<b>1,615,190</b>	<b>953,714</b>	<b>1,615,190</b>	<b>953,714</b>
<b>Number of shares outstanding at the end of the period (in thousands) (a)</b>		<b>1,151,520</b>	<b>1,151,520</b>	<b>1,151,520</b>	<b>1,151,520</b>
<b>Net Earnings per share outstanding at the end of the period (R\$)</b>		<b>1.40</b>	<b>0.83</b>	<b>1.40</b>	<b>0.83</b>

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

CVRD

12

**Table of Contents**

(a) Reflects as if the stocks split had occurred on 03/31/04

**CVRD**

**13**

---

**Table of Contents**

(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 Changes in Stockholders Equity (Additional Information)**

Periods ended March 31								In thousands of reais	
	Paid-up capital	Expansion/Investments	Depletion	Unrealized income	Legal incentives	Fiscal Revenue reserves	Treasury stock	Retained earnings	Total
December 31, 2003	6,300,000	6,039,326	1,004,166	557,266	1,080,141	89,993	(131,318)		14,939,572
Capitalization of reserves	1,000,000	(910,007)				(89,993)		211,538	
Capitalization of reserve				(211,538)				211,538	
Net income for the year								6,459,519	6,459,519
Perim interest on stockholders equity								(1,671,484)	(1,671,484)
Perim dividends								(279,763)	(279,763)
Additional remuneration proposed								(1,278,513)	(1,278,513)
Appropriation to revenue reserves		3,077,659			322,976	40,662		(3,441,297)	
December 31, 2004	7,300,000	8,206,978	1,004,166	345,728	1,403,117	40,662	(131,318)		18,169,332
Net income for the period								1,615,190	1,615,190
December 31, 2004	7,300,000	8,206,978	1,004,166	345,728	1,403,117	40,662	(131,318)	1,615,190	19,784,522

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

CVRD

14

**Table of Contents**

(A free translation of the original in Portuguese)

**5- Statement of Cash Flows (Additional Information)****Periods ended March 31**

	<b>Parent Company</b>		<b>In thousands of reais</b>	
	<b>03/31/05</b>	<b>03/31/04</b>	<b>03/31/05</b>	<b>03/31/04</b>
<b>Cash flows from operating activities:</b>				
Net income for the period	1,615,190	953,714	1,615,190	953,714
Adjustments to reconcile net income for the period with cash provided by operating activities:				
Results of equity investments	(1,026,200)	(509,559)	(73,519)	(7,283)
Depreciation, amortization and depletion	208,998	164,571	385,025	128,543
Deferred income tax and social contribution	(133,215)	(149,214)	(113,309)	(93,075)
Result on sale of assets				
Financial expenses and monetary and exchange rate variations on assets and liabilities, net	45,163	88,268	46,291	180,134
Minority interests			169,237	92,000
Disposal of property, plant and equipment	1,775	1,309	15,247	15,003
Amortization of goodwill in the cost of products sold	96,095	96,096	96,095	96,095
Non recurring item - goodwill of Samitri		182,796		182,796
Net losses on derivatives	(3,350)	34,420	4,595	152,966
Dividends/interest on stockholders' equity	158,857	210,315		36,063
Others	18,223	(17,925)	(81,327)	(69,949)
	<b>981,536</b>	<b>1,054,791</b>	<b>2,063,525</b>	<b>1,667,007</b>
<b>Decrease (increase) in assets:</b>				
Accounts receivable	230,701	87,003	(337,836)	(162,674)
Inventories	(65,615)	(43,291)	(69,899)	(78,392)
Others	(105,270)	(19,103)	(122,327)	(453,855)
	<b>59,816</b>	<b>24,609</b>	<b>(530,062)</b>	<b>(694,921)</b>
<b>Increase (decrease) in liabilities:</b>				
Suppliers and contractors	68,623	63,410	48,617	(94,185)
Payroll and related charges and others	(90,076)	(21,523)	(94,265)	33,841
Taxes and contributions	(47,729)	192,438	(578,876)	274,581
Others	29,213	19,732	(256,754)	569,026
	<b>(39,969)</b>	<b>254,057</b>	<b>(881,278)</b>	<b>783,263</b>
<b>Net cash provided by operating activities</b>	<b>1,001,383</b>	<b>1,333,457</b>	<b>652,185</b>	<b>1,755,349</b>
<b>Cash flows from investing activities:</b>				
Loans and advances receivable	(14,892)	352,072	12,030	62,743
Guarantees and deposits	(33,718)	(48,456)	(51,560)	(60,082)

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

Additions to investments	(516,037)	(73,626)	(10,182)	(105,188)
Additions to property, plant and equipment	(1,319,756)	(873,446)	(1,755,264)	(929,033)
Proceeds from disposal of property, plant and equipment/investments	6,477	306	6,477	306
<b>Net cash used in investing activities</b>	<b>(1,877,926)</b>	<b>(643,150)</b>	<b>(1,798,499)</b>	<b>(1,031,254)</b>
<b>Cash flows from financing activities:</b>				
Short-term debt	798,557	(471,792)	220,852	172,596
Long-term debt	700,165	991,498	725,819	2,141,162
Repayments:				
Related parties	(438,489)			
Financial institutions	(189,262)	(1,170,187)	(477,347)	(1,663,462)
<b>Net cash provided by (used in) financing activities</b>	<b>870,971</b>	<b>(650,481)</b>	<b>469,324</b>	<b>650,296</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(5,572)</b>	<b>39,826</b>	<b>(676,990)</b>	<b>1,374,391</b>
Cash and cash equivalents, beginning of the period	305,927	342,008	3,916,758	2,128,544
<b>Cash and cash equivalents, end of the period</b>	<b>300,355</b>	<b>381,834</b>	<b>3,239,768</b>	<b>3,502,935</b>
<b>Cash paid during the period for:</b>				
Short-term interest		(4,016)	(1,544)	(18,339)
Long-term interest	(76,731)	(105,368)	(226,124)	(282,057)
Income tax and social contribution paid	(166,634)		(210,771)	(9,255)
<b>Non-cash transactions:</b>				
Additions to property, plant and equipment - interest capitalization	(38,265)	(22,461)	(26,792)	(21,919)
Transfer of advance for future capital increase to investments	(503,880)			
Additions to property, plant and equipment - mergers			(48,681)	

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

**CVRD**

**15**

**Table of Contents**

(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)

**6- Notes to the Quarterly Information at March 31, 2005 and 2004**

Expressed In thousands of *reais*

**6.1- 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.

**6.2- Presentation of Quarterly Information**

The quarterly information 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).

In order to provide better information to the market, the Company is presenting the following additional information regarding the Parent Company and Consolidated:

- a) Statement of Cash Flows - based on the criteria of NPC 20 of IBRACON; and
- b) Statement of Results by Business Segment - prepared in accordance with the business areas of the Company: ferrous minerals, non-ferrous minerals, aluminum, steel, logistics, others and corporate center. Certain amounts have been adjusted for better comparability.

**6.3- 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 long-term;
- (c) Marketable securities, classified as cash and cash equivalents, 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) 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;

- (g) Property, plant and equipment, including interest and financial charges 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 production and estimated capacity;
- (h) Research and development costs are registered as operational expenses until the proof of its economical feasibility to commercially exploit the mine. After this proof, the costs are capitalized as part of the costs of the mine operation;
- (i) During the development of a mine, stripping costs registered are capitalized as part of the depreciable cost of building and constructing the mine. Post-production stripping costs are recorded as cost of production when incurred; and
- (j) Pre-operating costs except for financial charges capitalized as mentioned in (g) 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.

**CVRD**

**16**

---



**Table of Contents****6.4- Principles of Consolidation**

- (a) The consolidated quarterly information show the balances of assets and liabilities on March 31, 2005 and 2004 and the operations of the Parent Company on March, 31 2005 and December 31, 2004, its direct and indirect subsidiaries and its jointly-controlled companies for the periods 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 quarterly information in proportion to the participation of the Parent Company in the capital of each investee;
- (d) The principal figures of the subsidiaries and jointly-controlled companies included in the consolidation are presented in Attachment I.

**6.5- Cash and Cash Equivalents**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>
Cash and bank accounts	23,414	89,667	434,263	416,086
Marketable securities linked to the interbank deposit certificate rate	276,941	216,260	966,996	820,736
Time deposits / overnight investments			1,470,828	1,945,613
Others			367,681	734,323
	<b>300,355</b>	<b>305,927</b>	<b>3,239,768</b>	<b>3,916,758</b>

**6.6- Accounts Receivable from Customers**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>
Domestic	526,084	567,849	592,708	587,010
Export	1,178,719	1,378,177	3,073,705	2,753,238
	<b>1,704,803</b>	<b>1,946,026</b>	<b>3,666,413</b>	<b>3,340,248</b>
Allowance for doubtful accounts	(46,948)	(54,948)	(211,942)	(221,179)
Allowance for ore weight credits	(38,602)	(41,124)	(40,575)	(43,009)
	<b>1,619,253</b>	<b>1,849,954</b>	<b>3,413,896</b>	<b>3,076,060</b>

**6.7- Inventories**

<b>Finished products</b>	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

. Iron ore and pellets	345,213	363,265	597,138	592,115
. Manganese and ferroalloys			424,620	389,203
. Aluminum			215,123	231,847
. Steel products			104,539	93,159
. Copper	22,981	6,860	22,981	6,860
. Others	8,145	5,066	76,541	70,957
	<b>376,339</b>	<b>375,191</b>	<b>1,440,942</b>	<b>1,384,141</b>
<b>Spare parts and maintenance supplies</b>	<b>559,473</b>	<b>495,006</b>	<b>1,522,794</b>	<b>1,509,696</b>
	<b>935,812</b>	<b>870,197</b>	<b>2,963,736</b>	<b>2,893,837</b>

CVRD

17

**Table of Contents****6.8- Related parties**

		<b>03/31/05</b>		<b>Assets</b>		<b>03/31/05</b>		<b>Consolidated</b>	
	<b>Customers</b>	<b>Related</b>	<b>Customers</b>	<b>12/31/04</b>	<b>Suppliers</b>	<b>Related</b>	<b>Suppliers</b>	<b>12/31/04</b>	<b>Related</b>
		<b>party -</b>		<b>Related</b>		<b>party -</b>		<b>Related</b>	<b>party -</b>
		<b>assets</b>		<b>party -</b>		<b>liabilities</b>		<b>party -</b>	<b>liabilities</b>
				<b>assets</b>				<b>liabilities</b>	
Nibrasco	35,723		37,198	1	36,188	2,805	20,803	17,353	
Hispanobras	33,512	131	32,097	132	44,181	9,227	39,482	10,960	
Itabrasco	31,811	19	31,655	1	21,447	6,412	33,744	3,107	
Kobrasco	26,089	30,113	25,346	29,717	24,380	5,104	7,935	15,705	
Gulf industrial investment Co. - GIIC	22,932		13,713		2,552		131		
Usiminas	20,902	75,679	21,207				102		
Valesul	14,077	263	30	244	41		28		
Samarco Mineração S.A	3,432	273	2,262	126					
PASA	2,884		648		1,533				
MRS Logistica	802	13,411	3,704	26,372	1,912	45,819	3,912	41,742	
Baovale Mineração S.A	531		336		19,795		17,535		
Ferrobán	526	103,005	526	102,200		27,442		22,373	
California Steel Industries, Inc.	302		923		162		136		
Mineração Rio do Norte	284	230	173		20,255		32,333		
Valepar S.A.	247		178			13,156		12,820	
Minas da Serra Geral	242		224	34	205	3,747	182	157	
FVRD	206	8,535	163	6,249		11,617	1,419	11,244	
Nova Era Silicon	151	3,864		3,825					
Others	26,528	11,122	24,675	13,432	18,833	14,603	1,940	11,999	
<b>Total</b>	<b>221,181</b>	<b>246,645</b>	<b>195,058</b>	<b>182,333</b>	<b>191,484</b>	<b>139,932</b>	<b>159,682</b>	<b>147,460</b>	
Registered as:									
Short-term	221,181	131,320	195,058	73,360	191,484	108,801	159,682	106,302	
Long-term		115,325		108,973		31,131		41,158	
	<b>221,181</b>	<b>246,645</b>	<b>195,058</b>	<b>182,333</b>	<b>191,484</b>	<b>139,932</b>	<b>159,682</b>	<b>147,460</b>	

**6.9- Taxes to recover or offset**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>
	23,852	36,204	50,634	67,702

Withholding income tax on marketable securities and  
stockholders' equity

Value-added tax	350,029	358,780	432,977	403,314
PIS and COFINS	74,871	90,340	169,894	180,043
Other credits derived from PIS and COFINS	8,808	5,208	9,696	6,899
Others	20,181	21,714	152,058	240,216
	<b>477,741</b>	<b>512,246</b>	<b>815,259</b>	<b>898,174</b>

**CVRD**

**18**

**Table of Contents****6.10- 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:

	<b>Parent Company</b>		<b>Net Deferred Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>
Tax loss carryforward	145,000		738,046	558,129
Temporary differences:				
. Pension Plan	235,935	247,110	235,935	247,110
. Contingent liabilities	549,090	535,798	599,427	593,137
. Provision for losses on assets	122,678	156,123	126,538	166,038
. Others	(50,166)	(69,709)	(100,293)	(78,070)
	857,537	869,322	861,607	928,215
<b>Total</b>	<b>1,002,537</b>	<b>869,322</b>	<b>1,599,653</b>	<b>1,486,344</b>
Short-term	473,668	345,967	587,969	428,358
Long-term	528,869	523,355	1,011,684	1,057,986
	<b>1,002,537</b>	<b>869,322</b>	<b>1,599,653</b>	<b>1,486,344</b>

There is no direct correlation between the net income of the Company and the income tax and social contribution result. In this way, the use of fiscal credits evolution can not be considered as indicative of future income of the Company.

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

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>03/31/04</b>	<b>03/31/05</b>	<b>03/31/04</b>
Income before income tax and social contribution	1,731,458	996,938	2,174,971	6,047
Equity in results of subsidiaries and affiliated companies	(1,056,641)	(572,047)	(130,359)	(64,131)
Exchange rate variation on equity	(37,827)	(23,184)	(430)	(422)
Non-deductable goodwill and provision for losses	65,897	54,909	54,909	225
	<b>702,887</b>	<b>456,616</b>	<b>2,099,091</b>	<b>(58,281)</b>
	34%	34%	34%	34%

Income tax and social contribution at combined tax rates

<b>Federal income tax and social contribution at statutory rates</b>	<b>(238,982)</b>	<b>(155,249)</b>	<b>(713,691)</b>	<b>(432,350)</b>
Adjustments to net income which modify the effect on the results for the period:				
. Income tax benefit from interest on stockholders equity	145,000	160,841	145,000	160,841
. Fiscal incentives	3,001		58,481	26,209
. Interest on stockholders equity received		(44,171)		(44,171)
. Results of overseas companies			121,605	40,720
. Reversal of provision for losses	(17,765)			
. Others	(7,522)	(4,645)	(1,939)	13,203
<b>Income tax and social contribution</b>	<b>(116,268)</b>	<b>(43,224)</b>	<b>(390,544)</b>	<b>(235,548)</b>

CVRD

19

**Table of Contents****6.11- Consolidated investments**

	Investments		Results of investment participations	
	03/31/05	12/31/04	03/31/05	03/31/04
Usinas Siderúrgicas de Minas Gerais SA - USIMINAS				
(a) and (b)	795,141	759,314	111,506	45,000
YANKUANG	28,347	28,222	125	
SIDERAR (a)	39,993	39,816	177	291
Rio Doce Argentina	933	664	2	
Quadrem	12,435	12,380	55	88
LARKO	7,999	7,963	36	42
INDEBE	17,082	7,963	35	
Goodwill in consolidated companies	1,841,427	1,994,793	(57,270)	(57,270)
Others	30,027	(21,118)	18,853	19,132
	<b>2,773,384</b>	<b>2,829,997</b>	<b>73,519</b>	<b>7,283</b>

(a) Interest by market price Usiminas R\$ 722,442 and Siderar R\$ 349,606; and

(b) Dividends received from Usiminas in the first quarter/2004, R\$ 36,063.

**6.12- Property, Plant and Equipment****(a) By type of asset:**

	Average depreciation rates	Cost	Accumulated depreciation	Consolidated	
				03/31/05	12/31/04
				Net	Net
Buildings	3.00%	1,932,401	(725,741)	1,206,660	1,068,301
Installations	3.42%	6,507,283	(2,857,455)	3,649,828	3,492,896
Equipment	9.32%	1,861,937	(824,941)	1,036,996	758,710
Railroads	3.85%	6,445,658	(3,019,439)	3,426,219	3,215,714
Mineral rights (*)	1.87%	1,100,349	(133,849)	966,500	908,177
Others	8.85%	1,981,937	(894,595)	1,087,342	840,627
		<b>19,829,565</b>	<b>(8,456,020)</b>	<b>11,373,545</b>	<b>10,284,425</b>
Construction in progress		5,013,238		5,013,238	4,961,587
<b>Total</b>		<b>24,842,803</b>	<b>(8,456,020)</b>	<b>16,386,783</b>	<b>15,246,012</b>

(\*) Calculation based on the volume of ore extracted in relation to the proven and probable reserves.





**Table of Contents**

(b) By business area:

			03/31/05	Consolidated 12/31/04
	Cost	Accumulated depreciation	Net	Net
<b>Ferrous</b>				
In operation	19,254,633	(9,266,149)	9,988,484	8,877,955
Construction in progress	3,380,626		3,380,626	3,705,203
	<b>22,635,259</b>	<b>(9,266,149)</b>	<b>13,369,110</b>	<b>12,583,158</b>
<b>Non-Ferrous</b>				
In operation	2,585,211	(615,206)	1,970,005	1,863,304
Construction in progress	1,690,443		1,690,443	1,909,528
	<b>4,275,654</b>	<b>(615,206)</b>	<b>3,660,448</b>	<b>3,772,832</b>
<b>Logistics</b>				
In operation	1,820,651	(552,726)	1,267,925	2,020,249
Construction in progress	212,566		212,566	300,920
	<b>2,033,217</b>	<b>(552,726)</b>	<b>1,480,491</b>	<b>2,321,169</b>
<b>Holdings</b>				
In operation	7,710,497	(3,434,115)	4,276,382	3,975,906
Construction in progress	1,120,623		1,120,623	644,808
	<b>8,831,120</b>	<b>(3,434,115)</b>	<b>5,397,005</b>	<b>4,620,714</b>
<b>Energy</b>				
In operation	577,279	(52,059)	525,220	490,990
Construction in progress	547,859		547,859	486,370
	<b>1,125,138</b>	<b>(52,059)</b>	<b>1,073,079</b>	<b>977,360</b>
<b>Corporate</b>				
In operation	703,287	(245,785)	457,502	125,602
Construction in progress	743,625		743,625	397,109
	<b>1,446,912</b>	<b>(245,785)</b>	<b>1,201,127</b>	<b>522,711</b>

<b>Total</b>	<b>40,347,300</b>	<b>(14,166,040)</b>	<b>26,181,260</b>	24,797,944
--------------	-------------------	---------------------	-------------------	------------

**6.13- Loans and Financing****Short-term**

	<b>Consolidated</b>	
	<b>03/31/05</b>	<b>12/31/04</b>
Trade finance	375,739	254,242
Working capital	327,114	260,960
	<b>702,853</b>	<b>515,202</b>

**Long-term**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Long-term liabilities</b>		<b>Long-term liabilities</b>	
	<b>Current liabilities</b>	<b>Current liabilities</b>	<b>Current liabilities</b>	<b>Current liabilities</b>
	<b>03/31/05</b>	<b>12/31/04</b>	<b>03/31/05</b>	<b>12/31/04</b>
<b>Foreign operations</b>				
Loans and financing in:				
U.S. dollars	616,224	544,713	2,714,345	2,668,360
Yen	1,587	1,655	3,968	4,964
Other currencies	7,697	8,739	50,392	52,228
Notes in U.S. dollars				92,501
Export securitization			169,333	145,952
Perpetual notes				186,437
Accrued charges	25,373	34,857	105,088	213,548
	<b>650,881</b>	<b>589,964</b>	<b>2,768,705</b>	<b>2,725,552</b>
			<b>1,397,059</b>	<b>1,807,543</b>
			<b>7,516,503</b>	<b>7,229,425</b>

**Local operations**

Indexed by TJLP, TR and IGP-M	21,176	20,182	36,741	39,306	176,119	167,766	419,116	392,399
Basket of currencies	2,820	10,915	680	747	11,923	21,060	43,215	110,931
Loans in U.S. dollars	48,407	48,193	132,922	144,382	418,277	471,422	1,028,704	996,020
Non-convertible debentures			811	807			319,666	310,790
Accrued charges	1,498	1,043			55,606	58,027	9,080	5,066

73,901	80,333	171,154	185,242	661,925	718,275	1,819,781	1,815,206
724,782	670,297	2,939,859	2,910,794	2,058,984	2,525,818	9,336,284	9,044,631

**CVRD**

**21**

---

**Table of Contents**

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$ 1.00 = R\$ 2.6662 on 03/31/05 (R\$ 2.6544 in 12/31/04) and ¥ 1.00 = R\$ 0.024875 on 03/31/05 (R\$ 0.025935 on 12/31/04);

(b) At 03/31/05, our consolidated debt was secured as follows:

Loans guaranteed by the Federal Government, to which we gave counter-guarantees of R\$ 418;

Securitization program of R\$ 1,251;

Property, plant and equipment of R\$ 610;

Others assets R\$ 753.

(c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows, as of 03/31/05:

	<b>Parent Company</b>		<b>Consolidated</b>	
2006	891,621	30%	1,588,089	17%
2007	471,667	16%	1,539,249	17%
2008	404,063	14%	848,489	9%
2009 onward	1,172,508	40%	4,855,165	52%
No due date (perpetual notes and debentures)			505,292	5%
	<b>2,939,859</b>	<b>100%</b>	<b>9,336,284</b>	<b>100%</b>

(d) The estimated market values of long-term loans and financing calculated at present value based on available interest rates as of 03/31/05 approximate their book values.

(e) On March 8, 2002, the Company, through its subsidiary Vale Overseas Limited issued US\$ 300 million of Notes bearing interest at 8.625% p.a and maturing on March 8, 2007 (which may be extended to September 2008). In December, 2004, by public offering, CVRD bought back US\$ 186,996 thousands of the principal outstanding notes for US\$ 1,117.34 per each US\$ 1,000.00. This transaction is guaranteed by the Company with political risk protection and is registered with the U.S. Securities and Exchange Commission (SEC). The Notes are listed on the Luxembourg Stock Exchange.

(f) On August 1, 2003 Vale Overseas Limited launched a US\$ 300 million bonds issue maturing in 10 years. The bonds carry a coupon of 9.00% p.a with semiannual payment of interest. The bonds are unsecured and non-subordinated obligations of Vale Overseas Limited and have the full and unconditional guarantee of CVRD.

(g) On 01/09/04 Vale Overseas Limited launched a US\$ 500 millions of bonus maturing in 2034. The securities have coupons of 8.25% per period with half-periodly installment. The obligations are non-guaranteed and non-subordinated of Vale Overseas Limited and have full and unconditional guarantee by CVRD.

**6.14- 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:

	Judicial deposits		Parent Company Provisions for contingencies		Judicial deposits		Consolidated Provisions for contingencies	
	03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04	03/31/05	12/31/04
Tax contingencies	765,197	749,601	1,067,634	1,000,646	1,201,553	1,174,937	1,515,781	1,434,597
Labor and social security claims	230,212	226,540	489,888	500,900	301,137	292,502	591,693	605,551
Civil claims	169,083	155,883	419,720	434,402	212,702	197,044	503,242	546,983
Other	16,659	15,409	17,514	16,838	16,069	15,418	19,555	16,838
<b>Total</b>	<b>1,181,151</b>	<b>1,147,433</b>	<b>1,994,756</b>	<b>1,952,786</b>	<b>1,731,461</b>	<b>1,679,901</b>	<b>2,630,271</b>	<b>2,603,969</b>

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.

**Table of Contents**

Tax contingencies relate principally to a legal action claiming unconstitutionality of CPMF (tax on bank transactions) 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 holidays 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.

In addition to the contingencies for which we have made provisions we have possible losses totaling R\$ 1,134,831 (R\$ 1,962,613 consolidated). 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 R\$	Denominated	Purpose	Final maturity	Counter guarantees
	03/31/05	currency			
SAMARCO	17,064	US\$	Debt guarantee IFC	2008	None
VALESUL	910	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.

- (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.

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one centavo), 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, Comissão de Valores Mobiliários - CVM (Brazilian Securities Commission) approved the Company's registration request, filed on June 28, 2002, 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 certain 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.

As of 03/22/05 payments to Debentures holders related to copper operations, aggregated of R\$ 7 million.

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 period after the date of first commercialization. The obligation to make payments to the debenture holders will cease when the pertinent mineral resources are exhausted.

#### **6.15- 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. On 03/31/05, the provision for environmental liabilities amounted to R\$ 263,281 (R\$ 255,464 on 12/31/04), which was accounted for in

**CVRD**

**23**

---

**Table of Contents**

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.

**6.16- Paid-up Capital**

At the Ordinary General Meeting of 04/28/04, the Company's capital was increased to R\$ 7.3 billion through capitalization of part of the expansion reserve in the amount of R\$ 1 billion.

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 1,165,677,168, of which 749,949,429 common shares 415,727,739 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.

**6.17- 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.

On 03/31/05, the Company had acquired 14,145,510 common shares and 11,815 preferred shares, which are held in treasury in the amount of R\$ 131,318. In 03/31/05, 136 preferred shares were in treasury and were exchanged for Samitri's shares, a merged company. The 14,145,510 common shares guarantee a loan of the subsidiary Alunorte.

Class	Shares					Average quoted market price	
	03/31/05	Quantity 12/31/04	Unit acquisition cost			03/31/05	12/31/04
			Average	Low	High		
Preferred	11,815	11,951	17.12	4.67	17.47	47.93	47.93
Common	14,145,510	14,145,510	9.27	6.69	17.36	56.13	56.13
	<b>14,157,325</b>	<b>14,157,461</b>					

CVRD

24



**Table of Contents****6.18- Financial Results Parent company and consolidated**

				<b>Parent Company</b>		
				<b>03/31/04</b>		
				<b>03/31/05</b>		
				<b>Monetary and exchange rate variation on liabilities</b>		
				<b>Monetary and exchange rate variation on liabilities</b>		
				<b>Financial expenses</b>		
				<b>Financial expenses</b>		
				<b>Total</b>		
				<b>Total</b>		
Foreign debt	(4,914)	(5,338)	(10,252)	(36,095)	(34,599)	(70,694)
Local debt	(4,165)	(1,687)	(5,852)	(5,916)	(3,064)	(8,980)
Related parties	(67,075)	(37,040)	(104,115)	(46,726)	(16,227)	(62,953)
	<b>(76,154)</b>	<b>(44,065)</b>	<b>(120,219)</b>	<b>(88,737)</b>	<b>(53,890)</b>	<b>(142,627)</b>
Labor, tax and civil contingencies	(31,011)	(22,796)	(53,807)	(17,481)	(24,141)	(41,622)
Derivatives, net of gain/losses (interest and currencies)	(1,039)	66	(973)	(19,341)	(815)	(20,156)
Derivatives, net of gain/losses (gold)	4,389	(265)	4,124	(15,079)	(759)	(15,838)
CPMF	(15,051)		(15,051)	(4,133)		(4,133)
Others	(27,498)	(32,785)	(60,283)	(19,830)	(33,606)	(53,436)
	<b>(146,364)</b>	<b>(99,845)</b>	<b>(246,209)</b>	<b>(164,601)</b>	<b>(113,211)</b>	<b>(277,812)</b>
				<b>Monetary and exchange rate variation on assets</b>		
				<b>Monetary and exchange rate variation on assets</b>		
				<b>Financial income</b>		
				<b>Financial income</b>		
				<b>Total</b>		
				<b>Total</b>		
Related parties	13,284	16,688	29,972	18,883	21,729	40,612
Marketable securities	9,536	5,966	15,502	5,347	15,043	20,390
Others	16,303	(6,175)	10,128	5,080	6,819	11,899
	<b>39,123</b>	<b>16,479</b>	<b>55,602</b>	<b>29,310</b>	<b>43,591</b>	<b>72,901</b>
<b>Financial income (expenses), net</b>	<b>(107,241)</b>	<b>(83,366)</b>	<b>(190,607)</b>	<b>(135,291)</b>	<b>(69,620)</b>	<b>(204,911)</b>

**Consolidated**

	03/31/05			03/31/04		
	Financial	Monetary and exchange rate variation on	Total	Financial	Monetary and exchange rate variation on	Total
	expenses	liabilities		expenses	liabilities	
Foreign debt	(80,710)	(9,599)	(90,309)	(133,817)	(79,378)	(213,195)
Local debt	(64,570)	(11,428)	(75,998)	(53,581)	(23,762)	(77,343)
Related parties	(27,373)	(4,111)	(31,484)	(31,290)	(18,150)	(49,440)
	<b>(172,653)</b>	<b>(25,138)</b>	<b>(197,791)</b>	<b>(218,688)</b>	<b>(121,290)</b>	<b>(339,978)</b>
Labor, tax and civil contingencies	(31,011)	(23,715)	(54,726)	(17,481)	(24,141)	(41,622)
Derivatives, net of gain/losses (interest and currencies)	4,588	(71)	4,517	(19,341)	(815)	(20,156)
Derivatives, net of gain/losses (gold, aluminum and alumina)	(9,183)	(3,183)	(12,366)	(133,625)	(759)	(134,384)
CPMF	(23,584)		(23,584)	(15,121)		(15,121)
Others	(63,164)	(75,171)	(138,335)	(69,942)	(61,443)	(131,385)
	<b>(295,007)</b>	<b>(127,278)</b>	<b>(422,285)</b>	<b>(474,198)</b>	<b>(208,448)</b>	<b>(682,646)</b>
		Monetary and exchange rate variation on			Monetary and exchange rate variation on	
	Financial	assets	Total	Financial	assets	Total
	income			income		
Related parties	28,993	13,107	42,100	17,727	17,847	35,574
Marketable securities	43,101	14,259	57,360	27,707	53,219	80,926
Others	40,746	7,632	48,378	23,752	36,920	60,672
	<b>112,840</b>	<b>34,998</b>	<b>147,838</b>	<b>69,186</b>	<b>107,986</b>	<b>177,172</b>
<b>Financial income (expenses), net</b>	<b>(182,167)</b>	<b>(92,280)</b>	<b>(274,447)</b>	<b>(405,012)</b>	<b>(100,462)</b>	<b>(505,474)</b>

CVRD

25

**Table of Contents****6.19- 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 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.

The following table shows the movement of gains/loss on derivatives:

	<b>Parent Company</b>					
	<b>03/31/05</b>					
	<b>Interest rates (libor)</b>	<b>Currencies</b>	<b>Gold</b>	<b>Total</b>		
Gains/ (losses) unrealized on 12/31/04	(9,268)	9,405	(55,406)	(55,269)		
Financial settlement	5,147	(206)	3,399	8,340		
Financial expenses, net	984	(2,023)	4,389	3,350		
Monetary variations, net	51	15	(265)	(199)		
<b>Gains/(losses) unrealized on 03/31/05</b>	<b>(3,086)</b>	<b>7,191</b>	<b>(47,883)</b>	<b>(43,778)</b>		
				<b>03/31/04</b>		
	<b>Interest rates (libor)</b>	<b>Currencies</b>	<b>Gold</b>	<b>Total</b>		
Gains / (losses) unrealized on 12/31/03	(135,977)	15,856	(91,980)	(212,101)		
Financial settlement	11,122	(6,959)	523	4,686		
Financial expenses, net	(14,202)	(5,139)	(15,079)	(34,420)		
Monetary variations, net	(918)	103	(759)	(1,574)		
<b>Gains/(losses) unrealized on 03/31/04</b>	<b>(139,975)</b>	<b>3,861</b>	<b>(107,295)</b>	<b>(243,409)</b>		
				<b>Consolidated</b>		
				<b>03/31/05</b>		
	<b>Interest rates (libor)</b>	<b>Currencies</b>	<b>Gold</b>	<b>Aluminum</b>	<b>Alumina</b>	<b>Total</b>
Gains/ (losses) unrealized on 12/31/04	(44,887)	9,405	(97,430)	(152,280)	(147,290)	(432,482)
Financial settlement	7,786	(206)	5,894	26,756	20,706	60,936
Financial expenses, net	6,611	(2,023)	8,606	(10,982)	(6,807)	(4,595)

Monetary variations, net	(87)	16	(731)	(1,797)	(655)	(3,254)
<b>Gains/(losses) unrealized on 03/31/05</b>	<b>(30,577)</b>	<b>7,192</b>	<b>(83,661)</b>	<b>(138,303)</b>	<b>(134,046)</b>	<b>(379,395)</b>

03/31/04

	<b>Interest rates (libor)</b>	<b>Currencies</b>	<b>Gold</b>	<b>Aluminum</b>	<b>Alumina</b>	<b>Total</b>
Gains / (losses) unrealized on 12/31/03	(135,977)	15,856	(91,980)	(58,511)	(52,046)	(322,658)
Financial settlement	11,122	(6,959)	523			4,686
Financial expenses, net	(14,202)	(5,139)	(15,079)	(67,014)	(51,532)	(152,966)
Monetary variations, net	(918)	103	(759)			(1,574)
<b>Gains/(losses) unrealized on 03/31/04</b>	<b>(139,975)</b>	<b>3,861</b>	<b>(107,295)</b>	<b>(125,525)</b>	<b>(103,578)</b>	<b>(472,512)</b>

CVRD

26

**Table of Contents**

Maturity dates of the instruments above are as follows:

Gold	December 2008
Interest (LIBOR)	October 2007
Currencies	December 2011
Alumina	December 2008
Aluminum	December 2008

**6.20- Administrative and Other Operating Expenses**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>03/31/04</b>	<b>03/31/05</b>	<b>03/31/04</b>
<b>Administrative</b>				
Personnel	52,286	41,430	103,750	87,619
Technical consulting	14,092	22,468	21,002	27,097
Advertising and publicity	13,689	5,698	14,600	6,007
Depreciation	12,969	10,580	29,807	25,371
Travel expenses	6,293	4,583	9,004	6,329
Rents and taxes	6,685	4,686	12,300	8,490
Others (*)	17,012	15,144	67,086	81,475
	<b>123,026</b>	<b>104,589</b>	<b>257,549</b>	<b>242,388</b>

(\*) Refers basically to maintenance expenses.

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>03/31/05</b>	<b>03/31/04</b>	<b>03/31/05</b>	<b>03/31/04</b>
<b>Other operating expenses (income)</b>				
Provisions for contingencies	27,000	27,245	25,638	26,643
Provision for loss on ICMS credits			19,560	
Provision for profit sharing	45,000	38,000	46,689	38,000
Agreement of Itabira's taxes		16,687		16,687
Donation				
Provision for loss on asstes				
Others	6,813	2,668	28,981	28,267
	<b>78,813</b>	<b>84,600</b>	<b>120,868</b>	<b>109,597</b>

**6.21- Subsequent Events****Payment and Remuneration of Shareholder Debentures**

According the meeting realized 04/14/05, the Board of Directors of Companhia Vale do Rio Doce approved the payment of the first installment of the minimum dividend for 2005 in accordance to the Board of Directors proposal. The first installment of the minimum dividend will be paid according to the procedures as follows.

The payment of the first quote were paid according to this terms:

- (a) Distribution of interest on shareholders' equity in the amount of R\$ 1,279,900,000.00 (one billion two hundred seventy nine million nine hundred thousand Brazilian reais) equivalent to BRL 1.11 (one Brazilian real and eleven cents) per outstanding preferred share or common share. The value of R\$ 1.11 per share is equal to US\$ 0.435 per share converted into Brazilian reais by the 2.5598 BRL/USD exchange rate for the sale of USD (Ptax option 5 code), as informed by the Central Bank of Brazil on April 13, 2005.
- (b) The payment will take place from April 29, 2005, onwards. The distribution of interest on shareholders' equity is subject to withholding income tax in accordance to the applicable law.

**CVRD**

**27**

---

**Table of Contents**

**Capital Increase**

On April 27, 2005, the Extraordinary Shareholders Meeting approved a proposal of the Executive Board for a capital increase without issuing new shares, with the favorable opinions by the Board of directors and Fiscal Council, through capitalization of part of the Expansion/Investments Reserve in the amount of R\$ 5,129,318, tax reserves of R\$ 525,853, exhaustion reserve of R\$ 1,004,166 and capitalization of tax reserves in the amount of R\$ 40,663 increasing its share capital from R\$ 7,300 millions to R\$ 14,000 millions.

**CVRD enhances committed bank facilities**

On April 7, 2005 CVRD increased the size of its program of committed bank facilities. The program has been enlarged from US\$ 500 million to US\$ 750 million, the increase being accompanied by an extension in tenure and a cost reduction. The changes result from the rollover of a US\$ 400 million tranche of the bank line contracted by CVRD in May 2004, which is due in May 2005.

CVRD has contracted a committed bank facility of US\$ 650 million with a syndicate of commercial banks from the USA, Europe and Asia, led by HSBC, which includes Santander, ABN Amro, JP Morgan, Calyon, Bankboston, WestLB, Bank of Tokyo-Mitsubishi, Société Générale, BNP Paribas and Mizuho Bank. The transaction was structured in such a way as not to have any restriction related to sovereign risk on the disbursement of committed funds.

The new facility has a utilization term of two years, and a payback period - if drawn down - of two years. The commission fee is 0.3% a year, and the cost of the credit line, in the event of being drawn down, is 0.75% over Libor.

Since the beginning of the program, in May 2004, CVRD has never made use of the funds available.

**Table of Contents****Part III****9- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies****2005**

Participation (%)	Assets				Liabilities			Net revenues	Cost of products and services (expenses)	Operating income operati res	
	Voting	Current	Long-term	Permanent	Current	Long-term	Adjusted stockholders equity				
100.00	100.00	175,387	8,151	1,995,557		1,168,675	1,010,420			49,326	
100.00	51.00	595,575	618,310	1,068,932	669,686	444,348	1,168,783	520,606	(352,950)	(52,158)	
100.00	61.74	581,129	203,942	2,541,532	401,852	1,197,197	1,727,554	406,830	(237,985)	(41,055)	
100.00	100.00	9,458	45,803	691	29,129		26,823			(19)	
100.23	100.00	1,410,018	85,317	1,786,079	1,022,272	796,815	1,462,327	726,569	(404,932)	(46,861)	(29,861)
100.00	100.00	175,833	32,762	2,570	136,225	39,672	35,268	112	(195)	3,307	
100.00	100.00	111,625	5,950	146,922	79,665		184,832	43,678	(16,668)	2,398	(1,668)
100.00	100.00	1,156,885	1,081,527		400,481	1,135,102	702,829	471,303	(385,357)	(6,650)	
100.00	100.00	12,146	157,523	147	12,800	115,824	41,192			2,561	
100.99	100.00	555,413	190,122	979,424	229,228	1,472,121	23,610	131,332	(147,696)	1,132	
100.00	100.00	73,506	48,714	3,749	31,217	18,602	76,150			1,704	
100.00	100.00	3,881,001	2,367,904	3,467,443	2,857,688	3,583,655	3,275,005	2,531,093	(2,149,212)	116,026	
100.00	100.00	1,061	1,032,500	23,612	16,210	1,031,000	9,963			(15,397)	
100.00	100.00	407,790	113,480	8,891	152,252	112,329	265,580	108,816	(63,704)	(3,997)	
100.00	100.00	232,333	389,196	388,604	229,798	32,162	748,173	145,359	(153,977)	32,128	



Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

100.00	100.00	349,570	232	94,622	185,361	(22,340)	281,403	181,526	(151,958)	(19,486)	(3,854)
100.00	100.00	160,971		72,906	63,597	57,778	112,502	23,696	(9,024)	(6,405)	(1,919)
100.00	100.00	887,947	168,367	298,195	568,417	101,704	684,388	278,912	(144,693)	(11,784)	1,800
100.00	100.00	377		842,277	855	608,514	233,285				
99.89	99.89	39,258	4,717	53,891	18,722	2,727	76,417	25,178	(16,854)	446	(1,000)
100.00	100.00	65,380	12,187	51,693	31,717	51,940	45,603	41,203	(18,685)	(5,784)	2,000
100.00	100.00	41,631	2,469,483		41,651	2,469,482	(19)			(3)	(1,000)
100.00	50.00	1,110,344	6,352	677,302	353,584	663,796	776,618	904,306	(775,278)	(22,854)	(1,000)
100.00	50.00	110,408	79,458	212,754	248,815	75,860	77,945	130,246	(97,776)	(12,622)	(2,000)
99.89	51.00	147,654	41,855	61,858	96,433	29,915	125,019	114,013	(93,146)	(3,875)	1,000
99.90	51.00	176,213	62,662	58,628	162,657	41,253	93,593	98,767	(83,847)	(2,984)	(3,800)
100.00	51.11	175,700	57,182	106,109	133,294	31,423	174,274	185,387	(153,750)	(7,813)	(1,000)
100.00	50.00	313,608		100,203	84,391	26,688	302,732	166,558	(99,987)	(4,331)	(1,000)
100.00	50.00	19,458	7,556	103,077	2,131	21,264	106,696	372	(1,632)	(1,035)	4,000
100.00	40.00	165,363	423,419	1,009,334	563,829	185,113	849,174	231,231	(104,499)	(7,517)	(2,900)
99.35	28.75	576,787	292,194	887,455	644,519	606,401	505,516	392,088	(212,336)	(47,984)	(1,700)
100.00	50.00	520,258	90,180	964,952	552,617	256,055	766,718	410,681	(167,808)	(8,044)	(1,000)
99.51	54.51	237,478	64,149	130,633	71,354	74,133	286,773	127,649	(110,835)	3,117	4,000
100.00	100.00	41,838		57,176	19,166		79,848	7,232	(1,208)	(274)	(1,000)
100.00	49.00	27,129	9,241	43,952	16,885	30,978	32,459	27,150	(20,993)	(5,282)	(1,000)

Observation:

---

- (a) The amounts above refer to figures presented at financial statements of the companies on 03/31/05 and not only the part consolidated.
- (b) Caemi financial statements are consolidated and include \$ 28,764 of minority interest registered at non operating result.

**CVRD**

**29**

---

Table of Contents**10- Other Information the Company Deems Relevant****10.1- Consolidated Iron Ore and Pellet Sales (Main Markets) (Not Reviewed)**

	(Millions of tons)			
	03/31/05	%	03/31/04	%
<b>FOREIGN MARKET</b>				
ÁSIA				
CHINA	11.5	20	9.5	18
CORÉIA	2.5	4	2.8	5
PHILIPPINES	1.0	2	0.8	2
JAPAN	5.8	10	5.3	10
TAIWAN	1.2	2	1.1	2
OTHERS	0.7	1	0.7	1
	<b>22.7</b>	<b>39</b>	<b>20.2</b>	<b>38</b>
EUROPE				
GERMANY	5.9	10	5.2	10
SPAIN	0.9	2	1.0	2
FRANCE	2.6	4	2.7	5
ITALY	1.3	2	0.5	1
UNITED KINGDOM	2.2	4	2.6	5
OTHERS	5.1	9	4.1	8
	<b>18.0</b>	<b>31</b>	<b>16.1</b>	<b>31</b>
AMERICAS				
ARGENTINA	1.2	2	1.1	2
UNITED STATES	1.3	2	1.0	2
OTHERS	1.8	3	1.7	3
	<b>4.3</b>	<b>7</b>	<b>3.8</b>	<b>7</b>
AFRICA/MID. EAST/AUSTRALIA				
BAHRAIN	0.8	1	0.9	2
OTHERS	1.9	3	2.0	4
	<b>2.7</b>	<b>4</b>	<b>2.9</b>	<b>6</b>

	<b>47.7</b>	<b>81</b>	<b>43.0</b>	<b>82</b>
<b>DOMESTIC MARKET</b>	<b>11.2</b>	<b>19</b>	<b>9.8</b>	<b>18</b>
<b>TOTAL</b>	<b>58.9</b>	<b>100</b>	<b>52.8</b>	<b>100</b>
		<b>CVRD</b>		<b>30</b>

---

**Table of Contents**

**11- Report of the Independent Accountants**

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

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

1. We have carried out a limited review of the Quarterly Financial Information (ITR) of Companhia Vale do Rio Doce, holding company and consolidated, in respect of the quarter ended March 31, 2005, prepared in accordance with the accounting practices adopted in Brazil and under the responsibility of the Company's management, comprising the balance sheet, the statement of income and the comments on the Company's performance.
2. Except as mentioned in paragraph 3, our limited review was carried out in accordance with the specific procedures established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council, and consisted mainly of: (a) inquiries and discussion with the officers responsible for the Company's and its investees' accounting, financial and operational areas about the procedures adopted for preparing the Quarterly Financial Information (ITR), and (b) review of the information and subsequent events which have, or may have, relevant effects on the Company's and its investees' financial positions and operations.
3. The financial statements as of March 31, 2005, of certain subsidiaries, jointly-owned and associated companies, in which there are relevant investments, have not been reviewed by independent auditors. Accordingly, the conclusions resulting from our review do not cover the amounts of R\$ 5,262,235 thousand of these investments and R\$ 811,096 thousand of the income generated by them for the quarter then ended.
4. Based on our limited review, except for the effects of the adjustments, if any, which might have been required if the financial statements of the subsidiaries, jointly-owned and associated companies mentioned in paragraph 3 had been reviewed by independent auditors, we are not aware of any relevant adjustment which should be made to the Quarterly Financial Information (ITR), referred to in paragraph 1, for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of the obligatory Quarterly Financial Information (ITR).
5. Our limited review was conducted for the purpose of issuing our report on the Quarterly Financial Information (ITR) referred to in paragraph 1, taken as a whole. The statement of cash flows is presented as additional information, and is not a required part of the Quarterly Financial Information. Such statement has been subjected to the review procedures described in paragraph 2 and we are not aware of any material adjustment that should be made to such statement for it to be adequately presented in relation to the Quarterly Financial Information.
6. We have previously audited the financial statements, holding company and consolidated, as of December 31, 2004 and issued our unqualified opinion, dated March 21, 2005, with report to certain subsidiaries, in respect of the audits, by other independent auditors, of the financial statements of certain subsidiaries, jointly-owned and associated companies, whose financial statements were examined by other independent auditors.
7. The statement of income of the holding company for the quarter ended March 31, 2004, presented for comparison purposes, was reviewed by other independent auditors, whose report, dated May 7, 2004, included a qualification regarding the financial statements of certain subsidiaries, jointly-owned and associated companies, which have not been reviewed by independent auditors.

8. The consolidated statement of income for the quarter ended March 31, 2004, presented for comparison purposes, was not reviewed by independent auditors.

Rio de Janeiro, May 06, 2005

DELOITTE TOUCHE TOHMATSU  
Independent Auditors

Marcelo Cavalcanti Almeida  
Accountant

**CVRD**

**31**

---

**Table of Contents**

**12- 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

Jaques Wagner

Hiroshi Tada

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Jorge Luiz Pacheco

**Advisory Committees of the**

**Board of Directors**

**Audit Committee**

Antonio José de Figueiredo Ferreira

Heitor Ribeiro Filho

Inácio Clemente da Silva

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Arlindo Magno de Oliveira

**Fiscal Council**

José Bernardo de Medeiros Neto

Marcelo Amaral Moraes

Oswaldo Mário Pêgo de Amorim Azevedo

Joaquim Vieira Ferreira Levy

**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**

Murilo Pinto 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**

Francisco Valadares Póvoa  
João Moisés de Oliveira  
Olga Loffredi  
Oscar Augusto de Camargo Filho

Guilherme Rodolfo Laager  
**Executive Officer for Logistics**

**Strategic Committee**

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

**Finance Committee**

Roger Agnelli

Marcus Vinícius Dias Severini

Otto de Souza Marques  
Junior

Fábio de Oliveira Barbosa  
Rômulo de Mello Dias  
Wanderlei Viçoso Fagundes  
Wanderley Rezende de Souza

Chief Accountant  
CRC-RJ 093982/O-3

Chief Officer of Control  
Department

**Governance and Ethics Committee**

Renato da Cruz Gomes  
Ricardo Simonsen  
Ricardo Carvalho Giambroni

**CVRD**

**32**

---



**Table of Contents**

**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)

By: /s/ Fabio de Oliveira Barbosa  
Fabio de Oliveira Barbosa  
Chief Financial Officer

Date: May 17, 2005