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Companhia Vale do Rio Doce  
Form 6-K  
May 09, 2007

**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 2007

**Companhia Vale do Rio Doce**

Avenida Graça Aranha, No. 26  
20030-900 Rio de Janeiro, RJ, Brazil  
(Address of principal executive office)

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

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

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

(Check One) Yes  No

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

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**US GAAP**

**REAPING THE REWARDS OF DIVERSIFICATION**

**CVRD performance in the first quarter of 2007**

**BOVESPA: VALE3, VALE5**

**NYSE: RIO, RIOPR**

**LATIBEX: XVALO, XVALP**

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Rio de Janeiro, May 3rd 2007 Companhia Vale do Rio Doce (CVRD) maintained in the first quarter of 2007 (1Q07) performance consistent with its focus on continuous improvement deriving from its efforts to make the best use of opportunities presented by the long cycle of minerals and metals through investment in organic growth and acquisitions backed by rigorous discipline in capital allocation. These efforts have produced strong expansion in the Company's productive capacity and diversification of its assets portfolio, which, among other benefits, has allowed it to leverage its exposure to the economic cycle.

In order to facilitate comparisons with the past and better evaluate CVRD's performance, we shall, in this document, be using pro forma data for 1Q06 as if Inco Ltd., now CVRD Inco Ltd., had been acquired from January 1, 2006 with the exception of information concerning debt and investments. Complete accounting information for 1Q06 can be found in the report Financial Information first quarter of 2007, filed at the U.S. Securities and Exchange Commission (SEC) and Comissão de Valores Mobiliários (CVM) in Brazil and in reports on CVRD's results for the first quarter of 2006 ([www.cvr.com.br/investors\\_relations](http://www.cvr.com.br/investors_relations) section).

In 1Q07, new records were set:

1Q07 was the best first quarter in CVRD's history for sales of various products: iron ore (58.6 million metric tons), pellets (7.9 million metric tons), refined nickel (71 thousand metric tons, on a pro forma basis), copper (66 thousand metric tons, on a pro forma basis), cobalt (580 metric tons, on a pro forma basis) alumina (700 thousand metric tons), aluminum (134 thousand metric tons, on a pro forma basis) potash (161 thousand metric tons) and rail transport of general cargo (6.0 billion net ton-kilometers (ntk)).

Gross revenue of US\$ 7.680 billion, an increase of 63.4% over 1Q06.

Operational profit as measured by adjusted EBIT<sup>(a)</sup> (earnings before interest and taxes) of US\$ 2.702 billion, US\$ 1.078 billion more than 1Q06.

Net earnings of US\$2.217 billion, equal to US\$0.92 per share, an 86.9% increase on 1Q06.

Cash generation, as measured by adjusted EBITDA<sup>(b)</sup> (earnings before interest, taxes, depreciation and amortization) of US\$3.184 billion, 58.4% more than the US\$2.010 billion of 1Q06.

Except where  
otherwise

indicated the operational and financial information in this release is based on the consolidated figures in accordance with US GAAP and, with the exception of information on investments and behavior of markets, quarterly financial statements are reviewed by the company's independent auditors. The main subsidiaries that are consolidated are the following: CVRD Inco, MBR, Cadam, PPSA, Alunorte, Albras, Valesul, RDM, RDME, RDMN, Urucum Mineração, Ferrovia Centro-Atlântica (FCA), CVRD International, and CVRD Overseas.

**1Q07**

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**US GAAP**

Investments totaled US\$1.360 billion, of which US\$ 923 million in organic growth and US\$ 437 million in sustaining existing operations. In addition to these investments, the acquisition of 100% of Inco Ltd (now CVRD Inco Ltd) was concluded in January 2007, with the payment of US\$ 2.053 billion to the remaining shareholders and in April the financial settlement of the acquisition of AMCI Holdings Australia was completed, with the payment of A\$835 million, equivalent to US\$ 656 million.

AMCI Australia will be consolidated into CVRD financial statements as from 2Q07.

On April 30, CVRD paid the first installment of 2007 dividends, of US\$ 0.34 per share, a total of US\$ 825 million.

The second installment proposed in January of this year, of US\$ 825 million, will be considered at the meeting of the CVRD Board of Directors scheduled for October 18, 2007. If the proposal is approved, our shares will be traded ex-dividend on October 19 both on Bovespa and NYSE, and dividend payment will be on October 31.

**SELECTED FINANCIAL INDICATORS**

|                                     | US\$ million         |             |             |              |              |
|-------------------------------------|----------------------|-------------|-------------|--------------|--------------|
|                                     | <b>Pro<br/>forma</b> |             |             |              |              |
|                                     | <b>1Q06</b>          | <b>4Q06</b> | <b>1Q07</b> | <b>%</b>     | <b>%</b>     |
|                                     | <b>(A)</b>           | <b>(B)</b>  | <b>(C)</b>  | <b>(C/A)</b> | <b>(C/B)</b> |
| Gross revenues                      | 4,701                | 7,494       | 7,680       | 63.4         | 2.5          |
| Adjusted EBIT                       | 1,624                | 2,180       | 2,702       | 66.4         | 23.9         |
| Adjusted EBIT margin (%)            | 35.7                 | 29.8        | 36.1        |              |              |
| Adjusted EBITDA                     | 2,010                | 2,623       | 3,184       | 58.4         | 21.4         |
| Net earnings                        | 1,186                | 1,573       | 2,217       | 86.9         | 40.9         |
| Earnings per share (US\$)           |                      | 0.65        | 0.92        |              |              |
| ROE (%)                             |                      | 33.2        | 34.3        |              |              |
| Total debt/ adjusted LTM EBITDA (x) |                      | 2.00        | 1.88        |              |              |
| Capex *                             | 1,126                | 19,611      | 1,360       | 20.8         | -93.1        |

\* includes  
acquisition

**ACCOUNTING AND NON-CASH ADJUSTMENT OF INVENTORIES FAS 141/142**

According to FAS 141 and 142, pronouncements made by the United States Financial Accounting Standards Board (FASB) in January 2003, the values of all assets of the acquired company should be updated to market prices, including inventories. When these inventories are sold the value of the inventory at production cost is recognized in the relevant accounts and the difference between its market value and production cost is recorded in a specific account as a component of COGS.

The market value of the CVRD Inco inventories on December 31, 2006 was calculated at US\$ 3.1 billion, while the cost of production value was US\$1.4 billion, a difference of US\$1.7 billion. Of this total, US\$ 946 million was booked in 4Q06 considering CVRD Inco's 87.73% participation in December 2006 and in 1Q07 we are booking US\$ 984 million.

Since CVRD completed the acquisition of Inco Ltd shares in January 2007, increasing its participation from 87.73% to 100%, and since nickel prices rose significantly after the start of the acquisition of Inco Ltd. in October 2006, a final adjustment of US\$ 78 million will be made in 2Q07.

**1Q07**

**US GAAP**

However, it is important to emphasize once again that the entries determined by FAS 141 and 142 have a non-cash accounting effect.

To make the effect of the accounting of the inventory adjustments clear, we present below the data relating to the main indicators of CVRD's performance in 1Q07 and 4Q06, with and without the effect of the adjustment made.

**EFFECT OF INVENTORY ADJUSTEMENT ON SELECTED FINANCIAL INDICATORS**

|                           | US\$ million |                 |                 |                 |
|---------------------------|--------------|-----------------|-----------------|-----------------|
|                           | <b>4Q06</b>  |                 |                 |                 |
|                           | <b>- A</b>   | <b>4Q06 - B</b> | <b>1Q07 - A</b> | <b>1Q07 - B</b> |
| Adjusted EBIT             | 2,180        | 3,126           | 2,702           | 3,686           |
| Adjusted EBIT margin (%)  | 29.8         | 42.7            | 36.1            | 49.2            |
| Adjusted EBITDA           | 2,623        | 3,569           | 3,184           | 4,168           |
| Net earnings              | 1,573        | 2,165           | 2,217           | 2,837           |
| Earnings per share (US\$) | 0.65         | 0.90            | 0.92            | 1.17            |
| ROE (%)                   | 33.2         | 38.0            | 34.3            | 37.0            |

A including stock adjustment

B excluding stock adjustment

**BUSINESS OUTLOOK**

The global economy continues to expand above 4% for the fifth year running, which may be the longest period of growth since the Second World War. Productivity growth, the globalization of markets, continuing low rates of inflation and expectations anchored on sound monetary policies have been important levers for global prosperity.

As a consequence of the strong global growth and of Chinese economic development, minerals and metals markets are also going through a long up cycle. Taking as a basis the behavior of the LME, the London Metal Exchange index for base metals (aluminum, copper, nickel, zinc, tin and lead), the present cycle is 65-month old accumulating a 330% increase. This is by far the longest cycle in metal prices since 1970.

The same factors that helped to explain the growth of the global economy until now will continue to influence its performance over the next 12 to 18 months. Thus we expect robust expansion in global economic activity in 2007 and 2008, with a transition in the short term to a more moderate and sustained growth rate than the 5.4% observed in 2006 by the IMF.

In the Euro zone, the normalization of monetary policies, affected through the gradual raising of short term interest rates by the European Central Bank, has been well absorbed, mainly by Germany, its largest economy. The German IFO research released recently shows growing optimism in relation to the future, suggesting that the German economy is being influenced by domestic factors such as increased investments and gains in productivity not fully factored into previous estimates.

The rest of the Euro zone economy is also expanding at a relatively high rate and the picture is similar in the UK.

In Japan, where imports of iron ore for the fiscal year, which ended in March, were the highest since the end of the period of accelerated growth in the first half of the 70's, prospects are good. GDP is expected to grow at a rate slightly above the long term trend, stimulated by increased investment.

**1Q07**

## US GAAP

In China, 1Q07 was the fifth quarter running with GDP growth higher than 10% a year, with a growth rate of 11.1%, lower only than the 11.5% seen in 2Q06. Industrial production is growing at 17% a year and investments in fixed assets at 25%.

Although inflation rose in March, core inflation is close to 2%, in line with the main economies in the world. Since China has a quasi-fixed exchange rate regime, its inflation naturally tends to converge to the rate prevailing in the rest of the world. Consequently we consider the risk of increased inflation to be low and not to pose a threat to GDP growth.

In general, the emerging market economies in Asia, Eastern Europe and Latin America continue to enjoy extraordinarily favorable conditions, with gains in terms of exchange, substantial influx of foreign capital, low inflation and strong economic growth.

In the United States, where the economy had been growing at 3.5% a year since the beginning of 2003, the rate of expansion fell to an average of 1.9% from the third quarter of last year, as a result of the gradual tightening of monetary policies between June 2004 and June 2006 and the strong correction in the residential real estate market. The US housing downturn poses the main risk for continued global expansion. An American recession could cause a significant negative impact on global economic growth since the United States is responsible for a third of the world's GDP (at market exchange rates), is the world's largest importer and has the most sophisticated capital market in the world.

However, there are several reasons to minimize this risk.

Firstly, it is not yet clear whether the present situation is a mid-cycle pause, as occurred in 1986 and 1995, or if it represents the early stages of a protracted slowdown. So far, there was no spillover of the housing downturn into other sectors of the US economy with consumer spending continuing to grow and healthy financial market conditions. Past experience tells us that there could be a synchronization in the deceleration of global economic activity caused by events of a global nature (the first petroleum shock of 1974), by the coincidence of macro-economic restrictive policies (as at the beginning of the 80's) or by global movements in the prices of financial assets (as in the generalized fall in equity prices in 2000).

The spillover of the current deceleration in the United States to other countries is limited by the fact that it is caused by factors specific to the American economy, concentrated in the housing market which import content is very small. The present situation tends to approximate much more of the one that was originated by the solvency problems of savings and loan associations (S&L), a question circumscribed to the American economy and with no common elements to the rest of the world, that caused a brief recession in the US in 1991 without causing a spillover into the global economy.

Therefore, this suggests that the performance of the rest of the global economy can decouple from the US economy, continuing to support the current minerals and metals cycle.

Fundamentals of the various segments of the minerals and metals markets remain very robust allowing us to maintain our optimism about the future performance of CVRD. Consumption is growing considerably, there is practically no idle capacity, supply reaction is slow and inventories are at very low levels.

## 1Q07



## US GAAP

Steel production continues to expand, growing by 10.2% in 1Q07 relative to 1Q06, with China as the main engine, at 22.3%. Production in the rest of the world is growing at a relatively high rate, 4.4%, with expansion in all regions except North America. As a reflection of the robustness of global demand, increase in production has been accompanied by a rise in prices of steel products since December 2006. At the end of April 2007, the CRU Global steel price index (CRUspi) surpassed the previous historic peak recorded in July 2006.

The intensity of this movement has put considerable pressure on the demand for metallics (pig iron, scrap and HBI), whose prices have risen significantly, iron ore and pellets.

In spite of the increase in local production, Chinese imports of iron ore in 1Q07, on a de-seasonalized and annualized basis, reached 417.8 million metric tons, which is 28% more than the 326.3 million metric tons imported in 2006.

At the same time iron ore spot prices have risen, continuing the growth which started in October 2006, reaching levels about US\$ 10 higher than the C&F prices of CVRD products in China, in spite of record prices of maritime freight from Brazil to Asia.

Nickel prices have beaten historic records as a result of the significant growth in demand in a environment characterized by historically low inventories, and supply growth restrictions, with no new projects coming on stream in 2007/2008.

It is hoped that growth in global stainless steel production will continue to slow in the next few months to a rate more sustainable in the long term. Demand for nickel for other applications coming from the oil and gas industries, aerospace and batteries holds firm, and no sudden changes are expected.

Although the expansion in stainless steel output is expected to be lower this year, 7% as opposed to 16% in 2006, and in spite of the substantial increase in production of nickel pig iron in China, we estimate that the growth in nickel supply will be sufficient only to meet the increase in consumption, with nothing available for the necessary replacement of inventories.

In the face of the severe shortage of refined nickel, increased production of nickel pig iron is supporting at the margin the growth of series 200 stainless steel production in China. However, there are various challenges to be overcome: high production costs, logistics (imports of millions tons of lateritic nickel ore), low nickel content and high levels of sulphur and phosphorous, intensive energy consumption and the negative impact on the environment.

Global aluminum consumption grew at an average annual rate of 7.9% in the period 2002/2006, which was due not only to China, but also to its increased use in various applications. In the short term, the significant increase in production by China and the weakening of demand in the USA have not been able to change the price trend. Prices have remained at about US\$ 2,700 per metric ton since 4Q06, due to the strong demand from Asia, Europe and Latin America.

The resumption of Chinese imports reversed the trend of falling copper prices initiated in May 2006. Supply of this metal, like nickel, faces multiple constraints to its expansion, although there are no technological hurdles to be overcome.

The mines in operation are suffering from the effects of lack of off-road tires and decline in grades, there is no inventory of projects of a significant size coming on stream and those being developed have faced numerous difficulties, such as long lead times for delivery of equipment, high investment costs and delays with environmental licenses.

## 1Q07

**US GAAP****RECORD REVENUES: US\$ 7.7 BILLION**

Gross revenue of US\$ 7.680 billion was a new quarterly record. This was a variation of 63.4% on 1Q06, when we obtained revenue of US\$ 4.701 billion. Price increases were responsible for 77% of the growth in revenue of US\$ 2.979 billion between 1Q06 and 1Q07.

Shipments of non-ferrous minerals represented 44.6% of gross revenue, overtaking ferrous minerals for the first time, the latter contributing 41.8%. This was due to raised nickel prices and, on the other hand, to the fact that the new iron ore and pellet prices were not incorporated into 1Q07 revenue. Aluminum products – bauxite, alumina and primary aluminum – made up 8.5% and logistics services 4.3%.

Asia maintains its position as our primary sales destination, providing 43.4% of total revenue. Our revenue from sales to Asian countries practically doubled in a year, from US\$ 1.736 billion in 1Q06 to US\$ 3.330 billion in 1Q07. The Americas were the second main destination with 33.4%, and Europe with 20.1%.

On a country level, sales to China represented 16.1% of revenue, Brazil 14.8%, Japan 11.5% and the United States 9.9%.

**GROSS REVENUE BY DESTINATION**

US\$ million

|                          | Pro forma    |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          | 1Q06         | %            | 4Q06         | %            | 1Q07         | %            |
| <b>Americas</b>          | <b>1,658</b> | <b>35.3</b>  | <b>2,436</b> | <b>32.5</b>  | <b>2,563</b> | <b>33.4</b>  |
| Brazil                   | 855          | 18.2         | 1,149        | 15.3         | 1,138        | 14.8         |
| USA                      | 350          | 7.4          | 558          | 7.4          | 757          | 9.9          |
| Others                   | 453          | 9.6          | 729          | 9.7          | 668          | 8.7          |
| <b>Asia</b>              | <b>1,736</b> | <b>36.9</b>  | <b>3,090</b> | <b>41.2</b>  | <b>3,330</b> | <b>43.4</b>  |
| China                    | 777          | 16.5         | 1,275        | 17.0         | 1,239        | 16.1         |
| Japan                    | 553          | 11.8         | 932          | 12.4         | 886          | 11.5         |
| Others                   | 406          | 8.6          | 883          | 11.8         | 1,205        | 15.7         |
| <b>Europe</b>            | <b>1,144</b> | <b>24.3</b>  | <b>1,694</b> | <b>22.6</b>  | <b>1,541</b> | <b>20.1</b>  |
| <b>Rest of the World</b> | <b>163</b>   | <b>3.5</b>   | <b>274</b>   | <b>3.7</b>   | <b>246</b>   | <b>3.2</b>   |
| <b>Total</b>             | <b>4,701</b> | <b>100.0</b> | <b>7,494</b> | <b>100.0</b> | <b>7,680</b> | <b>100.0</b> |

**CONTROLLING COSTS**

Cost of goods sold (COGS) totaled US\$ 4.390 billion, against US\$ 2.530 billion in 1Q06 and US\$ 4.387 billion in 4Q06.

If we discount from COGS related to 1Q07 the inventory adjustment (US\$ 984 million) and the depreciation variation (US\$ 194 million), the effective increase in relation to 1Q06 would be US\$ 682 million, of which US\$ 247 million due to greater production and sales volume and US\$ 114 million due to depreciation of the US dollar against the currencies in which our costs are incurred.

The expansion of our geographic diversity also increased the diversification of our exposure to currency risks. In 1Q07 the Company's COGS as per exchange rate exposure was as follows: 45% in Brazilian reais, 27% in Canadian dollars, 25% in US dollars, 2% in Indonesian rupiah and 1% in other currencies (Euros, British pounds, Japanese yen, Chinese renminbi). Between 1Q06 and 1Q07 there was an appreciation of 2% of the basket of currencies which are relevant for our costs against the US dollar.

**1Q07**

## US GAAP

A greater diversification in our portfolio of assets has changed the composition of the Company's COGS, the acquisition of products becoming the main component, with 23.3%, therefore surpassing outsourced services<sup>1</sup>.

However, it is worthwhile mentioning that there is a strong cyclical component to this cost item, since both quantities and prices of goods tend to vary in tandem with economic cycles.

In 1Q07 cost of products acquisition totaled US\$ 792 million as against US\$ 473 million in 1Q06 (at that time represented 18.7% of COGS). Higher prices account for 62% of this variation, therefore numbers for COGS for 1Q07 encompass an increase of US\$ 319 million due to cyclical factors, which is almost half the cost increase excluding the extraordinary inventory adjustment and the depreciation variation, US\$ 650 million.

Costs with purchases of nickel products reached US\$ 446 million, against US\$ 188 million in 1Q06. This amount includes the acquisition of refined nickel for resale and also of concentrates and other intermediary products which are processed and refined in our plants.

Costs with acquisition of iron ore and pellets were US\$ 252 million, a reduction of US\$ 51 million compared with 1Q06.

The volume of iron ore purchased in 1Q07 was 1.831 million metric tons, as against 2.303 million in 4Q06 and 3.214 million in 1Q06.

In the case of pellets, due to the considerable demand expansion, CVRD increased in this quarter its purchases from the Tubarão joint ventures (Nibrasco, Itabasco, Kobrasco and Hispanobras) in order to comply with commitments to its clients: 3.266 million metric tons against 2.266 million metric tons in 4Q06 and 2.102 million metric tons in 1Q06. Purchases of bauxite from Trombetas totaled US\$ 72 million, while alumina purchases reached US\$ 10 million. With the start of operations of the Paragominas mine, the volume of bauxite purchases should gradually return to 2005 levels, equivalent to our take in MRN.

Manganese ore purchases amounted to US\$ 10 million, in line with the same period the previous year, at US\$ 9 million.

Over the last few years, costs with outsourced services have been systematically pressuring CVRD's COGS. Its share increased from 18.4% in 2003 to 24.3% in 2006. In 1Q07, this item amounted to US\$ 500 million, a decrease of US\$ 21 million compared to 1Q06 and US\$ 145 million against 4Q06.

The main items of outsourced services in the 1Q07 were costs related to rail freight, mainly for transportation of iron ore produced in the Southern system, US\$ 122 million, maintenance of equipment and installations US\$ 88 million, and removal of waste and ore, US\$ 52 million.

Outsourced services costs used to be the main COGS component, and had its participation diminished to 14.7% in 1Q07. In parallel to the rising importance of products acquisition, due to the economic cycle, the decrease of this item participation was due to a large extent to a series of initiatives put in place by CVRD to tame costs. Among them we can highlight restructuring of various service contracts, concentrating the provision of a service in a single supplier instead of using various suppliers to carry out different parts of a service, the development of partnerships with suppliers and the bringing in-house of waste and ore removal although this will lead to increase expenses with other COGS items such as personnel, fuel and maintenance, but resulting in a larger decrease in the cost of outsourced services.

<sup>1</sup> The share of each item in the Company's COGS is based on the total COGS before the inventory adjustments.

1Q07



## US GAAP

The price cut of outsourced services was essential for the reduction in expenses in 1Q07. Prices have contributed with US\$ 108 millions to the QoQ reduction in costs and with US\$ 83 millions to the YoY variation.

Costs with material, 15.1% of total COGS, totaled US\$ 514 million, having grown US\$ 149 million over 1Q06. The main components of materials costs were: replacement parts and maintenance materials, US\$ 170 million, inputs, US\$ 90 million, and tires and conveyor belts, US\$ 30 million.

Materials prices continue to pressure costs, being responsible for 68% of their increased expenditure.

Energy costs 14.2% of COGS reached US\$ 483 million, made up of US\$ 280 million for fuel and gases and US\$ 203 million for electricity. The increase in sales volumes explains 62% of the US\$ 93 million rise in this cost item, while the effects of higher prices and of the depreciation of the dollar are responsible for 19.4% and 18.3%, respectively.

Expenses with electricity increased 36.2%, which is explained mainly by the higher prices paid for aluminum operations, which are vulnerable to appreciation in the Brazilian real and to hikes in metal prices.

Personnel expenses at 12.8% of COGS reached US\$ 437 million, a rise of 32% in relation to 1Q06. This rise reflects salaries adjustments (US\$ 75 million), an increase in overall personnel made necessary by growth of activities (US\$ 25 million) and the exchange rate effect (US\$ 6 million).

Expenses with demurrage fines paid for delays in loading ships at the Company's maritime terminals reached US\$ 16 million, against US\$ 10 million in 1Q06. Operational problems with the railroads due to the Brazilian rainy season caused lack of iron ore inventory in the maritime terminals, meaning delays in loading ships and greater demurrage costs, which jumped from US\$ 0.20 per metric ton of iron ore shipped in 1Q06 to US\$ 0.31 per metric ton this quarter.

Depreciation and amortization, accounting for 11.3% of COGS, was US\$ 386 million, double that of 1Q06, influenced by the start up of operations in various projects in the last 12 months.

Sales, general and administrative expenses (SG&A) came to US\$ 268 million, 25.8% more than 1Q06, a reflection of greater expenses with personnel (US\$ 22 million), rents and taxes (US\$ 13 million), services (US\$ 12 million) and depreciation (US\$ 7 million).

Expenses with R&D reached US\$ 113 million in the quarter, an increase of US\$ 28 million over the same period in the previous year, in a pro forma basis, with US\$ 58 million being spent on research in Brazil.

Other operational expenses came to US\$ 16 million, as against US\$ 99 million in 1Q06. This reduction is mainly due to the reversion of the provision for taxes payment PIS/COFINS of US\$ 150 million supported by a Brazilian court decision.

## 1Q07

## US GAAP

## COST OF GOODS SOLD

US\$ million

|  | 1Q06         | %            | 4Q06         | %            | 1Q07         | %            |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Outsourced services</b>               | <b>521</b>   | <b>20.6</b>  | <b>645</b>   | <b>18.7</b>  | <b>500</b>   | <b>14.7</b>  |
| <b>Material</b>                          | <b>365</b>   | <b>14.4</b>  | <b>572</b>   | <b>16.6</b>  | <b>514</b>   | <b>15.1</b>  |
| <b>Energy</b>                            | <b>390</b>   | <b>15.4</b>  | <b>503</b>   | <b>14.6</b>  | <b>483</b>   | <b>14.2</b>  |
| Fuels                                    | 241          | 9.5          | 312          | 9.1          | 280          | 8.2          |
| Electric energy                          | 149          | 5.9          | 191          | 5.6          | 203          | 6.0          |
| <b>Acquisition of products</b>           | <b>473</b>   | <b>18.7</b>  | <b>762</b>   | <b>22.1</b>  | <b>792</b>   | <b>23.3</b>  |
| Iron ore and pellets                     | 201          | 7.9          | 188          | 5.5          | 252          | 7.4          |
| Aluminum products                        | 69           | 2.7          | 60           | 1.7          | 82           | 2.4          |
| Nickel                                   | 188          | 7.4          | 482          | 14.0         | 446          | 13.1         |
| Other products                           | 15           | 0.6          | 32           | 0.9          | 12           | 0.4          |
| <b>Personnel</b>                         | <b>331</b>   | <b>13.1</b>  | <b>407</b>   | <b>11.8</b>  | <b>437</b>   | <b>12.8</b>  |
| <b>Depreciation and exhaustion</b>       | <b>192</b>   | <b>7.6</b>   | <b>350</b>   | <b>10.2</b>  | <b>386</b>   | <b>11.3</b>  |
| <b>Others</b>                            | <b>258</b>   | <b>10.2</b>  | <b>202</b>   | <b>5.9</b>   | <b>294</b>   | <b>8.6</b>   |
| <b>Total before inventory adjustment</b> | <b>2,530</b> | <b>100.0</b> | <b>3,441</b> | <b>100.0</b> | <b>3,406</b> | <b>100.0</b> |
| Inventory adjustment FAS 141/142         |              |              | 946          |              | 984          |              |
| <b>Total</b>                             | <b>2,530</b> |              | <b>4,387</b> |              | <b>4,390</b> |              |

**OPERATIONAL PERFORMANCE: NEW RECORDS**

CVRD's operational profit, measured by adjusted EBIT, was US\$ 2.702 billion in 1Q07, the highest in the Company's history, even with the US\$ 984 million inventory adjustment. If this adjustment is excluded, operational profit reaches US\$ 3.686 billion, giving an 83.6% growth over 1Q06.

Adjusted EBIT Margin, without the non-cash cost of US\$ 984 million, would have been 49.2%, a quarterly record.

**NET EARNINGS EXCEED THE US\$ 2 BILLION MARK FOR THE FIRST TIME**

CVRD's net earnings in 1Q07 reached US\$ 2.217 billion, equivalent to US\$ 0.92 per share, the best quarterly result ever for the Company. This amount is 86.9% greater than in 1Q06, which was US\$1.186 billion. If we exclude the extraordinary effect of the non-cash accounting adjustment of US\$ 984 million, net earnings would be US\$ 2.837 billion, two and a half times the US\$ 1.186 billion reported in 1Q06.

The major direct influences on net earnings performance were the increase of US\$ 1.078 billion in operational profit and an improvement of US\$ 394 million in the financial result, partially offset by an increase of US\$ 342 million in tax paid.

This quarter no assets were sold, whilst in 1Q06 the company had a capital gain of US\$ 9 million from the sale of its share in Nova Era Silicon (NES).

The net financial result was US\$ 232 million, as compared with a negative result of US\$ 162 million in 1Q06.

Financial income went from US\$ 50 million in 1Q06 to US\$ 121 million in 1Q07, because of higher interest rates and the increase in cash holdings.

Financial expenses increased by US\$ 185 million, going from US\$ 474 million in 1Q06 to US\$ 659 million in 1Q07.

Interest payments rose at US\$ 43 million, considering pro forma basis.

**1Q07**

**US GAAP**

On the other hand there was a net improvement of US\$ 156 million in derivative operations. Since the Company carried out a swap of the Brazilian real-linked interest rates of its non-convertible debentures into a US dollar linked interest rate and the Brazilian currency appreciated against the US dollar, there was a gain that is responsible for a major share of the US\$ 156 million recorded improvement.

The marking-to-market of the shareholders' debentures caused a negative impact of US\$ 187 million in financial expenses in 1Q07. This adjustment on the book value of the shareholders' debentures was due to a sharp rise in their prices in the secondary market.

The behavior of monetary variation was positive for the financial result to the amount of US\$ 509 million, given the strengthening of the real against the US dollar and the increase in the Company's total debt.

Equity income contributed US\$ 138 million to net profit in 1Q07, a reduction of US\$ 18 million in relation to the same period the previous year.

Investments in ferrous minerals companies were responsible for 60.1%, logistics 16.7%, aluminum 15.9% and coal 6.5%.

Stakes in ferrous minerals companies generated US\$ 83 million, in line with the US\$ 78 million recorded for 1Q06, in spite of the loss of income due to the sale of GIIC in May 2006. Samarco was the joint venture which most contributed to CVRD profits, coming in with US\$ 60 million against US\$ 39 million in 1Q06.

Equity income from MRS Logistica increased from US\$ 14 million in 1Q06 to US\$ 23 million in 1Q07.

Equity income from MRN (bauxite) also showed an increase. From US\$ 12 million in 1Q06 to US\$ 22 million in 1Q07.

Equity income from coal joint ventures in China (Henan Longyu Energy Resources Ltd. and Shandong Yankuang International Coking Company Ltd) added another US\$ 9 million, against US\$ 7 million in 1Q06.

Equity income from shares in the steel industry was a mere US\$ 1 million in 1Q07, compared with US\$ 41 million in 1Q06. With the decision to sell part of the Company's shares in Usiminas, the remaining holding, of less than 20% of the Usiminas voting capital, is no longer eligible for reporting as an equity income source in our financial statements.

**EQUITY INCOME BY BUSINESS SEGMENT**

|                               | <b>US\$ million</b> |              |             |              |             |              |
|-------------------------------|---------------------|--------------|-------------|--------------|-------------|--------------|
|                               | <b>1Q06</b>         | <b>%</b>     | <b>4Q06</b> | <b>%</b>     | <b>1Q07</b> | <b>%</b>     |
| Iron ore and pellets          | 78                  | 50.0         | 78          | 42.6         | 83          | 60.1         |
| Aluminum, alumina and bauxite | 16                  | 10.3         | 20          | 10.9         | 22          | 15.9         |
| Logistics                     | 14                  | 9.0          | 27          | 14.8         | 23          | 16.7         |
| Steel                         | 41                  | 26.3         | 54          | 29.5         | 1           | 0.7          |
| Coal                          | 7                   | 4.5          | 4           | 2.2          | 9           | 6.5          |
| <b>Total</b>                  | <b>156</b>          | <b>100.0</b> | <b>183</b>  | <b>100.0</b> | <b>138</b>  | <b>100.0</b> |

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**US GAAP****RECORD CASH GENERATION**

In the first quarter of 2007, cash generation, as measured by adjusted EBITDA, reached US\$ 3.184 billion, a new quarterly record, with growth of 58.4% in relation to the US\$ 2.010 billion of 1Q06.

1Q07 was the 20th consecutive quarter of growth in LTM (last twelve months) accumulated adjusted EBITDA amount.

The main reason for the US\$ 1.174 billion adjusted EBITDA growth relative to 1Q06 is the increase in adjusted EBIT to the amount of US\$ 1.078 billion.

Dividends paid to CVRD in 1Q07 by non-consolidated companies associated companies and joint ventures amounted to US\$ 90 million, compared to US\$ 112 million received in 1Q06. The largest payment came from Samarco, which distributed US\$ 50 million to CVRD. The Company also received dividends from MRN, US\$ 29 million, and from CSI, US\$ 11 million.

Adjusted EBITDA for 1Q07, excluding the non-cash effect of inventory adjustment to the amount of US\$ 984 million, was US\$ 4.168 billion and in the 12-month period ending March 2007 was US\$ 12.480 billion.

In 1Q07, the distribution of adjusted EBITDA (excluding inventory adjustment) by business area was: ferrous minerals 43.9%, non-ferrous minerals 48.2%, aluminum 7.3% and logistics 3.0%, discounting R&D expenses, which represented 2.4% of adjusted EBITDA.

**QUARTERLY ADJUSTED EBITDA**

|   | US\$ million                  |              |              |
|---|-------------------------------|--------------|--------------|
|   | <b>Pro<br/>forma<br/>1Q06</b> | <b>4Q06</b>  | <b>1Q07</b>  |
| Net operating revenues                  | 4,551                         | 7,313        | 7,489        |
| COGS                                    | (2,530)                       | (4,387)      | (4,390)      |
| SG&A                                    | (213)                         | (269)        | (268)        |
| Research and development                | (85)                          | (175)        | (113)        |
| Other operational expenses              | (99)                          | (302)        | (16)         |
| <b>Adjusted EBIT</b>                    | <b>1,624</b>                  | <b>2,180</b> | <b>2,702</b> |
| Depreciation, amortization & exhaustion | 274                           | 379          | 392          |
| Dividends received                      | 112                           | 64           | 90           |
| <b>Adjusted EBITDA</b>                  | <b>2,010</b>                  | <b>2,623</b> | <b>3,184</b> |

**A HEALTHY BALANCE-SHEET**

Despite the sharp increase in investments, the Company continues to enjoy a healthy balance-sheet, with lower leverage ratios, lower costs, and a longer debt maturity.

The Company's total debt of March 31, 2007 was US\$ 23.480 billion, against US\$ 22,581 billion at December 31, 2006 and US\$ 6.063 billion at March 31, 2006. Net debt as of March 31, 2007 was US\$ 19.526 billion, with a cash position of US\$ 3.954 billion.

The concentration of financial disbursements in April among them the dividend payment (US\$ 825 million), the acquisition of AMCI Australia (US\$ 656 million) and the payment of the remaining balance the two-year bridge loan of US\$ 14.6 billion used to finance the acquisition of Inco Limited (Inco) led to a temporary increase in the Company's debt through the raising of short term credit lines and, at the same time the maintenance of significant cash balances, which was invested in short term financial assets at the end of 1Q07.

1Q07



**US GAAP**

In the 2Q07, this increase in debt will be canceled by the repayment of the short term debt using the Companies operational cash flow proceeds.

In March 2007, the CVRD PRI notes, with five-year maturity and insurance for country risk with nominal value of US\$ 111.4 million, expired and were redeemed.

Total debt in March 2007 was made up of 47% of obligations at floating interest rates and 53% at fixed interest rates, 99% of which denominated in US dollars, already reflecting the effect of the swap of Brazilian reais for dollars carried out through the non-convertible debentures.

At the same time, the average debt maturity lengthened from 8.36 years in December 2006 to 8.71 years in March 2007.

Average cost of debt (before tax) for the Company was 6.4% p.a. in March 2007, having been reduced 99 basis points in relation to its 1Q06 level.

The leverage ratio, as measured by gross debt/adjusted LTM EBITDA<sup>(d)</sup>, shows a reduction, from 2.00x<sup>2</sup> at December 31, 2006 to 1.88x<sup>3</sup> at March 31, 2007. Interest coverage, indicated by the adjusted LTM EBITDA/LTM interest paid ratio<sup>(e)</sup>, shows a slight variation, from 15.94x at the end of 2006 to 15.63x at March 31, 2007. The relation between total debt and *enterprise value* <sup>(f)</sup> went from 25.7% to 22.4%.

The Company has renewed a revolving credit line facility with a bank syndicate to the amount of US\$ 650 million, with longer due maturity and a reduction in fees and interest rates. CVRD has total revolving credit lines to the amount of US\$ 1.9 billion, which gives us a cushion of short term liquidity and a more efficient cash flow management tool.

**FINANCIAL EXPENSES**

|                                      | US\$ million                  |              |              |
|--------------------------------------|-------------------------------|--------------|--------------|
|                                      | <b>Pro<br/>forma<br/>1Q06</b> | <b>4Q06</b>  | <b>1Q07</b>  |
| <b>Gross interest on:</b>            |                               |              |              |
| Debt with third parties              | (322)                         | (293)        | (365)        |
| Debt with related parties            | (2)                           | (1)          | (2)          |
| <b>Sub-total</b>                     | <b>(324)</b>                  | <b>(294)</b> | <b>(367)</b> |
| <b>Other Financial expenses on:</b>  | <b>1Q06</b>                   | <b>4Q06</b>  | <b>1Q07</b>  |
| Tax and labour contingencies         | (26)                          | (28)         | (15)         |
| Tax on financial transactions (CPMF) | (21)                          | (84)         | (53)         |
| Derivatives                          | (71)                          | (97)         | 85           |
| Others                               | (32)                          | (205)        | (309)        |
| <b>Sub-total</b>                     | <b>(150)</b>                  | <b>(414)</b> | <b>(292)</b> |
| <b>Total</b>                         | <b>(474)</b>                  | <b>(708)</b> | <b>(659)</b> |

<sup>2</sup> Considering, in 4Q06, pro forma consolidated adjusted LTM EBITDA of US\$ 11.306 billion

Considering, in  
1Q07, pro forma  
consolidated  
adjusted LTM  
EBITDA of  
US\$  
12.480 billion  
**1Q07**

## US GAAP

## DEBT INDICATORS

|   | US\$ million |        |        |
|---|--------------|--------|--------|
|   | 1Q06         | 4Q06   | 1Q07   |
| Gross debt                                      | 6,063        | 22,581 | 23,480 |
| Net debt  | 4,419        | 18,133 | 19,526 |
| Gross debt / adjusted LTM EBITDA (x)            | 0.84         | 2.00   | 1.88   |
| Adjusted LTM EBITDA / LTM interest expenses (x) | 27.08        | 15.94  | 15.63  |
| Gross debt / EV (%)                             | 10.31        | 25.68  | 22.36  |

*Enterprise Value = market capitalization + net debt*

**PERFORMANCE OF THE BUSINESS SEGMENTS****Ferrous minerals**

1Q07 was the Company's best ever first quarter with respect to shipments of iron ore and pellets: 66.565 million metric tons as compared with 63.886 million in 1Q06, an increase of 4.2%. This took place in spite of heavy rain during the period which, as well as slowing down production in the mines, especially in Itabira, also seriously disrupted rail transportation, in the Southeast System, slowing down the flow of goods from the mines to the ports.

In 1Q07, sales of iron ore reached 58.626 million metric tons, an increase of 1.1% compared with the 57.992 million of 1Q06.

Sales of pellets in the quarter reached 7.939 million metric tons, 35% above the sales for the same period in the previous year, when there was a stoppage of production in the São Luis plant. In relation to 4Q06, shipments of pellets were up 11%.

The growth in sales of pellets was helped by the production of 4.175 million metric tons and by purchases from the Tubarão joint ventures for resale to our clients of 3.266 million metric tons.

Shipments of iron ore to China reached 21.664 million metric tons in 1Q07 and 80.167 million metric tons in the last 12 months ending in March 2007. China has increased successively its share in CVRD iron ore sales, moving from 26.9% in 1Q06 to 32.5% in 1Q07.

Sales to the Brazilian market represent 21.4% of the total – 13.0% to steel mills and pig iron producers and 8.3% to the pelletizing joint ventures (Samarco, Nibrasco, Kobrasco, Hispanobras and Itabrasco). The Japanese market has taken up 8.9% of shipments, while Germany and France maintained their shares steady at 7.8% and 3.9% respectively.

Iron and pellets prices for 2007, with increases of 9.5% and 5.28%, respectively, relative to 2006, were not reflected in the 1Q07 results, due to a re-negotiation by a large number of European clients of the reference period for prices, moving from a calendar year to the Japanese tax year, which begins April 1 and ends March 31. For this reason the effect of the new prices will only effectively be reflected in CVRD results in 2Q07.

The average sale price per metric ton for iron ore in 1Q07 was US\$ 41.79 per metric ton, 21.2% over 1Q06, incorporating the effects of the 19% hike obtained in 2006. This only began to be seen in 2Q06 because of the late closing of negotiations. Average pellet price US\$ 75.07 per metric ton, was in line with the 1Q06 price of US\$ 75.33 per metric ton.

**1Q07**

**US GAAP**

Shipments of ferro-alloys reached 124 thousand metric tons, similar to the 1Q06 amount of 126 thousand metric tons. In a reflection of the price recovery driven by the growth of global demand and the shut down of production capacity of the swing producers, the average sale price of ferro alloys reached US\$ 1,000 per metric ton, 32.6% over the level recorded for 1Q06.

The Company is restructuring the manganese and ferro alloy segments with a view to cutting costs, maximizing efficiency and aligning production, both qualitatively and quantitatively, with demand.

Revenue from ferrous minerals – iron ore, pellets, manganese and ferro alloys – was US\$ 3.207 billion in 1Q07, an increase of 24.4% over 1Q06. Iron ore represents 71.7% of this growth.

Revenues with iron ore amounted to US\$ 2.450 billion, pellets US\$ 596 million, operation services for the Tubarão pelletizing plants US\$ 18 million, manganese ore US\$ 6 million and ferro alloys US\$ 124 million.

The adjusted EBIT margin was 50.9%, an increase of 610 base points in relation to the 44.8% of 1Q06.

Adjusted EBITDA totaled US\$ 1,828 billion, an increase of 37.0% compared to that obtained in 1Q06.

**FERROUS MINERALS**

|                                | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|--------------------------------|-------------|-------------|-------------|
| Adjusted EBIT margin (%)       | 44.8        | 43.4        | 50.9        |
| Adjusted EBITDA (US\$ million) | 1,334       | 1,668       | 1,828       |

**Non-ferrous minerals**

Revenues from sales of non-ferrous minerals – nickel, copper, kaolin, potash, platinum group of metals, precious metals and cobalt – totaled US\$ 3.427 billion, a quarterly landmark for the Company, and more than double the revenue of US\$ 1.358 billion recorded for 1Q06.

Revenue from nickel sales was US\$ 2.860 billion, from copper US\$ 364 million, metals in the platinum group US\$ 70 million, kaolin US\$ 50 million, and potash US\$ 32 million.

The adjusted EBIT margin with non-ferrous business, excluding the extraordinary item related to the accounting adjustment for inventory, would be 52.2%, against 24.3% in 1Q06.

Adjusted EBITDA, without the extraordinary effect mentioned in the paragraph above, amounted to US\$ 2.011 billion, more than four times greater than that of US\$469 million recorded in 1Q06.

1Q07 was the Company's best first quarter in terms of sales of nickel, copper, cobalt and potash.

Shipments of refined nickel in 1Q07 totaled 71 thousand metric tons, 10.9% over the volume sold in 1Q06. Average price obtained was US\$ 40,339 per metric ton – US\$ 18.30 per pound – an increase of 170% compared with 1Q06.

**1Q07**

**US GAAP**

In 1Q07, the unit cash cost for refined nickel production, before by-product credits, was US\$ 3.64 per pound, and US\$ 3.11 per pound after calculating the above-mentioned credits.

The increase in nickel unit cash cost of sales before by-product credits in the first quarter of 2007 compared with the first quarter of 2006 was due to (1) higher employment costs primarily as a result of higher earnings-based bonus payments, (2) higher spending on supplies and services, (3) higher costs for purchased nickel intermediates due to higher benchmark prices upon which such purchases are made and (4) higher consumption of and prices for diesel at Indonesia partially offset by the benefits of (1) the favourable impact on unit costs of higher nickel production and (2) a depreciation of the Canadian dollar against the U.S. dollar that positively impacted our costs.

1Q07 revenues with nickel, at US\$ 2.860 billion in 1Q07, were almost three times greater than the US\$ 956 million recorded in the same quarter of last year.

CVRD sold 66 thousand metric tons of copper in 1Q07, 29.4% more than in 1Q06, due to higher production at Sossego and Voisey's Bay mines. The average price obtained in 1Q07 was US\$ 5,540 per metric ton, an increase of 15.8% in relation to the US\$ 4,784 per metric ton of 1Q06. Revenues with copper sales reached US\$ 364 million in 1Q07, 49.2% greater than 1Q06, which were US\$ 244 million.

The volume of potash shipped was 56.3% greater than in 1Q06. Average price obtained was US\$ 198.76 per metric ton, as against US\$ 213.59 per metric ton in 1Q06. However, this is an improvement on the prices obtained during most of last year, which were around US\$ 190.00 per metric ton. The price of potash is reacting positively to improving market conditions, driven by the global increase in agricultural land farmed and the use of fertilizers, this increase in turn stimulated by price increases in most agricultural products.

Recorded revenue for potash shipments was US\$ 32 million, representing 45.5% growth over 1Q06.

The platinum group metals (PGMs), other precious metals (gold and silver) and cobalt, extracted as by-products of the nickel operations in Canada, had total revenues of US\$ 70 million, US\$ 22 million and US\$ 29 million, respectively. 269 thousand metric tons of kaolin were sold, which is a slight reduction in volume compared with 1Q06, which was 321 thousand metric tons. This was due to reduced availability of the product, as our production fell in 1Q07 because of operational problems. Average price obtained was US\$ 185.87 per metric ton, a 24.3% increase over 1Q06.

**NON FERROUS MINERALS**

|                                | <b>Pro forma</b> |              |              |
|--------------------------------|------------------|--------------|--------------|
|                                | <b>1Q06</b>      | <b>4Q06*</b> | <b>1Q07*</b> |
| Adjusted EBIT margin (%)       | 24.3             | 47.1         | 52.2         |
| Adjusted EBITDA (US\$ million) | 469              | 1,637        | 2,011        |

\* excluding  
inventory  
adjustment

**Aluminum**

CVRD sales of alumina and aluminum in 1Q07 were the largest ever made in a first quarter.

**1Q07**

**US GAAP**

Alumina shipments amounted to 700 thousand metric tons, a growth of 38.9% over 1Q06. Average price obtained was US\$ 345.71 per metric ton, an increase of 8.9% in relation to the US\$ 317.46 per metric tons of 1Q06.

The volume of primary aluminum sold totaled 134 thousand metric tons, having increased 19.6% in relation to 1Q06. Average price obtained in the quarter was equal to US\$ 2,948 per metric ton, 27.0% above 1Q06.

Total revenue for the aluminum chain reached US\$ 649 million, 51.3% more than the US\$ 429 million recorded in the first quarter of 2006.

EBIT adjusted margin was 39.1%, greater than that obtained in 1Q06, at 35.8%.

EBITDA adjusted margin reached US\$ 304 million, an increase of 47.6% over the amount recorded for 1Q06.

**ALUMINUM**

|                                | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|--------------------------------|-------------|-------------|-------------|
| Adjusted EBIT margin (%)       | 35.8        | 38.2        | 39.1        |
| Adjusted EBITDA (US\$ million) | 206         | 268         | 304         |

**Logistics services**

The recovery of steel and agricultural production in Brazil has already begun to show positive implications for the performance of CVRD's logistics services for clients.

The Company's railroads transported 6.035 billion ntk of general cargo for clients in 1Q07, beating 1Q06 by 4.4%.

The main cargoes transported were inputs and products for the steel industry, 52.5%, agricultural products, mainly soy bean, sugar and fertilizers, 33.5%, fuel, 6.4% and building materials and forest products, 5.4%.

CVRD's ports and maritime terminals handled 7.078 million of metric tons of general cargo, compared with 6.252 million metric tons in the same period in 2006.

Logistics services generated revenues of US\$ 331 million, an increase of 14.5% when compared to 1Q06.

Rail transportation of general cargo produced revenues of US\$ 242 million, port services, US\$ 60 million, and coastal shipping and port support services US\$ 29 million.

Adjusted EBIT margin was 28.3%, 750 bps above the margin of 20.8% obtained in 1Q06.

Adjusted EBITDA reached US\$ 125 million in 1Q07, 56.3% above the value of US\$ 80 million recorded in 1Q06.

**LOGISTICS**

|                                | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|--------------------------------|-------------|-------------|-------------|
| Adjusted EBIT margin (%)       | 20.8        | 33.5        | 28.3        |
| Adjusted EBITDA (US\$ million) | 80          | 155         | 125         |

**1Q07**

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**US GAAP****VOLUME SOLD, PRICES AND REVENUES****VOLUME SOLD: MINERALS AND METALS**

|              | 000 metric tons |              |               |              |               |              |
|--------------|-----------------|--------------|---------------|--------------|---------------|--------------|
|              | <b>1Q06</b>     | <b>%</b>     | <b>4Q06</b>   | <b>%</b>     | <b>1Q07</b>   | <b>%</b>     |
| Iron ore     | 57,992          | 90.8         | 63,972        | 90.0         | 58,626        | 88.1         |
| Pellets      | 5,894           | 9.2          | 7,143         | 10.0         | 7,939         | 11.9         |
| <b>Total</b> | <b>63,886</b>   | <b>100.0</b> | <b>71,115</b> | <b>100.0</b> | <b>66,565</b> | <b>100.0</b> |

**VOLUME SOLD: MINERALS AND METALS**

|                               | '000 metric tons              |             |             |
|-------------------------------|-------------------------------|-------------|-------------|
|                               | <b>Pro<br/>forma<br/>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
| Manganese ore                 | 149                           | 208         | 83          |
| Ferro-alloys                  | 126                           | 121         | 124         |
| Nickel                        | 64                            | 73          | 71          |
| Copper                        | 51                            | 81          | 66          |
| Kaolin                        | 321                           | 414         | 269         |
| Potash                        | 103                           | 218         | 161         |
| Precious metals (Ounces troy) | 704                           | 664         | 640         |
| PGMs (Ounces troy)            | 88                            | 120         | 77          |
| Cobalt (metric ton)           | 486                           | 577         | 580         |
| Primary aluminum              | 112                           | 120         | 134         |
| Alumina                       | 504                           | 1,021       | 700         |
| Bauxite                       | 319                           | 210         | 316         |

**IRON ORE AND PELLET SALES BY REGION**

|                                       | 000 metric tons |             |               |             |               |             |
|---------------------------------------|-----------------|-------------|---------------|-------------|---------------|-------------|
|                                       | <b>1Q06</b>     | <b>%</b>    | <b>4Q06</b>   | <b>%</b>    | <b>1Q07</b>   | <b>%</b>    |
| <b>Americas</b>                       | <b>17,356</b>   | <b>27.2</b> | <b>18,974</b> | <b>26.7</b> | <b>17,113</b> | <b>25.7</b> |
| Brazil                                | 13,966          | 21.9        | 15,206        | 21.4        | 14,237        | 21.4        |
| Steel mills and pig iron<br>producers | 8,671           | 13.6        | 9,375         | 13.2        | 8,686         | 13.0        |
| JVs pellets                           | 5,295           | 8.3         | 5,831         | 8.2         | 5,551         | 8.3         |
| USA                                   | 645             | 1.0         | 1,197         | 1.7         | 653           | 1.0         |
| Others                                | 2,745           | 4.3         | 2,571         | 3.6         | 2,223         | 3.3         |
| <b>Asia</b>                           | <b>28,560</b>   | <b>44.7</b> | <b>31,425</b> | <b>44.2</b> | <b>32,059</b> | <b>48.2</b> |
| China                                 | 17,170          | 26.9        | 18,580        | 26.1        | 21,664        | 32.5        |
| Japan                                 | 6,561           | 10.3        | 7,715         | 10.8        | 5,930         | 8.9         |
| South Korea                           | 3,010           | 4.7         | 2,675         | 3.8         | 2,133         | 3.2         |
| Others                                | 1,819           | 2.8         | 2,455         | 3.5         | 2,332         | 3.5         |
| <b>Europe</b>                         | <b>15,968</b>   | <b>25.0</b> | <b>17,768</b> | <b>25.0</b> | <b>15,597</b> | <b>23.4</b> |
| Germany                               | 5,444           | 8.5         | 5,873         | 8.3         | 5,224         | 7.8         |
| France                                | 2,546           | 4.0         | 3,042         | 4.3         | 2,592         | 3.9         |
| Belgium                               | 1,656           | 2.6         | 1,576         | 2.2         | 1,562         | 2.3         |
| Italy                                 | 1,977           | 3.1         | 2,188         | 3.1         | 1,880         | 2.8         |
| Others                                | 4,345           | 6.8         | 5,089         | 7.2         | 4,339         | 6.5         |

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|                          |                           |              |                      |              |               |              |
|--------------------------|---------------------------|--------------|----------------------|--------------|---------------|--------------|
| <b>Rest of the World</b> | <b>2,002</b>              | <b>3.1</b>   | <b>2,948</b>         | <b>4.1</b>   | <b>1,796</b>  | <b>2.7</b>   |
| <b>Total</b>             | <b>63,886</b>             | <b>100.0</b> | <b>71,115</b>        | <b>100.0</b> | <b>66,565</b> | <b>100.0</b> |
|                          | <b>LOGISTICS SERVICES</b> |              | <b>GENERAL CARGO</b> |              |               |              |

|                         |  |  |             |             |             |
|-------------------------|--|--|-------------|-------------|-------------|
|                         |  |  | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
| Railroads (million ntk) |  |  | 5,779       | 6,249       | 6,035       |
| <b>1Q07</b>             |  |  |             |             |             |



## US GAAP

## AVERAGE PRICES REALIZED

|                            | US\$/ metric ton |           |           |
|----------------------------|------------------|-----------|-----------|
|                            | Pro forma        |           |           |
|                            | 1Q06             | 4Q06      | 1Q07      |
| Iron ore                   | 34.49            | 41.38     | 41.79     |
| Pellets                    | 75.33            | 73.64     | 75.07     |
| Manganese                  | 80.54            | 72.12     | 72.29     |
| Ferro alloys               | 753.97           | 1,090.91  | 1,000.00  |
| Nickel                     | 14,937.50        | 31,981.53 | 40,338.50 |
| Copper                     | 4,784.31         | 5,992.56  | 5,540.33  |
| Kaolin                     | 149.53           | 169.08    | 185.87    |
| Potash                     | 213.59           | 197.25    | 198.76    |
| Platinum (US\$/Ounce troy) | 1,044.70         | 1,115.59  | 1,154.45  |
| Cobalt (US\$/lb)           | 12.13            | 14.93     | 22.68     |
| Aluminum                   | 2,321.43         | 2,725.00  | 2,947.76  |
| Alumina                    | 317.46           | 331.05    | 345.71    |
| Bauxite                    | 28.21            | 38.10     | 31.65     |

## GROSS REVENUE BY PRODUCT

|                                 | US\$ million |             |              |             |              |             |
|---------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|
|                                 | Pro forma    |             |              |             |              |             |
|                                 | 1Q06         | %           | 4Q06         | %           | 1Q07         | %           |
| <b>Ferrous minerals</b>         | <b>2,579</b> | <b>54.9</b> | <b>3,353</b> | <b>44.7</b> | <b>3,207</b> | <b>41.8</b> |
| Iron ore                        | 2,000        | 42.5        | 2,647        | 35.3        | 2,450        | 31.9        |
| Pellet plant operation services | 18           | 0.4         | 18           | 0.2         | 18           | 0.2         |
| Pellets                         | 444          | 9.4         | 526          | 7.0         | 596          | 7.8         |
| Manganese ore                   | 12           | 0.3         | 15           | 0.2         | 6            | 0.1         |
| Ferro-alloys                    | 95           | 2.0         | 132          | 1.8         | 124          | 1.6         |
| Others                          | 10           | 0.2         | 15           | 0.2         | 13           | 0.2         |
| <b>Non ferrous minerals</b>     | <b>1,358</b> | <b>28.9</b> | <b>3,080</b> | <b>41.1</b> | <b>3,427</b> | <b>44.6</b> |
| Nickel                          | 956          | 20.3        | 2,360        | 31.5        | 2,860        | 37.2        |
| Copper                          | 244          | 5.2         | 483          | 6.4         | 364          | 4.7         |
| Kaolin                          | 48           | 1.0         | 70           | 0.9         | 50           | 0.7         |
| Potash                          | 22           | 0.5         | 43           | 0.6         | 32           | 0.4         |
| PGMs                            | 60           | 1.3         | 87           | 1.2         | 70           | 0.9         |
| Precious metals                 | 15           | 0.3         | 18           | 0.2         | 22           | 0.3         |
| Cobalt                          | 13           | 0.3         | 19           | 0.3         | 29           | 0.4         |
| <b>Aluminum products</b>        | <b>429</b>   | <b>9.1</b>  | <b>674</b>   | <b>9.0</b>  | <b>649</b>   | <b>8.5</b>  |
| Primary aluminum                | 260          | 5.5         | 328          | 4.4         | 397          | 5.2         |
| Alumina                         | 160          | 3.4         | 338          | 4.5         | 242          | 3.2         |
| Bauxite                         | 9            | 0.2         | 8            | 0.1         | 10           | 0.1         |
| <b>Logistics services</b>       | <b>289</b>   | <b>6.1</b>  | <b>342</b>   | <b>4.6</b>  | <b>331</b>   | <b>4.3</b>  |
| Railroads                       | 213          | 4.5         | 247          | 3.3         | 242          | 3.2         |
| Ports                           | 49           | 1.0         | 63           | 0.8         | 60           | 0.8         |
| Shipping                        | 27           | 0.6         | 32           | 0.4         | 29           | 0.4         |
| <b>Others</b>                   | <b>46</b>    | <b>1.0</b>  | <b>45</b>    | <b>0.6</b>  | <b>66</b>    | <b>0.9</b>  |

|              |              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total</b> | <b>4,701</b> | <b>100.0</b> | <b>7,494</b> | <b>100.0</b> | <b>7,680</b> | <b>100.0</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

**INVESTMENTS**

In 1Q07, the Company invested a total of US\$ 1.360 billion, an increase of 20.3% in relation to disbursements carried out in 1Q06, which totaled US\$ 1.126 billion.

**1Q07**

## US GAAP

In the first quarter of this year US\$ 923 million was invested in organic growth US\$ 837 million in projects and US\$ 86 million in R&D and US\$ 437 million in supporting existing businesses.

In 1Q07 three important projects were concluded: Carajás 100 million metric tons p.a., Paragominas I and Capim Branco II.

Carajás 100 Mtpa commissioned in January, while Paragominas I, with a nominal production capacity of 5.4 million metric tons p.a. of bauxite, only came on line in March due to delays in obtaining licenses. The Company is investing in Phase II of Paragominas (Paragominas II), which will add another 4.5 million metric tons to bauxite production capacity. It should begin operating at the end of 1S08.

Capim Branco II, located at the Araguari River, in the Brazilian state of Minas Gerais, is CVRD's 8th hydroelectric plant (Aimorés, Candonga, Funil, Igarapava, Porto Estrela, Capim Branco I) with nominal capacity for electricity generation of 210 MW. CVRD's investment in this project was US\$ 117 million. Construction began in March 2004 and it started operating in March 2007.

CVRD's take in the Capim Branco II output, equivalent to its 48.42% in the consortium of companies which owns the concession to operate it, will be channeled to our operations in the state of Minas Gerais.

In 2006, our power plants located in Minas Gerais produced 100% of the energy requirements of the Southeast System and 22% of the Southern System requirements.

CVRD is investing in the construction of the Brazilian Estreito hydroelectric plant, on the Tocantins River on the border between the Brazilian states of Pará and Maranhão. CVRD has a 30% share in the consortium which owns the concession for construction and operation of the plant. Nominal energy generation capacity is estimated at 1,087 MW. It is due to enter into operation at the end of 2009. CVRD's investment is estimated at US\$ 355 million, US\$ 17 million of which is budgeted for 2007.

Additionally, to meet expected growth in electricity consumption due to expansion of our activities with non-ferrous metals (nickel and copper) in Brazil's northern region, CVRD will invest in a coal-burning thermo-electric plant, Barcarena, with nominal production capacity of 600MW. The cost of this project is estimated at US\$ 800 million, while entry into operation is due for 4Q10. For 2007, US\$ 68 million has been budgeted.

CVRD invested US\$ 86 million in R&D in 1Q07, as compared with US\$ 71 million in 1Q06. Expenses were mainly related to identifying new deposits of copper, coal and nickel and in project studies (concept, pre-viability, viability). The total amount invested in 1Q07 represents 18.5% of the revised investment budget for 2007. CVRD announced on April 26 its revised investment budget for 2007, increasing from US\$ 6.334 billion the amount announced on January 26, 2007 to US\$ 7.351 billion. This change was basically made necessary by changes in estimates for the average currency prices in which different investments are budgeted (US\$ 383 million) and by additional investments in nickel operations (US\$ 500 million).

The increase in investment spending is in line with the Company's cash flow development and with its financial policies which foresee the maintenance of a healthy balance-sheet and more specifically, a leverage ratio indicative of low debt risk.

## 1Q07

**US GAAP**

According to the revised budget, investments of US\$ 5.356 billion for organic growth are forecast, of which US\$ 4.904 billion in projects and US\$ 452 million in R&D. Investments in supporting existing businesses were estimated at US\$ 1.995 billion.

The main projects in terms of financial disbursement for 2007 are: Goro (US\$ 938 million), Onça Puma (US\$ 658 million), Alunorte 6 & 7 (US\$ 520 million), Itabiritos (US\$ 417 million), Paragominas II (US\$ 115 million) and Fazendão (US\$ 111 million), along with the necessary investments in logistics to support the expansion of iron ore operations.

After the acquisition of Inco Ltd. the Goro nickel project, with a nominal capacity of 60,000 metric tons of refined nickel and 4,600 metric tons of cobalt, underwent a thorough review, involving the implementation of measures for minimizing environmental, operational and technological risks. The engineering of the project was revised and new technical parameters set which give us a more solid base from which to take its development forward. There is also a greater degree of understanding of the political complexity of the situation and the concomitant risks are being managed pro-actively.

Capex is estimated at US\$ 3.212 billion, of which US\$ 1.435 billion were disbursed up to 2006. The 2007 budget contemplates investments of US\$ 938 million. Goro is due to be commissioned in 4Q08.

**Description of main projects**

| Area                        | Project  | Budgeted<br>US\$ million |                  | Status   |
|-----------------------------|--|--------------------------|------------------|--|
|                             |  | 2007<br>Revised          | 2007<br>Previous |  |
|                             | Expansion to iron ore production capacity at Carajás to 130 Mtpa Northern system | 66                       | 14               | This project will add 30 million tons a year of production capacity to CVRD, with the building of a new plant, consisting of primary crushing, and processing and classification units. Completion scheduled for 2009. Subject to approval by the Board of Directors.    |
| <b>Ferrous minerals</b>     | Fazendão iron ore mine Southeastern system                                       | 111                      | 101              | Project for the production of 15.8 million tons of ROM (unprocessed ore) iron ore per year. This project will make it possible for Samarco's third pellet plant to begin operations. Works began in 2H06 and will be completed in 1Q08, with the start-up of operations. |
|                             | Itabiritos   | 417                      | 385              | Construction of a pellet plant in Minas Gerais, with a nominal production capacity of 7 million tons a year, and an iron ore concentration plant. Operational start-up is scheduled for the second half of 2008.   |
| <b>Non-ferrous minerals</b> | Cobre Salobo I   | 78                       |                  | The project will have an estimated nominal capacity of 100,000 tons a year of copper in concentrate form.  |
|                             | Vermelho - nickel mine   | 97                       | 92               | Annual production capacity is estimated at 46,000 tons of nickel in ferronickel form and 2,800 tons of cobalt. The process of obtaining of an environmental licence is ongoing.  |

**1Q07**



## US GAAP

| Area            | Project                             | Budgeted<br>US\$ million |                  | Status  |
|-----------------|-------------------------------------|--------------------------|------------------|---|
|                 |                                     | 2007<br>Revised          | 2007<br>Previous |   |
|                 | Onça Puma -<br>nickel mine          | 658                      | 613              | The project will have a nickel production capacity of 58,000 tons a year. Construction began in July 2006 and the supply of the main equipment has already been contracted. Operational start-up is scheduled for 2H08. |
|                 | Níquel Goro                         | 938                      | 680              | The project has an estimated production capacity is 60,000 tons a year of finished nickel and 4,600 tons of cobalt. Commissioning is scheduled for the end of 2008.   |
| <b>Aluminum</b> | Alunorte modules 6<br>and 7 alumina | 520                      | 473              | The project for the construction of modules 6 and 7 will increase refinery production capacity to 6.26 million tons of alumina per year. Completion is scheduled for 2Q08.  |
|                 | Paragominas II -<br>bauxite mine    | 115                      | 105              | The second phase of Paragominas will add 4.5 million tons to the capacity of 5.4 million tons a year obtained in the first phase. Completion is scheduled for 2Q08.   |

## INVESTMENT BUDGET BY BUSINESS AREA

|                        | US\$ million  |               |                     |               |
|------------------------|---------------|---------------|---------------------|---------------|
|                        | Realized 1Q07 |               | Budget revised 2007 |               |
| Ferrous minerals       | 337           | 24.8%         | 1,869               | 25.4%         |
| Non-ferrous minerals   | 589           | 43.3%         | 3,125               | 42.5%         |
| Logistics              | 209           | 15.4%         | 784                 | 10.7%         |
| Aluminum               | 138           | 10.1%         | 885                 | 12.0%         |
| Coal                   | 6             | 0.4%          | 224                 | 3.0%          |
| Electricity generation | 15            | 1.1%          | 107                 | 1.5%          |
| Steel                  | 19            | 1.4%          | 143                 | 1.9%          |
| Others                 | 46            | 3.4%          | 214                 | 2.9%          |
| <b>Total</b>           | <b>1,360</b>  | <b>100.0%</b> | <b>7,351</b>        | <b>100.0%</b> |

## TELECONFERENCE/WEBCAST

On Friday, May 4 a teleconference and webcast will be held at 12:00, Rio de Janeiro time, 11:00 US Eastern Standard Time and 15:00, UK time. Information on how to participate in these events is available on CVRD's website [www.cvr.com.br](http://www.cvr.com.br), investor relations. A recording of the teleconference/webcast will be available from CVRD's site for 90 days as from May 4.

## SELECTED FINANCIAL INDICATORS OF MAIN NON-CONSOLIDATED COMPANIES

Selected financial indicators for the main non-consolidated companies are available in CVRD's quarterly accounting statements on the Company's website, [www.cvr.com.br](http://www.cvr.com.br), investor relations.

1Q07

## US GAAP

## INCOME STATEMENTS

|  | US\$ million |              |              |
|--|--------------|--------------|--------------|
|  | 1Q06         | 4Q06         | 1Q07         |
| Gross operating revenues                     | 3,490        | 7,494        | 7,680        |
| Taxes  | (150)        | (181)        | (191)        |
| <b>Net operating revenue</b>                 | <b>3,340</b> | <b>7,313</b> | <b>7,489</b> |
| Cost of goods sold                           | (1,695)      | (4,387)      | (4,390)      |
| <b>Gross profit</b>                          | <b>1,645</b> | <b>2,926</b> | <b>3,099</b> |
| Gross margin (%)                             | 49.3         | 40.0         | 41.4         |
| Selling, general and administrative expenses | (168)        | (269)        | (268)        |
| Research and development expenses            | (71)         | (175)        | (113)        |
| Others                                       | (70)         | (302)        | (16)         |
| <b>Operating profit</b>                      | <b>1,336</b> | <b>2,180</b> | <b>2,702</b> |
| Financial revenues                           | 42           | 181          | 121          |
| Financial expenses                           | (213)        | (708)        | (659)        |
| Monetary variation                           | 259          | 204          | 770          |
| Gains on sale of affiliates                  | 9            | 311          |              |
| Tax and social contribution (Current)        | (242)        | (314)        | (833)        |
| Tax and social contribution (Deferred)       | (53)         | (237)        | 191          |
| Equity income and provision for losses       | 156          | 183          | 138          |
| Minority shareholding participation          | (123)        | (227)        | (213)        |
| <b>Net earnings</b>                          | <b>1,171</b> | <b>1,573</b> | <b>2,217</b> |
| <b>Earnings per share (US\$)</b>             | <b>0.51</b>  | <b>0.65</b>  | <b>0.92</b>  |

## BALANCE SHEET

|                      | US\$ million  |               |               |
|----------------------|---------------|---------------|---------------|
|                      | 03/31/06      | 12/31/06      | 3/31/2007     |
| <b>Assets</b>        |               |               |               |
| Current              | 5,647         | 12,940        | 12,421        |
| Long-term            | 2,345         | 7,626         | 8,261         |
| Fixed                | 19,769        | 40,360        | 44,095        |
| <b>Total</b>         | <b>27,761</b> | <b>60,926</b> | <b>64,777</b> |
| <b>Liabilities</b>   |               |               |               |
| Current              | 2,831         | 7,312         | 7,582         |
| Long term            | 8,375         | 33,941        | 35,053        |
| Shareholders' equity | 16,555        | 19,673        | 22,142        |
| Paid-up capital      | 8,918         | 8,617         | 8,617         |
| Reserves             | 7,637         | 11,056        | 13,525        |
| <b>Total</b>         | <b>27,761</b> | <b>60,926</b> | <b>64,777</b> |
| <b>1Q07</b>          |               |               |               |

## US GAAP

|   | CASH FLOW    |                      |                |
|---|--------------|----------------------|----------------|
|   | 1Q06         | US\$ million<br>4Q06 | 1Q07           |
| <b>Cash flows from operating activities:</b>  |              |                      |                |
| Net income  | 1,171        | 1,573                | 2,217          |
| Adjustments to reconcile net income with cash provided by operating activities:                             |              |                      |                |
| Depreciation, depletion and amortization  | 181          | 379                  | 392            |
| Dividends received  | 112          | 64                   | 90             |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | (156)        | (183)                | (138)          |
| Deferred income taxes   | 53           | 237                  | (192)          |
| Gain on sale of investment  | (9)          | (311)                | 0              |
| Foreign exchange and monetary losses  | (291)        | (576)                | (772)          |
| Net unrealized derivative losses  | 44           | 94                   | (85)           |
| Minority interest   | 123          | 227                  | 213            |
| Net interest payable  | (28)         | 79                   | 173            |
| Others  | 59           | (66)                 | 23             |
| Decrease (increase) in assets:  |              |                      |                |
| Accounts receivable   | 162          | 37                   | 103            |
| Inventories   | (17)         | 865                  | 673            |
| Others  | (108)        | 124                  | (404)          |
| Increase (decrease) in liabilities:   |              |                      |                |
| Suppliers   | (367)        | 189                  | 46             |
| Payroll and related charges   | (108)        | (72)                 | (161)          |
| Income Tax  | (178)        | (25)                 | (54)           |
| Others  | (172)        | 208                  | 157            |
| <b>Net cash provided by operating activities</b>  | <b>471</b>   | <b>2,843</b>         | <b>2,282</b>   |
| Cash flows from investing activities:   |              |                      |                |
| Loans and advances receivable   | 44           | (59)                 | 10             |
| Guarantees and deposits   | (23)         | (17)                 | (32)           |
| Additions to investments  | (2)          | (46)                 | (52)           |
| Additions to property, plant and equipment  | (855)        | (1,781)              | (1,106)        |
| Proceeds from disposals of investment   | 14           | 405                  | 0              |
| Proceeds from disposals of property, plant and equipment  | 9            | 0                    | 0              |
| Net cash used to acquire subsidiaries   |              | (13,195)             | (2,023)        |
| <b>Net cash used in investing activities</b>  | <b>(813)</b> | <b>(14,693)</b>      | <b>(3,203)</b> |
| Cash flows from financing activities:   |              |                      |                |
| Short-term debt, net issuances (repayments)   | 50           | 481                  | 291            |
| Loans   | (30)         | (22)                 | 4              |
| Long-term debt  | 1,347        | 20,644               | 6,463          |
| Equities in Treasury  |              |                      |                |
| Repayment of long-term debt   | (321)        | (6,908)              | (6,205)        |
| Interest attributed to shareholders   |              | (650)                | 0              |
| Dividends to minority interest  | 0            | (9)                  | (61)           |
| <b>Net cash used in financing activities</b>  | <b>1,046</b> | <b>13,536</b>        | <b>492</b>     |
| Increase (decrease) in cash and cash equivalents  | 704          | 1,686                | (429)          |
| Effect of exchange rate changes on cash and cash equivalents  | (101)        | (129)                | (65)           |



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|   |              |              |              |
|---|--------------|--------------|--------------|
| Cash and cash equivalents, beginning of period  | 1,041        | 2,891        | 4,448        |
| <b>Cash and cash equivalents, end of period</b> | <b>1,644</b> | <b>4,448</b> | <b>3,954</b> |
| Cash paid during the period for:                |              |              |              |
| Interest on short-term debt                     | (1)          | (1)          | (1)          |
| Interest on long-term debt                      | (94)         | (252)        | (205)        |
| Income tax                                      | (187)        | (121)        | (606)        |
| Non-cash transactions                           |              |              |              |
| Income tax paid with credits                    | (30)         | (25)         | (119)        |
| Interest capitalized                            | (31)         | (30)         | (22)         |
| <b>1Q07</b>                                     |              |              |              |

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**US GAAP  
APPENDIX**

Reconciliation between US GAAP and non-GAAP information

**(a) Adjusted EBIT**

|  | US\$ million                    |              |              |
|--|---------------------------------|--------------|--------------|
|  | <b>Pro<br/>forma<br/>- 1Q06</b> | <b>4Q06</b>  | <b>1Q07</b>  |
| Net operational revenue                    | 4,551                           | 7,313        | 7,489        |
| Cost of goods sold                         | (2,530)                         | (4,387)      | (4,390)      |
| Sales, general and administrative expenses | (213)                           | (269)        | (268)        |
| Research and development                   | (85)                            | (175)        | (113)        |
| Other operational expenses                 | (99)                            | (302)        | (16)         |
| <b>Adjusted EBIT</b>                       | <b>1,624</b>                    | <b>2,180</b> | <b>2,702</b> |

**(b) Adjusted EBITDA**

EBITDA defines profit or loss before interest, tax, depreciation and amortization. CVRD uses the term *adjusted EBITDA* to reflect exclusion, also, of: monetary variations; equity income from the profit or loss of affiliated companies and joint ventures, less the dividends received from them; provisions for losses on investments; adjustments for changes in accounting practices; minority interests; and non-recurrent expenses. However our adjusted EBITDA is not the measure defined as EBITDA under US GAAP, and may possibly not be comparable with indicators with the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for operational profit or as a better measure of liquidity than operational cash flow, which are calculated in accordance with GAAP. CVRD provides its adjusted EBITDA to give additional information about its capacity to pay debt, carry out investments and cover working capital needs. The following table shows the reconciliation between adjusted EBITDA and operational cash flow, in accordance with its statement of changes in financial position:

**RECONCILIATION BETWEEN ADJUSTED EBITDA AND OPERATIONAL CASH FLOW**

|                              | US\$ million |              |              |
|------------------------------|--------------|--------------|--------------|
|                              | <b>1Q06</b>  | <b>4Q06</b>  | <b>1Q07</b>  |
| <b>Operational cash flow</b> | <b>471</b>   | <b>2,843</b> | <b>2,282</b> |
| Income tax                   | 242          | 314          | 833          |
| FX and monetary losses       | 32           | 372          | 2            |
| Financial expenses           | 199          | 448          | 365          |
| Net working capital          | 787          | (1,298)      | (352)        |
| Other                        | (102)        | (56)         | 54           |
| <b>Adjusted EBITDA</b>       | <b>1,629</b> | <b>2,623</b> | <b>3,184</b> |
| <b>(c) Net debt</b>          |              |              |              |

**RECONCILIATION BETWEEN GROSS DEBT AND NET DEBT**

|                           | US\$ million |             |             |
|---------------------------|--------------|-------------|-------------|
|                           | <b>1Q06</b>  | <b>4Q06</b> | <b>1Q07</b> |
| Gross debt                | 6,063        | 22,581      | 23,480      |
| Cash and cash equivalents | 1,644        | 4,448       | 3,954       |
| Net debt                  | 4,419        | 18,133      | 19,526      |
| <b>1Q07</b>               |              |             |             |

**US GAAP****(d) Total debt / Adjusted LTM EBITDA**

|  | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|--|-------------|-------------|-------------|
| Total debt / Adjusted LTM EBITDA (x)       | 0.84        | 2.00        | 1.88        |
| Total debt / LTM operational cash flow (x) | 1.17        | 3.12        | 2.60        |

**(e) Adjusted LTM EBITDA / LTM interest payments**

|  | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|--|-------------|-------------|-------------|
| Adjusted LTM EBITDA / LTM interest payments (x)    | 27.08       | 15.94       | 15.63       |
| LTM operational profit / LTM interest payments (x) | 22.54       | 13.30       | 13.14       |

**(f) Total debt/Enterprise value**

|                               | <b>1Q06</b> | <b>4Q06</b> | <b>1Q07</b> |
|-------------------------------|-------------|-------------|-------------|
| Total debt / EV (%)           | 10.31       | 25.68       | 22.36       |
| Total debt / total assets (%) | 21.84       | 37.05       | 36.21       |

*Enterprise value* = Market capitalization + Net debt

**IMPORTANT INFORMATION**

This release may include statements that present the Company's management's expectations on future events or future results. All statements based on future expectations and not on historical facts involve various risks and uncertainties. The Company cannot guarantee that such statements will be realized in fact. Such risks and uncertainties include factors in relation to: the Brazilian and Canadian economies and capital markets, which are volatile and may be affected by developments in other countries; the iron ore and nickel businesses and their dependence on the steel industry, which is cyclical by nature; and the highly competitive nature of the industries in which CVRD operates. To obtain additional information on factors which could give rise to results different from those indicated by the Company, please consult the reports filed with the Brazilian Securities Commission (CVM - *Comissão de Valores Mobiliários*) and the US Securities and Exchange Commission (SEC), including CVRD's most recent Form 20F Annual Report.

**1Q07**

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**USGAAP FINANCIAL PAGES**

**Report of independent Registered  
Public Accounting Firm**

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

We have reviewed the accompanying condensed consolidated balance sheet of Companhia Vale do Rio Doce and its subsidiaries as of March 31, 2007, and related condensed consolidated statements of income, of cash flows and of changes in stockholders' equity for each of the three-month periods ended March 31, 2007, December 31, 2006 and March 31, 2006. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006, and the related consolidated statements of income, of cash flows and of changes in stockholders' equity for the year then ended, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2006; and in our report dated March 7, 2007, we expressed unqualified opinions thereon. The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting referred to above are not presented herein. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers  
Auditores Independentes  
Rio de Janeiro, Brazil  
May 3, 2007

**Condensed Consolidated Balance Sheets**  
**Expressed in millions of United States dollars**

|  | <b>March 31,</b>   | <b>December</b> |
|--|--------------------|-----------------|
|  | <b>2007</b>        | <b>31,</b>      |
|  | <b>(unaudited)</b> | <b>2006</b>     |
| Assets   |                    |                 |
| Current assets   |                    |                 |
| Cash and cash equivalents  | 3,954              | 4,448           |
| Accounts receivable  |                    |                 |
| Related parties  | 811                | 675             |
| Unrelated parties  | 3,032              | 2,929           |
| Loans and advances to related parties  | 79                 | 40              |
| Inventories  | 3,177              | 3,493           |
| Deferred income tax  | 439                | 410             |
| Recoverable taxes  | 452                | 414             |
| Others   | 477                | 531             |
|  | <b>12,421</b>      | <b>12,940</b>   |
| Property, plant and equipment, net   | <b>41,165</b>      | <b>38,007</b>   |
| Investments in affiliated companies and joint ventures and other investments,<br>net of provision for losses on equity investments | <b>2,930</b>       | <b>2,353</b>    |
| Other assets   |                    |                 |
| Goodwill on acquisition of subsidiaries  | 4,881              | 4,484           |
| Loans and advances   |                    |                 |
| Related parties  | 2                  | 5               |
| Unrelated parties  | 117                | 109             |
| Prepaid pension cost   | 1,033              | 977             |
| Prepaid expenses   | 287                | 360             |
| Judicial deposits  | 949                | 852             |
| Advances to suppliers energy   | 493                | 443             |
| Recoverable taxes  | 273                | 305             |
| Unrealized gain on derivative instruments  | 155                | 22              |
| Others   | 71                 | 69              |
|  | <b>8,261</b>       | <b>7,626</b>    |
| <b>TOTAL</b>   | <b>64,777</b>      | <b>60,926</b>   |

The accompanying notes are an integral part of this condensed consolidated financial information.

**Condensed Consolidated Balance Sheets**  
**Expressed in millions of United States dollars**  
**(Except number of shares)**

(Continued)

|   | <b>March 31,</b>   | <b>December</b> |
|---|--------------------|-----------------|
|   | <b>2007</b>        | <b>31,</b>      |
|   | <b>(unaudited)</b> | <b>2006</b>     |
| Liabilities and stockholders' equity  |                    |                 |
| Current liabilities   |                    |                 |
| Suppliers   | 2,474              | 2,382           |
| Payroll and related charges   | 352                | 451             |
| Minimum annual dividends attributed to stockholders   | 1,494              | 1,494           |
| Current portion of long-term debt - unrelated parties   | 746                | 711             |
| Short-term debt   | 1,021              | 723             |
| Loans from related parties  | 30                 | 25              |
| Provision for income taxes  | 713                | 817             |
| Taxes payable   | 103                | 119             |
| Employees post-retirement benefits  | 108                | 107             |
| Others  | 541                | 483             |
|   | <b>7,582</b>       | <b>7,312</b>    |
| Long-term liabilities   |                    |                 |
| Employees post-retirement benefits  | 1,951              | 1,841           |
| Long-term debt - unrelated parties  | 21,682             | 21,122          |
| Provisions for contingencies (Note 14 (c))  | 1,710              | 1,641           |
| Unrealized gain on derivative instruments   | 691                | 705             |
| Deferred income tax   | 4,796              | 4,527           |
| Provisions for asset retirement obligations   | 662                | 676             |
| Others  | 857                | 618             |
|   | <b>32,349</b>      | <b>31,130</b>   |
| Minority interests  | <b>2,704</b>       | <b>2,811</b>    |
| Commitments and contingencies (Note 14)   |                    |                 |
| Stockholders' equity  |                    |                 |
| Preferred class A stock - 3,600,000,000 no-par-value shares authorized and 959,758,200 issued | 4,702              | 4,702           |
| Common stock - 1,800,000,000 no-par-value shares authorized and 1,499,898,858 issued          | 3,806              | 3,806           |
| Treasury stock - 15,170,644 preferred and 28,291,020 common shares                            | (389)              | (389)           |
| Additional paid-in capital  | 498                | 498             |
| Other cumulative comprehensive deficit  | (809)              | (1,007)         |

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|                                  |               |               |
|----------------------------------|---------------|---------------|
| Undistributed retained earnings  | 9,992         | 9,555         |
| Unappropriated retained earnings | 4,342         | 2,508         |
|                                  | <b>22,142</b> | <b>19,673</b> |
| <b>TOTAL</b>                     | <b>64,777</b> | <b>60,926</b> |

The accompanying notes are an integral part of this condensed consolidated financial information.

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**Condensed Consolidated Statements of Income**  
**Expressed in millions of United States dollars (unaudited)**  
**(except number of shares and per-share amounts)**

|   | <b>March 31,<br/>2007</b> | <b>December 31,<br/>2006</b> | <b>Three-month periods ended<br/>March 31,<br/>2006</b> |
|---|---------------------------|------------------------------|---|
| Operating revenues, net of discounts, returns and allowances      |                           |                              |   |
| Sales of ores and metals  | 6,663                     | 6,451                        | 2,760   |
| Revenues from logistic services                                   | 331                       | 342                          | 289   |
| Aluminum products   | 649                       | 674                          | 429   |
| Other products and services                                       | 37                        | 27                           | 12  |
|   | <b>7,680</b>              | <b>7,494</b>                 | <b>3,490</b>  |
| Taxes on revenues   | (191)                     | (181)                        | (150)   |
| Net operating revenues  | <b>7,489</b>              | <b>7,313</b>                 | <b>3,340</b>  |
| Operating costs and expenses                                      |                           |                              |   |
| Cost of ores and metals sold                                      | (3,813)                   | (3,760)                      | (1,256)   |
| Cost of logistic services   | (188)                     | (204)                        | (174)   |
| Cost of aluminum products   | (369)                     | (392)                        | (257)   |
| Others  | (20)                      | (31)                         | (8)   |
|   | <b>(4,390)</b>            | <b>(4,387)</b>               | <b>(1,695)</b>  |
| Selling, general and administrative expenses                      | (268)                     | (269)                        | (168)   |
| Research and development  | (113)                     | (175)                        | (71)  |
| Others  | (16)                      | (302)                        | (70)  |
|   | <b>(4,787)</b>            | <b>(5,133)</b>               | <b>(2,004)</b>  |
| Operating income  | <b>2,702</b>              | <b>2,180</b>                 | <b>1,336</b>  |
| Non-operating income (expenses)                                   |                           |                              |   |
| Financial income  | 121                       | 181                          | 42  |
| Financial expenses  | (659)                     | (708)                        | (213)   |
| Foreign exchange and monetary gains, net                          | 770                       | 204                          | 259   |
| Gain on sale of investments                                       |                           | 311                          | 9   |
|   | <b>232</b>                | <b>(12)</b>                  | <b>97</b>   |
| Income before income taxes, equity results and minority interests | <b>2,934</b>              | <b>2,168</b>                 | <b>1,433</b>  |
| Income taxes  |                           |                              |   |
| Current   | (833)                     | (314)                        | (242)   |
| Deferred  | 191                       | (237)                        | (53)  |



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|  |              |              |              |
|--|--------------|--------------|--------------|
|  | <b>(642)</b> | <b>(551)</b> | <b>(295)</b> |
| Equity in results of affiliates and joint ventures                     | 138          | 183          | 156          |
| Minority interests   | (213)        | (227)        | (123)        |
| Net income   | <b>2,217</b> | <b>1,573</b> | <b>1,171</b> |
| Basic and diluted earnings per Preferred Class A Share                 | <b>0.92</b>  | <b>0.65</b>  | <b>0.51</b>  |
| Basic and diluted earnings per Common Share                            | <b>0.92</b>  | <b>0.65</b>  | <b>0.51</b>  |
| Weighted average number of shares outstanding<br>(thousands of shares) |              |              |              |
| Common shares  | 1,471,608    | 1,471,608    | 1,471,608    |
| Preferred Class A shares   | 944,586      | 944,586      | 831,448      |

The accompanying notes are an integral part of this condensed consolidated financial information.

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**Condensed Consolidated Statements of Cash Flows**  
**Expressed in millions of United States dollars (unaudited)**

|   | <b>Three-month periods ended</b> |                              |                           |
|---|----------------------------------|------------------------------|---------------------------|
|   | <b>March<br/>31,<br/>2007</b>    | <b>December 31,<br/>2006</b> | <b>March 31,<br/>2006</b> |
| Cash flows from operating activities:   |                                  |                              |                           |
| Net income  | 2,217                            | 1,573                        | 1,171                     |
| Adjustments to reconcile net income to cash provided by operating activities:                               |                                  |                              |                           |
| Depreciation, depletion and amortization  | 392                              | 379                          | 181                       |
| Dividends received  | 90                               | 64                           | 112                       |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | (138)                            | (183)                        | (156)                     |
| Deferred income taxes   | (191)                            | 237                          | 53                        |
| Gain on sale of investments   |                                  | (311)                        | (9)                       |
| Foreign exchange and monetary losses (gains), net   | (772)                            | (576)                        | (291)                     |
| Unrealized derivative losses (gains), net   | (85)                             | 94                           | 44                        |
| Minority interests  | 213                              | 227                          | 123                       |
| Interest payable (receivable), net  | 173                              | 79                           | (28)                      |
| Others  | 23                               | (66)                         | 59                        |
| Decrease (increase) in assets:  |                                  |                              |                           |
| Accounts receivable   | 103                              | 37                           | 162                       |
| Inventories   | 673                              | 865                          | (17)                      |
| Others  | (404)                            | 124                          | (108)                     |
| Increase (decrease) in liabilities:   |                                  |                              |                           |
| Suppliers   | 46                               | 189                          | (367)                     |
| Payroll and related charges   | (161)                            | (72)                         | (108)                     |
| Income taxes  | (54)                             | (25)                         | (178)                     |
| Others  | 157                              | 208                          | (172)                     |
| <b>Net cash provided by operating activities</b>  | <b>2,282</b>                     | <b>2,843</b>                 | <b>471</b>                |
| Cash flows from investing activities:   |                                  |                              |                           |
| Loans and advances receivable   |                                  |                              |                           |
| Related parties   |                                  |                              |                           |
| Additions   |                                  | (10)                         | (7)                       |
| Repayments  | 10                               |                              | 3                         |
| Others  |                                  | (49)                         | 48                        |
| Guarantees and deposits   | (32)                             | (17)                         | (23)                      |
| Additions to investments  | (52)                             | (46)                         | (2)                       |
| Additions to property, plant and equipment  | (1,106)                          | (1,781)                      | (855)                     |
| Proceeds from disposal of investments   |                                  | 405                          | 14                        |
| Proceeds from disposals of property, plant and equipment  |                                  |                              | 9                         |
| Cash used to acquire subsidiaries, net cash of acquired   | (2,023)                          | (13,195)                     |                           |
| <b>Net cash used in investing activities</b>  | <b>(3,203)</b>                   | <b>(14,693)</b>              | <b>(813)</b>              |

|  |              |               |              |
|--|--------------|---------------|--------------|
| Cash flows from financing activities:                        |              |               |              |
| Short-term debt, additions                                   | 497          | 1,151         | 622          |
| Short-term debt, repayments                                  | (206)        | (670)         | (572)        |
| Loans  |              |               |              |
| Related parties  |              |               |              |
| Additions  | 117          |               | 10           |
| Repayments   | (113)        | (22)          | (40)         |
| Issuances of long-term debt                                  |              |               |              |
| Related parties  |              | 14            |              |
| Others   | 6,463        | 20,630        | 1,347        |
| Repayments of long-term debt                                 |              |               |              |
| Related parties  |              |               | (321)        |
| Others   | (6,205)      | (6,908)       |              |
| Interest attributed to stockholders                          |              | (650)         |              |
| Dividends to minority interest                               | (61)         | (9)           |              |
| Net cash provided by financing activities                    | <b>492</b>   | <b>13,536</b> | <b>1,046</b> |
| Increase (decrease) in cash and cash equivalents             | (429)        | 1,686         | 704          |
| Effect of exchange rate changes on cash and cash equivalents | (65)         | (129)         | (101)        |
| Cash and cash equivalents, beginning of period               | 4,448        | 2,891         | 1,041        |
| Cash and cash equivalents, end of period                     | <b>3,954</b> | <b>4,448</b>  | <b>1,644</b> |
| Cash paid during the period for:                             |              |               |              |
| Interest on short-term debt                                  | (1)          | (1)           | (1)          |
| Interest on long-term debt                                   | (205)        | (252)         | (94)         |
| Income tax   | (606)        | (121)         | (187)        |
| Non-cash transactions  |              |               |              |
| Income tax paid with credits                                 | (119)        | (25)          | (30)         |
| Interest capitalized   | (22)         | (30)          | (31)         |

The accompanying notes are an integral part of this condensed consolidated financial information.

**Condensed Consolidated Statements of Changes in Stockholders Equity**  
**Expressed in millions of United States dollars (unaudited)**  
**(except number of shares and per-share amounts)**

|  | <b>March 31,</b> | <b>Three-month periods ended</b> |                  |
|--|------------------|----------------------------------|------------------|
|  | <b>2007</b>      | <b>December 31,</b>              | <b>March 31,</b> |
|  |                  | <b>2006</b>                      | <b>2006</b>      |
| Preferred class A stock (including six special shares) |                  |                                  |                  |
| Beginning of the period                                | 4,702            | 4,702                            | 2,150            |
| Capital increase                                       |                  |                                  | 2,552            |
| End of the period                                      | <b>4,702</b>     | <b>4,702</b>                     | <b>4,702</b>     |
| Common stock   |                  |                                  |                  |
| Beginning and end of the period                        | 3,806            | 3,806                            | 3,806            |
| Treasury stock   |                  |                                  |                  |
| Beginning and end of the period                        | <b>(389)</b>     | <b>(389)</b>                     | <b>(88)</b>      |
| Additional paid-in capital                             |                  |                                  |                  |
| Beginning and end of the period                        | <b>498</b>       | <b>498</b>                       | <b>498</b>       |
| Other cumulative comprehensive deficit                 |                  |                                  |                  |
| Cumulative translation adjustments                     |                  |                                  |                  |
| Beginning of the period                                | (1,631)          | (1,922)                          | (2,856)          |
| Change in the period                                   | (98)             | 291                              | 850              |
| End of the period                                      | <b>(1,729)</b>   | <b>(1,631)</b>                   | <b>(2,006)</b>   |
| Unrealized gain on available-for-sale securities       |                  |                                  |                  |
| Beginning of the period                                | 271              | 130                              | 127              |
| Change in the period                                   | 315              | 141                              | 5                |
| End of the period                                      | <b>586</b>       | <b>271</b>                       | <b>132</b>       |
| Superavit (deficit) accrued pension plan               |                  |                                  |                  |
| Beginning of the period                                | 353              |                                  |                  |
| Change in the period                                   | (9)              | 460                              |                  |
| Initial recognition effect                             |                  | (107)                            |                  |
| End of the period                                      | <b>344</b>       | <b>353</b>                       |                  |
| Cash flow hedge  |                  |                                  |                  |
| Change in the period                                   | (10)             |                                  |                  |
| End of the period                                      | <b>(10)</b>      |                                  |                  |
| Total other cumulative comprehensive deficit           | <b>(809)</b>     | <b>(1,007)</b>                   | <b>(1,874)</b>   |
| Undistributed retained earnings                        |                  |                                  |                  |

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|  |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| Beginning of the period                                | 9,555                | 4,706                | 4,357                |
| Transfer from unappropriated retained earnings         | 437                  | 4,849                | 330                  |
| End of the period                                      | <b>9,992</b>         | <b>9,555</b>         | <b>4,687</b>         |
| Unappropriated retained earnings                       |                      |                      |                      |
| Beginning of the period                                | 2,508                | 7,349                | 3,983                |
| Net income   | 2,217                | 1,573                | 1,171                |
| Dividends and interest attributed to stockholders      |                      |                      |                      |
| Preferred class A stock                                |                      | (585)                |                      |
| Common stock   |                      | (923)                |                      |
| Appropriation to reserves                              | (383)                | (4,906)              | (330)                |
| End of the period                                      | <b>4,342</b>         | <b>2,508</b>         | <b>4,824</b>         |
| Total stockholders' equity                             | <b>22,142</b>        | <b>19,673</b>        | <b>16,555</b>        |
|  |                      |                      |                      |
| Preferred class A stock (including six special shares) | 959,758,200          | 959,758,200          | 959,758,200          |
| Common stock   | 1,499,898,858        | 1,499,898,858        | 1,499,898,858        |
| Treasury stock   |                      |                      |                      |
| Beginning of the period                                | (43,463,536)         | (43,463,536)         | (28,313,936)         |
| Sales  | 1,872                |                      |                      |
| End of the period                                      | <b>(43,461,664)</b>  | <b>(43,463,536)</b>  | <b>(28,313,936)</b>  |
|  | <b>2,416,195,394</b> | <b>2,416,193,522</b> | <b>2,431,343,122</b> |
|  |                      |                      |                      |
| Dividends and interest attributed to stockholders      |                      |                      |                      |
| (per share):   |                      |                      |                      |
| Preferred class A stock (including six special shares) |                      | 0.61                 |                      |
| Common stock   |                      | 0.61                 |                      |

The accompanying notes are an integral part of this condensed consolidated interim financial information.

**Notes to the Unaudited Condensed Consolidated Interim Financial Information Expressed in millions of United States dollars, unless otherwise stated**

**1 The Company and its operation**

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our joint ventures and affiliates are described in Note 9.

On March 31, 2007, the main operating subsidiaries we consolidate are as follows:

| <b>Subsidiary</b>                                     | <b>% ownership</b> | <b>% voting capital</b> | <b>Head office location</b> | <b>Principal activity</b>            |
|---|--------------------|-------------------------|-----------------------------|--------------------------------------|
| Alumina do Norte do Brasil S.A. Alunorte ( Alunorte ) | 57.03              | 61.74                   | Brazil                      | Alumina                              |
| Alumínio Brasileiro S.A. Albras ( Albras )            | 51.00              | 51.00                   | Brazil                      | Aluminum                             |
| CADAM S.A (CADAM)                                     | 61.48              | 100.00                  | Brazil                      | Kaolin                               |
| CVRD International S.A.                               | 100.00             | 100.00                  | Swiss<br>Cayman             | Trading                              |
| CVRD Overseas Ltd.                                    | 100.00             | 100.00                  | Islands                     | Trading                              |
| CVRD Inco (2)   | 100.00             | 100.00                  | Canada                      | Nickel                               |
| Ferrovía Centro-Atlântica S. A.                       | 100.00             | 100.00                  | Brazil                      | Logistics                            |
| Minerações Brasileiras Reunidas S.A. MBR              | 89.80              | 89.80                   | Brazil                      | Iron ore                             |
| Mineração Onça Puma Ltda                              | 100.00             | 100.00                  | Brazil                      | Nickel                               |
| Log-In Logística Intermodal S.A. (4)                  | 100.00             | 100.00                  | Brazil                      | Logistics                            |
| Pará Pigmentos S.A. ( PPSA )                          | 86.17              | 85.57                   | Brazil                      | Kaolin                               |
| PT International Nickel Indonesia Tbk ( PT Inco ) (3) | 61.16              | 61.16                   | Indonesia                   | Nickel<br>Manganese and              |
| Rio Doce Manganês S.A.                                | 100.00             | 100.00                  | Brazil                      | Ferroalloys                          |
| Rio Doce Manganês Europe RDME                         | 100.00             | 100.00                  | France                      | Ferroalloys                          |
| Rio Doce Manganese Norway RDMN                        | 100.00             | 100.00                  | Norway                      | Ferroalloys<br>Iron ore, Ferroalloys |
| Urucum Mineração S.A.                                 | 100.00             | 100.00                  | Brazil                      | and Manganese                        |
| Valesul Alumínio S.A. (1)                             | 100.00             | 100.00                  | Brazil                      | Aluminum                             |

(1) Subsidiary consolidated as from July, 2006 (Note 9);

(2) Subsidiary consolidated as from October, 2006 (Note 9);

- (3) Through Inco Limited; and
- (4) Previously known as Navegação Vale do Rio Doce S.A. Docenave

## **2 Basis of consolidation**

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders' agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders' equity where applicable (Note 9).

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders' agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

Our investments in hydroelectric projects are made via consortium contracts under which we have an undivided interest in assets and are liable for our proportionate share of liabilities and expenses, which is based on our proportionate share of power output. We do not have joint liability for any obligations, and all our recorded costs, income, assets and liabilities relate to the entities within our group. Since there is no separate legal entity for the project, there are no separate financial statements, income tax return, net income or shareholders' equity. Brazilian corporate law explicitly provides that no separate legal entity exists as a result of a consortium contract, and our external legal counsel has confirmed this conclusion. So, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

### **3 Summary of significant accounting policies**

Our condensed consolidated interim financial information for the three-month periods ended March 31, 2007, December 31, 2006, and March 31, 2006 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month period ended March 31, 2007 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2007.

In preparing the condensed consolidated financial information, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired in business combinations, income tax valuation allowances, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

We have remeasured all assets and liabilities into U.S. dollars at the current exchange rate at each balance sheet date (R\$2.0478 and R\$2.1342 at March 31, 2007 and December 31, 2006, respectively to US\$1.00 or the first available exchange rate if exchange on the last day of the period, was not available), and all accounts in the statements of income (including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency) at the average rates prevailing during the period. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in stockholders' equity.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). Under the Interpretation, the financial statements reflects expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values.

### **4 Recently-issued accounting pronouncements**

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. This standard is effective for fiscal years ending on or after November 15, 2007. We are currently studying the impact of this standard.





## 5 Major acquisitions, disposals and restructuring

In March 2007, we acquired the remaining 18% minority interest in Ferro-Gusa held by Nucor do Brasil S.A. for US\$20 and it became a wholly-owned subsidiary.

In December 2006, we sold our total interest in Siderar S.A.I.C, corresponding to 4.85%, a steel plant located in Argentina to Ternium S.A. for US\$108 generating a gain of US\$96.

In November 2006, we sold 5,362,928 common shares issued by Usinas Siderúrgicas Minas Gerais USIMINAS ( Usiminas ) to Nippon Steel, Votorantim Participações S/A, and Camargo Corrêa S/A, for the amount of US\$176, generating a gain of US\$175. We will keep 6.608.608 common shares which are bound by the current shareholders agreement of Usiminas and are necessary in order for us to be a member of the controlling shareholder group of Usiminas and the remaining 13,839,190 common shares are being object of a secondary public offering currently in place.

During the third quarter of 2006, we sold 1,361,100 shares of Gerdau S.A. for US\$19. During the fourth quarter we sold the remaining 3,379,825 shares of Gerdau S.A. for US\$48. The total gain related to this operation amounted to US\$56.

In April 2007, we concluded the acquisition of 100% of AMCI Holdings Australia Pty AMCI HÁ, a private company held in Australia, which operates and controls coal assets through joint ventures, for US\$656.

## 6 Acquisition of Inco (unaudited)

In October, 2006 we acquired Inco Limited (Inco), a Canadian-based nickel company, and the world's largest nickel processing capacity and reserve base, for US\$13 billion, corresponding to 174,623,019 common shares for Cdn\$ 86.00 each share, representing 75.66% of its outstanding shares. By November 3, 2006 we had already acquired a total of 196,078,276 shares by approximately US\$15 billion, representing 86.57% of Inco's capital. Due to the issuing of new shares related to the convertible debt, on December 31, we had 87.73% of the outstanding shares. On January 3, 2007 the special meeting of shareholders of Inco, approved the amalgamation of Inco with Itabira Canada Inc. (Itabira Canada), our wholly-owned indirect subsidiary.

Pursuant to the amalgamation, Inco changed its name to CVRD Inco Limited (CVRD Inco) and we now own 100.00% of share capital for which we paid US\$2 billion.

In December 2006 we concluded several transactions to take out the bridge loan aiming to extend our average debt maturity close to the pre-acquisition level, which is close to ten years, as described in Note 10.

The purchase price allocations based on the fair values of acquired assets and liabilities was based on management's preliminary internal valuation estimates. Such allocations will be finalized based on valuation and other studies which are in course, performed by us with the assistance of outside valuation specialists. Accordingly, the purchase price allocation adjustments set forth below are preliminary and are subject to revision, which may be material.

Fair values used herein were calculated using current pension and post retirement benefits obligation funded status, current interest rates and sales prices for finished goods, estimated future production, investment, costs, commodity prices and cash flows.

The purchase price allocation in relation to the fair value of assets and liabilities acquired will be finalized in 2007.

On the preparation of this information our acquisition is of 100.00% of Inco's shares.

|  |               |
|--|---------------|
| Total disbursements  | 17,023        |
| Transaction costs  | 38            |
| <b>Purchase price</b>                                      | <b>17,061</b> |
| Book value of assets acquired and liabilities assumed, net | (4,657)       |
| Adjustment to fair value of inventory                      | (2,008)       |
| Adjustment to fair value of property, plant and equipment  | (10,309)      |
| Change of control obligations                              | 949           |
| Adjustment to fair value of other liabilities assumed      | 834           |
| Deferred taxes on the above adjustments                    | 2,384         |
| <b>Goodwill</b>  | <b>4,254</b>  |

Pro forma information considers that our acquisition of 100.00% of Inco as if it was completed at the beginning of each period.

|   | <b>Three-month periods ended<br/>March 31, 2006</b> |             |                  |
|---|---|-------------|------------------|
|   | <b>CVRD<br/>Consolidated</b>                        | <b>Inco</b> | <b>Pro forma</b> |
| Net operating revenues  | 3,340   | 1,211       | 4,551            |
| Operating costs and expenses                                      | (2,004)   | (923)       | (2,927)          |
| Operating income  | 1,336   | 288         | 1,624            |
| Non-operating income  | 97  | (250)       | (153)            |
| Income before income taxes, equity results and minority interests | 1,433   | 38          | 1,471            |
| Income taxes  | (295)   | (5)         | (300)            |
| Equity in results of affiliates and joint ventures                | 156   |             | 156              |
| Minority interests  | (123)   | (18)        | (141)            |
| Net income  | 1,171   | 15          | 1,186            |

**7 Income taxes**

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34% represented by a 25% federal income tax rate plus a 9% social contribution rate.

In other countries where we have operations the applicable tax rate varied from 3.29% to 43.15%.

The amount reported as income tax expense in our consolidated interim financial information is reconciled to the statutory rates as follows:

|   | <b>March 31, 2007</b> |                |              | <b>Three-month periods ended (unaudited)</b> |                           |
|---|-----------------------|----------------|--------------|--|---------------------------|
|   | <b>Brazil</b>         | <b>Foreign</b> | <b>Total</b> | <b>December 31,<br/>2006</b>                 | <b>March 31,<br/>2006</b> |
| Income before income taxes, equity results and minority interests                       | <b>1,601</b>          | <b>1,333</b>   | <b>2,934</b> | <b>2,168</b>                                 | <b>1,433</b>              |
| Federal income tax and social contribution expense at statutory enacted rates           | (544)                 | (454)          | (998)        | (737)  | (487)                     |
| Adjustments to derive effective tax rate:   |                       |                |              |  |                           |
| Tax benefit on interest attributed to stockholders                                      | 103                   |                | 103          | 87   | 91                        |
| Difference on tax rates of foreign income   |                       | 193            | 193          | 241  | 114                       |
| Difference on tax basis of equity investees   | (64)                  | 32             | (32)         | (93)   | (66)                      |
| Tax incentives  | 52                    |                | 52           | 47   | 32                        |
| Other non-taxable gains (losses)  | 45                    | (5)            | 40           | (96)   | 21                        |
| Federal income tax and social contribution expense in consolidated statements of income | <b>(408)</b>          | <b>(234)</b>   | <b>(642)</b> | <b>(551)</b>                                 | <b>(295)</b>              |

We have certain tax incentives relative to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels, which expires in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed in the form of cash dividends. Brazilian tax loss carry forwards have no expiration date.

We have also tax incentives related to Goro Project in New Caledonia. These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday. In addition, Goro qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits,

including the income tax holiday, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, we have not realized any net income for New Caledonia tax purposes. The benefits of this legislation are expected to apply with respect to any taxes otherwise payable once the Goro project is in operation.

Effective January 1, 2007 for U.S. GAAP purposes, we adopted Financial Accounting Standards Board Interpretation No. 48 Accounting for Uncertainty in Income Taxes . This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. This interpretation also provides guidance on derecognition classification, interest and penalties, accounting in interim periods disclosure and transition. The effect of first applying the provision of this interpretation was immaterial. In applying this interpretation, our policy is to record interest and penalties associated with underpayment of income taxes as interest expense.

**8. Inventories**

|                                      | <b>March 31,<br/>2007<br/>(unaudited)</b> | <b>December<br/>31,<br/>2006</b> |
|--------------------------------------|---|----------------------------------|
| <b>Finished products</b>             |   |                                  |
| Iron ore and pellets                 | 368                                       | 325                              |
| Manganese and ferroalloys            | 105                                       | 94                               |
| Alumina                              | 47  | 33                               |
| Aluminum                             | 107                                       | 110                              |
| Kaolin                               | 29  | 23                               |
| Copper concentrate                   | 17  | 5                                |
| Nickel (co-products and by-products) | 1,611                                     | 2,046                            |
| Others                               | 42  | 40                               |
| Spare parts and maintenance supplies | 851                                       | 817                              |
|                                      | <b>3,177</b>                              | <b>3,493</b>                     |

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**9. Investments in affiliated companies and joint ventures**

|  | March 31, 2007                      |                      | Investments                                  |                | Equity Adjustments Three-month periods ended (unaudited) |                | Dividends received Three-month periods ended (unaudited) |                   |                |           |           |           |
|--|-------------------------------------|----------------------|--|----------------|--|----------------|--|-------------------|----------------|-----------|-----------|-----------|
|  | Participation in capital (%) voting | Net equity (%) total | Net income (loss) for the period (unaudited) | March 31, 2007 | December 31, 2006  | March 31, 2007 | March 31, 2006   | December 31, 2006 | March 31, 2006 |           |           |           |
| <b>Ferrous</b>   |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)              | 51.11                               | 51.00                | 93   | 13             | 47   | 40             | 6  | 2                 | 9              | 22        |           |           |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)        | 51.00                               | 50.89                | 89   | 11             | 45   | 42             | 6  | 4                 | 5              | 13        |           |           |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO               | 50.00                               | 50.00                | 84   | 10             | 42   | 40             | 5  |                   | 9              | 10        |           |           |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO (1)            | 51.00                               | 50.90                | 76   | 8              | 39   | 37             | 4  | 3                 | 4              | 12        |           |           |
| SAMARCO Mineração S.A. SAMARCO (2)                                 | 50.00                               | 50.00                | 689  | 120            | 397  | 370            | 60   | 66                | 39             | 50        | 25        | 25        |
| Minas da Serra Geral S.A. MSG                                      | 50.00                               | 50.00                | 47   | 1              | 24   | 25             | 1  | 2                 |                |           |           |           |
| Gulf Industrial Investment Company GIIC (4)                        |                                     |                      |  |                |  |                |  |                   | 14             |           |           |           |
| Others   |                                     |                      |  |                | 20   | 23             | 1  | 1                 | (2)            |           |           |           |
|  |                                     |                      |  |                | <b>614</b>   | <b>577</b>     | <b>83</b>  | <b>78</b>         | <b>78</b>      | <b>50</b> | <b>35</b> | <b>72</b> |
| <b>Logistics</b>   |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| MRS Logística S.A  | 37.23                               | 40.45                | 631  | 58             | 256  | 222            | 23   | 27                | 14             | 22        |           |           |
|  |                                     |                      |  |                | <b>256</b>   | <b>222</b>     | <b>23</b>  | <b>27</b>         | <b>14</b>      | <b>22</b> |           |           |
| <b>Holdings</b>  |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| <b>Steel</b>   |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (cost \$407) (3) |                                     |                      |  |                | 1,197  | 744            |  | 50                | 26             | 7         |           |           |
| California Steel Industries Inc. CSI                               | 50.00                               | 50.00                | 330  | 1              | 165  | 175            | 1  | 4                 | 15             | 11        | 3         |           |
|  |                                     |                      |  |                | <b>1,362</b>   | <b>919</b>     | <b>1</b>   | <b>54</b>         | <b>41</b>      | <b>11</b> | <b>7</b>  |           |
| <b>Aluminum and bauxite</b>  |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| Mineração Rio do Norte S.A. MRN                                    | 40.00                               | 40.00                | 305  | 56             | 122  | 164            | 22   | 20                | 12             | 29        | 37        |           |
| Valesul Alumínio S.A. VALESUL (5)                                  | 100.00                              | 100.00               |  |                |  |                |  |                   | 4              |           |           |           |
|  |                                     |                      |  |                | <b>122</b>   | <b>164</b>     | <b>22</b>  | <b>20</b>         | <b>16</b>      | <b>29</b> | <b>37</b> |           |
| <b>Coal</b>  |                                     |                      |  |                |  |                |  |                   |                |           |           |           |
| Henan Longyu Resources Co. Ltd                                     | 25.00                               | 25.00                | 483  | 36             | 121  | 112            | 9  | 9                 | 7              |           |           |           |

|  |       |       |    |              |              |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
|--|-------|-------|----|--------------|--------------|------------|------------|------------|-----------|-----------|------------|--|--|--|--|--|--|--|--|
| Shandong Yankuang International Company Ltd      | 25.00 | 25.00 | 92 | 23           | 23           | (5)        |            |            |           |           |            |  |  |  |  |  |  |  |  |
|  |       |       |    |              |              |            | <b>144</b> | <b>135</b> | <b>9</b>  | <b>4</b>  | <b>7</b>   |  |  |  |  |  |  |  |  |
| <b>Nickel available-for-sale investments (6)</b> |       |       |    |              |              |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Jubilee Mines N.L (cost \$30)                    | 4.87  | 4.87  |    | 90           | 79           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Lion Ore Mining International Ltd (cost \$21)    | 1.80  | 1.80  |    | 67           | 45           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Mirabela Nickel Ltd (cost \$12)                  | 9.30  | 9.30  |    | 31           | 21           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Skye Resources Inc (cost \$-18)                  | 13.70 | 13.70 |    | 63           | 36           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Heron Resources Inc (cost \$3)                   | 9.80  | 9.80  |    | 17           | 12           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Others   |       |       |    | 26           | 29           |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
|  |       |       |    | <b>294</b>   | <b>222</b>   |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| <b>Other affiliates and joint ventures</b>       |       |       |    |              |              |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
| Others   |       |       |    | <b>138</b>   | <b>114</b>   |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
|  |       |       |    | <b>138</b>   | <b>114</b>   |            |            |            |           |           |            |  |  |  |  |  |  |  |  |
|  |       |       |    | <b>2,060</b> | <b>1,554</b> | <b>32</b>  | <b>78</b>  | <b>64</b>  | <b>40</b> | <b>7</b>  | <b>40</b>  |  |  |  |  |  |  |  |  |
| <b>Total</b>                                     |       |       |    | <b>2,930</b> | <b>2,353</b> | <b>138</b> | <b>183</b> | <b>156</b> | <b>90</b> | <b>64</b> | <b>112</b> |  |  |  |  |  |  |  |  |

- (1) CVRD held a majority of the voting interest of several entities that were accounted for under the equity method, in accordance with EITF 96-16, due to veto rights held by minority shareholders under shareholders agreements;
- (2) Investment includes goodwill of US\$ 52 and US\$ 50 in 2007 and 2006, respectively;
- (3) Equity method used through November 2006, and



available-for-sale  
subsequently;

- (4) Sold for US\$ 418  
in May, 2006;
- (5) Subsidiary  
consolidated as  
from July, 2006;
- (6) Investment held  
through Inco  
Limited.

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**10 Long-term debt**

|  | <b>Current liabilities</b> |                 | <b>Long-Term liabilities</b> |                 |
|--|----------------------------|-----------------|------------------------------|-----------------|
|  | <b>March</b>               | <b>December</b> | <b>March</b>                 | <b>December</b> |
|  | <b>31,</b>                 | <b>31, 2006</b> | <b>31,</b>                   | <b>31, 2006</b> |
|  | <b>(unaudited)</b>         |                 | <b>(unaudited)</b>           |                 |
| Foreign debt   |                            |                 |                              |                 |
| Loans and financing denominated in the following currencies: |                            |                 |                              |                 |
| United States dollars  | 180                        | 192             | 10,550                       | 10,622          |
| Others   | 3                          | 4               | 13                           | 13              |
| Fixed Rate Notes US\$ denominated                            |                            | 112             | 6,782                        | 6,785           |
| Debt securities export sales (*) US\$ denominated            | 78                         | 86              | 245                          | 259             |
| Perpetual notes  |                            |                 | 86                           | 86              |
| Accrued charges  | 205                        | 139             |                              |                 |
|  | <b>466</b>                 | <b>533</b>      | <b>17,676</b>                | <b>17,765</b>   |
| Local debt   |                            |                 |                              |                 |
| Denominated in Long-Term Interest Rate TJLP/CDI              | 17                         | 16              | 1,047                        | 511             |
| Denominated in General Price Index-Market (IGPM)             | 21                         | 20              | 1                            | 1               |
| Basket of currencies   | 2                          | 2               | 7                            | 7               |
| Non-convertible debentures                                   |                            |                 | 2,895                        | 2,774           |
| Denominated by U.S. dollars                                  | 98                         | 107             | 56                           | 64              |
| Accrued charges  | 142                        | 33              |                              |                 |
|  | <b>280</b>                 | <b>178</b>      | <b>4,006</b>                 | <b>3,357</b>    |
| Total  | <b>746</b>                 | <b>711</b>      | <b>21,682</b>                | <b>21,122</b>   |

(\*) Debt securities secured by future receivables arising from certain export sales.

The long-term portion as of March 31, 2007 falls due in the following years (unaudited):

|  |        |
|--|--------|
| 2009   | 2,487  |
| 2010   | 287    |
| 2011   | 1,027  |
| 2012 thereafter  | 17,699 |
| No due date (Perpetual notes and non-convertible debentures) | 182    |

**21,682**

As of March 31, 2007 annual interest rates on long-term debt were as follows (unaudited):

|                            |               |
|----------------------------|---------------|
| 3.1% to 5%                 | 11,463        |
| 5.1% to 7%                 | 3,656         |
| 7.1% to 9%                 | 5,320         |
| 9.1% to 11%                | 1,740         |
| Over 11%                   | 158           |
| Variable (Perpetual notes) | 91            |
|                            | <b>22,428</b> |

The indices applied to debt and respective percentage variations in each year were as follows (unaudited):

|  | <b>March<br/>31, 2007</b> | <b>December 31,<br/>2006</b> |
|--|---------------------------|------------------------------|
| TJLP Long-Term Interest Rate (effective rate)    | 1.6                       | 7.9                          |
| IGP-M General Price Index Market                 | 1.1                       | 3.8                          |
| Devaluation of United States Dollar against Real | (4.1)                     | (8.7)                        |

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Pursuant to the acquisition of Inco we executed various financial operations through December, 2006. After the execution of transactions, we completed the take out of the initial US\$ 14.6 billion bridge loan, used to finance the Inco acquisition.

One of these transactions, on November 16, 2006, we issued a US\$ 3.75 billion 10-year and 30-year notes. The US\$ 1.25 billion notes due in January 2017 bear a coupon rate of 6.25% per year, payable semi-annually. The US\$ 2.50 billion notes due in November 2036 bear a coupon rate of 6.875% per year, payable semi-annually, and were priced with a yield to maturity of 6.997% per year.

The other transaction involved the issue on December 20, 2006 in the Brazilian market of non-convertible debentures (debentures) in the amount of US\$ 2.5 billion, in two series, with four and seven-year maturities. The first series, due on November 20, 2010, US\$700, will be remunerated at 101.75% of the accumulated variation of the Brazilian CDI (interbank certificate of deposit) interest rate, payable semi-annually. The second series, due on November 20, 2013, US\$ 1.8 billion, will be remunerated at the Brazilian CDI interest rate plus 0.25% per year, also payable semi-annually. These debentures can be traded in the secondary market, through the Sistema Nacional de Debêntures (SND).

The other transaction which closed on December 21, 2006, was a pre-export finance transaction of US\$ 6.0 billion, defining the final allocation among the members of a bank syndicate. The transaction includes a US\$ 5.0 billion tranche, five-year maturity, at Libor plus 0.625% per year, and a US\$ 1.0 billion tranche, seven-year maturity, at Libor plus 0.75% per year.

The last transaction involved the settlement of the bridge loan with cash and advance on export contracts, totaling US\$2.25 billion occurred on April.

## 11 Stockholders equity

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters that come before a stockholders meeting, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds six preferred special shares which confers to it permanent veto rights over certain matters.

On May 22, 2006 a stock split was effected which had been approved by the Extraordinary General Shareholders Meeting on April 27, 2006. Each existing, common and preferred, share was split into two shares. After the split our capital comprises 2,459,657,058 shares, of which 959,758,200 class A preferred shares and 1,499,898,858 common shares, including six special class shares without par value ( Golden Share ). The share/ADR proportion was maintained at 1/1; therefore, each common and preferred share, continued to be represented by one ADR supported by one common share (NYSE: RIO) or by one ADR supported by one class A preferred share (NYSE: RIOPR) respectively. All numbers of share and per share amounts included herein reflect retroactive application of the stock split.

On June 21, 2006 the Board of Directors approved a buy-back program of our preferred shares, executed during 180 days. As of December 31, 2006, when the program came to an end, we had acquired 15,149,600 shares held in treasury for subsequent disposal or cancellation at an average weighted unit cost of US\$19.98 (minimum cost of US\$18.89 and maximum of US\$ 20.74).

Both common and preferred stockholders are entitled to receive a dividend of at least 25% of annual adjusted net income based on the statutory accounting records, upon approval at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as stated in the statutory

accounting records or, if greater, 3% of the statutory book equity value per share.

In April, 2007, we paid US\$850 to stockholders. The distribution was made in the form of interest on stockholders equity and dividends.

In April 2007, through an Extraordinary Shareholders' meeting the paid-in capital increased of US\$4,187 million through reserves, without issue of shares. From that day the total paid-in capital is US\$12,695 million.

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**Basic and diluted earnings per share (unaudited)**

Basic and diluted earnings per share amounts have been calculated as follows:

|   | <b>Income</b><br>(Numerator)<br>(US\$<br>million) | <b>Weighted<br/>average</b><br>(Thousands)<br>(Denominator) | <b>Basic and<br/>diluted<br/>per-share<br/>amount</b><br>(US\$ per<br>share) |
|---|---|---|--|
| Net income for the three-month period ended March 31, 2007    | 2,217   |   |  |
| Income available to preferred stockholders                    | 867   | 944,586   | 0.92   |
| Income available to common stockholders                       | 1,350   | 1,471,608   | 0.92   |
| Net income for the three-month period ended December 31, 2006 | 1,573   |   |  |
| Income available to preferred stockholders                    | 615   | 944,586   | 0.65   |
| Income available to common stockholders                       | 958   | 1,471,608   | 0.65   |
| Net income for the three-month period ended March 31, 2006    | 1,171   |   |  |
| Income available to preferred stockholders                    | 423   | 831,448   | 0.51   |
| Income available to common stockholders                       | 748   | 1,471,608   | 0.51   |

There are no securities outstanding with generate a dilutive effect on earnings per shares.

**12 Other Cumulative Comprehensive income (deficit) (unaudited)**

|   | <b>Three-month periods ended</b> |                              |                           |
|---|----------------------------------|------------------------------|---------------------------|
|   | <b>March<br/>31,<br/>2007</b>    | <b>December 31,<br/>2006</b> | <b>March 31,<br/>2006</b> |
| Comprehensive income is comprised as follows:           |                                  |                              |                           |
| Net income  | 2,217                            | 1,573                        | 1,171                     |
| Cumulative translation adjustments                      | (98)                             | 291                          | 850                       |
| Unrealized gain (loss) on available-for-sale securities | 315                              | 141                          | 5                         |
| Superavit (deficit) accrued pension plan                | (9)                              | (107)                        |                           |
| Cash flow hedge   | (10)                             |                              |                           |
| <b>Total comprehensive income</b>                       | <b>2,415</b>                     | <b>1,898</b>                 | <b>2,026</b>              |

Taxes effect on other comprehensive income  
(expense) allocated to each component  
Unrealized gain on investments available-for-sales

|  |       |       |
|--|-------|-------|
| Tax (expense) benefit                    | (306) | (124) |
| Net effect                               | 586   | 271   |
| Superavit (deficit) accrued pension plan |       |       |
| Tax (expense) benefit                    | (184) | (187) |
| Net effect                               | 344   | 353   |

**13 Pension costs (unaudited)**

|   | March 31, 2007           |                           |                           |                           | December 31, 2006        |                            |                          | Three-month periods ended March 31, 2006 |                            |
|---|--------------------------|---------------------------|---------------------------|---------------------------|--------------------------|----------------------------|--------------------------|--|----------------------------|
|   | Overfunded pension plans | Underfunded pension plans | Overfunded other benefits | Underfunded pension plans | Overfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans                | Underfunded other benefits |
| Service cost                                  |                          |                           |                           |                           |                          |                            |                          |  |                            |
| benefits earned during the period             | 1                        | 14                        | 4                         | 2                         | 14                       | 4                          | 1                        |  |                            |
| Interest cost on projected benefit obligation | 46                       | 48                        | 16                        | 82                        | 56                       | 18                         | 40                       | 6  | 2                          |
| Expected return on assets                     | (86)                     | (55)                      |                           | (131)                     | (56)                     |                            | (64)                     | (2)                                      |                            |
| Amortization of initial transitory obligation | 2                        |                           |                           | 4                         |                          |                            | 2                        |  |                            |
| Net deferral                                  | (2)                      |                           |                           | (10)                      |                          |                            | (4)                      |  |                            |
| <b>Net periodic pension cost</b>              | <b>(39)</b>              | <b>7</b>                  | <b>20</b>                 | <b>(53)</b>               | <b>14</b>                | <b>22</b>                  | <b>(25)</b>              | <b>4</b>                                 | <b>2</b>                   |

We previously disclosed in our consolidated financial statements for the year ended December 31, 2007, that we expected to contribute US\$ 238 to our defined benefit pension plan in 2007. As of March 31, 2007, contribution of US\$ 66 had been made. We do not expect any significant change in our previous estimate.

**14 Commitments and contingencies**

- (a) At March 31, 2007, we had extended guarantees for borrowings obtained by affiliates in the amount of US\$3, as follows:

| Affiliate | Amount<br>of Denominated<br>guarantee | currency | Purpose        | Final<br>maturity | Counter<br>guarantees |
|-----------|---------------------------------------|----------|----------------|-------------------|-----------------------|
| SAMARCO   | 3                                     | US\$     | Debt guarantee | 2008              | None                  |

We expect no losses to arise as a result of the above guarantees. We charge commission for extending these guarantees.

- (b) We provided a guarantee covering certain termination payments to the supplier under an electricity supply agreement ( ESA ) entered into in October 2004 for our Goro nickel-cobalt development project in New Caledonia. The amount of the termination payments guaranteed depends upon a number of factors. If Goro defaults under the ESA, the termination payment could reach up to an amount of 131 million euros as at March 31, 2007. Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

Additionally, in connection with the Girardin Financing, a special tax-advantage lease financing sponsored by the French Government related with this project we provided certain guarantees pursuant to which we guaranteed, in certain events of default, payments up to a maximum amount of US\$100.

- (c) Our subsidiaries and we are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision for contingent losses is sufficient to cover probable losses in connection with such actions.

The provision for contingencies and the related judicial deposits are composed as follows:

|                                  | Provision<br>for<br>contingencies | March 31, 2007<br>Judicial<br>deposits | Provision<br>for<br>contingencies | December 31, 2006<br>Judicial<br>deposits |
|----------------------------------|-----------------------------------|--|-----------------------------------|---|
| Labor and social security claims | 402                               | 288                                    | 378                               | 234                                       |
| Civil claims                     | 278                               | 132                                    | 260                               | 117                                       |
| Tax related actions              | 1,005                             | 528                                    | 972                               | 500                                       |
| Others                           | 25                                | 1                                      | 31                                | 1   |
|                                  | <b>1,710</b>                      | <b>949</b>                             | <b>1,641</b>                      | <b>852</b>                                |

Labor and social security related actions principally comprise claims for (i) payment of time spent traveling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally related to claims made against us by contractors in connection with losses alleged to have been incurred by them as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted and accidents and return of land.



Tax related actions principally comprise our challenges of certain revenue taxes, value added tax, income tax and uncertain tax position FIN 48. Uncertain tax position generated provisions in the amount of US\$808 and US\$784 at March 31, 2007 and December 31, 2006.

We continue to vigorously pursue our interests benefit in all the above actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

Our judicial deposits are made as required by the courts for us to be able to enter or continue a

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legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the prevailing party.

Contingencies settled in the three-month periods ended March 31, 2007, December 31, 2006 and March 31, 2006 aggregated US\$48, US\$424 and US\$603, respectively, and additional provisions aggregated US\$45, US\$439 and US\$416, respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defending claims which in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible losses, which total US\$1,506 at March 31, 2007, for which no provision has been made.

- (d) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as debentures to our then-existing shareholders, including the Brazilian Government. The terms of the debentures, were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we are able to derive from exploiting our mineral resources.

On April 2007 we paid as remuneration of these debentures the amounts of \$6.

- (e) We use various judgments and assumptions when measuring our environmental liabilities and asset retirement obligations. Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain. On March 31, 2007, US\$37 of environmental liabilities and asset retirement obligations was classified in current liabilities (Others).

The changes are demonstrated as follows:

|  | <b>Three-month periods ended (unaudited)</b> |                              |                           |
|--|--|------------------------------|---------------------------|
|  | <b>March<br/>31,<br/>2007</b>                | <b>December 31,<br/>2006</b> | <b>March 31,<br/>2006</b> |
| <b>Provisions for asset retirement obligations beginning of period</b> | <b>676</b>                                   | <b>258</b>                   | <b>225</b>                |
| Liability recognized upon consolidation of Inco                        |  | 178                          |                           |
| Accretion expense  | 12   | 186                          | 6                         |
| Liabilities settled in the current period                              | (3)  | (4)                          |                           |
| Revisions in estimated cash flows                                      |  | 59                           |                           |
| Cumulative translation adjustment                                      | 14   | (1)                          | 17                        |
| <b>Provisions for asset retirement obligations end of period</b>       | <b>699</b>                                   | <b>676</b>                   | <b>248</b>                |

## 15 Segment and geographical information

We adopt SFAS 131 Disclosures about Segments of an Enterprise and Related Information with respect to the information we present about our operating segments. SFAS 131 introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. We analyze our segment information on aggregated and disaggregated basis as follows:

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

Non-ferrous comprises the production of non-ferrous minerals, including potash, kaolin, copper and nickel (co-products and by-products).

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

Holdings divided into the following sub-groups:

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

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

Information presented to senior management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with accounting practices adopted in Brazil together with certain minor inter-segment allocations.

Consolidated net income and principal assets are reconciled as follows:

**Results by segment before eliminations (Aggregated)**

| As of and for the three-month |          |          |       |              |              |         |                   |          |          |       |              |              |         |        |          |       |
|-------------------------------|----------|----------|-------|--------------|--------------|---------|-------------------|----------|----------|-------|--------------|--------------|---------|--------|----------|-------|
| March 31, 2007                |          |          |       |              |              |         | December 31, 2006 |          |          |       |              |              |         |        |          |       |
| Non-ferrous                   | Holdings |          |       | Eliminations | Consolidated | Ferrous | Non-ferrous       | Holdings |          |       | Eliminations | Consolidated | Ferrous | Non    |          |       |
|                               | Isosig   | Aluminum | Other |              |              |         |                   | Isosig   | Aluminum | Other |              |              |         | Isosig | Aluminum | Other |
| 3,482                         | 14       | 813      | 22    | (2,204)      | 6,542        | 4,237   | 3,182             | 23       | 841      | 15    | (1,953)      | 6,345        | 3,303   | 180    | 16       |       |
| 109                           | 331      | 159      |       | (231)        | 1,138        | 736     | 100               | 336      | 136      |       | (159)        | 1,149        | 536     | 55     | 294      |       |
| (2,564)                       | (220)    | (697)    | (20)  | 2,435        | (4,473)      | (3,340) | (2,591)           | (226)    | (709)    | (6)   | 2,112        | (4,760)      | (2,577) | (161)  | (230)    |       |
| (59)                          | (2)      |          | (36)  |              | (113)        | (36)    | (85)              | (5)      |          | (49)  |              | (175)        | (22)    | (25)   | (1)      |       |
| (149)                         | (25)     | (20)     | (1)   |              | (392)        | (182)   | (149)             | (25)     | (21)     | (2)   |              | (379)        | (134)   | (19)   | (14)     |       |
| 819                           | 98       | 255      | (35)  |              | 2,702        | 1,415   | 457               | 103      | 247      | (42)  |              | 2,180        | 1,106   | 30     | 65       |       |
| 83                            | 2        | 4        | 25    | (521)        | 121          | 265     | 95                | 8        | 7        |       | (194)        | 181          | 161     |        | 8        |       |
| (160)                         | (2)      | (14)     | (1)   | 521          | (659)        | (646)   | (80)              | (3)      | (169)    | (4)   | 194          | (708)        | (276)   | (2)    | (2)      |       |
| (8)                           | (3)      | 45       | 1     |              | 770          | (26)    | 209               | (4)      | 23       | 2     |              | 204          | 126     | 58     | (11)     |       |
|                               |          |          |       |              |              | 80      |                   |          |          |       |              | 311          | 9       |        |          |       |
|                               |          |          |       |              |              |         |                   |          |          |       |              |              |         |        |          |       |
|                               | 23       | 22       | 10    |              | 138          | 77      |                   | 27       | 20       | 59    |              | 183          | 78      |        | 14       |       |
| (200)                         | (3)      | (45)     |       |              | (642)        | (235)   | (251)             | (9)      | (56)     |       |              | (551)        | (246)   |        | (3)      |       |
| (88)                          | (2)      | (102)    |       |              | (213)        | (19)    | (190)             |          | (18)     |       |              | (227)        | (67)    |        |          |       |
| 446                           | 113      | 165      |       |              | 2,217        | 911     | 240               | 122      | 54       | 246   |              | 1,573        | 891     | 86     | 71       |       |
|                               |          |          |       |              |              |         |                   |          |          |       |              |              |         |        |          |       |
| 376                           | 6        | 203      |       | (217)        | 668          | 326     | 437               | 9        | 206      |       | (249)        | 729          | 271     | 1      | 6        |       |
| 650                           |          | 69       | 22    | (79)         | 757          | 86      | 440               |          | 66       | 15    | (49)         | 558          | 104     | 3      |          |       |
| 551                           | 3        | 348      |       | (734)        | 1,541        | 1,575   | 497               | 6        | 316      |       | (700)        | 1,694        | 1,150   | 95     | 6        |       |
| 111                           |          | 44       |       | (103)        | 246          | 198     | 60                | 1        | 73       |       | (58)         | 274          | 183     | 4      |          |       |

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|       |     |     |    |         |       |       |       |     |     |    |         |       |       |     |     |
|-------|-----|-----|----|---------|-------|-------|-------|-----|-----|----|---------|-------|-------|-----|-----|
| 526   |     | 149 |    | (214)   | 886   | 536   | 473   |     | 143 |    | (220)   | 932   | 362   | 29  |     |
| 268   | 4   |     |    | (695)   | 1,239 | 1,281 | 446   | 8   | 26  |    | (486)   | 1,275 | 956   | 10  | 3   |
| 1,000 | 1   |     |    | (162)   | 1,205 | 235   | 828   | (1) | 11  |    | (190)   | 883   | 277   | 38  | 1   |
| 3,482 | 14  | 813 | 22 | (2,204) | 6,542 | 4,237 | 3,181 | 23  | 841 | 15 | (1,952) | 6,345 | 3,303 | 180 | 16  |
| 109   | 331 | 159 |    | (231)   | 1,138 | 736   | 100   | 336 | 136 |    | (159)   | 1,149 | 536   | 55  | 294 |
| 3,591 | 345 | 972 | 22 | (2,435) | 7,680 | 4,973 | 3,281 | 359 | 977 | 15 | (2,111) | 7,494 | 3,839 | 235 | 310 |

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**Operating segment after eliminations (Disaggregated)**As of and for the three-month periods ended (unaudited)  
March 31, 2007

|                               | Revenues     |              | Value added  | Net revenues | Cost and expenses | Depreciation, depletion and amortization | Operating income | Property, Plant and Equipment, and Investments |   |               |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|-------------------|--|------------------|--|---|---------------|--------------|--------------|
|                               | Export       | Domestic     |              |              |                   |  |                  | Total  | to Property, Plant and Equipment, and Investments | Investments   |              |              |
| <b>Ferrous</b>                |              |              |              |              |                   |  |                  |  |   |               |              |              |
| Iron ore                      | 1,975        | 475          | 2,450        | (72)         | 2,378             | (800)                                    | 1,578            | (173)  | 1,405   | 13,747        | 347          | 44           |
| Pellets                       | 508          | 106          | 614          | (23)         | 591               | (409)                                    | 182              | (18)   | 164   | 709           | 10           | 570          |
| Manganese                     | 3            | 3            | 6            | (1)          | 5                 | (9)                                      | (4)              | (1)  | (5)   | 65            |              |              |
| Ferroalloys                   | 94           | 43           | 137          | (11)         | 126               | (107)                                    | 19               | (4)  | 15  | 172           | 3            |              |
|                               | <b>2,580</b> | <b>627</b>   | <b>3,207</b> | <b>(107)</b> | <b>3,100</b>      | <b>(1,325)</b>                           | <b>1,775</b>     | <b>(196)</b>                                   | <b>1,579</b>                                      | <b>14,693</b> | <b>360</b>   | <b>614</b>   |
| <b>Non ferrous</b>            |              |              |              |              |                   |  |                  |  |   |               |              |              |
| Nickel and other products (*) | 3,185        | 43           | 3,228        |              | 3,228             | (2,333)                                  | 895              | (126)  | 769   | 18,588        | 434          | 294          |
| Potash                        |              | 32           | 32           | (2)          | 30                | (21)                                     | 9                | (5)  | 4   | 187           | 6            |              |
| Kaolin                        | 42           | 8            | 50           | (2)          | 48                | (50)                                     | (2)              | (7)  | (9)   | 280           | 31           |              |
| Copper concentrate            | 121          | 25           | 146          | (5)          | 141               | (77)                                     | 64               | (11)   | 53  | 1,482         | 40           |              |
|                               | <b>3,348</b> | <b>108</b>   | <b>3,456</b> | <b>(9)</b>   | <b>3,447</b>      | <b>(2,481)</b>                           | <b>966</b>       | <b>(149)</b>                                   | <b>817</b>  | <b>20,537</b> | <b>511</b>   | <b>294</b>   |
| <b>Aluminum</b>               |              |              |              |              |                   |  |                  |  |   |               |              |              |
| Alumina                       | 243          |              | 243          | (3)          | 240               | (175)                                    | 65               | (11)   | 54  | 1,941         | 70           |              |
| Aluminum                      | 324          | 72           | 396          | (15)         | 381               | (179)                                    | 202              | (9)  | 193   | 435           | 15           |              |
| Bauxite                       | 10           |              | 10           |              | 10                | (10)                                     |                  |  |   | 687           | 44           | 122          |
|                               | <b>577</b>   | <b>72</b>    | <b>649</b>   | <b>(18)</b>  | <b>631</b>        | <b>(364)</b>                             | <b>267</b>       | <b>(20)</b>                                    | <b>247</b>  | <b>3,063</b>  | <b>129</b>   | <b>122</b>   |
| <b>Logistics</b>              |              |              |              |              |                   |  |                  |  |   |               |              |              |
| Railroads                     |              | 242          | 242          | (41)         | 201               | (111)                                    | 90               | (21)   | 69  | 748           | 8            | 256          |
| Ports                         | 3            | 63           | 66           | (12)         | 54                | (38)                                     | 16               | (3)  | 13  | 837           | 7            |              |
| Ships                         | 11           | 12           | 23           | (2)          | 21                | (23)                                     | (2)              | (2)  | (4)   | 52            | 8            |              |
|                               | <b>14</b>    | <b>317</b>   | <b>331</b>   | <b>(55)</b>  | <b>276</b>        | <b>(172)</b>                             | <b>104</b>       | <b>(26)</b>                                    | <b>78</b>   | <b>1,637</b>  | <b>23</b>    | <b>256</b>   |
| Others                        | 23           | 14           | 37           | (2)          | 35                | (53)                                     | (18)             | (1)  | (19)  | 1,235         | 83           | 1,644        |
|                               | <b>6,542</b> | <b>1,138</b> | <b>7,680</b> | <b>(191)</b> | <b>7,489</b>      | <b>(4,395)</b>                           | <b>3,094</b>     | <b>(392)</b>                                   | <b>2,702</b>                                      | <b>41,165</b> | <b>1,106</b> | <b>2,930</b> |

(\*) Includes the product nickel co-products and by products (copper, precious metals, cobalt and others).

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**Operating segment after eliminations (Disaggregated)**

As of and for the three-month periods ended (unaudited)

December 31, 2006

|                               | Revenues     |              | Value added  | Net revenues | Net expenses | Cost and depreciation | Depreciation, depletion and amortization | Operating income | Property, Plant and Equipment, and |               | Investments  |              |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--|------------------|------------------------------------|---------------|--------------|--------------|
|                               | Export       | Domestic     |              |              |              |                       |  |                  | Total                              | tax           |              | Net          |
| <b>Ferrous</b>                |              |              |              |              |              |                       |  |                  |                                    |               |              |              |
| Iron ore                      | 2,163        | 484          | 2,647        | (59)         | 2,588        | (1,183)               | 1,405                                    | (152)            | 1,253                              | 13,235        | 820          | 48           |
| Pellets                       | 432          | 112          | 544          | (24)         | 520          | (311)                 | 209                                      | (17)             | 192                                | 593           | 61           | 529          |
| Manganese                     | 11           | 4            | 15           |              | 15           | (56)                  | (41)                                     | (1)              | (42)                               | 65            | 7            |              |
| Ferroalloys                   | 99           | 48           | 147          | (12)         | 135          | (120)                 | 15                                       | (5)              | 10                                 | 186           | 11           |              |
|                               | <b>2,705</b> | <b>648</b>   | <b>3,353</b> | <b>(95)</b>  | <b>3,258</b> | <b>(1,670)</b>        | <b>1,588</b>                             | <b>(175)</b>     | <b>1,413</b>                       | <b>14,079</b> | <b>899</b>   | <b>577</b>   |
| <b>Non ferrous</b>            |              |              |              |              |              |                       |  |                  |                                    |               |              |              |
| Nickel and other products (*) | 2,786        | 16           | 2,802        |              | 2,802        | (2,267)               | 535                                      | (124)            | 411                                | 17,193        | 483          | 222          |
| Potash                        |              | 43           | 43           | (2)          | 41           | (26)                  | 15                                       | (7)              | 8                                  | 178           | 7            |              |
| Kaolin                        | 62           | 8            | 70           | (4)          | 66           | (63)                  | 3  | (6)              | (3)                                | 249           | 19           |              |
| Copper concentrate            | 152          | 31           | 183          | (8)          | 175          | (67)                  | 108                                      | (16)             | 92                                 | 1,386         | 41           |              |
|                               | <b>3,000</b> | <b>98</b>    | <b>3,098</b> | <b>(14)</b>  | <b>3,084</b> | <b>(2,423)</b>        | <b>661</b>                               | <b>(153)</b>     | <b>508</b>                         | <b>19,006</b> | <b>550</b>   | <b>222</b>   |
| <b>Aluminum</b>               |              |              |              |              |              |                       |  |                  |                                    |               |              |              |
| Alumina                       | 338          |              | 338          | 2            | 340          | (238)                 | 102                                      | (13)             | 89                                 | 1,805         | 170          |              |
| Aluminum                      | 263          | 65           | 328          | (14)         | 314          | (143)                 | 171                                      | (7)              | 164                                | 415           | 26           |              |
| Bauxite                       | 8            |              | 8            |              | 8            | (8)                   |  |                  |                                    | 609           | 95           | 164          |
|                               | <b>609</b>   | <b>65</b>    | <b>674</b>   | <b>(12)</b>  | <b>662</b>   | <b>(389)</b>          | <b>273</b>                               | <b>(20)</b>      | <b>253</b>                         | <b>2,829</b>  | <b>291</b>   | <b>164</b>   |
| <b>Logistics</b>              |              |              |              |              |              |                       |  |                  |                                    |               |              |              |
| Railroads                     |              | 247          | 247          | (45)         | 202          | (110)                 | 92                                       | (17)             | 75                                 | 720           | 26           | 222          |
| Ports                         | 4            | 65           | 69           | (12)         | 57           | (39)                  | 18                                       | (4)              | 14                                 | 222           | 6            |              |
| Ships                         | 12           | 14           | 26           | (1)          | 25           | (16)                  | 9  | (3)              | 6                                  | 45            | 2            |              |
|                               | <b>16</b>    | <b>326</b>   | <b>342</b>   | <b>(58)</b>  | <b>284</b>   | <b>(165)</b>          | <b>119</b>                               | <b>(24)</b>      | <b>95</b>                          | <b>987</b>    | <b>34</b>    | <b>222</b>   |
| Others                        | 15           | 12           | 27           | (2)          | 25           | (107)                 | (82)                                     | (7)              | (89)                               | 1,106         | 7            | 1,168        |
|                               | <b>6,345</b> | <b>1,149</b> | <b>7,494</b> | <b>(181)</b> | <b>7,313</b> | <b>(4,754)</b>        | <b>2,559</b>                             | <b>(379)</b>     | <b>2,180</b>                       | <b>38,007</b> | <b>1,781</b> | <b>2,353</b> |



(\*) Includes the product nickel co-products and by products (copper, precious metals, cobalt and others).

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## Operating segment after eliminations (Disaggregated)

As of and for the three-month periods ended (unaudited)  
March 31, 2006

|                    | Exp          | Revenues   |              | Value<br>added<br>tax | Net<br>revenues | Cost<br>and<br>expenses | Depreciation,<br>depletion<br>and<br>amortization | Operating<br>income | Property,<br>Plant<br>and<br>Equipment,<br>Investments |               | Addition<br>to<br>Property,<br>Plant<br>and<br>Equipment,<br>Investments |              |
|--------------------|--------------|------------|--------------|-----------------------|-----------------|-------------------------|---|---------------------|--|---------------|--|--------------|
|                    |              | Domestic   | Total        |                       |                 |                         |   |                     | Plant  | Investments   |  |              |
| <b>Ferrous</b>     |              |            |              |                       |                 |                         |   |                     |  |               |  |              |
| Iron ore           | 1,633        | 367        | 2,000        | (57)                  | 1,943           | (860)                   | 1,083   | (113)               | 970  | 11,404        | 591  | 43           |
| Pellets            | 375          | 87         | 462          | (19)                  | 443             | (295)                   | 148   | (12)                | 136  | 480           | 7  | 592          |
| Manganese          | 8            | 3          | 11           | (1)                   | 10              | (7)                     | 3   | (1)                 | 2  | 60            | 8  |              |
| Ferroalloys        | 71           | 35         | 106          | (9)                   | 97              | (84)                    | 13  | (4)                 | 9  | 198           |  |              |
|                    | <b>2,087</b> | <b>492</b> | <b>2,579</b> | <b>(86)</b>           | <b>2,493</b>    | <b>(1,246)</b>          | <b>1,247</b>                                      | <b>(130)</b>        | <b>1,117</b>   | <b>12,142</b> | <b>606</b>   | <b>635</b>   |
| <b>Non ferrous</b> |              |            |              |                       |                 |                         |   |                     |  |               |  |              |
| Potash             |              | 22         | 22           | (1)                   | 21              | (14)                    | 7   | (2)                 | 5  | 178           | 6  |              |
| Kaolin             | 41           | 7          | 48           | (3)                   | 45              | (41)                    | 4   | (6)                 | (2)  | 242           |  |              |
| Copper concentrate | 90           | 21         | 111          | (5)                   | 106             | (53)                    | 53  | (8)                 | 45   | 1,286         | 35   |              |
|                    | <b>131</b>   | <b>50</b>  | <b>181</b>   | <b>(9)</b>            | <b>172</b>      | <b>(108)</b>            | <b>64</b>   | <b>(16)</b>         | <b>48</b>  | <b>1,706</b>  | <b>41</b>  |              |
| <b>Aluminum</b>    |              |            |              |                       |                 |                         |   |                     |  |               |  |              |
| Alumina            | 150          | 10         | 160          | (2)                   | 158             | (138)                   | 20  | (8)                 | 12   | 1,428         | 61   |              |
| Aluminum           | 247          | 13         | 260          | (2)                   | 258             | (112)                   | 146   | (6)                 | 140  | 382           | 1  | 67           |
| Bauxite            | 9            |            | 9            |                       | 9               | (9)                     |   |                     |  | 356           | 48   | 151          |
|                    | <b>406</b>   | <b>23</b>  | <b>429</b>   | <b>(4)</b>            | <b>425</b>      | <b>(259)</b>            | <b>166</b>  | <b>(14)</b>         | <b>152</b>   | <b>2,166</b>  | <b>110</b>   | <b>218</b>   |
| <b>Logistics</b>   |              |            |              |                       |                 |                         |   |                     |  |               |  |              |
| Railroads          |              | 214        | 214          | (39)                  | 175             | (114)                   | 61  | (16)                | 45   | 674           | 26   | 183          |
| Ports              |              | 54         | 54           | (9)                   | 45              | (31)                    | 14  | (3)                 | 11   | 237           | 1  |              |
| Ships              | 14           | 7          | 21           | (1)                   | 20              | (25)                    | (5)   | (1)                 | (6)  | 3             |  |              |
|                    | <b>14</b>    | <b>275</b> | <b>289</b>   | <b>(49)</b>           | <b>240</b>      | <b>(170)</b>            | <b>70</b>   | <b>(20)</b>         | <b>50</b>  | <b>914</b>    | <b>27</b>  | <b>183</b>   |
| Others             | 2            | 10         | 12           | (2)                   | 10              | (40)                    | (30)  | (1)                 | (31)   | 1,021         | 71   | 784          |
|                    | <b>2,640</b> | <b>850</b> | <b>3,490</b> | <b>(150)</b>          | <b>3,340</b>    | <b>(1,823)</b>          | <b>1,517</b>                                      | <b>(181)</b>        | <b>1,336</b>   | <b>17,949</b> | <b>855</b>   | <b>1,820</b> |

## 16 Derivative financial instruments

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed all three are managed through derivative operations. These have the exclusive aim of reducing exposure to risk. We do not contract derivatives for speculative purposes.

We monitor and evaluate our derivative positions on a regular basis and adjust our strategy in response to market conditions. We also periodically review the credit limits and credit worthiness of our counter-parties in these transactions. In view of the policies and practices established for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

For new derivative contracts entered into since January 1, 2007, to protect against commodity prices on 80% aluminum product sales over the next two years we have designated such derivatives (forwards and zero-cost collars) as cash flow hedges. The effect of hedge accounting was not relevant to date.

The asset (liability) balances and the change in fair value of derivative financial instruments are as follows (unaudited):

|   | <b>Interest<br/>rates<br/>(LIBOR)</b> | <b>Currencies</b> | <b>Aluminum<br/>Gold</b> | <b>Products</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
|---|---------------------------------------|-------------------|--------------------------|-----------------|---------------|---------------|-----------------|--------------|
| Unrealized gains (losses) at<br>January 1, 2007           | 6                                     | (16)              | (53)                     | (318)           | (298)         | 16            | (20)            | (683)        |
| Financial settlement                                      | (3)                                   | 5                 | 12                       | 29              | 38            | (12)          |                 | 69           |
| Unrealized gains (losses) in the<br>period                | (1)                                   | 160               | (3)                      | 8               | (49)          | (24)          | (6)             | 85           |
| Effect of exchange rate changes                           |                                       | 4                 | (2)                      | (12)            | 3             |               |                 | (7)          |
| <b>Unrealized gains (losses) at<br/>March 31, 2007</b>    | <b>2</b>                              | <b>153</b>        | <b>(46)</b>              | <b>(293)</b>    | <b>(306)</b>  | <b>(20)</b>   | <b>(26)</b>     | <b>(536)</b> |
| Unrealized gains (losses) at<br>October 1, 2006           | (1)                                   | 35                | (51)                     | (195)           | 3             |               |                 | (209)        |
| Gain (Loss) recognized upon<br>consolidation of Inco      | 4                                     | 9                 |                          |                 | (364)         | 62            | (22)            | (311)        |
| Financial settlement                                      |                                       | (6)               | 7                        | 22              |               | (88)          |                 | (65)         |
| Unrealized gains (losses) in the<br>period                | 3                                     | (54)              | (8)                      | (142)           | 63            | 42            | 2               | (94)         |
| Effect of exchange rate changes                           |                                       |                   | (1)                      | (3)             |               |               |                 | (4)          |
| <b>Unrealized gains (losses) at<br/>December 31, 2006</b> | <b>6</b>                              | <b>(16)</b>       | <b>(53)</b>              | <b>(318)</b>    | <b>(298)</b>  | <b>16</b>     | <b>(20)</b>     | <b>(683)</b> |
| Unrealized gains (losses) at<br>January 1, 2006           | (4)                                   | 1                 | (46)                     | (210)           |               |               |                 | (259)        |
| Financial settlement                                      |                                       |                   | 4                        | 28              |               |               |                 | 32           |
| Unrealized gains (losses) in the<br>period                | 1                                     |                   | (12)                     | (33)            |               |               |                 | (44)         |
| Effect of exchange rate changes                           |                                       |                   | (4)                      | (21)            |               |               |                 | (25)         |

**Unrealized gains (losses) at  
March 31, 2006** (3) 1 (58) (236) (296)

Except as described above unrealized gains (losses) in the period are included in our income statement under the caption of financial expenses and foreign exchange and monetary gains (losses), net.

Final maturity dates for the above instruments are as follows:

|                       |               |
|-----------------------|---------------|
| Gold                  | December 2008 |
| Interest rates(LIBOR) | December 2011 |
| Currencies            | December 2011 |
| Products Aluminum     | December 2008 |
| Copper concentrate    | December 2008 |
| Nickel                | April 2009    |
| Platinum              | December 2008 |

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**Supplemental Financial Information (unaudited)**  
**Additional Information**

The following unaudited information provides additional details in relation to certain financial ratios.

EBITDA Earnings Before Financial Expenses, Minority Interests, Gain on Sale of Investments, Foreign Exchange and Monetary Gains (Losses), Equity in Results of Affiliates and Joint Ventures and Change in Provision for Losses on Equity Investments, Income Taxes, Depreciation and Amortization

- (a) EBITDA represents operating income plus depreciation, amortization and depletion plus impairment/gain on sale of property, plant and equipment plus dividends received from equity investees.
- (b) EBITDA is not a US GAAP measure and does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a source of liquidity.
- (c) Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.
- (d) Although EBITDA, as defined above, does not provide a US GAAP measure of operating cash flows, our management uses it to measure our operating performance and financial analysts in evaluating our business commonly use it.

Selected financial indicators for the main affiliates and joint ventures are available on the Company's website, [www.cvrld.com.br](http://www.cvrld.com.br), under investor relations

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**Indexes on CVRD's Consolidated Debt (Supplemental information - unaudited)**

|   | <b>Three-month periods ended</b> |                 |                |
|---|----------------------------------|-----------------|----------------|
|   | <b>March</b>                     | <b>December</b> | <b>March</b>   |
|   | <b>31,2007</b>                   | <b>31,</b>      | <b>31,2006</b> |
|   |                                  | <b>2006</b>     |                |
| <b>Current debt</b>                                   |                                  |                 |                |
| Current portion of long-term debt - unrelated parties | 746                              | 711             | 1,217          |
| Short-term debt                                       | 1,021                            | 723             | 67             |
| Loans from related parties                            | 30                               | 25              | 38             |
|   | <b>1,797</b>                     | <b>1,459</b>    | <b>1,322</b>   |
| <b>Long-term debt</b>                                 |                                  |                 |                |
| Long-term debt -unrelated parties                     | 21,682                           | 21,122          | 4,740          |
| Loans from related parties                            | 1                                | 1               | 1              |
|   | <b>21,683</b>                    | <b>21,123</b>   | <b>4,741</b>   |
| <b>Gross debt (current plus long-term debt)</b>       | <b>23,480</b>                    | <b>22,582</b>   | <b>6,063</b>   |
| <b>Interest paid over:</b>                            |                                  |                 |                |
| Short-term debt                                       | (1)                              | (1)             | (1)            |
| Short-term debt                                       | (205)                            | (252)           | (94)           |
| <b>Interest paid</b>                                  | <b>(206)</b>                     | <b>(253)</b>    | <b>(95)</b>    |
| <b>EBITDA</b>   | <b>3,184</b>                     | <b>2,623</b>    | <b>1,629</b>   |
| <b>Shareholders Equity</b>                            | <b>22,142</b>                    | <b>19,673</b>   | <b>16,555</b>  |
| <b>LTM (2) EBITDA/ LTM (2) Interest paid</b>          | <b>15.63</b>                     | <b>15.94</b>    | <b>27.08</b>   |
| <b>Gross Debt /LTM (2) EBITDA</b>                     | <b>2.19</b>                      | <b>2.47</b>     | <b>0.84</b>    |
| <b>Gross debt/ Equity Capitalization (%)</b>          | <b>51</b>                        | <b>53</b>       | <b>27</b>      |
| <b>Financial expenses</b>                             |                                  |                 |                |
| Third party- local debt                               | (123)                            | (29)            | (13)           |
| Third party-foreign debt                              | (242)                            | (264)           | (53)           |
| Related Party debt                                    | (2)                              | (1)             | (2)            |
| <b>Gross interest</b>                                 | <b>(367)</b>                     | <b>(294)</b>    | <b>(68)</b>    |
| Labor and civil claims and tax-related actions        | (15)                             | (28)            | (26)           |
| Tax on financial transactions-CPMF                    | (53)                             | (84)            | (21)           |
| Derivatives (Interest rate/Currencies)                | 161                              | (49)            | 1              |
| Derivatives (Gold/Alumina/Aluminium/ Copper /Energy)  | (76)                             | (48)            | (67)           |
| Others  | (309)                            | (205)           | (32)           |
|   | <b>(659)</b>                     | <b>(708)</b>    | <b>(213)</b>   |
| <b>Financial income</b>                               |                                  |                 |                |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| Cash and cash equivalents                                   | 24           | 84           | 29           |
| Others  | 97           | 97           | 13           |
|   | <b>121</b>   | <b>181</b>   | <b>42</b>    |
| <b>Financial expenses, net</b>                              | <b>(538)</b> | <b>(527)</b> | <b>(171)</b> |
| <b>Foreign exchange and monetary gain (losses), net (1)</b> | <b>770</b>   | <b>204</b>   | <b>259</b>   |
| <b>Financial result, net</b>                                | <b>232</b>   | <b>(323)</b> | <b>88</b>    |

(1) Includes foreign exchange gain(loss) on derivatives in the amount of US\$10, US\$3, US\$22, for the three-month periods ended March 31,2007, December 31,2006 and March 31,2006, respectively.

(2) Last twelve months

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**Calculation of EBITDA (Supplemental information Unaudited)**

|                        | As of and for the three-month periods ended |                      |                   |
|------------------------|---|----------------------|-------------------|
|                        | March<br>31,<br>2007                        | December 31,<br>2006 | March 31,<br>2006 |
| Operating income       | 2,702                                       | 2,180                | 1,336             |
| Depreciation           | 392   | 379                  | 181               |
|                        | <b>3,094</b>                                | <b>2,559</b>         | <b>1,517</b>      |
| Dividends received     | 90  | 64                   | 112               |
| <b>EBITDA</b>          | <b>3,184</b>                                | <b>2,623</b>         | <b>1,629</b>      |
| Net operating revenues | 7,489                                       | 7,313                | 3,340             |
| <b>Margin EBITDA</b>   | <b>42.5%</b>                                | <b>35.9%</b>         | <b>48.8%</b>      |

**Adjusted EBITDA x Operating Cash Flows (Supplemental information Unaudited)**

|   | As of and for the three-month periods ended |                      |                   |                      |                |                      |
|---|---|----------------------|-------------------|----------------------|----------------|----------------------|
|   | March 31, 2007                              |                      | December 31, 2006 |                      | March 31, 2006 |                      |
|   | EBITA                                       | Operating cash flows | EBITDA            | Operating cash flows | EBITDA         | Operating cash flows |
| Net income  | 2,217                                       | 2,217                | 1,573             | 1,573                | 1,171          | 1,171                |
| Income tax - deferred   | (191)                                       | (191)                | 237               | 237                  | 53             | 53                   |
| Income tax - current  | 833   |                      | 314               |                      | 242            |                      |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | (138)                                       | (138)                | (183)             | (183)                | (156)          | (156)                |
| Foreign exchange and monetary gains, net  | (770)                                       | (772)                | (204)             | (576)                | (259)          | (291)                |
| Financial expenses, net   | 538   | 173                  | 527               | 79                   | 171            | (28)                 |
| Minority interests  | 213   | 213                  | 227               | 227                  | 123            | 123                  |
| Gain on sale of investments   |   |                      | (311)             | (311)                | (9)            | (9)                  |
| Net working capital   |   | 352                  |                   | 1,298                |                | (787)                |
| Others  |   | (54)                 |                   | 56                   |                | 102                  |
| <b>Operating income</b>   | <b>2,702</b>                                | <b>1,800</b>         | <b>2,180</b>      | <b>2,400</b>         | <b>1,336</b>   | <b>178</b>           |
| Depreciation, depletion and amortization  | 392   | 392                  | 379               | 379                  | 181            | 181                  |
| Dividends received  | 90  | 90                   | 64                | 64                   | 112            | 112                  |
|   | <b>3,184</b>                                | <b>2,282</b>         | <b>2,623</b>      | <b>2,843</b>         | <b>1,629</b>   | <b>471</b>           |
| <b>Operating cash flows</b>   |   | <b>2,282</b>         |                   | <b>2,843</b>         |                | <b>471</b>           |
| Income tax  |   | 833                  |                   | 314                  |                | 242                  |



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|  |              |              |              |
|--|--------------|--------------|--------------|
| Foreign exchange and<br>monetary gains | 2            | 372          | 32           |
| Financial expenses                     | 365          | 448          | 199          |
| Net working capital                    | (352)        | (1,298)      | 787          |
| Others                                 | 54           | (56)         | (102)        |
| <b>EBITDA</b>                          | <b>3,184</b> | <b>2,623</b> | <b>1,629</b> |

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**Board of Directors, Fiscal Council and Executive Officers**

**Board of Directors**

Sérgio Ricardo Silva Rosa  
**Chairman**

Mário da Silveira Teixeira Júnior  
**Vice Chairman**

Demian Fiocca

Francisco Augusto da Costa e Silva

Hiroshi Tada

João Batista Cavaglieri

Jorge Luiz Pacheco

José Ricardo Sasseron

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Antonio José de Figueiredo Ferreira

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Arlindo Magno de Oliveira

João Moisés de Oliveira

Oscar Augusto de Camargo Filho

**Fiscal Council**

Marcelo Amaral Moraes  
**Chairman**

Anibal Moreira dos Santos

Bernard Appy

José Bernardo de Medeiros Neto

**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**

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

Eduardo de Salles Bartolomeo  
**Executive Officer for Logistics**

Fábio de Oliveira Barbosa  
**Chief Financial Officer and Investor Relation**

Gabriel Stoliar  
**Executive Officer for Planning**

José Carlos Martins  
**Executive Officer for Ferrous Minerals**

José Lancaster  
**Executive Officer for Copper, Coal and Aluminum**

**Strategic Committee**

Roger Agnelli

Gabriel Stoliar

Demian Fiocca

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Sérgio Ricardo Silva Rosa

Murilo de Oliveira Ferreira

**Executive Officer for Nickel**

Tito Botelho Martins

**Executive Officer for Corporate Affairs**

**Finance Committee**

Fábio de Oliveira Barbosa

Wanderlei Viçoso Fagundes

Ivan Luiz Modesto Schara

Marcus Vinícius Dias Severini

**Chief Officer of Control Department**

**Governance and Sustainability Committee**

Renato da Cruz Gomes

Ricardo Carvalho Giambroni

Ricardo Simonsen

Vera Lúcia de Almeida Pereira Elias

**Chief Accountant**

**CRC-RJ-043059/O-8**

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**SIGNATURES**

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

COMPANHIA VALE DO RIO DOCE  
(Registrant)

Date: May 9, 2007

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