Companhia Vale do Rio Doce
Form 6-K
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United States Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant To Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of
May 2007
Companhia Vale do Rio Doce

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(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 þ Form 40-F o

(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 o No þ

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

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BOVESPA: VALE3, VALE5
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LATIBEX: XVALO, XVALP

REAPING THE REWARDS OF DIVERSIFICATION
CVRD performance in the first quarter of 2007

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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.

The main financial performance highlights in 1Q07:

- Gross revenue of R$ 16.629 billion;
- Consolidated exports of US$ 2.441 billion, up 7.0% on 1Q06.
- Net exports (exports less imports) of US$ 2.264 billion, 10.2% higher than the figure reported in 1Q06. CVRD contributed 26.0% to Brazil s trade surplus in 1Q07, of US$ 8.695 billion;
- Operating profit, as measured by EBIT(earnings before interest and tax) of R$ 8.080 billion;
- EBIT margin of 49.7%, compared to 40.7% in 1Q06;
- Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortisation) of R$ 8.936 billion;
- Net earnings of R$ 5.095 billion, corresponding to earnings per share of R$ 2.11.
- Return on net equity (ROE) of 37.0%, compared to 34.7% in 1Q06.

Investment of US$ 1.36 billion[1] was carried out in the quarter, US$ 923 million being spent on organic growth and US$ 437 million on the

[1] Calculated according to generally accepted accounting principles in the United States (US GAAP).

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with generally accepted accounting principles in Brazil (Brazilian GAAP). Under the criteria of Brazilian GAAP, companies are consolidated in which CVRD has effective control or shared control defined under a shareholders agreement. In the case of companies in which CVRD has effective control, consolidation is carried out based on 100% and the difference between this amount and the percentage of CVRD s equity stake in the capital of the subsidiary is discounted at the minority shareholders line. The main subsidiaries of CVRD are: CVRD

Inco (from 4Q06, without adjustment in previous periods), MBR, Cadam, PPSA, Alunorte, Albras, Valesul, RDM, RDME, RDMN, Urucum Mineração, Ferrovia Centro-Atlântica (FCA), Log-In, CVRD International and CVRD Overseas. In the case of companies where control is share, consolidation is in proportion to CVRD s equity stake in each company. The main companies in which CVRD has shared control, as at March 31, 2007, were MRN, Kobrasco, Nibrasco, Hispanobras, Itabrasco, Samarco and CSI.

1Q07

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maintenance of existing operations. In addition to these investments, in January 2007 the acquisition of 100% of Inco Ltd. (now CVRD Inco) was concluded, with the payment of US$ 2.053 billion to outstanding shareholders, while in April payment was made for the acquisition of AMCI Holdings Australia, for Au$835 million, equivalent to US$ 656 million.

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

On April 30, the Company distributed the first dividend tranche for 2007, of R$ 0.69 per share, or US$ 0.34 per share, totalling 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 on Bovespa and NYSE, and dividend payment will be on October 31.

It worth to remember that the 1Q06 figures do not include CVRD Inco and that 4Q06 figures include 2 months of consolidation, while 1Q07 figures include total consolidation.

SELECTED FINANCIAL INDICATORS*

R$ million

	1Q06 (A)	**4Q06 (B)**	**1Q07 (C)**	**% (C/A)**	**% (C/B)**
Gross operating revenues	8,281	16,692	16,629	100.8	-0.4
Exports (US$ million)	2,282	2,419	2,441	7.0	0.9
Net exports (US$ million)	2,054	2,225	2,264	10.2	1.8
EBIT	3,240	7,080	8,080	149.4	14.1
EBIT margin (%)	40.7	43.4	49.7		
EBITDA	3,753	7,957	8,936	138.1	12.3
Net earnings	2,184	3,368	5,095	133.3	51.3
Net earnings per share (R$)	0.90	1.39	2.11		
Annualized ROE (%)	34.7	34.4	37.0		
Capex** (US$ million)	1,126	19,611	1,360	20.8	-93.1

* Financial indicators take into account CVRD Inco consolidation from 4Q06.

** Acquisitions included

BUSINESS PROSPECTS

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 LMEX, the London Metal Exchange index for base metals (aluminum, copper, nickel, zinc, tin and lead), the present cycle is 65th 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

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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.

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

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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.

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

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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.

GROSS REVENUES

CVRD s gross operating revenues in 1Q07 amounted to R $16.629 billion, up 100.8% compared to the figure in 1Q06, of
R$ 8.281 billion.

The consolidation of CVRD Inco contributed R$ 6.743 billion to the company s operating revenues in 1Q07, compared to 1Q06. Price increases accounted for R$ 1.273 billion of the increase, variations in volume for R$ 642 million, while the depreciation of the US Dollar against the Brazilian Real in the period analysed had a negative impact of R$ 310 million.

Shipments of non-ferrous minerals represented 43.0% of gross revenue, overtaking ferrous minerals for the first time, the latter contributing 40.7%. This was due to raised nickel prices and, on the other hand, to the fact that the new iron ore and pellet prices for 2007 were not incorporated into 1Q07 revenue. Aluminum chain products bauxite, alumina and primary aluminum made up 8.6% and logistics services 4.9%.

Asia continued to be the Company s main sales destination in 1Q07 accounting for 43.7% of total revenues, followed by the Americas with 34.2%. The increase in the proportion of sales to the Asian market was primarily due to higher shipments to China, Japan and South Korea.

Sales revenue to China continued to grow in 1Q07, increasing by 77.0% from R$ 1.495 billion in 1Q06, to R$ 2.646 billion in 1Q07.

In spite of the Brazilian market contribution of R$ 2.233 billion, up 26.8% related to 1Q06, the participation of this market in the Company s total revenue decreased from 21.3% in 1Q06 to 13.4% in 1Q07.

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GROSS REVENUES BY PRODUCT

						R$ million
	1Q06	**%**	**4Q06**	**%**	**1Q07**	**%**
Ferrous minerals	**5,754**	**69.5**	**7,297**	**43.7**	**6,762**	**40.7**
Iron ore and pellets	5,480	66.2	6,930	41.5	6,444	38.8
Iron ore	4,147	50.1	5,418	32.5	4,906	29.5
Pellets	1,333	16.1	1,512	9.1	1,538	9.2
Pelletizing plants operation services	18	0.2	18	0.1	17	0.1
Manganese and ferro-alloys	256	3.1	349	2.1	301	1.8
Non ferrous minerals	**397**	**4.8**	**6,624**	**39.7**	**7,158**	**43.0**
Contained copper	242	2.9	1,029	6.2	760	4.6
Nickel			5,088	30.5	5,973	35.9
Cobalt			40	0.2	60	0.4
Precious metals			38	0.2	46	0.3
PGMs			183	1.1	147	0.9
Potash	49	0.6	93	0.6	67	0.4
Kaolin	106	1.3	152	0.9	105	0.6
Aluminum	**1,053**	**12.7**	**1,496**	**9.0**	**1,432**	**8.6**
Logistics	**704**	**8.5**	**849**	**5.1**	**807**	**4.9**
Railroads	535	6.5	639	3.8	617	3.7
Ports	106	1.3	136	0.8	127	0.8
Shipping	63	0.8	74	0.4	63	0.4
Steel products	**349**	**4.2**	**333**	**2.0**	**332**	**2.0**
Others	**24**	**0.3**	**93**	**0.6**	**138**	**0.8**
Total	**8,281**	**100.0**	**16,692**	**100.0**	**16,629**	**100.0**

GROSS REVENUES BY DESTINATION

						R$ million
	1Q06	**%**	**4Q06**	**%**	**1Q07**	**%**
Americas	**2,854**	**34.5**	**5,300**	**31.8**	**5,695**	**34.2**
Brazil	1,761	21.3	2,294	13.7	2,233	13.4
USA	526	6.4	1,447	8.7	1,943	11.7
Canada	164	2,0	1,094	6.6	974	5.9
Others	403	4,9	465	2.8	545	3.3
Asia	**2,840**	**34.3**	**7,082**	**42.4**	**7,261**	**43.7**
China	1,495	18.1	2,807	16.8	2,646	15.9
Japan	837	10.1	2,039	12.2	1,880	11.3
Others	508	6.1	2,236	13.4	2,735	16.4
Europe	**2,175**	**26.3**	**3,740**	**22.4**	**3,259**	**19.6**
Rest of the World	**412**	**5.0**	**570**	**3.4**	**415**	**2.5**
Total	**8,281**	**100.0**	**16,692**	**100.0**	**16,629**	**100.0**

CONTROLLING COSTS

In the first quarter of the year, the Company s cost of goods sold (COGS) totalled R$ 7.247 billion, down 3.7% on the figure in 4Q06 of R$ 7.524 billion. In 1Q06 COGS was US$ 3.945 billion.

A significant slice of the increased costs, when compared to 1Q06 R$ 2.772 billion is explained by the consolidation of CVRD Inco. Disregarding the effects of the consolidation of CVRD Inco, COGS would have amounted to R$ 4.475 billion in 1Q07, up 13.4% compared to 1Q06.

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Wider diversification of the Company s asset portfolio has provoked a change in COGS composition, with the acquisition of products becoming a major component, amounting to R$ 1.482 billion, representing 20.4% of total COGS. Purchases carried out by CVRD Inco totalled US$ 931 million in the quarter. This amount included both the purchase of refined product for resale, as well as the purchase of concentrate and intermediary nickel products which are processed at our refineries. However, it is worthwhile mentioning that there is a strong cyclical component to this cost item, since both quantities and prices of goods bought are directly influenced by global economic cycles. Disregarding this tranche, the cost of purchasing products totalled R$ 551 million, in line with that in 1Q06, of R$ 524 million.

In 1Q07, CVRD acquired 1.831 million tons of iron ore from small mining companies located in the state of Minas Gerais, compared to 3.214 million tons in 1Q06. Over the last 18 months, the Company has been reducing its volume of purchases having in mind the various projects coming on stream, which have considerably increased production levels.

Expenditure on material contributed to R$ 1.156 billion in COGS, equivalent to 16.0% of total COGS, R$ 280 million being related to CVRD Inco. Disregarding this tranche, expenditure on material was up 23.0%. The main components that make up this item are: expenditure on equipment parts and components, inputs, tyres and conveyor belts.

Expenditure on outsourced services, of R$ 997 million, represented 13.8% of COGS in the quarter. Disregarding the amount related to CVRD Inco, of R$ 192 million, this item showed a drop of 6.9% compared to the figure in 1Q06, of R$ 865 million. These services mainly consisted of the servicing of equipment and installations, R$ 211 million, the hiring of rail freight transport, basically for the transport of iron ore produced in the Southern System, R$ 154 million, and the removal and transfer of waste and ores, R$ 109 million.

The reduction in outsourced services as a proportion of total expenditure is the result of the Company s efforts to keep such expenditure under control. Among such initiatives, we can highlight the restructuring of various service contracts, concentrating the service in a single supplier, rather than using several suppliers to carry out different parts of a service; the development of partnerships with suppliers and the reallocation in-house of the removal and transfer of waste and ores, which although increasing the level of expenditure among other COGS items, such as staff, fuel and maintenance, has resulted in a reduction of more than the cost of these services, were they to be subcontracted.

In the first quarter of the year, expenditure on electricity, fuel and gas totalled R$ 1.142 billion. Disregarding the expenditure on these items by CVRD Inco, these expenses amounted to R$ 912 million, up R$ 152 million compared to 1Q06. This expenditure increase was due to intensification of the Company s activities and increases in the price of fuel and electricity.

Personnel expenses amounted to R$ 964 million, of which CVRD Inco was responsible for R$ 514 million. In 1Q06 these expenses totalled R$ 372 million. This rise reflects a salary adjustment for employees in Brazil, of 3.0% from January 2007, as well as an increase in the size of the workforce as a result of expansion in business activity and exchange-rate variation.

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In 1Q07, fines paid on shiploading delays in CVRD s maritime ports, known as demurrage, amounted to R$ 34 million, 61.9% higher than the amount of fines paid in 1Q06. Operational problems on the Company s railroads due to the rainy season in Brazil resulted in the transport of insufficient iron ore to the stockyards at the ports, resulting in delays to shiploading and higher demurrage expenses.

As a consequence of the expansion in CVRD s asset base, which increased from R$ 41.917 billion at the end of 1Q06, to R$ 93.435 billion at the end of 1Q07, there was an increase of R$ 366 million in depreciation and exhaustion expenses, compared to 1Q06. CVRD Inco contributed R$ 261 million to this increase.

Sales, general and administrative expenses totalled R$ 602 million, up R$ 166 million compared to 1Q06.

Expenditure on research and development (R&D) of R$ 239 million, was 53.2% higher than the figure in 1Q06, of R$ 156 million. The increase seen over the last few years has been due to the Company s strategy of focusing on organic growth, which necessarily implies higher investment in mineral prospecting and feasibility studies for the development of mineral deposits in various countries.

Other operational expenses totalled R$ 82 million in 1Q07, down R$ 107 million on 1Q06. This variation is basically explained by the reversion of R$ 317 million, booked as provision for tax payment PIS/COFINS, based in a court decision.

COGS BREAKDOWN

R$ million

	1Q06	%	4Q06	%	1Q07	%
Personnel	372	9.4	1,000	13.3	964	13.3
Material	712	18.0	1,011	13.4	1,156	16.0
Fuel oil and gases	456	11.6	765	10.2	680	9.4
Outsourced services	865	21.9	1,328	17.7	997	13.8
Electric energy	304	7.7	451	6.0	462	6.4
Acquisition of products	524	13.3	1,712	22.8	1,482	20.4
Depreciation and exhaustion	368	9.3	754	10.0	734	10.1
Goodwill amortization	92	2.3	45	0.6	51	0.7
Others	252	6.4	458	6.1	721	9.9
Total	**3,945**	**100.0**	**7,524**	**100.0**	**7,247**	**100.0**

OPERATIONAL PERFORMANCE: NEW RECORDS

In 1Q07, operating profit, as measured by EBIT, reached a new quarterly record: R$ 8.080 billion, the highest in the Company s history.

EBIT was up R$ 4.840 billion on 1Q06, the result of an increase of R$ 8.284 billion in net revenue, and the negative effect of a R$ 3.303 billion increase in COGS and R$ 142 million in net operational expenses.

Of this amount, CVRD Inco was responsible for R$ 3.660 billion. If the contribution from this subsidiary were to be disregarded, EBIT in 1Q07 would still have been 36.4% higher than in the same period a year earlier.

The Company s EBIT margin in 1Q07 amounted to 49.7%, compared to 40.7% in 1Q06.

RECORD NET EARNINGS

In 1Q07, the Company s net earnings amounted to R$ 5.095 billion, equivalent to R$ 2.11 per share, up 133.3% compared to the result in 1Q06, of R$ 2.184 billion. The tranche related to earnings from CVRD Inco amounted to R$ 1.584 billion in 1Q07.

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CVRD s net financial result in 1Q07 was a negative R$ 208 million, compared to R$ 259 million, also negative, in 1Q06.

Financial expenses increased from R$ 527 million in 1Q06, to R$ 1.404 billion in 1Q07. Interest expenses were up due to an increase in total debt from US$ 6.063 billion in 1Q06 to US$ 23.480 billion in 1Q07.

In 1Q07 financial revenues totalled R$ 291 million, compared to R$ 108 million in 1Q06, due to higher interest rates and an increase in the Company s cash position.

The behaviour of monetary variation also had a favourable effect on the financial result, contributing a gain of R$ 905 million in 1Q07, compared to US$ 160 million in 1Q06, due to the appreciation of Brazilian Real against the US Dollar and the increase in total debt.

In 1Q07, the Company s equity income result was a negative R$ 253 million, showing a difference of R$ 269 million compared to 1Q06, when the equity income result was a positive R$ 16 million. There was an increase in premium payment on consolidated companies, referring to Caemi (R$ 129 million in 1Q07, compared to R$ 36 million in 1Q06) and CVRD Inco (R$ 130 million in 1Q07).

The premium referring to the acquisition of Inco, begun in 4Q06, will be amortised over a period of 10 years. It is worth pointing out that these amortizations will not generate either any fiscal or financial effects.

CASH GENERATION: RECORD QUARTERLY EBITDA OF R$ 8.936 BILLION

In the first quarter 2007, cash generation, as measured by EBITDA, reached R$ 8.936 billion, a new quarterly record, representing an increase of 138.1% in comparison to 1Q06. The subsidiary CVRD Inco contributed with R$ 3.924 billion. Disregarding this consolidation, EBITDA would have registered an increase of 33.5%.

The main factors behind the increase of R$ 5.183 billion in EBITDA in 1Q07, compared to 1Q06, were the increase of R$ 4.840 billion in EBIT and R$ 344 million in depreciation.

The breakdown of cash generation by business area in 1Q07 was as follows:, non-ferrous minerals 45.6%, iron ore 43.7%, products in the aluminium chain 7.4%, logistics 4.0%, steel 0.1%, discounting R&D expenditure, which represented 0.8% of EBITDA.

EBITDA

			R$ million
	1Q06	**4Q06**	**1Q07**
Net operating revenues	7,965	16,322	16,249
COGS	(3,944)	(7,524)	(7,247)
SG&A	(436)	(602)	(602)
Research and development	(156)	(375)	(239)
Other operational expenses	(189)	(741)	(82)
EBIT	**3,240**	**7,080**	**8,080**
Depreciation, amortization & exhaustion	**512**	**873**	**856**
Dividends received	**1**	**4**	
EBITDA	**3,753**	**7,957**	**8,936**

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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.

CVRD s total debt, calculated according to the generally accepted accounting principles in the United States (USGAAP), on 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 maintainance of significant cash balances, which was invested in short term financial assets at the end of 1Q07. 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[(d)], shows a reduction, from 2.00x[2] at December 31, 2006 to 1.88x[3] at March 31, 2007. Interest coverage, indicated by the adjusted LTM EBITDA/LTM interest paid ratio(e), 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* (f) 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.

[2] Considering, in 4Q06, pro forma consolidated adjusted LTM EBITDA of US$ 11.306 billion

[3] Considering, in 1Q07, pro forma consolidated adjusted LTM EBITDA of US$ 12.480 billion

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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 BUSINESSES

Ferrous Minerals

Shipments of iron ore and pellets in 1Q07, of 65.373 million tons, were 4.4% higher than those in the same quarter a year earlier, despite the heavy rainfall in the period, which as well as adversely affecting production at the mines especially in Itabira, in the Southeast System caused interruptions to rail services, slowing down the flow of goods from the mines to the ports.

Sales of iron ore amounted to 55.792 million tons, up 1.7% on 1Q06. Pellet sales, of 9.581 million tons in 1Q07, were up 23.4% on 1Q06, when performance was impacted by the temporary shutdown of the São Luís pellet plant from March.

Iron ore and pellets prices for 2007, with an increase of 9.5% and 5.28% respectively in relation to 2006 prices, were not reflected on the revenue in the 1Q07. Only in the 2Q07, CVRD revenue will significantly incorporate the effects of new prices, because the majority of European clients negotiated a change in the period in which price increases come into force, from the calendar year to the Japanese fiscal year, which comprehends April 1 to March 31 the next year.

In the first quarter, CVRD shipped 21.912 million tons to China, up 24.8% compared to 1Q06, rising to 33.5% of the total sales. Japan accounted for 6.070 million tons, representing 9.3% of total sales, Germany, 5.298 million tons, with 8.1%, followed by France, with 4.2%, South Korea, 3.3% and Italy, 3.1%. Sales in Brazil, of 11.193 million tons, accounted for 17.1% of total volume sold.

The Company is restructuring its manganese and alloy businesses with the aim of cutting costs, maximising efficiency and improving, both quantitatively and qualitatively, the profiling of its production in relation to demand behaviour. Sales of manganese and ferro-alloys respectively totalled 83,000 tons and 124,000 tons in 1Q07, down 44.3% and 1.6%, respectively, compared to 1Q06.

In 1Q07, revenues from ferrous minerals iron ore, pellets, manganese and ferro-alloys amounted to R$ 6.762 million, up 17.5% compared to 1Q06.

Gross revenue generated from iron ore shipments amounted to R$ 4.906 billion, 18.3% higher than in 1Q06. Pellets shipments accounted for R$ 1.538 billion, operations at the Tubarão pellet plants, R$ 17 million, sales of manganese, R$ 13 million and ferro-alloys, R$ 288 million.

EBIT margin in 1Q07 amounted to 55.4%. EBITDA from ferrous minerals amounted to R$ 3.907 billion, representing 43.7% of CVRD s total cash generation in the quarter, up 33.0% on 1Q06.

BR GAAP

SALES VOLUME IRON ORE AND PELLETS

thousand tons

	1Q06	%	4Q06	%	1Q07	%
Iron ore	54,860	87.6	61,046	87.0	55,792	85.3
Pellets	7,767	12.4	9,138	13.0	9,581	14.7
Total	**62,627**	**100.0**	**70,184**	**100.0**	**65,373**	**100.0**

VOLUME SOLD BY DESTINATION IRON ORE AND PELLETS

million tons

	1Q06	%	4Q06	%	1Q07	%
Asia	**29.3**	**46.8**	**32.4**	**46.2**	**33.0**	**50.4**
China	17.6	28.0	19.4	27.7	21.9	33.5
Japan	6.7	10.7	7.9	11.3	6.1	9.3
South Korea	3.1	4.9	2.2	3.1	2.1	3.3
Emerging Asia (ex-China)	1.9	3.1	2.9	4.1	2.8	4.3
Europe	**16.4**	**26.2**	**18.3**	**26.1**	**16.1**	**24.7**
Germany	5.5	8.7	5.9	8.4	5.3	8.1
France	2.6	4.2	3.1	4.5	2.7	4.2
Italy	2.2	3.6	2.5	3.6	2.0	3.1
Others	6.1	9.7	6.7	9.6	6.0	9.2
Brazil	**11.1**	**17.7**	**12.0**	**17.1**	**11.2**	**17.1**
USA	**0.6**	**1.0**	**1.2**	**1.7**	**0.7**	**1.1**
RoW	**5.2**	**8.3**	**6.2**	**8.9**	**4.4**	**6.7**
Total	**62.6**	**100.0**	**70.2**	**100.0**	**65.4**	**100.0**

Non-ferrous minerals

Revenues from the sale of non-ferrous minerals nickel, copper, kaolin, potash, precious metals, platinum group metals (PGMs) and cobalt totalled R$ 7.158 billion, a milestone in the Company s history, which through the acquisition of CVRD Inco has become one of the most important players in the global base metals market.

CVRD s nickel sales in 1Q07 amounted to 71,000 tons, generating gross revenues of R$ 5.973 billion, accounting for 35.9% of the Company s total sales.

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 agains the U.S. dollar that positively impacted our costs.

CVRD sold 66,000 tons of copper in 1Q07, generating gross revenue of R$ 760 million, R$ 455 million of which was contributed by CVRD Inco. Disregarding the consolidation of CVRD Inco, the Company s sales of copper produced from the Sossego mine in 1Q07, would have been 28,000 tons, up 33.3% on 1Q06.

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In 1Q07, metals in the platinum group (PGMs) and precious metals (gold and silver), extracted as byproducts of our nickel operations in Canada, contributed R$ 193 million to the Company s total revenues in the quarter. Cobalt sales amounted to R$ 60 million.

Sales volume of kaolin in 1Q07, of 269,000 tons, were 16.2% lower than in 1Q06, generating revenues of R$ 105 million, in line with the figure reported in 1Q06, of R$ 106 million.

Potash sales in 1Q07 amounted to 161,000 tons, up 56.3% on 1Q06. Revenues from potash shipments in the quarter amounted to R$ 67 million, compared to shipments in the same period a year earlier of R$ 49 million. The price of potash is reacting to better market conditions, due to the increase in global planted area and more intense use of fertilisers, stimulated by the increase in the price of the majority of agricultural products.

In 1Q07, EBIT margin amounted to 52.2% and EBITDA, R$ 4.077 billion. The consolidation of CVRD Inco contributed R$ 3.924 billion to cash generation in the non-ferrous segment.

Aluminium

In 1Q07, CVRD s bauxite shipments amounted to 1.239 million tons, up 11.8% on 1Q06.

Alumina volume sold in 1Q07 amounted to 700,000 tons, up 42.8% on 1Q06. This increase was made possible by expansion at the refinery in Barcarena, which as a result of Modules 4 and 5 coming into service in 1H06, increased its nominal production capacity to 4.3 million tons of alumina a year.

Sales of primary aluminium, of 134,000 tons, were 10,000 tons higher than in 1Q06, reflecting 100% of Valesul consolidation and gains in productivity of Barcarena smelter.

Revenues from the sale of products in the aluminium chain in 1Q07 amounted to R$ 1.432 billion, compared to R$ 1.053 billion in 1Q06.

EBIT margin amounted to 42.1%. EBITDA totalled R$ 657 million in 1Q07, compared to R$ 436 million in 1Q06.

SALES VOLUME ORES AND METALS

thousand tons

	1Q06	**4Q06**	**1Q07**
Manganese	149	208	83
Ferro alloys	126	121	124
Copper	21	81	66
Nickel		73	71
Cobalt (ton)		577	580
Precious metals (ounce troy)		664	640
PGMs (ounce troy)		120	77
Potash	103	218	161
Kaolin	321	414	269
Bauxite	1,108	872	1,239
Alumina	490	1,021	700
Aluminum	124	120	134

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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.

CVRD railroads transported 6.610 billion ntk of general cargo for clients in the first quarter of 2007, superior to the volume transported in 1Q06 of 6.170 billion ntk. The main cargoes transported were inputs and products for the steel industry, 52.5%, agricultural products, mainly soy, sugar and fertilizers, 33.5%; fuel, 6.4% and construction industry inputs and forest products, 5.4%.

CVRD s ports and maritime terminals handled 7.046 million tons of general cargo, compared to 6.189 million tons in 1Q06.

In 1Q07, the Company s logistics services generated gross revenue of R$ 807 million, 14.6% higher than the figure in 1Q06, of R$ 704 million. The transport of general freight contributed revenues of R$ 617 million, port services, R$ 127 million, and coastal shipping and port support services, R$ 63 million.

In 1Q07, EBIT margin amounted to 20.6% and EBITDA, R$ 355 million.

LOGISTICS SERVICES

	1Q06	**4Q06**	**1Q07**
Railroads (million ntk)	6,170	6,839	6,610
Ports (million tons)	6,189	7,433	7,046

EBITDA BY BUSINESS AREA

R$ million

	1Q06	**%**	**4Q06**	**%**	**1Q07**	**%**
Ferrous minerals	2,939	78.3	3,665	46.1	3,907	43.7
Non-ferrous minerals	117	3.1	3,347	42.1	4,077	45.6
Logistics	235	6.3	384	4.8	355	4.0
Aluminum	436	11.6	631	7.9	657	7.4
Steel	67	1.8	24	0.3	10	0.1
Others	(40)	-1.1	(94)	-1.2	(70)	-0.8
Total	**3,754**	**100.0**	**7,957**	**100.0**	**8,936**	**100.0**

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.

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.

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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.

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

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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

		Budgeted US$ million		
Area	**Project**	**2007 Revised**	**2007 Previous**	**Status**
	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.
Ferrous minerals	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.
	Cobre Salobo I	78		The project will have an estimated nominal capacity of 100,000 tons a year of copper in concentrate form.
Non-ferrous minerals	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.
	Onça Puma - 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 na 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.
		520	473	

	Alunorte modules 6 and 7 alumina			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.
Aluminum	Paragominas II - 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.

1Q07

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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%
Total	**1,360**	**100.0%**	**7,351**	**100.0%**

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.cvrd.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.cvrd.com.br, investor relations.

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FINANCIAL STATEMENTS

R$ million

	1Q06	4Q06	1Q07
Gross operating revenues	**8,281**	**16,692**	**16,629**
Taxes	(316)	(370)	(380)
Net operating revenues	**7,965**	**16,322**	**16,249**
Cost of goods sold	(3,944)	(7,524)	(7,247)
Gross profit	**4,021**	**8,798**	**9,003**
Gross margin (%)	50.5%	53.9%	55.4%
Operational expenses	**(781)**	**(1,718)**	**(923)**
Sales	(105)	(121)	(57)
Administrative	(331)	(481)	(545)
Research and development	(156)	(375)	(239)
Other operational expenses	(189)	(741)	(82)
Operating profit before result from shareholdings	**3,240**	**7,080**	**8,080**
Result from shareholdings	**16**	**(144)**	**(253)**
Equity income	77	118	35
Goodwill amortization	(38)	(262)	(263)
Others	(22)		(25)
Financial result	**(259)**	**(771)**	**(208)**
Financial expenses	(527)	(1,426)	(1,404)
Financial revenues	108	410	291
Monetary variation	160	245	905
Operating profit	**2,997**	**6,165**	**7,619**
Non-operating income	19	(1,006)	
Earnings before income tax and social contribution	**3,016**	**5,159**	**7,619**
Income tax and social contribution	(585)	(1,420)	(2,075)
Minority interest	(247)	(371)	(449)
Net earnings	**2,184**	**3,368**	**5,095**

BALANCE SHEET

R$ million

	03/31/06	12/31/06	03/31/07
Asset			
Current	13,715	27,169	26,340
Long term	4,551	6,627	5,629
Fixed	41,917	89,150	93,435
Total	**60,183**	**122,946**	**125,404**
Liabilities			
Current	10,078	16,644	16,391
Long term	16,292	61,198	60,082
Others	2,085	6,008	4,739
Shareholders equity	31,727	39,096	44,192
Paid-up capital	19,492	19,492	19,492
Reserves	12,235	19,604	24,700
Total	**60,183**	**122,946**	**125.404**

1Q07

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CASH FLOW	R$ million		
	1Q06	**4Q06**	**1Q07**
Cash flows from operating activities:			
Net income	2,185	3,368	5,095
Adjustments to reconcile net income with cash provided by operating activities:			
Result from shareholdings	(16)	144	253
Depreciation, depletion and amortization	(19)	(421)	
Deferred income tax and social contribution	420	827	805
Result from sale of investment	(77)	81	(328)
Financial expenses and foreign exchange and monetary net variation	(654)	80	228
Minority interest	247	372	449
Impairment of property, plant and equipment	19	162	81
Goodwill amortization in the COGS	92	47	51
Net unrealized derivative losses	158	213	(167)
Dividends/interest attributed to stockholders received	1	4	
Others	22	80	343
Decrease (increase) in assets:			
Accounts receivable	492	265	360
Inventories	(188)	(1)	(181)
Advanced pay to energy suppliers	(68)	(17)	(67)
Others	(404)	(442)	(776)
Increase (decrease) in liabilities:			
Suppliers and contractors	(842)	230	(845)
Payroll and related charges	(242)	(159)	(362)
Taxes and Contributions	(329)	(212)	(68)
Others	(286)	242	(760)
Net cash provided by operating activities	**511**	**4,864**	**4,111**
Cash Flow from investing activities:			
Loans and advances receivable	26	(261)	13
Guarantees and deposits	(52)	87	(73)
Additions to investments	(112)	(80)	(32)
Additions to property, plant and equipment	(1,699)	(4,191)	(2,439)
Net cash for acquisition and investment on subsidiaries		(28,211)	(4,327)
Proceeds from disposals of investments/property, plant and equipment	48	608	
Net cash used I investing activities	**(1,789)**	**(32,049)**	**(6,858)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	155	939	557
Long-term debt	3,091	45,855	14,133
Repayments:			
Financial institutions	(739)	(14,949)	(13,271)
Interest attributed to stockholders	(55)	(1,462)	(121)
Stocks in treasury			81
Net cash used in financing activities	**2,452**	**30,383**	**1,297**
Increase (decrease) in cash and cash equivalents	1,174	3,198	(1,451)
Cash and equivalents, beginning of period	2,703	6,580	9,778
Cash and equivalents, end of period	**3,877**	**9,778**	**8,327**

Cash paid during the period for:			
Interest on short-term debt	(8)	(14)	(18)
Interest on long-term debt	(219)	(562)	(445)
Paid income tax and social contribution	(432)	(151)	(890)
Non-cash transactions:			
Additions to property, plant and equipment interest capitalization	(220)	(7)	(78)
Income tax and social contribution paid with credits	(82)	(81)	(262)

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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.

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brgaap financial pages

A-Quarterly information

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

1- Balance Sheet

March 31			**In thousands of reais**		
			Consolidated		**Parent Company**
	Notes	**03/31/07**	**12/31/06**	**03/31/07**	**12/31/06**
Assets					
Current assets					
Cash and cash equivalents		8,326,983	9,777,975	192,617	203,090
Accounts receivable from customers		8,123,929	7,891,550	6,019,501	4,911,837
Related parties		63,068	61,087	1,693,752	1,056,454
Inventories	5.6	6,838,024	6,369,398	1,228,229	1,104,973
Taxes to recover or offset	5.7	1,037,704	1,003,156	526,713	463,160
Deferred income tax and social contribution		903,650	885,250	654,902	403,972
Other		1,046,412	1,181,240	211,673	379,391
		26,339,770	**27,169,656**	**10,527,387**	**8,522,877**
Non-current assets					
Long-term receivables					
Related parties		343	10,975	354,680	381,316
Loans and financing	5.12	240,585	234,038	110,940	110,492
Deferred income tax and social contribution		1,613,155	2,758,496	286,101	481,145
Judicial deposits	5.13	958,198	841,885	636,080	506,759
Taxes to recover or offset	5.7	636,440	808,566	222,954	220,218
Property, plant and equipment available for sale		39,357	52,976		
Advances to energy suppliers		1,011,455	944,513		
Provisions for derivatives	5.19	322,226	47,780	313,389	51,292
Prepaid expenses		603,540	810,860	15,735	115,602
Other		204,133	116,705	84,060	21,104
		5,629,432	**6,626,794**	**2,023,939**	**1,887,928**
Investments	5.9	**1,942,366**	**1,856,358**	**55,065,376**	**54,571,418**
Intagibles	5.10	**11,514,663**	**9,531,931**	**11,499,478**	**9,507,447**
Property, plant and equipment	5.11	**79,832,426**	**77,611,135**	**25,974,479**	**25,664,543**
Deferred charges		**145,951**	**150,303**		

		93,435,406	**89,149,727**	**92,539,333**	**89,743,408**
		125,404,608	**122,946,177**	**105,090,659**	**100,154,213**
Liabilities and stockholders equity					
Current liabilities					
Short-term debt	5.12	2,503,185	2,035,165	2,085,499	1,510,525
Current portion of long-term debt	5.12	1,651,271	1,625,990	611,979	514,579
Payable to suppliers and contractors		5,096,952 &nbs			