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Companhia Vale do Rio Doce  
Form 6-K  
November 14, 2006

**Table of Contents**

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

**FORM 6-K**

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

**Securities Exchange Act of 1934**

**For the month of**

**November 2006**

**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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**Table of Contents**

Table of Contents

BRGAAP Financial Pages

A-Quarterly information

1-Balance Sheet

2-Statement of Income

3-Statement of Changes in Stockholders' Equity

4-Statement of Cash Flows

5-Notes to the Quarterly information at September 30, 2006 and 2005

5.1- Operations

5.2- Presentation of Quarterly information

5.3- Principles and Practices of Consolidation

5.4- Significant Accounting Policies

5.5- Stock Merger - CAEMI

5.6- Acquisition and Divestment

5.7- Cash and Cash Equivalents

5.8- Accounts Receivable

5.9- Related Parties

5.10- Inventories

5.11- Taxes to recover or offset

5.12- Deferred Income Tax and Social Contribution

5.13- Consolidated investments

5.14- Property, Plant and Equipment

5.15- Loans and Financing

5.16- Contingent Liabilities

5.17- Provision for asset retirement obligations

5.18- Treasury Stock

5.19- Paid-up Capital

5.20- Payment to Shareholders

5.21- Financial Results

5.22- Financial Instruments - Derivatives

5.24- Selling, Administrative and Other Operating Expenses

6- Attachment I - Statement of Investments in Subsidiaries and Jointly-Controlled Companies

7- Report of the Independent Accountants on Limited Review

B - Additional Information

8 - Management's Discussion and Analysis of the Operating Results for the Year Ended September 30, 2006 and Supplemental Information

8.1- Comments on Consolidated Operating Results

8.1.1- Gross revenue

8.1.2 - Cost of products and services

8.1.3 - Selling expenses and administrative expenses

8.1.4 - Research and development

8.1.5 - Other operating expenses

8.1.6 - Net financial results

8.1.7 - Income tax and social contribution

8.1.8 - Cash generation

8.2- Comments on the Parent Company Results

8.2.1 - Gross revenue

8.2.2 - Cost of products and services

Table of Contents

8.2.3 - Gross margin

8.2.4 - Results of shareholdings by business area

8.2.5 - Selling expenses and administrative expenses

8.2.6 - Research and development

8.2.7 - Other operating expenses

8.2.8 - Net financial results

8.2.9 - Income tax and social contribution

9- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers

Signature Page

1

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**Table of Contents****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****Periods ended September 30**

|   | Notes  | In thousands of reais |                          |                            |                            |
|---|--------|-----------------------|--------------------------|----------------------------|----------------------------|
|   |        | 09/30/06              | Consolidated<br>06/30/06 | Parent Company<br>09/30/06 | Parent Company<br>06/30/06 |
| <b>Assets</b>                               |        |                       |                          |                            |                            |
| <b>Current assets</b>                       |        |                       |                          |                            |                            |
| Cash and cash equivalents                   | 5.7    | 6,580,213             | 4,501,953                | 387,053                    | 116,099                    |
| Accounts receivable from customers          | 5.8    | 5,213,066             | 4,527,871                | 3,497,398                  | 2,243,382                  |
| Related parties                             | 5.9    | 16,173                | 22,626                   | 516,231                    | 1,023,253                  |
| Inventories                                 | 5.10   | 3,442,973             | 3,342,975                | 1,317,302                  | 1,331,895                  |
| Taxes to recover or offset                  | 5.11   | 738,056               | 787,265                  | 311,592                    | 257,182                    |
| Deferred income tax and social contribution | 5.12   | 773,557               | 509,073                  | 691,049                    | 425,575                    |
| Other                                       |        | 769,062               | 967,764                  | 239,238                    | 288,664                    |
|   |        | <b>17,533,100</b>     | <b>14,659,527</b>        | <b>6,959,863</b>           | <b>5,686,050</b>           |
| <b>Non-current assets</b>                   |        |                       |                          |                            |                            |
| <b>Long-term receivables</b>                |        |                       |                          |                            |                            |
| Related parties                             | 5.9    | 10,834                | 14,226                   | 405,238                    | 404,800                    |
| Loans and financing                         |        | 159,820               | 144,144                  | 108,734                    | 107,170                    |
| Deferred income tax and social contribution | 5.12   | 880,636               | 945,081                  | 391,720                    | 399,246                    |
| Judicial deposits                           | 5.16   | 2,114,810             | 1,953,963                | 1,394,004                  | 1,284,908                  |
| Taxes to recover or offset                  | 5.11   | 478,187               | 314,494                  | 216,311                    | 214,572                    |
| Asset for sale                              |        | 107,767               | 110,972                  |                            |                            |
| Advances to energy suppliers                | 5.4(f) | 927,970               | 861,575                  |                            |                            |
| Prepaid expenses                            |        | 122,765               | 264,010                  | 16,152                     |                            |
| Outros                                      |        | 521,983               | 389,339                  | 29,891                     | 24,321                     |
|   |        | <b>5,324,772</b>      | <b>4,997,804</b>         | <b>2,562,050</b>           | <b>2,435,017</b>           |
| <b>Investments</b>                          | 5.13   | <b>6,721,525</b>      | <b>6,816,643</b>         | <b>31,946,346</b>          | <b>29,292,636</b>          |
| <b>Property, plant and equipment</b>        | 5.14   | <b>38,119,420</b>     | <b>36,539,637</b>        | <b>24,023,800</b>          | <b>22,953,483</b>          |
| <b>Deferred charges</b>                     |        | <b>186,195</b>        | <b>183,685</b>           |                            |                            |
|   |        | <b>45,027,140</b>     | <b>43,539,965</b>        | <b>55,970,146</b>          | <b>52,246,119</b>          |
|   |        | <b>67,885,012</b>     | <b>63,197,296</b>        | <b>65,492,059</b>          | <b>60,367,186</b>          |
| <b>Liabilities and stockholders equity</b>  |        |                       |                          |                            |                            |

**Current liabilities**

|   |      |                  |                  |                  |                  |
|---|------|------------------|------------------|------------------|------------------|
| Short-term debt                               | 5.15 | 1,062,137        | 652,389          | 438,419          |                  |
| Current portion of long-term debt             | 5.15 | 2,217,744        | 2,514,229        | 478,034          | 621,121          |
| Payable to suppliers and contractors          |      | 2,189,233        | 2,018,364        | 1,356,044        | 1,398,583        |
| Related parties                               | 5.9  | 49,812           | 73,040           | 4,636,618        | 4,279,199        |
| Payroll and related charges                   |      | 543,239          | 413,094          | 376,579          | 286,225          |
| Pension Plan Valia                            |      | 79,104           | 74,808           | 79,104           | 74,808           |
| Dividends and interest on stockholders equity | 5.20 | 1,356,851        | 1,440,843        | 1,356,851        | 1,357,850        |
| Taxes and contributions                       |      | 1,082,606        | 781,517          | 231,511          | 93,506           |
| Other   |      | 926,392          | 886,956          | 426,279          | 393,047          |
|   |      | <b>9,507,118</b> | <b>8,855,240</b> | <b>9,379,439</b> | <b>8,504,339</b> |

**Non-current liabilities****Long-term liabilities**

|  |      |                   |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Long-term debt                             | 5.15 | 10,841,952        | 10,576,743        | 1,893,589         | 2,049,055         |
| Related parties                            | 5.9  | 2,795             | 2,847             | 11,128,813        | 10,255,884        |
| Provisions for contingencies               | 5.16 | 3,276,511         | 3,040,826         | 2,482,295         | 2,322,604         |
| Pension Plan Valia                         |      | 545,704           | 545,665           | 543,859           | 545,665           |
| Provision for asset retirement obligations | 5.17 | 549,305           | 541,631           | 336,384           | 326,953           |
| Provisions for derivatives                 | 5.22 | 536,104           | 679,838           | 65,720            | 77,567            |
| Other                                      |      | 1,040,809         | 1,005,629         | 715,368           | 706,215           |
|  |      | <b>16,793,180</b> | <b>16,393,179</b> | <b>17,166,028</b> | <b>16,283,943</b> |

**Deferred income**

|  |  |              |              |  |  |
|--|--|--------------|--------------|--|--|
|  |  | <b>7,056</b> | <b>6,787</b> |  |  |
|--|--|--------------|--------------|--|--|

**Minority interest**

|  |  |                  |                  |  |  |
|--|--|------------------|------------------|--|--|
|  |  | <b>2,631,066</b> | <b>2,363,186</b> |  |  |
|--|--|------------------|------------------|--|--|

**Stockholders equity**

|                  |      |                   |                   |                   |                   |
|------------------|------|-------------------|-------------------|-------------------|-------------------|
| Paid-up capital  | 5.19 | 19,492,401        | 19,492,401        | 19,492,401        | 19,492,401        |
| Revenue reserves |      | 19,454,191        | 16,086,503        | 19,454,191        | 16,086,503        |
|                  |      | <b>38,946,592</b> | <b>35,578,904</b> | <b>38,946,592</b> | <b>35,578,904</b> |
|                  |      | <b>67,885,012</b> | <b>63,197,296</b> | <b>65,492,059</b> | <b>60,367,186</b> |

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

**Table of Contents**

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

**2- Statement of Income**  
**Periods ended September 30**

|                                      |                     |                   |                   |                          |                   | <b>In thousands of reais</b>                     |  |                   |
|--------------------------------------|---------------------|-------------------|-------------------|--------------------------|-------------------|--|--|-------------------|
|                                      | <b>Notes</b>        | <b>3Q/06</b>      | <b>2Q/06</b>      | <b>Quarter<br/>3Q/05</b> | <b>09/30/06</b>   | <b>Consolidated<br/>Accumulated<br/>09/30/05</b> | <b>Parent Company<br/>Accumulated<br/>09/30/06</b> | <b>09/30/05</b>   |
| <b>Operating revenues</b>            |                     |                   |                   |                          |                   |  |  |                   |
| Sales of ore and metals              | 8.1.1<br>e<br>8.2.1 |                   |                   |                          |                   |  |  |                   |
| Iron ore and pellets                 |                     | 7.609.340         | 6.354.472         | 6.106.055                | 19.462.301        | 17.075.476                                       | 11.817.334   | 10.907.459        |
| Manganese and ferroalloys            |                     | 319.516           | 300.246           | 274.811                  | 876.124           | 1.216.032  |  |                   |
| Copper                               |                     | 608.662           | 447.328           | 214.632                  | 1.297.728         | 643.182  | 892.909  | 563.007           |
| Potash                               |                     | 118.937           | 49.377            | 111.296                  | 217.202           | 267.175  | 217.202  | 267.175           |
| Bauxite                              |                     | 114.913           | 100.151           | 98.681                   | 321.391           | 314.212  |  |                   |
|                                      |                     | <b>8.771.368</b>  | <b>7.251.574</b>  | <b>6.805.475</b>         | <b>22.174.746</b> | <b>19.516.077</b>                                | <b>12.927.445</b>                                  | <b>11.737.641</b> |
| Transport services                   |                     | 956.058           | 895.968           | 937.956                  | 2.555.670         | 2.510.386  | 1.415.925  | 1.359.334         |
| Sales of aluminum-related products   |                     | 1.439.675         | 1.544.296         | 955.315                  | 4.036.523         | 2.923.453  | 74.420   | 145.564           |
| Sales of steel products              |                     | 414.752           | 381.832           | 339.851                  | 1.145.493         | 1.170.701  |  |                   |
| Other products and services          |                     | 60.480            | 56.995            | 3.350                    | 141.690           | 25.141   | 64.945   | 34.494            |
|                                      |                     | <b>11.642.333</b> | <b>10.130.665</b> | <b>9.041.947</b>         | <b>30.054.122</b> | <b>26.145.758</b>                                | <b>14.482.735</b>                                  | <b>13.277.033</b> |
| Value Added taxes                    |                     | (417.309)         | (350.794)         | (236.659)                | (1.083.955)       | (1.068.442)                                      | (781.214)  | (775.663)         |
| <b>Net operating revenues</b>        |                     | <b>11.225.024</b> | <b>9.779.871</b>  | <b>8.805.288</b>         | <b>28.970.167</b> | <b>25.077.316</b>                                | <b>13.701.521</b>                                  | <b>12.501.370</b> |
| <b>Cost of products and services</b> |                     |                   |                   |                          |                   |  |  |                   |
| Sales of iron ore and metals         | 8.1.2<br>e<br>8.2.2 |                   |                   |                          |                   |  |  |                   |
| Transport services                   |                     | (449.706)         | (426.850)         | (510.926)                | (1.329.520)       | (1.441.595)                                      | (537.964)  | (463.261)         |
| Aluminum related products            |                     | (821.559)         | (761.378)         | (641.939)                | (2.183.614)       | (1.735.006)                                      | (51.762)   | (75.918)          |
| Steel products                       |                     | (333.889)         | (308.211)         | (333.430)                | (921.006)         | (1.069.246)                                      |  |                   |

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|  |      |                    |                    |                    |                     |                     |                    |                    |
|--|------|--------------------|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|
| Other products and services  |      | (38.875)           | (38.789)           | (5.845)            | (91.681)            | (17.426)            | (23.304)           | (19.374)           |
|  |      | <b>(4.936.544)</b> | <b>(4.350.722)</b> | <b>(4.108.271)</b> | <b>(13.231.976)</b> | <b>(11.903.910)</b> | <b>(7.877.551)</b> | <b>(7.032.494)</b> |
| <b>Gross profit</b>  |      | <b>6.288.480</b>   | <b>5.429.149</b>   | <b>4.697.017</b>   | <b>15.738.191</b>   | <b>13.173.406</b>   | <b>5.823.970</b>   | <b>5.468.876</b>   |
| <b>Gross margin</b>  |      | <b>56,0%</b>       | <b>55,5%</b>       | <b>53,3%</b>       | <b>54,3%</b>        | <b>52,5%</b>        | <b>42,5%</b>       | <b>43,7%</b>       |
| <b>Operating expenses</b>  |      |                    |                    |                    |                     |                     |                    |                    |
| Selling and administrative   | 5.23 | (402.147)          | (511.794)          | (423.442)          | (1.349.734)         | (1.184.246)         | (626.673)          | (461.245)          |
| Research and development   |      | (289.096)          | (222.030)          | (220.439)          | (667.184)           | (463.014)           | (393.346)          | (306.154)          |
| Other operating expenses   | 5.23 | (347.818)          | (175.902)          | (288.588)          | (712.545)           | (629.226)           | (357.967)          | (254.707)          |
|  |      | <b>(1.039.061)</b> | <b>(909.726)</b>   | <b>(932.469)</b>   | <b>(2.729.463)</b>  | <b>(2.276.486)</b>  | <b>(1.377.986)</b> | <b>(1.022.106)</b> |
| <b>Operating profit before financial results and results of equity investments</b> |      | <b>5.249.419</b>   | <b>4.519.423</b>   | <b>3.764.548</b>   | <b>13.008.728</b>   | <b>10.896.920</b>   | <b>4.445.984</b>   | <b>4.446.770</b>   |
| <b>Results of equity investments</b>   | 5.13 | <b>(14.035)</b>    | <b>(57.280)</b>    | <b>13.166</b>      | <b>(54.905)</b>     | <b>163.574</b>      | <b>6.774.814</b>   | <b>3.718.923</b>   |
| Gain on investments accounted for by the equity method                             |      | 119.131            | 75.422             | 72.961             | 271.327             | 347.120             | 7.844.175          | 5.051.387          |
| Amortization of goodwill   |      | (130.750)          | (132.256)          | (57.270)           | (300.947)           | (171.810)           | (302.451)          | (171.810)          |
| Provision for losses   |      |                    |                    |                    |                     |                     | (154.088)          | (97.528)           |
| Change in fair value of equity of companies abroad                                 |      | (2.416)            | (446)              | (2.525)            | (25.285)            | (11.736)            | (612.822)          | (1.063.126)        |
| <b>Financial results, net of assets</b>  | 5.21 | <b>(248.609)</b>   | <b>(466.405)</b>   | <b>(319.265)</b>   | <b>(974.068)</b>    | <b>(511.841)</b>    | <b>(342.086)</b>   | <b>710.315</b>     |
|  | 5.6  | <b>34.438</b>      | <b>736.866</b>     | <b>297.700</b>     | <b>790.630</b>      | <b>297.700</b>      | <b>53.764</b>      |                    |
| <b>Income before income tax and financial contribution</b>                         |      | <b>5.021.213</b>   | <b>4.732.604</b>   | <b>3.756.149</b>   | <b>12.770.385</b>   | <b>10.846.353</b>   | <b>10.932.476</b>  | <b>8.876.008</b>   |
| <b>Income tax and financial contribution</b>                                       | 5.12 | <b>(791.772)</b>   | <b>(593.102)</b>   | <b>(764.069)</b>   | <b>(1.970.208)</b>  | <b>(2.215.492)</b>  | <b>(869.922)</b>   | <b>(1.070.072)</b> |



|   |      |                  |                  |                  |                   |                  |                   |                  |
|---|------|------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|
| <b>Contribution</b>   |      |                  |                  |                  |                   |                  |                   |                  |
| <b>Income before minority interests</b>                                     |      |                  |                  |                  |                   |                  |                   |                  |
|   |      | <b>4.229.441</b> | <b>4.139.502</b> | <b>2.992.080</b> | <b>10.800.177</b> | <b>8.630.861</b> | <b>10.062.554</b> | <b>7.805.936</b> |
| <b>Minority interests</b>   |      |                  |                  |                  |                   |                  |                   |                  |
|   |      | <b>(256.546)</b> | <b>(234.405)</b> | <b>(280.619)</b> | <b>(737.623)</b>  | <b>(824.925)</b> |                   |                  |
| <b>Net income for the period</b>  |      |                  |                  |                  |                   |                  |                   |                  |
|   |      | <b>3.972.895</b> | <b>3.905.097</b> | <b>2.711.461</b> | <b>10.062.554</b> | <b>7.805.936</b> | <b>10.062.554</b> | <b>7.805.936</b> |
| <b>Number of shares outstanding at the end of the period (in thousands)</b> |      |                  |                  |                  |                   |                  |                   |                  |
|   | 5.18 |                  |                  |                  |                   |                  |                   |                  |
|   | 5.19 | <b>2.416.194</b> | <b>2.430.062</b> | <b>2.303.040</b> | <b>2.416.194</b>  | <b>2.303.040</b> | <b>2.416.194</b>  | <b>2.303.040</b> |
| <b>Net earnings per share outstanding at the end of the period (R\$)</b>    |      |                  |                  |                  |                   |                  |                   |                  |
|   |      | <b>1,64</b>      | <b>1,61</b>      | <b>1,18</b>      | <b>4,16</b>       | <b>3,39</b>      | <b>4,16</b>       | <b>3,39</b>      |

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

2

**Table of Contents**

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

**3- Statement of Changes in Stockholders' Equity**

Periods ended September 30

| Notes  | In thousands of reais |                        |                      |                   |                  |                                   |                  | Retained earnings | Total             |
|--|-----------------------|------------------------|----------------------|-------------------|------------------|-----------------------------------|------------------|-------------------|-------------------|
|  | Paid-up capital       | Expansion/ Investments | Unrealized Depletion | Unrealized income | Legal incentives | Fiscal Reservas de Treasury stock |                  |                   |                   |
| <b>December 31, 2004</b>                                 | <b>7,300,000</b>      | <b>8,206,978</b>       | <b>1,004,166</b>     | <b>345,728</b>    | <b>1,403,117</b> | <b>40,663</b>                     | <b>(131,318)</b> |                   | <b>18,169,334</b> |
| Net income for the year                                  |                       |                        |                      |                   |                  |                                   |                  | 10,442,986        | 10,442,986        |
| Capitalization of reserves                               | 6,700,000             | (5,129,319)            | (1,004,166)          |                   | (525,853)        | (40,662)                          |                  |                   |                   |
| Realization of reserves                                  |                       |                        |                      | (109,561)         |                  |                                   |                  | 109,561           |                   |
| Exchange of Samitri shares                               |                       |                        |                      |                   |                  |                                   |                  | 21                | 21                |
| Treasury stock   |                       |                        |                      |                   |                  |                                   |                  | (3)               | (3)               |
| Appropriations: interim interest on stockholders' equity |                       |                        |                      |                   |                  |                                   |                  | (783,387)         | (783,387)         |
| Interim dividends  |                       |                        |                      |                   |                  |                                   |                  | (1,028,160)       | (1,028,160)       |
| Additional remuneration proposed                         |                       |                        |                      |                   |                  |                                   |                  | (2,750,150)       | (2,750,150)       |
| Appropriation to revenue reserves                        |                       | 5,385,337              |                      |                   | 522,149          | 83,364                            |                  | (5,990,850)       |                   |
| <b>December 31, 2005</b>                                 | <b>14,000,000</b>     | <b>8,462,996</b>       |                      | <b>236,167</b>    | <b>1,399,413</b> | <b>83,365</b>                     | <b>(131,300)</b> |                   | <b>24,050,641</b> |
| Capital increase   | 5,492,401             |                        |                      |                   |                  |                                   |                  |                   | 5,492,401         |
| Net income for the period                                |                       |                        |                      |                   |                  |                                   |                  | 2,184,562         | 2,184,562         |
| <b>March 31, 2006</b>                                    | <b>19,492,401</b>     | <b>8,462,996</b>       |                      | <b>236,167</b>    | <b>1,399,413</b> | <b>83,365</b>                     | <b>(131,300)</b> | <b>2,184,562</b>  | <b>31,727,604</b> |

|                           |                   |                  |                |                  |               |                  |                   |                   |
|---------------------------|-------------------|------------------|----------------|------------------|---------------|------------------|-------------------|-------------------|
| Net income for the period |                   |                  |                |                  |               |                  | 3,905,097         | 3,905,097         |
| Treasury stock            |                   |                  |                |                  |               | (53,797)         |                   | (53,797)          |
| <b>June 30, 2006</b>      | <b>19,492,401</b> | <b>8,462,996</b> | <b>236,167</b> | <b>1,399,413</b> | <b>83,365</b> | <b>(185,097)</b> | <b>6,089,659</b>  | <b>35,578,904</b> |
| Treasury stock            |                   |                  |                |                  |               | (605,207)        |                   | (605,207)         |
| Net income for the period |                   |                  |                |                  |               |                  | 3,972,895         | 3,972,895         |
| <b>September 30, 2006</b> | <b>19,492,401</b> | <b>8,462,996</b> | <b>236,167</b> | <b>1,399,413</b> | <b>83,365</b> | <b>(790,304)</b> | <b>10,062,554</b> | <b>38,946,592</b> |

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

**Table of Contents**

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

**4- Statement of Cash Flows**  
**Periods ended September 30**

|  | <b>In thousands of reais</b> |                  |                  |                     |                  |                       |                  |
|--|------------------------------|------------------|------------------|---------------------|------------------|-----------------------|------------------|
|  |                              |                  | <b>Quarter</b>   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|  | <b>3Q/06</b>                 | <b>2Q/06</b>     | <b>3Q/05</b>     | <b>09/30/06</b>     | <b>09/30/05</b>  | <b>09/30/06</b>       | <b>09/30/05</b>  |
| <b>Cash flows from operating activities:</b>   |                              |                  |                  |                     |                  |                       |                  |
| Net income for the period  | 3,972,895                    | 3,905,097        | 2,711,461        | 10,062,554          | 7,805,936        | 10,062,554            | 7,805,936        |
| Adjustments to reconcile net income for the period with cash provided by operating activities: |                              |                  |                  |                     |                  |                       |                  |
| Results of equity investments  | 14,035                       | 57,280           | (13,166)         | 54,905              | (163,574)        | (6,774,814)           | (3,718,923)      |
| Sale of assets   | (34,438)                     | (736,866)        | (297,700)        | (790,630)           | (297,700)        | (53,764)              |                  |
| Depreciation, amortization and depletion   | 510,447                      | 445,923          | 399,859          | 1,376,700           | 1,169,372        | 762,451               | 638,634          |
| Deferred income tax and social contribution  | (258,455)                    | 95,560           | (283,442)        | (239,445)           | (344,161)        | (327,556)             | (126,283)        |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net    | 251,162                      | 64,191           | (419,936)        | (273,072)           | (1,355,193)      | (269,220)             | (967,354)        |
| Minority interest  | 256,546                      | 234,405          | 280,619          | 737,623             | 824,925          |                       |                  |
| Disposal of property, plant and equipment  | 43,227                       | 60,059           | 1,066            | 121,939             | 76,695           | 33,632                | 3,693            |
| Amortization of goodwill in the cost of products sold  | 94,008                       | 94,090           | 94,726           | 280,085             | 286,916          | 275,961               | 286,916          |
| Net losses on derivatives  | (162,339)                    | 107,435          | 169,460          | 102,777             | 163,734          | 13,825                | 11,918           |
| Dividends/interest on stockholders equity received   | 40,624                       | 93,786           | 58,682           | 135,737             | 147,604          | 1,446,112             | 885,691          |
| Other  | (137,518)                    | (24,506)         | 37,366           | (140,007)           | 13,571           | (18,626)              | 57,427           |
|  | <b>4,590,194</b>             | <b>4,396,454</b> | <b>2,738,995</b> | <b>11,429,166</b>   | <b>8,328,125</b> | <b>5,150,555</b>      | <b>4,877,655</b> |
| <b>Decrease (increase) in assets:</b>  |                              |                  |                  |                     |                  |                       |                  |
| Accounts receivable  | (681,401)                    | (895,971)        | 734,537          | (1,084,916)         | (628,914)        | (1,458,972)           | 170,853          |
| Inventories  | (370,530)                    | 89,591           | (69,137)         | (469,296)           | (206,341)        | (78,405)              | (267,050)        |

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|   |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Advances to energy suppliers  | (66,395)           | (66,786)           |                    | (200,743)          |                    |                    |                    |
| Other   | (268,908)          | 210,128            | (870,320)          | (426,141)          | (1,585,281)        | 151,668            | (304,250)          |
|   | <b>(1,387,234)</b> | <b>(663,038)</b>   | <b>(204,920)</b>   | <b>(2,181,096)</b> | <b>(2,420,536)</b> | <b>(1,385,709)</b> | <b>(400,447)</b>   |
| <b>Increase (decrease) in liabilities:</b>                          |                    |                    |                    |                    |                    |                    |                    |
| Suppliers and contractors   | 240,266            | 242,012            | (291,233)          | (359,690)          | 35,852             | (411,478)          | 357,278            |
| Payroll and related charges and Other                               | 108,183            | 109,629            | 54,757             | (23,898)           | (9,070)            | (47,887)           | (31,154)           |
| Taxes and contributions   | 394,705            | 267,800            | 1,264,561          | 333,089            | 1,571,119          | 141,184            | 452,592            |
| Other   | 299,263            | (147,612)          | (348,009)          | (133,859)          | (316,472)          | (375,172)          | 104,274            |
|   | <b>1,042,417</b>   | <b>471,829</b>     | <b>680,076</b>     | <b>(184,358)</b>   | <b>1,281,429</b>   | <b>(693,353)</b>   | <b>882,990</b>     |
| <b>Net cash provided by operating activities</b>                    | <b>4,245,377</b>   | <b>4,205,245</b>   | <b>3,214,151</b>   | <b>9,063,712</b>   | <b>7,189,018</b>   | <b>3,071,493</b>   | <b>5,360,198</b>   |
| <b>Cash flows from investing activities:</b>                        |                    |                    |                    |                    |                    |                    |                    |
| Loans and advances receivable                                       | 94,148             | (180,756)          | 88,501             | (60,837)           | 57,090             | 219,873            | (79,912)           |
| Guarantees and deposits   | (131,033)          | (28,305)           | (84,464)           | (276,545)          | (173,517)          | (106,421)          | (94,684)           |
| Additions to investments  | (122,057)          |                    | (30,662)           | (234,138)          | (249,244)          | (3,478,246)        | (645,685)          |
| Additions to property, plant and equipment                          | (1,777,102)        | (2,434,198)        | (2,464,450)        | (5,910,435)        | (6,146,102)        | (4,209,737)        | (4,283,310)        |
| Proceeds from disposal of property, plant and equipment/investments | 43,017             | 970,440            | 301,284            | 1,061,810          | 311,345            | 63,870             | 13,645             |
| Cash used to acquire subsidiaries, net cash of acquired             | (25,978)           |                    |                    | (25,978)           |                    |                    |                    |
| <b>Net cash used in investing activities</b>                        | <b>(1,919,005)</b> | <b>(1,672,819)</b> | <b>(2,189,791)</b> | <b>(5,446,123)</b> | <b>(6,200,428)</b> | <b>(7,510,661)</b> | <b>(5,089,946)</b> |
| <b>Cash flows from financing activities:</b>                        |                    |                    |                    |                    |                    |                    |                    |
| Short-term debt   | 431,648            | (54,637)           | (435,280)          | 532,191            | 255,559            | 565,436            | 121,115            |
| Long-term debt  | 445,146            | 27,965             | 26,292             | 3,563,810          | 1,093,729          | 6,882,940          | 2,003,668          |
| Repayments:   |                    |                    |                    |                    |                    |                    |                    |
| Related parties   |                    |                    |                    |                    |                    |                    | (280,279)          |
| Financial institutions  | (477,094)          | (449,775)          | (369,931)          | (1,665,965)        | (1,985,467)        | (702,315)          | (884,777)          |

|  |                  |                    |                  |                  |                    |                  |                  |
|--|------------------|--------------------|------------------|------------------|--------------------|------------------|------------------|
| Interest on stockholders equity paid to stockholders           | (79,311)         | (1,377,591)        |                  | (1,511,657)      | (1,279,900)        | (1,392,300)      | (1,279,900)      |
| Treasure stock   | (605,210)        | (53,797)           |                  | (659,007)        |                    | (659,007)        |                  |
| <b>Net cash provided by (used in) financing activities</b>     | <b>(284,821)</b> | <b>(1,907,835)</b> | <b>(778,919)</b> | <b>259,372</b>   | <b>(1,916,079)</b> | <b>4,694,754</b> | <b>(320,173)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>        | <b>2,041,551</b> | <b>624,591</b>     | <b>245,441</b>   | <b>3,876,961</b> | <b>(927,489)</b>   | <b>255,586</b>   | <b>(49,921)</b>  |
| Cash and cash equivalents, beginning of the period             | 4,538,662        | 3,877,362          | 2,743,828        | 2,703,252        | 3,916,758          | 131,467          | 305,927          |
| <b>Cash and cash equivalents, end of the period</b>            | <b>6,580,213</b> | <b>4,501,953</b>   | <b>2,989,269</b> | <b>6,580,213</b> | <b>2,989,269</b>   | <b>387,053</b>   | <b>256,006</b>   |
| Cash paid during the period for:                               |                  |                    |                  |                  |                    |                  |                  |
| Short-term interest  | (11,157)         | (8,170)            | (10,367)         | (27,202)         | (31,591)           | (14,997)         | (6,109)          |
| Long-term interest   | (326,204)        | (164,077)          | (196,209)        | (709,424)        | (550,721)          | (412,020)        | (239,586)        |
| Income tax and social contribution                             | (579,886)        | (101,492)          | (468,890)        | (1,113,314)      | (1,057,958)        | (386,892)        | (778,068)        |
| <b>Non-cash transactions:</b>                                  |                  |                    |                  |                  |                    |                  |                  |
| Additions to property, plant and equipment                     |                  |                    |                  |                  |                    |                  |                  |
| interest capitalization  | 100,330          | 88,562             | 119,684          | (31,276)         | 495,141            | (38,981)         | 179,648          |
| Transfer of advance for future capital increase to investments |                  |                    |                  |                  |                    | (256,790)        | (510,500)        |
| Compensated income tax and social contribution                 | (194,694)        | (77,646)           | (63,724)         | (354,418)        | (168,564)          | (51,509)         | (24,815)         |

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

**Table of Contents**

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

**5- Notes to the Quarterly information at September 30, 2006 and 2005**

Expressed In thousands of *reais*

**5.1- Operations**

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

**5.2- Presentation of Quarterly information**

The quarterly information have been prepared in conformity with accounting practices followed in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission).

**5.3- Principles and Practices of Consolidation**

The consolidated quarterly information shows the balances of assets and liabilities on September 30, and June 30, 2006 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly controlled companies for the periods ended on September 30, 2006, June 30, 2006 and September 30, 2005;

Intercompany balances and the Parent Company's investments in its direct and indirect subsidiaries and jointly controlled companies were eliminated in the consolidation. Minority interests are shown separately on the balance sheet and statement of income;

In the case of investments in companies in which the control is shared with other stockholders, the components of assets and liabilities and revenues and expenses are included in the consolidated quarterly information in proportion to the participation of the Parent Company in the capital of each investee; and

The principal figures of quarterly information of the subsidiaries and jointly controlled companies included in the consolidation are presented in Attachment I.

**5.4- Significant Accounting Policies**

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as non-current;
- (c) Marketable securities, classified as cash and cash equivalents are represented by less than 90 days applications and are stated at cost plus accrued income earned by the quarterly information date;
- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;
- (f) Amounts given in advance to Centrais Elétricas do Norte do Brasil S.A. Eletronorte due to long term contract to supply energy, are classified as Advances to energy suppliers, in long-term receivables;
- (g) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for losses when applicable. In the consolidated the exchange rate effect over stockholders equity from investees abroad are classified as monetary and exchange rate variation included as financial results, net;

- (h) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historical cost (increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the useful lives of the assets. Depletion of mineral reserves is based on the ratio between effective production and estimated capacity;
- (i) Research and development costs are incurred as operational expenses until the proof of its economical feasibility to exploit commercially a mine. After this proof, the costs are capitalized as part of the costs of building and the development;
- (j) During the development of a mine, stripping costs incurred are capitalized as part of the depreciable cost of developing the mine. Post-production stripping costs are recorded as cost of sales;



**Table of Contents**

- (k) Pre-operating costs except for financial charges capitalized as mentioned in (h) above, are deferred and amortized over a period of 10 years. The deferred charges (consolidated) refer basically to projects of expansion of Alunorte and Albras; and
- (l) CVRD follows the accounting practices laid down by to Deliberation CVM 371/00 related to the recognition of liabilities and results from actuarial valuation of employees' pension plan.

**5.5- Stock Merger CAEMI**

At the Extraordinary General Shareholders Meeting held on March 31, 2006 the merger of outstanding shares issued by Caemi Mineração e Metalurgia - Caemi into the assets of CVRD, was approved with the issuance by CVRD of 64,151,361 (128,302,722 after the split) preferred shares class A.

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

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

|   | <b>In million of reais (except when mentioned)</b> |  |                                  |
|---|--|--|----------------------------------|
|   | <b>Consolidated</b>                                |  |                                  |
|   | <b>09/30/06</b>                                    |  |                                  |
|   | <b>Consolidated</b>                                | <b>Caemi<br/>Additional<br/>(39.77%)</b> | <b>Pro Forma<br/>(unaudited)</b> |
| Operating results                                   | 12,770   |  | 12,770                           |
| Income tax and social contribution                  | (1,970)  |  | (1,970)                          |
| Minority interests                                  | (737)  | (*)117                                   | (620)                            |
| <b>Net income</b>                                   | <b>10,063</b>                                      | <b>117</b>                               | <b>10,180</b>                    |
| <b>Number of shares outstanding ( in thousands)</b> | <b>2,416,194</b>                                   |  | <b>2,416,194</b>                 |
| <b>Net earnings per share outstanding</b>           | <b>4.16</b>  |  | <b>4.21</b>                      |
|   |  |  | <b>09/30/05</b>                  |
|   | <b>Consolidated</b>                                | <b>Caemi<br/>Additional<br/>(39.77%)</b> | <b>Pro Forma<br/>(unaudited)</b> |
| Operating results                                   | 10,846   |  | 10,846                           |
| Income tax and social contribution                  | (2,215)  |  | (2,215)                          |
| Minority interests                                  | (825)  | 492                                      | (333)                            |
| <b>Net income</b>                                   | <b>7,806</b>                                       | <b>492</b>                               | <b>8,298</b>                     |
| <b>Number of shares outstanding ( in thousands)</b> | <b>2,303,040</b>                                   |  | <b>2,303,040</b>                 |
| <b>Net earnings per share outstanding</b>           | <b>3.39</b>  |  | <b>3.60</b>                      |

(\*) Represent the effect of the first three months of 2006.

### **5.6- Acquisition and Divestment**

On November, 2006 the CVRD Board of Directors approved the restructuring of its stake in Usinas Siderúrgicas de Minas Gerais S/A USIMINAS (Usiminas), involving its entry into the control group of Usiminas, and the partial sale of the common shares owned by CVRD. The common shares will be sold to Nippon Steel, Votorantim Participações S/A, and Camargo Correa S/A, totaling 5,562,928 common shares, or R\$ 378.6 million, and the remaining 13,829,192 Usiminas common shares that CVRD currently owns will be sold through a public offer.

During 2006 Third Quarter Companhia Vale do Rio Doce sold 1.361.100 shares of GERDAU for R\$ 40.578 generating a gain of R\$ 34.438. In the subsequent period after the closing of third quarter, the Companhia Vale do Rio Doce sold the 3.379.825 remanents shares by R\$ 104 millions which generated a gain of approximately R\$ 88 millions

On July, 2006 Companhia Vale do Rio Doce acquired 45,5 % of Valesul S.A., an aluminum company jointly-controlled, for R\$ 60 million. As a result of this acquisition, Valesul is now a direct subsidiary of CVRD.

On May 29, 2006 Companhia Vale do Rio Doce sold its 50% stake in Gulf Industrial Investment Company (GIIC), for R\$ 910,349, generating a net revenue of R\$ 736.866.

On February 2006 Companhia Vale do Rio Doce sold to JFE Steel Corporation (JFE) for R\$ 30.205, its 49% stake in Nova Era Silicon, earning a net revenue of R\$ 19.326.

**Table of Contents**

On November and December, 2005 and on February, 2006, CVRD acquired 93%, 6,2% 0,8% common shares of the Canico Resource Corp. (Canico), by R\$ 1.6561 R\$ 112 and R\$ 14, respectively . The Canico is a Canadian company of mineral exploration focused on the development of the Onça-Puma, project of nickel laterite. After theses acquisitions the above-mentioned company to turned a wholly owned subsidiary of the Companhia Vale do Rio Doce

**5.7- Cash and Cash Equivalents**

|  | <b>Consolidated</b> |                  | <b>Parent Company</b> |                 |
|--|---------------------|------------------|-----------------------|-----------------|
|  | <b>09/30/06</b>     | <b>06/30/06</b>  | <b>09/30/06</b>       | <b>06/30/06</b> |
| Cash and bank accounts   | 622,669             | 575,239          | 33,140                | 25,796          |
| Marketable securities linked to the interbank deposit certificate rate | 1,384,817           | 1,262,704        | 353,913               | 90,303          |
| Time deposits  | 4,572,727           | 2,664,010        |                       |                 |
|  | <b>6,580,213</b>    | <b>4,501,953</b> | <b>387,053</b>        | <b>116,099</b>  |

**5.8- Accounts Receivable**

|                                  | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|----------------------------------|---------------------|------------------|-----------------------|------------------|
|                                  | <b>09/30/06</b>     | <b>06/30/06</b>  | <b>09/30/06</b>       | <b>06/30/06</b>  |
| Domestic                         | 883,894             | 838,487          | 883,980               | 879,646          |
| Export                           | 4,479,943           | 3,834,401        | 2,699,269             | 1,446,256        |
|                                  | <b>5,363,837</b>    | <b>4,672,888</b> | <b>3,583,249</b>      | <b>2,325,902</b> |
| Allowance for doubtful accounts  | (113,632)           | (110,510)        | (52,456)              | (52,005)         |
| Allowance for ore weight credits | (37,139)            | (34,507)         | (33,395)              | (30,515)         |
|                                  | <b>5,213,066</b>    | <b>4,527,871</b> | <b>3,497,398</b>      | <b>2,243,382</b> |

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

**5.9- Related Parties**

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2008, as follows:

|   | <b>09/30/06</b>  |                                | <b>Assets</b>   |                                | <b>09/30/06</b>                |                      | <b>Consolidated</b> |                 |
|---|------------------|--------------------------------|-----------------|--------------------------------|--------------------------------|----------------------|---------------------|-----------------|
|   | <b>Customers</b> | <b>Related party Customers</b> | <b>06/30/06</b> | <b>Related party Suppliers</b> | <b>Related party Suppliers</b> | <b>Related party</b> | <b>Liabilities</b>  | <b>06/30/06</b> |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       | 69,758           | 897                            | 64,711          | 15,494                         | 21,986                         | 34,644               | 29,799              |                 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 38,117           | 130                            | 52,861          | 131                            | 43,961                         | 148                  | 37,306              | 11,357          |
| Companhia italo-Brasileira de                           | 34,813           |                                | 43,797          |                                | 13,497                         | 257                  | 25,819              | 1,998           |

|   |                |               |                |               |                |               |                |               |
|---|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Pelotização -<br>ITABRASCO<br>Companhia<br>Coreano-Brasileira<br>de Pelotização<br>KOBRASCO | 45,892         |               | 45,841         | 600           | 30,008         | 3,449         | 11,414         | 4,220         |
| Usina Siderúrgica de<br>Minas Gerais S.A.<br>USIMINAS                                       | 54,850         | 23,540        | 40,766         | 26,606        | 82             | 31            | 866            |               |
| Samarco Mineração<br>S.A.   | 4,298          |               | 4,392          | 7,379         |                |               |                |               |
| MRS Logística S.A.<br>Biovale Mineração<br>S.A.   | 52             | 3             | 219            | 366           | 3,915          | 14,641        | 1,172          | 14,922        |
| Mineração Rio do<br>Norte S.A.  | 63             |               | 106            |               | 21,313         |               | 18,179         |               |
| Minas da Serra<br>Geral S.A.  | 334            | 88            | 523            |               | 31,208         |               | 24,960         |               |
| Others  | 133            | 546           | 134            | 546           | 5,879          | 5,676         |                | 5,848         |
|   | 9,503          | 1,803         | 14,504         | 1,224         | 2,427          | 6,419         | 8,816          | 7,743         |
| <b>Total</b>  | <b>257,813</b> | <b>27,007</b> | <b>267,854</b> | <b>36,852</b> | <b>167,784</b> | <b>52,607</b> | <b>163,176</b> | <b>75,887</b> |
| <b>Registered as:</b>   |                |               |                |               |                |               |                |               |
| Current   | 257,813        | 16,173        | 267,854        | 22,626        | 167,784        | 49,812        | 163,176        | 73,040        |
| Non-current   |                | 10,834        |                | 14,226        |                | 2,795         |                | 2,847         |
|   | <b>257,813</b> | <b>27,007</b> | <b>267,854</b> | <b>36,852</b> | <b>167,784</b> | <b>52,607</b> | <b>163,176</b> | <b>75,887</b> |

**Table of Contents****5.10 Inventories**

|   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|---|---------------------|------------------|-----------------------|------------------|
|   | <b>09/30/06</b>     | <b>06/30/06</b>  | <b>09/30/06</b>       | <b>06/30/06</b>  |
| <b>Finished products</b>                    |                     |                  |                       |                  |
| . Iron ore and pellets                      | 742,150             | 916,155          | 414,826               | 534,472          |
| . Manganese and ferroalloys                 | 259,834             | 276,236          |                       |                  |
| . Aluminum                                  | 261,917             | 248,421          |                       |                  |
| . Steel products                            | 96,156              | 59,328           |                       |                  |
| . Copper                                    | 25,566              | 26,906           | 25,566                | 26,906           |
| . Other                                     | 132,305             | 136,212          | 17,080                | 46,505           |
|   | <b>1,517,928</b>    | <b>1,663,258</b> | <b>457,472</b>        | <b>607,883</b>   |
| <b>Spare parts and maintenance supplies</b> | <b>1,925,045</b>    | <b>1,679,717</b> | <b>859,830</b>        | <b>724,012</b>   |
|   | <b>3,442,973</b>    | <b>3,342,975</b> | <b>1,317,302</b>      | <b>1,331,895</b> |

**5.11 Taxes to recover or offset**

|  | <b>Consolidated</b> |                  | <b>Parent Company</b> |                 |
|--|---------------------|------------------|-----------------------|-----------------|
|  | <b>09/30/06</b>     | <b>06/30/06</b>  | <b>09/30/06</b>       | <b>06/30/06</b> |
| Withholding income tax on marketable securities and stockholders equity received | 58,599              | 52,687           | 6,936                 | 9,978           |
| Value-added tax  | 564,884             | 551,133          | 438,370               | 419,813         |
| PIS and COFINS non cumulative  | 440,511             | 355,145          | 36,926                | 15,504          |
| IR anticipated   | 76,304              | 90,592           |                       |                 |
| Others   | 75,945              | 52,202           | 45,671                | 26,459          |
| <b>Total</b>   | <b>1,216,243</b>    | <b>1,101,759</b> | <b>527,903</b>        | <b>471,754</b>  |
| Current  | 738,056             | 787,265          | 311,592               | 257,182         |
| Non-current  | 478,187             | 314,494          | 216,311               | 214,572         |
|  | <b>1,216,243</b>    | <b>1,101,759</b> | <b>527,903</b>        | <b>471,754</b>  |

**5.12 Deferred Income Tax and Social Contribution**

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

|                        | <b>Consolidated</b> |                 | <b>Net Deferred Parent Company</b> |                 |
|------------------------|---------------------|-----------------|------------------------------------|-----------------|
|                        | <b>09/30/06</b>     | <b>06/30/06</b> | <b>09/30/06</b>                    | <b>06/30/06</b> |
| Tax loss carryforward  | 611,310             | 554,819         | 280,993                            | 107,763         |
| Temporary differences: |                     |                 |                                    |                 |
| . Pension Plan Valia   | 211,807             | 210,961         | 211,807                            | 210,961         |

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|                                  |                  |                  |                  |                |
|----------------------------------|------------------|------------------|------------------|----------------|
| . Contingent liabilities         | 733,191          | 672,406          | 658,609          | 604,810        |
| . Provision for losses on assets | 243,842          | 181,349          | 166,858          | 156,091        |
| . Others                         | (145,957)        | (165,381)        | (235,498)        | (254,804)      |
|                                  | 1,042,883        | 899,335          | 801,776          | 717,058        |
| <b>Total</b>                     | <b>1,654,193</b> | <b>1,454,154</b> | <b>1,082,769</b> | <b>824,821</b> |
| Current                          | 773,557          | 509,073          | 691,049          | 425,575        |
| Non-current                      | 880,636          | 945,081          | 391,720          | 399,246        |
|                                  | <b>1,654,193</b> | <b>1,454,154</b> | <b>1,082,769</b> | <b>824,821</b> |

8

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**Table of Contents**

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

|  | <b>3Q/06</b>       | <b>2Q/06</b>       | <b>Quarter<br/>3Q/05</b> | <b>09/30/06</b>    | <b>Consolidated<br/>Accumulated<br/>09/30/05</b> | <b>09/30/06</b>    | <b>Parent Company<br/>Accumulated<br/>09/30/05</b> |
|--|--------------------|--------------------|--------------------------|--------------------|--|--------------------|--|
| Income before income tax and social contribution                                 | 5,021,213          | 4,732,604          | 3,756,149                | 12,770,385         | 10,846,353                                       | 10,932,476         | 8,876,008  |
| Results of equity investment   | 14,035             | 57,280             | (15,527)                 | 54,905             | (170,657)  | (6,774,814)        | (3,726,006)  |
| Results on sale of assets  | (34,438)           | (736,866)          | (297,700)                | (790,630)          | (297,700)  | (53,764)           |  |
|  | <b>5,000,810</b>   | <b>4,053,018</b>   | <b>3,442,922</b>         | <b>12,034,660</b>  | <b>10,377,996</b>                                | <b>4,103,898</b>   | <b>5,150,002</b>                                   |
| Income tax and social contribution at combined tax rates                         | 34%                | 34%                | 34%                      | 34%                | 34%  | 34%                | 34%  |
| <b>Federal income tax and social contribution at statutory rates</b>             | <b>(1,700,275)</b> | <b>(1,378,026)</b> | <b>(1,170,593)</b>       | <b>(4,091,784)</b> | <b>(3,528,519)</b>                               | <b>(1,395,325)</b> | <b>(1,751,001)</b>                                 |
| Adjustments to net income which modify the effect on the results for the period: |                    |                    |                          |                    |  |                    |  |
| Income tax benefit from interest on stockholders equity                          | 173,230            | 184,154            | 115,863                  | 555,848            | 551,029  | 555,848            | 551,029  |
| Fiscal incentives  | 74,977             | 97,977             | 133,608                  | 242,382            | 244,853  | 10,831             | 109,567  |
| Results of overseas companies not taxed  | 693,799            | 467,349            | 105,282                  | 1,408,558          | 506,895  |                    |  |

(bilateral  
international  
agreements)

Reduced  
incentive

|         |          |        |        |           |          |          |        |
|---------|----------|--------|--------|-----------|----------|----------|--------|
| aliquot | 33,574   | 26,705 | 37,627 | 78,223    | 87,708   |          |        |
| Other   | (67,077) | 8,739  | 14,144 | (163,435) | (77,458) | (41,276) | 20,333 |

**Income tax  
and social**

|                     |                  |                  |                  |                    |                    |                  |                    |
|---------------------|------------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|
| <b>contribution</b> | <b>(791,772)</b> | <b>(593,102)</b> | <b>(764,069)</b> | <b>(1,970,208)</b> | <b>(2,215,492)</b> | <b>(869,922)</b> | <b>(1,070,072)</b> |
|---------------------|------------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|

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

We have certain tax incentives relative to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels, which expire in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013, and bauxite in 2008. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed in the form of cash dividends.



**Table of Contents****5.13 Consolidated investments**

|   | 09/30/06         | Investments<br>06/30/06 | 3Q/06           | 2Q/06           | Quarter<br>3Q/05 | Equity Results<br>Accumulated<br>09/30/06 | 09/30/05       |
|---|------------------|-------------------------|-----------------|-----------------|------------------|---|----------------|
| <b>Investments in affiliated companies</b>  |                  |                         |                 |                 |                  |   |                |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (a)                                   | 1,118,497        | 1,064,154               | 93,595          | 59,473          | 74,379           | 209,390                                   | 313,884        |
| Shandong Yankuang International Company Ltd. Henan Longyu Energy Resources Co. Ltd. (b) | 55,273           | 46,561                  |                 |                 |                  |   |                |
| Goodwill / Negative goodwill of consolidated companies                                  | 254,829          | 200,172                 | 21,235          | 9,931           | (11,084)         | 45,543                                    | (11,084)       |
| Other   | 5,091,993        | 5,394,664               | (130,750)       | (132,256)       | (57,270)         | (300,947)                                 | (171,810)      |
| Exchange variation in stockholders' equity of companies abroad                          | 6,523            | 6,493                   |                 |                 | 9,666            |   | 44,320         |
|   |                  |                         | (2,610)         | (900)           |                  | (22,628)                                  | (3,233)        |
| <b>Investments at cost</b>  |                  |                         |                 |                 |                  |   |                |
| SIDERAR Sociedad Anonima Industrial Y Comercial (a)                                     | 32,613           | 32,465                  |                 |                 |                  |   |                |
| Quadrem International Holdings Ltd. Other (b)   | 10,140           | 10,094                  | 4,301           | 6,018           |                  | 16,394                                    |                |
| Exchange variation  | 151,657          | 62,040                  | 194             | 454             | (2,525)          | (2,657)                                   | (8,503)        |
|   | <b>6,721,525</b> | <b>6,816,643</b>        | <b>(14,035)</b> | <b>(57,280)</b> | <b>13,166</b>    | <b>(54,905)</b>                           | <b>163,574</b> |
| (a) Interest at market price Usiminas R\$ 1,909,994 and                                 |                  |                         |                 |                 |                  |   |                |

Siderar R\$  
238,554; and

- (b) Dividends  
received from  
Gerdau, R\$  
4,195 (3Q/06  
R\$ 1,659, 2Q/06  
R\$ 1,209 and  
1Q/06 R\$  
1,327), Longyu  
2Q/06 R\$  
33,147,  
Usiminas R\$  
98,039 (3Q/06  
R\$ 38,965,  
2Q/06 R\$  
59,074) and  
others at cost R\$  
356.

**Table of Contents****5.14 Property, Plant and Equipment****(a) By type of asset:**

|  | Average<br>deprecia-tion<br>rates | Accumulated       |                     | Consolidated      |                   | Accumulated       |                    | Parent Company    |                   |
|--|-----------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
|  |                                   | Cost              | depreciation        | 09/30/06          | 06/30/06          | Cost depreciation | Net                | 09/30/06          | 06/30/06          |
|  |                                   |                   |                     | Net               | Net               |                   |                    | Net               | Net               |
| Buildings                              | 2.82%                             | 4,045,973         | (1,528,432)         | 2,517,541         | 2,224,384         | 2,203,660         | (767,652)          | 1,436,008         | 1,371,601         |
| Installations                          | 3.69%                             | 17,881,280        | (6,529,988)         | 11,351,292        | 10,336,524        | 8,496,799         | (3,165,809)        | 5,330,990         | 5,060,290         |
| Equipment                              | 9.52%                             | 5,742,956         | (2,729,719)         | 3,013,237         | 3,781,821         | 2,884,195         | (1,020,949)        | 1,863,246         | 1,645,307         |
| Information<br>technology<br>equipment | 20.00%                            | 1,226,867         | (491,730)           | 735,137           | 703,945           | 1,068,310         | (386,531)          | 681,779           | 651,734           |
| Railroads                              | 3.87%                             | 8,755,513         | (3,433,341)         | 5,322,172         | 4,902,076         | 8,436,576         | (3,324,465)        | 5,112,111         | 4,981,594         |
| Mineral<br>rights (note<br>5.4 (h))    | 1.84%                             | 1,761,673         | (439,301)           | 1,322,372         | 1,092,864         | 1,304,203         | (204,632)          | 1,099,571         | 1,117,506         |
| Others                                 | 14.50%                            | 3,088,465         | (1,287,021)         | 1,801,444         | 2,029,454         | 2,143,197         | (831,332)          | 1,311,865         | 1,112,103         |
|  |                                   | <b>42,502,727</b> | <b>(16,439,532)</b> | <b>26,063,195</b> | <b>25,071,068</b> | <b>26,536,940</b> | <b>(9,701,370)</b> | <b>16,835,570</b> | <b>15,940,135</b> |
| Construction<br>in progress            |                                   | 12,056,225        |                     | 12,056,225        | 11,468,569        | 7,188,230         |                    | 7,188,230         | 7,013,348         |
| <b>Total</b>                           |                                   | <b>54,558,952</b> | <b>(16,439,532)</b> | <b>38,119,420</b> | <b>36,539,637</b> | <b>33,725,170</b> | <b>(9,701,370)</b> | <b>24,023,800</b> | <b>22,953,483</b> |

**(b) By business area:**

|                          | Cost              | Accumulated<br>depreciation | 09/30/06          | Consolidated<br>06/30/06 |
|--------------------------|-------------------|-----------------------------|-------------------|--------------------------|
|                          |                   |                             | Net               | Net                      |
| <b>Ferrous</b>           |                   |                             |                   |                          |
| In operation             | 26,513,717        | (10,868,654)                | 15,645,063        | 15,344,432               |
| Construction in Progress | 6,263,395         |                             | 6,263,395         | 5,938,563                |
|                          | <b>32,777,112</b> | <b>(10,868,654)</b>         | <b>21,908,458</b> | <b>21,282,995</b>        |
| <b>Non Ferrous</b>       |                   |                             |                   |                          |
| In operation             | 3,076,350         | (838,673)                   | 2,237,677         | 2,188,554                |
| Construction in Progress | 3,038,543         |                             | 3,038,543         | 2,939,831                |
|                          | <b>6,114,893</b>  | <b>(838,673)</b>            | <b>5,276,220</b>  | <b>5,128,385</b>         |
| <b>Logistics</b>         |                   |                             |                   |                          |
| In operation             | 4,072,520         | (1,279,478)                 | 2,793,042         | 2,227,806                |
| Construction in Progress | 213,895           |                             | 213,895           | 238,096                  |

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|                          |                   |                     |                   |                   |
|--------------------------|-------------------|---------------------|-------------------|-------------------|
|                          | <b>4,286,415</b>  | <b>(1,279,478)</b>  | <b>3,006,937</b>  | <b>2,465,902</b>  |
| <b>Holdings</b>          |                   |                     |                   |                   |
| In operation             | 7,701,846         | (3,080,904)         | 4,620,942         | 4,607,879         |
| Construction in Progress | 2,056,420         |                     | 2,056,420         | 1,636,522         |
|                          | <b>9,758,266</b>  | <b>(3,080,904)</b>  | <b>6,677,362</b>  | <b>6,244,401</b>  |
| <b>Corporate Center</b>  |                   |                     |                   |                   |
| In operation             | 1,138,292         | (371,823)           | 766,469           | 702,397           |
| Construction in Progress | 483,974           |                     | 483,974           | 715,557           |
|                          | <b>1,622,266</b>  | <b>(371,823)</b>    | <b>1,250,443</b>  | <b>1,417,954</b>  |
| <b>Total</b>             | <b>54,558,952</b> | <b>(16,439,532)</b> | <b>38,119,420</b> | <b>36,539,637</b> |

**Table of Contents****5.15- Loans and Financing  
Current**

|                 | <b>Consolidated</b> |                 | <b>Parent Company</b> |                 |
|-----------------|---------------------|-----------------|-----------------------|-----------------|
|                 | <b>09/30/06</b>     | <b>06/30/06</b> | <b>09/30/06</b>       | <b>06/30/06</b> |
| Trade finance   | 843,733             | 448,208         | 438,419               |                 |
| Working capital | 218,404             | 204,181         |                       |                 |
|                 | <b>1,062,137</b>    | <b>652,389</b>  | <b>438,419</b>        |                 |

**Non-current**

|                           | <b>Consolidated</b>        |                  |                              |                  | <b>Parent Company</b>      |                 |                              |                  |
|---------------------------|----------------------------|------------------|------------------------------|------------------|----------------------------|-----------------|------------------------------|------------------|
|                           | <b>Current liabilities</b> |                  | <b>Long-term liabilities</b> |                  | <b>Current liabilities</b> |                 | <b>Long-term liabilities</b> |                  |
|                           | <b>09/30/06</b>            | <b>06/30/06</b>  | <b>09/30/06</b>              | <b>06/30/06</b>  | <b>09/30/06</b>            | <b>06/30/06</b> | <b>09/30/06</b>              | <b>06/30/06</b>  |
| <b>Foreign operations</b> |                            |                  |                              |                  |                            |                 |                              |                  |
| Loans and financing in:   |                            |                  |                              |                  |                            |                 |                              |                  |
| U.S. dollars              | 1,412,394                  | 1,533,949        | 4,663,174                    | 4,371,768        | 402,094                    | 516,607         | 1,686,872                    | 1,832,982        |
| Other currencies          | 7,768                      | 7,827            | 30,811                       | 31,562           | 7,768                      | 7,827           | 30,811                       | 31,562           |
| Notes in U.S. dollars     |                            |                  | 4,417,672                    | 4,406,214        |                            |                 |                              |                  |
| Export securitization     | 183,366                    | 181,128          | 609,017                      | 653,013          |                            |                 |                              |                  |
| Perpetual notes           |                            |                  | 185,968                      | 173,969          |                            |                 |                              |                  |
| Accrued charges           | 185,340                    | 287,341          |                              |                  | 18,717                     | 46,067          |                              |                  |
|                           | <b>1,788,868</b>           | <b>2,010,245</b> | <b>9,906,642</b>             | <b>9,636,526</b> | <b>428,579</b>             | <b>570,501</b>  | <b>1,717,683</b>             | <b>1,864,544</b> |

**Local operations**

|                               |                |                |                |                |               |               |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Indexed by TJLP, TR and IGP-M | 178,182        | 166,432        | 339,119        | 343,497        | 44,660        | 44,945        | 159,350        | 167,211        |
| Basket of currencies          | 3,536          | 3,530          | 16,824         | 17,642         | 3,270         | 3,259         | 16,545         | 17,289         |
| Loans in U.S. dollars         | 187,708        | 256,073        | 226,777        | 236,398        | 406           | 825           |                |                |
| Non-convertible debentures    |                | 690            | 352,590        | 342,680        |               | 690           | 11             | 11             |
| Accrued charges               | 59,450         | 77,259         |                |                | 1,119         | 901           |                |                |
|                               | <b>428,876</b> | <b>503,984</b> | <b>935,310</b> | <b>940,217</b> | <b>49,455</b> | <b>50,620</b> | <b>175,906</b> | <b>184,511</b> |

**2,217,744 2,514,229 10,841,952 10,576,743 478,034 621,121 1,893,589 2,049,055**

- (a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$ 1.00 = R\$ 2.1742 on 09/30/06 (R\$ 2.1643 in 06/30/06) and ¥ 1.00 = R\$ 0.18408 on 09/30/06 (R\$ 0.018920 on 06/30/06);
- (b) At September 30, 2006, our consolidated debt was secured as follows:  
 Loans guaranteed by the Federal Government, to which we gave counter-guarantees of R\$227.365;  
 Securitization program of R\$801.223;  
 Property, plant and equipment of R\$98.345;  
 Other assets R\$1.005.221.
- (c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows, as of 09/30/06:

|  | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|--|---------------------|-------------|-----------------------|-------------|
| 2007   | 423,473             | 4%          | 53,021                | 3%          |
| 2008   | 955,093             | 9%          | 429,980               | 23%         |
| 2009   | 754,642             | 7%          | 388,779               | 21%         |
| 2010 onward                                  | 8,170,197           | 75%         | 1,021,809             | 53%         |
| No due date (perpetual notes and debentures) | 538,547             | 5%          |                       |             |
|  | <b>10,841,952</b>   | <b>100%</b> | <b>1,893,589</b>      | <b>100%</b> |

- (d) On October, 2005, the subsidiary Vale Overseas Limited launched a US\$ 300 million notes issue maturing in 2034. The notes carry a coupon of 7.65% p.a. The notes form a single series with the US\$ 500 million notes issued in January 2004 and 8.25% p.a. coupon.
- (e) In January, 2006, the subsidiary Vale Overseas Limited issued US\$ 1 billion 10-year 6.250% p.a. notes, payable semi-annually due 2016, at a price of 99.97% p.a. of the principal amount.

**Table of Contents**

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

**5.16- Contingent Liabilities**

At the quarterly information dates the contingent liabilities of the Company were:

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

|                              | <b>Consolidated</b>                  |   |                         |               |                  |
|------------------------------|--------------------------------------|---|-------------------------|---------------|------------------|
|                              | <b>Tax<br/>judicial<br/>deposits</b> | <b>Labor and<br/>social<br/>judicial<br/>deposits</b> | <b>Civil<br/>claims</b> | <b>Others</b> | <b>Total</b>     |
| Balance at 06/30/2006        | 1,291,736                            | 396,054   | 263,588                 | 2,585         | 1,953,963        |
| Addition                     | 77,221                               | 39,215  | 43,017                  | 907           | 160,360          |
| Write off                    | (56,860)                             | (3,355)   | (1,434)                 | (1,825)       | (63,474)         |
| Updating s                   | 8,494                                | 54,598  | 766                     | 103           | 63,961           |
| <b>Balance at 06/30/2006</b> | <b>1,320,591</b>                     | <b>486,512</b>  | <b>305,937</b>          | <b>1,770</b>  | <b>2,114,810</b> |

|                              | <b>Parent Company</b>                |   |                         |               |                  |
|------------------------------|--------------------------------------|---|-------------------------|---------------|------------------|
|                              | <b>Tax<br/>judicial<br/>deposits</b> | <b>Labor and<br/>social<br/>judicial<br/>deposits</b> | <b>Civil<br/>claims</b> | <b>Others</b> | <b>Total</b>     |
| Balance at 06/30/2006        | 795,983                              | 297,818   | 188,730                 | 2,377         | 1,284,908        |
| Addition                     | 72,145                               | 23,043  | 13,831                  | 905           | 109,924          |
| Write off                    | (56,860)                             | (2,800)   | (1,433)                 | (1,825)       | (62,918)         |
| Updating s                   | 6,910                                | 54,311  | 766                     | 103           | 62,090           |
| <b>Balance at 06/30/2006</b> | <b>818,178</b>                       | <b>372,372</b>  | <b>201,894</b>          | <b>1,560</b>  | <b>1,394,004</b> |

|                              | <b>Consolidated</b>          |   |                         |               |                  |
|------------------------------|------------------------------|---|-------------------------|---------------|------------------|
|                              | <b>Tax<br/>contingencies</b> | <b>Labor and<br/>social<br/>security<br/>claims</b> | <b>Civil<br/>claims</b> | <b>Others</b> | <b>Total</b>     |
| Balance at 06/30/2006        | 1,753,984                    | 696,267   | 528,147                 | 62,426        | 3,040,824        |
| Addition                     | 34,799                       | 185,836   | 35,556                  | (4,392)       | 251,799          |
| Write off                    | (56,284)                     | (118,382)   | (20,343)                | (122)         | (195,131)        |
| Updating s                   | 153,956                      | 20,743  | 3,865                   | 455           | 179,019          |
| <b>Balance at 06/30/2006</b> | <b>1,886,455</b>             | <b>784,464</b>                                      | <b>547,225</b>          | <b>58,367</b> | <b>3,276,511</b> |

|  | <b>Parent Company</b>       |  |  |  |  |
|--|-----------------------------|--|--|--|--|
|  | <b>Labor and<br/>social</b> |  |  |  |  |
|  |                             |  |  |  |  |

| <b>Provisions for contingencies</b> | <b>Tax contingencies</b> | <b>security claims</b> | <b>Civil claims</b> | <b>Others</b> | <b>Total</b>     |
|-------------------------------------|--------------------------|------------------------|---------------------|---------------|------------------|
| Balance at 06/30/2006               | 1,367,715                | 556,072                | 373,461             | 25,357        | 2,322,605        |
| Addition                            | 7,216                    | 158,339                | 6,677               | 86            | 172,318          |
| Write off                           | (52,610)                 | (118,403)              | (18,752)            | (124)         | (189,889)        |
| Updating s                          | 151,918                  | 21,414                 | 3,474               | 455           | 177,261          |
| <b>Balance at 06/30/2006</b>        | <b>1,474,239</b>         | <b>617,422</b>         | <b>364,860</b>      | <b>25,774</b> | <b>2,482,295</b> |

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

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.

Tax related actions principally comprise our challenges of certain revenue taxes, value added tax and income tax.



**Table of Contents**

In addition to the contingencies for which we have made provisions we have possible losses totaling R\$ 2,632,317 (R\$ 1,966,662 parent company). Based on the advice of our legal counsel, no provision is maintained.

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

| Affiliate | Amount of<br>guarantee |          | Denominated<br>currency | Purpose<br>Debt<br>guarantee | Final<br>maturity | Counter<br>guarantees |
|-----------|------------------------|----------|-------------------------|------------------------------|-------------------|-----------------------|
|           | 09/30/06               | 06/30/06 |                         |                              |                   |                       |
| SAMARCO   | 5,890                  | 8,508    | US\$                    | IFC                          | 2008              | None                  |

The Company expect such guarantees to be not executed and therefore no provisions for losses have been made.

(c) Upon privatization of the Company in 1997, issued anon-convertible debentures (Debentures) to the stockholders of record, including the federal government. The maturity dates of these Debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share with us in any future benefits from the Company mineral resources.

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

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

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

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

On the start-up of copper projects in 2006, CVRD began calculating the premium referring to these minerals rights. Considering the iron ore sale, the Company estimates that the threshold for payment will be reached by approximately 2032 and 2019 for the Southern and Northern systems, respectively. Regarding other minerals, such as bauxite and nickel, the forecast for exploitation is for the second half of the decade, and according to the criteria established in the Deed, payment will be due on the net sales revenue in the fourth year after the date of first commercialization. The obligation to make payments to the debenture holders will cease when the pertinent mineral resources are exhausted.

On 04/03/06 e 02/10/2006 we made available payment related to debentures in the amount of R\$4,491 and R\$ 8,379,r espectively.

**5.17- Provision for asset retirement obligations**

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. The Company manages yours relations with the environmental as a strategic factor, having as assumption the full compliance with applicable government rules and its environmental policies according to the specifications of ISO 14,001 and maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine. On 09/30/06,

the provision for asset retirement obligations amounted to R\$549,305 (R\$336,384 parent company), which was accounted for in Provision for asset retirement obligations in non-current liabilities and R\$17,191 (R\$ 17,191 parent company) in Other in current liabilities. The Company adopts the concepts of the Accounting for Asset Retirement Obligations, as follows:

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

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

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

**Table of Contents****5.18- Treasury Stock**

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

On June 21, 2006, the Board of Directors approved a buy-back program of its preferred shares. The program will involve the acquisition of up to 47,986,763 preferred shares, corresponding to 5% of its outstanding preferred shares on May 31, 2006, to be executed over the next 180 days. Until 09/30/06, 1,281,100 preferred shares had been acquired. Until 09/30/06 has been acquired 15,149,600 common shares.

On 09/30/06, the Company had acquired 28,291,020 common shares and 15,172,516 preferred shares, which are held in treasury in the amount of R\$ 790,304. The 28,291,020 common shares guarantee a loan of the subsidiary Alunorte. On September 30, 2006 the market value of 4,924,760 of these shares would be sufficient to offset the balance of the debt.

| Class     | Shares            |                   | Average | Unit acquisition cost |       |          | Average quoted market price |  |
|-----------|-------------------|-------------------|---------|-----------------------|-------|----------|-----------------------------|--|
|           | 09/30/06          | 06/30/06          |         | Low                   | High  | 09/30/06 | 06/30/06                    |  |
| Preferred | 15,172,516        | 1,304,016         | 43.45   | 41.13                 | 45.15 | 43.59    | 44.56                       |  |
| Common    | 28,291,020        | 28,291,020        | 4.63    | 3.34                  | 8.68  | 50.55    | 51.78                       |  |
|           | <b>43,463,536</b> | <b>29,595,036</b> |         |                       |       |          |                             |  |

**5.19- Paid-up Capital**

At the Extraordinary Shareholders Meeting held on March 31, 2006 the Capital Stock is in the amount of R\$19,492,400,974.56, corresponding to 1,229,828,529 shares, being R\$ 9,007,032,395.62 divided into 749.949.429 common shares and R\$10,485,368,578.94, divided into 479,879,100 preferred Class A, including three (3) special Class shares, all without par value.

After the split the capital stock in the amount of R\$19.5 billion, corresponds to 2,459,657,058 shares, being 1,499,898,858 common shares and 957,758,200 preferred Class A, 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 will continue to be represented by one ADR supported by one common share or by one ADR supported by one class A preferred share, respectively.

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

On May 22, 2005 the Extraordinary Shareholders Meeting approved the split of shares.

**5.20- Payment to Shareholders**

On October 31, 2006, was paid the second installment of the minimum dividend to shareholders for R\$1,387,035, equivalent to R\$ 0.574057909 per outstanding preferred class A or common share was made. From this amount, R\$1,350,000 equivalent to R\$ 0.558730080 per outstanding preferred class A or common share were paid in the form of interest on shareholders' equity and R\$37,035, equivalent to R\$0.015327829 per outstanding preferred or common share, in the form of dividends.

On April 04, 2006, was paid the first installment of the minimum dividend to shareholders for R\$1,392,300, equivalent to R\$ 1.145292894 per outstanding common or preferred class A or common share was made. From this amount, R\$809,800 equivalent to R\$ 0.666133869 per outstanding preferred class A or common share were paid in the form of interest on shareholders' equity and R\$582,500, equivalent to R\$0.479159025 per outstanding preferred or common share, in the form of dividends.

**Table of Contents****5.21- Financial Results**

|  | <b>Consolidated</b>  |   |   |  |   |   |  |   |   |
|--|--|---|---|--|---|---|--|---|---|
|  | <b>3Q/06</b>   |   |   | <b>2Q/06</b>   |   |   | <b>Quarter<br/>3Q/05</b>   |   |   |
|  | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>liabilities</b> |   | <b>Financial<br/>expenses<br/>Total</b> | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>liabilities</b> |   | <b>Financial<br/>expenses<br/>Total</b> | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>liabilities</b> |   | <b>Financial<br/>expenses<br/>Total</b> |
| Foreign debt   | (128,180)  | (21,807)  | (149,987)                               | (123,118)  | 76,420  | (46,698)                                | (152,781)  | 388,288   | 235,507                                 |
| Local debt   | (38,621)   | 3,794   | (34,827)                                | (41,444)   | (100,574)   | (142,018)                               | (18,959)   | 129,667   | 110,708                                 |
| Related parties  | (1,507)  | 143   | (1,364)                                 | (1,911)  | (7)   | (1,918)                                 | (5,500)  | 758   | (4,742)                                 |
|  | <b>(168,308)</b>   | <b>(17,870)</b>   | <b>(186,178)</b>                        | <b>(166,473)</b>   | <b>(24,161)</b>   | <b>(190,634)</b>                        | <b>(177,240)</b>   | <b>518,713</b>  | <b>341,473</b>                          |
| Labor, tax and civil contingencies                                   | (62,594)   | (121,307)   | (183,901)                               | (56,236)   | (7,771)   | (64,007)                                | (65,724)   | 30,752  | (34,972)                                |
| Derivatives, net of gain/losses (interest and currencies)            | 71,261   | 516   | 71,777                                  | 3,244  | 27  | 3,271                                   | 3,106  | 741   | 3,847                                   |
| Derivatives, net of gain/losses (gold, aluminum, alumina and copper) | 91,078   | (1,383)   | 89,695                                  | (110,679)  | 1,634   | (109,045)                               | (172,567)  | 13,380  | (159,187)                               |
| Call option premium  | (187,346)  |   | (187,346)                               |  |   |   |  |   |   |
| CPMF   | (42,480)   |   | (42,480)                                | (42,486)   |   | (42,486)                                | (34,536)   |   | (34,536)                                |
| Other  | (100,757)  | (2,854)   | (103,611)                               | (184,189)  | (49,334)  | (233,523)                               | (62,542)   | (94,612)  | (157,154)                               |
|  | <b>(399,146)</b>   | <b>(142,898)</b>  | <b>(542,044)</b>                        | <b>(556,819)</b>   | <b>(79,605)</b>   | <b>(636,424)</b>                        | <b>(509,503)</b>   | <b>468,974</b>  | <b>(40,529)</b>                         |
|  |  | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>income</b> | <b>Financial<br/>expenses<br/>Total</b> |  | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>income</b> | <b>Financial<br/>expenses<br/>Total</b> |  | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>assets</b> | <b>Financial<br/>expenses<br/>Total</b> |

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|                                  |                |                |                |                |               |                |               |                  |                  |
|----------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|---------------|------------------|------------------|
|                                  |                | <b>on</b>      |                |                | <b>on</b>     |                |               |                  |                  |
|                                  |                | <b>assets</b>  |                |                | <b>assets</b> |                |               |                  |                  |
| Related parties                  | 1,395          | 97             | 1,492          | 5,050          | (1,443)       | 3,607          | 800           | (13,174)         | (12,377)         |
| Marketable securities            | 103,191        | 14,069         | 117,260        | 55,001         | (9,289)       | 45,712         | 60,473        | (104,074)        | (43,600)         |
| Other                            | 33,622         | 141,061        | 174,683        | 44,713         | 75,987        | 120,700        | 4,067         | (226,828)        | (222,760)        |
|                                  | <b>138,208</b> | <b>155,227</b> | <b>293,435</b> | <b>104,764</b> | <b>65,255</b> | <b>170,019</b> | <b>65,340</b> | <b>(344,076)</b> | <b>(278,737)</b> |
| Financial income (expenses), net | (260,938)      | 12,329         | (248,609)      | (452,055)      | (14,350)      | (466,405)      | (444,163)     | 124,898          | (319,265)        |

**Accumulated**  
**09/30/05**

**09/30/06**

|  |                    |  |                    |                    |  |                  |
|--|--------------------|--|--------------------|--------------------|--|------------------|
|  | <b>Financial</b>   | <b>Monetary and exchange rate variation on</b> | <b>Total</b>       | <b>Financial</b>   | <b>Monetary and exchange rate variation on</b> | <b>Total</b>     |
|  | <b>expenses</b>    | <b>liabilities</b>                             |                    | <b>expenses</b>    | <b>liabilities</b>                             |                  |
| Foreign debt   | (367,259)          | 296,872  | (70,387)           | (334,780)          | 1,158,793                                      | 824,013          |
| Local debt   | (117,198)          | 58,390   | (58,808)           | (138,010)          | 354,061  | 216,051          |
| Related parties  | (6,082)            | 11   | (6,071)            | (16,414)           | 771  | (15,643)         |
|  | <b>(490,539)</b>   | <b>355,273</b>                                 | <b>(135,266)</b>   | <b>(489,204)</b>   | <b>1,513,625</b>                               | <b>1,024,421</b> |
| Labor, tax and civil contingencies                                   | (175,740)          | (142,823)                                      | (318,563)          | (128,310)          | (11,660)                                       | (139,970)        |
| Derivatives, net of gain/losses (interest and currencies)            | 76,094             | 975  | 77,069             | 1,816              | 3,307  | 5,123            |
| Derivatives, net of gain/losses (gold, aluminum, alumina and copper) | (178,871)          | 50,477   | (128,394)          | (165,552)          | 52,161   | (113,391)        |
| Call option premium CPMF   | (187,346)          |  | (187,346)          |                    |  |                  |
| Other  | (133,422)          |  | (133,422)          | (104,231)          |  | (104,231)        |
|  | (393,212)          | (207,882)                                      | (601,094)          | (166,521)          | (255,308)                                      | (421,829)        |
|  | <b>(1,483,036)</b> | <b>56,020</b>                                  | <b>(1,427,016)</b> | <b>(1,052,002)</b> | <b>1,302,125</b>                               | <b>250,123</b>   |

|                       |                  |   |              |                  |   |              |
|-----------------------|------------------|---|--------------|------------------|---|--------------|
|                       | <b>Financial</b> | <b>Monetary and exchange rate variation on assets</b> | <b>Total</b> | <b>Financial</b> | <b>Monetary and exchange rate variation on assets</b> | <b>Total</b> |
|                       | <b>income</b>    |   |              | <b>income</b>    |   |              |
| Related parties       | 7,236            | (1,342)   | 5,894        | 15,607           | (5,236)   | 10,371       |
| Marketable securities | 227,218          | (47,749)  | 179,469      | 155,081          | (320,207)   | (165,126)    |
| Other                 | 116,625          | 150,960   | 267,585      | 65,629           | (672,838)   | (607,209)    |

|   |                    |                |                  |                  |                  |                  |
|---|--------------------|----------------|------------------|------------------|------------------|------------------|
|   | <b>351,079</b>     | <b>101,869</b> | <b>452,948</b>   | <b>236,317</b>   | <b>(998,281)</b> | <b>(761,964)</b> |
| <b>Financial income<br/>(expenses), net</b> | <b>(1,131,957)</b> | <b>157,889</b> | <b>(974,068)</b> | <b>(815,685)</b> | <b>303,844</b>   | <b>(511,841)</b> |

**Table of Contents**

|   |                  |  |                  | <b>Parent Company</b>           |  |                  |
|---|------------------|--|------------------|---------------------------------|--|------------------|
|   | <b>09/30/06</b>  |  |                  | <b>Accumulated<br/>09/30/05</b> |  |                  |
|   | <b>Financial</b> | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on<br/>liabilities</b> | <b>Total</b>     | <b>Financial</b>                | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation<br/>on liabilities</b> | <b>Total</b>     |
|   | <b>expenses</b>  |  |                  | <b>expenses</b>                 |  |                  |
| Foreign debt  | (81,234)         | (32,960)   | (114,194)        | (49,463)                        | 289,425  | 239,962          |
| Local debt  | (24,269)         | (65,054)   | (89,323)         | (16,550)                        | 68,284   | 51,734           |
| Related parties   | (282,941)        | 467,913  | 184,972          | (205,406)                       | 659,117  | 453,711          |
|   | <b>(388,444)</b> | <b>369,899</b>   | <b>(18,545)</b>  | <b>(271,419)</b>                | <b>1,016,826</b>   | <b>745,407</b>   |
| Labor, tax and civil contingencies                        | (166,814)        | (140,098)  | (306,912)        | (118,325)                       | (9,354)  | (127,679)        |
| Derivatives, net of gain/losses (interest and currencies) | 2,200            | (196)  | 2,004            | (3,264)                         | (546)  | (3,810)          |
| Derivatives, net of gain/losses (gold)                    | (16,025)         | 3,887  | (12,138)         | (8,662)                         | 7,198  | (1,464)          |
| CPMF  | (82,035)         |  | (82,035)         | (61,293)                        |  | (61,293)         |
| Other   | (224,190)        | 126,591  | (97,599)         | (72,067)                        | 371,571  | 299,504          |
|   | <b>(875,308)</b> | <b>360,083</b>   | <b>(515,225)</b> | <b>(535,030)</b>                | <b>1,385,695</b>   | <b>850,665</b>   |
|   |                  | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation</b>                        |                  |                                 | <b>Monetary<br/>and<br/>exchange<br/>rate<br/>variation</b>                    |                  |
|   | <b>Financial</b> | <b>on assets</b>   | <b>Total</b>     | <b>Financial</b>                | <b>on assets</b>   | <b>Total</b>     |
|   | <b>income</b>    |  |                  | <b>income</b>                   |  |                  |
| Related parties   | 54,353           | (95,645)   | (41,292)         | 42,981                          | (225,571)  | (182,590)        |
| Marketable securities                                     | 45,294           | 72   | 45,366           | 40,466                          | 9,782  | 50,248           |
| Other   | 17,810           | 151,255  | 169,065          | 31,904                          | (39,912)   | (8,008)          |
|   | <b>117,457</b>   | <b>55,682</b>  | <b>173,139</b>   | <b>115,351</b>                  | <b>(255,701)</b>   | <b>(140,350)</b> |
| <b>Financial income (expenses), net</b>                   | <b>(757,851)</b> | <b>415,765</b>   | <b>(342,086)</b> | <b>(419,679)</b>                | <b>1,129,994</b>   | <b>710,315</b>   |

**5.22- Financial Instruments Derivatives**

The main market risks the Company faces are related to volatility of interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivative instruments. These operations are done with exclusive objective to reduce our risk exposure. We do not use this with speculative purpose.

We keep track and evaluate our position regularly and adjust our strategy always accordingly market conditions. Periodically we reviewed the credit limits and creditworthiness of counterparties on these transactions according to polices and rules to operations with derivatives instruments, the Company s management considers that chances of unexpected risk situations are not probable.



**Table of Contents**

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

|  | <b>Consolidated</b>                   |                      |                  |                  |                  |                  |                       |
|--|---------------------------------------|----------------------|------------------|------------------|------------------|------------------|-----------------------|
|  |                                       |                      |                  |                  |                  |                  | <b>3Q/06</b>          |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies(*)</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Copper(*)</b> | <b>Total</b>          |
| Gains / (losses) unrealized on 03/31/06        | (2,301)                               | 4,228                | (131,294)        | (385,442)        | (160,801)        |                  | (675,610)             |
| Financial settlement                           | 377                                   |                      | 10,121           | 26,381           | 23,670           |                  | 60,549                |
| Financial expenses, net                        | (715)                                 | 71,976               | 9,888            | 69,973           | 5,434            | 5,783            | 162,339               |
| Monetary variations, net                       | (14)                                  | 530                  | (406)            | (589)            | (386)            | (2)              | (867)                 |
| <b>Gains / (losses) unrealized on 06/30/06</b> | <b>(2,653)</b>                        | <b>76,734</b>        | <b>(111,691)</b> | <b>(289,677)</b> | <b>(132,083)</b> | <b>5,781</b>     | <b>(453,589)</b>      |
|  |                                       |                      |                  |                  |                  |                  | <b>2Q/06</b>          |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies(*)</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Copper(*)</b> | <b>Total</b>          |
| Gains / (losses) unrealized on 12/31/05        | (6,361)                               | 2,325                | (126,624)        | (353,234)        | (158,748)        |                  | (642,642)             |
| Financial settlement                           | 2,692                                 |                      | 8,253            | 32,316           | 29,545           |                  | 72,806                |
| Financial expenses, net                        | 1,358                                 | 1,886                | (11,688)         | (68,105)         | (30,886)         |                  | (107,435)             |
| Monetary variations, net                       | 10                                    | 17                   | (1,235)          | 3,581            | (712)            |                  | 1,661                 |
| <b>Gains / (losses) unrealized on 03/31/06</b> | <b>(2,301)</b>                        | <b>4,228</b>         | <b>(131,294)</b> | <b>(385,442)</b> | <b>(160,801)</b> |                  | <b>(675,610)</b>      |
|  |                                       |                      |                  |                  |                  |                  | <b>3Q/05</b>          |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies(*)</b> | <b>Gold</b>      | <b>Aluminium</b> | <b>Alumina</b>   | <b>Copper(*)</b> | <b>Total</b>          |
| Gains / (losses) unrealized on 06/30/05        | (21,173)                              | 3,719                | (69,555)         | (127,240)        | (50,832)         |                  | (265,081)             |
| Financial settlement                           | 1,453                                 | (884)                | 6,122            | 15,387           | 16,072           |                  | 38,150                |
| Financial expenses, net                        | 3,397                                 | (292)                | (21,382)         | (116,147)        | (35,036)         |                  | (169,460)             |
| Monetary variations, net                       | 938                                   | (195)                | 3,668            | 6,940            | 2,772            |                  | 14,123                |
| <b>Gains / (losses) unrealized on 06/30/05</b> | <b>(15,385)</b>                       | <b>2,348</b>         | <b>(81,147)</b>  | <b>(221,060)</b> | <b>(67,024)</b>  |                  | <b>(382,268)</b>      |
|  |                                       |                      |                  |                  |                  |                  | <b>Parent Company</b> |
|  |                                       |                      |                  |                  |                  |                  | <b>09/30/06</b>       |

|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies(*)</b> | <b>Gold</b>     | <b>Copper(*)</b> | <b>Total</b>    |
|--|---------------------------------------|----------------------|-----------------|------------------|-----------------|
| Gains / (losses) unrealized on 12/31/05        | (5)                                   | 1,725                | (63,408)        |                  | (61,688)        |
| Financial settlement                           |                                       |                      | 15,802          |                  | 15,802          |
| Financial expenses, net                        | 5                                     | 2,195                | (22,002)        | 5,977            | (13,825)        |
| Monetary variations, net                       |                                       | (196)                | 3,888           |                  | 3,692           |
| <b>Gains / (losses) unrealized on 06/30/06</b> |                                       | <b>3,724</b>         | <b>(65,720)</b> | <b>5,977</b>     | <b>(56,019)</b> |
|  |                                       |                      |                 |                  | <b>09/30/05</b> |
|  | <b>Interest<br/>rates<br/>(libor)</b> | <b>Currencies(*)</b> | <b>Gold</b>     | <b>Copper(*)</b> | <b>Total</b>    |
| Gains / (losses) unrealized on 12/31/04        | (9,268)                               | 9,405                | (55,406)        |                  | (55,269)        |
| Financial settlement                           | 7,354                                 | (2,081)              | 9,775           |                  | 15,048          |
| Financial expenses, net                        | 698                                   | (3,953)              | (8,663)         |                  | (11,918)        |
| Monetary variations, net                       | 480                                   | (1,023)              | 7,198           |                  | 6,655           |
| <b>Gains / (losses) unrealized on 06/30/05</b> | <b>(736)</b>                          | <b>2,348</b>         | <b>(47,096)</b> |                  | <b>(45,484)</b> |

(\*) Included as  
others in current  
assets.

Final maturity dates for the above instruments are as follows:

|                        |               |
|------------------------|---------------|
| Gold                   | December 2008 |
| Interest rates (LIBOR) | October 2007  |
| Currencies             | December 2011 |
| Alumina                | December 2008 |
| Aluminum               | December 2008 |
| Copper                 | December 2008 |

**Table of Contents****5.23- Selling, Administrative and Other Operating Expenses**

|                                  |                |                |                  | Consolidated     |                         | Parent Company |                         |
|----------------------------------|----------------|----------------|------------------|------------------|-------------------------|----------------|-------------------------|
|                                  | 3Q/06          | 2Q/06          | Quarter<br>3Q/05 | 09/30/06         | Accumulated<br>09/30/05 | 09/30/06       | Accumulated<br>09/30/05 |
| <b>Administrative</b>            |                |                |                  |                  |                         |                |                         |
| Personnel                        | 152,197        | 142,299        | 138,272          | 431,781          | 344,878                 | 224,272        | 181,687                 |
| Services of technical consulting | 43,674         | 33,179         | 89,146           | 115,289          | 236,116                 | 71,533         | 86,366                  |
| Advertising and publicity        | 24,946         | 54,536         | 24,422           | 106,242          | 68,761                  | 104,505        | 67,552                  |
| Depreciation                     | 62,348         | 53,240         | 32,572           | 167,645          | 91,866                  | 119,785        | 41,331                  |
| Travel expenses                  | 13,187         | 13,509         | 10,116           | 37,401           | 34,161                  | 31,638         | 29,198                  |
| Rents and taxes                  | 14,030         | 15,001         | 6,255            | 39,082           | 39,569                  | 19,308         | 21,718                  |
| Community aborigine              | 7,737          | 4,120          | 3,470            | 15,920           | 13,395                  | 15,920         | 13,395                  |
| Other                            | 58,336         | 64,750         | 28,407           | 174,636          | 69,055                  | 36,978         | 18,813                  |
| <b>Sub total</b>                 | <b>376,455</b> | <b>380,634</b> | <b>332,660</b>   | <b>1,087,996</b> | <b>897,801</b>          | <b>623,939</b> | <b>460,060</b>          |
| Sales                            | 25,692         | 131,160        | 90,782           | 261,738          | 286,445                 | 2,734          | 1,185                   |
| <b>Total</b>                     | <b>402,147</b> | <b>511,794</b> | <b>423,442</b>   | <b>1,349,734</b> | <b>1,184,246</b>        | <b>626,673</b> | <b>461,245</b>          |

|  |                |                |                  | Consolidated   |                         | Parent Company |                         |
|--|----------------|----------------|------------------|----------------|-------------------------|----------------|-------------------------|
|  | 3Q/06          | 2Q/06          | Quarter<br>3Q/05 | 09/30/06       | Accumulated<br>09/30/05 | 09/30/06       | Accumulated<br>09/30/05 |
| <b>Other operating expenses (income)</b> |                |                |                  |                |                         |                |                         |
| Provisions for contingencies             | 73,717         | 44,334         | 118,333          | 149,071        | 178,461                 | 12,131         | 81,000                  |
| Provision for loss on ICMS credits       | 24,335         | 13,935         | 15,515           | 53,128         | 24,224                  |                |                         |
| Provision for profit sharing             | 75,619         | 78,441         | 52,966           | 216,509        | 159,647                 | 174,000        | 135,000                 |
| Fundação Vale do Rio Doce FVRD           | 15,040         | 2,573          | 9,642            | 20,911         | 42,120                  | 18,883         | 41,770                  |
| Other                                    | 159,107        | 36,619         | 92,132           | 272,926        | 224,774                 | 152,953        | (3,063)                 |
| <b>Total</b>                             | <b>347,818</b> | <b>175,902</b> | <b>288,588</b>   | <b>712,545</b> | <b>629,226</b>          | <b>357,967</b> | <b>254,707</b>          |

**5.24- Acquisition of INCO**

On October 23, 2006 CVRD acquired Inco Limited (Inco) for US\$ 13 billion, corresponding to 174,623,019 common shares for Cdn\$ 86.00 each share, representing 75.66% of its outstanding shares.

Our acquisition is consistent with our long-term corporate strategy and with our non-ferrous metals business strategy. It is a new step in our strategy of developing, operating and maximizing the performance of large-scale, long-life and low-cost assets.

The proposed transaction will bring a better diversification to our Company's activities by products, markets and geographic asset base contributing to reducing our business and financial risks.

Inco is a leading Canadian-based nickel company, and one of the largest nickel producers possessing the world's largest nickel reserve base.

In accordance with CVRD stated purpose of acquiring 100% of the outstanding shares of Inco, CVRD are taking the steps to acquire the remaining shares. Until 03/11/06 CVRD have already acquired 196,078,276 shares by approximately US\$ 15 billion, representing 86.57% of Inco's capital.

The financial disbursement with the acquisition of 100% of Inco shares is estimated to reach US\$ 17.6 billion. Most part of money is coming from a bridge loan supplied by a syndicate of banks. The bridge loan has a two-year tenor, with an interest rate of Libor plus 40 basis points during the first year and Libor plus 60 basis points during the second

year.

CVRD expects to conclude shortly several transactions to take out the bridge loan aiming to extend the debt maturity close to the pre-acquisition level, longer than seven years.

Until 11/03/06 CVRD has already acquired 196,078,276 shares by approximately US\$ 15 billion, representing 86,57% of Inco's capital.

**Table of Contents****6- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies****2006**

| Ownership<br>participation<br>(%) | Voting<br>Circulante | Long-term  | Assets   | Liabilities and stockholders | equity             |   | Net<br>revenues | Cost of<br>products and<br>services | Operating<br>income<br>(expenses) | N<br>opera<br>re |
|-----------------------------------|----------------------|------------|--|------------------------------|--------------------|---|-----------------|-------------------------------------|-----------------------------------|------------------|
|                                   |                      |            | Current<br>Investments,<br>property<br>plant<br>and<br>equipment<br>and<br>deferred<br>charges | Current                      | Non-current assets | Long-term,<br>deferred<br>income<br>and<br>minority<br>interest |                 |                                     |                                   |                  |
| 51.00                             | 417,686              | 1,402,889  | 1,050,092  | 282,483                      | 1,008,443          | 1,579,741   | 1,803,302       | (1,148,693)                         | (67,129)                          |                  |
| 61.74                             | 790,012              | 158,257    | 3,707,209  | 293,098                      | 1,257,132          | 3,105,248   | 1,911,731       | (1,111,091)                         | (103,401)                         |                  |
| 100.00                            | 2,261                | 33,565     | 535  | 13,584                       |                    | 22,777  |                 |                                     | (1,250)                           |                  |
| 100.00                            | 2,507,690            | 1,204,848  | 2,106,827  | 807,737                      | 985,271            | 4,026,357   | 4,063,696       | (1,616,479)                         | (324,365)                         | (242,000)        |
| 100.00                            | 70,241               | 166,160    | 3,831  | 146,596                      | 96,053             | (2,417)   |                 |                                     | 4,124                             |                  |
| 100.00                            | 211,640              | 5,969      | 148,302  | 61,595                       | 29                 | 304,287   | 204,492         | (73,556)                            | 6,574                             |                  |
| 100.00                            | 1,113,635            | 609,018    | 865,340  | 1,758,171                    | 43,636             | 786,186   | 2,074,881       | (1,395,550)                         | (30,503)                          |                  |
| 100.00                            | 2,621                | 324,478    | 149  | 21,430                       | 273,387            | 32,431  |                 |                                     | (10,690)                          |                  |
| 100.00                            | 323,681              | 132,199    | 1,484,868  | 211,771                      | 1,900,664          | (171,687)   | 537,105         | (522,180)                           | (65,145)                          |                  |
| 77.97                             | 140,235              | 152        | 284,786  | 343,497                      | 647                | 81,029  | 86,443          | (92,097)                            | (36,306)                          |                  |
| 100.00                            | 31,849               | 35,431     | 3,730  | 10,803                       | 32,981             | 27,226  |                 |                                     | 6,458                             |                  |
| 100.00                            | 9,834,500            | 10,912,583 | 4,267,129  | 3,742,503                    | 7,081,542          | 14,190,167  | 12,964,755      | (9,486,634)                         | 63,663                            | 750,000          |
| 100.00                            | 128                  |            | 1,603,157  | 16,319                       | 1,773,342          | (186,376)   |                 |                                     | (69,681)                          |                  |
| 100.00                            | 429,752              | 23,294     | 434,188  | 84,394                       | 541,855            | 260,985   | 43,091          | (13,137)                            | (8,376)                           |                  |

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|        |           |           |           |         |           |           |           |             |           |       |
|--------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-------------|-----------|-------|
| 100.00 | 589       | 13,381    |           | 8,815   | 138       | 5,017     |           | (647)       | 156,846   |       |
| 100.00 | 236,355   | 210       | 74,895    | 115,406 | 2,405     | 193,649   | 334,243   | (328,144)   | (15,892)  |       |
| 100.00 | 93,366    | 7,354     | 61,557    | 78,421  | 14,805    | 69,051    | 116,442   | (106,224)   | (525)     |       |
| 100.00 | 416,631   | 213,276   | 374,642   | 288,339 | 192,097   | 524,113   | 461,544   | (409,267)   | (127,434) | (43,) |
| 100.00 | 1,314     |           | 865,619   | 684     | 590,114   | 276,135   |           |             |           |       |
| 99.89  | 50,278    | 7,875     | 54,891    | 27,152  | 9,956     | 75,936    | 88,553    | (63,624)    | (2,954)   |       |
| 100.00 | 106,938   | 19,346    | 69,887    | 28,950  | 111,322   | 55,899    | 106,381   | (61,369)    | (26,961)  | (2,)  |
| 100.00 | 65,241    | 4,532,039 |           | 65,239  | 4,532,039 | 1         |           |             |           |       |
| 100.00 | 257,452   | 70,266    | 119,816   | 104,816 | 30,891    | 311,827   | 421,871   | (322,080)   | (20,256)  | 5,    |
| 50.00  | 1,250,972 | 4,892     | 512,074   | 699,541 | 326,129   | 742,268   | 2,290,987 | (1,857,562) | (123,283) |       |
| 50.00  | 170,150   | 27,735    | 246,128   | 171,807 | 105,845   | 166,361   | 573,519   | (450,804)   | (7,618)   |       |
| 51.00  | 221,885   | 45,955    | 76,630    | 132,162 | 54,685    | 157,623   | 515,694   | (415,652)   | (23,530)  |       |
| 51.00  | 188,929   | 57,574    | 74,649    | 114,114 | 64,544    | 142,494   | 469,854   | (386,582)   | (17,382)  |       |
| 51.11  | 308,902   | 83,074    | 128,693   | 310,493 | 63,398    | 146,776   | 867,228   | (710,412)   | (56,147)  |       |
| 50.00  | 27,845    | 14,397    | 83,871    | 3,065   | 23,453    | 99,595    | 18,467    | (8,061)     | (3,737)   |       |
| 40.00  | 149,956   | 507,954   | 956,587   | 574,171 | 227,695   | 812,631   | 681,410   | (406,274)   | (5,582)   | (     |
| 37.23  | 878,852   | 286,733   | 1,310,079 | 785,515 | 669,992   | 1,020,157 | 1,441,932 | (764,281)   | (82,585)  | (2,   |
| 50.00  | 706,259   | 171,442   | 1,808,061 | 881,821 | 1,036,446 | 767,495   | 1,745,106 | (609,293)   | (227,157) | 4,    |

|        |        |        |       |        |        |         |          |
|--------|--------|--------|-------|--------|--------|---------|----------|
| 100.00 | 43,089 | 50,378 | 1,446 | 92,021 | 22,078 | (3,268) | (17,565) |
|--------|--------|--------|-------|--------|--------|---------|----------|

## Notes:

- (a) The amounts above correspond to totals presented in the quarterly information of these companies on September 30, 2006 adjusted and unaudited;
- (b) Since March 31, 2006 Caemi became a wholly owned subsidiary of CVRD (Note 5.5). The consolidated results of Caemi includes the amount of R\$ 247,179 referring to minority interest;
- (c) Dividends received during the period:  
 Albrás R\$ 62.593,  
 Alunorte R\$ 30.832, Baovale R\$ 963, Belém R\$ 19,818,  
 Caemi R\$ 334,238, CPBS R\$ 34.500,  
 Docenave R\$ 70,134,  
 Florestas R\$ 29.997,  
 Hispanobrás R\$

29,950,  
Itabasco R\$  
25,450,  
Kobrasco R\$  
24,193, MRS  
R\$ 10,183,  
MRN R\$  
165,198, MSG  
R\$1,480,  
Nibrasco R\$  
46,713,  
Samarco R\$  
437.601, TVV  
R\$18,787, and  
Valesul R\$ 896;

- (d) Previously  
known as Itabira  
Rio Doce  
Company Ltd.  
ITACO.

Additional information of the main investee companies available on the CVRD website, [www.cvrd.com.br](http://www.cvrd.com.br), investors relations.



**Table of Contents**

**7- Report of the Independent Accountants on Limited Review**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

**To the Stockholders and Board of Directors of**

Companhia Vale do Rio Doce

Rio de Janeiro RJ

1. We have carried out a limited review of the Quarterly Financial Information (ITR) of Companhia Vale do Rio Doce, holding company and consolidated, in respect of the quarter ended September 30, 2006, prepared in accordance with the accounting practices adopted in Brazil and under the responsibility of the Company's management, comprising the balance sheets, the statements of income and changes in shareholders' equity and the comments on the Company's performance.
2. Except as mentioned in paragraph 3, our limited review was carried out in accordance with the specific procedures established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Board, and consisted mainly of: (a) inquiry and discussion with the officers responsible for the Company's and its investees' accounting, financial and operational areas about the procedures adopted for preparing the Quarterly Financial Information (ITR), and (b) review of the information and subsequent events which have, or may have, relevant effects on the Company's and its investees' financial positions and operations.
3. The financial statements as of September 30, 2006, of certain subsidiaries, jointly owned and associated companies, in which there are relevant investments, have not been reviewed by independent auditors. Accordingly, the conclusions resulting from our review do not cover the amounts of R\$6,882,668 thousand of these investments and R\$257,325 thousand of the income generated by them for the quarter then ended.
4. Based on our limited review, except for the effects of the adjustments, if any, which might have been required if the financial statements of the subsidiaries, jointly-owned and associated companies mentioned in paragraph 3 had been reviewed by independent auditors, we are not aware of any relevant adjustment which should be made to the Quarterly Financial Information (ITR), referred to in paragraph 1, for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of the obligatory Quarterly Financial Information (ITR).
5. Our limited review was conducted for the purpose of issuing our report on the Quarterly Financial Information (ITR) referred to in paragraph 1, taken as a whole. The statement of cash flows is presented as additional information, and is not a required part of the Quarterly Financial Information. Such statement has been subjected to the review procedures described in paragraph 2 and we are not aware of any material adjustment that should be made to such statement for it to be adequately presented in relation to the Quarterly Financial Information.
6. We have previously reviewed the balance sheets, holding company and consolidated, as of June 30, 2006 and the statements of income and cash flows for the quarter and nine months ended September 30, 2005, presented for comparison purposes, over which we issued limited reviews reports dated August 2, 2006 and November 9, 2005, respectively, including a qualification regarding the financial statements of certain subsidiaries, jointly-owned and associated companies, which have not been reviewed by independent auditors.

Rio de Janeiro, November 8, 2006

DELOITTE TOUCHE TOHMATSU

Marcelo Cavalcanti Almeida



**Table of Contents****B Additional Information****8 Management's Discussion and Analysis of the Operating Results for the Year Ended September 30, 2006 and Supplemental Information**

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

On 09/30/06, about 92% of the consolidated gross revenue and 25% of consolidated total cost are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating results.

Approximately 84% of consolidated short-term and long-term loans on 09/30/06 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses and income.

The average Dollar rate fell 12.37% between periods (R\$2.19 on 09/30/06 against R\$2.49 in 09/30/05), partially offset by price increases, and the end rate fell 2.16% (R\$2.17 in 09/30/06 against R\$2.22 in 09/30/05).

In 2006, iron ore prices increased by 19% and pellets prices decreased by 3%.

**The consolidated Trade Balance was:**

|         | <b>3Q/06</b> | <b>2Q/06</b> | <b>3Q/05</b> | <b>Quarter<br/>09/30/06</b> | <b>In US\$ million<br/>Accumulated<br/>09/30/05</b> |
|---------|--------------|--------------|--------------|-----------------------------|---|
| Exports | 2,412        | 2,543        | 1,723        | 7,237                       | 5,010   |
| Imports | (229)        | (221)        | (134)        | (678)                       | (509)   |
|         | <b>2,183</b> | <b>2,322</b> | <b>1,589</b> | <b>6,559</b>                | <b>4,501</b>  |

**Table of Contents****8.1 Comments on Consolidated Operating Results****8.1.1 Gross revenue**

|  | In thousands of metric tons (except railroad transportation) |               |               |                |                | In thousands of reais |                   |                  |                   |                   |
|--|--|---------------|---------------|----------------|----------------|-----------------------|-------------------|------------------|-------------------|-------------------|
|  | Quarter  |               | Accumulated   |                |                | Quarter               |                   | Accumulated      |                   |                   |
|  | 3Q/06  | 2Q/06         | 3Q/05         | 09/30/06       | 09/30/05       | 3Q/06                 | 2Q/06             | 3Q/05            | 09/30/06          | 09/30/05          |
| Iron ore                                       | 63,119   | 59,703        | 55,203        | 177,682        | 157,331        | 6,024,461             | 5,129,829         | 4,462,634        | 15,301,139        | 12,288,242        |
| Pellets (*)                                    | 9,611  | 7,438         | 8,774         | 24,816         | 27,247         | 1,584,879             | 1,224,643         | 1,643,421        | 4,161,162         | 4,787,234         |
|  | <b>72,730</b>  | <b>67,141</b> | <b>63,977</b> | <b>202,498</b> | <b>184,578</b> | <b>7,609,340</b>      | <b>6,354,472</b>  | <b>6,106,055</b> | <b>19,462,301</b> | <b>17,075,476</b> |
| Manganese                                      | 224  | 198           | 271           | 571            | 663            | 38,542                | 25,581            | 48,920           | 88,992            | 174,288           |
| Ferroalloys                                    | 131  | 144           | 136           | 401            | 423            | 280,974               | 274,665           | 225,891          | 787,132           | 1,041,744         |
|  |  |               |               |                |                | <b>319,516</b>        | <b>300,246</b>    | <b>274,811</b>   | <b>876,124</b>    | <b>1,216,032</b>  |
| Copper   | 120  | 105           | 96            | 295            | 286            | 608,662               | 447,328           | 214,632          | 1,297,728         | 643,182           |
| Potash   | 291  | 121           | 197           | 515            | 464            | 118,937               | 49,377            | 111,296          | 217,202           | 267,175           |
| Kaolin   | 283  | 305           | 280           | 909            | 863            | 114,913               | 100,151           | 98,681           | 321,391           | 314,212           |
|  |  |               |               |                |                | <b>842,512</b>        | <b>596,856</b>    | <b>424,609</b>   | <b>1,836,321</b>  | <b>1,224,569</b>  |
| Railroad transportation (millions of TKU) (**) | 10,745   | 10,374        | 10,468        | 29,454         | 28,820         | 715,694               | 688,756           | 694,261          | 1,939,287         | 1,830,719         |
| Port services                                  | 8,197  | 7,781         | 8,315         | 22,167         | 22,908         | 146,164               | 127,014           | 141,752          | 378,832           | 379,002           |
| Boat services                                  |  |               |               |                |                | 14,629                | 12,670            | 17,637           | 40,214            | 49,851            |
| Maritime transportation                        |  |               |               |                |                | 79,571                | 67,528            | 84,306           | 197,337           | 250,814           |
|  |  |               |               |                |                | <b>956,058</b>        | <b>895,968</b>    | <b>937,956</b>   | <b>2,555,670</b>  | <b>2,510,386</b>  |
| Aluminum                                       | 141  | 125           | 122           | 390            | 367            | 788,209               | 736,242           | 536,302          | 2,175,548         | 1,729,792         |
| Alumina  | 829  | 867           | 504           | 2,186          | 1,335          | 588,504               | 743,806           | 332,974          | 1,668,378         | 929,403           |
| Bauxite  | 1,049  | 1,056         | 1,422         | 3,213          | 4,056          | 62,962                | 64,248            | 86,039           | 192,597           | 264,258           |
|  |  |               |               |                |                | <b>1,439,675</b>      | <b>1,544,296</b>  | <b>955,315</b>   | <b>4,036,523</b>  | <b>2,923,453</b>  |
| Steel  |  |               |               |                |                | 414,752               | 381,832           | 339,851          | 1,145,493         | 1,170,701         |
| Pig iron                                       | 66   | 71            |               | 137            |                | 43,356                | 42,769            |                  | 86,125            |                   |
| Other products and services                    |  |               |               | 46             |                | 17,124                | 14,226            | 3,350            | 55,565            | 25,141            |
|  |  |               |               |                |                | <b>475,232</b>        | <b>438,827</b>    | <b>343,201</b>   | <b>1,287,183</b>  | <b>1,195,842</b>  |
|  |  |               |               |                |                | <b>11,642,333</b>     | <b>10,130,665</b> | <b>9,041,947</b> | <b>30,054,122</b> | <b>26,145,758</b> |

(\*) Includes revenues derived from services to jointly-controlled in the amounts of R\$17,878, R\$16,799, R\$18,772, R\$52,568 and R\$52,674 referring to the 3Q/06, 2Q/06, 3Q/05, 09/30/06 and 09/30/05, respectively.

(\*\*) The Company carried through its railroad system 7,951, 7,962, 8,242, 22,083, and 22,006 million of TKUs of general cargo and 2,794, 2,412, 2,226, 7,371, and 6,814 million of TKUs of iron ore for third parties in 3Q/06, 2Q/06, 3Q/05, 09/30/06 and 09/30/05, respectively.

**Table of Contents**

Sales volume and revenues by products and services:

The 15% gross revenue increase, from R\$26,145,758 to R\$30,054,122 was due to:

Reference price increase of 19% for iron ore and decreased 3% for pellets;

Increase of copper prices;

Increase of iron ore volumes sold; and

Beginning of the sale of pig iron and coal in 2006.

The above effects were partially offset by:

The devaluation of the average dollar compared with the real was 12%; and

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

**Gross consolidated revenue by segment**

| Non -<br>Ferrous<br>Minerals | Non -<br>Ferrous<br>Minerals | Logistics      | Holdings         |                |  | Trimestres        |            |                   |            |                  |            |                   |            |
|------------------------------|------------------------------|----------------|------------------|----------------|--|-------------------|------------|-------------------|------------|------------------|------------|-------------------|------------|
|                              |                              |                | Aluminum         | Other          |  | 3Q/06             | %          | 2Q/06             | %          | 3Q/05            | %          | 09/30/06          | %          |
| 533,008                      | 463                          | 17,622         | 275,052          |                |  | 826,145           | 7          | 655,990           | 6          | 517,929          | 6          | 2,049,106         |            |
| 249,320                      | 10,358                       |                | 58,351           | 458,108        |  | 776,137           | 7          | 671,110           | 7          | 560,134          | 6          | 1,973,159         |            |
| 701,350                      | 77,625                       |                |                  |                |  | 778,975           | 7          | 716,065           | 7          | 734,431          | 8          | 2,111,219         |            |
| 391,757                      | 9,974                        |                |                  |                |  | 401,731           | 3          | 276,966           | 3          | 276,642          | 3          | 900,619           |            |
| 223,639                      | 475                          | 2,722          | 11,324           |                |  | 238,160           | 2          | 197,582           | 2          | 124,438          | 1          | 601,521           |            |
| 834,984                      | 277,323                      |                | 494,223          |                |  | 1,606,530         | 14         | 1,502,731         | 15         | 1,316,048        | 14         | 4,280,271         | 1          |
| 378,712                      | 166                          | 1,422          | 113,327          |                |  | 493,627           | 4          | 606,604           | 6          | 596,025          | 7          | 1,512,687         |            |
| 2,084,804                    | 43,264                       | 12,660         | 25,489           |                |  | 2,166,217         | 19         | 1,850,157         | 18         | 1,429,907        | 16         | 5,511,111         | 1          |
| 254,081                      | 93,569                       |                |                  |                |  | 347,650           | 3          | 172,063           | 2          | 321,722          | 4          | 813,579           |            |
| 787,184                      | 28,225                       |                | 297,802          |                |  | 1,113,211         | 10         | 863,720           | 9          | 794,636          | 9          | 2,813,738         |            |
| 366,532                      | 93,089                       |                |                  |                |  | 459,621           | 4          | 523,256           | 5          | 238,139          | 3          | 1,197,519         |            |
| <b>6,805,371</b>             | <b>634,531</b>               | <b>34,426</b>  | <b>1,275,568</b> | <b>458,108</b> |  | <b>9,208,004</b>  | <b>80</b>  | <b>8,036,244</b>  | <b>80</b>  | <b>6,910,051</b> | <b>77</b>  | <b>23,764,529</b> | <b>7</b>   |
| <b>1,159,541</b>             | <b>207,981</b>               | <b>898,697</b> | <b>168,110</b>   |                |  | <b>2,434,329</b>  | <b>20</b>  | <b>2,094,421</b>  | <b>20</b>  | <b>2,131,896</b> | <b>23</b>  | <b>6,289,593</b>  | <b>2</b>   |
| <b>7,964,912</b>             | <b>842,512</b>               | <b>933,123</b> | <b>1,443,678</b> | <b>458,108</b> |  | <b>11,642,333</b> | <b>100</b> | <b>10,130,665</b> | <b>100</b> | <b>9,041,947</b> | <b>100</b> | <b>30,054,122</b> | <b>100</b> |

**Table of Contents****8.1.2 Cost of products and services**

By nature

|                               | Denominated in   |                  | 3Q/06            | 2Q/06            | Quarter<br>3Q/05 | 09/30/06          | Accumulated<br>09/30/05 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------------|
|                               | R\$              | US\$             |                  |                  |                  |                   |                         |
| Personnel                     | 471,499          | 27,799           | 499,298          | 403,940          | 377,497          | 1,275,653         | 1,031,788               |
| Material                      | 784,624          | 179,400          | 964,024          | 813,058          | 821,211          | 2,488,856         | 2,328,060               |
| Oil and gas                   | 470,691          | 137,957          | 608,648          | 530,903          | 457,719          | 1,595,846         | 1,310,626               |
| Outsourced<br>services        | 793,880          | 281,535          | 1,075,415        | 930,713          | 861,637          | 2,871,129         | 2,414,664               |
| Energy                        | 394,167          | 30,239           | 424,406          | 338,239          | 361,033          | 1,066,424         | 1,050,050               |
| Raw Material                  | 14,562           | 504,997          | 519,559          | 553,791          | 481,847          | 1,597,188         | 1,644,702               |
| Depreciation<br>and depletion | 433,791          | 12,393           | 446,184          | 391,861          | 366,235          | 1,205,673         | 1,074,761               |
| Amortization<br>of goodwill   | 94,008           |                  | 94,008           | 94,090           | 94,726           | 280,085           | 286,916                 |
| Others                        | 261,323          | 43,679           | 305,002          | 294,127          | 286,366          | 851,122           | 762,343                 |
| <b>Total</b>                  | <b>3,718,545</b> | <b>1,217,999</b> | <b>4,936,544</b> | <b>4,350,722</b> | <b>4,108,271</b> | <b>13,231,976</b> | <b>11,903,910</b>       |
|                               | <b>75%</b>       | <b>25%</b>       |                  |                  |                  |                   |                         |

The 11% increase in the cost of products and services (R\$13,231,976 on 09/30/06 against R\$ 11,903,910 on 09/30/05) is due to increase in sales volumes and changes in the prices of materials, oil, energy and services which comprise production cost during the period.

**8.1.3 Selling expenses and administrative expenses**

Selling expenses decreased by 9%, from R\$286,445 on 09/30/05 to R\$261,738 on 09/30/06, while administrative expenses increased by 21% from R\$897,801 on 09/30/05 to R\$1,087,996 on 09/30/06, basically due to personnel agreements and expenses with depreciation.

**8.1.4 Research and development**

Research and development increased by 44%, from R\$463.014 on 09/30/05 to R\$667.184 on 09/30/06, reflecting CVRD expansion plan to diversify production and expansion of production to meet world demand.

**8.1.5 Other operating expenses**

Other operating expenses increased by 13%, from R\$629,226 on 09/30/05 to R\$712,545 on 09/30/06. See note 5.23.

**8.1.6 Net financial results**

The net financial result had an impact of R\$462,227 (expense of R\$974,068 on 09/30/06 compared to expense of R\$511,841 on 09/30/05) due to exchange rate variation effect over the foreign debt, that was partially compensated with the exchange variation on cash equivalents.

**Table of Contents****8.1.7 Income tax and social contribution**

Income tax and social contribution reflect an expense of R\$1.970,208 on 09/30/06 compared with an expense of R\$2.215.492 on 09/30/05, mainly caused by decrease of taxable income, partially compensated with not taxable abroad income (International Taxation agreement).

**8.1.8 Cash generation**

The operating cash generation measured by EBITDA (earnings before financial results, results of equity investments, interest, income tax and depreciation, amortization and depletion, more dividends received) was R\$14,801,250 on 09/30/06, against R\$12,500,812 on 09/30/05, an increase of 18%.

EBITDA is not a BR 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.

Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.

Although EBITDA, as defined above, it 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.

**EBITDA**

|   |             | 3Q/06            | 2Q/06            | Quarter<br>3Q/05 | 09/30/06          | Accumulated<br>09/30/05 |
|---|-------------|------------------|------------------|------------------|-------------------|-------------------------|
| <b>Operating profit</b>                                   | <b>EBIT</b> | <b>5,249,419</b> | <b>4,519,423</b> | <b>3,764,548</b> | <b>13,008,728</b> | <b>10,896,920</b>       |
| Depreciation /<br>amortization of goodwill                |             | 604,455          | 540,013          | 494,585          | 1,656,785         | 1,456,288               |
|   |             | <b>5,853,874</b> | <b>5,059,436</b> | <b>4,259,133</b> | <b>14,665,513</b> | <b>12,353,208</b>       |
| Dividends received  |             | 40,624           | 93,786           | 58,682           | 135,737           | 147,604                 |
| <b>EBITDA</b>   |             | <b>5,894,498</b> | <b>5,153,222</b> | <b>4,317,815</b> | <b>14,801,250</b> | <b>12,500,812</b>       |
| Depreciation /<br>amortization of goodwill                |             | (604,455)        | (540,013)        | (494,585)        | (1,656,785)       | (1,456,288)             |
| Dividends received  |             | (40,624)         | (93,786)         | (58,682)         | (135,737)         | (147,604)               |
| Equity Results  |             | (14,035)         | (57,280)         | 13,166           | (54,905)          | 163,574                 |
| Sale of assets  |             | 34,438           | 736,866          | 297,700          | 790,630           | 297,700                 |
| Financial results, net                                    |             | (248,609)        | (466,405)        | (319,265)        | (974,068)         | (511,841)               |
| Income tax and social<br>contribution                     |             | (791,772)        | (593,102)        | (764,069)        | (1,970,208)       | (2,215,492)             |
| Minority interests  |             | (256,546)        | (234,405)        | (280,619)        | (737,623)         | (824,925)               |
| <b>Net income</b>   |             | <b>3,972,895</b> | <b>3,905,097</b> | <b>2,711,461</b> | <b>10,062,554</b> | <b>7,805,936</b>        |
| <b>Current liabilities</b>                                |             |                  |                  |                  |                   |                         |
| Current portion of<br>long-term debt unrelated<br>parties |             | 2,217,744        | 2,514,229        | 1,627,663        | 2,217,744         | 1,627,663               |
| Short-term debt   |             | 1,062,137        | 652,389          | 708,488          | 1,062,137         | 708,488                 |
| Related parties   |             | 49,812           | 73,040           | 69,097           | 49,812            | 69,097                  |



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|                              |                   |                   |                   |                   |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                              | <b>3,329,693</b>  | <b>3,239,658</b>  | <b>2,405,248</b>  | <b>3,329,693</b>  | <b>2,405,248</b>  |
| <b>Long-term liabilities</b> |                   |                   |                   |                   |                   |
| Long-term debt               |                   |                   |                   |                   |                   |
| unrelated parties            | 10,841,952        | 10,576,743        | 7,145,652         | 10,841,952        | 7,145,652         |
| Related parties              | 2,795             | 2,847             | 2,935             | 2,795             | 2,935             |
|                              | <b>10,844,747</b> | <b>10,579,590</b> | <b>7,148,587</b>  | <b>10,844,747</b> | <b>7,148,587</b>  |
| <b>Gross debt</b>            | <b>14,174,440</b> | <b>13,819,248</b> | <b>9,553,835</b>  | <b>14,174,440</b> | <b>9,553,835</b>  |
| <b>Interest paid</b>         | <b>337,361</b>    | <b>172,247</b>    | <b>206,576</b>    | <b>736,626</b>    | <b>582,312</b>    |
| <b>Stockholders equity</b>   | <b>38,946,592</b> | <b>35,578,904</b> | <b>25,973,882</b> | <b>38,946,592</b> | <b>25,973,882</b> |
| <b>EBITDA (LTM) /</b>        |                   |                   |                   |                   |                   |
| <b>Interest paid (LTM)</b>   | <b>21.37</b>      | <b>22.98</b>      | <b>19.51</b>      | <b>21.37</b>      | <b>19.51</b>      |
| <b>EBITDA Margin</b>         |                   |                   |                   |                   |                   |
| <b>(LTM)</b>                 | <b>50%</b>        | <b>49%</b>        | <b>47%</b>        | <b>50%</b>        | <b>47%</b>        |
| <b>EBIT Margin (LTM)</b>     | <b>44%</b>        | <b>43%</b>        | <b>43%</b>        | <b>44%</b>        | <b>43%</b>        |
| <b>Gross debt / EBITDA</b>   |                   |                   |                   |                   |                   |
| <b>(LTM)</b>                 | <b>0.75</b>       | <b>0.79</b>       | <b>0.62</b>       | <b>0.75</b>       | <b>0.62</b>       |
| <b>Gross debt / Equity</b>   |                   |                   |                   |                   |                   |
| <b>Capitalization</b>        | <b>27</b>         | <b>28</b>         | <b>27</b>         | <b>27</b>         | <b>27</b>         |
|                              |                   | 26                |                   |                   |                   |

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**Table of Contents****Consolidated EBITDA by segment**

| Segments             | Quarter          |                  |                  |                   | EBITDA                  |
|----------------------|------------------|------------------|------------------|-------------------|-------------------------|
|                      | 3Q/06            | 2Q/06            | 3Q/05            | 09/30/06          | Accumulated<br>09/30/05 |
| Ferrous minerals     | 4,445,344        | 3,656,493        | 3,671,245        | 11,040,865        | 10,052,672              |
| Non-ferrous minerals | 427,584          | 339,293          | 84,221           | 883,766           | 270,487                 |
| Logistics            | 447,515          | 333,346          | 340,060          | 1,015,624         | 996,357                 |
| Holdings             |                  |                  |                  |                   |                         |
| Aluminum             | 596,016          | 771,774          | 305,212          | 1,804,051         | 1,107,472               |
| Steel                | 110,624          | 135,247          | 68,490           | 312,522           | 252,136                 |
| Others               | (132,585)        | (82,931)         | (151,413)        | (255,578)         | (178,312)               |
|                      | <b>5,894,498</b> | <b>5,153,222</b> | <b>4,317,815</b> | <b>14,801,250</b> | <b>12,500,812</b>       |

**8.2 Comments on the Parent Company Results****8.2.1 Gross revenue**

The 9% increase in gross revenue (R\$14,482,735 on 09/30/06 against R\$13,277,033 on 09/30/05) is the result of the 11% increase in sales of iron ore and also for the increase of prices. This effect was compensated in part by the 12% average appreciation of the real against the U. S. dollar. The major part of revenues is linked to the dollar.

**8.2.2 Cost of products and services**

Cost of products and services sold to 09/30/06 was R\$7,877,551, on 09/30/06 against R\$7,032,494 on 09/30/05 representing a 12% increase. The main factors are, higher volumes sold of products in general, contracts readjustments and the increase of assets reflecting increase of expenses related to depreciation.

**8.2.3 Gross margin**

The gross margin increased by 1.2 P.P (42,5% on 09/30/06 against 43,7% on 09/30/05) mainly due to the devaluation of the dollar against the real, since most of revenues are linked to the dollar.

**8.2.4 Results of shareholdings by business area**

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

| Business Area   | 09/30/06         | 09/30/05         |
|---|------------------|------------------|
| <b>Ferrous Minerals</b>                                       |                  |                  |
| . Iron ore  | 6,313,992        | 3,183,737        |
| . Pellets   | 528,738          | 771,926          |
| . Manganese and ferroalloys                                   | (89,126)         | 105,241          |
| <b>Non-Ferrous Minerals</b>                                   | <b>(37,075)</b>  | <b>(29,957)</b>  |
| <b>Logistics</b>  | <b>126,757</b>   | <b>171,108</b>   |
| <b>Holdings</b>   |                  |                  |
| . Steel   | 318,659          | 373,802          |
| . Aluminum  | 802,726          | 538,971          |
| . Research and development                                    | (107,575)        | (58,993)         |
| <b>Others</b>   | <b>(12,921)</b>  | <b>(4,448)</b>   |
| <b>Gain on investments accounted for by the equity method</b> | <b>7,844,175</b> | <b>5,051,387</b> |
| Provision for losses  | (154,088)        | (97,528)         |
| Amortization of goodwill                                      | (302,451)        | (171,810)        |

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|  |                  |                  |
|--|------------------|------------------|
| Exchange variation in Stockholders' Equity of companies abroad | (612,822)        | (1,063,126)      |
| <b>Results of equity investments</b>                           | <b>6,774,814</b> | <b>3,718,923</b> |

**Table of Contents**

Results of equity investments are strongly affected by the exchange rate variation over debt, which had a positive impact due to the appreciation of the Real against the Dollar in the period ended in September, 2006 of 8% in comparison with a 16% decrease during the period ended in September, 2005. This effect is partially offset by the negative exchange rate variation from investments abroad.

Operationally, volumes and average selling prices increased in iron ore and aluminum areas. This increase was partially compensated by decrease in average selling prices and volume in manganese and ferroalloys, manganese and steel areas. The decrease in pellets is due to reduction of quantities sold.

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

**8.2.5 Selling expenses and administrative expenses**

Selling expenses increased by R\$ 1,549, from R\$ 1,185 on 09/30/05 to R\$ 2,734 on 09/30/06, while administrative expenses increased by 36%, from R\$ 460,060 on 09/30/05 to R\$ 623,939 on 09/30/06, basically due to personnel agreement and expenses with depreciation.

**8.2.6 Research and development**

Research and development increased by 28%, from R\$306,154 on 09/30/05 to R\$393,346 on 09/30/06, reflecting CVRD expansion plan to diversify production and expansion of production to meet world demand.

**8.2.7 Other operating expenses**

Other operating expenses increased by R\$103,260, from R\$ 254,707 on 09/30/05 to R\$ 357,967 on 09/30/06.

**8.2.8 Net financial results**

The net financial results on 09/30/06 had an impact of R\$1,052,401 (expense of R\$ 342,086 on 09/30/06 compared to expense of R\$ 710,31 expense on 09/30/05) basically due to exchange rate variation effect of the Real against the dollar over the foreign debt.

**8.2.9 Income tax and social contribution**

Income tax and social contribution reflect an expense of R\$869,922 on 09/30/06 compared with an expense of R\$1,070,072 on 09/30/05, mainly caused by decrease of taxable income.

\* \* \*

**Table of Contents**

**9- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers**

**Board of Directors**

Sérgio Ricardo Silva Rosa  
**Chairman**

Arlindo Magno de Oliveira

Eduardo Fernando Jardim Pinto

Erik Persson

Francisco Augusto da Costa e Silva

Hiroshi Tada

Julio Sérgio Gomes de Almeida

Jorge Luiz Pacheco

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

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

**Executive Development Committee**

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

**Strategic Committee**

Roger Agnelli  
Gabriel Stoliar

**Fiscal Council**

Marcelo Amaral Moraes  
**Chairman**

Anibal Moreira dos Santos

Bernard Appy

José Bernardo de Medeiros Neto

**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**

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

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

Carla Grasso

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

José Lancaster  
**Executive Officer for Non-Ferrous Minerals**

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

Gabriel Stoliar  
**Executive Officer for Planning**

Tito Botelho Martins  
**Executive Officer for Logistics in acting**

Tito Botelho Martins

Demian Fiocca  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Sérgio Ricardo Silva Rosa

**Executive Officer for Corporate Affairs**

**Finance Committee**

Fábio de Oliveira Barbosa  
Rômulo de Mello Dias  
Wanderlei Viçoso Fagundes  
Ivan Luiz Modesto Schara

Otto de Souza Marques Júnior  
**Chief Officer of Control Department**

**Governance and Sustainability Committee**

Renato da Cruz Gomes  
Ricardo Simonsen  
Ricardo Carvalho Giambroni

Marcus Vinícius Dias Severini  
**Chief Accountant**  
**CRC-RJ 093892/O-3**

**Table of Contents**

**SIGNATURES**

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

COMPANHIA VALE DO RIO  
DOCE  
(Registrant)

Date: November 14, 2006

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa  
Chief Financial Officer