

VALLEY OF THE RIO DOCE CO

Form 6-K

August 13, 2004

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

August 2004

Valley of the Rio Doce Company

(Translation of Registrant's name into English)

Avenida Graça Aranha, No. 26
20005-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

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

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

COMPANHIA VALE DO RIO DOCE
Report on Form 6-K

Table of Contents

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN
THE SECOND QUARTER OF 2004 (BRAZILIAN GAAP)
INDEX TO CONSOLIDATED FINANCIAL INFORMATION
(BRAZILIAN GAAP)
SIGNATURES

Table of Contents

BR GAAP

**BOVESPA: VALE3, VALE5
NYSE: RIO, RIOPR
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PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER 2004

The financial and operational information contained in this press release, except otherwise indicated, refers to the Parent Company and was calculated in accordance with Brazilian generally accepted accounting principles (Brazilian GAAP). This information, with the exception of that which refers to investment and market behaviour, is based on the quarterly financial statements, which have been reviewed by independent auditors.

AN EXTRAORDINARY PERFORMANCE

Rio de Janeiro, August 11, 2004 Companhia Vale do Rio Doce (CVRD) reported exceptional results in the second quarter of 2004 (2Q04), with record sales, exports, cash generation and profits.

The performance of the company is due to good strategic execution, discipline in the allocation of capital and management of its operations, and strong global demand for minerals and metals.

In 2Q04, the following new records were set:

- o Gross operating revenues amounted to R\$ 3.578 billion, an increase of 62.2% in relation to the same quarter in 2003 and up 31.0% compared to 1Q04.
- o Consolidated exports amounted to US\$1.524 billion, which represents an increase of 60.9% in relation to 2Q03 and 50.6% compared to 1Q04. Net exports (exports minus imports) amounted to US\$1.246 billion and corresponded to 14.0% of Brazil's trade surplus accumulated in the second quarter of the year.
- o For the first half of the year, consolidated exports amounted to US\$2.536 billion with net exports at US\$2.110 billion, also amounting to 14.0% of Brazil's trade surplus in this period.
- o Cash generation as measured by EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to R\$ 1.729 billion in the quarter, up 75.9% compared to 2Q03 and up 28.8% compared to the first quarter of this year.
- o Shipments of iron ore and pellets totalled 45.894 million tons, an increase of 26.0% compared to 2Q03 and up 6.1% on 1Q04.
- o General cargo volume (all freight except for iron ore and pellets) transported for clients by our railroad network (Vitória a Minas - EFVM

1

Table of Contents**BR GAAP**

and Carajás EFC) amounted to 4.9 billion net ton kilometres (ntk), an increase of 13.5% on 2Q03 and up 23.2% on 1Q04 .

o Net earnings reported in the quarter amounted to R\$ 1.683 billion, corresponding to R\$ 4.39 per share, up 76.4% on 1Q04 and an increase of 32.0% on 2Q03. For the first half of the year, CVRD reported net earnings of R\$ 2.637 billion.

Return on equity (ROE) for the 12-month period ending June 2004, amounted to 28.2%.

The month of June saw the first shipments of copper concentrate produced by Sossego, the mine located in the mineral province of Carajás, in the state of Pará. Revenues from the sale of this product amounted to R\$ 72 million.

In 2Q04, the Company's capital expenditure amounted to US\$ 481 million, bringing the total for the first half year to US\$ 787 million. These investments continue to position the company for profitable growth and the generation of value for shareholders, already creating thousands of new jobs in the execution phase of the projects.

SELECTED FINANCIAL INDICATORS

| | US\$ million | | |
|------------------------------|--------------|-------|-------|
| | 2Q03 | 1Q04 | 2Q04 |
| Gross Operating Revenues | 2,206 | 2,731 | 3,578 |
| Gross Margin (%) | 42.9 | 43.4 | 47.5 |
| Operating Income | 600 | 692 | 1,304 |
| Operating Margin (%) | 28.3 | 26.5 | 38.5 |
| EBITDA | 983 | 1,342 | 1,729 |
| Net Earnings | 1,275 | 954 | 1,683 |
| ROE (annualized) (%) | 26.5 | 27.9 | 28.2 |
| Investments (US\$ million) * | 389.7 | 306.0 | 481.0 |

*including acquisitions

ROE = return on equity = net earnings / equity

BUSINESS OUTLOOK

Global economic growth has shown itself to be resilient to the negative impact of higher nominal oil prices. The influence of expansionist monetary and fiscal policies and the improvement in corporate profitability has allowed a solid and synchronized global recovery to take place. Leading indicators of global economic activity continued to signal expansion over the next few months.

The growth gap between the US economy and other industrialized economies appears to be narrowing, in contrast to what happened in the most recent cycles. Japan is likely to register GDP growth rates at least equal to those of the US.

Its economy is emitting excellent signs of vitality, expressed, for example, in the good domestic consumption performance and the level of private investment.

Companies' improved performance, with better earnings and liquidity, is stimulating investment in capital goods. This means that in the US and Europe, investment will tend to substitute consumption as the principal source of GDP growth in the short term. In Japan, consumer spending behaviour appears, for the first time in many years, to be the most important element in determining the behaviour of its economy.

Table of Contents

BR GAAP

Restrictive measures put into practice by the Chinese economic authorities appear, up to now, to be having the desired result. Although it is premature to make a more fundamental diagnosis, data available thus far is pointing towards a soft landing for the Chinese economy. June was the fourth month running to show a reduction in the industrial production growth rate, which amounted to 16.2%, compared to 23.2% in February, 19.4% in March, 19.1% in April and 17.5% in May.

In the iron ore market these measures had an impact on imports through the spot market, with a strong drop in prices and total volumes imported. In May and June, China's imports of iron ore averaged 14.7 million tons a month, compared to 18.5 million for the previous three months, a drop of 20.5%. External Chinese purchases of iron ore in the first half of 2004 amounted to 97.8 million tons, an increase of 34.9% compared to the same period a year earlier, while steel production, of 124.7 million tons, increased by 21.1%.

CVRD does not participate in transactions on the iron ore spot market – it gives priority to commercial relationships based on medium and long-term contracts.

The spot alumina price fell to 17.5% of the aluminum price on the LME, still much higher than the price prevailing up to the middle of 2003, reflecting restrictions on credit and the rise in the cost of electricity for the Chinese aluminum industry. However, the spot price represents a quote of marginal volumes in an alumina market which is dominated by inter company product transfers and long-term contracts. Alumina imported by China during the first half of the year amounted to 2.85 million tons, an increase of 11.1% on the same period in 2003.

One of the aims of the Chinese government in implementing a selective tightening approach to slow down its rate of economic growth, is to seek higher levels of efficiency and productivity. In the case of steel, this involves the consolidation of an industry which is extremely fragmented, with some 1,000 players, into a small group of companies with competitive operations. If successfully achieved, in our opinion, this would result in greater demand for imported iron ore and increasingly sophisticated purchasing policies, with the increasingly frequent use of long-term contracts and joint ventures with suppliers, which will tend to benefit CVRD.

In contrast to that which occurred in the period 2001/2003, the synchronized recovery in the global economy has made demand for ores and metals less dependent on Chinese expansion. For example, there are forecasts that Japanese steel production for the fiscal year 2004/2005 will be the highest since 1973/1974. In the case of copper and particularly aluminum, the premium of Comex prices relative to those on the LME, reflect strengthening demand in North America, compared to the rest of the world.

We consider that the slowdown in the growth rate of Chinese demand for ores and metals, and the fall seen in spot market prices, to be healthy trends which will help to preserve sustainable growth in global markets for these products. World demand for metals and their respective ores continues strong, exceeding current levels of production. And no reversal in this picture is expected over the short term.

RECENT MATERIAL EVENTS

In 2Q04, a number of events occurred which were of significant importance for the future performance of the Company. Of particular note were: the start-up of operations at Sossego; the celebration of contracts for the forming of joint ventures with Chinese companies for the production of aluminum, metallurgical coal and coke; the sale of the Company's stake in CST and the signing of new long-term contracts for the supply of iron ore.

Table of Contents

BR GAAP

Inauguration of Sossego copper mine

The Sossego mine, CVRD's first copper project, began shipments of copper concentrate on June 3, constituting a new value creation platform.

Sossego, the only greenfield project in the world to begin operations in 2004, has proven and probable reserves of 244.7 million tons of copper ore – not including the reserves contained in satellite mines with copper content estimated at 1%, and approximately 0.26 grams of gold per ton as a by-product. The ore is processed by a plant which has an annual average production capacity of 467,000 tons of copper concentrate, equivalent to 140,000 tons of copper.

CVRD has invested US\$ 413 million in the Sossego project, which once again demonstrates the Company's discipline in the allocation of capital. Only six years have passed since the initial discovery of the ore deposits up to the start of operations, which can be considered a record development time for the copper industry.

Joint ventures with Chinese companies strengthen CVRD's position in global ore and metals markets

At the end of May, CVRD signed contracts with a number of Chinese companies for joint investment in the alumina industry, as well as that of metallurgical coal and coke.

In association with Chalco Aluminum Corporation of China Limited, CVRD is planning to build an alumina refinery (ABC Refinery) in Barcarena, state of Pará, as a greenfield project, with an initial nominal production capacity of 1.8 million tons a year. It is expected to begin operations by 2007, supplied with bauxite from the Paragominas mine, currently being developed by CVRD, which will also supply stages 4 and 5 at Alunorte.

The estimated investment cost of the refinery is US\$ 810 million, equivalent to US\$ 450 per ton, extremely competitive for an alumina greenfield project.

CVRD has signed a joint venture agreement with the Shanghai Baosteel Group Corporation and Yongcheng Coal & Electricity Group, for the production of anthracite and metallurgical coal in China. CVRD's stake in this project will amount to 25%, involving an investment of US\$ 60 million.

The Company has also entered into an agreement with the Yankuang Group, of China, and the Japanese trading company, Itochu Corporation, for the creation of Shandong Yankuang International Coking Co. Ltd, for the production of coke. The industrial plant will be located in China, with an annual production capacity of 2 million tons of coke and 200,000 tons of methanol as a by-product. Operational start-up is planned for 2006, with investment by CVRD of around US\$ 27 million, guaranteeing a 25% stake in the joint venture.

A contract has also been signed between CVRD and the Yankuang Group for the development of coking coal mine at Zhaolou, in China, with production capacity estimated at 3 million tons a year.

These agreements strengthen CVRD's relationship with important players in the aluminum, steel and coal industries, the Company's presence in the Chinese economy, while also heralding the Company's entry into the coal market, complementing its portfolio of products and services for the steel industry.

Table of Contents

BR GAAP

Divestment of CST

CVRD has signed a contract with Arcelor for the total divestment of its 28.02% stake in Companhia Siderúrgica de Tubarão (CST) for US\$ 578.5 million, corresponding to US\$ 40.50 per share.

This transaction is consistent with CVRD's strategy of focusing efforts on exploiting profitable growth opportunities in global metals and mining markets.

Iron ore additional long-term supply contracts

CVRD's long-term contracts with its clients provide support for investment in expanding iron ore production capacity while, at the same time, eliminating risks attached to the future supply of raw material to the steel industry.

Two contracts were signed in July. The first of these was with the Nippon Steel Corporation, Japan's largest steel producer, for the supply of 70 million tons of iron ore for over 10 years, from 2005. The second contract signed was with COSIPA - Companhia Siderúrgica Paulista for the annual supply of 1.1 million tons of iron ore, over a period of three years.

INDEPENDENT AUDITORS

In attention to CVM (Brazilian's Securities Commission) instruction 308/99, CVRD announces the replacement of its independent auditors. From now on the Company's Brazilian GAAP financial statements will be audited by Deloitte Touche Tohmatsu.

REVENUE AND SALES VOLUME

CVRD's total gross revenues in 2Q04, of R\$ 3.578 billion, constituted a record, beating the previous record, of R\$ 2.877 billion, set in 4Q03, by a large margin. The revenues in 2Q04 were 62.2% higher than those in 2Q03. The result achieved was substantially influenced by the sales performance of iron ore and pellets, which amounted to 83% of total revenues.

Revenues from the sale of iron ore and pellets amounted to R\$ 2.935 billion, an increase of 69.7% compared to 2Q03, and 28.1% higher than the first quarter of the year. Discounting the effect of the consolidation of Ferteco, which contributed R\$ 361 million to revenues in 2Q04, this increase drops to 48.8%.

The good revenue performance from the sale of iron ore and pellets was due to the greater part of the new price increases negotiated with clients for the period 2004/2005, coming into effect from April, and the growth in volume shipped, made possible by expansion to production capacity.

CVRD continues to encounter a situation of excess demand, despite the significant increase in its production and the purchase of iron ore from third parties: 4.372 million tons in 2Q04, compared to 3.314 million in 1Q04. 38.663 million tons of iron ore and 7.231 million tons of pellets were shipped in the quarter, a new sales record for both products. Previously the highest shipment volume achieved was in 4Q03, with 38.134 million tons of iron ore and 6.663 million tons of pellets.

The total volume of iron ore and pellets sold amounted to 45.894 million tons, an increase of 26.0% on the same period in the previous year and up 6.1% on 1Q04. Part of the increase seen between 2Q03 and 2Q04 is related to the consolidation of

Table of Contents

BR GAAP

Ferteco, which took place in September 2003, and was responsible for the sale of 5.3 million tons of iron ore and pellets in 2Q04.

Of the Company's iron ore and pellet sales, 74.8% consisted of ore fines, 9.5% lump ore and 15.7% pellets.

About 74.3% of iron ore shipments and pellets in 2Q04 went directly to export markets. China gained more importance in CVRD's buyers' market, accounting for 20.8% of iron ore exports buying 7.1 million tons compared to 18.1% in the previous quarter. In second place was Germany, which bought 5.7 million tons, followed by Japan with 4.1 million, France with 2.9 million and South Korea with 1.4 million. Of the 11.8 million tons sold in the domestic market, 4.8 million went to pelletization affiliates at Tubarão, whose production is almost entirely exported.

CVRD carried out its first copper shipment on June 3, 2004. In this quarter 34,000 tons of copper concentrate were sold, generating revenues of R\$72 million.

Sales of potash, which were down in the previous quarter as a result of capacity expansion works being carried out at the Taquari-Vassouras mine, returned to normal in this quarter, amounting to 166,000 tons. In annualized terms, this volume represents sales of 664,000 tons, much higher than the nominal production capacity of 600,000 tons. The volume sold in the quarter represented an increase of 11.4% compared to the same period in the previous year, and up 20.3% on 1Q04.

As a result of higher prices and volumes, revenues obtained through the sales of potash amounted to R\$ 96 million, representing an increase of 52.4% on 2Q03 and up 47.7% on 1Q04.

The volume of general cargo (all freight except for iron ore and pellets) transported for clients on our railroads (Vitória a Minas and Carajás) amounted to 4.9 billion ntk, exceeding the previous record of 4.6 billion ntk recorded in 3Q03, an increase of 13.5% on 2Q03 and up 23.2% on 1Q04. Most of the cargo transported consisted of steel industry inputs and products (43.8%), agricultural products (37.1%) and fuel (9.0%).

The Company's two railroads reported improved productivity indicators compared to the previous quarter. The Vitória a Minas Railroad (EFVM) carried 8.53 ntk per HP (*horse power*), a productivity indicator for locomotives, compared to 8.15 in 1Q04. The Carajás Railroad (EFC) transported 15.18 ntk per HP, compared to 14.97 in the previous quarter. In energy efficiency terms, the EFVM consumed 2.28 litres of fuel oil per thousand gross ton kilometre transported (kgtk), and the EFC, 1.40 litres per kgtk. Both in terms of productivity as well as fuel consumption, EFVM and EFC are among the most efficient railroads in the world.

Revenues generated by logistics services, of R\$ 410 million, showed an increase of 15.8% and 23.5% in relation to 2Q03 and 1Q04, representing 11.5% of the Company's total revenues. Of this total, R\$ 319 million derived from railroad transport services and R\$ 91 million from port services.

Table of Contents**BR GAAP****SALES VOLUME**

| | thousand tons | | |
|----------------------|----------------------|-------------|-------------|
| | 2Q03 | 1Q04 | 2Q04 |
| Iron Ore and Pellets | 36,428 | 43,256 | 45,894 |
| Iron Ore | 32,102 | 36,901 | 38,663 |
| Fines | 29,001 | 32,610 | 34,321 |
| Lumps | 3,101 | 4,291 | 4,342 |
| Pellets | 4,326 | 6,355 | 7,231 |
| Potash | 149 | 138 | 166 |
| Copper Concentrate | | | 34 |
| Port Services | 7,411 | 5,635 | 6,896 |

RAILROAD TRANSPORTATION OF GENERAL CARGO

| | ntk million | | |
|--------------------------|--------------------|--------------|--------------|
| | 2Q03 | 1Q04 | 2Q04 |
| Vitória a Minas Railroad | 3,311 | 3,062 | 3,563 |
| Carajás Railroad | 987 | 897 | 1,316 |
| Total | 4,298 | 3,959 | 4,879 |

IRON ORE AND PELLET SALES BY DESTINATION

| | million tons | | |
|-----------------------|---------------------|-------------|-------------|
| FOREIGN MARKET | 2Q03 | 1Q04 | 2Q04 |
| ASIA | | | |
| China | 4.8 | 5.8 | 7.1 |
| South Korea | 1.7 | 1.7 | 1.4 |
| Philippines | 0.6 | 0.8 | 1.0 |
| Japan | 4.1 | 4.0 | 4.1 |
| Taiwan | 0.5 | 0.7 | 0.5 |
| Others | 0.0 | 0.4 | 0.5 |
| Total | 11.7 | 13.4 | 14.6 |

| | | | |
|----------------------------|-------------------|-------------------|-------------------|
| EUROPE | | | |
| Germany | 2.8 | 4.6 | 5.7 |
| Spain | 0.9 | 0.9 | 1.1 |
| France | 2.3 | 2.3 | 2.9 |
| Italy | 1.2 | 1.5 | 1.1 |
| United Kingdom | 0.6 | 0.5 | 0.4 |
| Others | 2.8 | 3.5 | 3.9 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | 10.6 | 13.3 | 15.1 |
| THE AMERICAS | | | |
| Argentina | 0.8 | 0.9 | 0.8 |
| United States | 0.8 | 1.0 | 0.9 |
| Other | 0.6 | 1.3 | 0.8 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | 2.2 | 3.2 | 2.5 |
| Others | | | |
| DOMESTIC MARKET | | | |
| | 2Q03 | 1Q04 | 2Q04 |
| Steel Mills | 4.6 | 6.3 | 7.0 |
| Pelletizing Joint Ventures | 4.8 | 4.9 | 4.8 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | 9.4 | 11.2 | 11.8 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL | 36.3 | 43.2 | 45.9 |

Table of Contents**BR GAAP****GROSS REVENUES BY PRODUCT**

| | R\$ million | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2Q03 | % | 1Q04 | % | 2Q04 | % |
| Iron Ore | 1,355 | 61.4 | 1,697 | 62.1 | 2,072 | 58.0 |
| Domestic Market | 364 | 16.5 | 428 | 15.7 | 524 | 14.7 |
| Export Market | 991 | 44.9 | 1,269 | 46.5 | 1,548 | 43.3 |
| Pellets | 375 | 17.0 | 595 | 21.8 | 863 | 24.1 |
| Domestic Market | 64 | 2.9 | 115 | 4.2 | 158 | 4.4 |
| Export Market | 311 | 14.1 | 480 | 17.6 | 705 | 19.7 |
| Pelletizing Plants Operation Services | 32 | 1.4 | 36 | 1.3 | 47 | 1.3 |
| Railroad Transport | 270 | 12.2 | 261 | 9.6 | 319 | 8.9 |
| Port Services | 84 | 3.8 | 71 | 2.6 | 91 | 2.5 |
| Potash | 63 | 2.9 | 65 | 2.4 | 96 | 2.7 |
| Copper Concentrate | | | | | 72 | 2.0 |
| Others | 28 | 1.3 | 6 | 0.2 | 18 | 0.5 |
| Total | 2,206 | 100.0 | 2,731 | 100.0 | 3,578 | 100.0 |

NET PROFIT OF R\$ 1.683 BILLION, AN ALL TIME HIGH

Net earnings in 2Q04 amounted to R\$ 1.683 billion, the highest quarterly profit in the Company's history, 76.5% higher than in previous quarter and 32.1% higher than in 2Q03. Up to that time, the net earnings reported in 4Q02, of R\$ 1.541 billion, was the previous quarterly record.

The principal factors that contributed to this earnings growth compared to 2Q03 were: the increase of R\$ 1.265 billion net revenues and the R\$ 985 million equity income result.

Iron ore and pellet affiliates and subsidiaries contributed with R\$ 436 million in equity income, thanks to the improved result by Caemi, which contributed with R\$ 66 million towards CVRD's net earnings and the impact of the appreciation of the US dollar against the Brazilian Real, on the Company's assets abroad, of approximately R\$ 102 million.

Manganese and ferro-alloy producing companies contributed with R\$ 144 million, a result which was dominated by foreign subsidiaries. RDME contributed with earnings of R\$ 14 million (compared to a loss of R\$ 37 million in 2Q03) and RDM, with R\$ 74 million. Stakes in steel companies added a further R\$ 302 million to the overall equity income result, CST being the most notable, with a contribution of R\$ 175 million, and CSI, with R\$ 88 million.

Companies in the aluminum production chain added R\$ 228 million to CVRD's net earnings: Albrás with R\$ 99 million, Alunorte with R\$ 73 million and MRN with R\$ 43 million.

Table of Contents**BR GAAP****RESULT FROM SHAREHOLDINGS BY BUSINESS AREA**

| Business Area | R\$ million | | |
|-----------------------------|--------------------|-------------|--------------|
| | 2Q03 | 1Q04 | 2Q04 |
| Ferrous Minerals | 8 | 274 | 580 |
| Iron Ore and Pellets | (3) | 216 | 436 |
| Manganese and Ferro-Alloys | 11 | 58 | 144 |
| Non-Ferrous Minerals | 27 | 6 | (2) |
| Logistics | (178) | 20 | 33 |
| Steel | 15 | 118 | 302 |
| Aluminum | 267 | 90 | 228 |
| Others | 12 | 2 | (5) |
| Total | 151 | 510 | 1,136 |

On the other hand, we saw an increase of R\$ 1.455 billion in monetary variation, COGS up by R\$ 564 million and expenditure on research and development, up by R\$ 40 million.

The impact of the 6.8% depreciation in the Real against the US dollar between March 31, 2004 and June 30, 2004 on CVRD's external net foreign currency-denominated liabilities is reflected in the figure for monetary variation. Despite the fact that this figure directly affects the Company's profits, it does not generate financial effects in the short term. On the other hand, the depreciation of 5.3% in the average Real/US dollar exchange rate between 1Q04 and 2Q04 had a positive effect on the Company's cash generation, seeing that 87% of its revenues are indexed to the US dollar, while only approximately 30% of its costs are so linked.

The increase in COGS can be largely explained by: the consolidation of Ferteco, which added R\$ 217 million in 2Q04, the increase in the consumption of oil products as a result of the expansion to the Company's fleet of locomotives and wagons; the increase of R\$ 10 million in demurrage expenses, which increased from R\$ 37 million in 2Q03 to R\$ 47 million in this quarter; and by the growth seen in CVRD's own activities.

COGS BREAKDOWN

| | R\$ million | | | | | |
|-------------------------|--------------------|----------|-------------|----------|-------------|----------|
| | 2Q03 | % | 1Q04 | % | 2Q04 | % |
| Personnel | 124 | 10.2 | 150 | 10.2 | 165 | 9.3 |
| Material | 206 | 17.0 | 231 | 15.6 | 336 | 18.9 |
| Fuel Oil and Gases | 156 | 12.9 | 160 | 10.8 | 195 | 11.0 |
| Contracted Services | 180 | 14.9 | 288 | 19.5 | 340 | 19.2 |
| Energy | 33 | 2.7 | 44 | 3.0 | 54 | 3.0 |
| Acquisition of products | 263 | 21.7 | 283 | 19.2 | 341 | 19.2 |

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| | | | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Depreciation and Amortization | 155 | 12.8 | 245 | 16.6 | 222 | 12.5 |
| Others | 94 | 7.8 | 75 | 5.1 | 122 | 6.9 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | 1,211 | 100.0 | 1,476 | 100.0 | 1,775 | 100.0 |

The increase in research and development expenses is explained by the intensification of mineral prospecting efforts, which have been carried out both in Brazil and abroad .

RECORD CASH GENERATION: R\$ 1.729 BILLION

Table of Contents**BR GAPP**

CVRD set a new cash generation record this quarter, with EBITDA of R\$ 1.729 billion, exceeding the previous record of R\$ 1.506 billion achieved in 3Q03. EBITDA in 2Q04 was 75.8% up in relation to 2Q03, and 28.8% higher than in 1Q04.

The principal factor behind the increase of R\$ 746 million in EBITDA in 2Q04, compared to 2Q03, was the rise of R\$ 1.265 billion in net revenues. Other items also contributed to the cash generation figure:

The increase of R\$ 71 million in depreciation/goodwill, basically as a function of the incorporation of Ferteco in September 2003 and by the speeding up, from 1Q04, of the amortization of the goodwill paid in the acquisition of Samitri.

The reduction of R\$ 43 million at the other operational expenses line, seeing that in 2Q03 more contingency provisions were accounted for, as well as the pre-operational expenses for the São Luis pelletizing plant.

On the other hand, we saw an increase of R\$ 564 million in COGS, of R\$ 40 million in research and development and R\$ 38 million in administrative expenses, due to expansion in the workforce and a salary increase of 17% awarded in July 2003.

EBITDA CALCULATION

| | 2Q03 | 1Q04 | R\$ million 2Q04 |
|---|-------------|--------------|-----------------------------|
| Net Operating Revenues | 2,119 | 2,608 | 3,384 |
| COGS | (1,211) | (1,476) | (1,775) |
| Sales Expenses | (45) | (5) | (7) |
| Administrative Expenses | (96) | (104) | (134) |
| Research & Development | (36) | (63) | (76) |
| Other Operational Expenses | (131) | (268) | (88) |
| EBIT | 600 | 692 | 1,304 |
| Depreciation and Amortization | 162 | 256 | 233 |
| Dividends Received | 185 | 211 | 192 |
| Adjustments for Non-Recurring Items (asset write-off) | 36 | 183 | |
| EBITDA | 983 | 1,342 | 1,729 |

DEBT: LEVERAGE AND COVERAGE INDICATORS AT EXCELLENT LEVELS

Our discussion of debt is in accordance with generally accepted accounting principles in the United States of America (US GAAP).

CVRD's total debt on June 30, 2004 was US\$ 4.514 billion, a small reduction from the position at March 31, 2004, of US\$ 4.526 billion. The consolidation of Albras added US\$ 295 million to the total debt in 2Q04. Without the consolidation, the total debt would have been US\$ 4.219 billion at the end of June 2004.

Short-term debt was reduced by US\$ 40 million from the end of March 2004, while long-term debt increased by US\$ 28 million. The debt average life rose to 6.43 years at the end of 2Q04, more than double the level at the end of 2002. The

Table of Contents

BR GAAP

lengthening of the maturity profile of the debt was achieved without any significant increase in average cost, which remains below 7% per year.

Net debt increased slightly, from US\$ 3.442 billion at the end of March 2004, to US\$ 3.455 billion at the end of June 2004.

The value of guarantees given to non-consolidated affiliates and joint ventures totaled only US\$ 8 million (Samarco, US\$ 7 million and Valesul, US\$ 1 million), given that out of the US\$ 260 million in guarantees existing at March 31, 2004, US\$ 252 million was related to Albras, now consolidated.

Reflecting the strong expansion of LTM EBITDA, to US\$ 2.912 billion, total debt/LTM EBITDA fell to 1.55x. Also, it is important to consider that this ratio is still artificially inflated, since its numerator takes into account all the debt of Albras, Caemi and FCA, while the denominator includes only the EBITDA generated by these companies from their respective consolidation dates (September 2003 for Caemi and FCA, January 2004 for Albras). Total debt/enterprise value at the end of 2Q04 was 21.7%.

There was a strong improvement in interest coverage, as measured by LTM EBITDA/LTM interest payments, which increased from 11.51x at the end of 2003 to 13.24x at the end of 2Q04.

At the end of July 2004, Alunorte obtained a syndicated loan of US\$ 310 million, with total tenor of 10 years, average duration of 7.3 years, at a cost of six-month Libor plus 2% p.a. This cost will be changed to six-month Libor plus 3% p.a. upon completion of construction of stages 4 and 5 of the refinery which the loan was obtained to finance.

FINANCIAL EXPENSES

| | 1Q04 | US\$ million 2Q04 |
|--|--------------|------------------------------|
| Financial Expenses on: | | |
| Local Debt | (13) | (12) |
| External Debt | (43) | (67) |
| Debt with Related Parties | (2) | (5) |
| Total Debt-related Financial Expenses | (58) | (84) |
| Gross Interest on: | 1Q04 | 2Q04 |
| Tax and Labour Contingencies | (6) | (9) |
| Tax on Financial Transactions (CPMF) | (4) | (14) |
| Derivatives | (59) | 23 |
| Others | (15) | (22) |
| Total Gross Interest | (84) | (22) |
| Total | (142) | (106) |

DEBT INDICATORS

| | 2Q03 | 1Q04 | US\$ million 2Q04 |
|---|-------------|-------------|----------------------------------|
| Gross Debt | 3,282 | 4,526 | 4,514 |
| Net Debt | 2,316 | 3,442 | 3,455 |
| Gross Debt/LTM EBITDA (x) | 1.74 | 1.86 | 1.55 |
| LTM EBITDA/LTM Interest Expenses (x) | 9.36 | 11.98 | 13.24 |
| Gross Debt/EV (x) | 0.24 | 0.19 | 0.22 |

Enterprise Value = market capitalization + net debt

Table of Contents

BR GAAP

CONTINUING TO POSITION THE COMPANY FOR PROFITABLE GROWTH: INVESTMENT OF US\$ 481 MILLION

During the second quarter of 2004, CVRD carried out investment of approximately US\$ 481 million, accumulating a total of US\$ 787 million in the first half of the year.

In 2Q04, investment in organic growth (growth capex) amounted to US\$ 350 million, while investment in the maintenance of existing operations (stay-in-business capex) amounted to US\$ 131 million.

Of the amount invested in growth, US\$ 22 million was spent on mineral exploration: 84% in Brazil and 16% in other countries, mainly Chile, Peru, Gabão, Angola and Mongólia. Mineral exploration involved the search for copper, nickel, gold, kaolin, bauxite, manganese and metals of the platinum group.

US\$ 328 million was invested in brownfield and greenfield projects, which are in different phases of development. All projects are within budget and running according to schedule.

Investment in main ongoing projects

| Area | Project | Amount invested US\$ million | | | Status |
|------------------|--|---------------------------------|------|------|---|
| | | 1Q04 | 2Q04 | 1H04 | |
| Ferrous Minerals | Expansion of iron ore mines in Carajás to 85 Mtpa -Northern System | 2 | 24 | 26 | This project will add 15 million tons a year to CVRD's production capacity and is scheduled for completion by 2006. The conclusion of the works of Phase II of Pier III at the Ponta da Madeira Maritime Terminal is scheduled for July 2005. Work on the beneficiation plant is already ongoing. |
| | Iron ore mine of Brucutu Phase I -Southern System | 2 | 10 | 12 | Brucutu is not a modular project and is likely to produce 4 million tons this year. Phase I will be concluded in 2006, when it will reach nominal production capacity of 12 million |

| | | | | | |
|----------------------|---|----|---|---|--|
| | | | | tons a year. The terracing phase of the work is already complete and building construction is underway. Around 90% of the equipment purchasing and service contracting has already been completed, or is in the process of being carried out. | |
| | Iron ore mine at Fábrica Nova -Southern System | 3 | 7 | 10 | First phase scheduled for completion for 2005, when the mine will have a nominal production capacity of 10 million tons a year. The start-up of the second phase is scheduled for 2007, when the mine is expected to reach production of 15 million tons a year. The project is in the electro-mechanical assembly stage in its installations and equipment. |
| | Expansion of the iron ore mines at Itabira -Southern System | 4 | 4 | 8 | Expansion to production capacity of 3 million tons a year and modernization of the operations in the mines at Itabira , raising nominal production capacity to 46 million tons a year. Completion scheduled for 2006. |
| Non-ferrous minerals | Expansion of Taquari-Vassouras potash mine | 16 | 5 | 21 | About 72% of the expansion works have already been carried out. Operational start-up for the expansion is |

| | | | | | |
|----------|---------------|---|---|---|--|
| | | | | | scheduled for the second half of 2005. |
| Aluminum | Paragominas I | 2 | 2 | 4 | Environmental licences have been obtained for the development of the mine and the construction of an ore pipeline, 230km in length, which will transport the bauxite to the Alunorte refinery. Operation is scheduled to begin at the end of 2006, with annual production capacity of 9.0 million tons of bauxite. The basic project for the plant and for the ore pipeline have already been completed and the pilot plant has already seen its start-up. The total cost of the project is US\$353 million. |

Table of Contents

BR GAAP

| | | | | | |
|------------------|--|----|----|-----|---|
| Logistics | Purchase of locomotives and wagons -EFVM/EFC | 75 | 78 | 153 | In 1H04, delivery was taken of 2,109 wagons - 1,531 for the transportation of iron ore and 578 for general cargo and 16 locomotives. |
| Power Generation | Aimorés Hydroelectric Power Plant | 11 | 5 | 16 | The plant is located on the Rio Doce, in the state of Minas Gerais, and will have a generation capacity of 330MW, with start-up scheduled for July 2005. |
| | Candongá Hydroelectric Power Plant | 2 | 1 | 3 | The plant is in the commissioning phase with commercial operations scheduled to begin in August this year. The plant's generation capacity is 140MW. |
| | Capim Branco I & II Hydroelectric Power Plants | 6 | 9 | 15 | Both plants are located on the Rio Araguari, in the state of Minas Gerais, and will have a generation capacity of 240MW and 210MW respectively. Operational start-up for both projects is scheduled for 2006. |

In 2Q04, US\$ 27 million was injected into Alunorte, totalling US\$ 47 million for the first half of the year. This investment refers to the first instalment payment by CVRD as part of Alunorte's first capital increase tranche, destined for the financing of investment in the construction of modules 4 and 5 of the alumina refinery, which will increase production capacity by 1.8 million tons, and which is expected to be in operation by 2006. A total capital increase for this company is envisaged of US\$ 233 million, the company providing 57% of this amount, in proportion to the size of its equity stake.

SELECTED FINANCIAL INDICATORS FOR THE MAIN SUBSIDIARIES AND AFFILIATES

Selected financial indicators for the Company's main subsidiaries and affiliates are available on CVRD's ITR (quarterly financial report as filed with the CVM), on the Company website, www.cvrld.com.br, investor relations.

CONFERENCE CALL/WEBCAST

On Friday 13 August, CVRD will be holding a conference call and webcast at 12.00 noon: the time in Rio de Janeiro in Brazil, 11:00 am United States Eastern Standard Time and 4 pm British Standard Time. Instructions to take part in these events are available on CVRD s web site, www.cvr.com.br, investor relations. A recording of CVRD s conference call/webcast will be available for a period of 90 days after August 13, 2004.

Table of Contents

BR GAAP

FINANCIAL STATEMENTS

| | 2Q03 | 1Q04 | R\$ million 2Q04 |
|--|--------------|--------------|------------------------|
| | <u>2,206</u> | <u>2,731</u> | <u>3,578</u> |
| Gross Operating Revenues | 2,206 | 2,731 | 3,578 |
| Taxes | (87) | (123) | (194) |
| Net Operating Revenues | 2,119 | 2,608 | 3,384 |
| Cost of Goods Sold | (1,211) | (1,476) | (1,775) |
| Gross Earnings | 908 | 1,132 | 1,609 |
| Gross Margin (%) | 42.9 | 43.4 | 47.5 |
| Result from Shareholdings | 151 | 510 | 1,136 |
| Equity Income | 370 | 595 | 1,247 |
| Goodwill Amortization | (185) | (57) | (80) |
| Provision for Losses | (35) | (28) | (31) |
| Operational Expenses | (308) | (440) | (305) |
| Sales | (45) | (5) | (7) |
| Administrative | (97) | (104) | (134) |
| Research and Development | (36) | (63) | (76) |
| Other Operational Expenses | (131) | (85) | (88) |
| Non recurring Item Goodwill Amortization of Samitri | | (183) | |
| Financial Result | 783 | (205) | (703) |
| Financial Expenses | (164) | (165) | (153) |
| Financial Revenues | 61 | 29 | 20 |
| Monetary Variation | 885 | (69) | (570) |
| Operating Profit | 1,534 | 997 | 1,737 |
| Income Tax and Social Contribution | (259) | (43) | (54) |
| Net Earnings | 1,275 | 954 | 1,683 |
| Earnings per share (R\$) | 3.32 | 2.48 | 4.39 |

BALANCE SHEET

| | 06/30/03 | 03/31/04 | R\$ million 06/30/04 |
|--------------------|---------------|---------------|-------------------------|
| | <u>4,127</u> | <u>3,827</u> | <u>3,924</u> |
| Asset | | | |
| Current | 4,127 | 3,827 | 3,924 |
| Long Term | 2,894 | 2,679 | 2,783 |
| Fixed | 20,774 | 24,495 | 26,417 |
| Total | 27,796 | 31,001 | 33,124 |
| Liabilities | | | |
| Current | 5,297 | 5,036 | 4,453 |

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| | | | |
|---------------------|---------------|---------------|---------------|
| Long Term | 8,310 | 10,543 | 11,993 |
| Shareholders Equity | 14,188 | 15,422 | 16,678 |
| Paid-up Capital | 6,300 | 6,300 | 7,300 |
| Reserves | 7,888 | 9,122 | 9,378 |
| Total | 27,796 | 31,001 | 33,124 |

This communication may include declarations which represent the expectations of the Company's Management about future results or events. All such declarations, when based on future expectations and not on historical facts, involve various risks and uncertainties. The Company cannot guarantee that such declarations turn out to be correct. Such risks and uncertainties include factors relative to the Brazilian economy and capital markets, which are volatile and may be affected by developments in other countries; factors relative to the iron ore business and its dependence on the steel industry, which is cyclical in nature; and factors relative to the high degree of competitiveness in industries in which CVRD operates. To obtain additional information on factors which could cause results to be different from those estimated by the Company, please consult the reports filed with the Comissão de Valores Mobiliários (CVM Brazilian stock exchange regulatory authority) and the U.S. Securities and Exchange Commission SEC, including the most recent Annual Report CVRD Form 20F.

Table of Contents**CONTENTS**

| | |
|---|----|
| Part I | 3 |
| 1 Operating Results for the First Semester of 2004 Compared with the First Semester of 2003 | 3 |
| 1.1 General Aspects | 3 |
| 1.2 Comments on the Company Results | 4 |
| 1.2.1 Gross Revenue | 4 |
| 1.2.2 Cost of Products and Services | 5 |
| 1.2.3 Results of Equity Investments by Business Area | 6 |
| 1.2.4 Operating Expenses | 7 |
| 1.2.5 Net Financial Results | 8 |
| 1.2.6 Income Tax and Social Contribution | 8 |
| 1.2.7 Cash Generation | 8 |
| 1.2.8 Non recurring Item Samitri s goodwill amortization | 8 |
| 1.2.9 Interest on Stockholders Equity | 8 |
| 1.2.10 Relationship with Independent Auditors | 8 |
| Part II | 9 |
| Quarterly Information and Notes to the Quarterly Information | 9 |
| 2 Balance Sheet | 9 |
| 3 Statement of Income | 10 |
| 4 Statement of Changes in Stockholders Equity (Additional Information) | 11 |
| 5 Statement of Cash Flows (Additional Information) | 12 |
| 6 Notes to the Quarterly Information at June 30, 2004 and June 30, 2003 | 13 |
| 6.1 Operations | 13 |
| 6.2 Presentation of Quarterly Information | 13 |
| 6.3 Significant Accounting Policies | 13 |
| 6.4 Cash and Cash Equivalents | 13 |
| 6.5 Related Parties | 14 |
| 6.6 Inventories | 14 |
| 6.7 Deferred Income Tax and Social Contribution | 15 |
| 6.8 Taxes to recover or offset | 16 |
| 6.9 Investments | 17 |
| 6.10 Property, Plant and Equipment | 18 |
| 6.11 Loans and Financing | 20 |
| 6.12 Contingent Liabilities | 21 |
| 6.13 Environmental and Site Reclamation and Restoration Costs | 22 |
| 6.14 Paid-up Capital | 22 |
| 6.15 Treasury Stock | 22 |
| 6.16 Financial Result | 23 |
| 6.17 Financial Instruments Derivatives | 25 |
| 6.18 Exchange Rate Exposure | 28 |
| 6.19 Administrative and Other Operating Expenses | 28 |
| 6.20 Subsequent Event | 29 |
| Part III | 30 |
| 7 Other Information the Company Deems Relevant | 30 |
| 7.1 Iron Ore and Pellet Sales (Main Markets) (Unaudited) | 30 |
| 7.2 Business Performance Ratios (Unaudited) | 31 |

Table of Contents

| | |
|--|----|
| Part IV | 32 |
| 8- Attachment I Equity Investee Information | 32 |
| 8.1- CAEMI (Adjusted and Unaudited) | 32 |
| 8.2- Aluminum Area Albras (Adjusted and Unaudited) | 33 |
| 8.3- Aluminum Area Alunorte (Adjusted and Unaudited) | 34 |
| 8.4- Aluminum Area MRN (Adjusted and Unaudited) | 35 |
| 8.5- Aluminum Area Valesul (Adjusted and Unaudited) | 36 |
| 8.6- Pellets Area Hispanobras (Adjusted and Unaudited) | 37 |
| 8.7- Pellets Area Itabrasco (Adjusted and Unaudited) | 38 |
| 8.8- Pellets Area Kobrasco (Adjusted and Unaudited) | 39 |
| 8.9- Pellets Area Nibrasco (Adjusted and Unaudited) | 40 |
| 8.10- Pellets Area Samarco (Adjusted and Unaudited) | 41 |
| (*) The 2Q/03 was adjusted. 8.11- Pellets Area GIIC (Adjusted and Unaudited) | 41 |
| 8.11- Pellets Area GIIC (Adjusted and Unaudited) | 42 |
| 8.12- Manganese and Ferroalloys Area RDM (Adjusted and Unaudited) | 43 |
| 8.13- Manganese and Ferroalloys Area Urucum (Adjusted and Unaudited) | 44 |
| 8.14- Manganese and Ferroalloys Area RDME (Adjusted and Unaudited) | 45 |
| 8.15- Steel Area CST (Adjusted and Unaudited) | 46 |
| 8.16- Steel Area CSI (Adjusted and Unaudited) | 47 |
| 8.17- Logistics Area Docenave (Adjusted and Unaudited) | 48 |
| 8.18- Logistics Area FCA (Adjusted and Unaudited) | 49 |
| 8.19- Non ferrous minerals area PPSA (Adjusted and Unaudited) | 50 |
| 9- Report of the Independent Accountants | 51 |
| 10- Members of the Board of Directors, Advisory Committees of the Board of Directors, Fiscal Council, and Executive Officers and Responsible Technicians | 52 |

Table of Contents**PART I**

Expressed In thousands of reais

1- OPERATING RESULTS FOR THE FIRST SEMESTER OF 2004 COMPARED WITH THE FIRST SEMESTER OF 2003**1.1- General Aspects****(a) Companhia Vale do Rio Doce's segments of business are as follows:**

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

Non-ferrous minerals: potash, kaolin and copper;

Logistics: railroads, ports and maritime terminals and shipping;

Energy: electric power generation; and

Holdings: equity holdings in producers of aluminum and steel.

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

| Currencies / Indices | $\Delta\%$ | | | | | Parity | |
|-----------------------------------|----------------|--------|-------|-------|------|------------|---------------|
| | U.S. DOLLAR | YEN | GOLD | IGP-M | TJLP | US\$ x R\$ | US\$ x Yen |
| Period | | | | | | | |
| 1S/04 (from 01/01/04 to 06/30/04) | 7.6 | 5.8 | (4.9) | 6.8 | 4.8 | 3.1075 | 108.89 |
| 2Q/04 (from 04/01/04 to 06/30/04) | 6.8 | 2.5 | (6.6) | 4.0 | 2.4 | 3.1075 | 108.89 |
| 1Q/04 (from 01/01/04 to 03/31/04) | 0.7 | 3.3 | 1.8 | 2.7 | 2.4 | 2.9086 | 104.48 |
| 2003 (from 01/01/03 to 12/31/03) | (18.2) | (9.3) | 19.9 | 8.7 | 11.5 | 2.8892 | 107.17 |
| 1S/03 (from 01/01/03 to 06/30/03) | (18.7) | (19.4) | (0.4) | 5.9 | 5.6 | 2.8720 | 119.94 |
| 2Q/03 (from 04/01/04 to 06/30/04) | (14.3) | (15.6) | 3.3 | (0.4) | 2.9 | 2.8720 | 119.94 |

About 65% of the Company's gross revenue for the six months ended June 30, 2004 is derived from exports and part of domestic sales is linked to the U.S. dollar. About 30% of total costs are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating

cash flows.

Approximately 96% of the short-term and long-term loans of the Company at 06/30/04 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Note 6.16).

- (c) **On the first semester of 2004, the consolidated trade balance of US\$ 2,110 million was generated as follows:**

| | | Consolidated (in US\$ million) | | | | |
|---------|-----------------------------------|---------------------------------------|--------------|--------------|-----------------|-----------------|
| | | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Exports | | 1,524 | 1,012 | 947 | 2,536 | 1,747 |
| Imports | | (278) | (148) | (80) | (426) | (196) |
| | | 1,246 | 864 | 867 | 2,110 | 1,551 |
| | Consolidated Trade Balance | US\$ Million | | | | |

CVRD

3

Table of Contents**1.2- Comments on the Company Results**

The net income of the Company on the first semester of 2004 was R\$ 2,636,855 (net income of R\$ 1,683,141 in the second quarter and net income of R\$ 953,714 in the first quarter) compared with net income of R\$ 2,438,555 in the first semester of 2003 (the earnings per share correspond to R\$ 6.87 in the first half of 2004 compared to R\$ 6.35 in the first half of 2003).

1.2.1- Gross Revenue

The 34% increase in gross revenue (R\$ 6,309,165 on the first semester of 2004 against R\$ 4,724,031 in the first semester of 2003) is the result of the 22% higher volume sold of iron ore and pellets, considering the merger of Ferteeco in September 2003 and for the operation at full capacity of the pelletizing plant of São Luis in the second semester of 2003, as shown in the table below compensated in part of the average valuation of the real against the United States Dollar by 8.3%, incident on 87% of the revenue of the Company. The increase in iron ore and pellets sales was due to growth in Europe, Asia and steel companies of 34%, 20% and 37% respectively. The revenue for the includes the first transportation of Copper (34 thousands of tons R\$ 72,350).

| | | In thousands of metric tons (except gold) | | | | | | In thousands of reais | | | | | |
|-----------------|----------------|---|---------------|---------------|---------------|---------------|----|-----------------------|------------------|------------------|------------------|------------------|----|
| | | Quarter | | | Accumulated | | | Quarter | | | Accumulated | | |
| | | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 | Δ% | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 | Δ% |
| External market | Iron ore fines | 26,294 | 24,757 | 21,761 | 51,051 | 42,309 | 21 | 1,431,912 | 1,159,327 | 918,844 | 2,591,239 | 1,972,746 | 31 |
| | Iron ore lump | 1,856 | 2,087 | 1,599 | 3,943 | 3,203 | 23 | 115,684 | 109,027 | 72,067 | 224,711 | 159,870 | 41 |
| | Pellets | 5,910 | 5,214 | 3,618 | 11,124 | 7,789 | 43 | 705,071 | 479,596 | 311,399 | 1,184,667 | 717,460 | 65 |
| | | 34,060 | 32,058 | 26,978 | 66,118 | 53,301 | 24 | 2,252,667 | 1,747,950 | 1,302,310 | 4,000,617 | 2,850,076 | 41 |
| Internal market | Iron ore fines | 8,027 | 7,853 | 7,240 | 15,880 | 14,849 | 7 | 405,745 | 331,256 | 308,698 | 737,001 | 666,367 | 11 |
| | Iron ore lump | 2,486 | 2,204 | 1,502 | 4,690 | 3,048 | 54 | 118,722 | 97,225 | 55,104 | 215,947 | 108,832 | 99 |
| | Pellets (*) | 1,321 | 1,141 | 708 | 2,462 | 1,621 | 52 | 204,549 | 151,278 | 95,683 | 355,827 | 214,312 | 64 |
| | | 11,834 | 11,198 | 9,450 | 23,032 | 19,518 | 18 | 729,016 | 579,759 | 459,485 | 1,308,775 | 989,511 | 32 |
| Total | Iron ore fines | 34,321 | 32,610 | 29,001 | 66,931 | 57,158 | 17 | 1,837,657 | 1,490,583 | 1,227,542 | 3,328,240 | 2,639,113 | 25 |
| | Iron ore lump | 4,342 | 4,291 | 3,101 | 8,633 | 6,251 | 38 | 234,406 | 206,252 | 127,171 | 440,658 | 268,702 | 61 |

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| | | | | | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|-----|------------------|------------------|------------------|------------------|------------------|---|
| Pellets | <u>7,231</u> | <u>6,355</u> | <u>4,326</u> | <u>13,586</u> | <u>9,410</u> | 44 | <u>909,620</u> | <u>630,874</u> | <u>407,082</u> | <u>1,540,494</u> | <u>931,772</u> | 6 |
| | <u>45,894</u> | <u>43,256</u> | <u>36,428</u> | <u>89,150</u> | <u>72,819</u> | 22 | <u>2,981,683</u> | <u>2,327,709</u> | <u>1,761,795</u> | <u>5,309,392</u> | <u>3,839,587</u> | 3 |
| Railroad | | | | | | | | | | | | |
| Transportation | 12,524 | 12,165 | 13,564 | 24,689 | 25,716 | (4) | 318,831 | 261,142 | 270,018 | 579,973 | 528,884 | 1 |
| Port services | 6,896 | 5,635 | 7,411 | 12,531 | 13,035 | (4) | 90,957 | 71,485 | 83,519 | 162,442 | 151,817 | |
| Sold (kg) | | | 615 | | 1,416 | | | | 20,085 | | 52,383 | |
| Potash | 166 | 138 | 149 | 304 | 307 | (1) | 96,176 | 65,272 | 63,343 | 161,448 | 135,873 | 1 |
| Copper | 34 | | | 34 | | | 72,350 | | | 72,350 | | |
| Other products and services | | | | | | | <u>18,021</u> | <u>5,539</u> | <u>7,653</u> | <u>23,560</u> | <u>15,487</u> | 5 |
| | | | | | | | <u>3,578,018</u> | <u>2,731,147</u> | <u>2,206,413</u> | <u>6,309,165</u> | <u>4,724,031</u> | 3 |

(*) Revenues derived from services provided to pelletizing joint ventures in the amount of R\$ 46,985, R\$ 35,777, R\$ 31,749, R\$ 60,511 and R\$ 82,762 in 2Q/04, 1Q/04, 2Q/03, 06/30/03 and 06/30/04, respectively.
Summary of volumes sold of iron ore and pellets by geographical area (see 7.1 item).

(Millions of tons)

| | Quarter | | | Accumulated | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Foreign Market | | | | | |
| Asia | 14.6 | 13.4 | 11.7 | 28.0 | 23.4 |
| Europe | 15.1 | 13.3 | 10.6 | 28.4 | 21.2 |
| Americas | 2.5 | 3.2 | 2.2 | 5.7 | 4.8 |
| Africa / Middle East / Australia | 1.9 | 2.1 | 2.4 | 4.0 | 3.9 |
| | <u>34.1</u> | <u>32.0</u> | <u>26.9</u> | <u>66.1</u> | <u>53.3</u> |
| Domestic Market | | | | | |
| | <u>11.8</u> | <u>11.2</u> | <u>9.4</u> | <u>23.0</u> | <u>19.5</u> |
| Total | <u>45.9</u> | <u>43.2</u> | <u>36.3</u> | <u>89.1</u> | <u>72.8</u> |

Table of Contents**1.2.2- Cost of Products and Services****By Nature**

| | 2003 | | Quarter | | | | | | Accumulated | | | |
|-----------------------------------|------------------|----------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | Denominated | | 2Q/04 | % | 1Q/04 | % | 2Q/03 | % | 06/30/04 | % | 06/30/03 | % |
| | R\$ | US\$ | | | | | | | | | | |
| Iron ore | 315,247 | | 165,305 | 9 | 149,942 | 10 | 123,609 | 10 | 315,247 | 10 | 243,871 | 10 |
| Iron pellets | 382,685 | 184,255 | 336,038 | 19 | 230,902 | 16 | 206,016 | 17 | 566,940 | 17 | 417,119 | 17 |
| Coal and gas | 355,076 | | 195,051 | 11 | 160,025 | 11 | 155,642 | 13 | 355,076 | 11 | 294,818 | 13 |
| Electricity | 474,173 | | 268,963 | 16 | 205,210 | 14 | 169,105 | 14 | 474,173 | 15 | 292,448 | 12 |
| Transportation | 154,759 | | 71,478 | 4 | 83,281 | 6 | 10,600 | 1 | 154,759 | 5 | 16,992 | 1 |
| Depreciation | 97,841 | | 53,970 | 3 | 43,871 | 3 | 32,792 | 3 | 97,841 | 3 | 56,959 | 2 |
| Amortization of goodwill | | 589,869 | 321,647 | 18 | 268,222 | 18 | 258,570 | 21 | 589,869 | 18 | 645,038 | 26 |
| Goodwill amortization | | 33,738 | 18,747 | 1 | 14,991 | 1 | 4,268 | | 33,738 | 1 | 4,268 | |
| Depletion | 274,179 | | 125,646 | 7 | 148,533 | 10 | 129,510 | 11 | 274,179 | 8 | 256,130 | 10 |
| Amortization of intangible assets | 192,191 | | 96,095 | 5 | 96,096 | 7 | 24,419 | 2 | 192,191 | 6 | 48,838 | 2 |
| Other | 42,720 | 154,924 | 122,788 | 7 | 74,856 | 4 | 96,318 | 8 | 197,644 | 6 | 182,251 | 7 |
| | 2,288,871 | 962,786 | 1,775,728 | 100 | 1,475,929 | 100 | 1,210,849 | 100 | 3,251,657 | 100 | 2,458,732 | 100 |
| | 70% | 30% | | | | | | | | | | |

The increase of 32% (R\$ 792,925) in the cost of products and services (R\$ 3,251,657 as of June 30, 2004 compared to R\$ 2,458,732 as of June 30, 2003) is mainly due to the following major factors:

Ferteco's merger in September 2003, adding costs of R\$ 425,578 from sales of 10,143 thousand tons of iron ore and pellets, besides the impact of R\$ 102,738 goodwill amortization;

Acceleration of goodwill amortization period of Samitri as a result of the revision of its projection of rentability, increasing costs in this quarter in R\$ 40,619;

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Start up operations of the São Luís Pellets Plant (UPSL), adding costs of R\$ 91,208 to sales of 179,366 thousand tons in 2004 as compared to 1,206 thousand tons in the same period of the prior year; and

R\$ 235,520 due to the increase in sales growth, the increase in maintenance costs of goods and equipment and price adjustments to contracts of services and oil-derived products.

CVRD

5

Table of Contents**1.2.3- Results of Equity Investments 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 | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 | % |
|--|------------------|----------------|----------------|------------------|------------------|----------|
| Ferrous Minerals | | | | | | |
| . Iron ore and pellets | 372,043 | 249,911 | 382,470 | 621,954 | 615,822 | 1 |
| . Manganese and ferroalloys | 150,497 | 76,537 | 56,800 | 227,034 | 102,372 | 122 |
| Non-Ferrous Minerals | (1,721) | 5,635 | (100) | 3,914 | (104) | 3,863 |
| Logistics | 82,595 | 45,502 | 22,359 | 128,097 | 20,220 | 534 |
| Holdings | | | | | | |
| . Steel | 257,775 | 115,481 | 125,310 | 373,256 | 218,499 | 71 |
| . Aluminum | 227,858 | 89,613 | 266,945 | 317,471 | 487,929 | (35) |
| Others | (2,797) | 3,697 | 12,249 | 900 | 27,142 | (97) |
| Equity | 1,086,250 | 586,376 | 866,033 | 1,672,626 | 1,471,880 | 14 |
| Provision for losses | (30,525) | (28,402) | (34,866) | (58,927) | (25,234) | (134) |
| Amortization of goodwill | (80,013) | (57,270) | (184,639) | (137,283) | (277,811) | 51 |
| Exchange variation on Stockholders Equity | 160,745 | 8,855 | (495,536) | 169,600 | (682,763) | 125 |
| Results of investment participations | 1,136,457 | 509,559 | 150,992 | 1,646,016 | 486,072 | 239 |

The detail information of main companies is presented in attachment I.

Ferrous Minerals**(a) Iron Ore and Pellets**

Equity in the results of investees is stable (R\$ 621,954 in the first half of 2004 against R\$ 615,822 in the first half of 2003). There were increases in sales volume of iron ore and pellets as well as of average prices, partially offset by the Real appreciation of 9% (the average exchange rate floated from R\$ 3.2382 in the first half of 2003 to R\$ 2.9710 in the first half of 2004). The effects of exchange rate variation on debt generated a sharp negative variation, due to the Real devaluation against the US dollar, of 8% in the first half of 2004 as compared to 19% in the first half of 2003.

In September 2003, CVRD increased its ownership in Caemi Mineração e Metalurgia S.A. (60.23% in the first half of 2004 against 16.86% in the first half of 2003), having a positive impact on equity in the results of investees. As

opposed, due to the incorporation of Ferteco Mineração S.A. in September 2003, equity in the results of Ferteco is no longer applicable as from the first half of 2004.

6

CVRD

Table of Contents

(b) Manganese and Ferroalloys

Equity in the results of investees had an increase of 122% (R\$ 227,034 in the first half of 2004 as compared to R\$ 102,372 in the first half of 2003), mainly due to the increases in sales volume and selling average prices of manganese and ferroalloys, partially offset by the effects of the Real appreciation of 9% (average exchange rate floated from R\$ 3.2382 in the first half of 2003 to R\$ 2.9710 in the first half of 2004).

The net financial results increased mainly due to the of financial income arising from cash investments.

Non-Ferrous Minerals

Equity in the results of PPSA was a gain of R\$ 3,914 in the first half of 2004 as compared to a loss of R\$ 104 in the first half of 2003. PPSA had negative stockholders equity in the first half of 2003 and, accordingly, equity in its results was not recognized.

Operating income was stable despite the increase in sales volume and stability in average prices in US dollar, due to the negative effects of the 9% Real appreciation.

The effects of exchange rate variations on debt had a strong negative impact due to the Real devaluation against the US dollar of 8% in the first half of 2004 as compared to an appreciation of 19% in the first half of 2003.

Logistic

Equity in the results of investees increased substantially (a gain of R\$ 128,097 in the first half of 2004 as compared to a loss of R\$ 20,220 in the first half of 2003), due to the increase in volume transported through the railroads and shipments, partially offset by the reduction in the volume of bulk transportation as a result of the divestitures program in the shipping business. Selling average prices increased mainly due to the strong demand for transportation services, especially from the exporters.

Holdings

(a) Steel

Equity in the results of investees had an increase of 71% (R\$ 373,256 in the first half of 2004 as compared to R\$ 218,499 in the first half of 2003) mainly due to the increases in sales volume and selling average prices, partially offset by the effects of the Real appreciation against the US dollar (average exchange rate floated from R\$ 3.2382 in the first half of 2003 to R\$ 2.9710 in the first half of 2004).

The exchange rate variation on debt had a strong adverse impact due to the effects of the Real devaluation against the US dollar.

Additionally, in the second quarter of 2004 CST had a favorable decision in Court and, accordingly, recognized R\$ 73,533 of income tax credits related to the Plano Verão and reversal of provision for contingencies.

(b) Aluminum

Equity in the results of investees decreased by 35% (R\$ 317,471 in the first half of 2004 as compared to R\$ 487,929 in the first half of 2003).

There were increases in sales volume, mainly of alumina and bauxite, due to the increase in the capacity production of the plants and increase in the selling average prices partially offset by the effects of the Real appreciation against the US dollar (average exchange rate floated from R\$ 3.2382 in the first half of 2003 to R\$ 2.9710 in the first half of 2004). The aluminum production costs of Valesul significantly increased as a result of the increase in energy costs.

The financial negative effects in the results totally offset the operating gains and generated a reduction of equity in the results of investees as an impact on debt of the Real devaluation against the US dollar of 8% in the first half of 2004 as compared to an appreciation of 19% in the first half of 2003 as well as a devaluation of 6% against the Japanese Yen (which indexes a portion of the ALBRAS debt) in the first half of 2004 as compared to an appreciation of 19% in the first half of 2003.

Additionally, as a result of the increase in metal prices, the marking of the market price derivative instruments for metal prices generated losses in the first half of 2004.

1.2.4- Operating Expenses

The operating expenses increased by R\$ 151,858 (R\$ 744,906 on 06/30/04 compared to R\$ 593,048 on 06/30/03), basically because of non- recurring-goodwill amortization of Samitri (note 1.2.8).

CVRD

7

Table of Contents**1.2.5- Net Financial Results**

The net financial result in 2Q04 had a negative impact of R\$ 1,836,231 (expense of R\$ 908,192 on 06/30/04 compared to revenue of R\$ 928,039 on 06/30/03), mainly due to exchange rate effects arising from the valuation of the dollar against the real of 7.6% in 2004 and devaluation of the dollar against the real of 18.7% in 2003. (Note 6.16)

1.2.6- Income Tax and Social Contribution

Income tax and social contribution reflect an expense of R\$ 97,065 on 06/30/04 compared with an expense of R\$ 459,560 on 06/30/03, mainly caused by the decrease in the tax basis (income before income tax and social contribution less the equity method result, goodwill and provisions for non-deductible losses) to R\$ 1,001,514 on 06/30/04 compared to R\$ 2,233,551 on 06/30/03, partially reduced by the benefit of interest on stockholders' equity of R\$ 306,170 on 06/30/04 (R\$ 340,376 on 06/30/03). (Note 6.7)

1.2.7- Cash Generation

The operating cash generation measured by EBITDA (earnings before interest, income tax and depreciation, amortization and depletion) was R\$ 3,071,220 on 06/30/04, against R\$ 2,131,209 on 06/30/03, an increase of 44.1%.

EBITDA

| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
|---|------------------|------------------|----------------|------------------|------------------|
| Net operating revenue | 3,384,461 | 2,608,198 | 2,119,013 | 5,992,659 | 4,535,784 |
| Cost of products and services | (1,775,728) | (1,475,929) | (1,210,849) | (3,251,657) | (2,458,732) |
| Operating expenses | (304,927) | (439,979) | (308,491) | (744,906) | (593,048) |
| Operating profit | 1,303,806 | 692,290 | 599,673 | 1,996,096 | 1,484,004 |
| Depreciation / amortization of goodwill | 233,322 | 256,023 | 162,565 | 489,345 | 323,961 |
| | 1,537,128 | 948,313 | 762,238 | 2,485,441 | 1,807,965 |
| Write-off of assets | | | 35,597 | | 35,597 |
| Non recurring item goodwill Samitri | | 182,796 | | 182,796 | |
| Dividends received | 192,192 | 210,791 | 185,260 | 402,983 | 287,647 |
| EBITDA R\$ | 1,729,320 | 1,341,900 | 983,095 | 3,071,220 | 2,131,209 |
| US\$ average | 3.0474 | 2.8945 | 2.9854 | 2.9710 | 3.2382 |

| | | | | | |
|--------------------|----------------|----------------|----------------|------------------|----------------|
| EBITDA US\$ | 567,474 | 463,603 | 329,301 | 1,033,733 | 658,146 |
|--------------------|----------------|----------------|----------------|------------------|----------------|

1.2.8- Non recurring Item Samitri s goodwill amortization

According to instruction CVM 247, we reviewed the terms of goodwill originated from Samitri acquisition. After reviewing the projections of future results we adopted 5 (five) years of amortization, mainly due to the increase of dividends received from Samarco. Consequently we recorded an expense of R\$ 182,796.

1.2.9- Interest on Stockholders Equity

During 2003, CVRD declared total remuneration of R\$ 2,254 as interest on stockholders equity, as follows:

| Payment date | R\$ million | US\$ million | |
|-----------------------------------|--------------------|---------------------------------------|-----------------------------------|
| | Amount | Amount at the declaration date | Amount at the payment date |
| 04/30/03 | 622 | 200 | 215 |
| 10/31/03 | 745 | 250 | 261 |
| 10/31/03 | 568 | 200 | 199 |
| From 04/30/04 (referring to 2003) | 319 | 111 | 108 |
| | 2,254 | 761 | 783 |

1.2.10- Relationship with Independet Auditors

According to Instruction CVM 308/99, the Board of Directors of CVRD appointed Deloitte Touche Tohmatsu Auditores Independentes as independent auditors.

Table of Contents**PART II****QUARTERLY INFORMATION AND NOTES TO THE QUARTERLY INFORMATION**

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

2- BALANCE SHEET**In thousands of reais**

| | Notes | 06/30/04 | 03/31/04 |
|---|--------------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6.4 | 227,780 | 381,834 |
| Accounts receivable from customers | | 1,361,910 | 1,099,867 |
| Related parties | 6.5 | 316,284 | 317,190 |
| Inventories | 6.6 | 697,934 | 596,719 |
| Taxes to recover or offset | 6.8 | 576,771 | 536,825 |
| Deferred income tax and social contribution | 6.7 | 479,478 | 603,044 |
| Others | | 264,138 | 291,712 |
| | | 3,924,295 | 3,827,191 |
| Long-term receivables | | | |
| Related parties | 6.5 | 705,575 | 688,883 |
| Loans and financing | | 147,042 | 144,035 |
| Deferred income tax and social contribution | 6.7 | 822,548 | 784,563 |
| Judicial deposits | 6.12 | 1,081,034 | 1,033,064 |
| Others | | 27,139 | 28,476 |
| | | 2,783,338 | 2,679,021 |
| Permanent assets | | | |
| Investments | 6.9 | 12,502,669 | 11,402,819 |
| Property, plant and equipment | 6.10 | 13,913,741 | 13,092,074 |
| | | 26,416,410 | 24,494,893 |
| | | 33,124,043 | 31,001,105 |

Liabilities and stockholders equity**Current liabilities**

| | | | |
|---|------|------------------|------------------|
| Current portion of long-term debt | 6.11 | 1,001,290 | 959,781 |
| Payable to suppliers and contractors | | 870,532 | 1,022,863 |
| Related parties | 6.5 | 1,395,001 | 1,483,965 |
| Payroll and related charges | | 189,452 | 200,658 |
| Pension Plan Valia | | 96,158 | 93,110 |
| Provisioned interest on stockholders equity | | 427,281 | 790,710 |
| Others | | 473,416 | 484,287 |
| | | <u>4,453,130</u> | <u>5,035,374</u> |

Long-term liabilities

| | | | |
|---|------|-------------------|-------------------|
| Long-term debt | 6.11 | 3,699,186 | 3,002,365 |
| Related parties | 6.5 | 5,138,937 | 4,484,432 |
| Deferred income tax and social contribution | 6.7 | 97,461 | 99,451 |
| Provisions for contingencies | 6.12 | 1,603,557 | 1,493,551 |
| Pension Plan Valia | | 593,403 | 574,685 |
| Others | | 860,058 | 888,796 |
| | | <u>11,992,602</u> | <u>10,543,280</u> |

Stockholders equity

| | | | |
|------------------|------|-------------------|-------------------|
| Paid-up capital | 6.14 | 7,300,000 | 6,300,000 |
| Revenue reserves | | 9,378,311 | 9,122,451 |
| | | <u>16,678,311</u> | <u>15,422,451</u> |
| | | <u>33,124,043</u> | <u>31,001,105</u> |

The additional information, notes and attachment I are an integral part of these statements.

Table of Contents

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

3- STATEMENT OF INCOME

| | | In thousands of reais | | | | |
|--------------------------------------|-------|-----------------------|--------------------|--------------------|--------------------|--|
| | | Quarter | | | Accumulated | |
| Notes | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 | |
| Operating revenues | 1.2.1 | | | | | |
| Sales of ore and metals | | | | | | |
| Iron ore and pellets | | 2,981,683 | 2,327,709 | 1,761,795 | 5,309,392 | |
| Copper | | 72,350 | | | 72,350 | |
| Gold | | | | 20,085 | 52,383 | |
| Potash | | 96,176 | 65,272 | 63,343 | 161,448 | |
| | | <u>3,150,209</u> | <u>2,392,981</u> | <u>1,845,223</u> | <u>5,543,190</u> | |
| Railroad and port services | | 409,788 | 332,627 | 353,537 | 742,415 | |
| Others | | 18,021 | 5,539 | 7,653 | 23,560 | |
| | | <u>3,578,018</u> | <u>2,731,147</u> | <u>2,206,413</u> | <u>6,309,165</u> | |
| Value Added taxes | | (193,557) | (122,949) | (87,400) | (316,506) | |
| | | <u>3,384,461</u> | <u>2,608,198</u> | <u>2,119,013</u> | <u>5,992,659</u> | |
| Net operating revenues | | <u>3,384,461</u> | <u>2,608,198</u> | <u>2,119,013</u> | <u>5,992,659</u> | |
| Cost of products and services | 1.2.2 | | | | | |
| Ores and metals | | (1,657,604) | (1,374,289) | (1,091,310) | (3,031,893) | |
| Railroad and port services | | (114,853) | (98,616) | (117,544) | (213,469) | |
| Others | | (3,271) | (3,024) | (1,995) | (6,295) | |
| | | <u>(1,775,728)</u> | <u>(1,475,929)</u> | <u>(1,210,849)</u> | <u>(3,251,657)</u> | |
| Gross profit | | <u>1,608,733</u> | <u>1,132,269</u> | <u>908,164</u> | <u>2,741,002</u> | |
| Gross margin | | 47.5% | 43.4% | 42.9% | 45.7% | |
| Operating expenses | | | | | 45.8% | |

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| | | | | | | |
|---|-------|------------------|------------------|------------------|------------------|------------------|
| Selling | | (6,729) | (4,655) | (45,319) | (11,384) | (96,999) |
| Administrative | 6.19 | (133,817) | (104,589) | (96,577) | (238,406) | (185,335) |
| Research and development | | (75,717) | (63,339) | (35,890) | (139,056) | (74,145) |
| Other operating expenses | 6.19 | (88,664) | (84,600) | (130,705) | (173,264) | (236,569) |
| Non recurring item goodwill Samitri | 1.2.8 | | (182,796) | | (182,796) | |
| | | <u>(304,927)</u> | <u>(439,979)</u> | <u>(308,491)</u> | <u>(744,906)</u> | <u>(593,048)</u> |
| Operating results | | 1,303,806 | 692,290 | 599,673 | 1,996,096 | 1,484,004 |
| Operating margin | | 38.5% | 26.5% | 28.3% | 33.3% | 32.7% |
| Results of equity investments | | | | | | |
| Gain on investments accounted for by the equity method | 6.9 | 1,086,250 | 586,376 | 866,033 | 1,672,626 | 1,471,880 |
| Provision for losses | 6.9 | (30,525) | (28,402) | (34,866) | (58,927) | (25,234) |
| Amortization of goodwill | 6.9 | (80,013) | (57,270) | (184,639) | (137,283) | (277,811) |
| Exchange variation from foreign investees | 6.9 | 160,745 | 8,855 | (495,536) | 169,600 | (682,763) |
| | | <u>1,136,457</u> | <u>509,559</u> | <u>150,992</u> | <u>1,646,016</u> | <u>486,072</u> |
| Financial results | | | | | | |
| Financial expenses, net | 6.16 | (187,309) | (101,347) | (76,187) | (288,656) | (185,249) |
| Monetary and exchange rate variation, net | 6.16 | (556,373) | (68,046) | 846,622 | (624,419) | 1,111,655 |
| Derivatives | 6.16 | 40,401 | (35,518) | 12,709 | 4,883 | 1,633 |
| | | <u>(703,281)</u> | <u>(204,911)</u> | <u>783,144</u> | <u>(908,192)</u> | <u>928,039</u> |
| Income before income tax and social contribution | | 1,736,982 | 996,938 | 1,533,809 | 2,733,920 | 2,898,115 |
| Income tax and social contribution | 6.7 | | | | | |
| Current | | 29,751 | (192,438) | (157,004) | (162,687) | (157,004) |
| Deferred | | (83,592) | 149,214 | (102,078) | 65,622 | (302,556) |
| | | <u>(53,841)</u> | <u>(43,224)</u> | <u>(259,082)</u> | <u>(97,065)</u> | <u>(459,560)</u> |
| Net income for the period | | 1,683,141 | 953,714 | 1,274,727 | 2,636,855 | 2,438,555 |

| | | | | | | |
|--|-------|------------------|------------------|----------------|------------------|------------------|
| | | _____ | _____ | _____ | _____ | _____ |
| Number (thousands) of shares outstanding at the end of the period | | 383,840 | 383,840 | 383,839 | 383,840 | 383,839 |
| | | _____ | _____ | _____ | _____ | _____ |
| Net earnings per share outstanding at the end of the period (R\$) | | 4.39 | 2.48 | 3.32 | 6.87 | 6.35 |
| | | _____ | _____ | _____ | _____ | _____ |
| EBITDA | 1.2.7 | 1,729,320 | 1,341,900 | 983,095 | 3,071,220 | 2,131,209 |
| EBITDA margin | | 51.1% | 51.4% | 46.4% | 51.2% | 47.0% |

The additional information, notes and attachment I are an integral part of these statements.

10

CVRD

Table of Contents

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4- STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY **In thousands of reais**
(ADDITIONAL INFORMATION)

| | Paid-up capital | Expansion/ Investments | Revenue reserves | | | | Treasury stock | Retained earnings | Total |
|---|------------------|---------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|-------|
| | | | Depletion | Unrealized income | Legal | Fiscal incentives | | | |
| On December 31, 2002 | 5,000,000 | 5,277,582 | 1,004,166 | 745,407 | 854,698 | | (131,334) | 12,750,519 | |
| Change in accounting practice environmental provision | | | | | | | (65,386) | (65,386) | |
| Capitalization of reserves | 1,300,000 | (1,300,000) | | | | | | | |
| Realization of revenue reserve | | | | (188,141) | | | 188,141 | | |
| Treasury stock | | | | | | 16 | | 16 | |
| Net income for the year | | | | | | | 4,508,850 | 4,508,850 | |
| Proposed appropriations: | | | | | | | | | |
| Interest on stockholders equity | | | | | | | (2,254,425) | (2,254,425) | |
| Appropriation to revenue reserves | | 2,061,744 | | | 225,443 | 89,993 | (2,377,180) | | |
| On December 31, 2003 | 6,300,000 | 6,039,326 | 1,004,166 | 557,266 | 1,080,141 | 89,993 | (131,318) | 14,939,574 | |
| Net income for the year | | | | | | | 2,636,855 | 2,636,855 | |
| Capitalization | 1,000,000 | (910,007) | | | | (89,993) | | | |

| | | | | | | | | |
|--------------------|------------------|------------------|------------------|----------------|------------------|--------------|------------------|------------------|
| of reserves | | | | | | | | |
| Interest on | | | | | | | | |
| stockholders | | | | | | | | |
| equity | | | | | | | | |
| deliberated | | | | | | | (470,837) | (470,837) |
| Interest on | | | | | | | | |
| stockholders | | | | | | | | |
| equity | | | | | | | | |
| provisioned | | | | | | | (427,281) | (427,281) |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| On June 30, | | | | | | | | |
| 2004 | 7,300,000 | 5,129,319 | 1,004,166 | 557,266 | 1,080,141 | | (131,318) | 1,738,737 |
| | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

The additional information, notes and attachment I are an integral part of these statements.

CVRD

11

Table of Contents

(A free translation of the original in Portuguese)

5- STATEMENT OF CASH FLOWS (ADDITIONAL INFORMATION)**In thousands of reais**

| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
|--|------------------|------------------|------------------|------------------|------------------|
| Cash flows from operating activities: | | | | | |
| Net income for the period | 1,683,141 | 953,714 | 1,274,727 | 2,636,855 | 2,438,555 |
| Adjustments to reconcile net income for the period with cash provided by operating activities: | | | | | |
| Result of equity investments | (1,136,457) | (509,559) | (150,992) | (1,646,016) | (486,072) |
| Depreciation, amortization and depletion | 172,138 | 164,571 | 140,447 | 336,709 | 275,123 |
| Deferred income tax and social contribution | 83,592 | (149,214) | 102,078 | (65,622) | 302,556 |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net | 515,144 | 88,268 | (979,908) | 603,412 | (1,307,424) |
| Loss on disposal of property, plant and equipment | 29,119 | 1,309 | (13,585) | 30,428 | 22,415 |
| Amortization of goodwill in the cost of products sold | 96,095 | 96,096 | 24,419 | 192,191 | 48,838 |
| Non recurring item goodwill Samitri | | 182,796 | | 182,796 | |
| Net (gains) losses on derivatives | (53,891) | 33,944 | 26,146 | (19,947) | 52,113 |
| Dividends/interest on stockholders equity received | 192,192 | 210,791 | 185,260 | 402,983 | 287,647 |
| Others | 22,120 | (17,925) | 8,091 | 4,195 | 12,674 |
| | 1,603,193 | 1,054,791 | 616,683 | 2,657,984 | 1,646,425 |
| Decrease (increase) in assets: | | | | | |
| Accounts receivable | (262,043) | 87,003 | 248,170 | (175,040) | 340,473 |
| Inventories | (101,215) | (43,291) | (29,571) | (144,506) | (30,068) |
| Others | (7,731) | (19,103) | (70,777) | (26,834) | (64,154) |
| | (370,989) | 24,609 | 147,822 | (346,380) | 246,251 |
| Increase (decrease) in liabilities: | | | | | |
| Suppliers and contractors | (152,331) | 63,410 | 142,660 | (88,921) | 120,659 |
| Payroll and related charges and others | (11,206) | (21,523) | 34,918 | (32,729) | 8,084 |
| | (11,711) | 192,438 | | 180,727 | |

| | | | | | |
|---|--------------------|-------------------|--------------------|--------------------|--------------------|
| Income tax and social contribution to recover | | | | | |
| Others | 43,353 | 19,732 | 72,018 | 63,085 | 105,902 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (131,895) | 254,057 | 249,596 | 122,162 | 234,645 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 1,100,309 | 1,333,457 | 1,014,101 | 2,433,766 | 2,127,321 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from investing activities: | | | | | |
| Loans and advances receivable | (66,038) | 352,072 | 153,830 | 286,034 | (33,877) |
| Guarantees and deposits | (46,421) | (48,456) | (400,912) | (94,877) | (435,607) |
| Additions to investments | (342,010) | (73,626) | (315,618) | (415,636) | (316,090) |
| Additions to property, plant and equipment | (910,437) | (873,446) | (574,115) | (1,783,883) | (959,528) |
| Proceeds from disposal of property, plant and equipment/investments | 2,654 | 306 | 105,337 | 2,960 | 105,774 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (1,362,252) | (643,150) | (1,031,478) | (2,005,402) | (1,639,328) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from financing activities: | | | | | |
| Short-term debt | (263,228) | (471,792) | (29,017) | (735,020) | (361,268) |
| Long-term debt | 1,376,658 | 991,498 | 330,249 | 2,368,156 | 907,446 |
| Repayments to financial institutions | (214,831) | (1,170,187) | (264,950) | (1,385,018) | (409,405) |
| Interest on stockholders' equity paid | (790,710) | | (619,921) | (790,710) | (620,125) |
| Treasury stock | | | 13 | | 13 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 107,889 | (650,481) | (583,626) | (542,592) | (483,339) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Increase (decrease) in cash and cash equivalents | (154,054) | 39,826 | (601,003) | (114,228) | 4,654 |
| Cash and cash equivalents, beginning of the period | 381,834 | 342,008 | 864,949 | 342,008 | 259,292 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash and cash equivalents, end of the period | 227,780 | 381,834 | 263,946 | 227,780 | 263,946 |
| Cash paid during the period for: | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Short-term interest | | (4,016) | | (4,016) | (16,428) |
| Long-term interest | (95,930) | (105,368) | (74,255) | (201,298) | (166,456) |

| | | | | | |
|--|-----------|----------|----------|-----------|----------|
| Income tax and social contribution paid | | | (46,704) | | (46,704) |
| Non-cash transactions: | | | | | |
| Additions to property, plant and equipment | (115,141) | (22,461) | 91,605 | (137,602) | 116,704 |
| mergers | | | | | |

12

CVRD

Table of Contents

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

6- NOTES TO THE QUARTERLY INFORMATION AT JUNE 30, 2004 AND JUNE 30, 2003

Expressed In thousands of reais

6.1- Operations

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

6.2- Presentation of Quarterly Information

The quarterly information have been prepared in conformity with accounting practices adopted in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission) and Instituto dos Auditores Independentes do Brasil IBRACON (Brazilian Independent Auditors Institute).

In order to provide better information to the market, the Company is presenting the Statement of Cash Flows (according rule NPC 20 Ibracon).

6.3- Significant Accounting Policies

- (a) The Company follows the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as long-term;
- (c) Marketable securities, classified as cash and cash equivalents, are stated at cost plus accrued income earned to the Quarterly Information date;
- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;
- (f) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for unrealized losses when applicable; and
- (g) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historic cost (increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the useful lives of the assets. Depletion of mineral reserves is based on the ratio between

production and estimated capacity.

6.4- Cash and Cash Equivalents

| | <u>06/30/04</u> | <u>03/31/04</u> |
|--|-----------------|-----------------|
| Marketable securities linked to the interbank deposit certificate rate (*) | 211,804 | 376,595 |
| Government securities (NBC-E, NTN-D, LFT) | 5,132 | 4,949 |
| Others | 10,844 | 290 |
| | <u>227,780</u> | <u>381,834</u> |

(*) For part of these investments the Company contracted interest rate and/or currency swap operations with financial institutions.

CVRD

13

Table of Contents**6.5- Related Parties**

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2013, as follows:

| | Assets | | Liabilities | |
|---|------------------|------------------|--------------------|------------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 |
| Subsidiaries | | | | |
| ALUNORTE Alumina do Norte do Brasil S.A. | 437,367 | 407,692 | 13,155 | 469 |
| Alumínio Brasileiro S.A. ALBRAS | 1,667 | 2,208 | 11,692 | 107,308 |
| CVRD Overseas Ltd. | 71,876 | 75,809 | 1,639,610 | 1,722,197 |
| Ferrovias Centro-Atlântica S.A. | 1,691 | 89,813 | 1,028 | 142 |
| Itabira Rio Doce Company Limited ITACO | 742,116 | 569,913 | 2,384,751 | 1,822,332 |
| Mineração Andirá Ltda. | 2,320 | 1,820 | 2,121 | 2,037 |
| Pará Pigmentos S.A. | 23,201 | 23,201 | | |
| Rio Doce International Finance Ltd. | 7,155 | 6,670 | 2,043,758 | 2,002,028 |
| Rio Doce Manganês S.A. RDM | 11,187 | 7,388 | 36,755 | 24,108 |
| Salobo Metais S.A. | 232,179 | 232,098 | | |
| Others | 177,248 | 138,620 | 506,377 | 413,427 |
| | 1,708,007 | 1,555,232 | 6,639,247 | 6,094,048 |
| Jointly controlled companies | | | | |
| Baovale Mineração S.A. | 109 | 1,370 | 26,404 | 30,836 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 139,211 | 141,698 | 50,238 | 72,980 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 81,269 | 47,149 | 122,346 | 72,792 |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | 63,783 | 46,486 | 36,653 | 27,491 |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 82,314 | 58,109 | 84,201 | 71,210 |
| Companhia Siderúrgica de Tubarão CST | 98,596 | 59,369 | 29 | 4 |
| Mineração Serra Geral S. A. | 427 | 3,580 | 9,781 | 28,786 |
| Samarco Mineração S.A. | 4,818 | 4,424 | | |
| Others | 12,969 | 14,955 | 18,860 | 21,825 |
| | 483,496 | 377,140 | 348,512 | 325,924 |
| Affiliates | | | | |
| Ferrobán Ferrovias Bandeirantes S. A. | 25,327 | 24,632 | | |
| | 21,268 | 19,033 | | 57 |

Usinas Siderúrgicas de Minas Gerais S. A.
USIMINAS

| | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Others | 13 | 11 | 2,492 | 2,102 |
| | <u>46,608</u> | <u>43,676</u> | <u>2,492</u> | <u>2,159</u> |
| | <u>2,238,111</u> | <u>1,976,048</u> | <u>6,990,251</u> | <u>6,422,131</u> |
| Represented by: | | | | |
| Trade balances (sales and purchases of products and services) (*) | 1,216,252 | 969,975 | 456,313 | 453,734 |
| Short-term financial balances | 316,284 | 317,190 | 1,395,001 | 1,483,965 |
| Long-term financial balances | 705,575 | 688,883 | 5,138,937 | 4,484,432 |
| | <u>2,238,111</u> | <u>1,976,048</u> | <u>6,990,251</u> | <u>6,422,131</u> |

(*) Included in Accounts receivable from customers and Payable to suppliers and contractors .

6.6- Inventories

| | <u>06/30/04</u> | <u>03/31/04</u> |
|---|-----------------------|-----------------------|
| Finished products | | |
| . Iron ore | 237,817 | 218,751 |
| . Pellets | 26,839 | 29,918 |
| . Copper | 30,714 | |
| . Others | 5,313 | 4,732 |
| | <u>300,683</u> | <u>253,401</u> |
| Spare parts and maintenance supplies | <u>397,251</u> | <u>343,318</u> |
| | <u>697,934</u> | <u>596,719</u> |

Table of Contents**6.7- Deferred Income Tax and Social Contribution**

| | Deferred assets | | Deferred liabilities | |
|--|------------------|------------------|----------------------|----------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 |
| Tax loss carryforward | 145,276 | 268,840 | | |
| Temporary differences: | | | | |
| . Pension Plan | 245,188 | 238,080 | | |
| . Contingent liabilities | 417,684 | 384,126 | | |
| . Provision for losses on assets | 437,222 | 409,009 | | |
| . Provision for losses on derivative financial instruments | 56,656 | 87,552 | | |
| | 1,156,750 | 1,118,767 | | |
| Accelerated depreciation | | | 8,538 | 8,699 |
| Long-term sales | | | 74,003 | 72,800 |
| Others | | | 15,537 | 18,569 |
| Total | 1,302,026 | 1,387,607 | 98,078 | 100,068 |
| Short-term | 479,478 | 603,044 | 617 | 617 |
| Long-term | 822,548 | 784,563 | 97,461 | 99,451 |
| | 1,302,026 | 1,387,607 | 98,078 | 100,068 |

The deferred assets and liabilities regarding income tax and social contribution are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared in light of internal assumptions and macroeconomic, commercial and fiscal scenarios. These projections can change in the future. These temporary differences will be realized upon the occurrence of the corresponding taxable events, expected to be as follows:

| Years | Net amount of credits |
|-------|-----------------------|
| 2005 | 478,861 |

| | |
|--------------|------------------|
| 2006 | 242,176 |
| 2007 | 160,504 |
| 2008 | 66,912 |
| 2009 | 69,793 |
| 2010 | 60,761 |
| 2011 | 22,823 |
| 2012 to 2014 | 102,117 |
| | <hr/> |
| | 1,203,947 |
| | <hr/> |

In addition to the credits recorded, the Company has a lawsuit claiming an additional 51.8% monetary restatement for tax purposes applied to the months of January and February 1989 (Plano Verão monetary plan). A favorable ruling has already been obtained for compensation of credits corresponding to 42.7% instead of the 51.8% requested (however, not yet fully utilized). The amount of these credits covered by the ruling aggregates approximately R\$ 309,000 and the accounting effects have not yet been recognized in the quarterly information.

CVRD

15

Table of Contents

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

| | Quarter | | | Accumulated | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Income before income tax and social contribution | 1,736,982 | 996,938 | 1,533,809 | 2,733,920 | 2,898,115 |
| Equity in results of subsidiaries and affiliated companies | (1,086,250) | (586,376) | (866,033) | (1,672,626) | (1,471,880) |
| Exchange rate variation on equity | (160,745) | (8,855) | 495,536 | (169,600) | 682,763 |
| Non-deductible goodwill and provisions for losses | 54,911 | 54,909 | 52,920 | 109,820 | 124,553 |
| | 544,898 | 456,616 | 1,216,232 | 1,001,514 | 2,233,551 |
| Statutory rates income tax (25%) and social contribution (9%) = 34% | (185,266) | (155,249) | (413,519) | (340,515) | (759,407) |
| Adjustments to net income which modify the effect on the result for the period: | | | | | |
| Income tax benefit from interest on stockholders equity | 145,329 | 160,841 | 128,958 | 306,170 | 340,376 |
| Fiscal incentives | | | 52,150 | | 52,150 |
| Stockholders equity received | (19,267) | (44,171) | (2,930) | (63,438) | (18,676) |
| Others | 5,363 | (4,645) | (23,741) | 718 | (74,003) |
| Income tax and social contribution | (53,841) | (43,224) | (259,082) | (97,065) | (459,560) |

6.8- Taxes to recover or offset

| | 06/30/04 | 03/31/04 |
|--|----------|----------|
| Withholding income tax on marketable securities | 122,095 | 105,145 |
| Withholding income tax on interest on own capital received | 28,203 | 19,607 |
| Income tax of merged companies | 14,033 | 14,033 |
| Value-Added Tax (a) | 336,266 | 330,121 |
| PIS (b) | 12,402 | 13,897 |
| COFINS (b) | 26,249 | 15,703 |
| Other PIS/COFINS credits | 31,091 | 35,073 |
| IAPAS | 2,918 | 2,724 |

| | | |
|--------|-------------------|-------------------|
| Others | 3,514 | 522 |
| | <u> </u> | <u> </u> |
| | 576,771 | 536,825 |
| | <u> </u> | <u> </u> |

-
- (a) Due to export activity, CVRD has accumulated significant ICMS credits that integral recuperation is considered improbable, therefore the value is shown net of provision for losses in the amount of R\$ 328,128.
- (b) Tax credit generated by the non-cumulative basis of PIS, in force since December 2002 and that was extended to COFINS since February 2004; tax credits related to PIS/COFINS/CSLL retention effected by third practices for the services rendered for CVRD since February, 2004.

16

CVRD

Table of Contents**6.9- Investments**

| | Investment participations | | | | | | | | | | |
|---------------------|---------------------------|------------------------------------|--|------------------|------------------|---|----------|-----------------------------------|-------------------|--|----------------|
| | Participa- tion % | Adjusted stockholders equity | Adjusted net income (loss) for the period | Investments | | Advance for future capital increase | | Goodwill and negative goodwill | | Result of invest participatio Equity / Oth | |
| | | | | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 | 2Q/04 | 1Q/04 |
| S.A. | 60.23 | 1,264,784 | 280,194 | 703,064 | 608,364 | | | 1,218,356 | 1,253,936 | 101,112 | 67,648 |
| D (g) RÁS | 50.00 | 15,341 | 9,264 | 7,671 | 7,317 | | | | | 354 | 4,278 |
| O | 50.89 | 113,301 | 22,842 | 57,659 | 48,192 | | | | | 10,600 | 1,024 |
| (b) | 50.90 | 79,100 | 16,563 | 40,263 | 33,428 | | | | | 7,864 | 567 |
| seas | 51.00 | 128,711 | 43,134 | 65,643 | 59,070 | | | | | 14,506 | 7,492 |
| | 100.00 | 544,501 | 93,368 | 544,501 | 462,517 | | | | | 56,019 | 37,349 |
| S.A. | 100.00 | | | | | | | 565,023 | 616,388 | | |
| ial Co. | 50.00 | 239,629 | 34,746 | 119,803 | 110,679 | | | | | 5,785 | 11,587 |
| E (a, rra MSG | 100.00 | 1,352,474 | 218,331 | 1,352,474 | 1,178,393 | | | | | 190,536 | 27,795 |
| | 50.00 | 101,578 | (2,849) | 50,789 | 51,640 | | | | | (3,827) | (673) |
| S.A. | 50.00 | 557,528 | 279,443 | 278,764 | 312,817 | | | | | 63,540 | 76,182 |
| d, i, | | | | 254,034 | 243,620 | | | 384,763 23,607 | 429,494 25,967 | 27,824 | 22,062 |
| | | | | 3,474,665 | 3,116,037 | | | 2,191,749 | 2,325,785 | 474,313 | 255,311 |

and

DME

| | | | | | | | | | |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|
| 100.00 | 206,895 | 26,053 | 206,895 | 194,179 | | | | 14,606 | 11,447 |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|

A.

| | | | | | | | | | |
|--------|---------|---------|---------|---------|--|---------|---------|--------|--------|
| 100.00 | 751,433 | 132,487 | 751,433 | 657,722 | | 109,775 | 129,104 | 93,711 | 38,776 |
|--------|---------|---------|---------|---------|--|---------|---------|--------|--------|

A.

| | | | | | | | | | |
|--------|--------|-------|--------|--------|--|--|--|--------|--------|
| 100.00 | 43,735 | 9,286 | 43,735 | 60,621 | | | | 6,190 | 3,096 |
| | | | 76,794 | 40,115 | | | | 48,893 | 24,477 |

| | | | | | | | | | |
|--|--|--|------------------|----------------|--|----------------|----------------|----------------|---------------|
| | | | 1,078,857 | 952,637 | | 109,775 | 129,104 | 163,400 | 77,796 |
|--|--|--|------------------|----------------|--|----------------|----------------|----------------|---------------|

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| | | | | | | | | | |
|-------|--------|-------|--------|--------|--|--|--|---------|-------|
| 82.04 | 95,466 | 5,206 | 78,320 | 79,749 | | | | (1,429) | 5,699 |
|-------|--------|-------|--------|--------|--|--|--|---------|-------|

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is

| | | | | | | | | | |
|-------|---------|--|---------|---------|--|--|--|--|--|
| 87.92 | 121,467 | | 106,794 | 106,794 | | | | | |
|-------|---------|--|---------|---------|--|--|--|--|--|

| | | | | | | | | | |
|--------|---------|--|---------|---------|--------|--------|--|-------|------|
| 100.00 | 233,285 | | 233,285 | 209,751 | 10,809 | 23,493 | | | |
| | | | 100,772 | 91,210 | | | | (292) | (64) |

| | | | | | | | | | |
|--|--|--|----------------|----------------|---------------|---------------|--|----------------|--------------|
| | | | 519,171 | 487,504 | 10,809 | 23,493 | | (1,721) | 5,635 |
|--|--|--|----------------|----------------|---------------|---------------|--|----------------|--------------|

do

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ntica

| | | | | | | | | | |
|--------|---------|----------|---------|--------|--|--|--|-----|-----|
| 100.00 | 299,688 | (52,173) | 299,688 | 94,961 | | | | 129 | 169 |
|--------|---------|----------|---------|--------|--|--|--|-----|-----|

ica

| | | | | | | | | | |
|-------|---------|--------|---------|--------|--|--|--|--------|--------|
| 29.35 | 349,494 | 93,243 | 102,577 | 87,236 | | | | 15,341 | 12,025 |
|-------|---------|--------|---------|--------|--|--|--|--------|--------|

E (g)

| | | | | | | | | | |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|
| 100.00 | 297,633 | 66,205 | 297,633 | 258,815 | | | | 46,538 | 19,667 |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|

con

| | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|
| 50.00 | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|

ninal

a

| | | | | | | | | | |
|-------|--------|-------|--------|--------|--|--|--|-------|-------|
| 99.89 | 65,034 | 7,635 | 64,962 | 62,733 | | | | 4,130 | 3,497 |
|-------|--------|-------|--------|--------|--|--|--|-------|-------|

Baía

(b)

| | | | | | | | | | |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|
| 100.00 | 187,631 | 26,899 | 187,631 | 171,045 | | | | 16,586 | 10,313 |
|--------|---------|--------|---------|---------|--|--|--|--------|--------|

s (g)

| | | | | | | | | | |
|--------|----------|-------|----------|-------|--|--|--|-------|-------|
| 100.00 | (15,122) | (269) | (15,122) | 2,859 | | | | (129) | (169) |
|--------|----------|-------|----------|-------|--|--|--|-------|-------|

| | | | | | | | | | |
|--|--|--|----------------|----------------|--|--|--|---------------|---------------|
| | | | 940,228 | 677,649 | | | | 82,595 | 45,502 |
|--|--|--|----------------|----------------|--|--|--|---------------|---------------|

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| | | | | | | | | | | |
|--------|--------|-----------|---------|-------------------|------------------|---------------|---------------|------------------|------------------|------------------|
| steel | | | | | | | | | | |
| nc | 50.00 | 754,072 | 181,008 | 377,036 | 314,653 | | | | 88,063 | 2,441 |
| | 28.02 | 4,261,994 | 895,815 | 1,182,188 | 1,052,685 | | | (128,694) | (128,694) | 175,416 |
| S.A. | | | | | | | | | | |
| | 100.00 | 26,634 | | | | | | | | |
| b) | 100.00 | 344,866 | | 344,866 | 313,879 | | | | | |
| (b, | 11.46 | 4,725,555 | 732,984 | 541,549 | 502,549 | | | | 39,000 | 45,000 |
| | | | | (400) | (400) | | | | | |
| | | | | 2,445,239 | 2,183,366 | | | (128,694) | (128,694) | 302,479 |
| | | | | | | | | | | 117,591 |
| A. | | | | | | | | | | |
| E (b) | 51.00 | 1,028,215 | 188,355 | 521,988 | 423,290 | | | | 98,698 | (2,637) |
| Doce | 57.03 | 1,243,699 | 165,351 | 709,284 | 553,373 | | | | 73,174 | 21,126 |
| b) | | | | | | | | | 1,922 | 28,115 |
| Rio | | | | | | | | | | |
| A. (g) | 40.00 | 728,781 | 190,403 | 291,512 | 310,634 | | | | 42,651 | 33,511 |
| own | | | | | | | | | | |
|) | | | | | | | | | | |
| A. | | | | | | | | | | |
| | 54.51 | 253,713 | 38,362 | 138,299 | 148,690 | | | | 11,413 | 9,498 |
| | | | | 1,661,083 | 1,435,987 | | | | | 227,858 |
| | | | | | | | | | | 89,613 |
| S.A. | | | | | | | | | | |
| | 100.00 | 26,634 | 902 | 26,634 | 26,053 | | | | 581 | 321 |
| L (m) | | | | | | | | | | |
| o | | | | | | | | | | |
| g) | 99.85 | 159,446 | 1,469 | 159,207 | 161,709 | | | | (2,502) | 3,969 |
| | | | | (959) | (2,701) | 14,905 | 14,890 | | (8) | (507) |
| | | | | 184,882 | 185,061 | 14,905 | 14,890 | | (1,929) | 3,783 |
| | | | | 10,304,125 | 9,038,241 | 25,714 | 38,383 | 2,172,830 | 2,326,195 | 1,246,995 |
| | | | | | | | | | | 595,231 |
| | | | | | | | | | 160,745 | 8,855 |

m
stees

[Additional columns below]

[Continued from above table, first column(s) repeated]

Result of investment participations

| Provision for losses | | Amortization of goodwill | | | Total | | | Total | | Dividends | |
|----------------------|--------|--------------------------|----------|----------|---------|--------|-----------|----------|-----------|-----------|-------|
| 1Q/04 | 2Q/03 | 2Q/04 | 1Q/04 | 2Q/03 | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 | 2Q/04 | 1Q/03 |
| | | (35,580) | (35,580) | (12,930) | 65,532 | 32,068 | 4,596 | 97,600 | 1,149 | | |
| | 17,671 | | | | 354 | 4,278 | 17,671 | 4,632 | 26,766 | | |
| | | | | | 10,600 | 1,024 | 4,071 | 11,624 | 6,356 | 1,133 | 1,7 |
| | | | | | 7,864 | 567 | 2,922 | 8,431 | 4,659 | 1,096 | 3,2 |
| | | | | | 14,506 | 7,492 | (2,559) | 21,998 | (944) | | |
| | | | | | 56,019 | 37,349 | 37,009 | 93,368 | 66,463 | | |
| | | | | (34,656) | | | 68,082 | | 118,473 | | |
| | | | | | 5,785 | 11,587 | 10,259 | 17,372 | 16,515 | | |
| | | | | | 190,536 | 27,795 | (218,050) | 218,331 | (357,854) | | |
| | | | | | (3,827) | (673) | 2,910 | (4,500) | 6,706 | 198 | |
| | | | | | 63,540 | 76,182 | 71,117 | 139,722 | 140,844 | 97,593 | 55,0 |
| (775) | | (2,361) | (2,361) | (2,361) | 25,024 | 18,926 | (1,392) | 43,950 | 1,884 | 875 | 1,0 |

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| | | | | | | | | | | | | |
|---|----------|---------------|----------|----------|-----------|----------------|--------------|---------------|--------------|---------------|---------|------|
|) | (775) | 17,671 | (37,941) | (37,941) | (49,947) | 435,933 | 216,595 | (3,364) | 652,528 | 31,017 | 100,895 | 61,0 |
| | | | | | | 14,606 | 11,447 | (37,055) | 26,053 | (29,048) | | |
| | | | (19,329) | (19,329) | (20,129) | 74,382 | 19,447 | 6,246 | 93,829 | 3,986 | | |
| | | | | | | 6,190 | 3,096 | 6,759 | 9,286 | 13,652 | | |
|) | (77) | (2,596) | | | | 48,873 | 24,400 | 34,332 | 73,273 | 38,142 | | |
|) | (77) | (2,596) | (19,329) | (19,329) | (20,129) | 144,051 | 58,390 | 10,282 | 202,441 | 26,732 | | |
| | | 27,292 | | | | (1,429) | 5,699 | 27,292 | 4,270 | 51,272 | | |
| | | | | | | (292) | (64) | (100) | (356) | (104) | | |
| | | 27,292 | | | | (1,721) | 5,635 | 27,192 | 3,914 | 51,168 | | |
| | | (3,012) | | | | | | (3,012) | | (4,941) | | |
|) | (25,871) | (96,225) | | | (114,563) | (26,173) | (25,702) | (210,788) | (51,875) | (253,282) | | |
| | | 13,898 | | | | 15,341 | 12,025 | 13,898 | 27,366 | 19,970 | | |
| | | | | | | 46,538 | 19,667 | 21,183 | 66,205 | 19,462 | 7,720 | |
| | | | | | | | | (937) | | (3,371) | | |
| | | | | | | 4,130 | 3,497 | 2,113 | 7,627 | 4,129 | | |
| | | | | | | 16,586 | 10,313 | | 26,899 | | | |
|) | | | (22,743) | | | (23,012) | | | (23,012) | | | |
| | | | | | | (129) | (169) | | (298) | | | |

| | | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|----------------|----------------|------------------|----------------|----------------|
| | (25,871) | (85,339) | (22,743) | (114,563) | 33,281 | 19,631 | (177,543) | 52,912 | (218,033) | 7,720 | |
| | | | | | 88,063 | 2,441 | (101,999) | 90,504 | (130,648) | | 46,3 |
| | | | | | 175,416 | 70,150 | 72,124 | 245,566 | 136,765 | | |
| | 8,106 | | | | | | 8,106 | | | | |
| | | | | | 39,000 | 45,000 | 37,000 | 84,000 | 74,000 | | 36,0 |
| | 8,106 | | | | 302,479 | 117,591 | 15,231 | 420,070 | 80,117 | | 82,3 |
| | | | | | 98,698 | (2,637) | 125,818 | 96,061 | 239,638 | | |
| | | | | | 73,174 | 21,126 | 83,871 | 94,300 | 142,009 | | |
| | | | | | 1,922 | 28,115 | 20,583 | 30,037 | 14,565 | | |
| | | | | | 42,651 | 33,511 | 30,092 | 76,162 | 53,891 | 61,773 | 61,7 |
| | | | | | | | 4,951 | | 21,390 | | |
| | | | | | 11,413 | 9,498 | 1,630 | 20,911 | 16,436 | 21,804 | 5,5 |
| | | | | | 227,858 | 89,613 | 266,945 | 317,471 | 487,929 | 83,577 | 67,3 |
| | | | | | 581 | 321 | 16,280 | 902 | 16,280 | | |
| | | | | | | | 6,598 | | 17,569 | | |
| | | | | | (2,502) | 3,969 | (10,977) | 1,467 | (6,741) | | |
| | (1,679) | | | | (3,503) | (2,186) | 348 | (5,689) | 34 | | |
| | (1,679) | | | | (5,424) | 2,104 | 12,249 | (3,320) | 27,142 | | |
| | (28,402) | (34,866) | (80,013) | (57,270) | (184,639) | 1,136,457 | 509,559 | 150,992 | 1,646,016 | 486,072 | 192,192 |
| | | | | | | | | | | | 210,7 |
| | | | | | 160,745 | 8,855 | (495,536) | 169,600 | (682,763) | | |

-
- (a) The net equity of companies located abroad is converted into local currency at rates in effect on the quarterly information date. The equity method adjustment comprises the difference due to exchange rate variations as well as participation in results;
 - (b) Companies audited by other independent accountants;
 - (c) CVRD 's interest in MRS Logística S.A. is held directly through Ferteco Mineração and indirectly through Caemi Mineração e Metalurgia S.A.;
 - (d) Merged companies (Socoimex and Samitri) amortization of goodwill recorded in the cost of products sold of the Parent Company;
 - (e) On 04/24/03, CVRD acquired from Acesita S.A. 1,765,470 preferred shares and 869,046 common shares of Companhia Siderúrgica de Tubarão (CST), representing 5.17% of the total capital. After conclusion of the transaction, CVRD holds 24.93% of the common shares and 29.96% of the preferred shares of CST, totaling 28.02% of its total capital;
 - (f) Investments in companies that were listed on stock exchanges on 06/30/04. The market value of these investments does not necessarily reflect the value that could be realized from selling a representative group of shares;
 - (g) Companies audited by our independent accountants;
 - (h) Companies in pre-operating phase;
 - (i) Companies merged;
 - (j) Acquisition on 09/02/03 from Mitsi & Co., Ltd. of 659,375,000 common shares and 1,040,671,032 preferred shares (43.37% of the total capital of Caemi), totaling 100% of the common shares and 40.06% of the preferred shares of Caemi (60.23% of the total capital);
 - (l) Amortization of Samitri goodwill was reduced by 10 (ten) years to 5 (five) years after the review of feature results projections (note 1.2.10); and
 - (m) Companies sold.

CVRD

17

Table of Contents**6.10- Property, Plant and Equipment****(a) By business area:**

| | 06/30/04 | | | 03/31/04 | | |
|--------------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| Ferrous Northern System | | | | | | |
| Mining | 2,016,667 | (841,436) | 1,175,231 | 2,014,180 | (827,090) | 1,187,090 |
| Railroads | 2,914,488 | (1,184,067) | 1,730,421 | 2,863,775 | (1,157,037) | 1,706,738 |
| Ports | 750,385 | (265,529) | 484,856 | 749,334 | (261,136) | 488,198 |
| Construction in progress | 1,171,276 | | 1,171,276 | 784,100 | | 784,100 |
| | 6,852,816 | (2,291,032) | 4,561,784 | 6,411,389 | (2,245,263) | 4,166,126 |
| Ferrous Southern System | | | | | | |
| Mining | 3,315,487 | (1,705,472) | 1,610,015 | 3,221,112 | (1,743,456) | 1,477,656 |
| Railroads | 3,561,401 | (1,860,398) | 1,701,003 | 3,387,570 | (1,879,045) | 1,508,525 |
| Ports | 597,451 | (439,583) | 157,868 | 588,812 | (445,863) | 142,949 |
| Construction in progress | 890,900 | | 890,900 | 1,159,072 | | 1,159,072 |
| | 8,365,239 | (4,005,453) | 4,359,786 | 8,356,566 | (4,068,364) | 4,288,202 |
| Pelletizing | | | | | | |
| South | 777,505 | (556,135) | 221,370 | 747,707 | (548,540) | 199,167 |
| North | 522,466 | (30,125) | 492,341 | 522,474 | (25,964) | 496,510 |
| Construction in progress | 201,986 | | 201,986 | 210,038 | | 210,038 |
| | 1,501,957 | (586,260) | 915,697 | 1,480,219 | (574,504) | 905,715 |
| Non-Ferrous | | | | | | |
| Potash | 155,060 | (66,316) | 88,744 | 154,386 | (63,056) | 91,330 |
| Gold | 10,167 | (5,015) | 5,152 | 82,222 | (76,205) | 6,017 |

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| | | | | | | |
|--------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| Copper | 1,391,786 | (21,348) | 1,370,438 | | | |
| Research and projects | 251,582 | (208,920) | 42,662 | 257,626 | (186,686) | 70,940 |
| Construction in progress | 490,127 | | 490,127 | 1,694,273 | | 1,694,273 |
| | 2,298,722 | (301,599) | 1,997,123 | 2,188,507 | (325,947) | 1,862,560 |
| Logistics | | | | | | |
| In operation | 1,310,115 | (588,441) | 721,674 | 1,255,908 | (579,793) | 676,115 |
| Construction in progress | 88,810 | | 88,810 | 67,430 | | 67,430 |
| | 1,398,925 | (588,441) | 810,484 | 1,323,338 | (579,793) | 743,545 |
| Energy | | | | | | |
| In operation | 379,958 | (37,916) | 342,042 | 379,741 | (34,792) | 344,949 |
| Construction in progress | 629,167 | | 629,167 | 537,450 | | 537,450 |
| | 1,009,125 | (37,916) | 971,209 | 917,191 | (34,792) | 882,399 |
| Corporate | | | | | | |
| In operation | 188,319 | (94,555) | 93,764 | 189,917 | (86,957) | 102,960 |
| Construction in progress | 203,894 | | 203,894 | 140,567 | | 140,567 |
| | 392,213 | (94,555) | 297,658 | 330,484 | (86,957) | 243,527 |
| Total | 21,818,997 | (7,905,256) | 13,913,741 | 21,007,694 | (7,915,620) | 13,092,074 |

(b) By type of asset:

| Average depreciation rates | 06/30/04 | | | 03/31/04 | | |
|----------------------------|----------|--------------------------|-----|----------|--------------------------|-----|
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| | | | | | | |

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| | | | | | | | |
|-----------------------------|--------|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| Buildings | 2.63% | 1,776,866 | (693,505) | 1,083,361 | 1,704,532 | (730,070) | 974,462 |
| Installations | 3.51% | 6,126,753 | (2,728,179) | 3,398,574 | 5,375,362 | (2,717,716) | 2,657,646 |
| Equipment | 10.00% | 1,515,099 | (750,016) | 765,083 | 1,436,369 | (741,247) | 695,122 |
| Railroads | 3.61% | 6,043,124 | (2,875,067) | 3,168,057 | 5,794,435 | (2,870,485) | 2,923,950 |
| Mineral rights (*) | 2.12% | 1,019,234 | (80,233) | 939,001 | 474,874 | (102,307) | 372,567 |
| Others | 14.66% | 1,661,761 | (778,256) | 883,505 | 1,629,192 | (753,795) | 875,397 |
| | | <u>18,142,837</u> | <u>(7,905,256)</u> | <u>10,237,581</u> | <u>16,414,764</u> | <u>(7,915,620)</u> | <u>8,499,144</u> |
| Construction in progress | | <u>3,676,160</u> | <u> </u> | <u>3,676,160</u> | <u>4,592,930</u> | <u> </u> | <u>4,592,930</u> |
| Total | | <u>21,818,997</u> | <u>(7,905,256)</u> | <u>13,913,741</u> | <u>21,007,694</u> | <u>(7,915,620)</u> | <u>13,092,074</u> |

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

Table of Contents**Summary of Property, Plant and Equipment movements:**

| | |
|------------------------------------|-------------------|
| Balance as of March 31, 2004 | 12,362,353 |
| Additions / Disposals | 1,750,495 |
| Interest capitalization (*) | 137,602 |
| Depreciation | (336,709) |
| | <hr/> |
| Balance as of June 30, 2004 | 13,913,741 |
| | <hr/> |

(*) To attend CVM instruction 193/96, during the year the amount of R\$ 137,602 was capitalized, interest of R\$31,295 and monetary and exchange rate variation of R\$ 106,307. Depreciation, amortization and depletion have been allocated as follows:

| | Quarter | | | Accumulated | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Cost of products and services | 125,646 | 148,533 | 128,277 | 274,179 | 256,130 |
| Administrative expenses | 10,746 | 10,580 | 9,865 | 21,326 | 18,993 |
| Research and development | 835 | 814 | | 1,649 | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Effect in results | 137,227 | 159,927 | 138,142 | 297,154 | 275,123 |
| Allocated to projects | 7,306 | 982 | | 8,288 | |
| PIS/COFINS credits | 25,329 | | | 25,329 | |
| Inventories of products | 2,276 | 3,662 | 2,305 | 5,938 | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 172,138 | 164,571 | 140,447 | 336,709 | 275,123 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Operating Risks

The Company has a wide program of risk management that provides coverage and protection for all its assets, as well as possible loss arising from production interruption, in accordance with an all risks insurance policy. This program includes inspections and in loco training, using various risk committees in the Company's operating units, and the Company's subsidiaries and associates.

The Company strikes to keep risk management in line in all areas, providing a uniform treatment, obtaining in the national and international markets the coverage compatible with a company of the size of CVRD. The coverage comprises, besides assets and production, personal injuries, damage to third parties, environmental damages and cargo

transported by the Company.

Insurance

In order to obtain the best risk management program, besides using alternatives due to the situation of the international insurance market, the Company created a captive reinsurance company. The intention was to improve the risk management, as well as to provide a more efficient tool for negotiation and penetration in the market, covering risks involving CVRD Group Companies Brazil and overseas.

The Company has also intensified the activities of the risk committees arising at improving risk management on the Company's installations and equipment.

CVRD

19

Table of Contents**6.11- Loans and Financing****Long-term**

| | Current liabilities | | Long-term liabilities | |
|----------------------------------|----------------------------|-----------------|------------------------------|------------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 |
| Foreign operations | | | | |
| Loans and financing in: | | | | |
| U.S. dollars | 850,163 | 814,998 | 3,397,610 | 2,690,649 |
| Yen | 1,824 | 1,780 | 6,385 | 6,229 |
| Other currencies | 9,443 | 9,241 | 59,303 | 60,200 |
| Accrued charges | 32,403 | 25,697 | | |
| | 893,833 | 851,716 | 3,463,298 | 2,757,078 |
| Local operations | | | | |
| Indexed by TJLP, TR and IGP-M | 18,424 | 17,973 | 37,360 | 43,296 |
| Basket of currencies | 31,483 | 35,587 | 348 | 3,293 |
| Loans in U.S. dollars | 56,419 | 52,808 | 197,237 | 197,814 |
| Non-convertible debentures | | | 943 | 884 |
| Accrued charges | 1,131 | 1,697 | | |
| | 107,457 | 108,065 | 235,888 | 245,287 |
| | 1,001,290 | 959,781 | 3,699,186 | 3,002,365 |

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$ 1.00 = R\$ 3.1075 on 06/30/04 (R\$ 2.9086 on 03/31/04) and ¥ 1.00 = R\$ 0.028592 on 06/30/04 (R\$ 0.027893 on 03/31/04);

(b) On June 30, 2004 loans and financing were supported by the following guarantees:

Guarantees received from the federal government of R\$ 554,029, to which we gave as counter-guarantees shares and operating income;

Property, plant and equipment of R\$ 170,877;

Future operating revenues of R\$ 204,023.

- (c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows as of 06/30/04:

| | | |
|-------------|------------------|-------------|
| 2005 | 321,574 | 9% |
| 2006 | 1,259,273 | 34% |
| 2007 | 531,989 | 14% |
| 2008 | 473,925 | 13% |
| 2009 onward | 1,112,425 | 30% |
| | <u>3,699,186</u> | <u>100%</u> |

- (d) Long-term foreign and domestic loans and financing are subject to annual interest rates (plus exchange rate and monetary variation) on 06/30/04 as follows:

| | | |
|------------|------------------|-------------|
| Up to 3% | 2,989,693 | 64% |
| 3.1 to 5% | 1,264,332 | 27% |
| 5.1 to 7% | 107,446 | 2% |
| 7.1 to 9% | 269,699 | 6% |
| 9.1 to 11% | 69,306 | 1% |
| | <u>4,700,476</u> | <u>100%</u> |

- (e) The estimated market values of loans and financing approximate their book values.

Table of Contents

(f) Composition of loans and financing by currency/indices:

| | | |
|----------------------|------------------|-------------|
| U.S. dollars | 4,535,085 | 96% |
| Basket of currencies | 31,967 | 1% |
| Others | 133,424 | 3% |
| | <u>4,700,476</u> | <u>100%</u> |

6.12- 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 external legal counsel as sufficient to cover losses from any type of lawsuit, were as follows:

| | Judicial deposits | | Provisions for contingencies | |
|----------------------------------|--------------------------|-------------------------|-------------------------------------|-------------------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 |
| Tax contingencies | 741,275 | 697,394 | 785,571 | 701,331 |
| Labor and social security claims | 183,551 | 178,727 | 448,197 | 443,929 |
| Civil claims | 146,525 | 140,779 | 354,718 | 334,277 |
| Others | 9,683 | 16,164 | 15,071 | 14,014 |
| Total | <u>1,081,034</u> | <u>1,033,064</u> | <u>1,603,557</u> | <u>1,493,551</u> |

Tax contingencies relate principally to a legal action claiming the unconstitutionality of CPMF (tax on bank transactions) and others relating to value-added tax (ICMS).

Labor-related actions principally comprise employee claims in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally relate to claims made against the Company by contractors in connection with losses alleged to have been incurred as a result of various past government economic plans.

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

| Amount of guarantee - R\$ | Denominated | Counter |
|--------------------------------------|--------------------|----------------|
|--------------------------------------|--------------------|----------------|

| Affiliate or Joint Venture | 06/30/04 | 03/31/04 | currency | Purpose | Final maturity | guarantees |
|-----------------------------------|-----------------|-----------------|-----------------|--------------------------------------|-----------------------|-------------------|
| SAMARCO | 22,653 | 20,987 | US\$ | Debt guarantee IFC Debt guarantee | 2008 | None |
| VALESUL | 1,219 | 1,306 | R\$ | BNDES | 2007 | None |

The Company does not expect such guarantees to be executed and therefore no provisions for losses have been made. Except for Valesul, CVRD charges a fee for granting these guarantees.

- (c) Upon privatization of the Company in 1997, the Brazilian government stipulated the issuance of non-convertible debentures (Debentures) to the stockholders of record, including the federal government. The maturity dates of these Debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share any future benefits from mineral resources held by the Company and its subsidiary and affiliated companies that were not included at the time of setting the minimum price of CVRD shares at the privatization auction.

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one centavo), whose value is to be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the respective Issue Deed. On October 4, 2002, the Comissão de Valores Mobiliários - CVM (Brazilian Securities Commission) approved the Company's registration request, filed on June 28, 2002, for public trading of the Debentures. As of October 28, 2002, the Debentures can be traded on the secondary market.

CVRD

21

Table of Contents

6.13- Environmental and Site Reclamation and Restoration Costs

The Company manages its environmental policies according to the specifications of ISO 14,001 and maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine.

The Company adopted the concepts of the Accounting for Asset Retirement Obligations, as follows:

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

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

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

On 06/30/04, the provision for environmental liabilities amounted to R\$ 249,343 (R\$ 238,381 on 03/31/04), which was accounted for in Others in long-term liabilities.

6.14- Paid-up Capital

The Company's capital amounts to R\$ 7.3 billion, comprising 388,559,656 book shares, of which 249,983,143 are common shares, 138,575,913 class A preferred shares, including 1(one) golden share (special class share) all without par value.

On May 20, 2004, the Board of Directors approved for presentation to the extraordinary shareholders meeting to occur on 08/18/04 proposal for a capital share splitting after approved by the shareholders, each share (common and preferred) will be split into three shares, the company's capital will comprise 1,165,677,168 shares, of which 749,949,429 common shares 415,727,739 class A preferred shares, including three special class shares without par value (Golden Share). The share/ADR proportion will be maintained at 1/1; therefore, each common and preferred share, will continue to be represented by one ADR supported by one common share (NYSE: RIO) or by one ADR supported by one class A preferred share (NYSE: RIOPR) respectively.

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.

The special Golden Share created during the privatization in 1997 belongs to the Brazilian Government. This share gives it the right to a permanent veto of changes in the Company's name, headquarters location, nature as a mining enterprise, continuous operation of the integrated mining, transportation and shipping systems and other matters determined in the Bylaws.

6.15- Treasury Stock

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

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Through 06/30/04, the Company had acquired 4,715,170 common shares and 4,183 preferred shares, which are held in treasury in the amount of R\$ 131,318. The 4,715,170 common shares guarantee a loan of the subsidiary Alunorte.

| Shares | | | | | | | |
|---------------|------------------|------------------|------------------------------|------------|-------------|--|-----------------|
| Class | Quantity | | Unit acquisition cost | | | Average quoted market price | |
| | 06/30/04 | 03/31/04 | Average | Low | High | 06/30/04 | 03/31/04 |
| Preferred | 4,183 | 4,183 | 51.36 | 14.02 | 52.40 | 120.30 | 135.78 |
| Common | 4,715,170 | 4,715,170 | 27.80 | 20.07 | 52.09 | 145.04 | 158.56 |
| | 4,719,353 | 4,719,353 | | | | | |

Table of Contents**6.16- Financial Result**

| | Quarter | | | | | | | | |
|---------------------------------------|--------------------|---|------------------|--------------------|---|------------------|--------------------|---|------------------|
| | 2Q/04 | | | 1Q/04 | | | 2Q/03 | | |
| | Financial expenses | Monetary and exchange rate variation on liabilities | Total | Financial expenses | Monetary and exchange rate variation on liabilities | Total | Financial expenses | Monetary and exchange rate variation on liabilities | Total |
| Foreign debt | (53,763) | (178,042) | (231,805) | (36,095) | (34,599) | (70,694) | (50,432) | 677,401 | 626,969 |
| Local debt | (5,443) | (20,600) | (26,043) | (5,916) | (3,064) | (8,980) | (7,794) | 67,575 | 59,781 |
| Related parties debt | (47,228) | (289,182) | (336,410) | (46,726) | (16,227) | (62,953) | (42,179) | 315,643 | 273,464 |
| | (106,434) | (487,824) | (594,258) | (88,737) | (53,890) | (142,627) | (100,405) | 1,060,619 | 960,214 |
| Labor, tax and civil contingencies | (26,733) | (33,736) | (60,469) | (17,481) | (24,141) | (41,622) | (17,187) | 482 | (16,705) |
| Derivatives (interest and currencies) | 23,209 | (8,523) | 14,686 | (18,865) | (815) | (19,680) | (20,634) | 33,204 | 12,570 |
| Derivatives (gold) | 30,682 | (4,967) | 25,715 | (15,079) | (759) | (15,838) | (5,512) | 5,651 | 139 |
| CPMF | (33,394) | | (33,394) | (4,133) | | (4,133) | (16,293) | | (16,293) |
| Others | (41,067) | (145,445) | (186,512) | (20,306) | (33,606) | (53,912) | (3,469) | 161,793 | 158,324 |
| | (153,737) | (680,495) | (834,232) | (164,601) | (113,211) | (277,812) | (163,500) | 1,261,749 | 1,098,249 |
| | Financial income | Monetary and exchange rate variation on assets | Total | Financial income | Monetary and exchange rate variation on assets | Total | Financial income | Monetary and exchange rate variation on assets | Total |
| Related parties | 13,943 | 77,772 | 91,715 | 18,883 | 21,729 | 40,612 | 28,047 | (341,815) | (313,768) |
| Marketable | 1,361 | 15,276 | 16,637 | 5,347 | 15,043 | 20,390 | 26,024 | 6,991 | 33,015 |

| | | | | | | | | | |
|--------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|
| securities | | | | | | | | | |
| Others | 5,015 | 17,584 | 22,599 | 5,080 | 6,819 | 11,899 | 7,096 | (41,448) | (34,352) |
| | <u>20,319</u> | <u>110,632</u> | <u>130,951</u> | <u>29,310</u> | <u>43,591</u> | <u>72,901</u> | <u>61,167</u> | <u>(376,272)</u> | <u>(315,105)</u> |
| Financial | | | | | | | | | |
| income | | | | | | | | | |
| (expenses), | | | | | | | | | |
| net | (133,418) | (569,863) | (703,281) | (135,291) | (69,620) | (204,911) | (102,333) | 885,477 | 783,144 |

CVRD

23

Table of Contents

| | Accumulated | | | | | |
|---|---------------------------|--|--------------------|---------------------------|--|------------------|
| | 2004 | | | 2003 | | |
| | Financial expenses | Monetary and exchange rate variation on liabilities | Total | Financial expenses | Monetary and exchange rate variation on liabilities | Total |
| Foreign debt | (89,858) | (212,641) | (302,499) | (113,357) | 924,242 | 810,885 |
| Local debt | (11,359) | (23,664) | (35,023) | (18,814) | 102,733 | 83,919 |
| Related parties | (93,954) | (305,409) | (399,363) | (85,914) | 440,831 | 354,917 |
| | (195,171) | (541,714) | (736,885) | (218,085) | 1,467,806 | 1,249,721 |
| Labor, tax and civil contingencies | (44,214) | (57,877) | (102,091) | (38,639) | (44,111) | (82,750) |
| Derivatives, net of gain/losses (interest and currencies) | 4,344 | (9,338) | (4,994) | (62,805) | 45,875 | (16,930) |
| Derivatives (gold) | 15,603 | (5,726) | 9,877 | 10,692 | 7,871 | 18,563 |
| CPMF | (37,527) | | (37,527) | (29,385) | | (29,385) |
| Others | (61,373) | (179,051) | (240,424) | (9,924) | 181,447 | 171,523 |
| | (318,338) | (793,706) | (1,112,044) | (348,146) | 1,658,888 | 1,310,742 |
| | | | | | | |
| | Financial income | Monetary and exchange rate variation on assets | Total | Financial income | Monetary and exchange rate variation on assets | Total |
| Related parties | 32,826 | 99,501 | 132,327 | 68,308 | (466,167) | (397,859) |
| Marketable securities | 6,708 | 30,319 | 37,027 | 27,607 | 32,510 | 60,117 |
| Others | 10,095 | 24,403 | 34,498 | 14,869 | (59,830) | (44,961) |
| | 49,629 | 154,223 | 203,852 | 110,784 | (493,487) | (382,703) |
| Financial income (expenses), net | (268,709) | (639,483)(*) | (908,192) | (237,362) | 1,165,401(*) | 928,039 |

(*) See item 1.2.5 Net financial result.

24

CVRD

Table of Contents**Debt Indices**

| | Quarter | | | Accumulated | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Current liabilities | | | | | |
| Current portion of long-term debt unrelated parties | 1,001,290 | 959,781 | 2,394,227 | 1,001,290 | 2,394,227 |
| Short-term debt | | | 102,920 | | 102,920 |
| Related parties debt | 1,395,001 | 1,483,965 | 1,085,334 | 1,395,001 | 1,085,334 |
| | 2,396,291 | 2,443,746 | 3,582,481 | 2,396,291 | 3,582,481 |
| Long-term liabilities | | | | | |
| Long-term debt unrelated parties | 3,699,186 | 3,002,365 | 2,563,575 | 3,699,186 | 2,563,575 |
| Related parties | 5,138,937 | 4,484,432 | 2,982,995 | 5,138,937 | 2,982,995 |
| | 8,838,123 | 7,486,797 | 5,546,570 | 8,838,123 | 5,546,570 |
| Gross Debt | 11,234,414 | 9,930,543 | 9,129,051 | 11,234,414 | 9,129,051 |
| Interest paid | 95,930 | 109,384 | 74,255 | 205,314 | 182,884 |
| EBITDA | 1,729,320 | 1,341,900 | 983,095 | 3,071,220 | 2,131,209 |
| Stockholders equity | 16,678,311 | 15,422,451 | 14,187,982 | 16,678,311 | 14,187,982 |
| EBITDA / Interest paid | 18.03 | 12.27 | 13.24 | 14.96 | 11.65 |
| Gross Debt / EBITDA (annualized) | 1.62 | 1.85 | 2.32 | 1.83 | 2.14 |
| Gross Debt / Equity capitalization | 40 | 39 | 39 | 40 | 39 |

6.17- Financial Instruments Derivatives

The main market risks the Company faces are related to interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivative instruments.

The Company's risk management follows policies and guidelines reviewed and approved by the Board of Directors and Executive Board. These policies and guidelines prohibit speculative trading and short selling and require diversification of transactions and counterparties. The policy of the Company is to settle all contracts financially without physical delivery of the products. The credit limits and creditworthiness of counterparties are also reviewed periodically and are defined according to the rules approved by the Company's management. The results of hedging are recognized monthly in the results.

Interest Rate Risk

Interest rate risk derives from floating-rate debt, mainly from trade finance operations. The portion of floating-rate debt denominated in foreign currency is mainly subject to fluctuations in the LIBOR – London Interbank Offered Rate. The portion of floating-rate debt expressed in *reais* refers basically to the Brazilian long-term interest rate TJLP, established by the Brazilian Central Bank. Since May 1998, CVRD has been using derivatives to limit its exposure to fluctuations in the LIBOR.

The interest rate derivatives portfolio consists mainly of instruments contracted to limit exposure to interest rate fluctuations, establishing upper and lower limits. Some operations are subject to knock-out provisions which, if triggered, eliminate the protection contracted.

The table below provides information regarding the interest rate derivatives portfolio as of 06/30/04 and 06/30/03.

| Type | 06/30/04 | | | Final maturity | 06/30/03 | | |
|--------------|--------------------------------------|-------------|---|----------------|--------------------------------------|-------------|--|
| | Notional value (in US\$ millions) | Rate range | Unrealized (loss) (in R\$ thousands) | | Notional value (in US\$ millions) | Rate range | Unrealized gain (loss) (in R\$ thousands) |
| Cap | 500 | 5,8 - 11,0% | | May-07 | 500 | 5,8 - 11,0% | 39 |
| Floor | 500 | 5,8 - 6,0% | (38,616) | Nov-06 | 500 | 5,8 - 6,0% | (60,112) |
| Swap | 242 | 5,9 - 6,7% | (53,833) | Oct-07 | 464 | 5,9 - 6,7% | (127,143) |
| Total | | | (92,449) | | | | (187,216) |

The unrealized loss represents the present value payable as of all operations had been settled on 06/30/04.

CVRD

25

Table of Contents**Exchange Rate Risk**

Exchange rate risk arises from foreign currency debts. On the other hand, a substantial part of the Company's revenues are denominated or indexed in U.S. dollars, while the majority of costs are in *reais*. This provides a natural hedge against possible devaluation of the Brazilian currency. Events of this nature have an immediate negative impact on foreign currency debt, offset by the positive effect on future cash flows.

The Company adopts a strategy of monitoring market fluctuations and, if necessary, carrying out derivatives operations to cover risks related to these variations.

The portion of debt denominated in euros and yen (main components of basket of currencies) is protected by derivatives to cover risks of exchange rate movements of these currencies.

The table below shows the exchange rate derivatives portfolio for 06/30/04 and 06/30/03. These operations are forwards and range forwards which were structured to ensure the purchase price of the following currencies:

| Type | 06/30/04 | | | | 06/30/03 | | | |
|-----------------|------------------------------|----------------------|---|----------------|------------------------------|----------------------|---|--|
| | Notional value (in millions) | Rate range | Unrealized gain (loss) (in R\$ thousands) | Final maturity | Notional value (in millions) | Rate range | Unrealized gain (loss) (in R\$ thousands) | |
| Yen purchased | ¥134 | ¥79 - 81 per US\$ | (1,284) | Apr-05 | ¥3.462 | ¥79 - 86 por US\$ | (1,590) | |
| Euros purchased | 22 | 1,04 - 1,23 per US\$ | 4,706 | Dec-11 | 5 | 1,19 - 1,23 por US\$ | (876) | |
| Euros sold | 8 | | 63 | Aug-04 | 3 | 1,05 - 1,10 por US\$ | 230 | |
| Total | | | 3,485 | | | | (2,236) | |

The unrealized gain represents the present value receivable if all operations had been settled on 06/30/04.

Commodities Price Risk

The prices of iron ore, the Company's main product, are set in annual negotiations between producers and consumers and are notably stable over time. The Company does not enter into derivatives operations to hedge iron ore price exposure.

The Company uses hedge instruments to manage its exposure to changes in the price of gold, aluminum and alumina. These derivatives operations allow establishment of a minimum profit level for future output. The Company actively manages its open positions, with the results reported monthly to senior management to allow adjustment of targets and

strategies in response to market conditions.

The following table shows the gold derivatives portfolio of the Company on 06/30/04 and 06/30/03:

| Type | 06/30/04 | | | | 06/30/03 | | |
|--------------------|------------------|--------------------------|---|-------------------|------------------|--------------------------|---|
| | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousands) | Final maturity | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousands) |
| Puts purchased | 338,000 | 270 - 385 | 4,933 | Dec-08 | 408,000 | 270 - 385 | 13,519 |
| Calls sold | 403,000 | 317 - 440 | (80,039) | Dec-08 | 598,000 | 317 - 440 | (44,144) |
| Hybrid instruments | 20,000 | | (3,330) | Nov-06 | 20,000 | | (969) |
| Total | | | (78,436) | | | | (31,594) |

The unrealized loss represents the present value payable if all operations had been settled on 06/30/04.

Table of Contents

The following table shows the movement of gains and (losses) on derivatives:

| | 2Q/04 | | | |
|--|-----------------------------------|-------------------|-----------------|------------------|
| | Interest rates (libor) | Currencies | Gold | Total |
| Gains (losses) unrealized on 03/31/04 | (139,975) | 3,861 | (107,295) | (243,409) |
| Financial settlement | 33,144 | (680) | 3,144 | 35,608 |
| Financial expenses | 23,035 | 174 | 30,682 | 53,891 |
| | 56,179 | (506) | 33,826 | 89,499 |
| Monetary variations | (8,653) | 130 | (4,967) | (13,490) |
| Gains (losses) unrealized on 06/30/04 | (92,449) | 3,485 | (78,436) | (167,400) |

| | 1Q/04 | | | |
|--|-----------------------------------|-------------------|------------------|------------------|
| | Interest rates (libor) | Currencies | Gold | Total |
| Gains (losses) unrealized on 12/31/03 | (135,977) | 15,856 | (91,980) | (212,101) |
| Financial settlement | 11,122 | (7,435) | 523 | 4,210 |
| Financial expenses | (14,202) | (4,663) | (15,079) | (33,944) |
| | (3,080) | (12,098) | (14,556) | (29,734) |
| Monetary variations | (918) | 103 | (759) | (1,574) |
| Gains (losses) unrealized on 03/31/04 | (139,975) | 3,861 | (107,295) | (243,409) |

| | 2Q/03 | | | |
|---------------------------------|-----------------------------------|-------------------|-------------|--------------|
| | Interest rates (libor) | Currencies | Gold | Total |
| (Losses) unrealized on 03/31/03 | (230,264) | (3,138) | (33,374) | (266,776) |
| Financial settlement | 30,360 | 1,020 | 1,641 | 33,021 |
| Financial expenses | (20,078) | (556) | (5,512) | (26,146) |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 10,282 | 464 | (3,871) | 6,875 |
| Monetary variations, net | 32,766 | 438 | 5,651 | 38,855 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| (Losses) unrealized on 06/30/03 | (187,216) | (2,236) | (31,594) | (221,046) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | CVRD | | | 27 |

Table of Contents**6.18- Exchange Rate Exposure**

The exchange rate exposure is predominantly in U.S. dollars, as follows:

| | | | | In millions of reais | | | |
|--------------------------------|--------------------|-------------|-----------------------|-----------------------------|--|-----------------|--|
| | | | Parent Company | | Subsidiaries and Affiliated Companies (*) | | |
| | | | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 | |
| Assets | | | | | | | |
| Current | | | | | | | |
| Cash and cash equivalents | | | 63 | 158 | 508 | 369 | |
| Others | | | 1,724 | 1,272 | 1,304 | 1,133 | |
| | | | 1,787 | 1,430 | 1,812 | 1,502 | |
| Long-term receivables | | | 526 | 508 | 52 | 50 | |
| Investments | | | 3,783 | 3,329 | 17 | 16 | |
| Total | | | 6,096 | 5,267 | 1,881 | 1,568 | |
| Liabilities | | | | | | | |
| Current | | | | | | | |
| Short-term loans and financing | | | 982 | 941 | 1,608 | 1,668 | |
| Others | | | 1,411 | 1,539 | 392 | 325 | |
| | | | 2,393 | 2,480 | 2,000 | 1,993 | |
| Long-term liabilities | | | | | | | |
| Loans and financing | | | 3,662 | 2,959 | 1,577 | 1,585 | |
| Others | | | 4,869 | 4,208 | 435 | 416 | |
| | | | 8,531 | 7,167 | 2,012 | 2,001 | |
| Total | | | 10,924 | 9,647 | 4,012 | 3,994 | |
| Assets | Liabilities | R\$ | (4,828) | (4,380) | (2,131) | (2,426) | |
| Assets | Liabilities | US\$ | (1,554) | (1,506) | (686) | (834) | |

(*) Proportional to the percentage of participation

6.19- Administrative and Other Operating Expenses

| | Quarter | | | Accumulated | |
|---|------------------|------------------|-----------------|------------------|------------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Administrative | | | | | |
| Personnel | (49,764) | (41,430) | (34,548) | (91,194) | (66,387) |
| Technical consulting | (26,938) | (22,468) | (23,897) | (49,406) | (42,340) |
| Advertising and publicity | (13,690) | (5,698) | (7,461) | (19,388) | (16,467) |
| Depreciation | (10,744) | (10,580) | (9,865) | (21,324) | (18,993) |
| Travel expenses | (6,254) | (4,583) | (4,042) | (10,837) | (8,967) |
| Rents and taxes | (2,027) | (4,686) | (6,110) | (6,713) | (13,012) |
| Donations to Funai/Internal social activities | (7,138) | (5,085) | (2,597) | (12,223) | (5,289) |
| Others | (17,262) | (10,059) | (8,057) | (27,321) | (13,880) |
| | (133,817) | (104,589) | (96,577) | (238,406) | (185,335) |

| | Quarter | | | Accumulated | |
|---|-----------------|-----------------|------------------|------------------|------------------|
| | 2Q/04 | 1Q/04 | 2Q/03 | 06/30/04 | 06/30/03 |
| Other Operating Expenses | | | | | |
| Provisions for contingencies | (28,023) | (27,245) | (47,063) | (55,268) | (74,204) |
| Itabira's Property Tax Agreement (1995/2003) | | (16,687) | | (16,687) | |
| Provision for loss on value added taxes credits | | | | | (28,000) |
| Provision for participation in the results | (52,000) | (38,000) | (27,000) | (90,000) | (67,000) |
| UPSL operating expenses | | | (35,597) | | (35,597) |
| Others | (8,641) | (2,668) | (21,045) | (11,309) | (31,768) |
| | (88,664) | (84,600) | (130,705) | (173,264) | (236,569) |

Table of Contents

6.20- Subsequent Event

CVRD reached an agreement to sell interest in CST

CVRD entered into a purchase and sale agreement with Arcelor to divest its ownership in Companhia Siderúrgica de Tubarão (CST).

As determined in the agreement, CVRD on April 30, 2004 sold to Arcelor 869,045,672 common shares and 9,381,163,397 preferred shares of CST, which represent, respectively, 4.42% of the voting capital and 29.96% of the capital with no voting rights. CVRD received US\$ 415.1 million for the shares and rights to transfer to Arcelor as determined in the purchase and sale agreement.

Additionally, CVRD will sell to Arcelor 4,034,524,170 common shares of CST, which represent 20.51% of the voting capital and are linked to the current CST's Shareholders Agreement in force. This part of the sale transaction will be realized when the first of the three following events occur: (i) termination on May 25, 2005 of the current Shareholders Agreement in force mentioned above; (ii) waiver given by the other parties in the CST's Shareholders Agreement; (iii) acquisition, by Arcelor, of CST's shares held by the other shareholders.

The amount CVRD will receive in that part of the sale transaction will be of US\$ 163.4 million, restated by LIBOR plus 1.5% per year until the date the transaction occurs, less the dividends which had been distributed during the period between the signature of the purchase and sale agreement and that date.

The construction of the CST's third blast furnace is ongoing and is expected to be concluded in 2006. CVRD has a long-term relationship with Arcelor, which is supported by commercial contracts and partnership in investments in pellets production.

The transaction implies the total divestiture of the CVRD ownership of 28.02% in the total capital of CST, which is in line with the CVRD strategy to concentrate on opportunities of profitable growth in the global mining and metal markets.

CVRD

29

Table of Contents**PART III****7- OTHER INFORMATION THE COMPANY DEEMS RELEVANT****7.1- Iron Ore and Pellet Sales (Main Markets) (Unaudited)**

(Millions of tons)

| | Quarter | | | | | | Accumulated | | | |
|-----------------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| | 2Q/04 | % | 1Q/04 | % | 2Q/03 | % | 06/30/04 | % | 06/30/03 | % |
| FOREIGN MARKET | | | | | | | | | | |
| ÁSIA | | | | | | | | | | |
| CHINA | 7.1 | 16 | 5.8 | 13 | 4.8 | 13 | 12.9 | 15 | 10.2 | 14 |
| KOREA | 1.4 | 3 | 1.7 | 4 | 1.7 | 5 | 3.1 | 3 | 3.3 | 5 |
| PHILIPPINES | 1.0 | 2 | 0.8 | 2 | 0.6 | 2 | 1.8 | 2 | 1.0 | 1 |
| JAPAN | 4.1 | 9 | 4.0 | 9 | 4.1 | 11 | 8.1 | 9 | 8.0 | 11 |
| TAIWAN | 0.5 | 1 | 0.7 | 2 | 0.5 | 1 | 1.2 | 1 | 0.9 | 1 |
| OTHERS | 0.5 | 1 | 0.4 | 1 | | | 0.9 | 1 | | |
| | 14.6 | 32 | 13.4 | 31 | 11.7 | 32 | 28.0 | 31 | 23.4 | 32 |
| EUROPE | | | | | | | | | | |
| GERMANY | 5.7 | 12 | 4.6 | 11 | 2.8 | 8 | 10.3 | 12 | 6.3 | 9 |
| SPAIN | 1.1 | 2 | 0.9 | 2 | 0.9 | 2 | 2.0 | 2 | 1.7 | 2 |
| FRANCE | 2.9 | 6 | 2.3 | 5 | 2.3 | 6 | 5.2 | 6 | 3.7 | 5 |
| ITALY | 1.1 | 2 | 1.5 | 4 | 1.2 | 3 | 2.6 | 3 | 2.4 | 3 |
| UNITED KINGDOM | 0.4 | 1 | 0.5 | 1 | 0.6 | 2 | 0.9 | 1 | 1.1 | 2 |
| OTHERS | 3.9 | 9 | 3.5 | 8 | 2.8 | 8 | 7.4 | 8 | 6.0 | 9 |
| | 15.1 | 32 | 13.3 | 31 | 10.6 | 29 | 28.4 | 32 | 21.2 | 30 |
| AMERICAS | | | | | | | | | | |
| ARGENTINA | 0.8 | 2 | 0.9 | 2 | 0.8 | 2 | 1.7 | 2 | 1.6 | 2 |
| UNITED STATES | 0.9 | 2 | 1.0 | 2 | 0.8 | 2 | 1.9 | 2 | 1.8 | 3 |
| OTHERS | 0.8 | 2 | 1.3 | 3 | 0.6 | 2 | 2.1 | 2 | 1.4 | 2 |
| | 2.5 | 6 | 3.2 | 7 | 2.2 | 6 | 5.7 | 6 | 4.8 | 7 |

AFRICA/MID.

| | | | | | | | | | | |
|------------------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| EAST/AUSTRALIA | | | | | | | | | | |
| BAHRAIN | 0.6 | 1 | 1.0 | 2 | 0.4 | 1 | 1.6 | 2 | 0.9 | 1 |
| OTHERS | 1.3 | 3 | 1.1 | 3 | 2.0 | 6 | 2.4 | 3 | 3.0 | 4 |
| | <u>1.9</u> | <u>4</u> | <u>2.1</u> | <u>5</u> | <u>2.4</u> | <u>7</u> | <u>4.0</u> | <u>5</u> | <u>3.9</u> | <u>5</u> |
| | <u>34.1</u> | <u>74</u> | <u>32.0</u> | <u>74</u> | <u>26.9</u> | <u>74</u> | <u>66.1</u> | <u>74</u> | <u>53.3</u> | <u>74</u> |
| DOMESTIC MARKET | | | | | | | | | | |
| STEEL MILLS | 7.0 | 15 | 6.3 | 15 | 4.6 | 13 | 13.3 | 15 | 9.7 | 13 |
| PELLETIZING | | | | | | | | | | |
| AFFILIATES | 4.8 | 11 | 4.9 | 11 | 4.8 | 13 | 9.7 | 11 | 9.8 | 13 |
| | <u>11.8</u> | <u>26</u> | <u>11.2</u> | <u>26</u> | <u>9.4</u> | <u>26</u> | <u>23.0</u> | <u>26</u> | <u>19.5</u> | <u>26</u> |
| TOTAL | <u>45.9</u> | <u>100</u> | <u>43.2</u> | <u>100</u> | <u>36.3</u> | <u>100</u> | <u>89.1</u> | <u>100</u> | <u>72.8</u> | <u>100</u> |

(Millions of tons)

| | Quarter | | | | | | Accumulated | | | |
|-----------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| | 2Q/04 | % | 1Q/04 | % | 2Q/03 | % | 06/30/04 | % | 06/30/03 | % |
| NORTHERN SYSTEM | 15.1 | 33 | 14.2 | 33 | 13.9 | 38 | 29.3 | 33 | 27.3 | 38 |
| SOUTHERN SYSTEM | 30.8 | 67 | 29.0 | 67 | 22.4 | 62 | 59.8 | 67 | 45.5 | 62 |
| | <u>45.9</u> | <u>100</u> | <u>43.2</u> | <u>100</u> | <u>36.3</u> | <u>100</u> | <u>89.1</u> | <u>100</u> | <u>72.8</u> | <u>100</u> |

Table of Contents**7.2 Business Performance Ratios (Unaudited)**

| | In million of reais | |
|--|----------------------------|-----------------|
| | 06/30/04 | 03/31/04 |
| Capital Ratios | | |
| 1 - Capital assets to stockholders equity (Permanent assets/Equity * 100) (%) | 158.39 | 158.83 |
| 2 - Capital assets to total liabilities (Permanent assets/Total liabilities * 100) (%) | 160.63 | 157.23 |
| 3 - Total liabilities to stockholders equity (Total liabilities/Equity * 100) (%) | 98.61 | 101.01 |
| 4 - Short to total liabilities (Short-term liabilities/Total liabilities * 100) (%) | 27.08 | 32.32 |
| 5 - Stockholders equity to total liabilities (Equity/Total liabilities * 100) (%) | 101.41 | 99.00 |
| 6 - Capital assets to non-current funds (Permanent assets/(Equity + Long-term liabilities)) * 100) (%) | 92.14 | 94.34 |
| 7 - Net Debt (a) / Stockholders equity (Net debt (a) / Equity) | 0.60 | 0.55 |
| 8 - Net Debt (a) / Total Assets | 0.30 | 0.28 |
| 9 - Leverage (Total Assets / Equity) | 1.99 | 2.01 |
| Profitability and Other Ratios | | |
| | 06/30/04 | 06/30/03 |
| 1 - Gross Margin (Gross profit / Net operating revenues * 100) (%) | 45.74 | 45.79 |
| 2 - Operating Margin (Operating income / Net operating revenues * 100) (%) | 33.31 | 32.72 |
| 3 - Net Margin (Net income / Net operating revenues * 100) (%) | 44.00 | 53.76 |
| 4 - Return on Assets (Net income (annualized) / Total assets * 100) ROA (%) | 15.92 | 15.73 |
| 5 - Return on Equity (Net income (annualized) / Equity * 100) ROE (%) | 31.62 | 31.62 |
| 6 - Total asset turnover (Net operating revenues (annualized) / Total assets) | 0.36 | 0.29 |
| 7 - P/E (Price of preferred class A share / Earnings per share (annualized)) | 8.77 | 10.74 |
| 8 - Price /Book Value (Price of preferred class A share / Book value per share) | 2.77 | 3.40 |
| 9 - Net income per outstanding share (Net income (annualized) / Number of shares outstanding) | 13.74 | 12.71 |
| 10 - NOPLAT / Operating Income (%) | 34.74 | 22.59 |
| 11 - EBITDA / Financial expenses on financing | 14.96 | 11.65 |
| 12- EBITDA / Operating Income (%) | 51.25 | 46.99 |
| 13- Net Debt (a) / EBITDA | 1.63 | 2.00 |
| 14- Net operating cash flow / Interest paid | 12.19 | 11.63 |

The values related to income are presented on annualized basis.

(a) Net debt = short and long-term loans obtained, included loans with related parties liabilities less cash and cash equivalents

(b) NOPLT = Net operating profit less income tax and social contribution

Table of Contents**PART IV****8- ATTACHMENT I EQUITY INVESTEE INFORMATION****8.1- CAEMI (Adjusted and Unaudited)**

| Information | | | 2004 | | | | 2003 | | | | | |
|----------------------------|--------------|------------|---------------|---------------|----|---------------|-------|---------------|---------------|----|---------------|-------|
| | | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| IRON ORE | | | | | | | | | | | | |
| Quantity sold | external | ton | 7,855 | 7,407 | | 15,262 | | 8,099 | 8,597 | | 16,696 | |
| market | | (mil) | | | | | | | | | | |
| Quantity sold | internal | ton | 1,941 | 2,851 | | 4,792 | | 1,743 | 1,868 | | 3,611 | |
| market | | (mil) | | | | | | | | | | |
| Quantity sold | total | ton | 9,796 | 10,258 | | 20,054 | | 9,842 | 10,465 | | 20,307 | |
| | | (mil) | | | | | | | | | | |
| Average sales price | | | | | | | | | | | | |
| external market | US\$ | | 18.95 | 22.68 | | 20.76 | | 18.87 | 18.83 | | 18.85 | |
| Average sales price | | | | | | | | | | | | |
| internal market | US\$ | | 14.14 | 14.62 | | 14.43 | | 9.52 | 10.87 | | 10.22 | |
| Average sales price | | | | | | | | | | | | |
| total | US\$ | | 18.00 | 20.44 | | 19.25 | | 17.22 | 17.41 | | 17.32 | |
| Refractory Bauxite | | | | | | | | | | | | |
| Quantity sold | external | ton | 19 | | | 19 | | 9 | 12 | | 21 | |
| market | | (mil) | | | | | | | | | | |
| Quantity sold | internal | ton | 1 | | | 1 | | 5 | 13 | | 18 | |
| market | | (mil) | | | | | | | | | | |
| Quantity sold | total | ton | 20 | | | 20 | | 14 | 25 | | 39 | |
| | | (mil) | | | | | | | | | | |
| Average sales price | | | | | | | | | | | | |
| external market | US\$ | | 156.00 | | | 156.00 | | 185.19 | 160.65 | | 171.17 | |
| Average sales price | | | | | | | | | | | | |
| internal market | US\$ | | 158.00 | | | 158.00 | | 139.84 | 163.38 | | 156.84 | |
| Average sales price | | | | | | | | | | | | |
| total | US\$ | | 156.10 | | | 156.10 | | 165.07 | 160.88 | | 162.38 | |
| KAOLIN | | | | | | | | | | | | |
| Quantity sold | external | ton | 169 | 175 | | 344 | | 157 | 145 | | 302 | |
| market | | (mil) | | | | | | | | | | |

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| | | | | | | | | | |
|--|-----------|------------------|------------------|----------|------------------|----------|----------------|----------------|----------------|
| Quantity sold internal market | ton (mil) | 18 | 18 | - | 36 | - | 18 | 18 | 36 |
| Quantity sold total | ton (mil) | 187 | 193 | - | 380 | - | 175 | 163 | 338 |
| Average sales price external market | US\$ | 153.64 | 161.84 | | 157.81 | | 153.11 | 165.71 | 159.16 |
| Average sales price internal market | US\$ | 210.17 | 184.56 | | 197.37 | | 189.66 | 219.80 | 204.73 |
| Average sales price total | US\$ | 159.08 | 163.94 | | 161.55 | | 156.62 | 172.21 | 164.14 |
| TRANSPORTATION SERVICES (*) | | | | | | | | | |
| Quantity sold internal market | ton (mil) | 21,819 | 24,314 | - | 46,133 | - | 23,000 | 22,800 | 45,800 |
| Quantity sold total | ton (mil) | 21,819 | 24,314 | - | 46,133 | - | 23,000 | 22,800 | 45,800 |
| Average sales price internal market | US\$ | 5.29 | 5.05 | | 5.16 | | 5.40 | 5.30 | 5.35 |
| Average sales price total | US\$ | 5.29 | 5.05 | | 5.16 | | 5.40 | 5.30 | 5.35 |
| Long-term indebtedness, gross | US\$ | 264,849 | 240,950 | | 240,950 | | 286,613 | 268,817 | 268,817 |
| Short-term indebtedness, gross | US\$ | 17,506 | 12,747 | | 12,747 | | 5,162 | 11,380 | 11,380 |
| Total indebtedness, gross | US\$ | 282,355 | 253,697 | - | 253,697 | - | 291,775 | 280,197 | 280,197 |
| Stockholders equity | R\$ | 1,093,177 | 1,264,784 | - | 1,264,784 | - | 868,500 | 984,591 | 984,591 |
| Net operating revenues | R\$ | 600,043 | 708,137 | | 1,308,180 | | 201,308 | 635,132 | 836,440 |
| Cost of products | R\$ | (329,928) | (303,719) | | (633,647) | | (106,587) | (362,871) | (469,458) |
| Other expenses/revenues | R\$ | (59,297) | (73,533) | | (132,830) | | (17,950) | (60,480) | (78,430) |
| Depreciation, amortization and depletion | R\$ | 45,016 | 46,239 | | 91,255 | | 12,919 | 43,878 | 56,797 |

| | | | | | | | |
|---|-----|----------------|----------------|----------------|---------------|----------------|----------------|
| EBITDA | R\$ | 255,834 | 377,124 | 632,958 | 89,690 | 255,659 | 345,349 |
| Depreciation, amortization and depletion | R\$ | (45,016) | (46,239) | (91,255) | (12,919) | (43,878) | (56,797) |
| EBIT | R\$ | 210,818 | 330,885 | 541,703 | 76,771 | 211,781 | 288,552 |
| Write-down of assets | R\$ | 847 | 656 | 1,503 | 100 | (34,625) | (34,525) |
| Result of equity investments | R\$ | 4,709 | 1,416 | 6,125 | (4,570) | 1,068 | (3,502) |
| Net financial results | R\$ | (19,576) | (18,750) | (38,326) | (13,839) | (33,309) | (47,148) |
| Income before income tax and social contribution | R\$ | 196,798 | 314,207 | 511,005 | 58,462 | 144,915 | 203,377 |
| Income tax and social contribution | R\$ | (67,048) | (108,211) | (175,259) | (17,126) | (5,042) | (22,168) |
| Minority interest | R\$ | (21,163) | (34,389) | (55,552) | (7,221) | (22,910) | (30,131) |
| Net income | R\$ | 108,587 | 171,607 | 280,194 | 34,115 | 116,963 | 151,078 |

(*) Railroad service 100% MRS

Table of Contents**8.2- Aluminum Area Albras (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | |
|--|---------------|-----------------|------------------|------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 1Q | 2Q | 3Q4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market | MT (thousand) | 94 | 115 | | 209 | 99 | 102 | 107 | 110 | 418 |
| Quantity sold external market | MT (thousand) | 3 | 4 | | 7 | 4 | 4 | 4 | 4 | 16 |
| Quantity sold total | MT (thousand) | 97 | 119 | | 216 | 103 | 106 | 111 | 114 | 434 |
| Average sales price external market | US\$ | 1,565.46 | 1,626.62 | | 1,599.11 | 1,336.40 | 1,324.49 | 1,365.02 | 1,417.96 | 1,362.91 |
| Average sales price internal market | US\$ | 1,618.11 | 1,660.01 | | 1,642.05 | 1,376.14 | 1,365.10 | 1,398.92 | 1,455.46 | 1,398.91 |
| Average sales price total | US\$ | 1,567.28 | 1,627.72 | | 1,600.58 | 1,337.98 | 1,326.07 | 1,366.25 | 1,419.37 | 1,363.91 |
| Long-term debt, gross | US\$ | 319,259 | 263,992 | | 263,992 | 451,354 | 400,002 | 386,528 | 337,446 | 337,446 |
| Total debt, gross | US\$ | 319,259 | 263,992 | | 263,992 | 451,354 | 400,002 | 386,528 | 337,446 | 337,446 |
| Shareholders' equity | R\$ | 834,690 | 1,028,215 | | 1,028,215 | 479,916 | 726,619 | 797,715 | 839,859 | 839,859 |
| Operating revenues | R\$ | 442,246 | 587,060 | | 1,029,306 | 479,659 | 423,513 | 446,000 | 467,770 | 1,816,992 |
| Cost of products | R\$ | (257,968) | (345,548) | | (603,516) | (284,827) | (271,302) | (274,413) | (292,279) | (1,122,867) |
| Depreciation, amortization and depletion | R\$ | (30,335) | (26,362) | | (56,697) | (16,325) | (11,421) | (16,692) | (28,671) | (73,114) |
| | R\$ | 16,327 | 16,468 | | 32,795 | 17,675 | 16,188 | 15,241 | 15,598 | 64,777 |

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| | | | | | | | | | |
|--|-----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| ITDA | R\$ | 170,270 | 231,618 | 401,888 | 196,182 | 156,978 | 170,136 | 162,418 | 685,7 |
| preciation, ortization and pletion | R\$ | (16,327) | (16,468) | (32,795) | (17,675) | (16,188) | (15,241) | (15,598) | (64,7 |
| IT | R\$ | 153,943 | 215,150 | 369,093 | 178,507 | 140,790 | 154,895 | 146,820 | 621,0 |
| airment financial ults | R\$ | (4,949) | 646 | (4,303) | | (11,837) | 692 | 183 | (10,9 |
| | R\$ | (100,561) | (49,206) | (149,767) | 63,862 | 176,318 | (76,113) | (58,680) | 105,3 |
| ome before ome tax and ial | R\$ | 48,433 | 166,590 | 215,023 | 242,369 | 305,271 | 79,474 | 88,323 | 715,4 |
| tribution ome tax and ial contribution | R\$ | (53,603) | 26,935 | (26,668) | (19,192) | (58,568) | (8,378) | (46,184) | (132,3 |
| t income (loss) | R\$ | (5,170) | 193,525 | 188,355 | 223,177 | 246,703 | 71,096 | 42,139 | 583,1 |

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33

Table of Contents**8.3- Aluminum Area Alunorte (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | | |
|----------------------|---------------|----------------|------------------|----|------------------|----------------|----------------|----------------|----------------|----------------|-------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold | | | | | | | | | | | |
| External market | MT (thousand) | 439 | 343 | | 782 | 289 | 303 | 395 | 410 | 1,397 | |
| Quantity sold | | | | | | | | | | | |
| External market | MT (thousand) | 231 | 212 | | 443 | 201 | 234 | 236 | 207 | 878 | |
| Quantity sold | | | | | | | | | | | |
| Total | MT (thousand) | 670 | 555 | | 1,225 | 490 | 537 | 631 | 617 | 2,275 | |
| Average sales | | | | | | | | | | | |
| Price - external | US\$ | 204.29 | 234.99 | | 217.76 | 170.93 | 172.57 | 190.01 | 182.59 | 180.10 | |
| Average sales | | | | | | | | | | | |
| Price - internal | US\$ | 207.14 | 210.68 | | 208.83 | 173.60 | 175.13 | 178.71 | 184.00 | 177.80 | |
| Average sales | | | | | | | | | | | |
| Price - total | US\$ | 205.30 | 225.71 | | 214.55 | 172.03 | 173.68 | 185.78 | 183.07 | 179.20 | |
| Long-term | | | | | | | | | | | |
| Debt, gross | US\$ | 360,762 | 350,874 | | 350,874 | 482,418 | 494,325 | 478,755 | 490,104 | 490,104 | |
| Short-term | | | | | | | | | | | |
| Debt, gross | US\$ | 90,004 | 64,135 | | 64,135 | | 3,900 | 8,355 | | | |
| Total | | | | | | | | | | | |
| Debt, gross | US\$ | 450,766 | 415,009 | | 415,009 | 482,418 | 498,225 | 487,110 | 490,104 | 490,104 | |
| Stockholders | | | | | | | | | | | |
| Equity | R\$ | 970,319 | 1,243,699 | | 1,243,699 | 546,444 | 697,885 | 788,738 | 832,843 | 832,843 | |
| Net operating | | | | | | | | | | | |
| Revenues | R\$ | 384,835 | 375,161 | | 759,996 | 291,962 | 273,014 | 339,513 | 330,640 | 1,235,129 | |
| Cost of products | R\$ | (238,121) | (207,398) | | (445,519) | (217,680) | (217,735) | (234,580) | (232,733) | (902,726) | |
| Depreciation | | | | | | | | | | | |
| Expenses/revenues | R\$ | (12,070) | (10,699) | | (22,769) | (6,021) | (5,860) | (12,986) | (3,581) | (28,437) | |
| Amortization and | | | | | | | | | | | |
| Provision | R\$ | 19,004 | 19,878 | | 38,882 | 15,240 | 18,993 | 17,340 | 18,602 | 70,157 | |

| | | | | | | | | | |
|---|-----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EBITDA | R\$ | 153,648 | 176,942 | 330,590 | 83,501 | 68,412 | 109,287 | 112,928 | 374,128 |
| Depreciation, amortization and depletion | R\$ | (19,004) | (19,878) | (38,882) | (15,240) | (18,993) | (17,340) | (18,602) | (70,119) |
| EBIT | R\$ | 134,644 | 157,064 | 291,708 | 68,261 | 49,419 | 91,947 | 94,326 | 303,959 |
| Net financial results | R\$ | (86,599) | (80,399) | (166,998) | 43,764 | 136,576 | (62,039) | (41,198) | 77,100 |
| Income before income tax and social contribution | R\$ | 48,045 | 76,665 | 124,710 | 112,025 | 185,995 | 29,908 | 53,128 | 381,059 |
| Income tax and social contribution | R\$ | (11,001) | 51,642 | 40,641 | (10,084) | (34,554) | (6,561) | (9,022) | (60,220) |
| Net income | R\$ | 37,044 | 128,307 | 165,351 | 101,941 | 151,441 | 23,347 | 44,106 | 320,839 |

Table of Contents**8.4- Aluminum Area MRN (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | | |
|--|---------------|----------------|----------------|-----------|-----------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market | MT (thousand) | 1,106 | 1,157 | | | 2,263 | 711 | 958 | 1,324 | 1,347 | 4,340 |
| Quantity sold internal market | MT (thousand) | 2,198 | 2,834 | | | 5,032 | 1,485 | 2,554 | 2,725 | 3,016 | 9,780 |
| Quantity sold total | MT (thousand) | 3,304 | 3,991 | | | 7,295 | 2,196 | 3,512 | 4,049 | 4,363 | 14,120 |
| Average sales price external market | US\$ | 22.00 | 22.70 | | | 22.36 | 21.31 | 21.20 | 21.27 | 21.61 | 21.37 |
| Average sales price internal market | US\$ | 18.84 | 19.43 | | | 19.17 | 18.24 | 18.15 | 18.21 | 18.50 | 18.29 |
| Average sales price total | US\$ | 19.90 | 20.38 | | | 20.16 | 19.23 | 18.98 | 19.21 | 19.46 | 19.23 |
| Long-term indebtedness, gross | US\$ | 39,956 | 59,606 | | | 59,606 | 69,222 | 65,380 | 58,041 | 49,317 | 49,317 |
| Short-term indebtedness, gross | US\$ | 191,833 | 171,208 | | | 171,208 | 44,004 | 134,221 | 144,883 | 161,693 | 161,693 |
| Total indebtedness, gross | US\$ | 231,789 | 230,814 | | | 230,814 | 113,226 | 199,601 | 202,924 | 211,010 | 211,010 |
| Stockholders equity | R\$ | 776,584 | 728,781 | | | 728,781 | 731,822 | 807,051 | 825,693 | 796,407 | 796,407 |
| Net operating revenues | R\$ | 178,101 | 241,884 | | | 419,985 | 139,951 | 183,786 | 211,492 | 224,202 | 759,431 |
| Cost of products | R\$ | (74,584) | (97,803) | | | (172,387) | (69,487) | (89,073) | (99,781) | (104,746) | (363,087) |
| Other expenses/revenues | R\$ | (3,207) | (2,356) | | | (5,563) | (5,305) | (2,838) | (5,251) | 2,546 | (10,848) |
| Depreciation, amortization and depletion | R\$ | 25,452 | 25,521 | | | 50,973 | 14,854 | 17,733 | 21,391 | 24,234 | 78,212 |

| | | | | | | | | | |
|---|-----|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|
| EBITDA | R\$ | 125,762 | 167,246 | 293,008 | 80,013 | 109,608 | 127,851 | 146,236 | 463,708 |
| Depreciation, amortization and depletion | R\$ | (25,452) | (25,521) | (50,973) | (14,854) | (17,733) | (21,391) | (24,234) | (78,212) |
| EBIT | R\$ | 100,310 | 141,725 | 242,035 | 65,159 | 91,875 | 106,460 | 122,002 | 385,496 |
| Net financial results | R\$ | (5,823) | (23,067) | (28,890) | (239) | (10,994) | (2,484) | (3,049) | (16,766) |
| Income before income tax and social contribution | R\$ | 94,487 | 118,658 | 213,145 | 64,920 | 80,881 | 103,976 | 118,953 | 368,730 |
| Income tax and social contribution | R\$ | (10,712) | (12,030) | (22,742) | (5,421) | (5,652) | (7,146) | (25,389) | (43,608) |
| Net income | R\$ | 83,775 | 106,628 | 190,403 | 59,499 | 75,229 | 96,830 | 93,564 | 325,122 |

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35

Table of Contents**8.5- Aluminum Area Valesul (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | |
|--|---------------|-----------------|-----------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q |
| Quantity sold external market | MT (thousand) | 15 | 15 | | 30 | 9 | 15 | 17 | 17 | 58 |
| Quantity sold internal market | MT (thousand) | 10 | 10 | | 20 | 10 | 9 | 9 | 12 | 40 |
| Quantity sold total | MT (thousand) | 25 | 25 | - | 50 | 19 | 24 | 26 | 29 | 98 |
| Average sales price external market | US\$ | 1,676.30 | 1,802.97 | | 1,739.64 | 1,505.49 | 1,516.01 | 1,518.30 | 1,570.41 | 1,530.99 |
| Average sales price internal market | US\$ | 2,240.26 | 2,214.30 | | 2,227.28 | 1,933.02 | 1,970.53 | 1,974.21 | 1,957.43 | 1,958.05 |
| Average sales price total | US\$ | 1,903.80 | 1,969.71 | | 1,936.76 | 1,730.60 | 1,685.83 | 1,668.32 | 1,731.60 | 1,703.41 |
| Long-term indebtedness, gross | US\$ | 603 | 475 | | 475 | 1,048 | 1,075 | 906 | 757 | 757 |
| Short-term indebtedness, gross | US\$ | 748 | 503 | | 503 | 617 | 732 | 729 | 746 | 746 |
| Total indebtedness, gross | US\$ | 1,351 | 978 | - | 978 | 1,665 | 1,807 | 1,635 | 1,503 | 1,503 |
| Stockholders equity | R\$ | 272,773 | 253,713 | - | 253,713 | 288,362 | 272,644 | 286,057 | 265,518 | 265,518 |
| Net operating revenues | R\$ | 127,513 | 146,194 | | 273,707 | 108,088 | 112,328 | 121,231 | 137,394 | 479,041 |
| Cost of products | R\$ | (101,823) | (112,509) | | (214,332) | (68,912) | (88,666) | (99,075) | (113,706) | (370,359) |
| Other expenses/revenues | R\$ | (3,473) | (7,424) | | (10,897) | (6,613) | (15,368) | (4,259) | (4,545) | (30,785) |
| Depreciation, amortization and depletion | R\$ | 3,923 | 4,158 | | 8,081 | 2,816 | 6,043 | 3,900 | 4,186 | 16,945 |

| | | | | | | | | | |
|---|-----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EBITDA | R\$ | 26,140 | 30,419 | 56,559 | 35,379 | 14,337 | 21,797 | 23,329 | 94,842 |
| Depreciation, amortization and depletion | R\$ | (3,923) | (4,158) | (8,081) | (2,816) | (6,043) | (3,900) | (4,186) | (16,945) |
| EBIT | R\$ | 22,217 | 26,261 | 48,478 | 32,563 | 8,294 | 17,897 | 19,143 | 77,897 |
| Net financial results | R\$ | 866 | 1,149 | 2,015 | (186) | (413) | 1,224 | (853) | (228) |
| Income before income tax and social contribution | R\$ | 23,083 | 27,410 | 50,493 | 32,377 | 7,881 | 19,121 | 18,290 | 77,669 |
| Income tax and social contribution | R\$ | (5,659) | (6,472) | (12,131) | (5,214) | (4,891) | (5,708) | (6,364) | (22,177) |
| Net income | R\$ | 17,424 | 20,938 | 38,362 | 27,163 | 2,990 | 13,413 | 11,926 | 55,492 |

Table of Contents**8.6- Pellets Area Hispanobras (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | |
|--|---------------|---------------|----------------|----|----------------|---------------|---------------|---------------|---------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q |
| Quantity sold external market | MT (thousand) | 425 | 99 | | 524 | 268 | 625 | 94 | 386 | 1,373 |
| Quantity sold internal market | MT (thousand) | 460 | 790 | | 1,250 | 637 | 265 | 730 | 580 | 2,212 |
| Quantity sold total | MT (thousand) | 885 | 889 | | 1,774 | 905 | 890 | 824 | 966 | 3,585 |
| Average sales price external market | US\$ | 32.48 | 57.40 | | 37.19 | 29.54 | 33.75 | 32.62 | 33.06 | 32.66 |
| Average sales price internal market | US\$ | 31.18 | 42.37 | | 38.25 | 29.95 | 38.90 | 32.56 | 33.13 | 32.72 |
| Average sales price total | US\$ | 31.83 | 44.04 | | 37.95 | 29.75 | 36.33 | 32.59 | 33.10 | 32.94 |
| Stockholders equity | R\$ | 94,698 | 113,301 | | 113,301 | 90,872 | 96,630 | 97,800 | 92,685 | 92,685 |
| Net operating revenues | R\$ | 81,893 | 121,437 | | 203,330 | 94,344 | 93,258 | 78,906 | 91,036 | 357,544 |
| Cost of products | R\$ | (81,144) | (96,794) | | (177,938) | (81,263) | (85,278) | (63,550) | (97,475) | (327,566) |
| Other expenses/income | R\$ | 3,291 | 5,921 | | 9,212 | (1,783) | 6,561 | (10,505) | 6,396 | 669 |
| Depreciation, amortization and depletion | R\$ | 2,525 | 1,102 | | 3,627 | 2,386 | 2,400 | 2,442 | 2,528 | 9,756 |
| EBITDA | R\$ | 6,565 | 31,666 | | 38,231 | 13,684 | 16,941 | 7,293 | 2,485 | 40,403 |
| Depreciation, amortization and depletion | R\$ | (2,525) | (1,102) | | (3,627) | (2,386) | (2,400) | (2,442) | (2,528) | (9,756) |
| EBIT | R\$ | 4,040 | 30,564 | | 34,604 | 11,298 | 14,541 | 4,851 | (43) | 30,647 |

| | | | | | | | | | |
|---|-----|--------------|---------------|---------------|--------------|--------------|--------------|------------|---------------|
| Impairment | R\$ | | | | | | 159 | | 159 |
| Net financial results | R\$ | (593) | 1,253 | 660 | (3,544) | (6,871) | 344 | 413 | (9,658) |
| Income before income tax and social contribution | R\$ | 3,447 | 31,817 | 35,264 | 7,754 | 7,670 | 5,354 | 370 | 21,148 |
| Income tax and social contribution | R\$ | (1,434) | (10,988) | (12,422) | (3,264) | 330 | (1,748) | 468 | (4,214) |
| Net income | R\$ | 2,013 | 20,829 | 22,842 | 4,490 | 8,000 | 3,606 | 838 | 16,934 |

CVRD

37

Table of Contents**8.7- Pellets Area Itabrasco (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | |
|--|---------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 1Q | 2Q | 3Q4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market | MT (thousand) | 762 | 903 | - | 1,665 | 306 | 778 | 838 | 700 | 2,622 |
| Quantity sold internal market | MT (thousand) | | 105 | - | 105 | 507 | 65 | | 81 | 653 |
| Quantity sold total | MT (thousand) | 762 | 1,008 | - | 1,770 | 813 | 843 | 838 | 781 | 3,275 |
| Average sales price external market | US\$ | 32.84 | 43.39 | | 38.56 | 29.97 | 33.53 | 32.96 | 32.97 | 32.78 |
| Average sales price internal market | US\$ | | 38.29 | | 38.29 | 29.20 | 55.87 | | 33.20 | 32.35 |
| Average sales price total | US\$ | 32.84 | 42.86 | | 38.55 | 29.54 | 35.25 | 32.96 | 33.00 | 32.71 |
| Short-term indebtedness, gross | US\$ | 557 | 7,931 | - | 7,931 | 4,854 | 480 | 471 | 1,061 | 1,061 |
| Total indebtedness, gross | US\$ | 557 | 7,931 | - | 7,931 | 4,854 | 480 | 471 | 1,061 | 1,061 |
| Stockholders equity | R\$ | 65,673 | 79,100 | - | 79,100 | 59,216 | 65,064 | 68,819 | 64,559 | 64,559 |
| Net operating revenues | R\$ | 72,293 | 132,327 | | 204,620 | 85,607 | 91,423 | 80,037 | 74,126 | 331,193 |
| Cost of products | R\$ | (70,203) | (110,634) | | (180,837) | (73,246) | (76,224) | (73,297) | (69,342) | (292,109) |
| Other expenses/revenues | R\$ | (283) | 3,538 | | 3,255 | (2,200) | (1,123) | (2,355) | (4,444) | (10,122) |
| Depreciation, amortization and depletion | R\$ | 498 | 622 | | 1,120 | 379 | 381 | 416 | 482 | 1,658 |

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| | | | | | | | | | |
|---|-----|--------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|
| EBITDA | R\$ | 2,305 | 25,853 | 28,158 | 10,540 | 14,457 | 4,801 | 822 | 30,620 |
| Depreciation, amortization and depletion | R\$ | (498) | (622) | (1,120) | (379) | (381) | (416) | (482) | (1,658) |
| EBIT | R\$ | 1,807 | 25,231 | 27,038 | 10,161 | 14,076 | 4,385 | 340 | 28,962 |
| Net financial results | R\$ | (14) | (1,015) | (1,029) | (3,441) | (4,782) | 1,798 | 1,233 | (5,192) |
| Income before income tax and social contribution | R\$ | 1,793 | 24,216 | 26,009 | 6,720 | 9,294 | 6,183 | 1,573 | 23,770 |
| Income tax and social contribution | R\$ | (679) | (8,767) | (9,446) | (3,308) | (3,446) | (2,428) | 583 | (8,599) |
| Net income | R\$ | 1,114 | 15,449 | 16,563 | 3,412 | 5,848 | 3,755 | 2,156 | 15,171 |

Table of Contents**8.8- Pellets Area Kobrasco (Adjusted and Unaudited)**

| Information | | 2004 | | | | 2003 | | | | |
|--|---------------|---------------|---------------|-----------|---------------|-----------------|-----------------|-----------------|---------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q |
| Quantity sold external market | MT (thousand) | 617 | 437 | | 1,054 | 453 | 667 | 800 | 722 | 2,642 |
| Quantity sold internal market | MT (thousand) | 623 | 460 | | 1,083 | 681 | 461 | 200 | 360 | 1,702 |
| Quantity sold total | MT (thousand) | 1,240 | 897 | | 2,137 | 1,134 | 1,128 | 1,000 | 1,082 | 4,344 |
| Average sales price external market | US\$ | 34.27 | 38.04 | | 35.83 | 29.89 | 29.98 | 33.57 | 32.04 | 31.61 |
| Average sales price internal market | US\$ | 33.26 | 39.59 | | 35.95 | 30.72 | 30.90 | 38.68 | 33.33 | 32.26 |
| Average sales price total | US\$ | 33.76 | 38.84 | | 35.89 | 30.39 | 30.35 | 34.59 | 32.47 | 31.86 |
| Long-term indebtedness, gross | US\$ | 96,512 | 92,206 | | 92,206 | 123,624 | 102,229 | 102,417 | 96,331 | 96,331 |
| Total indebtedness, gross | US\$ | 96,512 | 92,206 | | 92,206 | 123,624 | 102,229 | 102,417 | 96,331 | 96,331 |
| Stockholders equity | R\$ | 14,633 | 15,341 | | 15,341 | (89,160) | (53,817) | (49,072) | 6,077 | 6,077 |
| Net operating revenues | R\$ | 121,982 | 105,641 | | 227,623 | 116,656 | 101,678 | 101,713 | 102,119 | 422,166 |
| Cost of products | R\$ | (106,312) | (92,233) | | (198,545) | (95,131) | (89,305) | (82,257) | (89,649) | (356,342) |
| Other expenses/revenues | R\$ | 2,210 | 8,290 | | 10,500 | (7,537) | (6,124) | (3,256) | 7,323 | (9,594) |
| Depreciation, amortization and depletion | R\$ | 2,269 | 2,279 | | 4,548 | 2,262 | 2,269 | 2,268 | 2,267 | 9,066 |

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| | | | | | | | | | |
|---|-----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EBITDA | R\$ | 20,149 | 23,977 | 44,126 | 16,250 | 8,518 | 18,468 | 22,060 | 65,296 |
| Depreciation, amortization and depletion | R\$ | (2,269) | (2,279) | (4,548) | (2,262) | (2,269) | (2,268) | (2,267) | (9,066) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EBIT | R\$ | 17,880 | 21,698 | 39,578 | 13,988 | 6,249 | 16,200 | 19,793 | 56,230 |
| Impairment | R\$ | | | | | | | 75,660 | 75,660 |
| Net financial results | R\$ | (3,769) | (20,954) | (24,723) | 18,296 | 49,781 | (7,653) | (56,443) | 3,981 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Income before income tax and social contribution | R\$ | 14,111 | 744 | 14,855 | 32,284 | 56,030 | 8,547 | 39,010 | 135,871 |
| Income tax and social contribution | R\$ | (5,555) | (36) | (5,591) | (14,094) | (20,687) | (3,802) | 16,139 | (22,444) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net income | R\$ | 8,556 | 708 | 9,264 | 18,190 | 35,343 | 4,745 | 55,149 | 113,427 |

CVRD

39

Table of Contents**8.9- Pellets Area Nibrasco (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|--------------------------------------|---------------|----------------|----------------|----|----------------|---------------|---------------|---------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market | MT (thousand) | 563 | 803 | | 1,366 | 469 | 513 | 509 | 761 | 2,252 |
| Quantity sold internal market CVRD | MT (thousand) | 1,327 | 903 | | 2,230 | 1,303 | 1,180 | 1,085 | 874 | 4,442 |
| Quantity sold internal market Others | MT (thousand) | 33 | 33 | - | 66 | 28 | 26 | 32 | 33 | 119 |
| Quantity sold total | MT (thousand) | 1,923 | 1,739 | - | 3,662 | 1,800 | 1,719 | 1,626 | 1,668 | 6,813 |
| Average sales price external market | US\$ | 31.45 | 34.49 | | 33.24 | 28.76 | 27.69 | 32.96 | 32.41 | 30.70 |
| Average sales price internal market | US\$ | 31.51 | 35.96 | | 33.31 | 27.38 | 28.23 | 34.18 | 30.44 | 29.87 |
| Average sales price total | US\$ | 31.49 | 33.23 | | 32.32 | 27.75 | 28.07 | 33.79 | 31.35 | 30.14 |
| Long-term indebtedness, gross | US\$ | | | | | 1,200 | | | | |
| Short-term indebtedness, gross | US\$ | 1,200 | | | | 2,400 | 2,400 | 2,400 | 1,200 | 1,200 |
| Total indebtedness, gross | US\$ | 1,200 | | | | 3,600 | 2,400 | 2,400 | 1,200 | 1,200 |
| Stockholders equity | R\$ | 115,823 | 128,711 | | 128,711 | 87,365 | 82,347 | 98,875 | 101,132 | 101,132 |
| Net operating revenues | R\$ | 188,081 | 201,815 | | 389,896 | 174,765 | 147,060 | 173,854 | 166,387 | 662,066 |
| Cost of products | R\$ | (170,722) | (172,775) | | (343,497) | (167,405) | (152,620) | (155,759) | (157,181) | (632,965) |
| | R\$ | 7,031 | 12,290 | | 19,321 | (1,805) | (1,879) | (1,261) | (2,456) | (7,401) |

| | | | | | | | | | | |
|--|-----|---------------|---------------|-----|---------------|--------------|----------------|---------------|---------------|---------------|
| Other expenses/revenues | | | | | | | | | | |
| Depreciation, amortization and depletion | R\$ | 2,490 | 2,250 | - - | 4,740 | 4,179 | 4,061 | 3,368 | 3,909 | 15,517 |
| EBITDA | R\$ | 26,880 | 43,580 | | 70,460 | 9,734 | (3,378) | 20,202 | 10,659 | 37,217 |
| Depreciation, amortization and depletion | R\$ | (2,490) | (2,250) | - - | (4,740) | (4,179) | (4,061) | (3,368) | (3,909) | (15,517) |
| EBIT | R\$ | 24,390 | 41,330 | | 65,720 | 5,555 | (7,439) | 16,834 | 6,750 | 21,700 |
| Impairment | R\$ | | | | | | | 2,289 | | 2,289 |
| Net financial results | R\$ | (380) | (85) | - - | (465) | 1,341 | 2,359 | (4,718) | (1,318) | (2,336) |
| Income (loss) before income tax and social contribution | R\$ | 24,010 | 41,245 | | 65,255 | 6,896 | (5,080) | 14,405 | 5,432 | 21,653 |
| Income tax and social contribution | R\$ | (9,318) | (12,803) | - - | (22,121) | (3,728) | 64 | 2,124 | (3,175) | (4,715) |
| Net income (loss) | R\$ | 14,692 | 28,442 | | 43,134 | 3,168 | (5,016) | 16,529 | 2,257 | 16,938 |

40

CVRD

Table of Contents**8.10- Pellets Area Samarco (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|---|----------------|----------------|----|----|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold MT pellets (thousand) | 3,462 | 3,177 | | | 6,639 | 3,338 | 3,339 | 3,359 | 3,454 | 13,490 |
| Quantity sold MT iron ore (thousand) | 497 | 471 | | | 968 | 650 | 938 | 569 | 319 | 2,476 |
| Quantity sold MT total (thousand) | 3,959 | 3,648 | | | 7,607 | 3,988 | 4,277 | 3,928 | 3,773 | 15,966 |
| Average sales price pellets US\$ | 39.31 | 39.11 | | | 39.21 | 29.78 | 35.03 | 35.47 | 35.85 | 34.05 |
| Average sales price iron ore US\$ | 16.88 | 19.66 | | | 18.23 | 16.39 | 16.57 | 17.56 | 14.36 | 16.47 |
| Average sales price total US\$ | 36.48 | 36.59 | | | 36.53 | 27.59 | 30.98 | 32.88 | 34.03 | 31.32 |
| Long-term indebtedness, gross US\$ | 21,400 | 46,067 | | | 46,067 | 56,240 | 50,037 | 37,633 | 24,967 | 24,967 |
| Short-term indebtedness, gross US\$ | 173,753 | 152,845 | | | 152,845 | 123,271 | 137,697 | 135,558 | 167,067 | 167,067 |
| Total indebtedness, gross US\$ | 195,153 | 198,912 | | | 198,912 | 179,511 | 187,734 | 173,191 | 192,034 | 192,034 |
| Stockholders equity R\$ | 625,633 | 557,528 | | | 557,528 | 627,216 | 641,120 | 658,437 | 583,354 | 583,354 |
| Net operating revenues R\$ | 372,919 | 404,208 | | | 777,127 | 360,773 | 370,862 | 348,066 | 343,379 | 1,423,080 |
| Cost of products R\$ | (165,160) | (154,345) | | | (319,505) | (162,899) | (166,282) | (163,038) | (169,633) | (661,852) |
| Other expenses R\$ | (30,828) | (45,910) | | | (76,738) | (10,940) | (47,558) | (33,311) | (25,086) | (116,895) |
| Depreciation, amortization R\$ | 11,373 | 11,744 | | | 23,117 | 9,955 | 10,899 | 10,867 | 12,319 | 44,040 |

and depletion

| | | | | | | | | | |
|---|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EBITDA (*) | R\$ | 188,304 | 192,579 | 404,001 | 196,889 | 167,921 | 162,584 | 160,979 | 688,373 |
| Depreciation, amortization and depletion | R\$ | (11,373) | (11,744) | (23,117) | (9,955) | (10,899) | (10,867) | (12,319) | (44,040) |
| EBIT | R\$ | 176,931 | 180,835 | 380,884 | 186,934 | 157,022 | 151,717 | 148,660 | 644,333 |
| Impairment | R\$ | | | | | (36,639) | | (72,103) | (108,742) |
| Result of equity investments | R\$ | 11,109 | (4,762) | 6,347 | (2,699) | 17,512 | (8,392) | 10,820 | 17,241 |
| Net financial results | R\$ | (4,618) | (53,845) | (58,463) | (499) | 24,817 | (14,011) | (5,360) | 4,947 |
| Income before income tax and social contribution | R\$ | 183,422 | 145,346 | 328,768 | 183,736 | 162,712 | 129,314 | 82,017 | 557,779 |
| Income tax and social contribution | R\$ | (31,058) | (18,267) | (49,325) | (44,283) | (20,477) | (24,490) | (10,174) | (99,424) |
| Net income | R\$ | 152,364 | 127,079 | 279,443 | 139,453 | 142,235 | 104,824 | 71,843 | 458,355 |

(*) The 2Q/03 was adjusted.

CVRD

41

Table of Contents**8.11- Pellets Area GIIC (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | | |
|--|-----------------|----------------|----------------|----------|----------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q (*) | 2Q | 3Q | 4Q | Total | |
| Quantity sold external market | ton (thousands) | 906 | 683 | - | - | 1,589 | 772 | 1,178 | 900 | 1,089 | 3,939 |
| Quantity sold total | ton (thousands) | 906 | 683 | - | - | 1,589 | 772 | 1,178 | 900 | 1,089 | 3,939 |
| Average sales price external market | US\$ | 52.68 | 58.27 | - | - | 55.08 | 41.00 | 43.30 | 41.18 | 43.11 | 42.31 |
| Average sales price total | US\$ | 52.68 | 58.27 | - | - | 55.08 | 41.00 | 43.30 | 41.18 | 43.11 | 42.31 |
| Long-term indebtedness, gross | US\$ | 20,000 | 20,000 | - | - | 20,000 | 35,000 | 35,000 | 30,000 | 25,000 | 25,000 |
| Total indebtedness, gross | US\$ | 20,000 | 20,000 | - | - | 20,000 | 35,000 | 35,000 | 30,000 | 25,000 | 25,000 |
| Stockholders equity | R\$ | 221,358 | 239,629 | - | - | 239,629 | 225,520 | 242,118 | 218,186 | 233,501 | 233,501 |
| Net operating revenues | R\$ | 138,158 | 121,300 | - | - | 259,458 | 111,686 | 152,254 | 126,128 | 142,067 | 532,135 |
| Cost of products | R\$ | (103,595) | (101,937) | - | - | (205,532) | (87,255) | (116,430) | (96,796) | (110,174) | (410,655) |
| Other expenses | R\$ | (11,268) | (9,109) | - | - | (20,377) | (10,471) | (5,971) | (17,599) | (17,396) | (51,437) |
| Depreciation, amortization and depletion | R\$ | 1,893 | 2,008 | - | - | 3,901 | 3,490 | - | 2,933 | 2,899 | 9,322 |
| EBITDA | R\$ | 25,188 | 12,262 | - | - | 37,450 | 17,450 | 29,853 | 14,666 | 17,396 | 79,365 |
| | R\$ | (1,893) | (2,008) | - | - | (3,901) | (3,490) | - | (2,933) | (2,899) | (9,322) |

Depreciation,
amortization
and depletion

| | | | | | | | | | |
|--------------------------------------|-----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EBIT | R\$ | 23,295 | 10,254 | 33,549 | 13,960 | 29,853 | 11,733 | 14,497 | 70,043 |
| Gain/loss in translation of currency | R\$ | 110 | 1,779 | 1,889 | (1,453) | (9,339) | 8,185 | 1,907 | (700) |
| Net financial results | R\$ | (229) | (463) | (692) | 3 | | | | 3 |
| Net income | R\$ | 23,176 | 11,570 | 34,746 | 12,510 | 20,514 | 19,918 | 16,404 | 69,346 |

(*) Refers to the statements up to February 2003.

42

CVRD

Table of Contents**8.12- Manganese and Ferroalloys Area RDM (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|---|---------------|---------------|-----------------|----|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market ferroalloys | MT (thousand) | 37 | 31 | | 68 | 30 | 40 | 47 | 51 | 168 |
| Quantity sold internal market ferroalloys | MT (thousand) | 45 | 47 | | 92 | 37 | 38 | 43 | 46 | 164 |
| Quantity sold total | MT (thousand) | 82 | 78 | | 160 | 67 | 78 | 90 | 97 | 332 |
| Quantity sold external market manganese | MT (thousand) | 213 | 350 | | 563 | 147 | 306 | 261 | 294 | 1,008 |
| Quantity sold internal market manganese | MT (thousand) | 72 | 72 | | 144 | 94 | 76 | 83 | 76 | 329 |
| Quantity sold total | MT (thousand) | 285 | 422 | | 707 | 241 | 382 | 344 | 370 | 1,337 |
| Average sales price external market ferroalloys | US\$ | 713.01 | 1,006.84 | | 846.96 | 573.88 | 549.79 | 534.97 | 621.32 | 571.66 |
| Average sales price internal market ferroalloys | US\$ | 700.76 | 1,038.88 | | 873.50 | 505.02 | 664.75 | 607.37 | 623.79 | 602.18 |
| Average sales price total | US\$ | 706.34 | 1,026.72 | | 862.53 | 536.68 | 606.47 | 569.57 | 622.52 | 587.07 |
| Average sales price external market manganese | US\$ | 44.98 | 48.51 | | 47.17 | 46.71 | 42.17 | 43.96 | 43.14 | 43.58 |
| Average sales price internal market manganese | US\$ | 45.15 | 55.80 | | 50.48 | 36.35 | 46.00 | 50.48 | 43.29 | 43.75 |
| Average sales price total | US\$ | 45.02 | 49.76 | | 47.85 | 42.65 | 42.93 | 45.52 | 43.17 | 43.61 |
| | US\$ | 12,361 | 10,705 | | 10,705 | 19,812 | 38,962 | 39,371 | 18,885 | 18,885 |

| | | | | | | | | | | | |
|--|------|----------------|----------------|----------|----------|----------------|----------------|----------------|----------------|----------------|----------------|
| Long-term indebtedness, gross | | | | | | | | | | | |
| Short-term indebtedness, gross | US\$ | 40,135 | 33,797 | - | - | 33,797 | 36,783 | 24,688 | 18,237 | 42,495 | 42,495 |
| Total indebtedness, gross | US\$ | 52,496 | 44,502 | - | - | 44,502 | 56,595 | 63,650 | 57,608 | 61,380 | 61,380 |
| Stockholders equity | R\$ | 657,722 | 751,433 | - | - | 751,433 | 310,314 | 336,058 | 365,275 | 618,945 | 618,945 |
| Net operating revenues | R\$ | 178,314 | 265,252 | | | 443,566 | 142,185 | 171,284 | 177,162 | 196,448 | 687,079 |
| Cost of products | R\$ | (110,687) | (110,988) | | | (221,675) | (83,873) | (93,166) | (111,927) | (133,864) | (422,830) |
| Other expenses/revenues | R\$ | (25,763) | (23,025) | | | (48,788) | (22,569) | (27,377) | (28,233) | (49,844) | (128,023) |
| Depreciation, amortization and depletion | R\$ | 5,545 | 5,293 | | | 10,838 | 5,456 | 6,238 | 5,852 | 2,063 | 19,609 |
| EBITDA | R\$ | 47,409 | 136,532 | | | 183,941 | 41,199 | 56,979 | 42,854 | 14,803 | 155,835 |
| Depreciation, amortization and depletion | R\$ | (5,545) | (5,293) | | | (10,838) | (5,456) | (6,238) | (5,852) | (2,063) | (19,609) |
| EBIT | R\$ | 41,864 | 131,239 | | | 173,103 | 35,743 | 50,741 | 37,002 | 12,740 | 136,226 |
| Impairment | R\$ | | | | | | | | 366 | (46,392) | (46,026) |
| Sale of investment | R\$ | | | | | | | | | 174,000 | 174,000 |
| Net financial results | R\$ | 2,741 | 5,163 | | | 7,904 | (11,168) | (18,623) | (6,388) | (1,496) | (37,675) |
| Income (loss) before income tax and social contribution | R\$ | 44,605 | 136,402 | | | 181,007 | 24,575 | 32,118 | 30,980 | 138,852 | 226,525 |
| Income tax and social contribution | R\$ | (5,829) | (42,691) | | | (48,520) | (6,255) | (7,496) | (1,763) | 34,012 | 18,498 |
| Net income (loss) | R\$ | 38,776 | 93,711 | | | 132,487 | 18,320 | 24,622 | 29,217 | 172,864 | 245,023 |
| | | | | | | CVRD | | | | | 43 |

Table of Contents**8.13- Manganese and Ferroalloys Area Urucum (Adjusted and Unaudited)**

| Information | 2004 | | | | | 2003 | | | | | |
|--|---------------|------------|------------|----|----|------------|------------|------------|------------|------------|------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market iron ore | MT (thousand) | 127 | 106 | | | 233 | 238 | 174 | 214 | 261 | 887 |
| Quantity sold internal market iron ore | MT (thousand) | | 3 | | | 3 | 7 | | 3 | | 10 |
| Quantity sold total | MT (thousand) | 127 | 109 | | | 236 | 245 | 174 | 217 | 261 | 897 |
| Quantity sold external market manganese | MT (thousand) | 22 | 4 | | | 26 | 18 | 43 | 52 | 30 | 143 |
| Quantity sold internal market manganese | MT (thousand) | 50 | 62 | | | 112 | 46 | 66 | 55 | 82 | 249 |
| Quantity sold total | MT (thousand) | 72 | 66 | | | 138 | 64 | 109 | 107 | 112 | 392 |
| Quantity sold external market ferroalloys | MT (thousand) | 4 | 4 | | | 8 | 5 | 3 | 8 | 4 | 20 |
| Quantity sold internal market ferroalloys | MT (thousand) | 1 | | | | 1 | | | | 1 | 1 |
| Quantity sold total | MT (thousand) | 5 | 4 | | | 9 | 5 | 3 | 8 | 5 | 21 |
| Average sales price external market iron ore | US\$ | 15.05 | 19.09 | | | 16.89 | 13.70 | 15.03 | 15.86 | 14.99 | 14.86 |
| Average sales price internal market | US\$ | | 2.28 | | | 2.28 | 3.26 | | 2.21 | | 2.95 |

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| | | | | | | | | | |
|--|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| iron ore | | | | | | | | | |
| Average sales price total | US\$ | 15.05 | 18.63 | 16.70 | 13.43 | 15.03 | 15.67 | 14.99 | 14.74 |
| Average sales price external market | | | | | | | | | |
| manganese | US\$ | 49.84 | 54.87 | 50.61 | 36.35 | 35.81 | 38.95 | 37.07 | 37.28 |
| Average sales price internal market | | | | | | | | | |
| manganese | US\$ | 44.19 | 47.69 | 46.13 | 32.91 | 38.10 | 42.22 | 42.84 | 39.61 |
| Average sales price total | US\$ | 45.92 | 48.10 | 46.96 | 33.87 | 37.18 | 40.66 | 41.30 | 38.77 |
| Average sales price external market | | | | | | | | | |
| ferroalloys | US\$ | 564.53 | 863.73 | 714.13 | 509.35 | 503.55 | 483.38 | 483.45 | 492.91 |
| Average sales price internal market | | | | | | | | | |
| ferroalloys | US\$ | 394.48 | | 394.48 | | | | 388.80 | 388.80 |
| Average sales price total | US\$ | 546.44 | 830.06 | 672.49 | 509.35 | 503.55 | 483.38 | 470.78 | 489.44 |
| Short-term indebtedness, gross | US\$ | 3,577 | 1,012 | 1,012 | | 5,026 | 5,050 | 7,846 | 7,846 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total indebtedness, gross | US\$ | 3,577 | 1,012 | 1,012 | | 5,026 | 5,050 | 7,846 | 7,846 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Stockholders equity | R\$ | 60,621 | 43,735 | 43,735 | 75,737 | 47,460 | 52,546 | 57,525 | 57,525 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net operating revenues | R\$ | 21,070 | 23,911 | 44,981 | 26,947 | 23,028 | 31,498 | 28,872 | 110,345 |
| Cost of products | R\$ | (11,132) | (10,784) | (21,916) | (11,440) | (9,866) | (17,699) | (14,413) | (53,418) |
| Other expenses/revenues | R\$ | (4,285) | (3,357) | (7,642) | (4,761) | 1,341 | (4,595) | (10,914) | (18,929) |
| Depreciation, amortization and depletion | R\$ | 1,005 | 992 | 1,997 | 589 | 615 | 608 | 1,584 | 3,396 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EBITDA | R\$ | 6,658 | 10,762 | 17,420 | 11,335 | 15,118 | 9,812 | 5,129 | 41,394 |
| Depreciation, amortization and depletion | R\$ | (1,005) | (992) | (1,997) | (589) | (615) | (608) | (1,584) | (3,396) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EBIT | R\$ | 5,653 | 9,770 | 15,423 | 10,746 | 14,503 | 9,204 | 3,545 | 37,998 |
| Impairment | R\$ | (562) | 22 | (540) | 9 | | | (184) | (175) |

| | | | | | | | | | | | |
|---|-----|----------------|----------------|----------|----------|----------------|----------------|----------------|----------------|--------------|----------------|
| Net financial results | R\$ | <u>(128)</u> | <u>(145)</u> | <u>-</u> | <u>-</u> | <u>(273)</u> | <u>(1,000)</u> | <u>(7,349)</u> | <u>310</u> | <u>1,757</u> | <u>(6,282)</u> |
| Income before income tax and social contribution | R\$ | 4,963 | 9,647 | | | 14,610 | 9,755 | 7,154 | 9,514 | 5,118 | 31,541 |
| Income tax and social contribution | R\$ | <u>(1,867)</u> | <u>(3,457)</u> | <u>-</u> | <u>-</u> | <u>(5,324)</u> | <u>(2,862)</u> | <u>(395)</u> | <u>(4,428)</u> | <u>(139)</u> | <u>(7,824)</u> |
| Net income | R\$ | 3,096 | 6,190 | | | 9,286 | 6,893 | 6,759 | 5,086 | 4,979 | 23,717 |

44

CVRD

Table of Contents**8.14- Manganese and Ferrolloys Area RDME (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|---|-----------------|----------------|----------------|------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 1Q | 2Q | 3Q4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market Sinter | Ton (thousands) | 66 | 86 | | 152 | 34 | 82 | 23 | 30 | 169 |
| Quantity sold external market Manganese | Ton (thousands) | 55 | 33 | | 88 | 31 | 64 | 51 | 51 | 197 |
| Quantity sold external market Ferroalloys | Ton (thousands) | 64 | 41 | | 105 | 43 | 36 | 40 | 53 | 172 |
| Average sales price external market Sinter | US\$ | 103.70 | 108.70 | | 106.53 | 114.14 | 109.90 | 107.72 | 101.00 | 108.88 |
| Average sales price external market Manganese | US\$ | 73.22 | 78.16 | | 75.07 | 105.80 | 75.30 | 83.70 | 81.70 | 83.93 |
| Average sales price external market Ferroalloys | US\$ | 588.12 | 954.98 | | 731.37 | 609.70 | 583.90 | 546.70 | 572.80 | 578.28 |
| Long-term indebtedness, gross | US\$ | 3,335 | 3,122 | | 3,122 | 2,409 | 2,417 | 5,020 | 3,610 | 3,610 |
| Short-term indebtedness, gross | US\$ | 30 | 16 | | 16 | | | | | |
| Total indebtedness, gross | US\$ | 3,365 | 3,138 | | 3,138 | 2,409 | 2,417 | 5,020 | 3,610 | 3,610 |
| Stockholders equity | R\$ | 194,179 | 206,895 | | 206,895 | 197,404 | 173,543 | 183,370 | 187,578 | 187,578 |
| Net operating revenues | R\$ | 146,972 | 165,435 | | 312,407 | 109,534 | 108,839 | 92,792 | 124,378 | 435,543 |
| Cost of products | R\$ | (134,464) | (155,673) | | (290,137) | (99,748) | (99,589) | (83,702) | (111,386) | (394,425) |
| Other expenses/revenues | R\$ | (3,332) | (8,631) | | (11,963) | (10,351) | (4,439) | (3,183) | (6,056) | (24,029) |
| | R\$ | 2,918 | 3,007 | | 5,925 | 4,012 | 4,129 | 3,871 | 4,559 | 16,571 |

Depreciation,
amortization and
depletion

| | | | | | | | | | |
|---|-----|---------------|--------------|---------------|--------------|--------------|--------------|---------------|---------------|
| EBITDA | R\$ | 12,094 | 4,138 | 16,232 | 3,447 | 8,940 | 9,778 | 11,495 | 33,660 |
| Depreciation, amortization and depletion | R\$ | (2,918) | (3,007) | (5,925) | (4,012) | (4,129) | (3,871) | (4,559) | (16,571) |
| EBIT | R\$ | 9,176 | 1,131 | 10,307 | (565) | 4,811 | 5,907 | 6,936 | 17,089 |
| Gain/loss in translation of currency | R\$ | (18) | (657) | (675) | (49) | (285) | (417) | (404) | (1,155) |
| Net financial results | R\$ | 2,318 | | 2,318 | 1,425 | (12) | 1,130 | (144) | 2,399 |
| Income before income tax and social contribution | R\$ | 11,476 | 474 | 11,950 | 811 | 4,514 | 6,620 | 6,388 | 18,333 |
| Income tax and social contribution | R\$ | (29) | (30) | (59) | (31) | (31) | (31) | (25) | (118) |
| Net income | R\$ | 11,447 | 444 | 11,891 | 780 | 4,483 | 6,589 | 6,363 | 18,215 |
| | | | | CVRD | | | | | 45 |

Table of Contents**8.15- Steel Area CST (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|--|------------------|------------------|-----------|-----------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market (thousand) MT | 809 | 931 | | | 1,740 | 1,013 | 964 | 902 | 802 | 3,681 |
| Quantity sold internal market (thousand) MT | 340 | 340 | | | 680 | 2 | 1 | 2 | 2 | 7 |
| Quantity sold total (thousand) MT | 1,149 | 1,271 | | | 2,420 | 1,015 | 965 | 904 | 804 | 3,688 |
| Average sales price external market US\$ | 262.65 | 357.39 | | | 313.34 | 229.78 | 238.69 | 244.16 | 235.70 | 236.93 |
| Average sales price internal market US\$ | 304.12 | 346.25 | | | 325.19 | 219.12 | 255.89 | 253.93 | 256.56 | 245.02 |
| Average sales price total US\$ | 274.92 | 354.40 | | | 316.66 | 229.76 | 238.71 | 244.18 | 235.75 | 236.94 |
| Long-term indebtedness, gross US\$ | 585,346 | 565,745 | | | 565,745 | 619,071 | 628,377 | 635,088 | 632,953 | 632,953 |
| Short-term indebtedness, gross US\$ | 131,398 | 105,313 | | | 105,313 | 167,655 | 147,837 | 150,045 | 143,074 | 143,074 |
| Total indebtedness, gross US\$ | 716,744 | 671,058 | | | 671,058 | 786,726 | 776,214 | 785,133 | 776,027 | 776,027 |
| Stockholders equity R\$ | 3,783,316 | 4,261,994 | | | 4,261,994 | 3,200,123 | 3,223,207 | 3,416,321 | 3,532,607 | 3,532,607 |
| Net operating revenues R\$ | 957,592 | 1,258,023 | | | 2,215,615 | 993,201 | 921,094 | 951,473 | 869,553 | 3,735,321 |
| Cost of products R\$ | (562,493) | (692,484) | | | (1,254,977) | (601,278) | (605,411) | (573,126) | (610,885) | (2,390,700) |
| Other expenses/revenues R\$ | (73,466) | (79,035) | | | (152,501) | (51,092) | (80,327) | (66,600) | (115,803) | (313,822) |
| Depreciation, amortization and depletion R\$ | 89,361 | 107,022 | | | 196,383 | 65,293 | 81,454 | 71,327 | 77,634 | 295,708 |

| | | | | | | | | | |
|---|-----|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|
| EBITDA | R\$ | 410,994 | 593,526 | 1,004,520 | 406,124 | 316,810 | 383,074 | 220,499 | 1,326,507 |
| Depreciation, amortization and depletion | R\$ | (89,361) | (107,022) | (196,383) | (65,293) | (81,454) | (71,327) | (77,634) | (295,708) |
| EBIT | R\$ | 321,633 | 486,504 | 808,137 | 340,831 | 235,356 | 311,747 | 142,865 | 1,030,799 |
| Net financial results | R\$ | (44,261) | (107,767) | (152,028) | 52,996 | 163,983 | (59,830) | 16,075 | 173,224 |
| Income before income tax and social contribution | R\$ | 277,372 | 378,737 | 656,109 | 393,827 | 399,339 | 251,917 | 158,940 | 1,204,023 |
| Income tax and social contribution | R\$ | (26,288) | 265,994 | 239,706 | (107,450) | (66,745) | (58,804) | 133,456 | (99,543) |
| Net income | R\$ | 251,084 | 644,731 | 895,815 | 286,377 | 332,594 | 193,113 | 292,396 | 1,104,480 |

Table of Contents**8.16- Steel Area CSI (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|--|----------------|----------------|----------|----------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market (thousand) MT | 566 | 530 | - | - | 1,096 | 442 | 447 | 507 | 489 | 1,885 |
| Quantity sold total (thousand) MT | 566 | 530 | - | - | 1,096 | 442 | 447 | 507 | 489 | 1,885 |
| Average sales price total US\$ | 419.00 | 539.53 | - | - | 477.29 | 445.80 | 401.96 | 374.08 | 389.72 | 401.57 |
| Stockholders equity R\$ | 629,306 | 754,072 | - | - | 754,072 | 826,600 | 708,060 | 694,907 | 628,586 | 628,586 |
| Net operating revenues R\$ | 674,606 | 879,168 | | | 1,553,774 | 694,108 | 542,067 | 560,875 | 556,491 | 2,353,541 |
| Cost of products R\$ | (654,582) | (711,791) | | | (1,366,373) | (652,314) | (534,893) | (573,033) | (533,923) | (2,294,163) |
| Other expenses/revenues R\$ | 411 | (424) | | | (13) | 866 | 56 | (641) | | 281 |
| Depreciation, amortization and depletion R\$ | 19,709 | 18,141 | | | 37,850 | 24,552 | 22,841 | 20,673 | 20,087 | 88,153 |
| EBITDA R\$ | 40,144 | 185,094 | | | 225,238 | 66,346 | 30,881 | 8,571 | 42,014 | 147,812 |
| Depreciation, amortization and depletion R\$ | (19,709) | (18,141) | | | (37,850) | (24,552) | (22,841) | (20,673) | (20,087) | (88,153) |
| EBIT R\$ | 20,435 | 166,953 | | | 187,388 | 41,794 | 8,040 | (12,102) | 21,927 | 59,659 |
| Result of equity investments R\$ | 3,890 | 3,239 | | | 7,129 | 1,159 | 1,266 | 1,264 | 2,203 | 5,892 |
| Gain/loss in translation currency R\$ | (374) | 2,341 | | | 1,967 | (740) | (2,583) | 315 | (80) | (3,088) |
| Net financial results R\$ | (15,399) | (34,228) | | | (49,627) | (11,897) | (9,825) | (9,433) | (9,623) | (40,778) |

| | | | | | | | | | | |
|--|-----|--------------|----------------|-----|----------------|---------------|----------------|-----------------|---------------|---------------|
| Income (loss) before income tax and social contribution | R\$ | 8,552 | 138,305 | | 146,857 | 30,316 | (3,102) | (19,956) | 14,427 | 21,685 |
| Income tax and social contribution | R\$ | (3,670) | (55,801) | - - | (59,471) | (12,330) | 570 | 8,671 | (5,468) | (8,557) |
| Net income (loss) | R\$ | 4,882 | 82,504 | | 87,386 | 17,986 | (2,532) | (11,285) | 8,959 | 13,128 |

CVRD

47

Table of Contents**8.17- Logistics Area Docenave (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|-------------------------------------|--------------------|----------------|----|----|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Maritime transport external market | | | | | | | | | | |
| MT | | | | | | | | | | |
| .Bulk transportation (thousands) | 1,426 | 1,430 | | | 2,856 | 2,559 | 1,837 | 1,703 | 1,835 | 7,934 |
| .General cargo | | | | | | | | | | |
| (Container-TEUS) | 7,444 | 8,674 | | | 16,118 | 2,360 | 3,427 | 4,682 | 6,797 | 17,266 |
| .Ports services Operations | 698 | 623 | | | 1,321 | 632 | 776 | 773 | 983 | 3,164 |
| Maritime transport internal market | | | | | | | | | | |
| MT | | | | | | | | | | |
| .Bulk transportation (thousands) | 129 | 495 | | | 624 | 441 | 251 | 410 | 285 | 1,387 |
| .General cargo | | | | | | | | | | |
| (Container-TEUS) | 14,532 | 15,916 | | | 30,448 | 9,682 | 11,987 | 12,053 | 14,872 | 48,594 |
| .Ports services Operations | 912 | 986 | | | 1,898 | 1,114 | 1,242 | 1,132 | 1,448 | 4,936 |
| Average sales price external market | | | | | | | | | | |
| .Bulk transportation US\$ | 10.83 | 11.83 | | | 11.33 | 7.18 | 8.73 | 6.79 | 9.39 | 8.01 |
| .General cargo | | | | | | | | | | |
| (Container-TEUS) US\$ | 569.99 | 585.77 | | | 578.48 | 525.00 | 451.12 | 576.68 | 684.27 | 587.05 |
| .Ports services US\$ | 3,005.73 | 3,321.03 | | | 3,154.43 | 2,446.20 | 2,695.88 | 2,733.51 | 2,237.03 | 2,512.64 |
| Average sales price internal market | | | | | | | | | | |
| .Bulk transportation US\$ | 3.81 | 8.37 | | | 7.43 | 5.56 | 3.69 | 6.37 | 3.85 | 5.11 |
| .General cargo | | | | | | | | | | |
| (Container-TEUS) US\$ | 594.62 | 619.63 | | | 607.69 | 744.16 | 621.84 | 629.55 | 635.56 | 652.32 |
| .Ports services US\$ | 3,003.29 | 3,294.12 | | | 3,154.37 | 2,447.94 | 2,706.12 | 2,749.12 | 2,212.02 | 2,512.76 |
| Long-term indebtedness, gross US\$ | 908 | 768 | | | 768 | 1,423 | 1,298 | 1,172 | 1,047 | 1,047 |
| Short-term indebtedness, gross US\$ | 502 | 502 | | | 502 | 502 | 502 | 502 | 502 | 502 |
| Total indebtedness, gross | US\$ 1,410 | 1,270 | | | 1,270 | 1,925 | 1,800 | 1,674 | 1,549 | 1,549 |
| Stockholders equity | R\$ 258,815 | 297,633 | | | 297,633 | 452,618 | 301,615 | 255,440 | 242,769 | 242,769 |

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| | | | | | | | | | |
|--|-----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net operating revenues | R\$ | 95,843 | 118,536 | 214,379 | 113,823 | 92,582 | 85,672 | 106,336 | 398,413 |
| Cost of products | R\$ | (77,858) | (78,900) | (156,758) | (116,495) | (73,952) | (83,268) | (88,281) | (361,996) |
| Other expenses/revenues | R\$ | (7,670) | (5,949) | (13,619) | 8,967 | 55,595 | (26,539) | (26,209) | 11,814 |
| Depreciation | R\$ | 396 | 2,940 | 3,336 | 370 | 371 | 376 | 390 | 1,507 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EBITDA | R\$ | 10,711 | 36,627 | 47,338 | 6,665 | 74,596 | (23,759) | (7,764) | 49,738 |
| Depreciation | R\$ | (396) | (2,940) | (3,336) | (370) | (371) | (376) | (390) | (1,507) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| EBIT | R\$ | 10,315 | 33,687 | 44,002 | 6,295 | 74,225 | (24,135) | (8,154) | 48,231 |
| Net financial results | R\$ | 13,111 | 13,976 | 27,087 | (4,051) | (57,007) | 38,511 | (408) | (22,955) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Income (loss) before income tax and social contribution | R\$ | 23,426 | 47,659 | 71,085 | 2,244 | 17,218 | 14,376 | (8,562) | 25,276 |
| Income tax and social contribution | R\$ | (3,759) | (1,121) | (4,880) | (3,965) | 3,965 | | (4,108) | (4,108) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net income (loss) | R\$ | 19,667 | 46,538 | 66,205 | (1,721) | 21,183 | 14,376 | (12,670) | 21,168 |

Table of Contents**8.18- Logistics Area FCA (Adjusted and Unaudited)**

| Information | 2004 | | | | 2003 | | | | | |
|--|---------------------|----------------|----|----|-----------------|------------------|------------------|-----------------|-----------------|------------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold ton internal market (thousands) | 5,807 | 6,943 | | | 12,750 | 5,431 | 6,024 | 6,336 | 6,028 | 23,819 |
| Average sales price internal market R\$ | 22.77 | 24.95 | | | 23.96 | 19.46 | 21.01 | 23.08 | 22.29 | 21.53 |
| Long-term indebtedness, grossUS\$ | 110,691 | 106,705 | | | 106,705 | 102,581 | 120,257 | 114,796 | 115,387 | 115,387 |
| Short-term indebtedness, grossUS\$ | 17,713 | 17,849 | | | 17,849 | 13,013 | 15,604 | 15,895 | 17,397 | 17,397 |
| Total indebtedness, gross | US\$ 128,404 | 124,554 | | | 124,554 | 115,594 | 135,861 | 130,691 | 132,784 | 132,784 |
| Stockholders equity | R\$ 108,025 | 81,852 | | | 81,852 | (532,514) | (758,763) | 107,907 | 129,937 | 129,937 |
| Net operating revenues R\$ | 112,859 | 142,963 | | | 255,822 | 92,198 | 112,287 | 129,991 | 118,009 | 452,485 |
| Cost of products R\$ | (130,325) | (132,242) | | | (262,567) | (100,387) | (151,220) | (130,983) | (165,787) | (548,377) |
| Other expenses/revenues R\$ | 3,783 | (12,829) | | | (9,046) | (17,302) | (8,559) | (20,278) | (21,380) | (67,519) |
| Depreciation, amortization and depletion R\$ | 10,003 | 19,404 | | | 29,407 | 8,441 | 8,861 | 9,451 | 10,456 | 37,209 |
| EBITDA | R\$ (3,680) | 17,296 | | | 13,616 | (17,050) | (38,631) | (11,819) | (58,702) | (126,202) |
| Depreciation, amortization and depletion R\$ | (10,003) | (19,404) | | | (29,407) | (8,441) | (8,861) | (9,451) | (10,456) | (37,209) |
| EBIT | R\$ (13,683) | (2,108) | | | (15,791) | (25,491) | (47,492) | (21,270) | (69,158) | (163,411) |
| Impairment R\$ | | | | | | | (198,395) | | | (198,395) |
| Net financial results R\$ | (12,019) | (24,065) | | | (36,084) | (1,376) | 19,602 | (12,829) | (7,492) | (2,095) |

Net income (loss) R\$ (25,702) (26,173) (51,875) (26,867) (226,285) (34,099) (76,650) (363,901)

CVRD

49

Table of Contents**8.19- Non ferrous minerals area PPSA (Adjusted and Unaudited)**

| Information | 2004 | | | | | 2003 | | | | |
|---|---------------|---------------|-----------|-----------|---------------|-----------------|----------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold external market (thousands) ton | 85 | 88 | | | 173 | 91 | 71 | 101 | 104 | 367 |
| Quantity sold internal market (thousands) ton | 13 | 13 | | | 26 | 17 | 13 | 13 | 13 | 56 |
| Quantity sold-total (thousands) ton | 98 | 101 | | | 199 | 108 | 84 | 114 | 117 | 423 |
| Average sales price external market US\$ | 153.43 | 154.75 | | | 154.10 | 156.52 | 159.99 | 143.15 | 153.80 | 152.74 |
| Average sales price internal market US\$ | 157.45 | 157.92 | | | 157.69 | 127.82 | 165.77 | 156.85 | 159.62 | 150.75 |
| Average sales price-total US\$ | 153.94 | 155.42 | | | 154.69 | 152.00 | 160.88 | 144.71 | 154.45 | 152.48 |
| Long-term indebtedness, gross US\$ | 38,666 | 31,260 | | | 31,260 | 77,302 | 71,865 | 44,040 | 44,158 | 44,158 |
| Short-term indebtedness, gross US\$ | 5,393 | 1,012 | | | 1,012 | 12,544 | 2,748 | 12,493 | 9,496 | 9,496 |
| Total indebtedness, gross US\$ | 44,059 | 32,272 | | | 32,272 | 89,846 | 74,613 | 56,533 | 53,654 | 53,654 |
| Stockholders equity R\$ | 97,208 | 95,466 | | | 95,466 | (50,979) | (3,458) | 82,088 | 90,261 | 90,261 |
| Net operating revenues R\$ | 43,356 | 50,120 | | | 93,476 | 56,103 | 39,416 | 47,240 | 52,426 | 195,185 |
| Cost of products R\$ | (26,747) | (31,858) | | | (58,605) | (27,146) | (25,062) | (32,772) | (29,576) | (114,556) |
| Other expenses/revenues R\$ | (6,053) | (11,197) | | | (17,250) | (9,573) | (19,184) | (8,511) | (8,215) | (45,483) |
| Depreciation, amortization and depletion R\$ | 3,544 | 4,059 | | | 7,603 | 3,040 | 3,051 | 3,063 | 4,727 | 13,881 |

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| | | | | | | | | | |
|--|-----|---------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|
| EBITDA | R\$ | 14,100 | 11,124 | 25,224 | 22,424 | (1,779) | 9,020 | 19,362 | 49,027 |
| Depreciation, amortization and depletion | R\$ | (3,544) | (4,059) | (7,603) | (3,040) | (3,051) | (3,063) | (4,727) | (13,881) |
| | | | | | | | | | |
| EBIT | R\$ | 10,556 | 7,065 | 17,621 | 19,384 | (4,830) | 5,957 | 14,635 | 35,146 |
| Impairment | R\$ | (22) | | (22) | | | | | |
| Net financial results | R\$ | (3,587) | (8,089) | (11,676) | 15,425 | 38,876 | (13,677) | (441) | 40,183 |
| | | | | | | | | | |
| Income (loss) before income tax and social contribution | R\$ | 6,947 | (1,024) | 5,923 | 34,809 | 34,046 | (7,720) | 14,194 | 75,329 |
| Income tax and social contribution | R\$ | | (717) | (717) | (3,047) | 2,102 | | (6,029) | (6,974) |
| | | | | | | | | | |
| Net income (loss) | R\$ | 6,947 | (1,741) | 5,206 | 31,762 | 36,148 | (7,720) | 8,165 | 68,355 |

50

CVRD

Table of Contents

9- Report of the Independent Accountants

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

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

1. We have carried out a limited review of the Quarterly Financial Information (ITR) of Companhia Vale do Rio Doce for the quarter ended June 30, 2004 prepared in accordance with accounting practices adopted in Brazil and under the responsibility of the Company's management, comprising the balance sheet, the statement of income and the comments on the Company's performance.
2. Except as mentioned in paragraph 3, our limited review was carried out in accordance with the specific procedures established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Board, and consisted mainly of: (a) inquires and discussion with the officers responsible for the Company's 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 financial position and operations.
3. The financial statements as of June 30, 2004, 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\$ 3,222,806 thousand of these investments and R\$ 465,321 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. The balance sheet as of March 31, 2004 and the statements of income for the quarter ended March 31, 2004 and the quarter and semesters ended June 30, 2003, presented for comparison purposes, were reviewed by other independent auditors, whose reports, dated May 7, 2004 and August 7, 2003, respectively, included 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, August 6, 2004

DELOITTE TOUCHE TOHMATSU
Independent Auditors
CRC-SP 011609/O-S-RJ

Marcelo Cavalcanti Almeida
Accountant
CRC-RJ 036.206/O

Table of Contents

10- MEMBERS OF THE BOARD OF DIRECTORS, ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS, FISCAL COUNCIL, AND EXECUTIVE OFFICERS AND RESPONSIBLE TECHNICIANS

BOARD OF DIRECTORS

Sérgio Ricardo Silva Rosa

Chairman

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de Moraes

Erik Persson

Francisco Valadares Povoá

Jaques Wagner

Katsuto Nomii

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Ricardo Carvalho Giambroni

ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

Antonio José de Figueiredo Ferreira

Heitor Ribeiro Filho

Inácio Clemente da Silva

Paulo Roberto Ferreira de Medeiros

Executive Development Committee

Arlindo Magno de Oliveira

Francisco Valadares Póvoa

João Moisés de Oliveira

Olga Loffredi

Oscar Augusto de Camargo Filho

Strategic Committee

Roger Agnelli

Gabriel Stoliar

César Manoel de Medeiros

José Roberto Mendonça de Barros
Samir Zraick

Finance Committee

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

Governance and Ethics Committee

Renato da Cruz Gomes
Ricardo Simonsen
Ricardo Carvalho Giambroni

FISCAL COUNCIL

Pedro Carlos de Mello
Chairman

Marcelo Amaral Moraes

Oswaldo Mário Pêgo de Amorim Azevedo

EXECUTIVE OFFICERS

Roger Agnelli
Chief Executive Officer

Jose Carlos Martins
**Executive Officer for Business Development
and Participations**

Armando de Oliveira Santos Neto
Executive Officer for Ferrous Minerals

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

Antonio Miguel Marques
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

Gabriel Stoliar
Executive Officer for Planning and Control

Guilherme Rodolfo Laager
Executive Officer for Logistics

Eduardo de Carvalho Duarte
Chief Accountant
CRC-RJ 57439

Otto de Souza Marques Junior
Chief Officer of Control Department

52

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.

Date: August 13, 2004

COMPANHIA VALE DO RIO DOCE

(Registrant)

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa

Chief Financial Officer