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Companhia Vale do Rio Doce

Press Release 2Q02

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PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER OF 2002

The financial and operational information released in this report, unless otherwise indicated, were calculated in accordance with the generally accepted accounting principles in Brazil (Brazilian GAAP).

Rio de Janeiro, 14 August 2002 – In the second quarter of 2002 (2Q02) Companhia Vale do Rio Doce (CVRD) obtained a net earnings of R$ 85 million, corresponding to earnings per share of R$ 0.22. Earnings accumulated in the first half amounted to R$ 718 million, equivalent to R$ 1.87 per share. Revenues, margins, cash generation and sales presented an excellent performance, with some new records being achieved.

The volatility in the exchange rate between the Real (BRL) and the US Dollar (USD) was the fundamental factor in reducing net earnings in the quarter, from R$ 633 million in 1Q02 to R$ 85 million in 2Q02, producing foreign exchange losses (monetary variation) of R$ 997 million.

The depreciation of the BRL causes different impacts over time on CVRD's earnings. In the short term, the negative impact on net liabilities in foreign currency has an unfavourable effect on earnings. However, due to the asymmetry between revenues and expenses - most of the Company's revenues are denominated in USD, 82% in 2Q02, while the majority of costs are denominated in BRL, 68% in 2Q02 - the impact on cash flow is very positive, more than compensating for the initial unfavourable effect on earnings. Normally, this reversion tends to take approximately two quarters.

www.cvrd.com.br

In this quarter, the negative effect on net earnings was much sharper. The appreciation of the USD against the BRL between the end of 1Q02 and the last day of 2Q02 - the figure needed to calculate the negative accounting effect on earnings in the quarter - amounted to 22.4%. On the other hand, the fall in the average exchange rate from 1Q02 to 2Q02, which is what affects the behaviour of cash flow in BRL, was only 5%. Therefore, the exchange rate trajectory during 2Q02 was detrimental to CVRD financial performance.

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The Company's operating result was very good. Gross operating revenues totalled R$ 1.843 billion in the quarter, the highest in CVRD's history, slightly above the previous record of R$ 1.840 billion achieved in 3Q01, despite the limited positive impact of the USD appreciation and the iron ore price decline. Contrasting with this scenario, 3Q01 revenues were benefited by a 11.1% USD appreciation relatively to the previous quarter and an iron ore price rise.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) amounted to R$ 864 million, was the second best quarterly result in the Company's history. The highest ever quarterly EBITDA, R$ 986 million, was achieved in 3Q01. It should be pointed out that CVRD made a provision of R$ 54 million, fully recognised in 2Q02, for the retrospective effect of a lowering of iron ore and pellet prices, which had a negative effect on revenues, margins, cash generation and earnings.

EBITDA margin, the ratio between EBITDA and net revenues, amounted to 49%, again confirming CVRD's excellent capacity for transforming revenues into operating profit. EBITDA margin in 2Q02 was slightly higher than the average for the previous 17 quarters (1Q98 to 1Q02), of 48.7%.

The volume of iron ore and pellets shipped by the Parent Company constituted a quarterly record of 36.330 million tons, exceeding the previous record of 34.769 million obtained in 3Q01 by 4.5%. Sales volume of the above mentioned products in the first half of the year, 70 million tons, is also a new historical record.

The amount of general cargo transported for clients on CVRD's railroads (Vitória a Minas - EFVM and Carajás - EFC) also constituted a new quarterly record of 3.730 billion net ton kilometres (ntk).

CVRD's consolidated exports in the first half of 2002 amounted to US$ 1.865 billion. It was a significant contribution to Brazil´s trade surplus and ratifies CVRD position as the leading Brazilian exporter.

Capital expenditures carried out in the second quarter amounted to US$ 215.6 million. Of this total, US$ 114.7 million was dedicated to various projects and US$ 50.4 million was spent acquiring full control of the Salobo copper project. The purchase of partners' stakes in the Sossego and Salobo projects will allow full exploitation of the synergies existing within the Carajás region and improved value generation for the Company's shareholders. During the first half, CVRD's capital expenditure totalled US$ 373.2 million.

Various important steps were taken in the execution of the Company's strategy, especially in regard to the aluminum, copper and electricity businesses.

RELEVANT EVENTS

Strategy execution

Two important transactions took place in the implementation of CVRD's strategy in the aluminum businesses, whose focus is the exploitation of opportunities in the bauxite and alumina segments.

The first was the purchase, for R$ 118.9 million, of a 12.6% stake in Alunorte by Aluvale, a wholly owned subsidiary of the Company, which thus now holds 62.1% of the common shares and 19.1% of the preferred shares in Alunorte, corresponding to 57% of the total share capital. Among other implications, this means that CVRD will be able to capture greater value in the future expansion of this alumina refinery.

The second transaction was the acquisition, for R$ 6.4 million, of total control in Mineração Vera Cruz (MVC). MVC has significant bauxite reserves located in an area adjoining CVRD's own reserves in the Paragominas region, in the state of Pará. The geographical location of MVC's mineral resources significantly increases flexibility in the use of the Company's logistics infrastructure.

In the non-ferrous segment, CVRD acquired full control of the Salobo copper project for US$ 50.4 million and entered into a joint venture with Antofagasta Plc, one of the largest copper producers in the Americas, for mineral exploration in the south of Peru, an area with significant mineral resource potential.

In June, the Company ceased extraction activities at the Igarapé Bahia gold reserve in Carajás. As a consequence, CVRD's estimated gold production for 2002 is 320,000 troy ounces, compared to the 514,400 troy ounces produced in 2001. However, concurrently, there is an ongoing pre-feasibility study for the development of Igarapé Bahia Phase IV. From the middle of 2004, it is estimated that this new phase will produce 36,000 tons of copper concentrate and 83,600 troy ounces of gold annually. The estimated capex for the development of Igarapé Bahia Phase IV is US$ 54 million.

CVRD has obtained the concession for the construction and operation of the Estreito hydroelectric power plant which will have a capacity of 1,087 MW. CVRD's stake in the consortium that made the winning bid at the concession auction is 30% and the Estreito plant will be the Company's tenth hydroelectric power project, two of which, Igarapava and Porto Estrela, are already in operation.

The Company is in the process of negotiating the sale of the assets of Florestas Rio Doce to Bahia Sul Celulose S.A. and Aracruz Celulose S.A., concluding the strategy of divesting out of the paper and pulp sector.

Bond issues

Vale Overseas, a wholly owned subsidiary of CVRD, has begun the offer to swap bonds guaranteed by the Company, which fall due in 2007, with a coupon of 8.625%, political risk insurance and a total face value of US$ 300 million, series A (old issue) for series B bonds (new issue). The new issue represent the same debt with exactly identical characteristics. However, the new issue do not carry restrictions on their purchase by retail investors and are registered with the SEC (Securities and Exchange Commission) under the terms of the US Securities Act of 1933, which will improve the liquidity of these bonds in the secondary market.

Authorization was requested from the CVM (Brazilian Securities and Exchange Commission) on June 28, 2002, to register shareholders debentures issued by CVRD and distributed to its shareholders in April 1997, in the context of the privatization program. Registration of these debentures will allow them to be traded on Brazilian markets.

The Chicago Board Options Exchange (CBOE) and Pacific Exchange have begun trading in options on RIO, the ADR representing the common shares of CVRD. These options constitute a risk transfer vehicle, and it is hoped that they will help to reduce volatility in the Company's share price.

Iron ore and pellet prices

Between the end of May and the beginning of June, CVRD concluded iron ore and pellet price negotiations with European and Japanese clients for 2002 (April 2002 to March 2003 in the case of Japan). Reflecting the performance of the steel industry in 2001, prices were down, by between 1% (iron ore fines from the Southern System to Europe) and 5.5% (blast furnace pellets to Europe). The impact of this drop in prices in the first half of the year is fully recognised in the results for 2Q02.

SHORT TERM PROSPECTS

The increased risk aversion prevailing in the world financial market reflects the suspicion generated by the cases of corporate fraud and doubts about the strength of the global economic recovery.

Recent statistics on economic activity in the US and Europe suggest that recovery in the global economy is likely to take place more slowly than we had expected at the time of publishing CVRD's first quarterly results earlier this year, on May 15, 2002.

In Brazil, uncertainty in world financial markets magnified the effects of the uncertainties about the future of macro-economic policy under the next government. This combination produced a high degree of financial assets price volatility. It is hoped, as a result of the new agreement with the IMF, that involves a credit line of US$ 30 billion, will produce positive effects on the markets and, consequently, on the Brazilian economy.

The 3.1% drop in global steel output (ex-China) in 2001 and the expansion of industrial production in 2002, were the main factors behind the recovery of the steel products markets this year. The average price of steel products rose significantly: the Steel Price Index (CRUspi), computed by CRU, showed a rise of 32% between the end of last year and the beginning of August this year. Global production of crude steel, according to data from the International Institute for Steel and Iron (IISI), grew 3.9% in the first half of 2002, compared to the same period in 2001. In the second quarter of 2002, this growth accelerated, production increasing by 5.7% over the first quarter.

This scenario is reflected positively in the demand for iron ore and pellets. China continues to be the principal driving force behind the growth in seaborne demand for iron ore: its imports amounted to 51 million tons in the first half of 2002 (1H02) compared to 41.9 million in 1H01, an increase of 21.9%. In Japan, where the economy is still undergoing a fragile recovery, iron ore inventories are down and import levels remained constant in 1H02, totalling 63 million tons. Higher steel prices have stimulated a recovery in the global demand for pellets.

The prospects for continuing increase in Chinese imports, driven by a fast growing GDP and replacement of domestically produced iron ore for the imported product, combined with the fact that steel prices are expected to remain at current levels, leads us to expect good sales performance for iron ore and pellets of CVRD in the second half of 2002, consolidating the movement saw in the 1H02.

On the other hand, given the current and expected short term demand evolution for aluminum, we cannot anticipate a price recovery for the next few months. Inventories on the London Metal Exchange (LME) continue to accumulate and prices have reacted negatively to the turbulence in global financial markets, converging to US$ 1,300 per ton, compared to the 2001 average of US$ 1,453 and US$ 1,378 in the first seven months of 2002. In the case of alumina, demand from China provides support for prices at their current level. For new contracts, the alumina price has remained at around 11% of the aluminum price on the LME. Gold prices have remained consistently above the level of US$ 300 per troy ounce, and its resiliency may be associated to the asset price volatility in global financial markets.

Despite the slow growth in the Brazilian economy, demand for logistics services has been very strong, given the deficiencies that exist in Brazil's cargo transport infrastructure. CVRD has been able to exploit opportunities in the market, especially in the transport of grains and cement, as well as inter-modal transportation. For instance, the winning of new contacts has made it feasible to expand the Company's railroad activities in the transportation of products for the car industry from 4Q02 onwards.

REVENUES AND SALES VOLUME

Sales volume of iron ore and pellets in 2Q02 reached a record level of 36.330 million tons, exceeding the previous record of 34.769 million tons recorded in 3Q01. It is worth pointing out that since 3Q01, the sales of iron ore from Samitri's mines have been fully incorporated into the Parent Company's sales figures. Shipments in the second quarter were up 7.9% on the previous quarter and 16.5% on 2Q01. Sales volume by the Parent Company encompasses all pellet and iron ore shipments, including the sales of pellet feed to the pellet joint ventures (Nibrasco, Itabrasco, Hispanobras and Kobrasco).

Accumulated sales volume in the first half of the year amounted to 70 million tons, 14.1% higher than in the same period a year earlier. 1H02 sales volumes set a historical record as well.

In 2Q02, sales of iron ore fines accounted for 78.9% of shipments, lumps 10% and pellets 11.1%. Sales of pellets increased the most, up 23.1% on the previous quarter. The Parent Company bought 3.050 million tons of pellets for resale to customers from the pellet joint ventures, compared to 1.769 million tons in 1Q02 and 2.847 million on 2Q01.

Sales of iron ore to China of 5 million tons were up 13.6% on the previous quarter and 78.6% up on 2Q01. The CVRD increased penetration into the Chinese, the fastest growing market in the world, is a consequence of a successful marketing policy, supported by a diversified portfolio of high quality products. For Japan, volumes shipped of 4.3 million tons were up 16.2% on 1Q02 and 4.9% on 2Q01. Another important source of sales expansion was from Brazilian steel mills, where sales volume was up 13.7% qoq and up 18.4 % yoy.

SALES OF IRON ORE AND PELLETS – PARENT COMPANY

thousand tons

	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02
Iron Ore and Pellets	30,175	31,189	34,769	33,815	33,663	36,330
Iron Ore	26,546	27,038	30,996	29,983	30,379	32,289
Fines	23,512	24,226	27,617	26,044	27,016	28,648
Lump	3,034	2,812	3,379	3,939	3,363	3,641
Pellets	3,629	4,151	3,773	3,832	3,284	4,041

Consolidated sales volume of iron ore and pellets, calculated according to managerial criteria, amounted to 40.901 million tons, compared to 38.034 million in 1Q02. Pellet sales were up 19.6% and iron ore sales up 4.5%. Ferteco, a wholly owned subsidiary of CVRD, saw its iron ore shipments rise by 17.6% qoq and that of pellets increase by 78.4% qoq. A detailed description of the method used to calculate consolidated sales volume, according to managerial criteria, is to be found on CVRD's website, www.cvrd.com.br, under investor relations, frequently asked questions.

CONSOLIDATED SALES OF IRON ORE AND PELLETS – Economic Concept

thousand tons

Iro Ore	2Q 01	1Q 02	2Q 02
Parent Company	21,486	25,815	26,673
Samitri	1,657	-	-
Samarco *	217	336	275
Urucum *	123	233	230
Ferteco *	3,395	2,503	2,943
MBR *	-	1,384	1,509
QCM *	-	68	67
Total	**26,878**	**30,339**	**31,697**
Pellets	**2Q 01**	**1Q 02**	**2Q 02**
Parent Company + JVs	6,174	5,266	6,178
Samarco *	1,205	1,315	1,443
Ferteco *	661	619	1,104
GIIC *	431	412	338
QCM *	-	83	141
Total	**8,471**	**7,695**	**9,204**
Total	**35,349**	**38,034**	**40,901**

* sales attributed in proportion to size of stake held by CVRD
JVs: Nibrasco, Itabrasco, Hispanobras and Kobrasco
Samitri: acquired on May 30, 2000 and consolidated into CVRD on October 1, 2001
Samarco: acquired on May 30, 2000
GIIC: acquired on October 9, 2000
Ferteco: acquired on April 27, 2001
MBR and QCM: Caemi acquired on December 07, 2001

The transportation of general cargo (products other than iron ore and pellets) for customers on CVRD's railroads, amounted to 3.730 billion net ton kilometres (ntk), a quarterly record, surpassing the previous record of 3.468 billion ntk in 1Q02. Ferrovia Centro-Atlântica (FCA) also registered its best performance in terms of general cargo transportation since its operation was taken over by CVRD at the beginning of 2000: 2.712 billion nkt.

In addition to transportation records, CVRD's railroads have been significantly improving productivity. At EFVM, ntk per active locomotive, per day, rose from 0.87 million in 2Q01 to 0.95 million in 2Q02. Simultaneously fuel consumption fell. EFVM's trains transported, on average, 300 ntks per litre of fuel consumed in 2Q02, compared to 280 in 2Q01. Maximization of asset utilization and operational cost reductions are contributing to increase returns on existing assets.

GENERAL CARGO RAILROAD TRANSPORTATION

million ntk

	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02
EF Vitória a Minas	2,643	2,890	2,844	2,791	2,803	2,880
EF Carajás	356	543	494	423	665	850
Total Parent Company	**2,999**	**3,433**	**3,338**	**3,214**	**3,468**	**3,730**
Ferrovia Centro Atlântica	1,962	2,236	2,167	1,993	2,257	2,712
Total	**4,961**	**5,669**	**5,505**	**5,207**	**5,725**	**6,442**

CVRD's ports handled 7.007 million tons, an increase of 27% on the previous quarter.

Gold sales have been falling due to the exhaustion of the Igarapé Bahia mine, amounting to 111,854 troy ounces in the quarter. From the third quarter of 2002, gold will be produced only from the mines of Fazenda Brasileiro and Itabira. However, CVRD's gold production will rise strongly when operations begin at the copper mines in Carajás. Annual production of 950,000 troy ounces is estimated for 2007, by which time all the copper projects should be fully operational.

Potash shipments increased substantially, up by 69.9% qoq and 27.2% yoy.

SALES OF LOGISTICS SERVICES, GOLD AND POTASH – PARENT COMPANY

thousand tons

	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02
Gold (troy ounces)	108,253	114,780	144,215	141,444	115,455	111,854
Potash	133	151	124	95	113	192
Logistics	25,966	24,613	21,306	20,204	18,775	21,919
Railroads	16,611	16,042	14,078	13,640	13,258	14,912
Ports	9,355	8,571	7,228	6,564	5,517	7,007

Gross operating revenues amounted to R$ 1.843 billion, 81.9% of which were denominated in USD. External markets accounted for 61.4% of sales. Among them, Europe accounted for 27.1% of revenues generated in 2Q02, China for 10.3%, Japan for 8.1% and the rest of Asia for 3.6%.

Iron ore accounted for 61.1% of total revenues, pellets 15.2%, railroad transportation for 11.1% and port services 3.7%.

GROSS REVENUES BY PRODUCT – PARENT COMPANY

million R$

	2Q 01	%	1Q 02	%	2Q 02	%
Iron Ore	871	54.6%	989	61.8%	1,127	61.2%
Pellets	300	18.8%	246	15.4%	281	15.2%
Gold	73	4.6%	80	5.0%	89	4.8%
Railroads	220	13.8%	188	11.7%	204	11.1%
Ports	61	3.8%	42	2.6%	68	3.7%
Potash	50	3.1%	38	2.4%	62	3.4%
Others	19	1.2%	18	1.1%	12	0.7%
Total	**1,594**	**100.0%**	**1,601**	**100.0%**	**1,843**	**100.0%**

GROSS REVENUES BY DESTINATION – PARENT COMPANY		
		million R$
	2Q 02	%
Foreign Market		
Latin America	65	3.5
United States	92	5.0
Europe	499	27.1
Middle East	69	3.7
Japan	150	8.1
China	189	10.3
Ásia. except Japan and China	67	3.6
Domestic Market	712	38.6
Total	**1,843**	**100.0**

SECOND QUARTER EARNINGS

Net earnings in 2Q02 were strongly hit by monetary variation associated with the depreciation of the BRL against the USD to the tune of R$ 997 million.

Compared to 2Q01, when earnings came to R$ 546 million, the main factor to affect earnings was the increase in negative monetary variation of R$ 814 million.

Results of investment participation contributed favourably to earnings in 2Q02, up R$ 169 million on 2Q01, chiefly due to the result of an increase of R$ 361 million in equity income. This item amounted to R$ 626 million in 2Q02, of which R$ 596 million derived from the iron ore and pellets division, R$ 66 million from manganese and ferro-alloys and R$ 63 million from steel assets. The aluminum businesses contributed for a loss of R$ 127 million, mainly because of the effect of the depreciation of the Real against the Dollar on the foreign currency denominated debt of Albras and Alunorte. Despite the low aluminum prices, the operational performance of all aluminum companies improved. For example, EBITDA generated by Albras in 2Q02, of R$ 150.4 million, was up 10% yoy, and 41.9% qoq.

RESULTS OF EQUITY INVESTMENTS - BY BUSINESS AREA			
			million R$
Business Area	2Q 01	1Q 02	2Q 02
Ferrous Minerals			
Iron Ore and Pellets	151	155	528
Manganese and Ferro-Alloys	2	16	46
Non-Ferrous Minerals	(5)	5	(41)
Logistics	24	(76)	(57)
Steel	18	(9)	58
Pulp and Paper / Fertilizers	8	11	(1)
Aluminum	39	65	(127)
Others	1	(15)	1
Total	**238**	**152**	**407**

Net operating revenues raised R$ 222 million compared to 2Q01, while the cost of goods sold (COGS) saw an increase of R$ 162 million, adversely affecting the quarterly result. This was due primarily to an increase in depreciation and amortization of R$ 54 million, payment of *demurrage* (fines for delayed shipments) of R$ 31 million, the result of sharply increased activity at the port of Tubarão and an increase of R$ 30 million in material costs, the consequence of increased activity within the Company.

COST OF GOODS SOLD						
						million R$
	2Q 01	%	1Q 02	%	2Q 02	%
Personnel	105	13.0%	123	14.4%	131	13.5%
Materials	86	10.6%	114	13.4%	116	11.9%
Fuel	72	8.9%	80	9.4%	91	9.4%
Electrical Energy	22	2.7%	27	3.2%	30	3.1%
Outsourced Services	101	12.5%	128	15.0%	119	12.2%
Acquisition of Products	257	31.7%	143	16.8%	250	25.7%
Depreciation and Depletion	110	13.6%	173	20.3%	164	16.9%
Others	57	7.0%	64	7.5%	71	7.3%
Total	**810**	**100.0%**	**852**	**100.0%**	**972**	**100.0%**

EBITDA EVOLUTION

EBITDA in 2Q02 amounted to R$ 864 million, up 18.7% on the previous quarter and 11.6% higher than the same period a year earlier. This was the second highest figure in CVRD's history, and 46.2% higher than the EBITDA average of R$ 591 million over the previous 17 quarters (1Q98 to 1Q02). EBITDA margin amounted to 49%, in line with previous quarterly results.

Compared to EBITDA obtained in 2Q01, of R$ 774 million, the main source of improvement was in net sales growth up by R$ 222 million. On the other hand, the increase in COGS of R$ 163 million was the most important factor in restricting growth in this variable.

EBITDA COMPOSITION	
	million R$
	2Q 02
Net Revenues	1,762
Cost of Goods Sold	(972)
Selling Expenses	(35)
General & Administrative Expenses	(95)
Research & Development Expenses	(32)
Other Operatiung Revenues / Expenses	(77)
Adjustment for Exceptional Non-Cash Items	121
Depreciation. Depletion and Amortization	141
Dividends Received	52
EBITDA	**864**

CAPITAL EXPENDITURES

Investments made in 2Q02 amounted to US$ 215.6 million. This figure included US$ 50.4 million of the acquisition costs of the 50% stake owned by Anglo American plc in the Salobo copper project, and US$ 114.7 million which was allocated to other projects.

Capital expenditures for the first half amounted to US$ 373.2 million.

Most of the expenditure on projects was in the area of ferrous minerals, totalling US$ 58.6 million. Of particular note were: the US$ 21.4 million spent on the purchase of locomotives for iron ore transportation, work on the construction of Pier III at the Ponta da Madeira maritime terminal (US$ 5.6 million) and US$ 24.0 million on the São Luís pellet plant and its supporting infrastructure.

US$ 27.3 million were invested in the construction and the environmental licensing of eight hydroelectric power projects. By the end of August construction will begin on the Capim Branco I and II hydroelectric power plants.

Logistics projects absorbed US$ 19.6 million, the largest investment of US$ 7.7 million being spent on the purchase of transtainers and portainers for the Vila Velha Terminal (TVV) and US$ 3.8 million on the enlarging of the Praia Mole Terminal, both in the state of Espírito Santo. US$ 2.2 million was spent on enlarging the capacity of the grain handling facilities at the port of Tubarão and US$ 2.9 million spent on increasing transportation capacity, warehousing and general cargo handling facilities in the Northern System.

Investment of US$ 7.7 million was carried out in Mineração Serra do Sossego, in developing the copper mine. Capital expenditure on enlarging the potash mine at Taquari-Vassouras amounted to US$ 1.5 million. This brownfield project involves total investment of US$ 67.5 million from 2002 to 2005, to increase production capacity from 600 to 850,000 tons a year by 3Q05. This is an investment with a high expected rate of return, in a product whose sales produce strong cash generation, which will increase CVRD's share in a market that is growing by an average of 6% a year.

Mineral exploration continues to focus on the discovery of world class mineral deposits. Investment in 2Q02 quarter amounted to US$ 8.3 million. Most of the expenditure for this year is allocated to the exploration of copper, gold, nickel, kaolin and platinum group metals. US$ 2.7 million was spent on information technology and US$ 0.9 million on environmental protection.

CAPITAL EXPENDITURES* - 2Q 02

By Business Area	US$ million	%	By Category	US$ million	%
Ferrous Minerals	91.6	55.4%	Equity Investments	7.8	4.7%
Logistics	25.2	15.3%	Maintenance	29.0	17.6%
Non Ferrous Minerals	18.5	11.2%	Projects	114.7	69.5%
Energy	27.5	16.6%	Mineral Exploration	8.3	5.0%
Others	2.4	1.5%	Environmental Protection	0.9	0.5%
			Information Technology	2.7	1.6%
			Technological Research	1.7	1.0%
Total	**165.2**	**100.0%**	**Total**	**165.2**	**100.0%**

* acquisitions not included

SELECTED FINANCIAL INDICATORS

million R$

	2Q 01	1Q 02	2Q 02
Gross Revenues	1,593	1,601	1,843
Gross Margin (%)	47.4	44.8	44.8
Net Income	546	633	85
Net Income per Share (R$)	1.42	1.65	0.22
EBITDA	774	728	864
EBITDA Margin (%)	50.3	47.2	49.0
ROE annualized (%)	21.6	21.0	11.8
Investments (US$ million) *	124	158	165

* acquisitions not included

FINANCIAL STATEMENT

million R$

	2Q 01	1Q 02	2Q02
Gross Operating Revenues	1,593	1,601	1,843
Value Added Tax	(53)	(57)	(81)
Net Operating Revenues	**1,540**	**1,544**	**1,762**
Cost of Goods Sold	(810)	(852)	(972)
Gross Income	**730**	**692**	**790**
Gross Margin (%)	47.4	44.8	44.8
Result of Investment Participation	**238**	**152**	**407**
Equity Income	265	284	626
Goodwill Amortization	(27)	(66)	(104)
Provision for Losses	-	(67)	(115)
Others		1	-
Operating Expenses	**(219)**	**(178)**	**(237)**
Selling	(28)	(28)	(35)
General & Administrative	(69)	(90)	(94)
Research and Development	(21)	(22)	(31)
Others	(101)	(38)	(77)
Financial Results	**(301)**	**(65)**	**(1,146)**
Financial Expenses	(138)	(121)	(201)
Financial Revenues	21	32	52
Monetary Variation	(184)	24	(997)
Operating Income	**448**	**601**	**(186)**
Discontinued Operations	56	-	-
Income Taxes	42	31	272
Net Income	**546**	**632**	**86**
Net Income per Share (R$)	**1.42**	**1.65**	**0.22**

EQUITY INCOME				
				million R$
COMPANY/PARTICIPATION	%	2Q 01	1Q 02	2Q 02
DOCENAVE	100.00	25	17	34
ALUVALE	94.74	29	62	(133)
FLORESTAS RIO DOCE	99.85	3	3	2
RDE	99.80	81	34	220
ITACO	99.99	65	72	486
URUCUM	100.00	4	8	13
TERM,VILA VELHA	99.89	3	-	-
NORPEL	99.90	-	1	1
M,ANDIRÁ (SOSSEGO)	99.50	(1)	-	-
PARÁ PIGMENTOS	75.50	-	5	(5)
SAMITRI	100.00	23	-	-
VALEPONTOCOM	100.00	-	(16)	-
SIBRA	99.23	20	33	23
ZAGAIA (FERTECO)	100.00	(3)	29	19
BELÉM	99.99	-	2	(2)
MSE	99.99	-	-	1
KSG	99.99	-	-	1
BRASAMERICAN LIMITED	99.70	-	1	7
BRASILUX	100.00	-	-	20
Total from SUBSIDIARIES		**249**	**251**	**687**
MSG	51.00	2	1	2
CST	22.85	(1)	(3)	(29)
NIBRASCO	51.00	7	(2)	3
FOSFÉRTIL	11.12	1	4	1
HISPANOBRAS	50.89	3	3	1
ITABRASCO	50.90	9	1	3
NOVA ERA SILICON	49.00	1	1	-
USIMINAS	11.46	3	1	(26)
KOBRASCO	50.00	(4)	2	(9)
FERROBAN	3.75	(5)	(4)	-
SAMARCO	50.00	-	29	(10)
BAOVALE	50.00	-	-	3
Total from AFFILIATES		**16**	**33**	**(61)**
Total from EQUITY INCOME		**265**	**284**	**626**

COMPANY/PARTICIPATION	%	2Q 01	1Q 02	2Q 02
PROVISION FOR LOSSES				
KOBRASCO	50.00	-	-	(16)
CIA,FERROV,NORDESTE	30.00	-	(2)	(2)
DOCEPAR	100.00	-	(59)	(5)
FCA	45.65	-	(6)	(20)
PARÁ PIGMENTOS	75.50	-	-	(35)
FERROBAN	3.75	-	-	(4)
MRS	17.26	-	-	(33)
Total from PROVISION FOR LOSSES		**0**	**(67)**	**(115)**
GOODWILL AMORTIZATION				
FCA	45.65	-	(31)	(18)
PARÁ PIGMENTOS	75.50	(4)	-	-
CPFL	92.96	-	(1)	(1)
SIBRA	99.23	(19)	(19)	(19)
MINERAÇÃO MATO GROSSO	100.00	(2)	-	-
USIMINAS	11.46	(2)	-	-
CAEMI	16.85	-	(13)	(14)
BELÉM	99.99	-	(2)	(3)
MRS	17.26	-	-	(14)
FERTECO	100.00	-	-	(35)
Total from GOODWILL AMORTIZATION		**(27)**	**(66)**	**(104)**
Gain on assets disposal and dividends		-	1	-
Total		**238**	**152**	**407**

EQUITY PARTICIPATION ON DOCENAVE	%	2Q 01	1Q 02	2Q 02
NAVEDOCE/Seamar	100.00	7	-	(2)
Own operations	100.00	(5)	15	(34)
NAVEDOCE/Seamar (G/L Foreign Exchange)	100.00	23	2	70
Total Docenave		**25**	**17**	**34**

EQUITY PARTICIPATION ON ALUVALE	%	2Q 01	1Q 02	2Q 02
ALUNORTE	57.58	(7)	5	(64)
MRN	40.00	22	10	3
ALBRAS	51.00	5	39	(95)
VALESUL	54.51	9	3	9
Equity on Alunorte		-	1	2
Own operations		2	7	5
Total Aluvale		**31**	**65**	**(140)**

EQUITY PARTICIPATION ON ITACO US$ million	%	2Q 01	1Q 02	2Q 02
CSI	50.00	(2)	-	6
RDL	100.00	-	2	3
RDME	100.00	(1)	(1)	2
Caemi	16.85	-	3	(13)
Aluvale	5.26	(1)	1	(3)
GIIC (GULF)	50.00	1	2	1
CVRD Overseas	100.00	6	10	20
Own operations		(1)	13	27
G/L Exchange		22	1	108
Total Itaco		**24**	**31**	**151**

EQUITY PARTICIPATION ON ZAGAIA	%	2Q 01	1Q 02	2Q 02
Ferteco	100.00	2	29	19
MRS	10.89	-	-	(21)
Own operations		(5)	-	(8)
Total Zagaia		**(3)**	**29**	**(10)**

BALANCE SHEET

million R$

	2Q 01	1Q 02	2Q 02
Assets			
Current Assets	5,449	4,986	4,552
Long Term Assets	2,511	2,562	3,241
Permanent Assets	13,591	16,283	17,032
Total	**21,551**	**23,831**	**24,825**
Liabilities and Stockholders' Equity			
Current Liabilities	4,222	4,649	4,167
Long Term Liabilities	6,154	7,099	8,532
Shareholders' Equity	11,175	12,083	12,126
Capital	4,000	4,000	5,000
Reserves	7,175	8,083	7,126
Total	**21,551**	**23,831**	**24,825**

IRON ORE AND PELLETS SALES - PARENT COMPANY

thousand tons

FOREIGN MARKET	2Q 01	1Q 02	2Q 02
ASIA			
China	2.8	4.4	5.0
South Korea	1.6	2.1	1.1
Philippines	0.2	0.6	0.5
Japan	4.1	3.7	4.3
Taiwan	0.2	0.4	0.4
Others	-	-	-
Total	**8.9**	**11.2**	**11.3**
EUROPE			
Germany	2.3	3.4	3.4
Spain	0.8	0.8	0.7
France	1.3	1.3	1.5
Italy	1.5	1.0	2.2
United Kingdom	0.4	0.7	0.4
Others	2.2	2.9	3.2
Total	**8.5**	**10.1**	**11.4**
AMERICAS			
Argentina	0.5	0.4	0.6
United States	0.5	0.9	1.0
Others	0.5	0.3	0.5
Total	**1.5**	**1.6**	**2.1**
AFRICA/MIDDLE EAST / AUSTRALASIA			
Bahrain	0.8	0.8	0.5
Others	1.5	0.8	0.7
Total	**2.3**	**1.6**	**1.2**
TOTAL	**21.2**	**24.5**	**26.0**

DOMESTIC MARKET	2Q 01	1Q 02	2Q 02
Steel Mills	4.9	5.1	5.8
Affiliated Pelletizing Companies	5.0	4.0	4.6
Total	**9.9**	**9.1**	**10.4**
TOTAL	**31.1**	**33.6**	**36.4**

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

million R$

HISPANOBRAS	2Q 01	1Q 02	2Q 02
Sales (thousand tons)	896	907	835
Foreign Market	336	487	355
Domestic Market	560	420	480
Net Operating Revenues	64	67	59
Cost of Goods Sold	(54)	(58)	(56)
Financial Results	1	1	6
Net Earnings	5	5	2
Gross Margin (%)	15.6	13.4	5.1
EBITDA	13	11	5
EBITDA Margin (%)	20.3	16.4	8.5
NIBRASCO	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	2,169	1,000	2,257
Foreign Market	559	407	686
Domestic Market	1,610	593	1,571
Net Operating Revenues	151	71	164
Cost of Goods Sold	(126)	(70)	(144)
Financial Results	1	(2)	(4)
Net Earnings	13	(4)	13
Gross Margin (%)	16.6	1.4	12.2
EBITDA	21	5	26
EBITDA Margin (%)	13.9	7.0	15.9
Gross Debt (in US$ million)			
- Short Term	5	4	2
- Long Term	2	2	2
Total	7	6	4
ITABRASCO	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	775	877	702
Foreign Market	579	644	533
Domestic Market	196	233	169
Net Operating Revenues	57	66	50
Cost of Goods Sold	(45)	(57)	(48)
Financial Results	2	(1)	9
Net Earnings	18	2	5
Gross Margin (%)	21.1	13.6	4.0
EBITDA	11	8	3
EBITDA Margin (%)	19.3	12.1	6.0
Gross Debt (in US$ million)			
- Short Term	-	18	17
- Long Term	-	-	-
Total	-	18	17

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

million R$

KOBRASCO	2Q 01	1Q 02	2Q 02
Sales (thousand tons)	1,012	856	1,012
Foreign Market	523	436	534
Domestic Market	489	420	478
Net Operating Revenues	70	64	72
Cost of Goods Sold	(56)	(50)	(67)
Financial Results	(24)	(4)	(78)
Net Earnings	(7)	3	(49)
Gross Margin (%)	20.0	21.9	6.9
EBITDA	16	15	9
EBITDA Margin (%)	22.9	23.4	12.5
Gross Debt (in US$ million)			
- Short Term	-	-	-
- Long Term	128	150	143
Total	128	150	143
SAMARCO	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	2,919	3,301	3,436
Average Price (US$/ton)	30.00	28.48	28.78
Net Operating Revenues	191	213	239
Cost of Goods Sold	(81)	(109)	(115)
Financial Results	(45)	(15)	(96)
Net Earnings	29	58	(19)
Gross Margin (%)	57.6	48.8	51.9
EBITDA	98	93	114
EBITDA Margin (%)	51.3	43.7	47.7
Gross Debt (in US$ million)			
- Short Term	164	169	180
- Long Term	133	93	87
Total	297	262	267
FERTECO	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	4,553	3,259	4,777
Foreign Market	3,955	2,470	3,434
Domestic Market	598	789	1,343
Net Operating Revenues	159	127	195
Cost of Goods Sold	(122)	(70)	(128)
Financial Results	(19)	(5)	(44)
Net Earnings	18	29	(10)
Gross Margin (%)	23.3	44.9	34.4
EBITDA	44	52	63
EBITDA Margin (%)	27.7	40.9	32.3
Gross Debt (in US$ million)			
- Short Term	86	55	58
- Long Term	101	94	88
Total	187	149	146

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

million US$

GIIC*	2Q 01	1Q 02	2Q 02
Sales (thousand tons)	862	823	676
Net Operating Revenues	34,425	34,372	27,228
Cost of Goods Sold	(29,905)	(29,486)	(23,737)
Gross Profit	4,520	4,886	3,491
Other Income	482	112	79
S G & A	(1,181)	(1,102)	(2,028)
Net Income	3,821	3,896	1,542

* financial indicators according to IASC (International Accounting Standards Committee).

ITACO	2Q 01	1Q 02	2Q 02
Sales (thousand tons)			
Iron Ore	9,765	14,266	16,650
Pellets	2,449	1,800	2,513
Manganese	368	246	250
Bauxite	152	140	407
Alumina	34	33	106
Aluminum	43	43	53
Net Operating Revenues	348,161	390,094	473,753
Cost of Goods Sold	(321,506)	(346,965)	(434,940)
Equity Income	1,088	16,744	(46,637)
Net Income	10,117	24,743	(37,427)
EBITDA	25,327	37,493	32,833

MANGANESE AND FERRO-ALLOYS - FINANCIAL INDICATORS – NON AUDITED

million R$

SIBRA	2Q 01	1Q 02	2Q 02
Sales – Ferro-alloys (thousand tons)	24	29	31
Foreign Market	9	10	15
Domestic Market	15	19	16
Average Price (US$/ton)	489.44	445.67	439.85
Sales - Manganese (thousand tons)	339	278	265
Foreign Market	337	242	213
Domestic Market	2	36	52
Average Price (US$/ton)	46.54	55.11	47.75
Net Operating Revenues	58	62	60
Cost of Goods Sold	(25)	(32)	(36)
Financial Results	(4)	(2)	(5)
Net Earnings	20	34	22
Gross Margin (%)	56.9	48.4	40.0
EBITDA	35	31	21
EBITDA Margin (%)	60.3	50.0	35.0
Gross Debt (in US$ million)			
- Short Term	24	24	23
- Long Term	51	25	21
Total	76	49	44
CPFL	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	37	37	37
Foreign Market	20	13	17
Domestic Market	17	24	20
Average Price (US$/ton)	583.02	517.01	569.36
Net Operating Revenues	45	39	47
Cost of Goods Sold	(30)	(27)	(34)
Financial Results	1	1	1
Net Earnings	2	10	10
Gross Margin (%)	33.3	30.8	27.7
EBITDA	3	11	9
EBITDA Margin (%)	6.7	28.2	19.1
Gross Debt (in US$ million)			
- Short Term	9	7	6
- Long Term	10	4	4
Total	20	11	9

ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED

million R$

MRN	2Q 01	1Q 02	2Q 02
Sales (thousand tons)	2,832	1,781	2,610
Foreign Market	886	485	790
Domestic Market	1,946	1,296	1,820
Average Price (US$/ton)	21.08	19.80	16.31
Net Operating Revenues	124	76	111
Cost of Goods Sold	(58)	(40)	(61)
Financial Results	(2)	(2)	(32)
Net Earnings	55	24	8
Gross Margin (%)	53.2	47.4	45.0
EBITDA	75	46	59
EBITDA Margin (%)	60.5	60.5	53.2
Gross Debt (in US$ million)			
- Short Term	1	14	19
- Long Term	-	96	90
Total	1	110	109
ALUNORTE	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	407	427	410
Foreign Market	212	222	175
Domestic Market	195	205	235
Average Price (US$/ton)	192.33	161.55	165.72
Net Operating Revenues	188	165	174
Cost of Goods Sold	(129)	(136)	(135)
Financial Results	(76)	(11)	(198)
Net Earnings	(17)	10	(142)
Gross Margin (%)	31.4	17.6	22.4
EBITDA	65	35	49
EBITDA Margin (%)	34.6	21.2	28.2
Gross Debt (in US$ million)			
- Short Term	47	-	-
- Long Term	425	455	455
Total	472	455	455
ALBRAS	**2Q 01**	**1Q 02**	**2Q 02**
Sales (thousand tons)	92	88	110
Foreign Market	88	84	108
Domestic Market	4	4	2
Average Price (US$/ton)	1,470.68	1,319.81	1,332.13
Net Operating Revenues	308	274	366
Cost of Goods Sold	(176)	(171)	(224)
Financial Results	(114)	(11)	(333)
Net Earnings	9	76	(186)
Gross Margin (%)	42.9	37.6	38.8
EBITDA	137	106	150
EBITDA Margin (%)	44.5	38.7	41.0
Gross Debt (in US$ million)			
- Short Term	167	73	49
- Long Term	496	524	507
Total	663	597	555

ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED

million R$

VALESUL	2Q 01	1Q 02	2Q 02
Sales (thousand tons)	26	21	23
Foreign Market	9	9	12
Domestic Market	17	12	11
Average Price (US$/ton)	1,882.41	1,720.97	1,663.20
Net Operating Revenues	99	78	93
Cost of Goods Sold	(68)	(64)	(72)
Financial Results	4	(1)	1
Net Earnings	16	6	15
Gross Margin (%)	31.3	17.9	22.6
EBITDA	22	14	24
EBITDA Margin (%)	22.2	17.9	25.8
Gross Debt (in US$ million)			
- Short Term	10	1	1
- Long Term	2	2	1
Total	12	3	2