BR GAAP

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER 2004

BOVESPA: VALE3, VALE5
NYSE: RIO, RIOPR
LATIBEX: XVALO, XVALP

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:

- 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.
- 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.
- 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.
- 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.
- 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.
- General cargo volume (all freight except for iron ore and pellets) transported for clients by our railroad network (Vitória a Minas - EFVM

www.cvrd.com.br
rio@cvrd.com.br

Investor Relations Department

Roberto Castello Branco
Rafael Campos
Barbara Geluda
Daniela Tinoco
Eduardo Mello Franco
Rafael Azevedo
Phone: (5521) 3814-4540

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 .

- 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 prfitable 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.

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.

- **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, sate 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.

- **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.

INDEPENDET 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

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.

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
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
Total	**2.2**	**3.2**	**2.5**
Others			
Bahrein	0.4	1.0	0.6
Others	2.0	1.1	1.3
Total	**2.4**	**2.1**	**1.9**
TOTAL	**26.9**	**32.0**	**34.1**
DOMESTIC MARKET	2Q03	1Q04	2Q04
Steel Mills	4.6	6.3	7.0
Pelletizing Joint Ventures	4.8	4.9	4.8
Total	**9.4**	**11.2**	**11.8**
TOTAL	**36.3**	**43.2**	**45.9**

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.

RESULT FROM SHAREHOLDINGS BY BUSINESS AREA			
			R$ million
Business Area	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
Depreciation and Amortization	155	12.8	245	16.6	222	12.5
Others	94	7.8	75	5.1	122	6.9
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

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

R$ million

	2Q03	1Q04	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 Unites 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 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

US$ million

Financial Expenses on:	1Q04	2Q04
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

US$ million

	2Q03	1Q04	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

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.

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.
	Candonga 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.cvrd.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.cvrd.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.

FINANCIAL STATEMENTS			
			R$ million
	2Q03	1Q04	2Q04
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			
			R$ million
	06/30/03	03/31/04	06/30/04
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
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**