

VALLEY OF THE RIO DOCE CO

Form 6-K

August 18, 2003

**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 2003

Valley of the Rio Doce Company

(Translation of Registrant's name into English)

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

(Check One) Yes No

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have reviewed the accompanying unaudited condensed consolidated balance sheet of Companhia Vale do Rio Doce and subsidiaries as of June 30, 2003, and the unaudited condensed consolidated statements of income, of cash flows and of changes in stockholders' equity for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002. This financial information is the responsibility of the Company's management. The unaudited financial information of certain affiliates, the investments in which total US\$ 260 million at June 30, 2003 and equity in earnings (losses) which total US\$ 9 million, US\$ 10 million, US\$ (23) million, US\$ 19 million and US\$ 4 million for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002, respectively, and that of certain subsidiaries, which statements reflect total revenues of US\$ 72 million and US\$ 143 million for the three-month and six-month periods ended June 30, 2002, respectively, were reviewed by other independent accountants whose reports thereon have been furnished to us.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews and the reports of other accountants, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Companhia Vale do Rio Doce and subsidiaries as of December 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein). In our report dated February 21, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002 is fairly stated in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 4 to the financial statements, the Company changed its method of accounting for asset retirement obligations, as from January 1, 2003.

PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
August 7, 2003

[Back to Contents](#)**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

| | June 30, 2003 | December 31, 2002 |
|--|--------------------|----------------------|
| Assets | (unaudited) | |
| Current assets | | |
| Cash and cash equivalents | 966 | 1,091 |
| Accounts receivable | | |
| Related parties | 111 | 121 |
| Unrelated parties | 504 | 539 |
| Loans and advances to related parties | 55 | 49 |
| Inventories | 347 | 292 |
| Deferred income tax | 141 | 211 |
| Others | 358 | 286 |
| | 2,482 | 2,589 |
| Property, plant and equipment, net | 4,502 | 3,297 |
| Investments in affiliated companies and joint ventures and other investments and provision for losses on equity investments | 1,072 | 732 |
| Other assets | | |
| Goodwill on acquisition of subsidiaries | 507 | 412 |
| Loans and advances | | |
| Related parties | 78 | 89 |
| Unrelated parties | 79 | 73 |
| Prepaid pension cost | 100 | 79 |
| Deferred income tax | 418 | 358 |
| Judicial deposits | 462 | 239 |
| Unrealized gain on derivative instruments | 1 | 3 |
| Others | 82 | 84 |
| | 1,727 | 1,337 |
| TOTAL | 9,783 | 7,955 |

[Back to Contents](#)**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

(Continued)

| | June 30, 2003 | December 31, 2002 |
|--|--------------------|----------------------|
| Liabilities and stockholders' equity | (unaudited) | |
| Current liabilities | | |
| Suppliers | 354 | 325 |
| Payroll and related charges | 99 | 76 |
| Interest attributed to stockholders | 136 | 3 |
| Current portion of long-term debt - unrelated parties | 1,021 | 717 |
| Short-term debt | 131 | 184 |
| Loans from related parties | 64 | 64 |
| Others | 239 | 139 |
| | 2,044 | 1,508 |
| Long-term liabilities | | |
| Employees post-retirement benefits | 181 | 141 |
| Long-term debt - unrelated parties | 2,061 | 2,359 |
| Loans from related parties | 5 | 7 |
| Provisions for contingencies (Note 9) | 577 | 428 |
| Unrealized loss on derivative instruments | 77 | 76 |
| Others | 197 | 122 |
| | 3,098 | 3,133 |
| Minority interests | 79 | 27 |
| Stockholders' equity | | |
| Preferred class A stock - 600,000,000 no-par-value shares authorized and 138,575,913 issued | 1,055 | 904 |
| Common stock - 300,000,000 no-par-value shares authorized and 249,983,143 issued | 1,902 | 1,630 |
| Treasury stock - 4,235 (2002 - 4,481) preferred and 4,715,170 common shares | (88) | (88) |
| Additional paid-in capital | 498 | 498 |
| Other cumulative comprehensive income | (4,378) | (5,175) |
| Appropriated retained earnings | 2,292 | 2,230 |
| Unappropriated retained earnings | 3,281 | 3,288 |
| | 4,562 | 3,287 |
| TOTAL | 9,783 | 7,955 |

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Income**Expressed in millions of United States dollars (Unaudited)
(except number of shares and per-share amounts)

| | Quarter | | | Six months ended June 30 | |
|---|--------------|--------------|--------------|--------------------------|----------------|
| | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 |
| Operating revenues, net of discounts, returns and allowances | | | | | |
| Sales of ores and metals | | | | | |
| Iron ore and pellets | 761 | 746 | 704 | 1,507 | 1,370 |
| Gold | 7 | 9 | 35 | 16 | 69 |
| Manganese and ferroalloys | 89 | 75 | 59 | 164 | 124 |
| Potash | 21 | 21 | 24 | 42 | 40 |
| Others | 14 | 16 | 9 | 30 | 20 |
| | 892 | 867 | 831 | 1,759 | 1,623 |
| Revenues from logistic services | 138 | 115 | 131 | 253 | 242 |
| Aluminum products | 188 | 167 | 98 | 355 | 166 |
| Other products and services | 1 | 4 | 5 | 5 | 13 |
| | 1,219 | 1,153 | 1,065 | 2,372 | 2,044 |
| Value-added tax | (49) | (43) | (44) | (92) | (78) |
| Net operating revenues | 1,170 | 1,110 | 1,021 | 2,280 | 1,966 |
| Operating costs and expenses | | | | | |
| Cost of ores and metals sold | (438) | (428) | (411) | (866) | (813) |
| Cost of logistic services | (73) | (70) | (74) | (143) | (133) |
| Cost of aluminum products | (157) | (142) | (95) | (299) | (160) |
| Others | (2) | (1) | (8) | (3) | (14) |
| | (670) | (641) | (588) | (1,311) | (1,120) |
| Selling, general and administrative expenses | (45) | (49) | (60) | (94) | (108) |
| Research and development | (12) | (11) | (12) | (23) | (21) |
| Employee profit sharing plan | (9) | (12) | 3 | (21) | (6) |
| Others | (46) | (34) | (30) | (80) | (82) |
| | (782) | (747) | (687) | (1,529) | (1,337) |
| Operating income | 388 | 363 | 334 | 751 | 629 |
| Non-operating income (expenses) | | | | | |
| Financial income | 29 | 28 | 44 | 57 | 77 |
| Financial expenses | (64) | (82) | (117) | (146) | (179) |
| Foreign exchange and monetary gains (losses), net | 257 | 50 | (326) | 307 | (331) |

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| | | | | | |
|---|--------------|-------------|---------------|--------------|--------------|
| | 222 | (4) | (399) | 218 | (433) |
| Income before income taxes, equity results and minority interests | 610 | 359 | (65) | 969 | 196 |
| Income taxes | | | | | |
| Current | (135) | (6) | 3 | (141) | (4) |
| Deferred | (25) | (65) | 126 | (90) | 114 |
| | (160) | (71) | 129 | (231) | 110 |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | 35 | 94 | (82) | 129 | (48) |
| Change in accounting practice for asset retirement obligations (note 4) | - | (10) | - | (10) | - |
| Minority interests | (29) | (18) | 4 | (47) | 3 |
| Net income (loss) | 456 | 354 | (14) | 810 | 261 |
| Basic earnings(losses) per Preferred Class A Share | 1.19 | 0.92 | (0.04) | 2.11 | 0.68 |
| Basic earnings(losses) per Common Share | 1.19 | 0.92 | (0.04) | 2.11 | 0.68 |
| Weighted average number of shares outstanding (thousands of shares) | | | | | |
| Common shares | 245,268 | 245,268 | 245,268 | 245,268 | 245,268 |
| Preferred Class A shares | 138,571 | 138,571 | 138,575 | 138,571 | 138,575 |

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Cash Flows**

Expressed in millions of United States dollars (Unaudited)

| | Quarter | | | Six months ended June 30 | |
|--|-------------|-------------|-------------|--------------------------|------------|
| | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 |
| Cash flows from operating activities: | | | | | |
| Net income (loss) | 456 | 354 | (14) | 810 | 261 |
| Adjustments to reconcile net income with cash provided by operating activities: | | | | | |
| Depreciation, depletion and amortization | 54 | 43 | 61 | 97 | 127 |
| Dividends received | 36 | 36 | 30 | 72 | 55 |
| Equity in results of affiliates and joint ventures and change in provision or losses on equity investments | (35) | (94) | 82 | (129) | 48 |
| Deferred income taxes | 25 | 65 | (126) | 90 | (114) |
| Current income taxes | 108 | - | - | 108 | - |
| Provisions for contingencies | - | 9 | 46 | 9 | 69 |
| Impairment of property, plant and equipment | 12 | - | 49 | 12 | 76 |
| Change in accounting practice for asset retirement obligations (note 4) | - | 10 | - | 10 | - |
| Pension plan | 2 | 3 | 3 | 5 | 6 |
| Foreign exchange and monetary losses (gains) | (258) | (142) | 467 | (400) | 466 |
| Net unrealized derivative losses (gains) | (1) | 3 | 7 | 2 | 13 |
| Minority interests | 29 | 18 | (4) | 47 | (3) |
| Others | (7) | 6 | 68 | (1) | 63 |
| Decrease (increase) in assets: | | | | | |
| Accounts receivable | 65 | 64 | (16) | 129 | (82) |
| Inventories | (25) | 24 | (26) | (1) | (25) |
| Others | (26) | (1) | (39) | (27) | (30) |
| Increase (decrease) in liabilities: | | | | | |
| Suppliers | 18 | (93) | (5) | (75) | (14) |
| Payroll and related charges | 13 | (6) | 7 | 7 | 5 |
| Others | (14) | 57 | 22 | 43 | 6 |
| Net cash provided by operating activities | 452 | 356 | 612 | 808 | 927 |
| Cash flows from investing activities: | | | | | |
| Loans and advances receivable | | | | | |
| Related parties | | | | | |
| Additions | (54) | (23) | (6) | (77) | (29) |
| Repayments | - | 29 | 26 | 29 | 29 |
| Others | 1 | 16 | 1 | 17 | 2 |
| Guarantees and deposits | (152) | (12) | (29) | (164) | (39) |
| Additions to investments | (61) | - | - | (61) | (1) |
| Additions to property, plant and equipment | (308) | (198) | (172) | (506) | (317) |
| | 37 | - | 1 | 37 | 1 |

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| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Proceeds from disposals of property, plant and equipment | | | | | |
| Net cash used to acquire subsidiaries | - | - | (45) | - | (45) |
| Net cash used in investing activities | (537) | (188) | (224) | (725) | (399) |
| Cash flows from financing activities: | | | | | |
| Short-term debt, net issuances (repayments) | 60 | (93) | (166) | (33) | 211 |
| Loans | | | | | |
| Related parties | | | | | |
| Additions | - | - | - | - | 12 |
| Repayments | (6) | (16) | (4) | (22) | (19) |
| Issuances of long-term debt | | | | | |
| Related parties | - | 2 | 1 | 2 | 11 |
| Others | 40 | 177 | 71 | 217 | 513 |
| Repayments of long-term debt | | | | | |
| Related parties | (4) | - | - | (4) | (15) |
| Others | (175) | (101) | (79) | (276) | (140) |
| Interest attributed to stockholders | (215) | - | (329) | (215) | (329) |
| Net cash used in financing activities | (300) | (31) | (506) | (331) | 244 |
| Increase (decrease) in cash and cash equivalents | (385) | 137 | (118) | (248) | 772 |
| Effect of exchange rate changes on cash and cash equivalents | 67 | 56 | (318) | 123 | (317) |
| Cash and cash equivalents, beginning of period | 1,284 | 1,091 | 2,008 | 1,091 | 1,117 |
| Cash and cash equivalents, end of period | 966 | 1,284 | 1,572 | 966 | 1,572 |
| Cash paid during the period for: | | | | | |
| Interest on short-term debt | (1) | (6) | (10) | (7) | (16) |
| Interest on long-term debt, net of interest capitalized | (28) | (49) | (33) | (77) | (68) |
| Interest capitalized | 5 | 4 | 5 | 9 | 10 |
| Income tax | (27) | (6) | (4) | (33) | (4) |
| Non-cash transactions | | | | | |
| Conversion of loans receivable to investments | 76 | 11 | - | 87 | 20 |

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Changes in Stockholders' Equity**

Expressed in millions of United States dollars (Unaudited)

(except number of shares and per-share amounts)

| | Quarter | | | Six months ended June 30 | |
|---|----------|----------|----------|--------------------------|---------|
| | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 |
| Preferred class A stock (including one special share) | | | | | |
| Beginning of the period | 904 | 904 | 820 | 904 | 904 |
| Transfer from appropriated retained earnings | 151 | - | 84 | 151 | - |
| End of the period | 1,055 | 904 | 904 | 1,055 | 904 |
| Common stock | | | | | |
| Beginning of the period | 1,630 | 1,630 | 1,479 | 1,630 | 1,630 |
| Transfer from appropriated retained earnings | 272 | - | 151 | 272 | - |
| End of the period | 1,902 | 1,630 | 1,630 | 1,902 | 1,630 |
| Treasury stock | | | | | |
| End of the period | (88) | (88) | (88) | (88) | (88) |
| Additional paid-in capital | | | | | |
| End of the period | 498 | 498 | 498 | 498 | 498 |
| Other cumulative comprehensive income | | | | | |
| Cumulative translation adjustments | | | | | |
| Beginning of the period | (4,999) | (5,185) | (3,477) | (5,185) | (3,475) |
| Change in the period | 593 | 186 | (776) | 779 | (778) |
| End of the period | (4,406) | (4,999) | (4,253) | (4,406) | (4,253) |
| Unrealized gain on available-for-sale security | | | | | |
| Beginning of the period | 13 | - | - | - | - |
| Change in the period | 5 | 13 | - | 18 | - |
| End of the period | 18 | 13 | - | 18 | - |
| Adjustments relating to investments in affiliates | | | | | |
| Beginning of the period | 10 | 10 | 10 | 10 | 10 |
| Change in the period | - | - | - | - | - |
| End of the period | 10 | 10 | 10 | 10 | 10 |
| Total other cumulative comprehensive income | (4,378) | (4,976) | (4,243) | (4,378) | (4,243) |

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| | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Appropriated retained earnings | | | | | |
| Beginning of the period | 2,351 | 2,230 | 3,207 | 2,230 | 3,212 |
| Transfer to retained earnings | 364 | 121 | (547) | 485 | (552) |
| Transfer to capital stock | (423) | - | (235) | (423) | (235) |
| End of the period | 2,292 | 2,351 | 2,425 | 2,292 | 2,425 |
| Retained earnings | | | | | |
| Beginning of the period | 3,321 | 3,288 | 2,328 | 3,288 | 2,184 |
| Net income | 456 | 354 | (14) | 810 | 261 |
| Interest attributed to stockholders | | | | | |
| Preferred class A stock (\$0.87 and \$0.39 per share in 2003 and 2002) | (48) | (72) | (5) | (120) | (54) |
| Common stock (\$0.87 and \$0.39 per share in 2003 and 2002) | (84) | (128) | (10) | (212) | (97) |
| Appropriation from reserves | (364) | (121) | 547 | (485) | 552 |
| End of the period | 3,281 | 3,321 | 2,846 | 3,281 | 2,846 |
| Total stockholders' equity | 4,562 | 3,640 | 3,972 | 4,562 | 3,972 |
| Comprehensive income is comprised as follows: | | | | | |
| Net income | 456 | 354 | (14) | 810 | 261 |
| Cumulative translation adjustments | 593 | 186 | (776) | 779 | (778) |
| Unrealized gain on available-for-sale security | 5 | 13 | - | 18 | - |
| Total comprehensive income | 1,054 | 553 | (790) | 1,607 | (517) |
| Shares | | | | | |
| Preferred class A stock (including one special share) | 138,575,913 | 138,575,913 | 138,575,913 | 138,575,913 | 138,575,913 |
| Common stock | 249,983,143 | 249,983,143 | 249,983,143 | 249,983,143 | 249,983,143 |
| Treasury stock (1) | | | | | |
| Beginning of the period | (4,719,635) | (4,719,651) | (4,719,921) | (4,719,651) | (4,715,261) |
| Acquisitions | - | - | - | - | (4,390) |
| Sales | 230 | 16 | - | 246 | - |
| End of the period | (4,719,405) | (4,719,635) | (4,719,921) | (4,719,405) | (4,719,651) |
| | 383,839,651 | 383,839,421 | 383,839,135 | 383,839,651 | 383,839,405 |

(1) As of June 30, 2003, 4,715,170 common shares and 4,235 preferred shares were purchased, which are held in treasury in the amount of US\$ 88. The 4,715,170 common shares guarantees an loan given to our subsidiary Alunorte.

See notes to condensed consolidated financial information.

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Notes to the Condensed Consolidated Financial Information
Expressed in millions of United States dollars, unless otherwise stated (unaudited)

1 The Company and its operations

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our operations and those of our joint ventures and affiliates are described in Note 8.

The main operating subsidiaries we consolidate are as follows:

| Subsidiary | % ownership | Head office location | Principal activity |
|---|--------------------|-----------------------------|---------------------------|
| Ferteco Mineração S.A. - FERTECO | 100 | Brazil | Iron ore and pellets |
| Pará Pigmentos S.A. | 76 | Brazil | Kaolin |
| SIBRA - Eletrosiderúrgica Brasileira S.A. | 100 | Brazil | Manganese and Ferroalloys |
| Navegação Vale do Rio Doce S.A. - DOCENAVE | 100 | Brazil | Shipping |
| Vale do Rio Doce Alumínio S.A. - ALUVALE | 100 | Brazil | Aluminum |
| Itabira Rio Doce Company Ltd. - ITACO | 100 | Cayman Island | Trading |
| Rio Doce International Finance Ltd. - RDIF | 100 | Bahamas | International finance |
| CELMAR S.A. - Indústria de Celulose e Papel | 100 | Brazil | Forestry |
| Florestas Rio Doce S.A. | 100 | Brazil | Forestry |
| Rio Doce Manganèse Europe - RDME | 100 | France | Ferroalloys |
| Urucum Mineração S.A. | 100 | Brazil | Iron ore and Ferroalloys |
| Alumina do Norte do Brasil S.A - Alunorte | 57 | Brazil | Aluminum |
| Salobo Metais S.A. (1) | 100 | Brazil | Copper |
| Mineração Serra do Sossego S.A. (1) | 100 | Brazil | Copper |
| Rio Doce Manganese Norway - RDMN | 100 | Norway | Ferroalloys |

(1) - Development stage companies

2 Basis of consolidation

All majority-owned subsidiaries where we have both share and management control are consolidated, with elimination of all significant intercompany accounts and transactions. Investments in unconsolidated affiliates and joint ventures are reported at cost plus our equity in undistributed earnings or losses. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders' agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders' equity where applicable (see Note 8).

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders' agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

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3 Summary of significant accounting policies

Our condensed consolidated interim financial information as of June 30, 2003 for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six month periods ended June 30, 2003 and 2002 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the six-month period ended June 30, 2003 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2003.

This condensed interim financial information should be read in conjunction with our consolidated financial statements for the year ended December 31, 2002.

The provision for losses on equity investments relates to our investments in affiliates which have reported negative stockholders equity in their financial information prepared in accordance with US GAAP and in circumstances where we have assumed commitments to fund our share of the accumulated losses, if necessary, through additional capital contributions or other means. Accordingly we (a) first reduce the value of the investment to zero and (b) subsequently provide for our portion of negative equity.

Other current assets includes \$30 related to ships held for sale, at June 30, 2003.

4 Change in accounting practice

In June 2001, the FASB issued SFAS 143 - "Accounting for Asset Retirement Obligations". We adopted SFAS 143 as from January 1, 2003, as a consequence an additional \$26 for asset retirement obligations was recorded as "Others - long-term liabilities", a net increase of \$11 in mine development costs was registered within "Property, plant and equipment" and a resulting change of \$10 was registered as "Change in Accounting Practice for Asset Retirement Obligations" on the Statement of Income, net of income tax (\$15 gross of deferred income tax). Over time the liabilities will be accreted for the change in their present value and initial capitalized costs will be depleted over the useful lives of the related assets.

5 Recently-issued accounting pronouncements

In June 2002, the FASB has issued SFAS 146 - "Accounting for Costs Associated with Exit or Disposal Activities". The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. We adopted SFAS 146 as from January 1, 2003. We have not committed to disposal of or disposed of any significant activities since adoption.

In November 2002 the FASB issued FIN 45 - "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". The Interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial information. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The disclosure requirements in the Interpretation, applicable as from December 31, 2002 are disclosed in Note 9. We have not issued any material guarantees since December 31, 2002.

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In January 2003, FASB issued Interpretation No. 46 (FIN 46) Consolidation of Variable Interest Entities. FIN 46 provides guidance on when certain entities should be consolidated or the interests in those entities should be disclosed by enterprises that do not control them through majority voting interest. This interpretation applies immediately to variable interest entities created after January 31, 2003. We do not have any entities or transactions which are subject to the requirements of FIN 46 and does not expect FIN 46 to have a material impact on our financial statements.

In April 2003, FASB issued Statement of Financial Accounting Standards No. 149, an amendment of SFAS 133 on Derivative Instruments and Hedging Activities (SFAS 149). This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS 133. This statement is effective for contracts entered into or modified after June 30, 2003, except as stated in the following sentence and for hedging relationships designated after June 30, 2003. The provisions of this statement that relate to Statement 133 Implementation Issues that have been effective for fiscal quarters that began prior to June 15, 2003, should continue to be applied in accordance with their respective effective dates. We are evaluating the impact of this standard.

In May 2003, FASB issued SFAS No. 150, Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150) this Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The Board decided to make this statement effective shortly after issuance for contracts created or modified after it is issued and for existing contracts at the beginning of the first interim period beginning after June 15, 2003. We have not created or modified any such contracts since June 15, 2003.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory enacted tax rates applicable in the periods presented are as follows:

| | Six months ended June 30 - % | |
|---------------------|---------------------------------|-----------|
| | 2003 | 2002 |
| Federal income tax | 25 | 25 |
| Social contribution | 9 | 9 |
| Composite tax rate | 34 | 34 |

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The amount reported as income tax expense in our consolidated financial information is reconciled to the statutory rates as follows:

| | Quarter | | | Six months ended June 30 | |
|---|--------------|-------------|-------------|--------------------------|------------|
| | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 |
| Income before income taxes, equity results and minority interests | 610 | 359 | (65) | 969 | 196 |
| Federal income tax and social contribution expense at statutory enacted rates | (207) | (122) | 22 | (329) | (67) |
| Adjustments to derive effective tax rate: | | | | | |
| Tax benefit on interest attributed to stockholders | 59 | 63 | (3) | 122 | 43 |
| Exempt foreign income (expenses) | (26) | (16) | 75 | (42) | 92 |
| Tax incentives | 40 | - | (5) | 40 | 2 |
| Valuation allowance | - | 9 | (3) | 9 | 6 |
| Other non-taxable gains (losses) | (26) | (5) | 13 | (31) | 10 |
| Adjustment to reflect expected annual effective tax rate | - | - | 30 | - | 24 |
| Federal income tax and social contribution expense in consolidated statements of income | (160) | (71) | 129 | (231) | 110 |

We have certain tax incentives relative to our iron ore and manganese operations in Carajás and relative to alumina in Barcarena. The incentives relative to iron ore and manganese comprise full income tax exemption on defined production levels up to 2005 and partial exemption up to 2013. Both incentives relative to alumina expires in 2010. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed in the form of cash dividends.

7 Inventories

| | June 30, 2003 | December 31, 2002 |
|--------------------------------------|---------------|-------------------|
| Finished products | | |
| Iron ore and pellets | 94 | 86 |
| Manganese | 19 | 24 |
| Ferroalloys | 42 | 27 |
| Alumina | 23 | 15 |
| Others | 16 | 12 |
| Spare parts and maintenance supplies | 153 | 128 |
| | 347 | 292 |

[Back to Contents](#)**8 Investments**

| | June 30, 2003 | | Investments | | Goodwill | | Equity Adjustments | | | | | | Dividends received | | | | |
|--|---------------|--------------------|---------------|-------------------|---------------|-------------------|--------------------|----------|--------------------------|-----------|-------------|-----------|--------------------------|----------|----------|-----------|----------|
| | | | | | | | Quarter | | Six months ended June 30 | | Quarter | | Six months ended June 30 | | | | |
| | | | | | | | 1st | 2nd | 2003 | 2002 | 2nd | 1st | 2nd | 2003 | 2002 | | |
| Participation in capital(%) | Net equity | Net for the period | June 30, 2003 | December 31, 2002 | June 30, 2003 | December 31, 2002 | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 | 2nd 2003 | 1st 2003 | 2nd 2002 | 2003 | 2002 | |
| | | | | | | | | | | | | | | | | | 2003 |
| Investments in affiliated companies and joint ventures, unless otherwise started | <u>voting</u> | <u>total</u> | | | | | | | | | | | | | | | |
| Steel | | | | | | | | | | | | | | | | | |
| Usinas Siderúrgicas de Minas Gerais S.A - USIMINAS | 22.99 | 11.46 | 175 | 174 | 20 | - | - | - | 10 | 10 | (11) | 20 | (8) | - | - | - | - |
| Companhia Siderúrgica de Tubarão - CST (1) | 24.93 | 28.02 | 368 | 47 | 103 | 27 | - | - | 6 | 6 | 2 | 12 | (5) | - | 5 | - | 5 |
| California Steel Industries Inc. - CSI | 50.00 | 50.00 | 212 | 5 | 106 | 107 | - | - | - | 3 | 7 | 3 | 6 | 3 | - | - | 3 |
| SIDERAR (costs \$24) - available for sale investments | 4.85 | 4.85 | - | - | 48 | 30 | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | 277 | 164 | - | - | 16 | 19 | (2) | 35 | (7) | 3 | 5 | - | 8 |
| Aluminum and bauxite | | | | | | | | | | | | | | | | | |
| Mineração Rio do Norte S.A. - MRN | 40.00 | 40.00 | 417 | 24 | 167 | 162 | - | - | 6 | 4 | 15 | 10 | 19 | - | 5 | 10 | 5 |
| Valesul Alumínio S.A. - VALESUL | 54.51 | 54.51 | 92 | 9 | 50 | 39 | - | - | 1 | 4 | 3 | 5 | 4 | 3 | - | - | 3 |
| Alumínio Brasileiro S.A. - ALBRAS | 51.00 | 51.00 | 172 | 156 | 88 | - | - | - | 40 | 39 | (9) | 79 | - | - | - | - | - |
| Alumina do Norte do Brasil S.A. -ALUNORTE (Consolidated as from June 30, 2002, after acquisition of control) | 62.09 | 57.03 | | | - | - | - | - | - | - | (28) | | (23) | - | - | - | - |
| | | | | | 305 | 201 | - | - | 47 | 47 | (19) | 94 | - | 3 | 5 | 10 | 8 |
| Iron ore and pellets | | | | | | | | | | | | | | | | | |
| Caemi Mineração e Metalurgia S.A. Companhia Nipo-Brasileira de Pelotização | 50.00 | 16.86 | 635 | 71 | 107 | 77 | - | - | 7 | 5 | - | 12 | 1 | - | - | 3 | - |
| NIBRASCO | 51.11 | 51.00 | 28 | 14 | 14 | 12 | - | - | (1) | 1 | 2 | - | 1 | - | - | - | - |
| | 51.00 | 50.89 | 34 | 5 | 17 | 14 | - | - | 2 | 1 | 2 | 3 | 3 | - | 2 | - | 2 |

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| | | | | | | | | | | | | | | | | | |
|---|-------|-------|-----|----|--------------|-------------|-----------|-----------|-------------|------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|
| Companhia Hispano-Brasileira de Pelotização - HISpanoBRÁS Companhia Coreano-Brasileira de Pelotização - KOBRASCO | 50.00 | 50.00 | | | - | - | - | - | - | - | (3) | - | (2) | - | - | - | - |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO | 51.00 | 50.90 | 23 | 3 | 12 | 9 | - | - | 1 | - | 1 | 1 | 2 | 1 | - | - | 1 |
| Gulf Industrial Investment Company - GIIC | 50.00 | 50.00 | 75 | 11 | 38 | 37 | - | - | 4 | 2 | 1 | 6 | 3 | - | 5 | - | 5 |
| SAMARCO Mineração S.A. - SAMARCO | 50.00 | 50.00 | 395 | 84 | 198 | 154 | 37 | 30 | 23 | 19 | (3) | 42 | 8 | 25 | 14 | 17 | 39 |
| Minas da Serra Gera S.A. - MSG | 51.00 | 51.00 | 27 | 4 | 14 | 9 | - | - | 1 | 1 | 2 | 2 | 3 | 1 | - | - | 1 |
| Others | - | - | - | - | 15 | 12 | - | - | - | - | 1 | - | 1 | - | - | - | - |
| | | | | | 415 | 324 | 37 | 30 | 37 | 29 | 3 | 66 | 20 | 27 | 21 | 20 | 48 |
| Others | | | | | | | | | | | | | | | | | |
| Fertilizantes Fosfatados S.A. - FOSFERTIL (2) | 10.96 | 11.12 | 264 | 48 | 29 | 25 | - | - | 2 | 3 | - | 5 | 2 | 2 | 5 | - | 7 |
| Others | - | - | - | - | 26 | 15 | - | - | (1) | 3 | (26) | 2 | (25) | 1 | - | - | 1 |
| | | | | | 55 | 40 | - | - | 1 | 6 | (26) | 7 | (23) | 3 | 5 | - | 8 |
| | | | | | 1,052 | 729 | 37 | 30 | 101 | 101 | (44) | 202 | (10) | 36 | 36 | 30 | 72 |
| Balance / Change in provision for losses on equity investments: | | | | | | | | | | | | | | | | | |
| Alumínio Brasileiro S.A. - ALBRAS | | | | | - | (1) | - | - | - | 1 | (18) | 1 | (12) | - | - | - | - |
| Companhia Ferroviária do Nordeste - CFN | | | | | - | - | - | - | (2) | - | (1) | (2) | (2) | - | - | - | - |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO | | | | | (10) | (16) | - | - | 6 | 3 | (5) | 9 | (5) | - | - | - | - |
| Ferrobán - Ferrovias Bandeirantes S.A. | | | | | - | - | - | - | - | - | - | - | (2) | - | - | - | - |
| Ferrovia Centro-Atlântica S.A. - FCA | | | | | - | - | - | - | (73) | (11) | (7) | (84) | (10) | - | - | - | - |
| MRS Logística S.A. | | | | | (2) | (6) | - | - | 3 | 1 | (7) | 4 | (7) | - | - | - | - |
| CSN Aceros | | | | | (5) | (4) | - | - | - | (1) | - | (1) | - | - | - | - | - |
| | | | | | (17) | (27) | - | - | (66) | (7) | (38) | (73) | (38) | - | - | - | - |
| Total | | | | | 1,035 | 702 | 37 | 30 | 35 | 94 | (82) | 129 | (48) | 36 | 36 | 30 | 72 |

(1) During the quarter ended June 30, 2003 CVRD acquired an additional 4.42% of the voting shares and 5.64% of the preferred shares, representing 5.17% of CST's total capital for US\$ 60.

(2) We have significant influence through a shareholders` agreement.

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[Back to Contents](#)**9 Commitments and contingencies**

(a) At June 30, 2003, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of \$484, of which \$350 is denominated in United States dollars and the remaining \$134 in local currency, as follows:

| <u>Affiliate or Joint Venture</u> | <u>Amount of guarantee</u> | <u>Denominated currency</u> | <u>Purpose</u> | <u>Final maturity</u> | <u>Counter guarantees</u> |
|-----------------------------------|----------------------------|-----------------------------|----------------|-----------------------|---------------------------|
| ALBRAS | 267 | US\$ | Debt guarantee | 2007 | None |
| | 44 | R\$ | Debt guarantee | 2010 | None |
| FCA | 51 | US\$ | Debt guarantee | 2009 | None |
| | 84 | R\$ | Debt guarantee | 2012 | None |
| SEPETIBA TECON | 18 | US\$ | Debt guarantee | 2005 | None |
| | 5 | R\$ | Debt guarantee | 2012 | None |
| SAMARCO | 12 | US\$ | Debt guarantee | 2020 | None |
| VALESUL | 1 | R\$ | Debt guarantee | 2006 | None |
| | | | | | Collateral |
| NIBRASCO | 2 | US\$ | Debt guarantee | 2004 | Pledge |
| | 484 | | | | |

We expect no losses to arise as a result of the above guarantees. We have made no charges for extending these guarantees except in the case of Albras and Samarco.

(b) CVRD and its subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision made against contingent losses is sufficient to cover probable losses in connection with such actions.

The provision for contingencies and the related judicial deposits are composed as follows:

| | June 30, 2003 | | December 31, 2002 | |
|-----------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|
| | Provision for contingencies | Judicial deposits | Provision for contingencies | Judicial deposits |
| Labor claims | 156 | 68 | 109 | 52 |
| Civil claims | 123 | 43 | 95 | 32 |
| Tax - related actions | 297 | 349 | 220 | 153 |
| Others | 1 | 2 | 4 | 2 |
| | 577 | 462 | 428 | 239 |

Labor - related actions principally comprise employee claims for (i) payment of time spent travelling from their residences to the work-place, (ii) additional payments for alleged dangerous or unhealthy working conditions and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal.

Civil actions principally relate to claims made against us by contractors in connection with losses alleged to have been incurred by them as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted.

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Tax - related actions principally comprise our challenges of changes in basis of calculation and rates of certain revenue taxes and of the tax on financial movements CPMF.

We continue to vigorously pursue our interests in all the above actions but recognize that probably we will incur some losses in the final instance, for which we have made provisions.

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Our judicial deposits are made as required by the courts for us to be able to enter or continue a legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the prevailing party. The increase of \$196 for tax deposits relates to an action in which we challenged the annual limitation on use our tax loss carryforward.

Contingencies settled in the three-month period ended June 30, 2003, and 2002 and March 31, 2003 aggregated \$32, \$28 and \$21, respectively, and additional provisions aggregated \$18, \$74 and \$30, respectively.

- (c) We are defendants in two actions seeking substantial compensatory damages brought by the Municipality of Itabira, State of Minas Gerais, which we believe are without merit. Due to the remote likelihood that any loss will arise therefrom no provision has been made in the financial information with respect to these two actions.
- (d) We are committed under a take-or-pay agreement to take annual delivery of approximately 207,060 metric tons per year of aluminum from ALBRAS at market prices. This estimate is based on 51% of ALBRAS expected production and, at a market price of \$1,366.00 per metric ton at June 30, 2003, represents an annual commitment of \$283. Actual take from Albras was \$67, \$71 and \$65 during the three-month period ended June 30, 2003 and 2002 and March 31, 2003, respectively.
- (e) We and BNDES entered into a contract, known as the Mineral Risk Contract, in March 1997, relating to prospecting authorizations for mining regions where drilling and exploration are still in their early stages. The Mineral Risk Contract provides for the joint development of certain unexplored mineral deposits in approximately two million identified hectares of land in the Carajás region, as well as proportional participation in any financial benefits earned from the development of such resources. Iron ore and manganese deposits already identified and subject to development are specifically excluded from the Mineral Risk Contract.

Pursuant to the Mineral Risk Contract, we and BNDES each agreed to provide \$205, which represents half of the \$410 in expenditures estimated as necessary to complete geological exploration and mineral resource development projects in the region over a period of five years. This period was extended for an additional two years. We oversee these projects and BNDES advances us half of our costs on a quarterly basis. Under the Mineral Risk Contract, as of June 30, 2003, both we and BNDES had remaining commitments to contribute an additional \$54 towards exploration and development activities. In the event that either of us wishes to conduct further exploration and development after having spent such \$205, the contract provides that each party may either choose to match the other party's contributions, or may choose to have its financial interest proportionally diluted. If a party's participation in the project is diluted to an amount lower than 40% of the amount invested in connection with exploration and development projects, then the Mineral Risk Contract provides that the diluted party will lose (1) all the rights and benefits provided for in the Mineral Risk Contract and (2) any amount previously contributed to the project.

Under the Mineral Risk Contract, BNDES has agreed to compensate us through a finder's fee production royalty on their share of mineral resources that are discovered and placed into production. This finder's fee is equal to 3.5% of the revenues derived from the sale of gold, silver and platinum group metals and 1.5% of the revenues derived from the sale of other minerals, including copper, except for gold and other minerals discovered at Serra Leste, for which the finder's fee is equal to 6.5% of revenues.

- (f) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as "debentures" to our then-existing shareholders, including the Brazilian Government. The terms of the "debentures", were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we are able to derive from exploiting our mineral resources.
- (g) At June 30, 2003 we have provided \$54 for environmental liabilities and asset retirement obligations.

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We use various judgments and assumptions when measuring our environmental liabilities and asset retirement obligations. Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain.

10 Segment and geographical information

In 1999 we adopted SFAS 131 Disclosures about Segments of an Enterprise and Related Information with respect to the information we present about our operating segments. SFAS 131 introduced a management approach concept for reporting segment information, whereby financial information is required to be reported on the basis that the top decision-maker uses such information internally for evaluating segment performance and deciding how to allocate resources to segments. Our business segments are currently organized as follows:

Ferrous products comprises iron ore mining and pellet production, as well as the Northern and Southern transportation systems, including railroads, ports and terminals, as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous products comprises the production of gold and other non-ferrous minerals.

Logistics comprises our transportation systems as they pertain to operation of our ships, ports and railroads for third-party cargos.

Holdings divided into the following sub-groups:

Aluminum - comprises aluminum trading activities, alumina refining and investments joint ventures and affiliates engaged in bauxite mining and aluminum metal smelting.

Steel - comprises our investments in joint ventures and affiliates operating in the steel industry.

Others - comprises our investments in joint ventures and affiliates engaged in other businesses.

Information presented to top management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with Brazilian corporate law together with certain minor inter-segment allocations.

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Consolidated net income and principal assets are reconciled as follows:

Results by segment - before eliminations

2nd Quarter 2003

| | Combined | | | | | | Consolidated | |
|---|--------------|-------------|-------------|------------|-----------|------------|--------------|--------------|
| | Holdings | | | | | | | |
| | Ferrous | Non ferrous | Logistics | Aluminum | Steel | Others | | Eliminations |
| Gross revenues - Export | 1,115 | 18 | 18 | 158 | - | - | (495) | 814 |
| Gross revenues - Domestic | 279 | 22 | 108 | 41 | - | - | (45) | 405 |
| Cost and expenses | (1,039) | (40) | (68) | (175) | 5 | 2 | 540 | (775) |
| Depreciation, depletion and amortization | (45) | (2) | (3) | (4) | - | - | - | (54) |
| Pension plan | (2) | - | - | - | - | - | - | (2) |
| Operating profit | 308 | (2) | 55 | 20 | 5 | 2 | - | 388 |
| Financial income | 51 | (1) | 5 | 3 | 2 | - | (31) | 29 |
| Financial expenses | (85) | - | (2) | (7) | (1) | - | 31 | (64) |
| Foreign exchange and monetary losses, net | 185 | 14 | (12) | 72 | 2 | (4) | - | 257 |
| Equity in earnings | 44 | - | (72) | 47 | 16 | - | - | 35 |
| Income taxes | (139) | 1 | 1 | (24) | 1 | - | - | (160) |
| Minority interests | (1) | (3) | - | (25) | - | - | - | (29) |
| Net income | 363 | 9 | (25) | 86 | 25 | (2) | - | 456 |
| Sales classified by geographic destination: | | | | | | | | |
| Export market | | | | | | | | |
| America, except United States | 121 | - | 4 | 36 | - | - | (84) | 77 |
| United States | 70 | 2 | - | 17 | - | - | (47) | 42 |
| Europe | 491 | 14 | 10 | 45 | - | - | (185) | 375 |
| Middle East/Africa/Oceania | 68 | - | 1 | - | - | - | (14) | 55 |
| Japan | 131 | 2 | 2 | 47 | - | - | (60) | 122 |
| Asia, other than Japan | 234 | - | 1 | 13 | - | - | (105) | 143 |
| | 1,115 | 18 | 18 | 158 | - | - | (495) | 814 |
| Domestic market | 279 | 22 | 108 | 41 | - | - | (45) | 405 |
| | 1,394 | 40 | 126 | 199 | - | - | (540) | 1,219 |
| Assets: | | | | | | | | |
| Property, plant and equipment, net | 3,103 | 634 | 212 | 522 | - | 31 | - | 4,502 |
| Capital expenditures | 177 | 94 | 17 | 20 | - | - | - | 308 |
| Investments in affiliated companies and joint ventures and other investments, net of provision for losses | 459 | - | 2 | 305 | 277 | 29 | - | 1,072 |
| Capital employed | 2,875 | 158 | 245 | 486 | 19 | 10 | - | 3,793 |

[Back to Contents](#)**Operating profit by product after eliminations**

2nd Quarter 2003

| | Revenues | | | (1) Cost and expenses | Net | Impairment/ Gain on sale of property, plant and equipment | Depreciation, depletion and amortization | Operating profit |
|--------------------|------------|------------|--------------|-----------------------------|------------|---|---|---------------------|
| | Export | Domestic | Total | | | | | |
| Ferrous | | | | | | | | |
| Iron ore | 458 | 135 | 593 | (301) | 292 | - | (20) | 272 |
| Pellets | 118 | 50 | 168 | (141) | 27 | (12) | (4) | 11 |
| Manganese | 14 | 2 | 16 | (3) | 13 | - | (1) | 12 |
| Ferroalloys | 46 | 27 | 73 | (51) | 22 | - | (2) | 20 |
| | 636 | 214 | 850 | (496) | 354 | (12) | (27) | 315 |
| Non ferrous | | | | | | | | |
| Gold | 7 | - | 7 | (7) | - | - | (2) | (2) |
| Potash | - | 21 | 21 | (12) | 9 | - | (1) | 8 |
| Kaolin | 13 | 1 | 14 | (10) | 4 | - | - | 4 |
| | 20 | 22 | 42 | (29) | 13 | - | (3) | 10 |
| Aluminum | | | | | | | | |
| Alumina | 65 | 39 | 104 | (88) | 16 | - | (4) | 12 |
| Aluminum | 74 | 4 | 78 | (68) | 10 | - | - | 10 |
| Bauxite | 6 | - | 6 | (6) | - | - | - | - |
| | 145 | 43 | 188 | (162) | 26 | - | (4) | 22 |
| Logistics | | | | | | | | |
| Railroads | - | 79 | 79 | (27) | 52 | - | (16) | 36 |
| Ports | - | 38 | 38 | (32) | 6 | - | (2) | 4 |
| Ships | 13 | 8 | 21 | (21) | - | - | - | - |
| | 13 | 125 | 138 | (80) | 58 | - | (18) | 40 |
| Others | - | 1 | 1 | 2 | 3 | - | (2) | 1 |
| | 814 | 405 | 1,219 | (765) | 454 | (12) | (54) | 388 |

(1) Cost and expenses include contingency provisions of \$16.

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1st Quarter 2003

| | Combined | | | | | | Consolidated | |
|---|--------------|-------------|-----------|------------|-----------|------------|--------------|--------------|
| | Holdings | | | | | | | |
| | Ferrous | Non ferrous | Logistics | Aluminum | Steel | Others | | Eliminations |
| Gross revenues - Export | 1,080 | 23 | 21 | 149 | - | - | (476) | 797 |
| Gross revenues - Domestic | 258 | 24 | 78 | 37 | - | - | (41) | 356 |
| Cost and expenses | (1,001) | (38) | (61) | (159) | 1 | (3) | 517 | (744) |
| Depreciation, depletion and amortization | (36) | (3) | (2) | (2) | - | - | - | (43) |
| Pension plan | (3) | - | - | - | - | - | - | (3) |
| Operating profit | 298 | 6 | 36 | 25 | 1 | (3) | - | 363 |
| Financial income | 45 | 1 | 3 | 3 | - | 1 | (25) | 28 |
| Financial expenses | (96) | (2) | (1) | (5) | (3) | - | 25 | (82) |
| Foreign exchange and monetary losses, net | 25 | 5 | (3) | 23 | - | - | - | 50 |
| Equity in earnings | 33 | - | (11) | 48 | 19 | 5 | - | 94 |
| Income taxes | (66) | (1) | (1) | (2) | (1) | - | - | (71) |
| Change in accounting practice for asset retirement obligations (note 4) | (10) | - | - | - | - | - | - | (10) |
| Minority interests | - | (2) | - | (16) | - | - | - | (18) |
| Net income | 229 | 7 | 23 | 76 | 16 | 3 | - | 354 |
| Sales classified by geographic destination: | | | | | | | | |
| Export market | | | | | | | | |
| America, except United States | 116 | - | 14 | 31 | - | - | (72) | 89 |
| United States | 101 | 4 | - | 2 | - | - | (50) | 57 |
| Europe | 440 | 17 | 4 | 87 | - | - | (170) | 378 |
| Middle East/Africa/Oceania | 51 | - | 3 | - | - | - | (16) | 38 |
| Japan | 111 | 1 | - | 23 | - | - | (49) | 86 |
| Asia, other than Japan | 261 | 1 | - | 6 | - | - | (119) | 149 |
| | 1,080 | 23 | 21 | 149 | - | - | (476) | 797 |
| Domestic market | 258 | 24 | 78 | 37 | - | - | (41) | 356 |
| | 1,338 | 47 | 99 | 186 | - | - | (517) | 1,153 |
| Assets: | | | | | | | | |
| Property, plant and equipment, net | 2,563 | 464 | 162 | 430 | - | 27 | - | 3,646 |
| Capital expenditures | 91 | 51 | 32 | 23 | - | 1 | - | 198 |
| Investments in affiliated companies and joint ventures and | | | | | | | | |

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| | | | | | | | | |
|---|--------------|------------|------------|------------|-----------|-----------|---|--------------|
| other investments, net of provision for losses | 437 | - | (7) | 233 | 148 | 28 | - | 839 |
| Capital employed | 2,521 | 138 | 188 | 405 | 22 | 10 | - | 3,284 |

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1st Quarter 2003

| | Revenues | | | (1) Cost and expenses | Net | Impairment/ Gain on sale of property, plant and equipment | Depreciation, depletion and amortization | Operating profit |
|--------------------|------------|------------|--------------|-----------------------------|------------|--|---|---------------------|
| | Export | Domestic | Total | | | | | |
| Ferrous | | | | | | | | |
| Iron ore | 421 | 126 | 547 | (267) | 280 | - | (18) | 262 |
| Pellets | 152 | 47 | 199 | (168) | 31 | - | (3) | 28 |
| Manganese | 9 | 2 | 11 | (5) | 6 | - | - | 6 |
| Ferroalloys | 47 | 17 | 64 | (54) | 10 | - | (2) | 8 |
| | 629 | 192 | 821 | (494) | 327 | - | (23) | 304 |
| Non ferrous | | | | | | | | |
| Gold | 9 | - | 9 | (8) | 1 | - | - | 1 |
| Potash | - | 21 | 21 | (12) | 9 | - | (1) | 8 |
| Kaolin | 13 | 3 | 16 | (10) | 6 | - | (1) | 5 |
| | 22 | 24 | 46 | (30) | 16 | - | (2) | 14 |
| Aluminum | | | | | | | | |
| Alumina | 59 | 34 | 93 | (73) | 20 | - | (2) | 18 |
| Aluminum | 70 | - | 70 | (66) | 4 | - | - | 4 |
| Bauxite | 4 | - | 4 | (4) | - | - | - | - |
| | 133 | 34 | 167 | (143) | 24 | - | (2) | 22 |
| Logistics | | | | | | | | |
| Railroads | - | 66 | 66 | (22) | 44 | - | (14) | 30 |
| Ports | - | 28 | 28 | (9) | 19 | - | (2) | 17 |
| Ships | 13 | 8 | 21 | (39) | (18) | - | - | (18) |
| | 13 | 102 | 115 | (70) | 45 | - | (16) | 29 |
| Others | - | 4 | 4 | (10) | (6) | - | - | (6) |
| | 797 | 356 | 1,153 | (747) | 406 | - | (43) | 363 |

(1) Cost and expenses include contingency provisions of \$9.

[Back to Contents](#)**Results by segment - before eliminations**

2nd Quarter 2002

| | Combined | | | | | | | Consolidated |
|---|--------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|
| | Holdings | | | | | | Eliminations | |
| | Ferrous | Non ferrous | Logistics | (1) Aluminum | Steel | Others | | |
| Gross revenues - Export | 1,052 | 42 | 9 | 99 | - | - | (482) | 720 |
| Gross revenues - Domestic | 269 | 26 | 98 | - | - | 2 | (50) | 345 |
| Cost and expenses | (933) | (46) | (82) | (103) | (24) | (11) | 532 | (667) |
| Depreciation, depletion and amortization | (45) | (13) | (3) | (1) | - | 1 | - | (61) |
| Pension plan | (3) | - | - | - | - | - | - | (3) |
| Operating profit | 340 | 9 | 22 | (5) | (24) | (8) | - | 334 |
| Financial income | 52 | - | 3 | 3 | 1 | - | (15) | 44 |
| Financial expenses | (126) | (1) | (2) | - | (3) | - | 15 | (117) |
| Foreign exchange and monetary losses, net | (291) | (19) | (16) | - | - | - | - | (326) |
| Equity in earnings | (4) | - | (37) | (37) | (2) | (2) | - | (82) |
| Income taxes | 130 | - | - | (1) | - | - | - | 129 |
| Minority interests | 1 | 3 | - | - | - | - | - | 4 |
| Net income | 102 | (8) | (30) | (40) | (28) | (10) | - | (14) |
| Sales classified by geographic destination: | | | | | | | | |
| Export market | | | | | | | | |
| America, except United States | 153 | - | 7 | 6 | - | - | (100) | 66 |
| United States | 58 | 16 | - | 1 | - | - | (45) | 30 |
| Europe | 458 | 26 | - | 81 | - | - | (187) | 378 |
| Middle East/Africa/Oceania | 42 | - | - | - | - | - | (7) | 35 |
| Japan | 130 | - | - | - | - | - | (61) | 69 |
| Asia, other than Japan | 211 | - | 2 | 11 | - | - | (82) | 142 |
| | 1,052 | 42 | 9 | 99 | - | - | (482) | 720 |
| Domestic market | | | | | | | | |
| | 269 | 26 | 98 | - | - | 2 | (50) | 345 |
| | 1,321 | 68 | 107 | 99 | - | 2 | (532) | 1,065 |
| Assets: | | | | | | | | |
| Property, plant and equipment, net | 2,700 | 392 | 252 | 410 | - | 92 | - | 3,846 |
| Capital expenditures | 143 | 15 | 17 | - | - | (3) | - | 172 |
| Investments in affiliated companies and joint ventures and other investments, net of provision for losses | 540 | - | (2) | 174 | 142 | 33 | - | 887 |
| Capital employed | 2,577 | 345 | 248 | 266 | 18 | 38 | - | 3,492 |

(1) Control of Alunorte was acquired in June 2002 and it was consolidated from then.

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[Back to Contents](#)**Operating profit by product after eliminations**

2nd Quarter 2002

| | Revenues | | | Cost and expenses | Net | Impairment/ Gain on sale of property, plant and equipment | Depreciation, depletion and amortization | Operating profit |
|--------------------|------------|------------|--------------|-------------------|------------|---|---|---------------------|
| | Export | Domestic | Total | | | | | |
| Ferrous | | | | | | | | |
| Iron ore | 433 | 129 | 562 | (239) | 323 | - | (20) | 303 |
| Pellets | 100 | 42 | 142 | (151) | (9) | - | (4) | (13) |
| Manganese | 8 | 1 | 9 | (12) | (3) | - | (1) | (4) |
| Ferroalloys | 33 | 17 | 50 | (30) | 20 | - | (3) | 17 |
| | 574 | 189 | 763 | (432) | 331 | - | (28) | 303 |
| Non ferrous | | | | | | | | |
| Gold | 35 | - | 35 | (21) | 14 | - | (5) | 9 |
| Potash | - | 24 | 24 | (20) | 4 | - | (1) | 3 |
| Kaolin | 7 | 2 | 9 | (11) | (2) | - | (1) | (3) |
| | 42 | 26 | 68 | (52) | 16 | - | (7) | 9 |
| Aluminum | | | | | | | | |
| Alumina | 16 | - | 16 | (21) | (5) | - | - | (5) |
| Aluminum | 74 | - | 74 | (73) | 1 | - | - | 1 |
| Bauxite | 8 | - | 8 | (9) | (1) | - | - | (1) |
| | 98 | - | 98 | (103) | (5) | - | - | (5) |
| Logistics | | | | | | | | |
| Railroads | - | 72 | 72 | (28) | 44 | 5 | (20) | 29 |
| Ports | - | 39 | 39 | (29) | 10 | - | (3) | 7 |
| Ships | 6 | 14 | 20 | (30) | (10) | 1 | (2) | (11) |
| | 6 | 125 | 131 | (87) | 44 | 6 | (25) | 25 |
| Others | - | 5 | 5 | (2) | 3 | - | (1) | 2 |
| | 720 | 345 | 1,065 | (676) | 389 | 6 | (61) | 334 |

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[Back to Contents](#)**Results by segment - before eliminations**

Six months ended June 30, 2003

| | Combined | | | | | | | Consolidated |
|---|--------------|----------------|------------|------------|-----------|------------|----------------|--------------|
| | Holdings | | | | | | Eliminations | |
| | Ferrous | Non ferrous | Logistics | Aluminum | Steel | Others | | |
| Gross revenues - Export | 2,195 | 41 | 39 | 307 | - | - | (971) | 1,611 |
| Gross revenues - Domestic | 537 | 46 | 186 | 78 | - | - | (86) | 761 |
| Cost and expenses | (2,040) | (78) | (129) | (334) | 6 | (1) | 1,057 | (1,519) |
| Depreciation, depletion and amortization | (81) | (5) | (5) | (6) | - | - | - | (97) |
| Pension plan | (5) | - | - | - | - | - | - | (5) |
| Operating profit | 606 | 4 | 91 | 45 | 6 | (1) | - | 751 |
| Financial income | 96 | - | 8 | 6 | 2 | 1 | (56) | 57 |
| Financial expenses | (181) | (2) | (3) | (12) | (4) | - | 56 | (146) |
| Foreign exchange and monetary losses, net | 210 | 19 | (15) | 95 | 2 | (4) | - | 307 |
| Equity in earnings | 78 | - | (83) | 95 | 35 | 4 | - | 129 |
| Income taxes | (205) | - | - | (26) | - | - | - | (231) |
| Change in accounting practice for asset retirement obligations (note 4) | (10) | - | - | - | - | - | - | (10) |
| Minority interests | (1) | (5) | - | (41) | - | - | - | (47) |
| Net income | 593 | 16 | (2) | 162 | 41 | - | - | 810 |
| Sales classified by geographic destination: | | | | | | | | |
| Export market | | | | | | | | |
| America, except United States | 237 | - | 18 | 67 | - | - | (156) | 166 |
| United States | 171 | 6 | - | 19 | - | - | (97) | 99 |
| Europe | 931 | 31 | 14 | 132 | - | - | (355) | 753 |
| Middle East/Africa/Oceania | 119 | - | 4 | - | - | - | (30) | 93 |
| Japan | 242 | 3 | 2 | 70 | - | - | (109) | 208 |
| Asia, other than Japan | 495 | 1 | 1 | 19 | - | - | (224) | 292 |
| | 2,195 | 41 | 39 | 307 | - | - | (971) | 1,611 |
| Domestic market | 537 | 46 | 186 | 78 | - | - | (86) | 761 |
| | 2,732 | 87 | 225 | 385 | - | - | (1,057) | 2,372 |
| Assets: | | | | | | | | |
| Property, plant and equipment, net | 3,103 | 634 | 212 | 522 | - | 31 | - | 4,502 |
| Capital expenditures | 268 | 145 | 49 | 43 | - | 1 | - | 506 |
| Investments in affiliated companies and joint ventures and other investments, net of provision for losses | 459 | - | 2 | 305 | 277 | 29 | - | 1,072 |

| | | | | | | | | |
|------------------|-------|-----|-----|-----|----|----|---|-------|
| Capital employed | 2,875 | 158 | 245 | 486 | 19 | 10 | - | 3,793 |
|------------------|-------|-----|-----|-----|----|----|---|-------|

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[Back to Contents](#)**Operating profit by product after eliminations**

Six months ended June 30, 2003

| | Revenues | | | (1) Cost and expenses | Net | Impairment/ Gain on sale of property, plant and equipment | Depreciation, depletion and amortization | Operating profit |
|--------------------|--------------|------------|--------------|--------------------------|------------|---|---|---------------------|
| | Export | Domestic | Total | | | | | |
| Ferrous | | | | | | | | |
| Iron ore | 879 | 261 | 1,140 | (568) | 572 | - | (38) | 534 |
| Pellets | 270 | 97 | 367 | (309) | 58 | (12) | (7) | 39 |
| Manganese | 23 | 4 | 27 | (8) | 19 | - | (1) | 18 |
| Ferroalloys | 93 | 44 | 137 | (105) | 32 | - | (4) | 28 |
| | 1,265 | 406 | 1,671 | (990) | 681 | (12) | (50) | 619 |
| Non ferrous | | | | | | | | |
| Gold | 16 | - | 16 | (15) | 1 | - | (2) | (1) |
| Potash | - | 42 | 42 | (24) | 18 | - | (2) | 16 |
| Kaolin | 26 | 4 | 30 | (20) | 10 | - | (1) | 9 |
| | 42 | 46 | 88 | (59) | 29 | - | (5) | 24 |
| Aluminum | | | | | | | | |
| Alumina | 124 | 73 | 197 | (161) | 36 | - | (6) | 30 |
| Aluminum | 144 | 4 | 148 | (134) | 14 | - | - | 14 |
| Bauxite | 10 | - | 10 | (10) | - | - | - | - |
| | 278 | 77 | 355 | (305) | 50 | - | (6) | 44 |
| Logistics | | | | | | | | |
| Railroads | - | 145 | 145 | (49) | 96 | - | (30) | 66 |
| Ports | - | 66 | 66 | (41) | 25 | - | (4) | 21 |
| Ships | 26 | 16 | 42 | (60) | (18) | - | - | (18) |
| | 26 | 227 | 253 | (150) | 103 | - | (34) | 69 |
| Others | - | 5 | 5 | (8) | (3) | - | (2) | (5) |
| | 1,611 | 761 | 2,372 | (1,512) | 860 | (12) | (97) | 751 |

(1) Cost and expenses include contingency provisions of \$25.

[Back to Contents](#)**Results by segment - before eliminations**

Six months ended June 30, 2002

| | Combined | | | | | | | Consolidated |
|--|--------------|-------------|------------|-----------------|-------------|------------|--------------|--------------|
| | Holdings | | | | | | Eliminations | |
| | Ferrous | Non ferrous | Logistics | (1) Aluminum | Steel | Others | | |
| Gross revenues - Export | 2,001 | 86 | 19 | 167 | - | - | (867) | 1,406 |
| Gross revenues - Domestic | 485 | 43 | 179 | - | - | 3 | (72) | 638 |
| Cost and expenses | (1,789) | (95) | (137) | (165) | (24) | (11) | 939 | (1,282) |
| Depreciation, depletion and amortization | (98) | (19) | (9) | (1) | - | - | - | (127) |
| Pension plan | (6) | - | - | - | - | - | - | (6) |
| Operating profit | 593 | 15 | 52 | 1 | (24) | (8) | - | 629 |
| Financial income | 93 | - | 6 | 4 | 1 | - | (27) | 77 |
| Financial expenses | (196) | (3) | (3) | - | (4) | - | 27 | (179) |
| Foreign exchange and monetary losses, net | (297) | (18) | (16) | - | - | - | - | (331) |
| Equity in earnings | 14 | - | (42) | (12) | (7) | (1) | - | (48) |
| Income taxes | 113 | - | (1) | (2) | - | - | - | 110 |
| Minority interests | - | 3 | - | - | - | - | - | 3 |
| Net income | 320 | (3) | (4) | (9) | (34) | (9) | - | 261 |
| Sales classified by geographic destination: | | | | | | | | |
| Export market | | | | | | | | |
| America, except United States | 217 | - | 12 | 13 | - | - | (125) | 117 |
| United States | 147 | 29 | 3 | 1 | - | - | (85) | 95 |
| Europe | 851 | 55 | 2 | 142 | - | - | (338) | 712 |
| Middle East/Africa/Oceania | 85 | - | - | - | - | - | (11) | 74 |
| Japan | 243 | 1 | - | - | - | - | (113) | 131 |
| Asia, other than Japan | 458 | 1 | 2 | 11 | - | - | (195) | 277 |
| | 2,001 | 86 | 19 | 167 | - | - | (867) | 1,406 |
| Domestic market | 485 | 43 | 179 | - | - | 3 | (72) | 638 |
| | 2,486 | 129 | 198 | 167 | - | 3 | (939) | 2,044 |
| Assets: | | | | | | | | |
| Property, plant and equipment, net | 2,700 | 392 | 252 | 410 | - | 92 | - | 3,846 |
| Capital expenditures | 273 | 18 | 26 | - | - | - | - | 317 |
| Investments in affiliated companies and joint ventures and other investments, net of provision | 540 | - | (2) | 174 | 142 | 33 | - | 887 |

for losses

| | | | | | | | | |
|------------------|--------------|------------|------------|------------|-----------|-----------|----------|--------------|
| Capital employed | <u>2,577</u> | <u>345</u> | <u>248</u> | <u>266</u> | <u>18</u> | <u>38</u> | <u>-</u> | 3,492 |
|------------------|--------------|------------|------------|------------|-----------|-----------|----------|--------------|

(1) Control of Alunorte was acquired in June 2002 and it was consolidated from then.

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[Back to Contents](#)**Operating profit by product after eliminations**

Six months ended June 30, 2002

| | Revenues | | | Cost and expenses | Net | Impairment/ Gain on sale of property, plant and equipment | Depreciation, depletion and amortization | Operating profit |
|--------------------|--------------|------------|--------------|-------------------|------------|---|---|---------------------|
| | Export | Domestic | Total | | | | | |
| Ferrous | | | | | | | | |
| Iron ore | 843 | 233 | 1,076 | (519) | 557 | - | (46) | 511 |
| Pellets | 216 | 78 | 294 | (268) | 26 | - | (5) | 21 |
| Manganese | 14 | 5 | 19 | (14) | 5 | - | (2) | 3 |
| Ferroalloys | 66 | 39 | 105 | (72) | 33 | - | (4) | 29 |
| | 1,139 | 355 | 1,494 | (873) | 621 | - | (57) | 564 |
| Non ferrous | | | | | | | | |
| Gold | 69 | - | 69 | (43) | 26 | - | (15) | 11 |
| Potash | - | 40 | 40 | (31) | 9 | - | (2) | 7 |
| Kaolin | 17 | 3 | 20 | (17) | 3 | - | (2) | 1 |
| | 86 | 43 | 129 | (91) | 38 | - | (19) | 19 |
| Aluminum | | | | | | | | |
| Alumina | 22 | - | 22 | (25) | (3) | - | - | (3) |
| Aluminum | 134 | - | 134 | (130) | 4 | - | - | 4 |
| Bauxite | 10 | - | 10 | (11) | (1) | - | - | (1) |
| | 166 | - | 166 | (166) | - | - | - | - |
| Logistics | | | | | | | | |
| Railroads | - | 144 | 144 | (50) | 94 | - | (40) | 54 |
| Ports | - | 60 | 60 | (40) | 20 | - | (5) | 15 |
| Ships | 15 | 23 | 38 | (43) | (5) | - | (4) | (9) |
| | 15 | 227 | 242 | (133) | 109 | - | (49) | 60 |
| Others | - | 13 | 13 | (25) | (12) | - | (2) | (14) |
| | 1,406 | 638 | 2,044 | (1,288) | 756 | - | (127) | 629 |

11 Derivative financial instruments

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed - all three are managed through derivative operations. These have the exclusive aim of reducing exposure to risk. We do not use derivatives for speculation purposes.

We monitor and evaluate our derivative positions on a regular basis and adjust our strategy in response to market conditions. We also periodically review the credit limits and credit worthiness of our counter-parties in these transactions. In view of the policies and practices established for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

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The asset (liability) balances at June 30, 2003, 2002 and March 31, 2003 and the movement in fair value of derivative financial instruments is as follows:

| | Gold | Interest rates (libor) | Currencies | Alumina | Total |
|--|-------------|---------------------------|------------|----------|-------------|
| Unrealized gains (losses) at April 1, 2003 | (10) | (68) | (1) | 3 | (76) |
| Financial settlement | - | 10 | - | - | 10 |
| Gains (losses) in the period | - | 4 | - | (3) | 1 |
| Effect of exchange rate changes | (1) | (11) | - | 1 | (11) |
| Unrealized gains (losses) at June 30, 2003 | (11) | (65) | (1) | 1 | (76) |
| Unrealized gains (losses) at January 1, 2003 | (15) | (60) | (1) | 3 | (73) |
| Financial settlement | - | 4 | - | - | 4 |
| Gains (losses) in the period | 5 | (8) | - | - | (3) |
| Effect of exchange rate changes | - | (4) | - | - | (4) |
| Unrealized gains (losses) at March 31, 2003 | (10) | (68) | (1) | 3 | (76) |
| Unrealized gains (losses) at April 1, 2002 | (2) | (25) | (6) | - | (33) |
| Change in the period | (1) | 3 | 5 | - | 7 |
| Gains (losses) realized in the period | - | (6) | (1) | - | (7) |
| Unrealized gains (losses) at June 30, 2002 | (3) | (28) | (2) | - | (33) |
| Unrealized gains (losses) at January 1, 2003 | (15) | (60) | (1) | 3 | (73) |
| Financial settlement | - | 14 | - | - | 14 |
| Gains (losses) in the period | 5 | (4) | - | (3) | (2) |
| Effect of exchange rate changes | (1) | (15) | - | 1 | (15) |
| Unrealized gains (losses) at June 30, 2003 | (11) | (65) | (1) | 1 | (76) |
| Unrealized gains (losses) at January 1, 2002 | 7 | (36) | (4) | - | (33) |
| Change in the period | (11) | 21 | 3 | - | 13 |
| Gains (losses) realized in the period | 1 | (13) | (1) | - | (13) |
| Unrealized gains (losses) at June 30, 2002 | (3) | (28) | (2) | - | (33) |

Realized and unrealized gains (losses) are included in our income statement under the following captions:

Gold operating costs and expenses;
 Interest rates financial expenses;
 Currencies foreign exchange and monetary losses, net;

Alumina operating costs and expenses.

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Final maturity dates for the above instruments are as follows:

| | |
|------------------------|---------------|
| Gold | December 2006 |
| Interest rates (libor) | May 2007 |
| Currencies | May 2005 |
| Alumina | Dec 2008 |

(a) Interest Rate and Exchange Rate Risk

Interest rate risks mainly relate to that part of the foreign debt borrowed at floating rates. The foreign currency debt is largely subject to fluctuations in the London Interbank Offered Rate - LIBOR. That portion of local currency denominated debt that is subject to floating rates is linked to the Long Term Interest Rate - TJLP, fixed quarterly by the Brazilian Central Bank. Since May 1998, we have used derivative instruments to protect ourselves against fluctuations in the LIBOR rate.

There is an exchange rate risk associated with our foreign currency denominated debt. On the other hand, 89% of our revenues are denominated in, or automatically indexed to, the U.S. dollar, while 49% of our costs are expressed in reais. This provides a natural hedge against any devaluation of the Brazilian real against the U.S. dollar. When events of this nature occur, the immediate negative impact on foreign currency denominated debt is offset over time by the positive effect of devaluation on future cash flows.

With the advent of a floating exchange rate regime in Brazil in January 1999, we adopted a strategy of monitoring market fluctuations, using derivatives to protect against specific risks from exchange rate variation.

From time to time we enter into foreign exchange derivative swap transactions seeking to change the characteristics of our real-denominated cash investments to US dollar-indexed instruments. The extent of such transactions depends on our perception of market and currency risk, but is never speculative in nature. All such operations are marked-to-market at each balance sheet date and the effect included in financial income or expense. During the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002 our use of such instruments was not significant.

(b) Commodity Price Risk

We also use derivative instruments to manage exposure to changing gold prices and to ensure an average minimum profit level for future and alumina production. However, they may also have the effect of eliminating potential gains on certain price increases in the spot market. We manage our contract positions actively, and the results are reviewed at least monthly, allowing adjustments to targets and strategy to be made in response to changing market conditions.

In the case of gold and alumina derivatives, our policy has been to settle all contracts through cash payments or receipts, without physical delivery of product.

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12 Subsequent Events

Acquisition of Caemi

On July 18, 2003 the European Commission approved CVRD's acquisition of 50% of the common shares and 40% of the preferred shares of Caemi Mineração e Metalurgia S.A. (Caemi). Upon conclusion of the acquisition, the Company will detain all the common shares and 40% of the preferred shares of Caemi.

CVRD's Vale Overseas Places Bonds for US\$ 300 at a 9.25% Yield

On August 1, 2003 a wholly owned subsidiary, Vale Overseas Limited issued US\$300 in ten-year notes. The notes bear a coupon of 9.00% per year, payable semi-annually, and will be priced at 98.386% of their principal amount. The notes will be unsecured and unsubordinated obligations of Vale Overseas Limited and will be fully and unconditionally guaranteed by CVRD.

The Company expects to file a registration statement with the United States Securities and Exchange Commission (SEC) and to make its best efforts to exchange the notes for others registered with the SEC within 180 days of the closing date of the offering.

Additionally, on July 28, 2003, another wholly owned subsidiary, CVRD Finance Ltd. issued US\$ 250 of 4.48% notes due 2013.

* * *

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Supplemental Financial Information

The following information provides additional details in relation to the balance sheet and financial performance of equity investees as well as certain financial ratios.

EBITDA represents operating income plus depreciation, amortization and depletion plus impairment/gain on sale of property, plant and equipment plus dividends received from equity investees. EBITDA is not a US GAAP measurement and does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a source of liquidity. Our definition of EBITDA may not be comparable with EBITDA as defined by other companies. Although EBITDA, as defined above, does not provide a US GAAP measure of operating cash flows, our management uses it to measure our operating performance and it is commonly used by financial analysts in evaluating our business.

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[Back to Contents](#)**Aluminum Area - Valesul (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------------------|-----------------|-----------------|----|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 9 | 15 | | | 24 | 9 | 12 | 8 | 13 | 42 |
| Quantity sold - internal market | MT (thousand) | 10 | 9 | | | 19 | 12 | 12 | 10 | 14 | 48 |
| Quantity sold - total | MT (thousand) | 19 | 24 | - | - | 43 | 21 | 24 | 18 | 27 | 90 |
| Average sales price - external market | US\$ | 1.505,49 | 1.516,01 | | | 1.512,07 | 1.467,44 | 1.481,49 | 1.485,09 | 1.413,67 | 1.459,01 |
| Average sales price - internal market | US\$ | 1.933,02 | 1.970,53 | | | 1.950,79 | 1.906,21 | 1.865,52 | 1.779,65 | 1.801,29 | 1.837,32 |
| Average sales price - total | US\$ | 1.730,60 | 1.685,82 | | | 1.705,61 | 1.720,97 | 1.663,20 | 1.654,96 | 1.618,98 | 1.661,77 |
| Long-term indebtedness, gross | US\$ | 1 | 1 | | | 1 | 2 | 1 | 1 | 1 | 1 |
| Short-term indebtedness, gross | US\$ | 1 | 1 | | | 1 | 1 | 1 | - | 1 | 1 |
| Total indebtedness, gross | US\$ | 2 | 2 | - | - | 2 | 3 | 2 | 1 | 2 | 2 |
| Stockholders' equity | US\$ | 84 | 92 | | | 92 | 95 | 83 | 66 | 72 | 72 |
| EBITDA | US\$ | 10 | 5 | - | - | 15 | 6 | 9 | 9 | 14 | 38 |
| Depreciation, amortization and depletion | US\$ | (1) | (2) | - | - | (3) | (1) | (1) | (1) | (1) | (4) |
| Impairment/gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 9 | 3 | - | - | 12 | 5 | 8 | 8 | 13 | 34 |
| Net financial result | US\$ | - | - | - | - | - | - | - | - | (1) | (1) |
| Income before income tax and social contribution | US\$ | 9 | 3 | - | - | 12 | 5 | 8 | 8 | 12 | 33 |
| Income tax and social contribution | US\$ | (1) | (2) | | | (3) | (2) | (2) | (1) | (2) | (7) |
| Net income | US\$ | 8 | 1 | - | - | 9 | 3 | 6 | 7 | 10 | 26 |

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[Back to Contents](#)**Aluminum Area - MRN (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 711 | 958 | | | 1,669 | 485 | 790 | 740 | 601 | 2,616 |
| Quantity sold - internal market | MT (thousand) | 1,485 | 2,554 | | | 4,039 | 1,296 | 1,821 | 1,814 | 2,381 | 7,312 |
| Quantity sold - total | MT (thousand) | 2,196 | 3,512 | - | - | 5,708 | 1,781 | 2,611 | 2,554 | 2,982 | 9,928 |
| Average sales price - external market | US\$ | 21,31 | 21,20 | | | 21,25 | 20,56 | 19,09 | 19,21 | 21,42 | 19,93 |
| Average sales price - internal market | US\$ | 18,24 | 18,15 | | | 18,18 | 19,46 | 18,01 | 18,16 | 20,32 | 19,06 |
| Average sales price - total | US\$ | 19,23 | 18,98 | | | 19,08 | 19,76 | 18,34 | 18,46 | 20,54 | 18,95 |
| Long-term indebtedness, gross | US\$ | 69 | 66 | | | 66 | 96 | 90 | 78 | 76 | 76 |
| Short-term indebtedness, gross | US\$ | 44 | 134 | | | 134 | 14 | 19 | 23 | 29 | 29 |
| Total indebtedness, gross | US\$ | 113 | 200 | - | - | 200 | 110 | 109 | 101 | 105 | 105 |
| Stockholders' equity | US\$ | 402 | 417 | | | 417 | 364 | 377 | 388 | 405 | 405 |
| EBITDA | US\$ | 24 | 39 | - | - | 63 | 21 | 22 | 22 | 35 | 100 |
| Depreciation, amortization and depletion | US\$ | (10) | (10) | - | - | (20) | (9) | (9) | (10) | (10) | (38) |
| Impairment/gain on sale | US\$ | - | - | - | - | - | - | 24 | - | - | 24 |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 14 | 29 | - | - | 43 | 12 | 37 | 12 | 25 | 86 |
| Gain (loss) on investments accounted for by the equity method | US\$ | - | - | - | - | - | (1) | (4) | - | - | (5) |
| Non-operating result | US\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | US\$ | (2) | (12) | - | - | (14) | (1) | 13 | 17 | (5) | 24 |
| Income before income tax and social contribution | US\$ | 12 | 17 | - | - | 29 | 10 | 46 | 29 | 20 | 105 |
| Income tax and social contribution | US\$ | (2) | (2) | - | - | (4) | (1) | (8) | 1 | (3) | (11) |
| Net income | US\$ | 10 | 15 | - | - | 25 | 9 | 38 | 30 | 17 | 94 |

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

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[Back to Contents](#)**Aluminum Area - Albras (Additional information - Unaudited)**

| Information | | 2003 | | | | | | | |
|---|------------------|-----------------|-----------------|----|----|-----------------|-----------------|-----------------|-----------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q |
| Quantity sold - external market | MT (thousand) | 99 | 102 | | | 201 | 84 | 108 | 101 |
| Quantity sold - internal market | MT (thousand) | 4 | 4 | | | 8 | 4 | 2 | 3 |
| Quantity sold - total | MT (thousand) | 103 | 106 | - | - | 209 | 88 | 110 | 104 |
| Average sales price - external market | US\$ | 1.336,40 | 1.324,49 | | | 1.330,36 | 1.318,33 | 1.409,42 | 1.288,20 |
| Average sales price - internal market | US\$ | 1.376,14 | 1.365,10 | | | 1.370,62 | 1.352,12 | 1.330,47 | 1.335,69 |
| Average sales price - total | US\$ | 1.337,98 | 1.326,07 | | | 1.331,94 | 1.319,81 | 1.332,13 | 1.289,68 |
| Long-term indebtedness, gross | US\$ | 451 | 400 | | | 400 | 524 | 507 | 499 |
| Short-term indebtedness, gross | US\$ | - | - | | | - | 73 | 49 | 20 |
| Total indebtedness, gross | US\$ | 451 | 400 | - | - | 400 | 597 | 556 | 519 |
| Stockholders' equity | US\$ | 79 | 172 | | | 172 | 56 | (18) | (97) |
| EBITDA | US\$ | 56 | 50 | - | - | 106 | 43 | 58 | 56 |
| Depreciation, amortization and depletion | US\$ | (3) | (4) | - | - | (7) | (5) | (4) | (4) |
| Impairment/gain on sale | US\$ | - | (3) | - | - | (3) | - | - | - |
| Operating income | US\$ | 53 | 43 | - | - | 96 | 38 | 54 | 52 |
| Net financial result | US\$ | 30 | 58 | | | 88 | (9) | (125) | (153) |
| Income before income tax and social contribution | US\$ | 83 | 101 | - | - | 184 | 29 | (71) | (101) |
| Income tax and social contribution | US\$ | (4) | (24) | | | (28) | (2) | 2 | - |
| Net income | US\$ | 79 | 77 | - | - | 156 | 27 | (69) | (101) |

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

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[Back to Contents](#)**Aluminum Area - Alunorte (Additional information - Unaudited) - Consolidated Subsidiary**

| Information | 2003 | | | | | 2002 | | | | |
|---|------------|---------------|---------------|----|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT | | | | | | | | | |
| (thousand) | 289 | 303 | | | 592 | 222 | 175 | 115 | 208 | 720 |
| Quantity sold - internal market | MT | | | | | | | | | |
| (thousand) | 201 | 234 | | | 435 | 205 | 235 | 233 | 199 | 872 |
| Quantity sold - total | MT | | | | | | | | | |
| (thousand) | 490 | 537 | - | - | 1.027 | 427 | 410 | 348 | 407 | 1.592 |
| Average sales price - external market | US\$ | 170,93 | 172,57 | | 171,77 | 148,20 | 152,79 | 162,37 | 154,43 | 153,39 |
| Average sales price - internal market | US\$ | 173,60 | 175,13 | | 174,42 | 175,94 | 175,38 | 173,97 | 169,51 | 173,79 |
| Average sales price - total | US\$ | 172,03 | 173,68 | | 172,89 | 161,55 | 165,72 | 170,13 | 161,79 | 164,56 |
| Long-term indebtedness, gross | US\$ | 482 | 494 | | 494 | 455 | 455 | 473 | 481 | 481 |
| Short-term indebtedness, gross | US\$ | - | 4 | | 4 | - | - | - | - | - |
| Total indebtedness, gross | US\$ | 482 | 498 | - | 498 | 455 | 455 | 473 | 481 | 481 |
| Stockholders' equity | US\$ | 91 | 170 | | 170 | 180 | 85 | (30) | 50 | 50 |
| EBITDA | US\$ | 23 | 17 | - | 40 | 14 | 18 | 23 | 15 | 70 |
| Depreciation, amortization and depletion | US\$ | (3) | (3) | - | (6) | (3) | (3) | (2) | (2) | (10) |
| Impairment/gain on sale | US\$ | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 20 | 14 | - | 34 | 11 | 15 | 21 | 13 | 60 |
| Non-operating result | US\$ | - | - | | - | (2) | (1) | 3 | - | - |
| Net financial result | US\$ | 20 | 66 | | 86 | (3) | (89) | (150) | 57 | (185) |
| Income before income tax and social contribution | US\$ | 40 | 80 | - | 120 | 6 | (75) | (126) | 70 | (125) |
| Income tax and social contribution | US\$ | (4) | (20) | | (24) | - | - | - | 24 | 24 |
| Net income | US\$ | 36 | 60 | - | 96 | 6 | (75) | (126) | 94 | (101) |

[Back to Contents](#)**Aluminum Area - Aluvale (Additional information - Unaudited) - Consolidated Subsidiary**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------|------------|------------|----|----|------------|------------|-------------|-------------|------------|------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Stockholders' equity | US\$ | 354 | 472 | | | 472 | 365 | 275 | 158 | 282 | 282 |
| EBITDA | US\$ | 7 | 4 | - | - | 11 | 14 | 11 | 8 | 6 | 39 |
| Depreciation, amortization and depletion | US\$ | - | - | - | - | - | - | - | - | - | - |
| Impairment / gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | (5) | (3) | - | - | (8) | (13) | (10) | (7) | (7) | (37) |
| Operating income | US\$ | 2 | 1 | - | - | 3 | 1 | 1 | 1 | (1) | 2 |
| Gain on investments accounted for by the equity method | US\$ | 66 | 83 | | | 149 | 25 | (43) | (95) | 138 | 25 |
| Net financial result | US\$ | 1 | 1 | | | 2 | 2 | 4 | (3) | 2 | 5 |
| Income before income tax and social contribution | US\$ | 69 | 85 | - | - | 154 | 28 | (38) | (97) | 139 | 32 |
| Income tax and social contribution | US\$ | 2 | (4) | | | (2) | (1) | (2) | 1 | - | (2) |
| Net income | US\$ | 71 | 81 | - | - | 152 | 27 | (40) | (96) | 139 | 30 |

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[Back to Contents](#)**Pelletizing Affiliates - Kobrasco (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|---------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 453 | 667 | | | 1.120 | 436 | 534 | 850 | 1.074 | 2.894 |
| Quantity sold - internal market | MT (thousand) | 681 | 461 | | | 1.142 | 420 | 478 | - | 242 | 1.140 |
| Quantity sold - total | MT (thousand) | 1.134 | 1.128 | - | - | 2.262 | 856 | 1.012 | 850 | 1.316 | 4.034 |
| Average sales price - external market | US\$ | 29,89 | 29,98 | | | 29,94 | 31,31 | 29,34 | 29,47 | 29,89 | 29,88 |
| Average sales price - internal market | US\$ | 30,72 | 30,90 | | | 30,79 | 32,08 | 29,24 | - | 30,32 | 30,51 |
| Average sales price - total | US\$ | 30,39 | 30,35 | | | 30,37 | 31,69 | 29,30 | 29,47 | 29,97 | 30,09 |
| Long-term indebtedness, gross | US\$ | 124 | 102 | | | 102 | 150 | 143 | 147 | 114 | 114 |
| Total indebtedness, gross | US\$ | 124 | 102 | - | - | 102 | 150 | 143 | 147 | 114 | 114 |
| Stockholders' equity | US\$ | (28) | (20) | | | (20) | 23 | 3 | (21) | (31) | (31) |
| EBITDA | US\$ | 6 | 2 | - | - | 8 | 7 | 2 | 5 | 5 | 19 |
| Depreciation, amortization and depletion | US\$ | (1) | - | - | - | (1) | (1) | (1) | (1) | (1) | (4) |
| Impairment / gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 5 | 2 | - | - | 7 | 6 | 1 | 4 | 4 | 15 |
| Net financial result | US\$ | 5 | 16 | | | 21 | (2) | (27) | (46) | 15 | (60) |
| Income before income tax and social contribution | US\$ | 10 | 18 | - | - | 28 | 4 | (26) | (42) | 19 | (45) |
| Income tax and social contribution | US\$ | (4) | (7) | | | (11) | (1) | 9 | 14 | (7) | 15 |
| Net income | US\$ | 6 | 11 | - | - | 17 | 3 | (17) | (28) | 12 | (30) |

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[Back to Contents](#)**Pelletizing Affiliates - Hispanobras (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 268 | 625 | | | 893 | 487 | 356 | 165 | 313 | 1.321 |
| Quantity sold - internal market | MT (thousand) | 637 | 265 | | | 902 | 420 | 480 | 520 | 826 | 2.246 |
| Quantity sold - total | MT (thousand) | 905 | 890 | - | - | 1.795 | 907 | 836 | 685 | 1.139 | 3.567 |
| Average sales price - external market | US\$ | 29,54 | 33,75 | | | 32,49 | 31,33 | 31,49 | 31,39 | 24,28 | 29,71 |
| Average sales price - internal market | US\$ | 29,95 | 38,90 | | | 32,58 | 31,43 | 31,63 | 32,28 | 27,31 | 30,15 |
| Average sales price - total | US\$ | 29,75 | 36,33 | | | 33,01 | 31,38 | 31,56 | 32,07 | 25,80 | 29,77 |
| Stockholders' equity | US\$ | 27 | 34 | | | 34 | 36 | 31 | 25 | 27 | 27 |
| EBITDA | US\$ | 4 | 6 | - | - | 10 | 5 | 2 | 2 | 4 | 13 |
| Depreciation, amortization and depletion | US\$ | (1) | - | - | - | (1) | (1) | - | - | (1) | (2) |
| Impairment/gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 3 | 6 | - | - | 9 | 4 | 2 | 2 | 3 | 11 |
| Net financial result | US\$ | (1) | (2) | | | (3) | - | 3 | 3 | (2) | 4 |
| Income before income tax and social contribution | US\$ | 2 | 4 | - | - | 6 | 4 | 5 | 5 | 1 | 15 |
| Income tax and social contribution | US\$ | (1) | - | | | (1) | (2) | (2) | (1) | - | (5) |
| Net income | US\$ | 1 | 4 | - | - | 5 | 2 | 3 | 4 | 1 | 10 |

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

[Back to Contents](#)**Pelletizing Affiliates - Itabrasco (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 306 | 778 | | | 1,084 | 644 | 533 | 572 | 431 | 2,180 |
| Quantity sold - internal market | MT (thousand) | 507 | 65 | | | 572 | 233 | 169 | 243 | 482 | 1,127 |
| Quantity sold - total | MT (thousand) | 813 | 843 | - | - | 1,656 | 877 | 702 | 815 | 913 | 3,307 |
| Average sales price - external market | US\$ | 29,97 | 33,53 | | | 32,53 | 31,16 | 28,46 | 29,96 | 30,01 | 29,71 |
| Average sales price - internal market | US\$ | 29,20 | 55,87 | | | 32,23 | 31,90 | 27,79 | 30,33 | 30,60 | 29,13 |
| Average sales price - total | US\$ | 29,54 | 35,25 | | | 32,45 | 31,35 | 28,30 | 30,06 | 30,18 | 29,51 |
| Long-term indebtedness, gross | US\$ | 5 | - | | | - | 18 | 17 | 16 | - | - |
| Total indebtedness, gross | US\$ | 5 | - | - | - | - | 18 | 17 | 16 | - | - |
| Stockholders' equity | US\$ | 20 | 23 | | | 23 | 27 | 24 | 20 | 17 | 17 |
| EBITDA | US\$ | 2 | 7 | - | - | 9 | 2 | 1 | 1 | 3 | 7 |
| Depreciation, amortization and depletion | US\$ | - | - | - | - | - | - | - | - | - | - |
| Impairment/ gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 2 | 7 | - | - | 9 | 2 | 1 | 1 | 3 | 7 |
| Non-operating result | US\$ | - | - | | | - | - | - | - | - | - |
| Net financial result | US\$ | (1) | (2) | | | (3) | - | 3 | 5 | (2) | 6 |
| Income before income tax and social contribution | US\$ | 1 | 5 | - | - | 6 | 2 | 4 | 6 | 1 | 13 |
| Income tax and social contribution | US\$ | (1) | (2) | | | (3) | (1) | (2) | (2) | 1 | (4) |
| Net income | US\$ | - | 3 | - | - | 3 | 1 | 2 | 4 | 2 | 9 |

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[Back to Contents](#)**Pelletizing Affiliates - Nibrasco (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|---------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 469 | 513 | | | 982 | 407 | 686 | 290 | 783 | 2,166 |
| Quantity sold - internal market - CVRD | MT (thousand) | 1,303 | 1,308 | | | 2,611 | 584 | 1,544 | 1,520 | 1,301 | 4,949 |
| Quantity sold - internal market - Others | MT (thousand) | 28 | 26 | | | 54 | 9 | 27 | 32 | 32 | 100 |
| Quantity sold - total | MT (thousand) | 1,800 | 1,847 | - | - | 3,647 | 1,000 | 2,257 | 1,842 | 2,116 | 7,215 |
| Average sales price - external market | US\$ | 28,76 | 27,69 | | | 28,20 | 30,25 | 30,88 | 27,39 | 28,95 | 29,60 |
| Average sales price - internal market | US\$ | 27,38 | 26,77 | | | 27,07 | 30,49 | 31,58 | 25,69 | 28,25 | 28,77 |
| Average sales price - total | US\$ | 27,75 | 27,03 | | | 27,40 | 30,39 | 31,36 | 25,96 | 28,52 | 29,01 |
| Long-term indebtedness, gross | US\$ | 1 | - | | | - | 4 | 2 | 2 | 1 | 1 |
| Short-term indebtedness, gross | US\$ | 2 | 2 | | | 2 | 2 | 2 | 2 | 2 | 2 |
| Total indebtedness, gross | US\$ | 3 | 2 | - | - | 2 | 6 | 4 | 4 | 3 | 3 |
| Stockholders' equity | US\$ | 25 | 28 | | | 28 | 31 | 28 | 21 | 23 | 23 |
| EBITDA | US\$ | 3 | - | - | - | 3 | 1 | 7 | 4 | 7 | 19 |
| Depreciation, amortization and depletion | US\$ | (1) | (1) | - | - | (2) | (1) | (1) | (1) | (1) | (4) |
| Impairment / gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 2 | (1) | - | - | 1 | - | 6 | 3 | 6 | 15 |
| Net financial result | US\$ | - | - | | | - | (1) | (1) | - | - | (2) |
| Income before income tax and social contribution | US\$ | 2 | (1) | - | - | 1 | (1) | 5 | 3 | 6 | 13 |
| Income tax and social contribution | US\$ | (1) | - | | | (1) | - | (2) | (1) | (2) | (5) |
| Net income | US\$ | 1 | (1) | - | - | - | (1) | 3 | 2 | 4 | 8 |

[Back to Contents](#)**Pelletizing Affiliates - Samarco (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|---|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - total | MT (thousand) | 3,988 | 4,277 | | | 8,265 | 3,301 | 3,436 | 3,871 | 3,834 | 14,442 |
| Average sales price - total | US\$ | 27.59 | 30.98 | | | 29.34 | 28.48 | 28.78 | 27.93 | 29.22 | 28.60 |
| Long-term indebtedness, gross | US\$ | 56 | 50 | | | 50 | 93 | 87 | 76 | 67 | 67 |
| Short-term indebtedness, gross | US\$ | 123 | 138 | | | 138 | 169 | 181 | 170 | 142 | 142 |
| Total indebtedness, gross | US\$ | 179 | 188 | - | - | 188 | 262 | 268 | 246 | 209 | 209 |
| Stockholders' equity | US\$ | 336 | 395 | | | 395 | 454 | 333 | 231 | 307 | 307 |
| EBITDA | US\$ | 56 | 45 | - | - | 101 | 39 | 41 | 45 | 65 | 190 |
| Depreciation, amortization and depletion | US\$ | (*) (5) | (6) | - | - | (11) | (6) | (6) | (5) | (4) | (21) |
| Operating income | US\$ | 51 | 39 | - | - | 90 | 33 | 35 | 40 | 61 | 169 |
| Gain (loss) on investments accounted for by the equity method | US\$ | (1) | 6 | | | 5 | - | - | (12) | (1) | (13) |
| Net financial result | US\$ | - | 8 | | | 8 | (6) | (37) | (52) | 12 | (83) |
| Income before income tax and social contribution | US\$ | 50 | 53 | - | - | 103 | 27 | (2) | (24) | 72 | 73 |
| Income tax and social contribution | US\$ | (12) | (7) | | | (19) | (5) | (3) | - | (9) | (17) |
| Net income | US\$ | 38 | 46 | - | - | 84 | 22 | (5) | (24) | 63 | 56 |

(*) Adjusted

The amounts refers 2002 and the 1st quarter 2003 were adjusted.**S - 11**

[Back to Contents](#)**Iron Ore Subsidiary - Ferteco (Additional information - Unaudited) - Consolidated Subsidiary**

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market - Iron Ore | MT (thousand) | 3.503 | 2.917 | | | 6.420 | 2.020 | 2.713 | 2.769 | 2.142 | 9.644 |
| Quantity sold - internal market - Iron Ore | MT (thousand) | 1.376 | 1.509 | | | 2.885 | 512 | 832 | 1.594 | 1.146 | 4.084 |
| Quantity sold - total - Iron Ore | MT (thousand) | 4.879 | 4.426 | - | - | 9.305 | 2.532 | 3.545 | 4.363 | 3.288 | 13.728 |
| Quantity sold - external market - Pellets | MT (thousand) | 358 | 514 | | | 872 | 448 | 736 | 554 | 645 | 2.383 |
| Quantity sold - internal market - Pellets | MT (thousand) | 498 | 661 | | | 1.159 | 277 | 498 | 703 | 697 | 2.175 |
| Quantity sold - total - Pellets | MT (thousand) | 856 | 1.175 | - | - | 2.031 | 725 | 1.234 | 1.257 | 1.342 | 4.558 |
| Average sales price - external market - Iron Ore | US\$ | 16,29 | 18,82 | | | 17,44 | 16,53 | 17,32 | 16,38 | 16,56 | 16,76 |
| Average sales price - internal market - Iron Ore | US\$ | 7,73 | 8,69 | | | 8,23 | 3,71 | 6,20 | 6,47 | 5,42 | 6,02 |
| Average sales price - total - Iron Ore | US\$ | 13,87 | 13,67 | | | 13,77 | 14,59 | 14,70 | 12,66 | 12,68 | 13,46 |
| Average sales price - external market - Pellets | US\$ | 28,51 | 31,05 | | | 30,01 | 28,08 | 29,68 | 26,78 | 28,73 | 28,45 |
| Average sales price - internal market - Pellets | US\$ | 30,40 | 32,42 | | | 31,55 | 19,02 | 23,15 | 23,38 | 19,73 | 21,60 |
| Average sales price - total - Pellets | US\$ | 29,62 | 31,82 | | | 30,89 | 26,63 | 27,05 | 24,88 | 24,06 | 25,18 |
| Long-term indebtedness, gross | US\$ | 82 | 78 | | | 78 | 94 | 88 | 74 | 82 | 82 |
| Short-term indebtedness, gross | US\$ | 10 | - | | | - | 55 | 58 | 52 | 23 | 23 |
| Total indebtedness, gross | US\$ | 92 | 78 | - | - | 78 | 149 | 146 | 126 | 105 | 105 |
| Stockholders' equity | US\$ | 406 | 497 | | | 497 | 132 | 429 | 301 | 359 | 359 |
| EBITDA | US\$ | 38 | 49 | - | - | 87 | 22 | 25 | 40 | 18 | 105 |
| Depreciation, amortization and depletion | US\$ | (3) | (3) | - | - | (6) | (4) | (4) | (3) | (2) | (13) |
| Impairment / gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 35 | 46 | - | - | 81 | 18 | 21 | 37 | 16 | 92 |

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| | | | | | | | | | | | |
|---|------|-----------|-----------|---|---|-----------|-----------|----------|-------------|-----------|-----------|
| Gain on investments accounted for by the equity method | US\$ | 1 | 3 | | 4 | - | - | (32) | 6 | (26) | |
| Non-operating result | US\$ | - | - | | - | - | - | - | 2 | 2 | |
| Net financial result | US\$ | (3) | 3 | | - | (2) | (17) | (19) | 4 | (34) | |
| <hr/> | | | | | | | | | | | |
| Income before income tax and social contribution | US\$ | 33 | 52 | - | - | 85 | 16 | 4 | (14) | 28 | 34 |
| Income tax and social contribution | US\$ | (10) | (22) | | | (32) | (4) | (1) | 1 | (13) | (17) |
| <hr/> | | | | | | | | | | | |
| Net income | US\$ | 23 | 30 | - | - | 53 | 12 | 3 | (13) | 15 | 17 |
| <hr/> | | | | | | | | | | | |

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[Back to Contents](#)**Pelletizing Affiliates - GIIC (Additional information - Unaudited)**

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|--------------|--------------|----|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 1Q (*) | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 772 | 1,178 | | | 1,950 | 823 | 676 | 643 | 932 | 3,074 |
| Quantity sold - total | MT (thousand) | 772 | 1,178 | | | 1,950 | 823 | 676 | 643 | 932 | 3,074 |
| Average sales price - external market | US\$ | 41,00 | 43,30 | | | 42,39 | 41,76 | 40,30 | 41,55 | 40,40 | 40,98 |
| Average sales price - total | US\$ | 41,00 | 43,30 | | | 42,39 | 41,76 | 40,30 | 41,55 | 40,40 | 40,98 |
| Long-term indebtedness, gross | US\$ | 35 | 35 | | | 35 | 40 | 40 | 40 | 35 | 35 |
| Total indebtedness, gross | US\$ | 35 | 35 | - | - | 35 | 40 | 40 | 40 | 35 | 35 |
| Stockholders' equity | US\$ | 67 | 75 | | | 75 | 66 | 68 | 70 | 73 | 73 |
| EBITDA | US\$ | 5 | 8 | - | - | 13 | 5 | 2 | 3 | 6 | 16 |
| Depreciation, amortization and depletion | US\$ | (1) | - | - | - | (1) | (1) | (1) | (2) | (2) | (6) |
| Impairment/gain on sale | US\$ | - | - | - | - | - | - | - | - | - | - |
| Dividends received from equity investees | US\$ | - | - | - | - | - | - | - | - | - | - |
| Operating income | US\$ | 4 | 8 | - | - | 12 | 4 | 1 | 1 | 4 | 10 |
| Non-operating result | US\$ | - | - | | | - | - | - | 1 | - | 1 |
| Net financial result | US\$ | - | - | | | - | - | - | - | (1) | (1) |
| Net income | US\$ | 4 | 8 | - | - | 12 | 4 | 1 | 2 | 3 | 10 |

(*) The figures refers to the statements as of february/03.

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[Back to Contents](#)**Manganese and Ferroalloys Area - Sibra (Additional information - Unaudited) - Consolidated Subsidiary**

| Information | | 2003 | | | | | 2002 | | | | |
|---|---------------|---------------|---------------|----|----|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market - Ferroalloys | MT (thousand) | 30 | 40 | | | 70 | 23 | 39 | 63 | 35 | 160 |
| Quantity sold - internal market - Ferroalloys | MT (thousand) | 37 | 38 | | | 75 | 37 | 39 | 41 | 50 | 167 |
| Quantity sold - total | MT (thousand) | 67 | 78 | - | - | 145 | 60 | 78 | 104 | 85 | 327 |
| Quantity sold - external market - Manganese | MT (thousand) | 147 | 306 | | | 453 | 243 | 212 | 181 | 192 | 828 |
| Quantity sold - internal market - Manganese | MT (thousand) | 94 | 76 | | | 170 | 15 | 35 | 58 | 90 | 198 |
| Quantity sold - total | MT (thousand) | 241 | 382 | - | - | 623 | 258 | 247 | 239 | 282 | 1.026 |
| Average sales price - external market - Ferroalloys | US\$ | 573,88 | 549,79 | | | 560,11 | 525,00 | 384,64 | 483,67 | 548,54 | 479,65 |
| Average sales price - internal market - Ferroalloys | US\$ | 505,02 | 664,75 | | | 585,95 | 519,19 | 506,79 | 379,56 | 339,76 | 428,31 |
| Average sales price - total | US\$ | 536,68 | 606,47 | | | 574,22 | 521,43 | 445,72 | 442,63 | 425,73 | 453,43 |
| Average sales price - external market - Manganese | US\$ | 46,71 | 42,17 | | | 43,64 | 52,49 | 44,38 | 44,91 | 46,96 | 46,96 |
| Average sales price - internal market - Manganese | US\$ | 36,35 | 46,00 | | | 40,66 | 68,27 | 58,11 | 50,97 | 46,47 | 46,47 |
| Average sales price - total | US\$ | 42,65 | 42,93 | | | 42,82 | 53,40 | 46,32 | 46,38 | 45,86 | 46,86 |
| Long-term indebtedness, gross | US\$ | 20 | 39 | | | 39 | 21 | 18 | 20 | 22 | 22 |
| Short-term indebtedness, gross | US\$ | 37 | 25 | | | 25 | 30 | 28 | 25 | 36 | 36 |
| Total indebtedness, gross | US\$ | 57 | 64 | - | - | 64 | 51 | 46 | 45 | 58 | 58 |
| Stockholders' equity | US\$ | 89 | 112 | | | 112 | 97 | 85 | 75 | 79 | 79 |
| EBITDA | US\$ | 12 | 19 | | | 31 | 16 | 11 | 18 | 8 | 53 |
| Depreciation, amortization and depletion | US\$ | (2) | (2) | | | (4) | (1) | (1) | (1) | (2) | (5) |
| Operating income | US\$ | 10 | 17 | - | - | 27 | 15 | 10 | 17 | 6 | 48 |
| Net financial result | US\$ | (3) | (8) | | | (11) | - | (2) | 5 | (11) | (8) |
| Income before income tax and social contribution | US\$ | 7 | 9 | - | - | 16 | 15 | 8 | 22 | (5) | 40 |
| Income tax and social contribution | US\$ | (2) | (1) | | | (3) | - | (1) | (6) | - | (7) |

Net income

US\$

5

8

-

-

13

15

7

16

(5)

33

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[Back to Contents](#)**Indexes on CVRD's Consolidated Debt (Additional information - Unaudited)**

| | 2nd Quarter 2003 | 1st Quarter 2003 | Six months ended June 30, 2003 |
|--|---------------------------------|---------------------------------|---|
| Current debt | | | |
| Current portion of long-term debt - unrelated parties | 1,021 | 789 | 1,021 |
| Short-term debt | 131 | 61 | 131 |
| Loans from related parties | 64 | 56 | 64 |
| | 1,216 | 906 | 1,216 |
| Long-term debt | | | |
| Long-term debt - unrelated parties | 2,061 | 2,401 | 2,061 |
| Loans from related parties | 5 | 7 | 5 |
| | 2,066 | 2,408 | 2,066 |
| Financial Result, net | | | |
| Financial expenses | | | |
| Third party - local debt | (4) | (5) | (9) |
| Third party - foreign debt | (35) | (39) | (74) |
| Related party debt | (2) | (5) | (7) |
| | (41) | (49) | (90) |
| Gross interest | | | |
| Labor and civil claims and tax-related actions | (6) | (6) | (12) |
| Tax on financial transactions - CPMF | (5) | (4) | (9) |
| Derivatives | 4 | (8) | (4) |
| Others | (16) | (15) | (31) |
| | (64) | (82) | (146) |
| Financial income | | | |
| Cash and cash equivalents | 26 | 10 | 36 |
| Others | 3 | 18 | 21 |
| | 29 | 28 | 57 |
| Financial expenses, net | (35) | (54) | (89) |
| Foreign exchange and monetary gain (losses) on liabilities | 828 | 276 | 1,104 |
| Foreign exchange and monetary gain (losses) on assets | (571) | (226) | (797) |
| Foreign exchange and monetary gain (losses), net | 257 | 50 | 307 |

| | | | |
|---|--------------|--------------|--------------|
| Financial result, net | 222 | (4) | 218 |
| Gross debt (current plus long-term debt) | 3,282 | 3,314 | 3,282 |
| Gross interest | 41 | 49 | 90 |
| EBITDA | 490 | 442 | 932 |
| Stockholders' equity | 4,562 | 3,640 | 4,562 |
| EBITDA / Gross interest | 11.95 | 9.02 | 10.36 |
| Gross Debt / EBITDA | 1.67 | 1.87 | 1.76 |
| Gross debt / Shareholders' equity | 42 | 48 | 42 |

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[Back to Contents](#)**Calculation of EBITDA (Additional information - Unaudited)**

| | 2nd Quarter 2003 | 1st Quarter 2003 | Six months ended June 30, 2003 |
|---|------------------------|------------------------|--------------------------------------|
| Operating income | 388 | 363 | 751 |
| Depreciation | 54 | 43 | 97 |
| | 442 | 406 | 848 |
| Impairment of property, plant and equipment | 12 | - | 12 |
| Dividends received | 36 | 36 | 72 |
| | 490 | 442 | 932 |
| EBITDA | | | |
| Net operating revenues | 1,170 | 1,110 | 2,280 |
| Margin EBITDA | 42% | 40% | 41% |

Adjusted EBITDA x Operating Cash Flows (Additional information - Unaudited)

| | 2nd quarter 2003 | | 1st quarter 2003 | | Six months ended June 30, 2003 | |
|---|------------------|----------------------------|------------------|----------------------------|-----------------------------------|----------------------------|
| | EBITDA | Operating cash flows | EBITDA | Operating cash flows | EBITDA | Operating cash flows |
| Net income | 456 | 456 | 354 | 354 | 810 | 810 |
| Income tax | 133 | 133 | 65 | 65 | 198 | 198 |
| Income tax paid | 27 | - | 6 | - | 33 | - |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | (35) | (35) | (94) | (94) | (129) | (129) |
| Foreign exchange and monetary losses | (257) | (258) | (50) | (142) | (307) | (400) |
| Financial expenses | 35 | 3 | 54 | 13 | 89 | 16 |
| Minority interests | 29 | 29 | 18 | 18 | 47 | 47 |
| Change in accounting practice for asset retirement obligations | - | - | 10 | 10 | 10 | 10 |
| Net working capital | - | 31 | - | 45 | - | 76 |
| Others | - | (9) | - | 8 | - | (1) |
| | 388 | 350 | 363 | 277 | 751 | 627 |
| Depreciation, depletion and amortization | 54 | 54 | 43 | 43 | 97 | 97 |
| Dividends received | 36 | 36 | 36 | 36 | 72 | 72 |
| Impairment of property, plant and equipment | 12 | 12 | - | - | 12 | 12 |
| | 490 | 452 | 442 | 356 | 932 | 808 |

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Board of Directors, Fiscal Council and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa
Chairman

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de Moraes

Erik Persson

Francisco Valadares Póvoa

João Moisés Oliveira

Luiz Alexandre Bandeira de Mello

Mário da Silveira Teixeira Júnior

Renato da Cruz Gomes

Ricardo Carvalho Giambromi

Rômulo de Mello Dias

Advisory Committees of the Board of Directors

Auditing Committee

Antonio José de Figueiredo Ferreira
Marcos Fábio Coutinho
Ricardo Wiering de Barros

Executive Development Committee

Arlindo Magno de Oliveira
Francisco Valadares Póvoa
João Moisés de Oliveira
Olga Loffredi

Strategic Committee

Roger Agnelli
Gabriel Stoliar
Cláudio Roberto Frischtak
José Roberto Mendonça de Barros
Samir Zraick

Fiscal Council

Joaquim Vieira Ferreira Levy

Luiz Octávio Nunes West

Pedro Carlos de Mello

Vicente Barcelos

Wilson Risolia Rodrigues

Executive Officers

Roger Agnelli
Chief Executive Officer

Antonio Miguel Marques
Executive Officer for Equity Holdings and Business Development

Armando de Oliveira Santos Neto
Executive Officer for Ferrous Minerals

Carla Grasso
Executive Officer for Human Resources and Corporate Services

Diego Cristobal Hernández Cabrera
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

Gabriel Stoliar
Executive Officer for Planning

Guilherme Rodolfo Laager
Executive Officer for Logistics

Finance Committee

Roger Agnelli
Fábio de Oliveira Barbosa
Luiz Carlos Siqueira Aguiar
Rômulo de Mello Dias

| | |
|---|---|
| Eduardo de Carvalho Duarte Chief Accountant CRC-RJ 57439 | Otto de Souza Marques Junior Head of Control Department |
|---|---|

Governance and Ethics Committee

Luiz Tarquínio Sardinha Ferro
Renato da Cruz Gomes
Ricardo Simonsen
Ricardo Carvalho Giambroni

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PART I

Expressed in thousands of *reais*

1- MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE OPERATING RESULTS FOR THE FIRST SEMESTER OF 2003 COMPARED WITH THE FIRST SEMESTER OF 2002

1.1- General Aspects

(a) The Companhia Vale do Rio Doce's segments of business are mining, logistics and energy, directly or through its interests, as follows:

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

non-ferrous minerals: gold, potash, kaolin and copper;

logistics: railroads, ports and maritime terminals and shipping;

energy: electric power generation; and

shareholdings: equity holdings in producers of aluminum, steel and fertilizers.

(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:

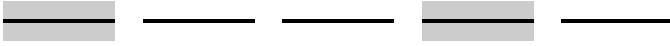
| Currencies / Indices Period | % | | | | | Parity | |
|--------------------------------|----------------|--------|-------|-------|------|------------|------------|
| | U.S. DOLLAR | YEN | GOLD | IGP-M | TJLP | US\$ x R\$ | US\$ x Yen |
| Until 06/30/03 | (18.7) | (19.4) | (0.4) | 5.9 | 5.6 | 2.8720 | 119.94 |
| 2Q/03 | (14.3) | (15.6) | 3.3 | (0.4) | 2.9 | 2.8720 | 119.94 |
| 1Q/03 | (5.1) | (4.6) | (3.6) | 6.3 | 2.6 | 3.3531 | 118.20 |
| Until 12/31/02 | 52.3 | 68.2 | 25.0 | 25.3 | 9.9 | 3.5333 | 118.87 |
| Until 06/30/02 | 22.6 | 34.3 | 14.7 | 3.5 | 4.8 | 2.8444 | 119.80 |
| 2Q/02 | 22.4 | 35.8 | 6.5 | 3.0 | 2.3 | 2.8444 | 119.80 |

About 61% of the Company's gross revenue for six months ended June 30, 2003 is derived from exports and part of domestic sales is denominated in U.S. dollars, as well as 37% of total costs. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating cash flows.

Approximately 95% of the short-term and long-term loans of the Company at 06/30/03 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Notes 6.10 and 6.15).

(c) For the first semester of 2003, the consolidated trade balance of US\$ 1,551 million was generated:

| | Consolidated (in US\$ millions) | | | | |
|---------|---------------------------------|-------|-------|-------------|----------|
| | Quarter | | | Accumulated | |
| | 2Q/03 | 1Q/03 | 2Q02 | 06/30/03 | 06/30/02 |
| Exports | 947 | 800 | 878 | 1,747 | 1,590 |
| Imports | (80) | (116) | (142) | (196) | (259) |
| | 867 | 684 | 736 | 1,551 | 1,331 |



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Consolidated Trade Balance - US\$ Millions

1.2-Comments on the Parent Company Results

The net income of the Company for the six months ended June 30, 2003 was R\$ 2,438,555 (net income of R\$ 1,274,727 in the second quarter and net income of R\$ 1,163,828 in the first quarter), compared with net income of R\$ 718,388 in the six months ended June 30, 2002 (the earnings per share corresponds to R\$ 6.35 in the six months ended June 30, 2003 versus R\$ 1.87 in the six months ended June 30, 2002).

1.2.1-Gross Revenues

The 37.2% increase in gross revenue (R\$ 4,724,031 on 06/30/03 against R\$ 3,444,193 on 06/30/02) is a result of the devaluation of the *real* against the United States dollar, affecting 83% of the Company's revenue, and the higher volumes sold of iron ore, pellets, as shown in the table below. The increase in iron ore sales was due to growth in the Chinese, North American and European markets.

| | In thousands of metric tons (except gold) | | | | | | In thousands of reais | | | | | |
|-------------------------|---|--------|--------|-------------|----------|------|-----------------------|-----------|-----------|-------------|-----------|----|
| | Quarter | | | Accumulated | | | Quarter | | | Accumulated | | |
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 | % | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 | % |
| External market | | | | | | | | | | | | |
| Iron ore - fines | 21,761 | 20,548 | 20,729 | 42,309 | 40,883 | 3 | 918,841 | 1,053,902 | 749,309 | 1,972,743 | 1,434,855 | 37 |
| Iron ore - lump ore | 1,599 | 1,604 | 1,917 | 3,203 | 3,679 | (13) | 72,067 | 87,803 | 74,160 | 159,870 | 140,048 | 14 |
| Pellets | 3,618 | 4,171 | 3,344 | 7,789 | 5,907 | 32 | 311,402 | 406,061 | 219,490 | 717,463 | 394,404 | 82 |
| | 26,978 | 26,323 | 25,990 | 53,301 | 50,469 | 6 | 1,302,310 | 1,547,766 | 1,042,959 | 2,850,076 | 1,969,307 | 45 |
| Internal market | | | | | | | | | | | | |
| Iron ore - fines | 7,240 | 7,609 | 7,919 | 14,849 | 14,781 | - | 308,698 | 357,669 | 258,834 | 666,367 | 465,352 | 43 |
| Iron ore - lump ore | 1,502 | 1,546 | 1,724 | 3,048 | 3,325 | (8) | 55,104 | 53,728 | 35,227 | 108,832 | 66,596 | 63 |
| Pellets (*) | 708 | 913 | 697 | 1,621 | 1,418 | 14 | 95,683 | 118,629 | 71,389 | 214,312 | 141,929 | 51 |
| | 9,450 | 10,068 | 10,340 | 19,518 | 19,524 | - | 459,485 | 530,026 | 365,450 | 989,511 | 673,877 | 47 |
| Total | | | | | | | | | | | | |
| Iron ore - fines | 29,001 | 28,157 | 28,648 | 57,158 | 55,664 | 3 | 1,227,539 | 1,411,571 | 1,008,143 | 2,639,110 | 1,900,207 | 39 |
| Iron ore - lump ore | 3,101 | 3,150 | 3,641 | 6,251 | 7,004 | (11) | 127,171 | 141,531 | 109,387 | 268,702 | 206,644 | 30 |
| Pellets | 4,326 | 5,084 | 4,041 | 9,410 | 7,325 | 28 | 407,085 | 524,690 | 290,879 | 931,775 | 536,333 | 74 |
| | 36,428 | 36,391 | 36,330 | 72,819 | 69,993 | 4 | 1,761,795 | 2,077,792 | 1,408,409 | 3,839,587 | 2,643,184 | 45 |
| Railroad transportation | 13,564 | 12,152 | 14,912 | 25,716 | 28,170 | (9) | 270,018 | 258,866 | 204,216 | 528,884 | 392,134 | 35 |

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| | | | | | | | | | | | | |
|-----------------------------|-------|-------|-------|--------|--------|------|------------------|------------------|------------------|------------------|------------------|-----------|
| Port services | 7,411 | 5,624 | 7,007 | 13,035 | 12,524 | 4 | 83,519 | 68,298 | 67,480 | 151,817 | 109,934 | 38 |
| Gold (kg) | 615 | 801 | 3,479 | 1,416 | 7,070 | (80) | 20,085 | 32,298 | 88,633 | 52,383 | 168,565 | (69) |
| Potash | 149 | 158 | 192 | 307 | 305 | 1 | 63,343 | 72,530 | 61,901 | 135,873 | 99,685 | 36 |
| Other products and services | - | - | - | - | - | - | 7,653 | 7,834 | 12,751 | 15,487 | 30,691 | (50) |
| | | | | | | | <u>2,206,413</u> | <u>2,517,618</u> | <u>1,843,390</u> | <u>4,724,031</u> | <u>3,444,193</u> | <u>37</u> |

(*) Includes revenues derived from services with joint ventures of pelletizing in the amount of R\$ 31,749, R\$ 28,762, R\$ 23,477 and R\$ 44,155 on 2Q/03, 1Q/03, 2Q02 and 06/30/02, respectively.

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Gross Revenue on 06/30/03 - R\$ 4,724,031 / US\$ 1,460,932

BY PRODUCT

BY CURRENCY

1.2.2-Cost of Products and Services

The 34.8% increase in the cost of products and services (R\$ 2,458,732 on 06/30/03 against R\$ 1,824,537 on 06/30/02) results mainly from the rise in sales of purchased pellets, the increase in expenses for maintenance of goods and equipment, higher prices for petroleum derivatives and the effect of exchange rate variation on the portion of costs denominated in U.S. dollars (37%).

Cost of Products and Services on 06/30/03 - Rs 2,458,732 / US\$764,044

BY PRODUCT

BY CURRENCY

By Nature

| | 06/30/03 | | | | | | | | | | | | |
|-------------------------------------|------------------|----------------|------------------|------------|------------------|------------|----------------|------------|------------------|------------|------------------|------------|-----------|
| | Denominated | | Quarter | | | | | | Accumulated | | | | |
| | R\$ | US\$ | 2Q/03 | % | 1Q/03 | % | 2Q/02 | % | 06/30/03 | % | 06/30/02 | % | % |
| Personnel | 243,871 | - | 123,609 | 10 | 120,262 | 10 | 130,205 | 14 | 243,871 | 10 | 252,454 | 14 | (3) |
| Material | 271,962 | 145,157 | 206,016 | 17 | 211,103 | 17 | 115,411 | 12 | 417,119 | 17 | 229,107 | 12 | 82 |
| Oil and gas | 294,818 | - | 155,642 | 13 | 139,176 | 11 | 90,123 | 9 | 294,818 | 12 | 169,963 | 9 | 73 |
| Outsourced services | 291,278 | 1,170 | 169,105 | 14 | 123,343 | 10 | 117,741 | 12 | 292,448 | 12 | 252,662 | 14 | 16 |
| Energy | 56,959 | - | 32,792 | 3 | 24,167 | 2 | 29,641 | 3 | 56,959 | 2 | 57,029 | 3 | - |
| Acquisition of iron ore and pellets | 19,476 | 629,830 | 262,838 | 21 | 386,468 | 31 | 250,015 | 26 | 649,306 | 27 | 393,316 | 22 | 65 |
| Depreciation and depletion | 256,130 | - | 130,582 | 11 | 125,548 | 10 | 135,688 | 14 | 256,130 | 10 | 275,144 | 15 | (7) |
| Amortization of goodwill | 48,838 | - | 24,419 | 2 | 24,419 | 2 | 24,419 | 3 | 48,838 | 2 | 48,838 | 3 | - |
| Others | 66,518 | 132,725 | 105,846 | 9 | 93,397 | 7 | 72,671 | 7 | 199,243 | 8 | 146,024 | 8 | 36 |
| Total | 1,549,850 | 908,882 | 1,210,849 | 100 | 1,247,883 | 100 | 965,914 | 100 | 2,458,732 | 100 | 1,824,537 | 100 | 35 |
| | 63% | 37% | | | | | | | | | | | |

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[Back to Contents](#)**1.2.3- Result of Shareholdings by Business Area**

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

| Business Area | Quarter | | | | Accumulated | | |
|-----------------------------|-----------|----------|-------|-----------|-------------|-----------|-------|
| | 2Q/03 | 1Q/03 | % | 2Q/02 | 06/30/03 | 06/30/02 | % |
| Ferrous Minerals | | | | | | | |
| Iron ore and pellets | (3,364) | 34,381 | (110) | 531,520 | 31,017 | 682,921 | (95) |
| Manganese and ferroalloys | 10,282 | 16,450 | (37) | 41,481 | 26,732 | 61,672 | (57) |
| Non-Ferrous Minerals | | | | | | | |
| Logistics | (177,543) | (40,490) | 338 | (57,552) | (218,033) | (133,435) | 63 |
| Investments | | | | | | | |
| Steel | 15,231 | 64,886 | (77) | 57,272 | 80,117 | 48,512 | 65 |
| Aluminum | 266,945 | 220,984 | 21 | (126,705) | 487,929 | (61,594) | (892) |
| Others | 12,249 | 14,893 | (18) | 1,089 | 27,142 | (3,883) | (799) |
| | 150,992 | 335,080 | (55) | 406,682 | 486,072 | 558,587 | (13) |

Ferrous Minerals**(a) Iron ore and pellets**

Ferteco An increase of R\$ 140,076 in the equity result (a gain of R\$ 187,785 on 06/30/03 versus a gain of R\$ 47,709 on 06/30/02) due to a 53.1% rise in iron ore sales (9,305 thousand tons on 06/30/03 against 6,077 thousand tons on 06/30/02) and a 3.7% rise in pellet sales (2,031 thousand tons on 06/30/03 compared with 1,959 thousand tons on 06/30/02), partly offset by a 6.0% fall in iron ore prices (US\$ 13.77 per ton on 06/30/03 against US\$ 14.65 per ton on 06/30/02), while the average pellet price rose 14.9% (US\$ 30.89 per ton on 06/30/03 against US\$ 26.89 per ton on 06/30/02). At 06/30/03, R\$ 69,312 of amortization of goodwill was booked.

Caemi A rise of R\$ 15,863 in the equity result (a gain of R\$ 27,009 on 06/30/03 against a gain of R\$ 11,146 on 06/30/02) caused by 17.7% higher sales volume (18,097 thousand tons on 06/30/03 versus 15,379 thousand tons on 06/30/02) and the positive effects of exchange rate variation on indebtedness.

Itaco/RDE The equity result fell by R\$ 908,550 (a loss of R\$ 291,391 on 06/30/03 versus a gain of R\$ 617,159 on 06/30/02), due basically to the effect on stockholders' equity of the appreciation of the *real* against the U.S. dollar during the first six months (negative exchange rate variation of R\$ 722,711 on 06/30/03 versus positive variation of R\$ 534,304 on 06/30/02). In operational terms, iron ore sales volume rose 5.5% (44,349 thousand tons on 06/30/03 against 42,035 thousand tons on 06/30/02) and pellet sales went up 36.7% (6,620 thousand tons on 06/30/03 against 4,843 thousand tons on 06/30/02) including sales of the subsidiary CVRD Overseas.

Kobrasco A R\$ 49,892 improvement in the shareholding result due to the reversion of part of the provision for losses, in the amount of R\$ 49,982 (a gain of R\$ 26,766 on 06/30/03 against a loss of R\$ 23,159 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume increased 21.1% (2,262 thousand tons on 06/30/03 versus 1,868 thousand tons on 06/30/02), while the average sales price remained stable (US\$ 30.37 per ton on 06/30/03 against US\$ 30.39 per ton on 06/30/02).

Hispanobrás An improvement in the equity result of R\$ 2,692 (a gain of R\$ 6,356 on 06/30/03 against a gain of R\$ 3,664 on 06/30/02), due to a 3.0% increase in the quantity sold (1,795 thousand tons on 06/30/03 versus 1,743 thousand tons on 06/30/02), along with a 4.9% rise in the average sales price (US\$ 33.01 per ton on 06/30/03 against US\$ 31.47 per ton on 06/30/02).

Samarco An improvement in the equity result of R\$ 121,380 (a gain of R\$ 140,844 on 06/30/03 against a gain of R\$ 19,464 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume rose 22.7%

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(8,265 thousand tons on 06/30/03 versus 6,737 thousand tons on 06/30/02) and the average price also went up, by 2.5% (US\$ 29.34 per ton on 06/30/03 against US\$ 28.63 per ton on 06/30/02)

(b) Manganese and ferroalloys

Sibra A fall in the equity result of R\$ 12,417 (a gain of R\$ 44,245 on 06/30/03 against a gain of R\$ 56,662 on 06/30/02), caused by the negative effects of exchange rate variation on accounts receivable in the 2nd quarter of 2003, compensated in part by the positive effects of the same variation on exports. In operational terms, ferroalloy sales jumped 5.1% (145 thousand tons on 06/30/03 against 138 thousand tons on 06/30/02), manganese sales rose 23.4% (623 thousand tons on 06/30/03 compared with 505 thousand tons on 06/30/02), the average ferroalloy price increased 20% (US\$ 574.22 per ton on 06/30/03 against US\$ 478.64 per ton on 06/30/02) and the average price of manganese fell 14.3% (US\$ 42.82 per ton on 06/30/03 versus US\$ 49.94 per ton on 06/30/02).

[Back to Contents](#)**Non-ferrous Minerals**

Pará Pigmentos The shareholding result improved by R\$ 86,498 (a gain of R\$ 51,272 on 06/30/03 against a loss of R\$ 35,226 on 06/30/02) due to the positive effects on 06/30/03 of exchange rate variation on debt in the 2nd quarter of 2003. In operational terms, sales volume rose 31.5% (192 thousand tons on 06/30/03 against 146 thousand tons on 06/30/02) and the average sales price increased 0.7% (US\$ 155.97 per ton on 06/30/03 against US\$ 154.88 per ton on 06/30/02).

Logistics

Docenave A reduction in the equity result of R\$ 32,079 (a gain of R\$ 19,462 on 06/30/03 versus a gain of R\$ 51,541 on 06/30/02), due to the rise in the value of the *real* against the dollar (on assets in valued in dollars) in the 2nd quarter of 2003, as well as recording of a credit on 06/30/02 of R\$ 11,200 in settlement of financing on ships with the BNDES. Operationally, the volume transported rose 39.3% (5,088 thousand tons on 06/30/03 against 3,652 thousand tons on 06/30/02) and the average freight rate also increased, by 39.0% (US\$ 7.45 per ton carried on 06/30/03 against US\$ 5.36 per ton on 06/30/02).

Docepar In the first quarter of 2002, a provision of R\$ 50,735 was recorded for losses on fiscal credits of doubtful realization in the short term.

FCA At 06/30/03 a negative shareholding result was recorded of R\$ 253,282 (R\$ 115,624 as a provision for losses and R\$ 137,658 of amortization of goodwill), compared with R\$ 75,018 at 06/30/02 (R\$ 25,733 as provision for losses and R\$ 49,285 of amortization of goodwill), arising mainly from the booking in the 2nd quarter of 2003 of an adjustment in the charge for lease and concession in the amount of R\$ 238,051. CVRD's interest in FCA is held through its subsidiary Mineração Tacumã.

MRS At 06/30/03, a provision for losses of R\$ 19,970 was reversed due to the positive effects of exchange rate variation on debt in the 2nd quarter of 2003. CVRD's interest in MRS is held through Ferteco Mineração S.A. and indirectly through Minerações Brasileiras Reunidas S.A. - MBR.

Shareholdings**(a) Steel**

CSI A decrease in the equity result of R\$ 250,027 (a loss of R\$ 130,648 on 06/30/03 against a gain of R\$ 119,379 on 06/30/02), caused basically by the strengthening of the *real* against the U.S. dollar (negative exchange rate variation of R\$ 138,382 on 06/30/03 versus positive variation of 101,066 on 06/30/02). Operationally, sales volume decreased by 19.8% (820 thousand tons on 06/30/03 against 1,022 thousand tons on 06/30/02).

CST An increase in the equity result of R\$ 169,117 (a gain of R\$ 136,675 on 06/30/03 versus a loss of R\$ 32,352 on 06/30/02), due basically to the positive effects of exchange rate variation on debt. Operationally, the average sales price increased 44.4%, offset partly by 19.1% lower sales of steel slabs (1,979 thousand tons on 06/30/03 against 2,447 thousand tons on 06/30/02).

Usiminas The equity result increased by R\$ 99,553 (a gain of R\$ 74,000 on 06/30/03 against a loss of R\$ 25,553 on 06/30/02), mainly caused by the reduced negative effects of exchange rate variation on debt. In operational terms, sales volume rose 2.9% (4,056 thousand tons on 06/30/03 against 3,942 thousand tons on 06/30/02).

(b) Aluminum

Albras The equity result improved by R\$ 295,786 (a gain of R\$ 239,638 on 06/30/03 versus a loss of R\$ 56,148 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume went up 5.6% (209 thousand tons on 06/30/03 against 198 thousand tons on 06/30/02), and the average sales price rose by 0.4% (US\$ 1,331.94 per ton on 06/30/03 against US\$ 1,326.67 per ton on 06/30/02).

Alunorte An increase in the equity result of R\$ 201,407 (a gain of R\$ 142,009 on 06/30/03 versus a loss of R\$ 59,398 on 06/30/02), due to the positive effects of exchange rate variation on debt. Operationally, sales volume increased 22.7% (1,027 thousand tons on 06/30/03 compared with 837 thousand tons on 06/30/02), due to the beginning of the operation of stage three on March 2003, as well as the 22.7% increase of sales volume (1,027 thousand tons on 06/30/03 compared with 837 thousand tons on 06/30/02).

MRN The equity result improved by R\$ 40,998 (a gain of R\$ 53,891 on 06/30/03 against a gain of R\$ 12,893 on 06/30/02), caused by a 30.0% increase in sales volume (5,708 thousand tons on 06/30/03 against 4,392 thousand tons on 06/30/02), due

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to the expansion of the production capacity began on April 2000, besides the 3.8% rise in the average sales price of bauxite (US\$ 19.08 per ton on 06/30/03 compared with US\$ 18.39 per ton on 06/30/02).

Valesul An increase in the equity result of R\$ 4,918 (a gain of R\$ 16,436 on 06/30/03 against a gain of R\$ 11,518 on 06/30/02), due mainly to the impact of exchange rate variation on sales and a 0.9% increase in the average price of aluminum (US\$ 1,705.61 per ton on

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06/30/03 against US\$ 1,690.23 per ton on 06/30/02), partly offset by a 4.4% fall in the quantity sold (43 thousand tons on 06/30/03 against 45 thousand tons on 06/30/02).

Aluvale The equity result (own operations) increased by R\$ 5,265 (a gain of R\$ 21,390 on 06/30/03 versus a gain of R\$ 16,125 on 06/30/02), caused basically by the fiscal benefit of paying dividends in the form of interest on stockholders' equity.

Itaco The equity result improved by R\$ 1,149 (a gain of R\$ 14,565 on 06/30/03 against a gain of R\$ 13,416 on 06/30/02), due to an 11.5% rise in the average sales price of alumina and a 0.9% decline in the price of aluminum, while the sales volume of aluminum, alumina and bauxite increased respectively by 4.2%, 115.1% and 17.6%.

1.2.4- Operating Expenses

The operating expenses increased R\$ 178,341 (R\$ 593,048 on 06/30/03 compared to R\$ 414,707 on 06/30/02), due to:

selling expenses: due to an increase in commissions (in turn caused by higher export sales);

expenses for research and studies (mainly on copper and nickel projects); and

other operating expenses: see Note 6.18.

1.2.5- Net Financial Result

The net financial result increased R\$ 2,138,885 (R\$ 928,039 of revenue on 06/30/03 compared to R\$ 1,210,846 of expense on 06/30/02), mainly due to the positive effect of exchange rate variation on the Company's net debt on 06/30/03 (Note 6.15).

1.2.6- Cash Flow

The operating cash flow measured by EBITDA (earnings before interest, income tax and depreciation, amortization and depletion) was R\$ 2,131,209 on 06/30/03, against R\$ 1,491,242 on 06/30/02, an increase of 42.9%.

| | Quarter | | | Accumulated | |
|---|----------------|------------------|----------------|------------------|------------------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Net operating revenue | 2,119,013 | 2,416,771 | 1,761,777 | 4,535,784 | 3,306,032 |
| Cost of products | (1,210,849) | (1,247,883) | (965,914) | (2,458,732) | (1,824,537) |
| Operating expenses | (308,491) | (284,557) | (247,440) | (593,048) | (414,707) |
| Operating profit | 599,673 | 884,331 | 548,423 | 1,484,004 | 1,066,788 |
| Depreciation / amortization of goodwill | 162,565 | 161,396 | 165,660 | 323,961 | 334,812 |
| Dividends received | 762,238 | 1,045,727 | 714,083 | 1,807,965 | 1,401,600 |
| Write-off | 185,260 | 102,387 | 51,769 | 287,647 | 89,642 |
| | 35,597(*) | - | - | 35,597 | - |
| EBITDA R\$ | 983,095 | 1,148,114 | 765,852 | 2,131,209 | 1,491,242 |
| US\$ average | 2.9854 | 3.4909 | 2.4987 | 3.2382 | 2.4408 |
| EBITDA US\$ | 329,301 | 328,888 | 306,500 | 658,146 | 610,964 |

(*) See Note 6.18.

1.2.7- Income Tax and Social Contribution

Income tax and social contribution were an expense of R\$ 459,560 compared with a credit of R\$ 303,859 on 06/30/02, mainly caused by the increase in the tax basis (income before income tax and social contribution less the equity method result, goodwill

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and provisions for non-deductible losses) from negative R\$ 418,852 on 06/30/02 to positive R\$ 2,233,551 on 06/30/03, partly reduced by the tax benefit of R\$ 340,376 on 06/30/03 provided by paying interest on stockholders' equity (R\$ 122,126 on 06/30/02) (Note 6.7).

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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
Brazilian Corporate Law)

2- BALANCE SHEET

In thousands of reais

| | Notes | 06/30/03 | 03/31/03 |
|--|-------|------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6.4 | 263,946 | 864,949 |
| Accounts receivable from customers | - | 1,080,445 | 1,328,609 |
| Related parties | 6.5 | 1,053,193 | 1,105,582 |
| Inventories | 6.6 | 443,428 | 413,857 |
| Taxes to recover or offset | - | 392,613 | 127,798 |
| Deferred income tax and social contribution | 6.7 | 631,466 | 653,327 |
| Others | - | 262,079 | 293,327 |
| | | 4,127,170 | 4,787,449 |
| Long-term receivables | | | |
| Related parties | 6.5 | 776,542 | 1,260,130 |
| Loans and financing | - | 188,693 | 209,308 |
| Deferred income tax and social contribution | 6.7 | 668,092 | 750,063 |
| Judicial deposits | 6.11 | 1,172,822 | 743,542 |
| Others | - | 87,868 | 81,825 |
| | | 2,894,017 | 3,044,868 |
| Permanent assets | | | |
| Investments | 6.8 | 11,557,530 | 11,161,812 |
| Property, plant and equipment | 6.9 | 9,216,859 | 8,918,520 |
| | | 20,774,389 | 20,080,332 |
| | | 27,795,576 | 27,912,649 |
| Liabilities and stockholders' equity | | | |
| Current liabilities | | | |
| Short-term debt | 6.10 | 102,920 | 118,977 |
| Current portion of long-term debt | 6.10 | 2,394,227 | 1,889,236 |
| Payable to suppliers and contractors | - | 804,520 | 661,860 |
| Related parties | 6.5 | 1,085,334 | 1,002,996 |
| Provision for interest on stockholders' equity | - | 379,286 | 621,820 |
| Payroll and related charges | - | 176,198 | 141,280 |
| Pension Plan - Valia | - | 83,896 | 84,122 |
| Others | - | 270,738 | 108,710 |
| | | 5,297,119 | 4,629,001 |
| Long-term liabilities | | | |
| Long-term debt | 6.10 | 2,563,575 | 4,065,741 |
| Related parties | 6.5 | 2,982,995 | 3,221,881 |

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| | | | |
|---|------|-------------------|-------------------|
| Deferred income tax and social contribution | 6.7 | 84,035 | 85,941 |
| Provisions for contingencies | 6.11 | 1,441,780 | 1,372,419 |
| Pension Plan - Valia | - | 518,085 | 519,470 |
| Others | - | 720,005 | 725,668 |
| | | <u>8,310,475</u> | <u>9,991,120</u> |
| Stockholders' equity | | | |
| Paid-up capital | 6.13 | 6,300,000 | 5,000,000 |
| Revenue reserves | - | 7,887,982 | 8,292,528 |
| | | <u>14,187,982</u> | <u>13,292,528</u> |
| | | <u>27,795,576</u> | <u>27,912,649</u> |

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

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(A free translation of the original in Portuguese relating to the quarterly information prepared in accordance with the requirements of Brazilian Corporate Law)

3- STATEMENT OF INCOME

In thousands of reais

| | Notes | Quarter | | | Accumulated | |
|---|-------|-------------|-------------|-----------|-------------|-------------|
| | | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Operating revenues | | | | | | |
| Sales of ore and metals | | | | | | |
| Iron ore and pellets | 1.2.1 | 1,761,795 | 2,077,792 | 1,408,409 | 3,839,587 | 2,643,184 |
| Gold | 1.2.1 | 20,085 | 32,298 | 88,633 | 52,383 | 168,565 |
| Potash | 1.2.1 | 63,343 | 72,530 | 61,901 | 135,873 | 99,685 |
| | | 1,845,223 | 2,182,620 | 1,558,943 | 4,027,843 | 2,911,434 |
| Railroad and port services | 1.2.1 | 353,537 | 327,164 | 271,696 | 680,701 | 502,068 |
| Others | 1.2.1 | 7,653 | 7,834 | 12,751 | 15,487 | 30,691 |
| | | 2,206,413 | 2,517,618 | 1,843,390 | 4,724,031 | 3,444,193 |
| Value Added taxes | | (87,400) | (100,847) | (81,613) | (188,247) | (138,161) |
| Net operating revenues | | 2,119,013 | 2,416,771 | 1,761,777 | 4,535,784 | 3,306,032 |
| Cost of products and services | | | | | | |
| Ores and metals | - | (1,088,605) | (1,142,887) | (866,042) | (2,231,492) | (1,628,236) |
| Railroad and port services | - | (117,544) | (101,514) | (90,977) | (219,058) | (179,169) |
| Others | - | (4,700) | (3,482) | (8,895) | (8,182) | (17,132) |
| | 1.2.2 | (1,210,849) | (1,247,883) | (965,914) | (2,458,732) | (1,824,537) |
| Gross profit | | 908,164 | 1,168,888 | 795,863 | 2,077,052 | 1,481,495 |
| Gross margin | | 42.9% | 48.4% | 45.2% | 45.8% | 44.8% |
| Operating expenses | | | | | | |
| Selling | - | (45,319) | (51,680) | (35,254) | (96,999) | (63,426) |
| Administrative | 6.18 | (96,577) | (88,758) | (106,138) | (185,335) | (185,032) |
| Research and development | - | (35,890) | (38,255) | (30,810) | (74,145) | (52,067) |
| Other operating expenses | 6.18 | (130,705) | (105,864) | (75,238) | (236,569) | (114,182) |
| | | (308,491) | (284,557) | (247,440) | (593,048) | (414,707) |
| Operating profit before financial result and result of equity investments | | 599,673 | 884,331 | 548,423 | 1,484,004 | 1,066,788 |
| Result of equity investments | 6.8 | 370,497 | 418,620 | 625,586 | 789,117 | 910,429 |

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| | | | | | | |
|--|------|-----------|-----------|-------------|-----------|-------------|
| Gain on investments accounted for by the equity method | | | | | | |
| Amortization of goodwill | 6.8 | (184,639) | (93,172) | (103,526) | (277,811) | (169,714) |
| Provision for losses | 6.8 | (34,866) | 9,632 | (115,378) | (25,234) | (182,128) |
| | | 150,992 | 335,080 | 406,682 | 486,072 | 558,587 |
| Financial result | | | | | | |
| Financial expenses, net | 6.15 | (102,333) | (135,029) | (129,561) | (237,362) | (217,829) |
| Monetary and exchange rate variation, net | 6.15 | 885,477 | 279,924 | (1,012,779) | 1,165,401 | (993,017) |
| | | 783,144 | 144,895 | (1,142,340) | 928,039 | (1,210,846) |
| Operating profit | | 1,533,809 | 1,364,306 | (187,235) | 2,898,115 | 414,529 |
| Income tax and social contribution | 6.7 | (259,082) | (200,478) | 272,485 | (459,560) | 303,859 |
| Net income for the period | | 1,274,727 | 1,163,828 | 85,250 | 2,438,555 | 718,388 |
| Number of shares outstanding at the end of the period (in thousands) | | 383,840 | 383,839 | 383,839 | 383,840 | 383,839 |
| Net earnings per share outstanding at the end of the period (R\$) | | 3.32 | 3.03 | 0.22 | 6.35 | 1.87 |

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

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(A free translation of the original in Portuguese relating to the quarterly information prepared in accordance with the requirements of Brazilian Corporate Law)

4- STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In thousands of reais

| | Capital reserves | | | Revenue reserves | | | | | | | Total |
|--|------------------|--------------------------|--------------------------------------|------------------|-----------|-------------------|---------|-------------------|----------------|-------------------|-------------|
| | Paid-up capital | Result of share exchange | Price-level restatement Law 8,200/91 | Expansion | Depletion | Unrealized income | Legal | Fiscal incentives | Treasury stock | Retained earnings | |
| On December 31, 2001 | 4,000,000 | 3,426 | 440,258 | 3,869,083 | 1,506,513 | 1,271,884 | 752,535 | 53,969 | (131,105) | - | 11,766,563 |
| Capitalization of reserves | 1,000,000 | (3,426) | (440,258) | - | (502,347) | - | - | (53,969) | - | - | - |
| Realization of revenue reserves | - | - | - | - | - | (526,477) | - | - | - | 526,477 | - |
| Provision for pension plan liabilities | - | - | - | - | - | - | - | - | - | (30,381) | (30,381) |
| Result on exchange of shares | - | - | - | - | - | - | - | - | (228) | - | (228) |
| Net income for the year | - | - | - | - | - | - | - | - | - | 2,043,254 | 2,043,254 |
| Proposed appropriations: | | | | | | | | | | | |
| Interest on stockholders' equity | - | - | - | - | - | - | - | - | - | (1,028,688) | (1,028,688) |
| Appropriation to revenue reserves | - | - | - | 1,408,499 | - | - | 102,163 | - | - | (1,510,662) | - |
| On December 31, 2002 | 5,000,000 | - | - | 5,277,582 | 1,004,166 | 745,407 | 854,698 | - | (131,333) | - | 12,750,520 |
| Capitalization of reserves | 1,300,000 | - | - | (1,300,000) | - | - | - | - | - | - | - |
| Treasury shares | - | - | - | - | - | - | - | - | 13 | - | 13 |
| Net income for the period | - | - | - | - | - | - | - | - | - | 2,438,555 | 2,438,555 |
| Stockholders' equity | - | - | - | - | - | - | - | - | - | (621,820) | (621,820) |
| Provision for interest on stockholders' equity | - | - | - | - | - | - | - | - | - | (379,286) | (379,286) |
| On June 30, 2003 | 6,300,000 | - | - | 3,977,582 | 1,004,166 | 745,407 | 854,698 | - | (131,320) | 1,437,449 | 14,187,982 |

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

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(A free translation of the original in Portuguese)

5- STATEMENT OF CASH FLOWS (ADDITIONAL INFORMATION)

In thousands of reais

| | Quarter | | | Accumulated | |
|--|-----------|-----------|-----------|-------------|-----------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Cash flows from operating activities: | | | | | |
| Net income for the period | 1,274,727 | 1,163,828 | 85,250 | 2,438,555 | 718,388 |
| Adjustments to reconcile net income for the period with cash provided by operating activities: | | | | | |
| Result of equity investments | (150,992) | (335,080) | (406,682) | (486,072) | (558,587) |
| Depreciation, amortization and depletion | 140,447 | 134,676 | 141,241 | 275,123 | 285,974 |
| Deferred income tax and social contribution | 102,078 | 200,478 | (276,454) | 302,556 | (307,828) |
| Financial expenses and monetary and exchange rate variations on assets and liabilities, net | (994,774) | (312,650) | 1,307,959 | (1,307,424) | 1,280,424 |
| Loss on disposal of property, plant and equipment | 8,775 | 13,640 | 15,578 | 22,415 | 18,140 |
| Amortization of goodwill in the cost of products sold | 24,419 | 24,419 | 24,419 | 48,838 | 48,838 |
| Net losses on derivatives | (6,875) | 11,565 | (2,662) | 4,690 | 14,610 |
| Dividends/interest on stockholders' equity received | 185,260 | 102,387 | 51,769 | 287,647 | 89,642 |
| Others | 12,871 | (197) | 115,076 | 12,674 | 74,922 |
| | 595,936 | 1,003,066 | 1,055,494 | 1,599,002 | 1,664,523 |
| Decrease (increase) in assets: | | | | | |
| Accounts receivable | 248,170 | 92,303 | (51,237) | 340,473 | (93,050) |
| Inventories | (29,571) | (497) | 11,788 | (30,068) | 44,284 |
| Others | (70,777) | 6,623 | (30,450) | (64,154) | (33,330) |
| | 147,822 | 98,429 | (69,899) | 246,251 | (82,096) |
| Increase (decrease) in liabilities: | | | | | |
| Suppliers and contractors | 142,660 | (22,001) | 72,366 | 120,659 | (4,231) |
| Payroll and related charges and others | 34,918 | (26,834) | (5,574) | 8,084 | (21,298) |
| Others | 92,765 | 60,560 | 24,034 | 153,325 | 29,502 |
| | 270,343 | 11,725 | 90,826 | 282,068 | 3,973 |
| Net cash provided by operating activities | 1,014,101 | 1,113,220 | 1,076,421 | 2,127,321 | 1,586,400 |
| Cash flows from investing activities: | | | | | |
| Loans and advances receivable | 153,830 | (187,707) | (483,227) | (33,877) | (874,745) |
| Guarantees and deposits | (400,912) | (34,695) | (19,084) | (435,607) | (41,450) |
| Additions to investments | (315,618) | (472) | (44) | (316,090) | (2,197) |
| Additions to property, plant and equipment | (574,115) | (385,413) | (385,130) | (959,528) | (706,876) |
| Proceeds from disposal of property, plant and equipment/investments | 105,337 | 437 | 1,440 | 105,774 | 2,063 |

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| | | | | | |
|--|-------------|-----------|-----------|-------------|-------------|
| Net cash used in investing activities | (1,031,478) | (607,850) | (886,045) | (1,639,328) | (1,623,205) |
| Cash flows from financing activities: | | | | | |
| Short-term debt | (29,017) | (332,251) | (426,226) | (361,268) | 430,486 |
| Long-term debt | 330,249 | 577,197 | 368,474 | 907,446 | 539,786 |
| Repayments: | | | | | |
| Related parties | - | - | (20,677) | - | (89,764) |
| Financial institutions | (264,950) | (144,455) | (73,393) | (409,405) | (189,713) |
| Interest on stockholders' equity paid | (619,921) | (204) | (777,091) | (620,125) | (777,258) |
| Treasury stocks | 13 | - | - | 13 | (243) |
| Net cash used in financing activities | (583,626) | 100,287 | (928,913) | (483,339) | (86,706) |
| Increase (decrease) in cash and cash equivalents | (601,003) | 605,657 | (738,537) | 4,654 | (123,511) |
| Cash and cash equivalents, beginning of the period | 864,949 | 259,292 | 1,260,372 | 259,292 | 645,346 |
| Cash and cash equivalents, end of the period | 263,946 | 864,949 | 521,835 | 263,946 | 521,835 |
| Cash paid during the period for: | | | | | |
| Short-term interest | - | (16,428) | (11,000) | (16,428) | (20,409) |
| Long-term interest net of capitalization | (64,772) | (83,607) | (32,437) | (148,379) | (104,921) |
| Income tax and social contribution paid | (46,704) | - | (3,967) | (46,704) | (3,967) |
| Non-cash transactions: | | | | | |
| Transfer of advance for future capital increase into investments | 1,297,910 | 32,494 | 46,913 | 1,330,404 | 92,906 |
| Additions to property, plant and equipment with capitalization of interest | (91,605) | (25,099) | 145,171 | (116,704) | 145,171 |

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(A free translation of the original in Portuguese relating to the quarterly information prepared in accordance with the requirements of Brazilian Corporate Law)

6- NOTES TO THE QUARTERLY INFORMATION AT JUNE 30, 2003 AND 2002

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, gold and potash, as well as port and railroad transportation services and power generation. In addition, through its direct and indirect subsidiaries and jointly controlled companies, CVRD operates in manganese and ferroalloys, steel, aluminum, kaolin, logistics and geological studies and technological research services.

6.2- Presentation of Quarterly information

The quarterly information has been prepared according to the accounting principles provided for in Brazilian corporate legislation as well as the rules and guidelines issued by the Comissão de Valores Mobiliários - CVM (Brazilian Securities Commission) and IBRACON - Instituto dos Auditores Independentes do Brasil (Brazilian Independent Auditors Institute).

In order to provide better information to the market, the Company is presenting the Statement of Cash Flow. The disclosure of this statement is encouraged by the CVM according to the Official Instruction 01/00 of 01/31/00.

Certain amounts and classifications in the 2002 quarterly information have been adjusted to the criteria used on 2003 for better comparability.

6.3- Significant Accounting Policies

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as 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 by the straight-line method, at rates that take into consideration 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

| | 06/30/03 | 03/31/03 |
|--|----------|----------|
| Marketable securities related to CDI (*) | 218,042 | 759,899 |
| Fixed-yield bond investments (funds) | 26,485 | 25,200 |

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| | | |
|---|----------------|----------------|
| Government securities (NBC-E, NTN-D, LFT) | 15,540 | 77,699 |
| Others | 3,879 | 2,151 |
| | <u>263,946</u> | <u>864,949</u> |

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

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6.5- Transactions with Related Parties

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2011, as follows:

| | Assets | | Liabilities | |
|--|------------------|------------------|------------------|------------------|
| | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 |
| Subsidiaries | | | | |
| ALUNORTE - Alumina do Norte do Brasil S.A. | 828,161 | 954,167 | 10,669 | 15,383 |
| CVRD Overseas Ltd. | 84,149 | 135,276 | 1,182,540 | 1,358,876 |
| Docepar S.A. | 26,626 | 152,358 | 142 | 142 |
| Itabira Rio Doce Company Limited - ITACO | 540,677 | 631,781 | 646,792 | 582,707 |
| Mineração Andirá Ltda. (participates in Mineração Serra do Sossego S.A.) | 78,100 | 79,717 | - | - |
| Rio Doce International Finance Ltd. | 166,320 | 453,575 | 1,898,902 | 1,845,285 |
| Salobo Metais S.A. | 222,249 | 219,196 | - | - |
| SIBRA Eletrosiderúrgica Brasileira S.A. | 26,886 | 65,035 | 4,986 | 1,889 |
| Others | 185,465 | 229,771 | 297,681 | 400,573 |
| | 2,158,633 | 2,920,876 | 4,041,712 | 4,204,855 |
| Jointly controlled companies | | | | |
| Companhia Coreano-Brasileira de Pelotização - KOBASCO | 159,751 | 169,410 | 13,271 | 36,484 |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 54,031 | 65,534 | 62,190 | 73,552 |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO | 92,859 | 79,934 | 92,389 | 20,393 |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO | 46,029 | 72,055 | 37,665 | 49,929 |
| Others | 193,685 | 120,228 | 181,475 | 181,955 |
| | 546,355 | 507,161 | 386,990 | 362,313 |
| Affiliates | 29,331 | 33,261 | 565 | 475 |
| | 2,734,319 | 3,461,298 | 4,429,267 | 4,567,643 |
| Represented by: | | | | |
| Trade balances (sales and purchases of products and services) (*) | 904,584 | 1,095,586 | 360,938 | 342,766 |
| Short-term financial balances | 1,053,193 | 1,105,582 | 1,085,334 | 1,002,996 |
| Long-term financial balances | 776,542 | 1,260,130 | 2,982,995 | 3,221,881 |
| | 2,734,319 | 3,461,298 | 4,429,267 | 4,567,643 |

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

6.6- Inventories

| | 06/30/03 | 03/31/03 |
|---|----------------|----------------|
| Finished products | | |
| Iron ore and pellets | 174,516 | 169,687 |
| Others | 13,726 | 10,897 |
| | 188,242 | 180,584 |
| Spare parts and maintenance supplies | 255,186 | 233,273 |

443,428

413,857

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6.7- Deferred Income Tax and Social Contribution

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

| | Deferred assets | | Deferred liabilities | |
|--|-----------------|-----------|----------------------|----------|
| | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 |
| Tax loss carryforward | 76,314 | 161,330 | - | - |
| Temporary differences: | | | | |
| . Pension Plan | 215,704 | 216,251 | - | - |
| . Contingent liabilities | 384,787 | 367,893 | - | - |
| . Provision for losses on assets | 500,741 | 474,241 | - | - |
| . Provision for losses on derivative financial instruments | 75,155 | 90,704 | - | - |
| . Others | 46,857 | 92,971 | - | - |
| | 1,223,244 | 1,242,060 | - | - |
| Accelerated depreciation | - | - | 9,239 | 9,369 |
| Long-term sales | - | - | 69,338 | 71,207 |
| Others | - | - | 6,076 | 5,830 |
| Total | 1,299,558 | 1,403,390 | 84,653 | 86,406 |
| Short-term - liabilities registered in "others" | 631,466 | 653,327 | 618 | 465 |
| Long-term | 668,092 | 750,063 | 84,035 | 85,941 |
| | 1,299,558 | 1,403,390 | 84,653 | 86,406 |

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

In addition to the credits recorded, the Company has a lawsuit pending 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. The amount of these credits covered by the ruling totals approximately R\$ 309,225 and the accounting effects have not yet been recognized in the quarterly information.

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

| | Quarter | | | Accumulated | |
|--|-----------|-----------|-----------|-------------|-----------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Income before income tax and social contribution | 1,533,809 | 1,364,306 | (187,235) | 2,898,115 | 414,529 |
| (-) Equity in results of subsidiaries and affiliated companies | (370,497) | (418,620) | (625,586) | (789,117) | (910,429) |
| (+) Non-deductible goodwill and provisions for losses | 52,920 | 71,633 | 63,318 | 124,553 | 77,048 |

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| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Income tax and social contribution at combined tax rates | 1,216,232 34% | 1,017,319 34% | (749,503) 34% | 2,233,551 34% | (418,852) 34% |
| Federal income tax and social contribution at statutory rates | (413,519) | (345,888) | 254,831 | (759,407) | 142,410 |
| Adjustments to net income which modify the effect on the result for the period: | | | | | |
| . Income tax benefit from interest on stockholders' equity | 128,958 | 211,418 | 14,446 | 340,376 | 122,126 |
| . Fiscal incentives | 52,150 | - | (17,862) | 52,150 | - |
| . Others | (26,671) | (66,008) | 21,070 | (92,679) | 39,323 |
| Income tax and social contribution | (259,082) | (200,478) | 272,485 | (459,560) | 303,859 |

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6.8- Investments

| Investment participations | | | | | | | | | | | | | | | Result |
|---------------------------|-------------------------------------|----------|--------------------------------|-----------|-----------------|-----------|----------|----------------------|-------|----------|--------------------------|----------|----------|-----------|-----------|
| Investments | Advance for future capital increase | | Goodwill and negative goodwill | | Equity / Others | | | Provision for losses | | | Amortization of goodwill | | | 2Q/03 | 1Q/03 |
| | 03/31/03 | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 | 2Q/03 | 1Q/03 | 2Q/02 | 2Q/03 | 1Q/03 | 2Q/02 | 2Q/03 | 1Q/03 | | |
| 114,668 | - | - | 439,543 | 452,473 | 17,526 | 9,483 | 5,198 | - | - | - | (12,930) | (12,930) | (13,575) | 4,596 | (3,447) |
| (44,580) | - | - | - | - | - | - | (8,304) | 17,671 | 9,095 | (16,346) | - | - | - | 17,671 | 9,095 |
| 46,244 | - | - | - | - | 4,071 | 2,285 | 1,112 | - | - | - | - | - | - | 4,071 | 2,285 |
| 30,142 | - | - | - | - | 2,922 | 1,737 | 2,794 | - | - | - | - | - | - | 2,922 | 1,737 |
| 44,556 | - | - | - | - | (2,559) | 1,615 | 2,845 | - | - | - | - | - | - | (2,559) | 1,615 |
| 415,776 | - | - | - | - | 37,009 | 29,454 | 62,840 | - | - | - | - | - | - | 37,009 | 29,454 |
| 452,013 | - | - | 774,100 | 825,707 | 102,738 | 85,047 | 18,658 | - | - | - | (34,656) | (34,656) | (34,656) | 68,082 | 50,391 |
| 112,760 | - | - | - | - | 10,259 | 6,256 | 3,051 | - | - | - | - | - | - | 10,259 | 6,256 |
| 2,330,304 | - | - | - | - | (218,050) | (139,804) | 464,949 | - | - | - | - | - | - | (218,050) | (139,804) |
| 31,647 | - | - | - | - | 2,910 | 3,796 | 2,195 | - | - | - | - | - | - | 2,910 | 3,796 |
| 313,609 | - | - | - | - | 71,117 | 69,727 | (9,584) | - | - | - | - | - | - | 71,117 | 69,727 |
| - | - | - | 705,857 | 730,276 | - | - | - | - | - | - | - | - | - | - | - |
| 171,780 | - | - | 33,050 | 35,410 | 969 | 5,637 | 52,704 | - | - | - | (2,361) | (2,361) | (2,361) | (1,392) | 3,276 |
| 4,018,919 | - | - | 1,952,550 | 2,043,866 | 28,912 | 75,233 | 598,458 | 17,671 | 9,095 | (16,346) | (49,947) | (49,947) | (50,592) | (3,364) | 34,381 |
| 182,750 | - | - | - | - | (37,055) | 8,007 | 47,674 | - | - | - | - | - | - | (37,055) | 8,007 |
| 283,259 | 612 | 612 | 187,094 | 231,215 | 26,375 | 17,870 | 23,366 | - | - | - | (20,129) | (20,130) | (20,130) | 6,246 | (2,260) |
| 75,737 | - | - | - | - | 6,759 | 6,893 | 2,568 | - | - | - | - | - | - | 6,759 | 6,893 |
| 11,259 | - | - | - | - | 36,928 | 3,891 | (11,919) | (2,596) | (81) | (78) | - | - | - | 34,332 | 3,810 |
| 553,005 | 612 | 612 | 187,094 | 231,215 | 33,007 | 36,661 | 61,689 | (2,596) | (81) | (78) | (20,129) | (20,130) | (20,130) | 10,282 | 16,450 |
| 377,284 | - | - | 57,269 | 57,269 | - | - | - | - | - | - | - | - | - | - | - |

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| | | | | | | | | | | | | | | | |
|-----------|---------|---------|-----------|-----------|-----------|----------|-----------|----------|----------|----------|-----------|----------|----------|-----------|----------|
| (38,489) | - | - | - | - | - | - | (5,123) | 27,292 | 23,980 | (35,104) | - | - | - | 27,292 | 23,980 |
| 106,437 | 15,974 | 7,824 | 88,473 | 88,473 | - | - | - | - | - | - | - | - | - | - | - |
| 11,801 | 140,032 | 55,904 | - | - | (100) | (4) | (196) | - | - | - | - | - | - | (100) | (4) |
| 457,033 | 156,006 | 63,728 | 145,742 | 145,742 | (100) | (4) | (5,319) | 27,292 | 23,980 | (35,104) | - | - | - | 27,192 | 23,976 |
| (39,600) | 45,545 | 38,445 | - | - | - | - | - | (3,012) | (1,929) | (2,664) | - | - | - | (3,012) | (1,929) |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (397,899) | 652,526 | 591,368 | - | - | - | - | - | (96,225) | (19,399) | (19,692) | (114,563) | (23,095) | (18,518) | (210,788) | (42,494) |
| (24,058) | - | - | - | - | - | - | - | 13,898 | 6,072 | (32,515) | - | - | (14,286) | 13,898 | 6,072 |
| 452,618 | - | - | - | - | 21,183 | (1,721) | 34,046 | - | - | - | - | - | - | 21,183 | (1,721) |
| (18,049) | - | - | - | - | (937) | (2,434) | - | - | - | - | - | - | - | (937) | (2,434) |
| 56,642 | - | - | - | - | 2,113 | 2,016 | 280 | - | - | - | - | - | - | 2,113 | 2,016 |
| 2,858 | - | - | - | - | - | - | (4,203) | - | - | - | - | - | - | - | - |
| 32,512 | 698,071 | 629,813 | - | - | 22,359 | (2,139) | 30,123 | (85,339) | (15,256) | (54,871) | (114,563) | (23,095) | (32,804) | (177,543) | (40,490) |
| 384,394 | - | - | - | - | (101,999) | (28,649) | 118,762 | - | - | - | - | - | - | (101,999) | (28,649) |
| 729,871 | - | - | (134,195) | (148,697) | 72,124 | 64,641 | (29,714) | - | - | - | - | - | - | 72,124 | 64,641 |
| - | - | - | - | - | - | - | - | 8,106 | (8,106) | (4,776) | - | - | - | 8,106 | (8,106) |
| 325,554 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 402,719 | - | - | - | - | 37,000 | 37,000 | (27,000) | - | - | - | - | - | - | 37,000 | 37,000 |
| (400) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1,842,138 | - | - | (134,195) | (148,697) | 7,125 | 72,992 | 62,048 | 8,106 | (8,106) | (4,776) | - | - | - | 15,231 | 64,886 |
| 244,757 | - | - | - | - | 125,818 | 113,820 | (94,879) | - | - | - | - | - | - | 125,818 | 113,820 |
| 311,637 | - | - | 49,896 | 49,896 | 83,871 | 58,138 | (63,924) | - | - | - | - | - | - | 83,871 | 58,138 |
| - | - | - | - | - | 20,583 | (6,018) | 13,230 | - | - | - | - | - | - | 20,583 | (6,018) |
| 292,729 | - | - | - | - | 30,092 | 23,799 | 3,117 | - | - | - | - | - | - | 30,092 | 23,799 |
| 10,003 | - | - | (29,512) | - | - | - | - | - | - | - | - | - | - | - | - |
| 49,571 | - | - | - | - | 4,951 | 16,439 | 7,648 | - | - | - | - | - | - | 4,951 | 16,439 |
| 157,186 | - | - | - | - | 1,630 | 14,806 | 8,103 | - | - | - | - | - | - | 1,630 | 14,806 |
| 1,065,883 | - | - | 20,384 | 49,896 | 266,945 | 220,984 | (126,705) | - | - | - | - | - | - | 266,945 | 220,984 |
| (144,807) | 223,735 | 191,610 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (122,650) | - | - | - | - | 16,280 | - | - | - | - | - | - | - | - | 16,280 | - |
| 61,958 | - | - | - | - | 6,598 | 10,971 | 1,570 | - | - | - | - | - | - | 6,598 | 10,971 |

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| | | | | | | | | | | | | | | | |
|-----------|-----------|---------|-----------|-----------|----------|---------|---------|----------|-------|-----------|-----------|----------|-----------|----------|---------|
| 171,265 | - | - | - | - | (10,977) | 4,236 | 1,919 | - | - | - | - | - | - | (10,977) | 4,236 |
| 10,804 | 10,382 | 7,967 | - | - | 348 | (314) | 1,803 | - | - | (4,203) | - | - | - | 348 | (314) |
| (23,430) | 234,117 | 199,577 | - | - | 12,249 | 14,893 | 5,292 | - | - | (4,203) | - | - | - | 12,249 | 14,893 |
| 7,946,060 | 1,088,806 | 893,730 | 2,171,575 | 2,322,022 | 370,497 | 418,620 | 625,586 | (34,866) | 9,632 | (115,378) | (184,639) | (93,172) | (103,526) | 150,992 | 335,080 |

- (a) Equity in 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 whose quarterly information were not audited by independent accountants;
- (c) CVRD's interest in MRS Logística S.A. is held through Ferteco Mineração S.A. and Caemi Mineração e Metalurgia S.A.;
- (d) Incorporated companies (Socoimex and Samitri) - amortization of goodwill recorded on 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 as of 06/30/03. 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 whose quarterly information were audited by independent accountants; and
- (h) Companies in pre-operating phase.

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6.9- Property, Plant and Equipment

(a) By business area:

| | 06/30/03 | | | 03/31/03 | | |
|----------------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| Ferrous - Northern System | | | | | | |
| Mining | 1,840,748 | (785,256) | 1,055,492 | 1,733,800 | (765,322) | 968,478 |
| Railroads | 2,740,011 | (1,085,091) | 1,654,920 | 2,694,657 | (1,058,675) | 1,635,982 |
| Ports | 575,295 | (250,476) | 324,819 | 535,651 | (246,944) | 288,707 |
| Construction in progress | 527,591 | - | 527,591 | 581,716 | - | 581,716 |
| | <u>5,683,645</u> | <u>(2,120,823)</u> | <u>3,562,822</u> | <u>5,545,824</u> | <u>(2,070,941)</u> | <u>3,474,883</u> |
| Ferrous - Southern System | | | | | | |
| Mining | 2,562,557 | (1,490,947) | 1,071,610 | 2,504,977 | (1,474,235) | 1,030,742 |
| Railroads | 3,127,499 | (1,805,504) | 1,321,995 | 3,149,350 | (1,847,559) | 1,301,791 |
| Ports | 587,251 | (439,127) | 148,124 | 586,067 | (436,000) | 150,067 |
| Construction in progress | 540,840 | - | 540,840 | 445,000 | - | 445,000 |
| | <u>6,818,147</u> | <u>(3,735,578)</u> | <u>3,082,569</u> | <u>6,685,394</u> | <u>(3,757,794)</u> | <u>2,927,600</u> |
| Pelletizing | | | | | | |
| Southern System | 621,970 | (451,184) | 170,786 | 620,775 | (448,451) | 172,324 |
| Northern System | 517,236 | (13,211) | 504,025 | 529,686 | (9,255) | 520,431 |
| Construction in progress | 156,174 | - | 156,174 | 181,904 | - | 181,904 |
| | <u>1,295,380</u> | <u>(464,395)</u> | <u>830,985</u> | <u>1,332,365</u> | <u>(457,706)</u> | <u>874,659</u> |
| Non-Ferrous | | | | | | |
| Potash | 132,802 | (52,444) | 80,358 | 132,014 | (49,369) | 82,645 |
| Gold | 426,246 | (395,023) | 31,223 | 426,416 | (390,050) | 36,366 |
| Research and projects | 214,303 | (179,416) | 34,887 | 220,019 | (183,803) | 36,216 |
| Construction in progress | 134,209 | - | 134,209 | 95,689 | - | 95,689 |
| | <u>907,560</u> | <u>(626,883)</u> | <u>280,677</u> | <u>874,138</u> | <u>(623,222)</u> | <u>250,916</u> |
| Logistics | 1,121,655 | (556,679) | 564,976 | 1,041,814 | (547,467) | 494,347 |
| Construction in progress | 32,750 | - | 32,750 | 40,827 | - | 40,827 |
| | <u>1,154,405</u> | <u>(556,679)</u> | <u>597,726</u> | <u>1,082,641</u> | <u>(547,467)</u> | <u>535,174</u> |
| Energy | 370,226 | (25,618) | 344,608 | 319,564 | (22,829) | 296,735 |
| Construction in progress | 369,360 | - | 369,360 | 432,712 | - | 432,712 |
| | <u>739,586</u> | <u>(25,618)</u> | <u>713,968</u> | <u>752,276</u> | <u>(22,829)</u> | <u>729,447</u> |

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| | | | | | | |
|--------------------------|------------|-------------|-----------|------------|-------------|-----------|
| Corporate | 155,169 | (59,038) | 96,131 | 154,253 | (53,040) | 101,213 |
| Construction in progress | 51,981 | - | 51,981 | 24,628 | - | 24,628 |
| | 207,150 | (59,038) | 148,112 | 178,881 | (53,040) | 125,841 |
| Total | 16,805,873 | (7,589,014) | 9,216,859 | 16,451,519 | (7,532,999) | 8,918,520 |

(b) By classification of asset:

| | Average depreciation rates | 06/30/03 | | | 03/31/03 | | |
|--------------------------|----------------------------|------------|--------------------------|-----------|------------|--------------------------|-----------|
| | | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| | | | | | | | |
| Buildings | 3% | 1,596,947 | (704,535) | 892,412 | 1,557,427 | (695,530) | 861,897 |
| Installations | 2% - 5% | 5,071,956 | (2,701,523) | 2,370,433 | 4,962,224 | (2,671,940) | 2,290,284 |
| Equipment | 5% - 20% | 1,039,340 | (586,531) | 452,809 | 997,285 | (581,578) | 415,707 |
| Railroads | 2% - 20% | 5,341,142 | (2,746,940) | 2,594,202 | 5,291,326 | (2,770,935) | 2,520,391 |
| Mineral rights | - | 433,909 | (181,744) | 252,165 | 433,909 | (179,091) | 254,818 |
| Others | - | 1,509,674 | (667,741) | 841,933 | 1,406,872 | (633,925) | 772,947 |
| | | 14,992,968 | (7,589,014) | 7,403,954 | 14,649,043 | (7,532,999) | 7,116,044 |
| Construction in progress | - | 1,812,905 | - | 1,812,905 | 1,802,476 | - | 1,802,476 |
| Total | | 16,805,873 | (7,589,014) | 9,216,859 | 16,451,519 | (7,532,999) | 8,918,520 |

Mineral reserve depletion is calculated as a function of the volume of ore extracted in relation to the proven and probable reserves.

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Depreciation, amortization and depletion have been allocated as follows:

| | Quarter | | | Accumulated | |
|---------------------------------|---------|---------|---------|-------------|----------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Cost of production and services | 130,582 | 125,548 | 135,688 | 256,130 | 275,144 |
| Administrative expenses | 9,865 | 9,128 | 5,553 | 18,993 | 10,830 |
| | 140,447 | 134,676 | 141,241 | 275,123 | 285,974 |

6.10- Loans and Financing

Short-term

Refers to export financing in the amount of R\$ 102,920 on 06/30/03 and R\$ 118,977 on 03/31/03, with an average interest rate of 3.9645% on 06/30/03 and 03/31/03.

Long-term

| | Current liabilities | | Long-term liabilities | |
|-------------------------------|---------------------|-----------|-----------------------|-----------|
| | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 |
| Foreign operations | | | | |
| Loans and financing in: | | | | |
| U.S. dollars | 753,902 | 1,010,066 | 2,234,043 | 2,651,279 |
| Yen | 77,776 | 92,145 | 6,887 | 8,160 |
| Other currencies | 874 | 968 | 633 | 968 |
| Notes in U.S. dollars | 1,436,000 | 670,620 | - | 1,005,930 |
| Accrued charges | 44,375 | 38,729 | - | - |
| | 2,312,927 | 1,812,528 | 2,241,563 | 3,666,337 |
| Local operations | | | | |
| Indexed by TJLP, TR and IGP-M | 17,160 | 15,851 | 50,358 | 57,402 |
| Basket of currencies | 34,112 | 39,790 | 28,426 | 43,106 |
| Loans in U.S. dollars | 23,003 | 12,336 | 234,433 | 289,074 |
| Non-convertible debentures | - | - | 8,795 | 9,822 |
| Accrued charges | 7,025 | 8,731 | - | - |
| | 81,300 | 76,708 | 322,012 | 399,404 |
| | 2,394,227 | 1,889,236 | 2,563,575 | 4,065,741 |

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, with US\$ 1.00 = R\$ 2.8720 on 06/30/03 (R\$ 3.3531 on 03/31/03) and ¥ 1.00 = R\$ 0.023989 on 06/30/03 (R\$ 0.028421 on 03/31/03);

(b) Of the total loans and financing, R\$ 722,333 are guaranteed by the federal government (with full counter-guarantees), and R\$ 776,212 have real guarantees;

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(c) Amortization of principal and finance charges incurred on long-term loans and financing obtained abroad and domestically mature as follows as of 06/30/03:

| | | |
|-------------|------------------|-------------|
| 2004 | 472,179 | 18% |
| 2005 | 536,097 | 21% |
| 2006 | 705,268 | 28% |
| 2007 | 235,189 | 9% |
| 2008 onward | 614,842 | 24% |
| | <u>2,563,575</u> | <u>100%</u> |

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(d) Long-term foreign and domestic loans and financing were subject to annual interest rates on 06/30/03 as follows:

| | | |
|------------|------------------|-------------|
| Up to 3% | 2,272,358 | 46% |
| 3.1 to 5% | 781,767 | 16% |
| 5.1 to 7% | 256,099 | 5% |
| 7.1 to 9% | 86,321 | 2% |
| 9.1 to 11% | 1,459,943 | 29% |
| Over 11% | 101,314 | 2% |
| | <u>4,957,802</u> | <u>100%</u> |

(e) The estimated market values of long-term loans and financing calculated to present value based on available interest rates as of 06/30/03 are close to their book values.

6.11- Contingent Liabilities

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

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

| | Judicial deposits | | Provisions for contingencies | |
|----------------------------------|-------------------|----------------|------------------------------|------------------|
| | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 |
| Tax contingencies | 903,636(*) | 481,936 | 721,506 | 647,543 |
| Labor and social security claims | 137,574 | 136,887 | 398,827 | 377,865 |
| Civil claims | 126,219 | 119,306 | 317,631 | 326,533 |
| Others | 5,393 | 5,413 | 3,816 | 20,478 |
| Total | <u>1,172,822</u> | <u>743,542</u> | <u>1,441,780</u> | <u>1,372,419</u> |

(*) Refers, mainly to the judicial deposit for the legal action against the limitation to 30% of the tax losses and the broadening of the calculation base for PIS / COFINS (social contributions) and CPMF (tax on bank movement).

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

Tax contingencies relate principally to a suit claiming unconstitutionality of the change in the calculation basis of PIS and Cofins social contributions introduced by Law 9,718/98, and to CPMF (tax on bank transactions).

Labor-related actions principally comprise employee claims in connection with disputes about the amount of indemnities paid upon dismissal and outstanding 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.

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- (b) Guarantees given to jointly controlled companies (normally in proportion to the Company's percentage of participation) are as follows:

| | 06/30/03 | 03/31/03 |
|--|------------------|------------------|
| ALBRAS - Alumínio Brasileiro S.A. | 893,140 | 1,109,153 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO | - | 44,708 |
| Ferrovias Centro-Atlântica S.A. | 389,707 | 389,333 |
| Sepetiba Tecon S.A. | 65,269 | 77,699 |
| Samarco Mineração S.A. | 33,981 | 39,202 |
| | <u>1,382,097</u> | <u>1,660,095</u> |

The breakdown of guarantees by currency is:

| | 06/30/03 | 03/31/03 |
|-------------|------------------|------------------|
| U.S. Dollar | 996,880 | 1,270,752 |
| Real | 385,217 | 389,343 |
| | <u>1,382,097</u> | <u>1,660,095</u> |

| Affiliate or Joint Venture | Amount of guarantee | Denominated currency | Purpose | Final maturity | Counter guarantees |
|----------------------------|---------------------|----------------------|----------------|----------------|--------------------|
| ALBRAS | 765,884 | US\$ | Debt guarantee | 2007 | None |
| | 127,256 | R\$ | Debt guarantee | 2010 | None |
| FCA | 146,243 | US\$ | Debt guarantee | 2009 | None |
| | 243,464 | R\$ | Debt guarantee | 2012 | None |
| SEPETIBA TECON | 50,772 | US\$ | Debt guarantee | 2013 | None |
| | 14,497 | R\$ | Debt guarantee | 2012 | None |
| SAMARCO | 33,981 | US\$ | Debt guarantee | 2020 | None |

The Company expects no losses to arise as a result of the above guarantees. We have made no charges for extending these guarantees except in the case of Albras and Samarco.

- (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 evaluated 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 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 Debentures trading. As of October 28, 2002, the Debentures can be

traded on the secondary market.

6.12- Environmental and Site Reclamation and Restoration Costs

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. 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. On 06/30/03, the provision for environmental liabilities amounted to R\$ 47,837 (R\$ 49,901 on 03/31/03), which was accounted for in "Others" in long-term liabilities.

6.13- Paid-up Capital

The Company's capital was raised to R\$ 6.3 billion through capitalization of part of the expansion reserve in the amount of R\$ 1.3 billion. This capital corresponds to 388,559,056 book entry shares, of which 249,983,143 are common shares and 138,575,913 are preferred class A shares, the latter including one special preferred share (Golden Share), all with no par value.

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 value of the share, if greater.

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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 loading systems and other matters determined in the Bylaws.

6.14- 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 6,404/76 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.

As of June 30, 2003, 4,715,170 common shares and 4,235 preferred shares were purchased, which are held in treasury in the amount of R\$ 131,320. The 4,715,170 common shares guarantees a loan given to our subsidiary Alunorte.

| Class | Shares | | Unit acquisition cost | | | Average quoted market price | |
|-----------|-----------|-----------|-----------------------|-------|-------|-----------------------------|----------|
| | Quantity | | Average | Low | High | 06/30/03 | 03/31/03 |
| | 06/30/03 | 03/31/03 | | | | | |
| Preferred | 4,235 | 4,465 | 51.41 | 14.02 | 52.40 | 78.71 | 87.27 |
| Common | 4,715,170 | 4,715,170 | 27.80 | 20.07 | 52.09 | 84.85 | 90.96 |
| | 4,719,405 | 4,719,635 | | | | | |

6.15- Financial Result

| | Quarter | | | | | | | | |
|------------------------------------|--------------------|---|-----------|--------------------|---|----------|--------------------|---|-------------|
| | 2Q/03 | | | 1Q/03 | | | 2Q02 | | |
| | 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 | (50,432) | 677,402 | 626,970 | (62,925) | 246,841 | 183,916 | (49,641) | (667,169) | (716,810) |
| Local debt | (7,793) | 67,575 | 59,782 | (11,020) | 35,158 | 24,138 | (21,027) | (375,541) | (396,568) |
| Related parties | (42,179) | 315,643 | 273,464 | (43,735) | 125,188 | 81,453 | (36,317) | (269,128) | (305,445) |
| | (100,404) | 1,060,620 | 960,216 | (117,680) | 407,187 | 289,507 | (106,985) | (1,311,838) | (1,418,823) |
| Labor, tax and civil contingencies | (17,187) | 483 | (16,704) | (21,452) | (44,593) | (66,045) | (76,776) | (20,586) | (97,362) |
| Derivatives, net of gain/losses | (26,146) | 38,855 | 12,709 | (25,967) | 14,891 | (11,076) | (11,901) | (19,040) | (30,941) |
| CPMF/ COFINS | (16,293) | - | (16,293) | (13,092) | - | (13,092) | 11,822 | - | 11,822 |
| Others | (3,470) | 232,703 | 229,233 | (6,455) | 30,893 | 24,438 | (5,755) | (263,958) | (269,713) |
| | (163,500) | 1,332,661 | 1,169,161 | (184,646) | 408,378 | 223,732 | (189,595) | (1,615,422) | (1,805,017) |
| | | Monetary and | | | Monetary and | | | Monetary and | |

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| | Financial income | exchange rate variation on assets | Total | Financial income | exchange rate variation on assets | Total | Financial income | exchange rate variation on assets | Total |
|-------------------------------------|---------------------|---|-----------|---------------------|---|----------|---------------------|---|-------------|
| Related parties | 28,047 | (341,816) | (313,769) | 40,261 | (124,352) | (84,091) | 22,029 | 496,689 | 518,718 |
| Marketable securities | 26,024 | (63,920) | (37,896) | 1,583 | 14,280 | 15,863 | 25,451 | 32,029 | 57,480 |
| Others | 7,096 | (41,448) | (34,352) | 7,773 | (18,382) | (10,609) | 12,554 | 73,925 | 86,479 |
| | 61,167 | (447,184) | (386,017) | 49,617 | (128,454) | (78,837) | 60,034 | 602,643 | 662,677 |
| Financial income (expenses), net | (102,333) | 885,477(*) | 783,144 | (135,029) | 279,924 | 144,895 | (129,561) | (1,012,779) | (1,142,340) |

(*) See item 1.2.5 - Net financial result.

CVRD

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| | 06/30/03 | | | 06/30/02 | | |
|------------------------------------|----------------------------|--------------------------|-----------|----------------------------|--------------------------|-------------|
| | Monetary and exchange rate | | | Monetary and exchange rate | | |
| | Financial expenses | variation on liabilities | Total | Financial expenses | variation on liabilities | Total |
| Foreign debt | (113,357) | 924,243 | 810,886 | (90,998) | (669,058) | (760,056) |
| Local debt | (18,813) | 102,733 | 83,920 | (39,205) | (357,062) | (396,267) |
| Related parties | (85,914) | 440,831 | 354,917 | (72,125) | (265,630) | (337,755) |
| | (218,084) | 1,467,807 | 1,249,723 | (202,328) | (1,291,750) | (1,494,078) |
| Labor, tax and civil contingencies | (38,639) | (44,110) | (82,749) | (96,179) | (23,679) | (119,858) |
| Derivatives, net of gain/losses | (52,113) | 53,746 | 1,633 | (29,173) | (18,959) | (48,132) |
| CPMF/ COFINS | (29,385) | - | (29,385) | (4,767) | - | (4,767) |
| Others | (9,925) | 263,596 | 253,671 | (12,846) | (270,668) | (283,514) |
| | (348,146) | 1,741,039 | 1,392,893 | (345,293) | (1,605,056) | (1,950,349) |
| | 06/30/03 | | | 06/30/02 | | |
| | Monetary and exchange rate | | | Monetary and exchange rate | | |
| | Financial income | variation on assets | Total | Financial income | variation on assets | Total |
| Related parties | 68,308 | (466,168) | (397,860) | 43,352 | 494,136 | 537,488 |
| Marketable securities | 27,607 | (49,640) | (22,033) | 62,779 | 40,050 | 102,829 |
| Others | 14,869 | (59,830) | (44,961) | 21,333 | 77,853 | 99,186 |
| | 110,784 | (575,638) | (464,854) | 127,464 | 612,039 | 739,503 |
| Financial income (expenses), net | (237,362) | 1,165,401(*) | 928,039 | (217,829) | (993,017) | (1,210,846) |

(*) See item 1.2.5 - Net financial result.

Debt Indices

| | 2Q/03 | 1Q/03 |
|---|-----------|-----------|
| Current liabilities | | |
| Current portion of long-term debt - unrelated parties | 2,394,227 | 1,889,236 |
| Short-term debt | 102,920 | 118,977 |
| Related parties | 1,085,334 | 1,002,996 |
| | 3,582,481 | 3,011,209 |
| Long-term liabilities | | |
| Long-term debt - unrelated parties | 2,563,575 | 4,065,741 |

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| | | |
|----------------------------------|------------|------------|
| Related parties | 2,982,995 | 3,221,881 |
| | 5,546,570 | 7,287,622 |
| Gross Debt | 9,129,051 | 10,298,831 |
| Gross interest | 100,404 | 117,680 |
| EBITDA | 983,095 | 1,148,114 |
| Stockholders' equity | 14,187,982 | 13,292,528 |
| EBITDA / Gross interest | 9.79 | 9.76 |
| Gross Debt / EBITDA (annualized) | 2.32 | 2.24 |
| Debt / Stockholders' equity | 39 | 44 |

6.16- 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 derivatives 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 counterparts. The policy of the Company is to settle all contracts financially without physical delivery of the products. The credit limits and creditworthiness of counterparts are also reviewed periodically and are defined according to the rules approved by Company's management. The results of hedging are recognized monthly in the CVRD result.

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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 options trades aiming to cap exposure to interest rate fluctuations, establishing upper and lower limits. Some operations are subject to knock-out provisions which, if triggered, eliminate the protection provided by the cap.

The table below provides information regarding the interest rate derivatives portfolio for 06/30/03 and 06/30/02.

| Type | 06/30/03 | | | | 06/30/02 | | |
|-------|-------------------------------------|-------------|---|----------------|-------------------------------------|-------------|---|
| | Notional value (in US\$ million) | Rate range | Unrealized gain (loss) (in R\$ thousand) | Final maturity | Notional value (in US\$ million) | Rate range | Unrealized gain (loss) (in R\$ thousand) |
| Cap | 500 | 5.8 - 11.0% | 39 | May/07 | 1,150 | 5.7 - 11.0% | 3,811 |
| Floor | 500 | 5.8 - 6.0% | (60,112) | Nov/06 | 1,150 | 5.7 - 6.3% | (51,521) |
| Swap | 464 | 5.9 - 6.7% | (127,143) | Oct/07 | 350 | 5.8 - 6.7% | (31,569) |
| Total | | | (187,216) | | | | (79,279) |

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 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 Japanese 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 06/30/03 and 06/30/02. These operations are forwards and range forwards which were structured to ensure the purchase price of the following currencies:

| Type | 06/30/03 | | | | 06/30/02 | | |
|---------------|--------------------------------|--------------------|---|----------------|--------------------------------|--------------------|-----------------------------------|
| | Notional value (in million) | Rate range | Unrealized gain (loss) (in R\$ thousand) | Final maturity | Notional value (in million) | Rate range | Unrealized loss (in R\$ thousand) |
| Yen purchased | ¥ 3.462 | ¥ 79 - 86 per US\$ | (1,590) | Apr/05 | ¥ 3 | ¥ 91 - 79 per US\$ | (1,399) |

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| | | | | | | | |
|-----------------|---|-------------------------|-------------------|--------|---|-------------------------|-------------------|
| Euros purchased | 4 | 1.19 - 1.23 per US\$ | (876) | Apr/05 | 6 | 1.18 - 1.23 per US\$ | (3,875) |
| Euros sold | 3 | - | 230 | Jul/03 | - | - | - |
| | | | <u> </u> | | | | <u> </u> |
| Total | | | (2,236) | | | | (5,274) |
| | | | <u> </u> | | | | <u> </u> |

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. 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.

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The following table shows the gold derivatives portfolio of the Company on 06/30/03 and 06/30/02:

| Type | 06/30/03 | | | | 06/30/02 | | |
|--------------------|---------------|-----------------------|--|----------------|---------------|-----------------------|--|
| | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousand) | Final maturity | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousand) |
| Puts purchased | 408,000 | 270 - 385 | 13,519 | Dec/07 | 496,000 | 270 - 355 | 21,470 |
| Calls sold | 598,000 | 317 - 440 | (44,144) | Dec/07 | 736,000 | 316 - 407 | (31,234) |
| Hybrid instruments | 20,000 | - | (969) | Nov/06 | 20,000 | - | 95 |
| Total | | | (31,594) | | | | (9,669) |

| | Net loss | | | |
|---|------------------------|------------|---------|----------|
| | Interest rates (libor) | Currencies | Gold | Total |
| | 2Q/03 | | | |
| Gains and 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, net | 20,078 | 556 | 5,512 | 26,146 |
| Monetary variations, net | (10,282) | (464) | 3,871 | (6,875) |
| | (32,766) | (438) | (5,651) | (38,855) |
| Gains and losses unrealized on 06/30/03 | 187,216 | 2,236 | 31,594 | 221,046 |

| | Net loss | | | |
|---|------------------------|------------|----------|----------|
| | Interest rates (libor) | Currencies | Gold | Total |
| | 1Q/03 | | | |
| Gains and losses unrealized on 12/31/02 | 213,361 | 4,309 | 52,432 | 270,102 |
| Financial settlement | (13,390) | (378) | (634) | (14,402) |
| Financial expenses, net | 42,764 | (593) | (16,204) | 25,967 |
| Monetary variations, net | 29,374 | (971) | (16,838) | 11,565 |
| | (12,471) | (200) | (2,220) | (14,891) |
| Gains and losses unrealized on 03/31/03 | 230,264 | 3,138 | 33,374 | 266,776 |

| | Net loss | | | |
|---|------------------------------|------------|-------|----------|
| | 2Q/02 | | | |
| | Interest rates (libor) | Currencies | Gold | Total |
| Gains and losses unrealized on 03/31/02 | 58,547 | 14,660 | 4,637 | 77,844 |
| Financial settlement | (12,902) | (3,150) | 1,489 | (14,563) |
| Financial expenses, net | 20,383 | (8,696) | 214 | 11,901 |
| | 7,481 | (11,846) | 1,703 | (2,662) |
| Monetary variations, net | 13,251 | 2,460 | 3,329 | 19,040 |
| Gains and losses unrealized on 06/30/02 | 79,279 | 5,274 | 9,669 | 94,222 |

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6.17- 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 (*) | |
|--------------------------------|----------------|----------------|---|----------------|
| | 06/30/03 | 03/31/03 | 06/30/03 | 03/31/03 |
| Assets | | | | |
| Current | | | | |
| Cash and cash equivalents | 411 | 541 | 329 | 468 |
| Others | 1,789 | 1,967 | 1,101 | 1,143 |
| | 2,200 | 2,508 | 1,430 | 1,611 |
| Long-term receivables | 614 | 1,116 | 45 | 66 |
| Investments | 3,817 | 4,301 | 16 | 18 |
| Total | 6,631 | 7,925 | 1,491 | 1,695 |
| Liabilities | | | | |
| Current | | | | |
| Short-term loans and financing | 2,477 | 1,989 | 1,279 | 1,477 |
| Others | 978 | 851 | 529 | 368 |
| | 3,455 | 2,840 | 1,808 | 1,845 |
| Long-term liabilities | | | | |
| Loans and financing | 2,505 | 4,000 | 1,776 | 2,246 |
| Others | 2,715 | 2,954 | 459 | 801 |
| | 5,220 | 6,954 | 2,235 | 3,047 |
| Total | 8,675 | 9,794 | 4,043 | 4,892 |
| Liabilities - R\$ | (2,044) | (1,869) | (2,552) | (3,197) |
| Liabilities - US\$ | (712) | (557) | (889) | (953) |

(*) Proportional to the percentage of participation

6.18- Administrative and Other Operating Expenses

| | Quarter | | | Accumulated | |
|---------------------------|---------|--------|--------|-------------|----------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Administrative | | | | | |
| Personnel | 34,548 | 31,839 | 31,259 | 66,387 | 58,203 |
| Technical consulting | 23,897 | 18,443 | 42,254 | 42,340 | 64,877 |
| Advertising and publicity | 7,461 | 9,006 | 7,431 | 16,467 | 15,115 |
| Depreciation | 9,865 | 9,128 | 5,553 | 18,993 | 10,830 |
| Travel expenses | 4,042 | 4,925 | 4,224 | 8,967 | 7,940 |
| Rents and taxes | 6,110 | 6,902 | 5,282 | 13,012 | 9,531 |

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| | | | | | |
|--------|--------|--------|---------|---------|---------|
| Others | 10,654 | 8,515 | 10,135 | 19,169 | 18,536 |
| | 96,577 | 88,758 | 106,138 | 185,335 | 185,032 |

| | Quarter | | | Accumulated | |
|------------------------------------|---------|---------|----------|-------------|----------|
| | 2Q/03 | 1Q/03 | 2Q/02 | 06/30/03 | 06/30/02 |
| Other Operating Expenses | | | | | |
| Provisions for contingencies | 47,063 | 27,141 | 44,367 | 74,204 | 28,165 |
| Provision for loss on ICMS credits | - | 28,000 | - | 28,000 | 20,000 |
| Provision for profit sharing | 27,000 | 40,000 | (10,000) | 67,000 | 10,000 |
| Operating expenses - UPSL | 35,597 | - | - | 35,597 | - |
| Others | 21,045 | 10,723 | 40,871 | 31,768 | 56,017 |
| | 130,705 | 105,864 | 75,238 | 236,569 | 114,182 |

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6.19- Subsequent Events

Approved Proposal to Acquire Caemi

On 07/18/03 the European Commission approved CVRD's acquisition of 50% of the common shares and 40% of the preferred shares of Caemi Mineração e Metalurgia S.A. (Caemi). Upon conclusion of the acquisition, the Company will detain all the common shares and 40% of the preferred shares of Caemi, totaling 60.2% of the total capital.

CVRD's Vale Overseas Places Bonds for US\$ 300 Million at a 9.25% Yield

On 08/01/03 the Company announced that its wholly owned subsidiary Vale Overseas Limited has placed an offering of US\$300 million in ten-year notes. The notes will bear a coupon of 9% per year, payable semi-annually, and will be priced at 98.386% of their principal amount. The notes will be unsecured and unsubordinated obligations of Vale Overseas Limited and will be fully and unconditionally guaranteed by CVRD. The net proceeds of the offering will be used for the CVRD group's general corporate purposes.

The notes to be offered and the related guarantees have not been and will not be registered under the Securities Act of 1933, or any state securities laws, and may not be offered or sold in the United States absent registration under, or an applicable exemption from, the registration requirements of the Securities Act of 1933 and applicable state securities laws.

The Company expects to file a registration statement with the United States Securities and Exchange Commission (SEC) and to make its best efforts to exchange the notes for others registered with the SEC within 180 days of the closing date of the offering.

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PART III

7- OTHER INFORMATION THE COMPANY DEEMS RELEVANT

7.1- Iron Ore and Pellet Sales (Main Markets) (Unaudited)

(Millions of tons)

| | | | | | | | | | | | | | Quarter | | Accumulated | | | |
|-------------------------|------|----|------|----|------|----|-------|----|-------|----|-------|----|---------|----|-------------|----|----------|----|
| | 1999 | % | 2000 | % | 2001 | % | 2002 | % | 2Q/02 | % | 1Q/03 | % | 2Q/03 | % | 06/30/02 | % | 06/30/03 | % |
| FOREIGN MARKET | | | | | | | | | | | | | | | | | | |
| ÁSIA | | | | | | | | | | | | | | | | | | |
| CHINA | 7.3 | 8 | 9.2 | 8 | 14.9 | 12 | 17.5 | 12 | 5.0 | 14 | 5.4 | 15 | 4.8 | 13 | 9.4 | 13 | 10.2 | 14 |
| KOREA | 7.9 | 8 | 7 | 6 | 6.0 | 5 | 7.1 | 5 | 1.1 | 3 | 1.6 | 4 | 1.7 | 5 | 3.2 | 5 | 3.3 | 5 |
| PHILIPPINES | 1.6 | 2 | 1.4 | 1 | 1.2 | 1 | 2.6 | 2 | 0.5 | 1 | 0.4 | 1 | 0.6 | 2 | 1.1 | 2 | 1.0 | 1 |
| JAPAN | 16.9 | 17 | 17.5 | 15 | 17.1 | 13 | 16.3 | 11 | 4.3 | 12 | 3.9 | 11 | 4.1 | 11 | 8.0 | 11 | 8.0 | 11 |
| TAIWAN | 1.8 | 2 | 1.6 | 2 | 2.2 | 2 | 2.1 | 1 | 0.4 | 1 | 0.4 | 1 | 0.5 | 1 | 0.8 | 1 | 0.9 | 1 |
| OTHERS | 0.6 | - | 0.4 | - | 1.1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 36.1 | 37 | 37.1 | 32 | 42.5 | 34 | 45.6 | 31 | 11.3 | 31 | 11.7 | 32 | 11.7 | 32 | 22.5 | 32 | 23.4 | 32 |
| EUROPE | | | | | | | | | | | | | | | | | | |
| GERMANY | 8 | 8 | 8.2 | 7 | 10.1 | 8 | 14.7 | 10 | 3.4 | 9 | 3.5 | 10 | 2.8 | 8 | 6.8 | 10 | 6.3 | 9 |
| SPAIN | 3.6 | 4 | 2.9 | 2 | 2.9 | 2 | 2.9 | 2 | 0.7 | 2 | 0.8 | 2 | 0.9 | 2 | 1.5 | 2 | 1.7 | 2 |
| FRANCE | 2.1 | 2 | 2.9 | 2 | 3.9 | 3 | 5.8 | 4 | 1.5 | 4 | 1.4 | 4 | 2.3 | 6 | 2.8 | 4 | 3.7 | 5 |
| ITALY | 5 | 5 | 4.8 | 4 | 5.1 | 4 | 5.2 | 3 | 2.2 | 6 | 1.2 | 3 | 1.2 | 3 | 3.2 | 5 | 2.4 | 3 |
| UNITED KINGDOM | 1.6 | 2 | 1.5 | 2 | 1.6 | 1 | 2.3 | 2 | 0.4 | 1 | 0.5 | 1 | 0.6 | 2 | 1.1 | 2 | 1.1 | 2 |
| OTHERS | 4.7 | 5 | 8.2 | 7 | 10.8 | 8 | 13.4 | 9 | 3.2 | 9 | 3.2 | 9 | 2.8 | 8 | 6.1 | 9 | 6.0 | 9 |
| | 25 | 26 | 28.5 | 24 | 34.4 | 26 | 44.3 | 30 | 11.4 | 31 | 10.6 | 29 | 10.6 | 29 | 21.5 | 32 | 21.2 | 30 |
| AMERICAS | | | | | | | | | | | | | | | | | | |
| ARGENTINA | 1.6 | 2 | 1.4 | 1 | 1.9 | 1 | 2.3 | 2 | 0.6 | 2 | 0.8 | 2 | 0.8 | 2 | 1.0 | 1 | 1.6 | 2 |
| UNITED STATES | 3 | 3 | 3.5 | 3 | 2.9 | 2 | 3.8 | 2 | 1.0 | 3 | 1.0 | 3 | 0.8 | 2 | 1.9 | 3 | 1.8 | 3 |
| OTHERS | 1.8 | 2 | 2 | 2 | 1.5 | 1 | 2.4 | 2 | 0.5 | 1 | 0.8 | 2 | 0.6 | 2 | 0.8 | 1 | 1.4 | 2 |
| | 6.4 | 7 | 6.9 | 6 | 6.3 | 4 | 8.5 | 6 | 2.1 | 6 | 2.6 | 7 | 2.2 | 6 | 3.7 | 5 | 4.8 | 7 |
| AFRICA/MID.EAST/OCEANIA | | | | | | | | | | | | | | | | | | |
| BAHREIN | 1.5 | 2 | 2 | 2 | 1.7 | 1 | 2.4 | 2 | 0.5 | 1 | 0.5 | 1 | 0.4 | 1 | 1.3 | 2 | 0.9 | 1 |
| OTHERS | 3.6 | 4 | 5.2 | 4 | 5.1 | 4 | 4.3 | 3 | 0.7 | 2 | 1.0 | 3 | 2.0 | 6 | 1.5 | 2 | 3.0 | 4 |
| | 5.1 | 6 | 7.2 | 6 | 6.8 | 5 | 6.7 | 5 | 1.2 | 3 | 1.5 | 4 | 2.4 | 7 | 2.8 | 4 | 3.9 | 5 |
| | 72.6 | 76 | 79.7 | 68 | 90 | 69 | 105.1 | 72 | 26.0 | 71 | 26.4 | 72 | 26.9 | 74 | 50.5 | 73 | 53.3 | 74 |

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| | | | | | | | | | | | | | | | | | | | |
|----------------------|------|-----|-------|-----|-------|-----|-------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|--|
| DOMESTIC MARKET | | | | | | | | | | | | | | | | | | | |
| STEEL MILLS | 13.6 | 14 | 15.5 | 13 | 20.2 | 16 | 22.3 | 15 | 5.7 | 16 | 5.1 | 14 | 4.6 | 13 | 10.9 | 15 | 9.7 | 13 | |
| PELLETING AFFILIATES | 10.1 | 10 | 21.6 | 19 | 19.7 | 15 | 18.9 | 13 | 4.6 | 13 | 5.0 | 14 | 4.8 | 13 | 8.6 | 12 | 9.8 | 13 | |
| | 23.7 | 24 | 37.1 | 32 | 39.9 | 31 | 41.2 | 28 | 10.3 | 29 | 10.1 | 28 | 9.4 | 26 | 19.5 | 27 | 19.5 | 26 | |
| TOTAL | 96.3 | 100 | 116.8 | 100 | 129.9 | 100 | 146.3 | 100 | 36.3 | 100 | 36.5 | 100 | 36.3 | 100 | 70.0 | 100 | 72.8 | 100 | |

Exports by System

(Millions of tons)

| | | | | | | | | | | | | | Quarter | | Accumulated | | | |
|-----------------|------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|---------|-----|-------------|-----|----------|-----|
| | 1999 | % | 2000 | % | 2001 | % | 2002 | % | 2Q/02 | % | 1Q/03 | % | 2Q/03 | % | 06/30/02 | % | 06/30/03 | % |
| NORTHERN SYSTEM | 42.8 | 44 | 46.6 | 40 | 50.8 | 39 | 53.0 | 36 | 12.8 | 35 | 13.4 | 37 | 13.9 | 38 | 24.6 | 35 | 27.3 | 38 |
| SOUTHERN SYSTEM | 53.5 | 56 | 70.2 | 60 | 79.1 | 61 | 93.3 | 64 | 23.5 | 65 | 23.1 | 63 | 22.4 | 62 | 45.4 | 65 | 45.5 | 62 |
| | 96.3 | 100 | 116.8 | 100 | 129.9 | 100 | 146.3 | 100 | 36.3 | 100 | 36.5 | 100 | 36.3 | 100 | 70.0 | 100 | 72.8 | 100 |

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PART IV

8- ATTACHMENT I - EQUITY INVESTEE INFORMATION

8.1- Aluminum Area - ALBRAS (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|-----------|-----------|----|----|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 99 | 102 | - | - | 201 | 84 | 108 | 101 | 100 | 393 |
| Quantity sold - internal market | MT (thousand) | 4 | 4 | - | - | 8 | 4 | 2 | 3 | 4 | 13 |
| Quantity sold - total | MT (thousand) | 103 | 106 | - | - | 209 | 88 | 110 | 104 | 104 | 406 |
| Average sales price - external market | US\$ | 1,336.40 | 1,324.49 | - | - | 1,330.36 | 1,318.33 | 1,409.42 | 1,288.20 | 1,304.79 | 1,304.70 |
| Average sales price - internal market | US\$ | 1,376.14 | 1,365.10 | - | - | 1,370.62 | 1,352.12 | 1,330.47 | 1,335.69 | 1,356.26 | 1,355.55 |
| Average sales price - total | US\$ | 1,337.98 | 1,326.07 | - | - | 1,331.94 | 1,319.81 | 1,332.13 | 1,289.68 | 1,306.47 | 1,306.38 |
| Long-term indebtedness, gross | US\$ | 451,354 | 400,002 | - | - | 400,002 | 524,095 | 506,633 | 498,857 | 465,815 | 465,815 |
| Short-term indebtedness, gross | US\$ | - | - | - | - | - | 72,938 | 48,840 | 20,156 | 20,475 | 20,475 |
| Total indebtedness, gross | US\$ | 451,354 | 400,002 | - | - | 400,002 | 597,033 | 555,473 | 519,013 | 486,290 | 486,290 |
| Stockholders' equity | R\$ | 479,916 | 726,619 | - | - | 726,619 | 299,202 | 113,162 | (209,047) | 256,739 | 256,739 |
| Net operating revenues | R\$ | 479,659 | 423,513 | - | - | 903,172 | 273,853 | 366,494 | 414,264 | 489,744 | 1,544,355 |
| Cost of products | R\$ | (284,827) | (271,302) | - | - | (556,129) | (170,834) | (223,590) | (248,895) | (288,173) | (931,492) |
| Other expenses/revenues | R\$ | (16,325) | (11,421) | - | - | (27,746) | (13,308) | (10,054) | (22,210) | (5,968) | (51,540) |
| Depreciation, amortization and depletion | R\$ | 17,675 | 16,188 | - | - | 33,863 | 15,555 | 17,076 | 17,423 | 17,490 | 67,544 |
| EBITDA (*) | R\$ | 196,182 | 156,978 | - | - | 353,160 | 105,266 | 149,926 | 160,582 | 213,093 | 628,867 |
| Depreciation, amortization and depletion | R\$ | (17,675) | (16,188) | - | - | (33,863) | (15,555) | (17,076) | (17,423) | (17,490) | (67,544) |
| EBIT | R\$ | 178,507 | 140,790 | - | - | 319,297 | 89,711 | 132,850 | 143,159 | 195,603 | 561,323 |
| Impairment | R\$ | - | (11,837) | - | - | (11,837) | - | - | - | - | - |
| Net financial result | R\$ | 63,862 | 176,318 | - | - | 240,180 | (11,141) | (332,532) | (505,233) | 175,923 | (672,983) |
| Income before income tax and social contribution | R\$ | 242,369 | 305,271 | - | - | 547,640 | 78,570 | (199,682) | (362,074) | 371,526 | (111,660) |
| Income tax and social contribution | R\$ | (19,192) | (58,568) | - | - | (77,760) | (2,627) | 13,645 | 39,863 | 88,259 | 139,140 |
| Net income | R\$ | 223,177 | 246,703 | - | - | 469,880 | 75,943 | (186,037) | (322,211) | 459,785 | 27,480 |

(*) 2002 and 1Q/03 were adjusted.

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8.2- Aluminum Area - ALUNORT (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|---------------|-----------|-----------|----|----|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 289 | 303 | - | - | 592 | 222 | 175 | 115 | 208 | 720 |
| Quantity sold - internal market | MT (thousand) | 201 | 234 | - | - | 435 | 205 | 235 | 233 | 199 | 872 |
| Quantity sold - total | MT (thousand) | 490 | 537 | - | - | 1,027 | 427 | 410 | 348 | 407 | 1,592 |
| Average sales price - external market | US\$ | 170.93 | 172.57 | - | - | 171.77 | 148.20 | 152.79 | 162.37 | 154.43 | 153.39 |
| Average sales price - internal market | US\$ | 173.60 | 175.13 | - | - | 174.42 | 175.94 | 175.38 | 173.97 | 169.51 | 173.79 |
| Average sales price - total | US\$ | 172.03 | 173.68 | - | - | 172.89 | 161.55 | 165.72 | 170.13 | 161.79 | 164.56 |
| Long-term indebtedness, gross | US\$ | 482,418 | 494,325 | - | - | 494,325 | 455,061 | 455,194 | 472,590 | 481,370 | 481,370 |
| Short-term indebtedness, gross | US\$ | - | 3,900 | - | - | 3,900 | - | - | - | - | - |
| Total indebtedness, gross | US\$ | 482,418 | 498,225 | - | - | 498,225 | 455,061 | 455,194 | 472,590 | 481,370 | 481,370 |
| Stockholders' equity | R\$ | 546,444 | 697,885 | - | - | 697,885 | 573,946 | 451,686 | 226,155 | 444,502 | 444,502 |
| Net operating revenues | R\$ | 291,962 | 273,014 | - | - | 564,976 | 164,875 | 173,891 | 196,154 | 250,025 | 784,945 |
| Cost of products | R\$ | (217,680) | (217,735) | - | - | (435,415) | (135,765) | (134,556) | (131,291) | (174,286) | (575,898) |
| Other expenses/revenues | R\$ | (6,021) | (5,860) | - | - | (11,881) | (7,381) | (3,787) | (4,079) | (6,946) | (22,193) |
| Depreciation, amortization and depletion | R\$ | 15,240 | 18,993 | - | - | 34,233 | 12,802 | 13,351 | 12,853 | 12,880 | 51,886 |
| EBITDA (*) | R\$ | 83,501 | 68,412 | - | - | 151,913 | 34,531 | 48,899 | 73,637 | 81,673 | 238,740 |
| Depreciation, amortization and depletion | R\$ | (15,240) | (18,993) | - | - | (34,233) | (12,802) | (13,351) | (12,853) | (12,880) | (51,886) |
| EBIT | R\$ | 68,261 | 49,419 | - | - | 117,680 | 21,729 | 35,548 | 60,784 | 68,793 | 186,854 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | 43,764 | 136,576 | - | - | 180,340 | (10,936) | (198,404) | (374,193) | 114,042 | (469,491) |
| Income before income tax and social contribution | R\$ | 112,025 | 185,995 | - | - | 298,020 | 10,793 | (162,856) | (313,409) | 182,835 | (282,637) |
| Income tax and social contribution | R\$ | (10,084) | (34,554) | - | - | (44,638) | (726) | 20,677 | 6,396 | 73,270 | 99,617 |
| Net income | R\$ | 101,941 | 151,441 | - | - | 253,382 | 10,067 | (142,179) | (307,013) | 256,105 | (183,020) |

(*) 2002 and 1Q/03 were adjusted.

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8.3- Aluminum Area - ALUVALE (Adjusted and Unaudited)

| Information | 2003 | | | | | 2002 | | | | |
|--|---------------|-----------|----|----|-----------|----------|-----------|-----------|----------|-----------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Stockholders' equity | R\$ 1,115,779 | 1,362,213 | - | - | 1,362,213 | 891,456 | 751,522 | 447,879 | 916,533 | 916,533 |
| Net operating revenues | R\$ 7,429 | 3,538 | - | - | 10,967 | 4,059 | 3,953 | 4,888 | 6,179 | 19,079 |
| Cost of products | R\$ - | - | - | - | - | (22) | (47) | (38) | (36) | (143) |
| Other expenses/revenues | R\$ (1,218) | (878) | - | - | (2,096) | (645) | (650) | (730) | (10,177) | (12,202) |
| Dividends received | R\$ 17,166 | 5,450 | - | - | 22,616 | 29,430 | 28,000 | 23,200 | 23,167 | 103,797 |
| EBITDA (*) | R\$ 23,377 | 8,110 | - | - | 31,487 | 32,822 | 31,256 | 27,320 | 19,133 | 110,531 |
| Dividends received | R\$ (17,166) | (5,450) | - | - | (22,616) | (29,430) | (28,000) | (23,200) | (23,167) | (103,797) |
| EBIT | R\$ 6,211 | 2,660 | - | - | 8,871 | 3,392 | 3,256 | 4,120 | (4,034) | 6,734 |
| Impairment | R\$ - | - | - | - | - | - | - | - | - | - |
| Result of investments participation | R\$ 210,564 | 241,411 | - | - | 451,975 | 59,336 | (146,796) | (304,495) | 469,463 | 77,508 |
| Net financial result | R\$ 3,682 | 4,058 | - | - | 7,740 | 4,918 | 5,469 | 900 | 2,029 | 13,316 |
| Income before income tax and social contribution | R\$ 220,457 | 248,129 | - | - | 468,586 | 67,646 | (138,071) | (299,475) | 467,458 | 97,558 |
| Income tax and social contribution | R\$ 6,545 | (1,697) | - | - | 4,848 | (2,723) | (1,862) | (1,635) | (1,338) | (7,558) |
| Net income | R\$ 227,002 | 246,432 | - | - | 473,434 | 64,923 | (139,933) | (301,110) | 466,120 | 90,000 |

(*) 2002 and 1Q/03 were adjusted.

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8.4- Aluminum Area - MRN (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|----------|----------|----|----|-----------|----------|----------|----------|----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 711 | 958 | - | - | 1,669 | 485 | 790 | 740 | 601 | 2,616 |
| Quantity sold - internal market | MT (thousand) | 1,485 | 2,554 | - | - | 4,039 | 1,296 | 1,821 | 1,814 | 2,381 | 7,312 |
| Quantity sold - total | MT (thousand) | 2,196 | 3,512 | - | - | 5,708 | 1,781 | 2,611 | 2,554 | 2,982 | 9,928 |
| Average sales price - external market | US\$ | 21.31 | 21.20 | - | - | 21.25 | 20.56 | 19.09 | 19.21 | 21.42 | 19.93 |
| Average sales price - internal market | US\$ | 18.24 | 18.15 | - | - | 18.18 | 19.46 | 18.01 | 18.16 | 20.32 | 19.06 |
| Average sales price - total | US\$ | 19.23 | 18.98 | - | - | 19.08 | 19.76 | 18.34 | 18.46 | 20.54 | 18.95 |
| Long-term indebtedness, gross | US\$ | 69,222 | 65,380 | - | - | 65,380 | 95,892 | 90,312 | 77,786 | 76,120 | 76,120 |
| Short-term indebtedness, gross | US\$ | 44,004 | 134,221 | - | - | 134,221 | 14,436 | 18,780 | 23,198 | 29,265 | 29,265 |
| Total indebtedness, gross | US\$ | 113,226 | 199,601 | - | - | 199,601 | 110,328 | 109,092 | 100,984 | 105,385 | 105,385 |
| Stockholders' equity | R\$ | 731,822 | 807,051 | - | - | 807,051 | 594,895 | 562,633 | 498,041 | 672,322 | 672,322 |
| Net operating revenues | R\$ | 139,951 | 183,786 | - | - | 323,737 | 76,448 | 111,452 | 146,949 | 204,098 | 538,947 |
| Cost of products | R\$ | (69,487) | (89,073) | - | - | (158,560) | (39,697) | (60,627) | (72,806) | (78,149) | (251,279) |
| Other expenses/revenues | R\$ | (5,305) | (2,838) | - | - | (8,143) | (582) | (5,260) | (1,577) | (2,993) | (10,412) |
| Depreciation, amortization and depletion | R\$ | 14,854 | 32,587 | - | - | 47,441 | 9,840 | 13,325 | 14,617 | 14,701 | 52,483 |
| EBITDA (*) | R\$ | 80,013 | 124,462 | - | - | 204,475 | 46,009 | 58,890 | 87,183 | 137,657 | 329,739 |
| Depreciation, amortization and depletion | R\$ | (14,854) | (32,587) | - | - | (47,441) | (9,840) | (13,325) | (14,617) | (14,701) | (52,483) |
| EBIT | R\$ | 65,159 | 91,875 | - | - | 157,034 | 36,169 | 45,565 | 72,566 | 122,956 | 277,256 |
| Result of investments participation | R\$ | - | - | - | - | - | (3,403) | (1,347) | - | 2,000 | (2,750) |
| Impairment | R\$ | - | - | - | - | - | - | - | - | 17,015 | 17,015 |
| Net financial result | R\$ | (239) | (10,994) | - | - | (11,233) | (1,804) | (32,286) | (73,730) | 102,120 | (5,700) |
| Income before income tax and social contribution | R\$ | 64,920 | 80,881 | - | - | 145,801 | 30,962 | 11,932 | (1,164) | 244,091 | 285,821 |
| Income tax and social contribution | R\$ | (5,421) | (5,652) | - | - | (11,073) | (6,522) | (4,139) | (5,429) | (26,264) | (42,354) |
| Net income | R\$ | 59,499 | 75,229 | - | - | 134,728 | 24,440 | 7,793 | (6,593) | 217,827 | 243,467 |

(*) 2002 and 1Q/03 were adjusted.

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8.5- Aluminum Area - VALESUL (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|----------|----------|----|----|-----------|----------|----------|----------|----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 9 | 15 | - | - | 24 | 9 | 12 | 8 | 13 | 42 |
| Quantity sold - internal market | MT (thousand) | 10 | 9 | - | - | 19 | 12 | 12 | 10 | 14 | 48 |
| Quantity sold - total | MT (thousand) | 19 | 24 | - | - | 43 | 21 | 24 | 18 | 27 | 90 |
| Average sales price - external market | US\$ | 1,505.49 | 1,516.01 | - | - | 1,512.07 | 1,467.44 | 1,481.49 | 1,485.09 | 1,413.67 | 1,459.01 |
| Average sales price - internal market | US\$ | 1,933.02 | 1,970.53 | - | - | 1,950.79 | 1,906.21 | 1,865.52 | 1,779.65 | 1,801.29 | 1,837.32 |
| Average sales price - total | US\$ | 1,730.60 | 1,685.83 | - | - | 1,705.61 | 1,720.97 | 1,663.20 | 1,654.96 | 1,618.98 | 1,661.77 |
| Long-term indebtedness, gross | US\$ | 1,048 | 1,075 | - | - | 1,075 | 1,868 | 1,416 | 953 | 1,115 | 1,115 |
| Short-term indebtedness, gross | US\$ | 617 | 732 | - | - | 732 | 685 | 555 | 409 | 579 | 579 |
| Total indebtedness, gross | US\$ | 1,665 | 1,807 | - | - | 1,807 | 2,553 | 1,971 | 1,362 | 1,694 | 1,694 |
| Stockholders' equity | R\$ | 288,362 | 272,644 | - | - | 272,644 | 231,170 | 246,030 | 266,074 | 261,206 | 261,206 |
| Net operating revenues | R\$ | 108,088 | 112,328 | - | - | 220,416 | 77,727 | 92,816 | 93,602 | 146,180 | 410,325 |
| Cost of products | R\$ | (68,912) | (88,666) | - | - | (157,578) | (63,576) | (71,701) | (61,711) | (86,531) | (283,519) |
| Other expenses/revenues | R\$ | (6,613) | (15,368) | - | - | (21,981) | (3,168) | (1,218) | (6,560) | (14,275) | (25,221) |
| Depreciation, amortization and depletion | R\$ | 2,816 | 6,043 | - | - | 8,859 | 3,332 | 3,600 | 2,826 | 3,235 | 12,993 |
| EBITDA (*) | R\$ | 35,379 | 14,337 | - | - | 49,716 | 14,315 | 23,497 | 28,157 | 48,609 | 114,578 |
| Depreciation, amortization and depletion | R\$ | (2,816) | (6,043) | - | - | (8,859) | (3,332) | (3,600) | (2,826) | (3,235) | (12,993) |
| EBIT | R\$ | 32,563 | 8,294 | - | - | 40,857 | 10,983 | 19,897 | 25,331 | 45,374 | 101,585 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | (186) | (413) | - | - | (599) | (597) | 621 | (945) | (1,767) | (2,688) |
| Income before income tax and social contribution | R\$ | 32,377 | 7,881 | - | - | 40,258 | 10,386 | 20,518 | 24,386 | 43,607 | 98,897 |
| Income tax and social contribution | R\$ | (5,214) | (4,891) | - | - | (10,105) | (4,122) | (5,652) | (4,344) | (5,980) | (20,098) |
| Net income | R\$ | 27,163 | 2,990 | - | - | 30,153 | 6,264 | 14,866 | 20,042 | 37,627 | 78,799 |

(*) 2002 and 1Q/03 were adjusted.

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8.6- Pelletizing Area - HISPANOBRÁS (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|--------------|----------|----------|----|----|-----------|----------|----------|----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT(thousand) | 268 | 625 | - | - | 893 | 487 | 356 | 165 | 313 | 1,321 |
| Quantity sold - internal market | MT(thousand) | 637 | 265 | - | - | 902 | 420 | 480 | 520 | 826 | 2,246 |
| Quantity sold - total | MT(thousand) | 905 | 890 | - | - | 1,795 | 907 | 836 | 685 | 1,139 | 3,567 |
| Average salesprice - external market | US\$ | 29.54 | 33.75 | - | - | 32.49 | 31.33 | 31.49 | 31.39 | 24.28 | 29.71 |
| Average salesprice - internal market | US\$ | 29.95 | 38.90 | - | - | 32.58 | 31.43 | 31.63 | 32.28 | 27.31 | 30.15 |
| Average sales price - total | US\$ | 29.75 | 36.33 | - | - | 33.01 | 31.38 | 31.56 | 32.07 | 25.80 | 29.77 |
| Stockholders' equity | R\$ | 90,872 | 96,630 | - | - | 96,630 | 85,476 | 85,790 | 93,568 | 86,381 | 86,381 |
| Net operating revenues | R\$ | 94,344 | 93,258 | - | - | 187,602 | 67,353 | 59,359 | 67,336 | 125,613 | 319,661 |
| Cost of products | R\$ | (81,263) | (85,278) | - | - | (166,541) | (57,628) | (55,855) | (56,920) | (105,712) | (276,115) |
| Other expenses | R\$ | (1,783) | 6,561 | - | - | 4,778 | (2,202) | (5,727) | (3,360) | (3,373) | (14,662) |
| Depreciation, amortization and depletion | R\$ | 2,386 | 2,400 | - | - | 4,786 | 2,458 | 2,458 | 2,322 | 2,377 | 9,615 |
| EBITDA (*) | R\$ | 13,684 | 16,941 | - | - | 30,625 | 9,981 | 235 | 9,378 | 18,905 | 38,499 |
| Depreciation, amortization and depletion | R\$ | (2,386) | (2,400) | - | - | (4,786) | (2,458) | (2,458) | (2,322) | (2,377) | (9,615) |
| EBIT | R\$ | 11,298 | 14,541 | - | - | 25,839 | 7,523 | (2,223) | 7,056 | 16,528 | 28,884 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | (3,544) | (6,871) | - | - | (10,415) | 854 | 5,888 | 7,899 | (3,444) | 11,197 |
| Income before income tax and social contribution | R\$ | 7,754 | 7,670 | - | - | 15,424 | 8,377 | 3,665 | 14,955 | 13,084 | 40,081 |
| Income tax and social contribution | R\$ | (3,264) | 330 | - | - | (2,934) | (3,362) | (1,480) | (5,395) | (4,656) | (14,893) |
| Net income | R\$ | 4,490 | 8,000 | - | - | 12,490 | 5,015 | 2,185 | 9,560 | 8,428 | 25,188 |

(*) 2002 and 1Q/03 were adjusted.

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8.7- Pelletizing Area - ITABRASCO (Adjusted and Unaudited)

| Information | | | | | | 2003 | | | | | 2002 |
|--|--------------|----------|----------|----|----|-----------|----------|----------|----------|----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT(thousand) | 306 | 778 | - | - | 1,084 | 644 | 533 | 572 | 431 | 2,180 |
| Quantity sold - internal market | MT(thousand) | 507 | 65 | - | - | 572 | 233 | 169 | 243 | 482 | 1,127 |
| Quantity sold - total | MT(thousand) | 813 | 843 | - | - | 1,656 | 877 | 702 | 815 | 913 | 3,307 |
| Average salesprice - external market | US\$ | 29.97 | 33.53 | - | - | 32.53 | 31.16 | 28.46 | 29.96 | 30.01 | 29.71 |
| Average salesprice - internal market | US\$ | 29.20 | 55.87 | - | - | 32.23 | 31.90 | 27.79 | 30.33 | 30.60 | 29.13 |
| Average sales price - total | US\$ | 29.54 | 35.25 | - | - | 32.45 | 31.35 | 28.30 | 30.06 | 30.18 | 29.51 |
| Short-term indebtedness, gross | US\$ | 4,854 | 480 | - | - | 480 | 18,023 | 17,133 | 15,504 | - | - |
| Total indebtedness, gross | US\$ | 4,854 | 480 | - | - | 480 | 18,023 | 17,133 | 15,504 | - | - |
| Stockholders' equity | R\$ | 59,216 | 65,064 | - | - | 65,064 | 60,230 | 65,720 | 78,454 | 55,804 | 55,804 |
| Net operating revenues | R\$ | 85,607 | 91,423 | - | - | 177,030 | 65,575 | 49,920 | 79,980 | 94,340 | 289,815 |
| Cost of products | R\$ | (73,246) | (76,224) | - | - | (149,470) | (56,551) | (47,528) | (66,616) | (88,703) | (259,398) |
| Other expenses/revenues | R\$ | (2,200) | (1,123) | - | - | (3,323) | (3,784) | (2,224) | (5,969) | 3,872 | (8,105) |
| Depreciation, amortization and depletion | R\$ | (379) | (760) | - | - | (1,139) | 327 | 331 | 321 | 412 | 1,391 |
| EBITDA (*) | R\$ | 9,782 | 13,316 | - | - | 23,098 | 5,567 | 499 | 7,716 | 9,921 | 23,703 |
| Depreciation, amortization and depletion | R\$ | 379 | 760 | - | - | 1,139 | (327) | (331) | (321) | (412) | (1,391) |
| EBIT | R\$ | 10,161 | 14,076 | - | - | 24,237 | 5,240 | 168 | 7,395 | 9,509 | 22,312 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | (3,441) | (4,782) | - | - | (8,223) | (636) | 9,277 | 13,004 | (5,099) | 16,546 |
| Income before income tax and social contribution | R\$ | 6,720 | 9,294 | - | - | 16,014 | 4,604 | 9,445 | 20,399 | 4,410 | 38,858 |
| Income tax and social contribution | R\$ | (3,308) | (3,446) | - | - | (6,754) | (2,143) | (3,954) | (7,666) | 2,019 | (11,744) |
| Net income | R\$ | 3,412 | 5,848 | - | - | 9,260 | 2,461 | 5,491 | 12,733 | 6,429 | 27,114 |

(*) 2002 and 1Q/03 were adjusted.

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8.8- Pelletizing Area - KOBASCO (Adjusted and Unaudited)

| Information | | 2003 | | | | 2002 | | | | | |
|--|------------------|----------|----------|----|----|-----------|----------|----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 453 | 667 | - | - | 1,120 | 436 | 534 | 850 | 1,074 | 2,894 |
| Quantity sold - internal market | MT (thousand) | 681 | 461 | - | - | 1,142 | 420 | 478 | - | 242 | 1,140 |
| Quantity sold - total | MT (thousand) | 1,134 | 1,128 | - | - | 2,262 | 856 | 1,012 | 850 | 1,316 | 4,034 |
| Average sales price - external market | US\$ | 29.89 | 29.98 | - | - | 29.94 | 31.31 | 29.34 | 29.47 | 29.89 | 29.88 |
| Average sales price - internal market | US\$ | 30.72 | 30.90 | - | - | 30.79 | 32.08 | 29.24 | - | 30.32 | 30.51 |
| Average sales price - total | US\$ | 30.39 | 30.35 | - | - | 30.37 | 31.69 | 29.30 | 29.47 | 29.97 | 30.09 |
| Long-term indebtedness, gross | US\$ | 123,624 | 102,229 | - | - | 102,229 | 149,583 | 143,378 | 147,150 | 114,489 | 114,489 |
| Total indebtedness, gross | US\$ | 123,624 | 102,229 | - | - | 102,229 | 149,583 | 143,378 | 147,150 | 114,489 | 114,489 |
| Stockholders' equity | R\$ | (89,160) | (53,817) | - | - | (53,817) | 16,608 | (32,692) | (124,990) | (107,350) | (107,350) |
| Net operating revenues | R\$ | 116,656 | 101,678 | - | - | 218,334 | 63,984 | 72,449 | 74,427 | 143,092 | 353,952 |
| Cost of products | R\$ | (94,094) | (87,955) | - | - | (182,049) | (50,027) | (67,075) | (60,393) | (111,687) | (289,182) |
| Other expenses/revenues | R\$ | (8,574) | (7,474) | - | - | (16,048) | (4,062) | (2,119) | (7,424) | (29,062) | (42,667) |
| Depreciation, amortization and depletion | R\$ | 2,262 | 2,269 | - | - | 4,531 | 2,248 | 2,248 | 2,250 | 2,253 | 8,999 |
| EBITDA (*) | R\$ | 16,250 | 8,518 | - | - | 24,768 | 12,143 | 5,503 | 8,860 | 4,596 | 31,102 |
| Depreciation, amortization and depletion | R\$ | (2,262) | (2,269) | - | - | (4,531) | (2,248) | (2,248) | (2,250) | (2,253) | (8,999) |
| EBIT | R\$ | 13,988 | 6,249 | - | - | 20,237 | 9,895 | 3,255 | 6,610 | 2,343 | 22,103 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Result of investments participation | R\$ | - | - | - | - | - | 57 | 939 | 1,766 | (3,097) | (335) |
| Net financial result | R\$ | 18,296 | 49,781 | - | - | 68,077 | (3,811) | (78,006) | (147,117) | 45,279 | (183,655) |
| Income before income tax and social contribution | R\$ | 32,284 | 56,030 | - | - | 88,314 | 6,141 | (73,812) | (138,741) | 44,525 | (161,887) |
| Income tax and social contribution | R\$ | (14,094) | (20,687) | - | - | (34,781) | (3,093) | 24,511 | 46,445 | (26,886) | 40,977 |
| Net income | R\$ | 18,190 | 35,343 | - | - | 53,533 | 3,048 | (49,301) | (92,296) | 17,639 | (120,910) |

(*) 2002 and 1Q/03 were adjusted.

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8.9- Pelletizing Area - NIBRASCO (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|-----------|-----------|----|----|-----------|----------|-----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | MT (thousand) | 469 | 513 | - | - | 982 | 407 | 686 | 290 | 783 | 2,166 |
| Quantity sold - internal market - CVRD | MT (thousand) | 1,303 | 1,308 | - | - | 2,611 | 584 | 1,544 | 1,520 | 1,301 | 4,949 |
| Quantity sold - internal market - Others | MT (thousand) | 28 | 26 | - | - | 54 | 9 | 27 | 32 | 32 | 100 |
| Quantity sold - total | MT (thousand) | 1,800 | 1,847 | - | - | 3,647 | 1,000 | 2,257 | 1,842 | 2,116 | 7,215 |
| Average sales price - external market | US\$ | 28.76 | 27.69 | - | - | 28.20 | 30.25 | 30.88 | 27.39 | 28.95 | 29.60 |
| Average sales price - internal market | US\$ | 27.38 | 26.77 | - | - | 27.07 | 30.49 | 31.58 | 25.69 | 28.25 | 28.77 |
| Average sales price - total | US\$ | 27.75 | 27.03 | - | - | 27.39 | 30.39 | 31.36 | 25.96 | 28.52 | 29.01 |
| Long-term indebtedness, gross | US\$ | 1,200 | - | - | - | - | 3,600 | 2,400 | 2,400 | 1,200 | 1,200 |
| Short-term indebtedness, gross | US\$ | 2,400 | 2,400 | - | - | 2,400 | 2,484 | 2,400 | 2,436 | 2,400 | 2,400 |
| Total indebtedness, gross | US\$ | 3,600 | 2,400 | - | - | 2,400 | 6,084 | 4,800 | 4,836 | 3,600 | 3,600 |
| Stockholders' equity | R\$ | 87,365 | 82,347 | - | - | 82,347 | 78,682 | 84,259 | 88,040 | 101,698 | 101,698 |
| Net operating revenues | R\$ | 174,765 | 147,060 | - | - | 321,825 | 70,936 | 163,815 | 162,232 | 220,381 | 617,364 |
| Cost of products | R\$ | (167,405) | (152,620) | - | - | (320,025) | (70,397) | (144,430) | (148,056) | (190,547) | (553,430) |
| Other expenses/revenues | R\$ | (1,805) | (1,879) | - | - | (3,684) | (2,404) | (5,035) | (4,201) | (8,326) | (19,966) |
| Depreciation, amortization and depletion | R\$ | 4,179 | 4,061 | - | - | 8,240 | 4,217 | 4,218 | 4,218 | 4,206 | 16,859 |
| EBITDA (*) | R\$ | 9,734 | (3,378) | - | - | 6,356 | 2,352 | 18,568 | 14,193 | 25,714 | 60,827 |
| Depreciation, amortization and depletion | R\$ | (4,179) | (4,061) | - | - | (8,240) | (4,217) | (4,218) | (4,218) | (4,206) | (16,859) |
| EBIT | R\$ | 5,555 | (7,439) | - | - | (1,884) | (1,865) | 14,350 | 9,975 | 21,508 | 43,968 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | 1,341 | 2,359 | - | - | 3,700 | (2,463) | (4,034) | (2,136) | 883 | (7,750) |
| Income before income tax and social contribution | R\$ | 6,896 | (5,080) | - | - | 1,816 | (4,328) | 10,316 | 7,839 | 22,391 | 36,218 |
| Income tax and social contribution | R\$ | (3,728) | 64 | - | - | (3,664) | 66 | (4,737) | (4,062) | (8,732) | (17,465) |
| Net income | R\$ | 3,168 | (5,016) | - | - | (1,848) | (4,262) | 5,579 | 3,777 | 13,659 | 18,753 |

(*) 2002 and 1Q/03 were adjusted.

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8.10-Pelletizing Area - SAMARCO (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|------------------|-----------|-----------|----|----|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - total | MT (thousand) | 3,988 | 4,277 | - | - | 8,265 | 3,301 | 3,436 | 3,871 | 3,834 | 14,442 |
| Average sales price - total | US\$ | 27.59 | 30.98 | - | - | 29.34 | 28.48 | 28.78 | 27.93 | 29.22 | 28.60 |
| Long-term indebtedness, gross | US\$ | 56,240 | 50,037 | - | - | 50,037 | 92,788 | 86,584 | 76,181 | 66,644 | 66,644 |
| Short-term indebtedness, gross | US\$ | 123,271 | 137,697 | - | - | 137,697 | 169,170 | 180,539 | 169,538 | 141,754 | 141,754 |
| Total indebtedness, gross | US\$ | 179,511 | 187,734 | - | - | 187,734 | 261,958 | 267,123 | 245,719 | 208,398 | 208,398 |
| Stockholders' equity | R\$ | 627,216 | 641,120 | - | - | 641,120 | 510,038 | 417,935 | 344,369 | 493,837 | 493,837 |
| Net operating revenues | R\$ | 360,773 | 370,862 | - | - | 731,635 | 212,909 | 239,124 | 310,720 | 397,853 | 1,160,606 |
| Cost of products | R\$ | (162,899) | (166,282) | - | - | (329,181) | (108,837) | (114,932) | (138,102) | (144,512) | (506,383) |
| Other expenses | R\$ | (10,940) | (84,197) | - | - | (95,137) | (20,397) | (28,730) | (44,607) | (21,058) | (114,792) |
| Depreciation, amortization and depletion | R\$ | 9,955 | 10,899 | - | - | 20,854 | 7,897 | 9,358 | 9,043 | 8,835 | 35,133 |
| EBITDA (*) | R\$ | 196,889 | 131,282 | - | - | 328,171 | 91,572 | 104,820 | 137,054 | 241,118 | 574,564 |
| Depreciation, amortization and depletion | R\$ | (9,955) | (10,899) | - | - | (20,854) | (7,897) | (9,358) | (9,043) | (8,835) | (35,133) |
| EBIT | R\$ | 186,934 | 120,383 | - | - | 307,317 | 83,675 | 95,462 | 128,011 | 232,283 | 539,431 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Result of investments participation | R\$ | (2,699) | 17,512 | - | - | 14,813 | 2,155 | (11,985) | (42,146) | 17,045 | (34,931) |
| Net financial result | R\$ | (499) | 24,817 | - | - | 24,318 | (15,179) | (95,410) | (162,908) | 27,423 | (246,074) |
| Income before income tax and social contribution | R\$ | 183,736 | 162,712 | - | - | 346,448 | 70,651 | (11,933) | (77,043) | 276,751 | 258,426 |
| Income tax and social contribution | R\$ | (44,283) | (20,477) | - | - | (64,760) | (12,555) | (7,431) | 3,671 | (41,658) | (57,973) |
| Net income | R\$ | 139,453 | 142,235 | - | - | 281,688 | 58,096 | (19,364) | (73,372) | 235,093 | 200,453 |

(*) 2002 and 1Q/03 were adjusted.

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8.11-Pelletizing Area - GIIC (Adjusted and Unaudited)

| Information | | 2003 | | | | 2002 | | | | | |
|---|-----------|----------|-----------|----|----|-----------|----------|----------|----------|-----------|-----------|
| | | 1Q(*) | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market | ton (mil) | 772 | 1,178 | - | - | 1,950 | 823 | 676 | 643 | 932 | 3,074 |
| Quantity sold - total | ton (mil) | 772 | 1,178 | - | - | 1,950 | 823 | 676 | 643 | 932 | 3,074 |
| Average sales price - external market | US\$ | 41.00 | 43.30 | - | - | 42.39 | 41.76 | 40.30 | 41.55 | 40.40 | 40.98 |
| Average sales price - total | US\$ | 41.00 | 43.30 | - | - | 42.39 | 41.76 | 40.30 | 41.55 | 40.40 | 40.98 |
| Long-term indebtedness, gross | US\$ | 35,000 | 35,000 | - | - | 35,000 | 40,000 | 40,000 | 40,000 | 35,000 | 35,000 |
| Total indebtedness, gross | US\$ | 35,000 | 35,000 | - | - | 35,000 | 40,000 | 40,000 | 40,000 | 35,000 | 35,000 |
| Stockholders' equity | R\$ | 225,520 | 242,118 | - | - | 242,118 | 154,278 | 193,243 | 271,537 | 257,226 | 257,226 |
| Net operating revenues | R\$ | 100,559 | 139,660 | - | - | 240,219 | 79,867 | 77,447 | 104,072 | 133,025 | 394,411 |
| Cost of products | R\$ | (78,057) | (106,465) | - | - | (184,522) | (68,514) | (67,518) | (97,135) | (109,373) | (342,540) |
| Other expenses | R\$ | (9,416) | (10,038) | - | - | (19,454) | (2,469) | (5,654) | 829 | (11,119) | (18,413) |
| Depreciation, amortization and depletion | R\$ | 3,038 | 505 | - | - | 3,543 | 3,365 | 4,167 | 5,761 | 5,268 | 18,561 |
| EBITDA | R\$ | 16,124 | 23,662 | - | - | 39,786 | 12,249 | 8,442 | 13,527 | 17,801 | 52,019 |
| (**) Depreciation, amortization and depletion | R\$ | (3,038) | (505) | - | - | (3,543) | (3,365) | (4,167) | (5,761) | (5,268) | (18,561) |
| EBIT | R\$ | 13,086 | 23,157 | - | - | 36,243 | 8,884 | 4,275 | 7,766 | 12,533 | 33,458 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Ganho na conversão de moedas | R\$ | - | (1,792) | - | - | (1,792) | - | 1,716 | 1,044 | 2,376 | 5,136 |
| Net financial result | R\$ | (574) | (847) | - | - | (1,421) | 167 | 111 | (845) | (1,617) | (2,184) |
| Net income | R\$ | 12,512 | 20,518 | - | - | 33,030 | 9,051 | 6,102 | 7,965 | 13,292 | 36,410 |

(*) The figures refers to the statements as of february/03.

(**) 2002 and 1Q/03 were adjusted.

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8.12- Iron Ore Area - FERTECO (Adjusted and Unaudited)

| Information | | 2003 | | | | | 2002 | | | | |
|--|---------------|-----------|-----------|----|----|-----------|----------|-----------|-----------|-----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market - iron ore | MT (thousand) | 3,503 | 2,917 | - | - | 6,420 | 2,020 | 2,713 | 2,769 | 2,142 | 9,644 |
| Quantity sold - internal market - iron ore | MT (thousand) | 1,376 | 1,509 | - | - | 2,885 | 512 | 832 | 1,594 | 1,146 | 4,084 |
| Quantity sold - total - iron ore | MT (thousand) | 4,879 | 4,426 | - | - | 9,305 | 2,532 | 3,545 | 4,363 | 3,288 | 13,728 |
| Quantity sold - external market - pellets | MT (thousand) | 358 | 514 | - | - | 872 | 448 | 736 | 554 | 645 | 2,383 |
| Quantity sold - internal market - pellets | MT (thousand) | 498 | 661 | - | - | 1,159 | 277 | 498 | 703 | 697 | 2,175 |
| Quantity sold - total - pellets | MT (thousand) | 856 | 1,175 | - | - | 2,031 | 725 | 1,234 | 1,257 | 1,342 | 4,558 |
| Average sales price - external market - iron ore | US\$ | 16.29 | 18.82 | - | - | 17.44 | 16.53 | 17.32 | 16.38 | 16.56 | 16.76 |
| Average sales price - internal market - iron ore | US\$ | 7.73 | 8.69 | - | - | 8.23 | 3.71 | 6.20 | 6.47 | 5.42 | 6.02 |
| Average sales price - total - iron ore | US\$ | 13.87 | 13.67 | - | - | 13.77 | 14.59 | 14.70 | 12.66 | 12.68 | 13.46 |
| Average sales price - external market - pellets | US\$ | 28.51 | 31.05 | - | - | 30.01 | 28.08 | 29.68 | 26.78 | 28.73 | 28.45 |
| Average sales price - internal market - pellets | US\$ | 30.40 | 32.42 | - | - | 31.55 | 19.02 | 23.15 | 23.38 | 19.73 | 21.60 |
| Average sales price - total - pellets | US\$ | 29.62 | 31.82 | - | - | 30.89 | 26.63 | 27.05 | 24.88 | 24.06 | 25.18 |
| Long-term indebtedness, gross | US\$ | 82,374 | 77,551 | - | - | 77,551 | 94,359 | 88,367 | 74,490 | 82,375 | 82,375 |
| Short-term indebtedness, gross | US\$ | 9,567 | - | - | - | - | 55,244 | 58,473 | 51,922 | 22,815 | 22,815 |
| Total indebtedness, gross | US\$ | 91,941 | 77,551 | - | - | 77,551 | 149,603 | 146,840 | 126,412 | 105,190 | 105,190 |
| Stockholders' equity | R\$ | 707,540 | 807,031 | - | - | 807,031 | 215,058 | 544,020 | 568,381 | 618,663 | 618,663 |
| Net operating revenues | R\$ | 310,773 | 299,390 | - | - | 610,163 | 126,852 | 195,290 | 302,477 | 293,099 | 917,718 |
| Cost of products | R\$ | (181,193) | (149,742) | - | - | (330,935) | (70,019) | (127,765) | (186,549) | (140,851) | (525,184) |
| Other expenses | R\$ | (23,126) | (25,051) | - | - | (48,177) | (12,697) | (28,951) | (14,889) | (99,739) | (156,276) |
| Depreciation, amortization and depletion | R\$ | 16,750 | 33,434 | - | - | 50,184 | 7,273 | 24,542 | 23,173 | 23,896 | 78,884 |
| EBITDA (*) | R\$ | 123,204 | 158,031 | - | - | 281,235 | 51,409 | 63,116 | 124,212 | 76,405 | 315,142 |
| Depreciation, amortization and depletion | R\$ | (16,750) | (33,434) | - | - | (50,184) | (7,273) | (24,542) | (23,173) | (23,896) | (78,884) |
| EBIT | R\$ | 106,454 | 124,597 | - | - | 231,051 | 44,136 | 38,574 | 101,039 | 52,509 | 236,258 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Result of Investments Participation | R\$ | 3,830 | 8,770 | - | - | 12,600 | 9 | (28,710) | (20,327) | 21,852 | (27,176) |

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| | | | | | | | | | | | |
|--|-----|----------|----------|---|---|----------|----------|----------|----------|----------|-----------|
| Net financial result | R\$ | (8,537) | 6,786 | - | - | (1,751) | (4,575) | (44,260) | (59,169) | 6,631 | (101,373) |
| Income before income tax and social contribution | R\$ | 101,747 | 140,153 | - | - | 241,900 | 39,570 | (34,396) | 21,543 | 80,992 | 107,709 |
| Income tax and social contribution | R\$ | (12,869) | (28,646) | - | - | (41,515) | (10,519) | 24,344 | 2,818 | (30,710) | (14,067) |
| Net income | R\$ | 88,878 | 111,507 | - | - | 200,385 | 29,051 | (10,052) | 24,361 | 50,282 | 93,642 |

(*) 2002 and 1Q/03 were adjusted.

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8.13- Manganese and Ferroalloys Area - SIBRA (Adjusted and Unaudited)

| Information | | 2003 | | | | 2002 | | | | | |
|---|---------------|----------|----------|----|----|-----------|----------|----------|-----------|----------|-----------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Quantity sold - external market - ferroalloys | MT (thousand) | 30 | 40 | - | - | 70 | 23 | 39 | 63 | 35 | 160 |
| Quantity sold - internal market - ferroalloys | MT (thousand) | 37 | 38 | - | - | 75 | 37 | 39 | 41 | 50 | 167 |
| Quantity sold - total | MT (thousand) | 67 | 78 | - | - | 145 | 60 | 78 | 104 | 85 | 327 |
| Quantity sold - external market - manganese | MT (thousand) | 147 | 306 | - | - | 453 | 243 | 212 | 181 | 192 | 828 |
| Quantity sold - internal market - manganese | MT (thousand) | 94 | 76 | - | - | 170 | 15 | 35 | 58 | 90 | 198 |
| Quantity sold - total | MT (thousand) | 241 | 382 | - | - | 623 | 258 | 247 | 239 | 282 | 1,026 |
| Average sales price - external market - ferroalloys | US\$ | 573.88 | 549.79 | - | - | 560.11 | 525.00 | 384.64 | 483.67 | 548.54 | 479.65 |
| Average sales price - internal market - ferroalloys | US\$ | 505.02 | 664.75 | - | - | 585.95 | 519.19 | 506.79 | 379.56 | 339.76 | 428.31 |
| Average sales price - total | US\$ | 536.68 | 606.47 | - | - | 574.22 | 521.43 | 445.72 | 442.63 | 425.73 | 453.43 |
| Average sales price - external market - manganese | US\$ | 46.71 | 42.17 | - | - | 43.64 | 52.49 | 44.38 | 44.91 | 46.96 | 46.96 |
| Average sales price - internal market - manganese | US\$ | 36.35 | 46.00 | - | - | 40.66 | 68.27 | 58.11 | 50.97 | 46.47 | 46.47 |
| Average sales price - total | US\$ | 42.65 | 42.93 | - | - | 42.82 | 53.40 | 46.32 | 46.38 | 45.86 | 46.86 |
| Long-term indebtedness, gross | US\$ | 19,812 | 38,962 | - | - | 38,962 | 21,121 | 17,749 | 19,990 | 22,055 | 22,055 |
| Short-term indebtedness, gross | US\$ | 36,783 | 24,688 | - | - | 24,688 | 29,918 | 28,084 | 25,351 | 35,605 | 35,605 |
| Total indebtedness, gross | US\$ | 56,595 | 63,650 | - | - | 63,650 | 51,039 | 45,833 | 45,341 | 57,660 | 57,660 |
| Stockholders' equity | R\$ | 310,314 | 336,058 | - | - | 336,058 | 245,150 | 261,854 | 306,541 | 293,116 | 293,116 |
| Net operating revenues | R\$ | 142,185 | 171,284 | - | - | 313,469 | 95,931 | 105,626 | 168,108 | 152,924 | 522,589 |
| Cost of products | R\$ | (83,873) | (93,166) | - | - | (177,039) | (50,659) | (69,335) | (101,297) | (85,843) | (307,134) |
| Other expenses/revenues | R\$ | (22,569) | (27,377) | - | - | (49,946) | (8,814) | (5,900) | (17,956) | (56,322) | (88,992) |
| Depreciation, amortization and depletion | R\$ | 5,456 | 6,238 | - | - | 11,694 | 3,297 | 3,434 | 4,503 | 3,712 | 14,946 |
| EBITDA (*) | R\$ | 41,199 | 56,979 | - | - | 98,178 | 39,755 | 33,825 | 53,358 | 14,471 | 141,409 |
| Depreciation, amortization and depletion | R\$ | (5,456) | (6,238) | - | - | (11,694) | (3,297) | (3,434) | (4,503) | (3,712) | (14,946) |
| EBIT | R\$ | 35,743 | 50,741 | - | - | 86,484 | 36,458 | 30,391 | 48,855 | 10,759 | 126,463 |
| Impairment | R\$ | - | - | - | - | - | - | - | - | - | - |
| Net financial result | R\$ | (11,168) | (18,623) | - | - | (29,791) | (720) | (4,131) | 13,412 | (34,107) | (25,546) |
| | R\$ | 24,575 | 32,118 | - | - | 56,693 | 35,738 | 26,260 | 62,267 | (23,348) | 100,917 |

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| | | | | | | | | | | | |
|--|-----|---------|---------|---|---|----------|---------|---------|----------|----------|----------|
| Income before income tax and social contribution | | | | | | | | | | | |
| Income tax and social contribution | R\$ | (6,255) | (7,496) | - | - | (13,751) | (2,177) | (4,332) | (16,111) | 3,265 | (19,355) |
| Net income | R\$ | 18,320 | 24,622 | - | - | 42,942 | 33,561 | 21,928 | 46,156 | (20,083) | 81,562 |

(*) 2002 and 1Q/03 were adjusted.

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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)

August 07, 2003

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

- 1 We have carried out limited reviews of the Quarterly Financial Information - ITR of Companhia Vale do Rio Doce for the quarters and periods ended June 30 and March 31, 2003 and June 30, 2002. This financial information is the responsibility of the Company's management.
- 2 Except as mentioned in paragraph three, our limited reviews were 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 at June 30, 2003 and 2002, of some subsidiary, jointly-owned and associated companies, in which there are relevant investments, have not been reviewed by independent accountants. Accordingly, the conclusions resulting from our reviews do not cover the amounts of R\$ 6,363,719 thousand (March 31, 2003 - R\$ 8,156,541 thousand and June 30, 2002 - R\$ 6,909,059 thousand) of these investments and R\$ 459,265 thousand (March 31, 2003 - R\$ 418,620 thousand and June 30, 2002 - R\$ 909,701 thousand) of the income produced by them for the quarters then ended.
- 4 Based on our limited reviews, except for the effects of any adjustments which might have been required if the financial statements of the subsidiary, jointly-owned and associated companies mentioned in paragraph 3 had been reviewed by independent accountants, we are not aware of any relevant adjustments 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 obligatory Quarterly Financial Information - ITR.
- 5 Our limited reviews were conducted for the purpose of issuing our report on the quarterly financial information referred to in paragraph one, taken as a whole. The statement of cash flow is presented as additional information, and is not a required part of the quarterly report. Such information has been subjected to the auditing procedures described in paragraph two and we are not aware of any material adjustments that should be made to this statement for it to be adequately presented in relation to the quarterly financial information.

PricewaterhouseCoopers
Auditores Independentes
CRC-SP-000160/O-5 "F" RJ

Otavio Cassou Maia
Partner
Contador CRC-SP-158.611/O-8-S-RJ

Ronaldo Matos Valiño
Director
Contador CRC-RJ-069.958/O

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10- BOARD OF DIRECTORS, FISCAL COUNCIL, ADVISORY COMMITTEES AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de Moraes

Erik Persson

Francisco Valadares Póvoa

João Moisés Oliveira

Luiz Alexandre Bandeira de Mello

Renato da Cruz Gomes

Ricardo Carvalho Giambroni

Rômulo de Mello Dias

FISCAL COUNCIL

Joaquim Vieira Ferreira Levy

Luiz Octávio Nunes West

Pedro Carlos de Mello

Vicente Barcelos

Wilson Risolia Rodrigues

EXECUTIVE OFFICERS

Roger Agnelli
Chief Executive Officer

Antonio Miguel Marques
Executive Officer for Equity Holdings and
Business Development

Armando de Oliveira Santos Neto
Executive Officer for Ferrous Minerals

Carla Grasso
Executive Officer for Human Resources and
Corporate Services

ADVISORY COMMITTEES OF THE
BOARD OF DIRECTORS

[Auditing Committee](#)

Antonio José de Figueiredo Ferreira
Marcos Fábio Coutinho
Ricardo Wiering de Barros

Diego Cristobal Hernández Cabrera
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

[Executive Development Committee](#)

Arlindo Magno de Oliveira
Francisco Valadares Póvoa
João Moisés de Oliveira
Olga Loffredi

Gabriel Stoliar
Executive Officer for Planning

Guilherme Rodolfo Laager
Executive Officer for Logistics

[Strategic Committee](#)

Roger Agnelli
Gabriel Stoliar
Cláudio Roberto Frischtak
José Roberto Mendonça de Barros
Samir Zraick

[Finance Committee](#)

Roger Agnelli
Fábio de Oliveira Barbosa
Luiz Carlos Siqueira Aguiar
Rômulo de Mello Dias

Eduardo de Carvalho Duarte
Chief Accountant
CRC-RJ 57439

Otto de Souza Marques Junior
Head of Control Department

[Governance and Ethics Committee](#)

Luiz Tarquínio Sardinha Ferro
Renato da Cruz Gomes

Ricardo Simonsen
Ricardo Carvalho Giambroni

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SIGNATURES

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

COMPANHIA VALE DO RIO DOCE
(Registrant)

By: /s/ Fabio de Oliveira Barbosa
Fabio de Oliveira Barbosa
Chief Financial Officer

Date: August 18, 2003
