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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
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(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
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(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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BOVESPA: VALE3, VALE5
NYSE: RIO, RIOPR
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[CVRD LOGO]

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER OF 2003

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

Rio de Janeiro, 13 August 2003 - Companhia Vale do Rio Doce (CVRD) has reported net earnings of R\$ 1.275 billion for the second quarter of 2003 (2Q03), corresponding to R\$ 3.32 per share, the second highest quarterly profit in the history of CVRD, only surpassed by the results posted in 4Q02, of R\$ 1.541 billion. Return on shareholders' equity (ROE) amounted to an annualized 35.9%.

Earnings in the first half of 2003 (1H03) amounted to R\$ 2.439 billion, higher than the earnings recorded in the same period a year earlier (1H02), of R\$ 718 million.

Gross operating revenues in the second quarter amounted to R\$ 2.206 billion, up 19.7% compared to 2Q02. In 1H03 revenues amounted to R\$ 4.724 billion, 37.2% higher than in the same period last year of R\$ 3.444 billion.

CVRD's consolidated exports in the second quarter amounted to US\$ 947 million, totalling US\$ 1.747 billion for the first half of the year. Exports thus showed an increase of 9.9% compared to 1H02. CVRD's net consolidated exports (exports minus imports) in 1H03 amounted to US\$ 1.551 billion, which corresponded to 14.9% of Brazil's trade surplus in this period, of US\$ 10.397 billion.

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Equity income amounted to R\$ 151 million compared to R\$ 406.7 million in 2Q02. Most of this was from aluminum operations, which contributed R\$ 266.9 million.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization), amounted to R\$ 983 million, up 28.2% compared to 2Q02. The increase in revenues generated by higher sales volumes and the impact of the depreciation of the USD against the BRL and dividends received from subsidiaries and affiliates were the main factors behind the growth in cash generation.

EBITDA accumulated in 1H03 amounted to R\$ 2.131 billion, up 42.9% on 1H02.

2Q03

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Sales of iron ore and pellets amounted to 36.428 million tons, practically the same as that posted in 2Q02, of 36.330 million. In 1H03 shipments amounted to 72,819 million tons, up 4% in relation to those in 1H02.

CVRD has been operating at full capacity, at the same time carrying out various investments in mining and logistics, which will permit faster expansion in shipment capacity from 2004. To this end, in the first quarter of next year Pier III at the maritime terminal of Ponta da Madeira should begin operations, while at the same time production from the iron ore mines at Carajas should be up to 70 million tons a year, an increase of 14 million tons on its current nominal capacity. Given the much faster growth in demand for iron ore than expected, the Company is aiming to bringing forward the completion of the expansion project at Carajas by almost a year.

The Gongo Soco mine, part of the Southern System, resumed operations after the problems that occurred in 1Q03, producing iron ore at an annual rate of 3.6 million tons.

The volume of general cargo (cargo except iron ore and pellets) transported in 2Q03 constituted a quarterly record, despite the fact that only part of the Company's locomotive and railcar orders have been met until now. CVRD's railroads - Vitoria a Minas and Carajas -transported in 2Q03 4.298 billion net ton kilometers (ntk) of general cargo, up 17.6% in relation to 2Q02. In 1H03 CVRD's railroads transported 7.687 billion ntk, against 7.056 billion in 1H02.

The Centro - Atlantica Railroad (FCA), operated by CVRD, also set a new quarterly record, with the transport of 2.602 billion ntk of general cargo, up 15.5% on the figure obtained in 2Q02, of 2.253 billion. In 1S03 FCA transported 4.835 billion ntk, up 18.4% yoy.

The Company's ports and maritime terminals shipped 7.411 million tons in 2Q03, compared to 7.007 million in 2Q02. In 1H03 cargo transported for clients reached 13 million tons, growth of 4.1% in relation to the first half of 2002.

Investments by the Parent Company in 2Q03 amounted to US\$ 389.7 million, bringing total investments in the first half of the year to US\$ 587.6 million. Around half of this amount was spent in the development of new mines (iron ore and copper), in the expansion of capacity of existing mines (iron ore and potash), in the expansion of logistics capacity and in the construction of hydroelectric power plants.

The Company's performance in 2Q03 showed itself to be extremely solid and consistent with the aim of maximizing value over the long term and also reflected the quality with which strategies were implemented in all areas of the

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business.

SELECTED FINANCIAL INDICATORS

| | million R\$ | | |
|------------------------------|-------------|-------|-------|
| | 2Q02 | 1Q03 | 2Q03 |
| Gross Operating Revenues | 1,843 | 2,518 | 2,206 |
| Gross Margin (%) | 45.2 | 48.4 | 42.9 |
| EBITDA | 766 | 1,148 | 983 |
| EBITDA Margin (%) | 43.5 | 47.5 | 46.4 |
| Net Earnings | 85 | 1,164 | 1,275 |
| ROE (annualized) (%) | 2.8 | 35.0 | 35.9 |
| Investments (US\$ million) * | 216 | 198 | 390 |

*including acquisitions

ROE = return on equity = net earnings / equity

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MATERIAL EVENTS

Iron ore and pellet prices

During May, negotiations with clients were completed for the setting of iron ore and pellet reference prices for the year 2003. Due to the extraordinary growth in demand, an average price increase was obtained of approximately 9.0% for the various types of iron ore and 9.8% for blast furnace pellets.

The reference prices for iron ore are at their highest levels in nominal terms since 1992. At the same time, there was a recovery in the premium commanded in the price of blast furnace pellets relative to iron ore fines, which returned to the level seen in 2001, of around US\$20 cents per iron unit.

Strategic focus, profitable growth and value creation

Investments

At the beginning of July, Rio Doce Manganese Norway (RDMN), CVRD's wholly owned subsidiary located in Mo I Rana, Norway, began operations. After the investment in the overhaul of its electric furnaces, environmental protection and improvements to its safety systems in the workplace, RDMN began production of manganese ferro-alloys, with an annual capacity of 110,000 tons. The plant is supplied with ultra-fine manganese ore from the Azul mine located in Carajas,

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and benefits from relatively low electricity costs.

Expansion of bauxite and alumina production capacity represents important leveraging in the generation of value for CVRD's shareholders, bearing in mind the Company's sustainable competitive advantages. These advantages are due to the Company's considerable reserves of high-quality bauxite, its efficient logistics system and an alumina refinery with low conversion and capacity expansion costs.

The construction of stage 3 at the alumina refinery of Alunorte, increasing annual capacity from 1.6 million to 2.4 million tons, and an increase in bauxite production capacity at Mineracao Rio do Norte from 11.0 to 16.3 million tons per year were concluded this year.

At the end of July the Board of Directors of Alunorte, a subsidiary of CVRD, approved the construction of stages 4 and 5, which will increase capacity from 2.4 million to 4.2 million tons a year with an estimated investment of US\$ 583 million. The new modules will use bauxite produced in Paragominas, a wholly owned CVRD mine in the state of Para, currently under development. Both the mine and the expansion of the refinery are expected to begin operations in the first quarter of 2006.

The European Commission has authorized CVRD's proposal to acquire control of CAEMI, the world's fourth largest producer of iron ore. After the conclusion of the transaction to buy 50% of the ordinary shares and 40% of the preferred shares of CAEMI for US\$ 426.4 million, CVRD will hold 60.2% of this company's total capital, consolidating the group's global leadership in the iron ore market. CAEMI's results will be consolidated into the Company's financial statements in US GAAP (generally accepted accounting principles in the United States) starting in 3Q03.

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Another important step in the ferrous mining business will be the consolidation of Ferteco into CVRD in 3Q03, allowing the extraction of further synergies between the two companies.

Divestiture

As part of the strategic directive for the divestment of assets that have no synergies with the Company's core businesses, the sale of two Docenave ships for US\$ 36 million was finalised, resulting in an accounting profit of R\$ 8 million. With the completion of this transaction, just three ships from Docenave's long haul fleet remain to be sold.

An agreement was signed with Yamana Resources Inc. for the purchase and sale of the Fazenda Brasileiro gold mine for US\$ 20.9 million. CVRD continues to invest in mineral exploration aimed at discovering new gold deposits. On the other hand, with the exception of 118, all the Company's copper projects will produce gold as a by-product.

Financial Management

The Company successfully concluded two transactions in the international capital markets, raising a total of US\$ 550 million.

The first involved the issue of notes backed by export receivables of iron ore

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and pellets amounting to US\$ 250 million with a term of 10 years, a duration of 5.38 years, a grace period of two years, bearing a coupon of 4.43% p.a. payable quarterly and yield to maturity of 4.48% p.a. The issue received a guarantee from MBIA Insurance Corporation and obtained ratings of Aaa from Moody's, AAA from Standard & Poors and AAA from Fitch Ratings.

The second operation involved the issuance of a US\$ 300 million unsecured bond for a term of 10 years, a duration of 6.77 years, carrying a coupon of 9.00% p.a. paid semi-annually, with an yield to maturity of 9.25% p.a. This issue had various characteristics that gave it all the hallmarks of success.

Firstly, it obtained a rating of Ba2 from Moody's, 3 notches higher than that awarded to Brazil's sovereign debt, B2. For the first time, a private-sector Brazilian company obtained a higher credit rating than the country itself.

Secondly, it had the longest term of any unsecured bond issued by a private-sector Brazilian company.

Thirdly, it is also the first time ever that a private-sector Brazilian company placed a bond issue offering a lower yield than the comparable securities issued by the sovereign. CVRD 2013 was placed with investors at a yield of 9.250% p.a., while the Brazil Global 2013 was trading at a yield of 12.582%.

The terms obtained for the two issues reflect the recognition by the global capital markets of CVRD's excellent credit quality. At the same time, the transactions are consistent with the Company's financial objective: lengthening the duration of its debt, and reducing refinancing risk, at the lowest cost available given the prevailing market conditions.

The operations were concluded in July and August 2003, and, therefore, will only be reflected in the 3Q03 financial statements.

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SHORT-TERM OUTLOOK

Demand for iron ore has been extraordinary, greatly exceeding the expectations that prevailed at the beginning of this year. There are indications that the global seaborne iron ore market is facing its strongest demand pressure in the last 20 years.

In the first half of 2003, Chinese imports grew 42% in relation to the same period last year, reaching 72.5 million tons. This figure is already higher than the Chinese imports for the whole of 2000, which totalled 70 million tons. China has surpassed Japan as the world's largest importer of iron ore, given that imports to that country, although up by 5.4%, amounted to 66.4 million tons in 1H03.

Global production of crude steel, according to statistics from the International Iron and Steel Institute (IISI), increased by 8.2% in 1H03 compared to 1H02, with growth of 1.9% in the European Union, 3% in the United States, 5.2% in Japan, 2% in South Korea and 21% in China - which consequently has been the main driving force in the demand for iron ore. According to industry specialists, it is likely that global steel production in 2003 will reach around 950 million

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tons, which would mean a jump of 100 million tons from the level two years ago. This expansion in production has obviously translated into a substantial increase in demand for iron ore.

After a brief period of decline, between February and June this year, steel prices, according to the CRU steel price index, picked up in July. The differential in seaborne freight rates between Brazil-Asia and Australia-Asia has shown a modest increase of about US\$ 8.50 per ton, indicating the strength of demand for iron ore and pellets, given that Asian countries - basically China, Japan, Taiwan and South Korea - account for approximately 65% of global seaborne imports.

The performance of the Chinese economy has been directly influenced by investments in infrastructure, foreign direct investment flows, exports of manufactured products and an increase in consumer spending on durable goods, especially cars. The growth in these various components explains why China is currently responsible for around 17% of the world's copper and aluminium consumption, 21% of global steel consumption and 23.3% of global seaborne imports of iron ore, and why growth in the Chinese economy causes a considerable impact on ore and metal markets.

The epidemic of Severe Acute Respiratory Syndrome (SARS) has been overcome and its impact on the performance of the Chinese economy seems to have been relatively small, with GDP growth slowing from 9.9% in 1Q03 to 6.7% in 2Q03. Therefore, GDP in that country is expected to continue to grow in the second half of this year at a similar rate to that seen in 1H03, of 8.2%, with a gradual convergence to 7% a year, with favourable repercussions on demand for minerals and metals.

Recent statistics on the behaviour of leading indicators are showing encouraging signs of a recovery in the global economy. GDP in the USA, which has led global economic growth since the mid Nineties, recorded growth rate of 2.4% a year in 2Q03, compared to estimates of 1.5% and annualised expansion rates of only 1.4% in each of the two previous quarters. This provoked an immediate reaction in the commodity markets: the price of copper rose to its highest level in the last 24 months and aluminium prices returned to levels last seen in March 2002. More vigorous global economic growth is expected in the next few quarters, which without doubt improves the outlook for the mining and metals markets.

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Bearing in mind the plans to significantly expand steel production in China, it is likely that the current imbalance between the demand and supply of iron ore will persist for the next 18 months, despite capacity expansion projects in Brazil and Australia.

The alumina market has also been experiencing an imbalance between demand and supply, given that global consumption has been growing faster than production since the beginning of 2002. This process, principally due to a significant growth in imports into China, which in 1H03 amounted to 2.56 million tons compared to 1.9 million for the year 2000 as a whole, has caused a sharp rise in prices. On the spot market the alumina price has reached approximately 21% of the aluminium price on the London Metal Exchange (LME), compared to 11% on average for 2002.

The expected trend in global demand for alumina over the next few years is likely to mean continued supply pressure, which will tend to benefit players

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such as CVRD, which are investing in capacity expansion projects at an extremely competitive cost.

The rise in Brazil's exports, the increase in the Company's fleet of locomotives and wagons and the launching of new services for clients, are factors which lead us to be optimistic with regard to the cash generation capacity of CVRD's logistics businesses over the next 18 to 24 months.

FOCUS ON COST REDUCTION

In parallel to its routine controls and investments in power generation, CVRD has been developing various specific cost reduction initiatives. Among these, are the efforts to shorten the wagon turnaround cycle, reduce the consumption of fuel on the railroads, restructuring in the procurement department, the replacement of fuel oil by natural gas in the pellet plants, and the use of electricity and other fuels in the generation of steam in the alumina refinery.

One aim, for example, is to shorten the average time taken for an iron ore wagon for the journey to and from the mine and the port. Achieving this target would generate significant productivity gains, permitting the transportation of larger volumes of iron ore with less investment in equipment.

Alunorte is achieving the flexibility to, at any time, choose the cheapest energy source to generate the steam and to calcinate alumina.

The company is making greater use of auctions for the purchase of equipment via Quadrem, the global portal for the mining and metals industry. Processes and procedures are being revised, the register of suppliers is being reorganised and a ERP system (Enterprise Resource Planning) is being introduced, measures which will permit a cut in costs and make procurement more efficient.

The effects of these initiatives should materialize over the next few quarters..

REVENUES AND SALES VOLUME

Shipments of iron ore and pellets in 2Q03, of 36.428 million tons, did not show any increase in relation to 2Q02 and 1Q03. Sales in 1H03 amounted to 72.819 million tons compared to 69.993 million in 1H02, an increase of 4%.

CVRD has been operating at full capacity, expecting only modest sales growth this year. The pattern seen in rising demurrage costs mirrors the pressure of demand on production capacity and the Company's iron ore shipments: in 2Q03 this item amounted to of R\$ 37 million, compared to R\$ 19 million in 2Q02.

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By the same token, during 2Q03 1.792 million tons of iron ore were purchased from smaller mining companies located at the iron ore quadrangle, in the State of Minas Gerais, bringing the total amount bought in 1H03 to 3.261 million tons.

However, as we have previously mentioned, the capacity expansion at Carajas is scheduled to come on stream in 1Q04. This, combined with the completion of Pier III at the maritime terminal of Ponta da Madeira due in the same quarter, the investments in locomotives and wagons, as well as the investment in decreasing ship loading time at the port of Tubarao, will place CVRD in a better position to exploit the increased global demand for iron ore of and pellets.

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Iron ore fines accounted for 79.6% of shipments in 2Q03, lumps 8.5% and pellets 11.9%. The drop in pellet sales, from 5.084 million tons in 1Q03 to 4.326 million tons in 2Q03, is only due to temporary shipment scheduling.

Export markets accounted for approximately 74% of iron ore and pellet shipments in 2Q03, while 13% went to pelletizing joint ventures and 13% to customers in the domestic market. China, with 4.8 million tons, was the main export market for iron ore and pellets, accounting for 17.8% of the volume sold in the external markets. Japan was the next largest importer, with 4.1 million tons, followed by Germany with 2.8 million, France with 2.3 million and South Korea with 1.7 million. Asia accounted for 43.5% of exports, and Europe 39.4%.

Sales of potash totalled 149,000 tons, down 22.4% in relation to 2Q02. The Taquari-Vassouras mine operated slightly above its nominal capacity of 600,000 tons a year. In 2002 the sale of 731,000 tons was made possible by significantly drawing down on inventory. Potash is another area where the Company is facing excess demand, however CVRD is undertaking an investment to increase production capacity at the mine to 850,000 tons which has expected start up for the middle of 2005.

General cargo transported by the railroads - EFVM and EFC - amounted to 4.298 billion ntk, which set a new quarterly record, being an increase of 17.6% on 2Q02 and up 26.8% compared to 1Q03. Cargo handling for clients in CVRD's ports and maritime terminals amounted to 7.411 million tons, an increase of 5.8% on 2Q02 and up 31.8% on 1Q03.

A large part of the performance in logistics services can be explained by the Company's exploitation of opportunities provided by agricultural production, specially grains, a segment in which CVRD ships approximately 15% of the harvest destined for the export market, and by increased Brazilian steel production, up 8.4% in 1H03. Various initiatives in the process of being introduced, or already implemented, are enabling the Company to take advantage of growth potential in this line of business. Of particular note are contracts for the transport of soya, sugar for export, the launching of express train services, the development of new services for the transport of steel products and the fact that the Company has started to provide logistics management services for the industrial installations of various large Brazilian companies and multinationals.

All these initiatives, combined with the larger number of locomotives and wagons, mean that we can look forward to continuing expansion in CVRD's logistics activities.

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| SALES VOLUME | | | |
|----------------------|--------|--------|-----------|
| | | | '000 tons |
| | 2Q02 | 1Q03 | 2Q03 |
| Iron ore and pellets | 36,330 | 36,391 | 36,428 |
| Iron Ore | 32,289 | 31,307 | 32,102 |

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| | | | |
|-------------------|---------|--------|--------|
| Fines | 28,648 | 28,157 | 29,001 |
| Lumps | 3,641 | 3,150 | 3,101 |
| Pellets | 4,041 | 5,084 | 4,326 |
| Gold (troy ounce) | 111,854 | 25,753 | 19,773 |
| Potash | 192 | 158 | 149 |
| Port Services | 7,007 | 5,624 | 7,411 |

RAILROAD TRANSPORTATION OF GENERAL CARGO

| | million ntk | | |
|--------------------------|-------------|-------|-------|
| | 2002 | 1003 | 2003 |
| Vitoria a Minas Railroad | 2,807 | 2,727 | 3,311 |
| Carajas Railroad | 848 | 662 | 987 |
| Total | 3,655 | 3,389 | 4,298 |

IRON ORE AND PELLET SALES - PARENT COMPANY

| | million tons | | |
|----------------|--------------|------|------|
| DESTINATION | 2002 | 1003 | 2003 |
| ASIA | | | |
| China | 5.0 | 5.4 | 4.8 |
| South Korea | 1.1 | 1.6 | 1.7 |
| Philippines | 0.5 | 0.4 | 0.6 |
| Japan | 4.3 | 3.9 | 4.1 |
| Taiwan | 0.4 | 0.4 | 0.5 |
| Total | 11.3 | 11.7 | 11.7 |
| EUROPE | | | |
| Germany | 3.4 | 3.5 | 2.8 |
| Spain | 0.7 | 0.8 | 0.9 |
| France | 1.5 | 1.4 | 2.3 |
| Italy | 2.2 | 1.2 | 1.2 |
| United Kingdom | 0.4 | 0.5 | 0.6 |

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| | | | |
|----------------------------|------|------|------|
| Others | 3.2 | 3.2 | 2.8 |
| Total | 11.4 | 10.6 | 10.6 |
| ----- | | | |
| THE AMERICAS | | | |
| Argentina | 0.6 | 0.8 | 0.8 |
| United States | 1.0 | 1.0 | 0.8 |
| Other | 0.5 | 0.8 | 0.6 |
| Total | 2.1 | 2.6 | 2.2 |
| ----- | | | |
| Others | | | |
| Bahrein | 0.5 | 0.5 | 0.4 |
| Others | 0.7 | 1.0 | 2.0 |
| Total | 1.2 | 1.5 | 2.4 |
| ----- | | | |
| TOTAL | 26.0 | 26.4 | 26.9 |
| ----- | | | |
| DOMESTIC MARKET | 2Q02 | 1Q03 | 2Q03 |
| Steel mills | 5.7 | 5.1 | 4.6 |
| Pelletizing joint ventures | 4.6 | 5.0 | 4.8 |
| Total | 10.3 | 10.1 | 9.4 |
| ----- | | | |
| TOTAL | 36.3 | 36.5 | 36.3 |
| ----- | | | |

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The Company's gross operating revenues amounted to R\$ 2.206 billion in 2Q03, 83% of which was either denominated in, or indexed to, the US dollar. This was 19.7% higher than in 2Q02, but represented a drop of 12.4% in relation to 1Q03 due to the 16.9% appreciation of the Real.

Revenues obtained from sale of iron ore amounted to R\$ 1.355 billion - 61.4% of the total - an increase of 21.3% compared to 2Q02, but down 12.8% in relation to 1Q03. Pellet sales generated revenues of R\$ 375 million in 2Q03 - 17.0% of total revenue - an increase of 40.5% in relation to 2Q02 but down 24.4% on 1Q03, which was caused by volatility in the exchange rate and a drop in the volume shipped. In addition, revenues from services provided in the operation of the five pelletizing plants of the joint ventures at Tubarao amounted to R\$ 32 million compared to R\$ 23 million in 2Q02 and R\$ 29 million in 1Q03.

Gross revenue from logistics services, of R\$ 354 million, showed an increase of 30.1% on 2Q03 and were up 8.3% on 1Q03. The largest sources of revenue generation were the steel industry, representing 40% and agriculture with 30%.

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Intermodal transport, although accounting for a very small percentage of the total - less than 5% of revenues generated by the transportation of general cargo - is the most dynamic segment, having seen a sixfold increase in revenue generation between 2Q02 and 2Q03. The focus of intermodal transport is on the shipment of cargo between industrial plants and distribution centres, using express trains and coastal shipping.

As a consequence of the drop in production, with the closure of the Igarape Bahia mine and the Fazenda Brasileiro mine nearing exhaustion, revenues from gold sales amounted to just R\$ 20 million, compared to R\$ 89 million in 2Q02 and R\$ 32 million in 1Q03. Potash sales, of R\$ 63 million in 2Q03, were lower than those in 1Q03, of R\$ 73 million as a result of exchange rate effects and a small drop in volume shipped from 158,000 to 149,000 tons.

GROSS REVENUES BY PRODUCT

| | 2Q02 | % | 1Q03 | % |
|---------------------------------------|-------|------|-------|------|
| Iron Ore | 1,118 | 60.6 | 1,553 | 61.7 |
| Domestic Market | 294 | 26.3 | 411 | 26.5 |
| Export Market | 824 | 73.7 | 1,142 | 73.5 |
| Pellets | 267 | 14.5 | 496 | 19.7 |
| Domestic Market | 48 | 17.9 | 90 | 18.1 |
| Export Market | 219 | 82.1 | 406 | 81.9 |
| Railroad Transport | 204 | 11.1 | 259 | 10.3 |
| Port Services | 67 | 3.7 | 68 | 2.7 |
| Potash | 62 | 3.4 | 73 | 2.9 |
| Gold | 89 | 4.8 | 32 | 1.3 |
| Pelletizing Plants Operation Services | 23 | 1.2 | 29 | 1.1 |
| Others | 13 | 0.7 | 8 | 0.3 |
| Total | 1,843 | 100 | 2,518 | 100 |

EARNINGS OF R\$ 1.275 BILLION

Net earnings in 2Q03 amounted to R\$ 1.275 billion, compared to the figure of R\$ 85 million posted in 2Q02 and R\$ 1.164 billion in 1Q03.

2Q03

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Factors behind the increase in earnings in relation to 2Q02

The significant growth in earnings in relation to 2Q02's result is due in large part to the significant impact of the exchange rate on the Company's net debt denominated in foreign currency. In 2Q02, due to the 22.4% appreciation of the US dollar against the Real, monetary variation caused a drop in profit of R\$ 1.013 billion. In 2Q03, with the depreciation of the US dollar, these variations combined to boost profits by R\$ 885 million. Furthermore, the increase of R\$ 357 million in net operating revenues contributed to the good result in 2Q03.

The most significant factors that negatively affected net earnings in 2Q03 were: the increase of R\$245 million in the cost of goods sold (COGS), the drop of R\$256 million in the results from shareholdings, and the increase of R\$532 million in the provision for the payment of income tax and social contribution.

The increase in COGS was caused by a rise in the cost of material of R\$ 91 million, an increase of R\$ 66 million in the cost of fuel oil and gases due to the increase in oil product prices, and greater spending on contracted services, up R\$ 51 million. It should be pointed out that the rise in material costs is the result of changes in maintenance provision criteria adopted from 2H02.

The result from shareholdings amounted to R\$ 151 million in 2Q03, compared to R\$ 407 million in 2Q02. Subsidiaries and affiliates in the aluminum segment contributed with R\$ 267 million, while logistics companies produced a negative result of R\$ 178 million.

Albras posted profit of R\$ 246.7 million in 2Q03, Alunorte R\$ 151.4 million and MRN, R\$ 75.2 million. In 2Q03 Alunorte's sales amounted to 537,000 tons of alumina, already reflecting the production ramp-up in module 3.

Companies in the ferrous minerals segment - iron ore, pellets, manganese and ferro-alloys - generated earnings of only R\$ 7 million for the Parent Company. Monetary losses of R\$239 million, due to the appreciation in the Real, experienced by subsidiaries abroad, partially offset the good performance of companies such as Samarco, which posted earnings of R\$ 71 million, Ferteco with R\$ 68 million, Kobrasco, R\$ 18 million and GIIC, R\$ 10 million. RDMN posted earnings of R\$ 9 million, obtained through the sale of unconsumed electricity during the period when it was adapting its plant for the production of manganese alloys.

In the logistics area, the negative result was influenced by accounting adjustments made at FCA. As well as the amortization of goodwill of R\$ 115 million and provision for losses of R\$ 96 million.

Bearing in mind the future consolidation of FCA in CVRD's financial statements, it has sought to adapt its accounting procedures to those used by the Company and in line with the best international practices. In this way, there was a change in the way leasing and railway concessions were accounted for, which resulted in a negative accounting affect of some R\$ 211 million, without any effect on cash flow.

In 2Q03 a provision of R\$ 259 million for the payment of income tax and social was made, compared to the figure of R\$ 200 million in 1Q03. The significant increase in taxation is a consequence of growth in taxable earnings being out of phase with the capacity for generating tax credits through the payment of

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interest on shareholder's equity.

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RESULT FROM SHAREHOLDINGS BY BUSINESS AREA

| | | | | million R\$ | | |
|----------------------------|-------|-------|-------|-------------|--|--|
| Business Area | 2Q 02 | 1Q 03 | 2Q 03 | | | |
| Ferrous Minerals | | | | | | |
| Iron Ore and pellets | 532 | 34 | (3) | | | |
| Manganese and Ferro-alloys | 41 | 16 | 10 | | | |
| Non-ferrous Minerals | (40) | 24 | 27 | | | |
| Logistics | (58) | (40) | (178) | | | |
| Steel | 57 | 65 | 15 | | | |
| Aluminum | (127) | 221 | 267 | | | |
| Others | 1 | 15 | 12 | | | |
| Total | 407 | 335 | 151 | | | |

COGS BREAKDOWN

| | | | | | | | million R\$ | |
|-----------------------------|-------|------|-------|------|-------|------|-------------|--|
| | 2Q 02 | % | 1Q 03 | % | 2Q 03 | % | | |
| Personnel | 130 | 13.5 | 120 | 9.6 | 124 | 10.2 | | |
| Material | 115 | 11.9 | 211 | 16.9 | 206 | 17.0 | | |
| Fuel Oil and Gases | 90 | 9.3 | 139 | 11.2 | 156 | 12.9 | | |
| Energy | 30 | 3.1 | 24 | 1.9 | 33 | 2.7 | | |
| Contracted Services | 118 | 12.2 | 123 | 9.9 | 169 | 14.0 | | |
| Acquisition of products | 250 | 25.9 | 386 | 31.0 | 263 | 21.7 | | |
| Depreciation and Exhaustion | 160 | 16.6 | 150 | 12.0 | 155 | 12.8 | | |
| Others | 73 | 7.5 | 93 | 7.5 | 106 | 8.7 | | |

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| | | | | | | |
|-------|-----|-------|-------|-------|-------|-------|
| Total | 966 | 100.0 | 1,248 | 100.0 | 1,211 | 100.0 |
|-------|-----|-------|-------|-------|-------|-------|

BEHAVIOR OF EBITDA

EBITDA generation amounted to R\$983 million in 2Q03, an increase of 28.3% in relation to 2Q02, but lower than the figure of R\$ 1.148 billion recorded in 1Q03. EBITDA margin amounted to 46.4%, higher than that posted in 2Q02, of 43.5% and slightly less than the 47.5% recorded in 1Q03.

EBITDA growth in relation to 2Q02

The main factors behind the increase in EBITDA in 2Q03 compared to 2Q02 were: (a) growth in net operating revenues of R\$ 357 million; (b) an increase in dividends received from subsidiaries and affiliates of around R\$ 133 million, which totalled R\$ 185 million in 2Q03; (c) an adjustment for non-recurring items of R\$ 36 million; and (d) a drop in administrative expenses of R\$ 9 million.

In 2Q03, CVRD (Parent Company) received dividends from Samarco, of R\$ 64.2 million, R\$ 38.2 million from Florestas Rio Doce, R\$ 26.4 million from Docenave, R\$ 26.3 million from Aluvale, R\$ 14.5 million from Urucum Mineracao, R\$ 5.6 million from Fosfertil, and R\$ 9.9 million from various other companies.

An amount of R\$36 million of pre-operational expenses for the Sao Luis pelletizing plant was booked as other operational expenses, being of a non-recurring nature. As this expense is a one time event, it is characterised as non-recurring. Consequently, the EBITDA was adjusted in this amount.

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Factors adversely affecting EBITDA growth were: a R\$ 245 million increase in COGS and a rise of R\$ 56 million in other operational expenses. This latter was determined principally by an increase of R\$ 37 million in the provision for employee profit-sharing.

EBITDA CALCULATION

| | R\$ million | | |
|-------------------------|-------------|---------|---------|
| | 2Q 02 | 1Q 03 | 2Q 03 |
| Net Operating Revenues | 1,762 | 2,417 | 2,119 |
| COGS | (966) | (1,248) | (1,211) |
| Sales Expenses | (35) | (52) | (45) |
| Administrative Expenses | (106) | (89) | (97) |

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| | | | |
|--|------|-------|-------|
| Research & Development | (31) | (38) | (36) |
| Other Operational Expenses | (75) | (106) | (131) |
| EBIT | 548 | 884 | 600 |
| Depreciation and Amortization | 166 | 161 | 163 |
| Dividends Received | 52 | 102 | 185 |
| Adjustments for Non-recurring Items (asset write-off) | - | - | 36 |
| EBITDA | 766 | 1,148 | 983 |

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FINANCIAL STATEMENTS

| | 2Q 02 | 1Q 03 | 2Q 03 |
|---------------------------|-------|---------|-------------|
| | | | million R\$ |
| Gross Operating Revenues | 1,843 | 2,518 | 2,206 |
| Taxes | (82) | (101) | (87) |
| Net Operating Revenues | 1,762 | 2,417 | 2,119 |
| Cost of Goods Sold | (966) | (1,248) | (1,211) |
| Gross Earnings | 796 | 1,169 | 908 |
| Gross Margin (%) | 45.2 | 48.4 | 42.9 |
| Result from Shareholdings | 407 | 335 | 151 |
| Equity Income | 626 | 419 | 370 |
| Goodwill Amortization | (104) | (93) | (185) |
| Provision for Losses | (115) | 10 | (35) |
| Operating Expenses | (247) | (285) | (308) |
| Selling | (35) | (52) | (45) |

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| | | | |
|------------------------------------|---------|-------|-------|
| Administrative | (106) | (89) | (97) |
| Research and Development | (31) | (38) | (36) |
| Other Operational Expenses | (75) | (106) | (131) |
| Financial Result | (1,143) | 145 | 783 |
| Financial Expenses | (190) | (185) | (164) |
| Financial Revenues | 60 | 50 | 61 |
| Monetary Variation | (1,013) | 280 | 885 |
| Operating Profit | (187) | 1,364 | 1,534 |
| Income Tax and Social Contribution | 272 | (200) | (259) |
| Net Earnings | 85 | 1,164 | 1,275 |
| Earnings per share (R\$) | 0.22 | 3.03 | 3.32 |

BALANCE SHEET

| | million R\$ | | |
|----------------------|-------------|--------|--------|
| | 2Q 02 | 1Q 03 | 2Q 03 |
| Asset | | | |
| Current | 4,552 | 4,787 | 4,127 |
| Realisable Long Term | 3,241 | 3,045 | 2,894 |
| Fixed | 17,032 | 20,080 | 20,774 |
| Total | 24,825 | 27,913 | 27,796 |
| Liabilities | | | |
| Current | 4,167 | 4,629 | 5,297 |
| Demandable Long Term | 8,532 | 9,991 | 8,310 |
| Shareholders' Equity | 12,126 | 13,293 | 14,188 |
| Paid-up Capital | 5,000 | 5,000 | 6,300 |
| Reserves | 7,126 | 8,293 | 7,888 |
| Total | 24,825 | 27,913 | 27,796 |

INVESTMENTS

Capital expenditure by CVRD in 2Q03 amounted to US\$ 389.7 million, totalling US\$ 587.6 million for the first half of the year.

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US\$ 189.3 million were spent on projects - 48.6% of the capital expenditure total - US\$ 9.4 million being on iron ore mining in the Southern System, US\$ 23.8 million on iron ore mining in the Northern System and US\$ 41.5 million on logistics. US\$ 87.5 million were allocated to the Sossego copper project and US\$ 6.9 million to expanding the Taquari - Vassouras potash mine.

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The main projects are detailed below:

| Area | Project | Investment carried out in 1Q03 | Investment carried out in 2Q03 | Status |
|----------------------|---|--------------------------------|--------------------------------|--|
| Ferrous Minerals | Enlarging iron ore production capacity in the Northern System | US\$ 6.1 million | US\$ 7.7 million | It is expected that the Northern System will be operating with a production capacity of 12 million tons in 1Q04, therefore we intend to accelerate the expansion in production capacity in approximately 12 months. Investment in this project is estimated at US\$ 140 million, involving expenditure on the expansion of the port. |
| | Pier III of the Ponta da Madeira Maritime Terminal (PMMT) | US\$ 2.1 million | US\$ 2.8 million | Completion expected for January 2004. Implementation is proceeding according to schedule and capex is estimated at 2.8 million. Pier III will have a capacity of 18 million tons a year, enlarging the capacity of PMMT to 74 million tons. |
| | Brucutu iron ore mine - Southern System | US\$ 146,000 | US\$ 296,000 | First phase due for completion in 2003. Mine will have a production capacity of 1 million tons a year. Works are proceeding according to schedule. Total investment in this project is estimated at US\$ 219.9 million. US\$ 173.9 million is programmed for 2003. |
| | Fabrica Nova iron ore mine - Southern System | US\$ 637,000 | US\$ 2.5 million | Completion estimated for 2005. Investment in this project has already been carried out. Work is proceeding according to schedule. Fabrica Nova mine is likely to have a production capacity of 10 million tons a year by 2009. Total capital investment in this project is budgeted at US\$ 84.4 million, of which US\$ 39.6 million has been spent. |
| Non Ferrous Minerals | Sossego copper mine | US\$ 40.5 million | US\$ 87.5 million | Completion estimated for first half of 2003. Investment in this project has already been carried out, 78% of the total investment, having been completed. The first phase of the project began in 3Q03. The project is |

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| | | | | schedule. |
|------------------|--|-------------------|-------------------|--|
| | Expansion of Taquari -Vassouras Potash Mine | US\$ 4.0 million | US\$ 6.9 million | Completion estimated for mid 2003. investment total for the project has already been carried out. The project is on schedule. The expansion, the mine's capacity has already been enlarged to 850,000 tons |
| Logistics | Purchase of locomotives and wagons | US\$ 18.9 million | US\$ 35.3 million | Of the 2,010 wagons and 77 locomotives will be purchased by the end of 2003. The Company has already received 90 locomotives. Part of this equipment is used for transport of general cargo and 33.3% of the total investment of 162.9 million has already been spent. |
| | Praia Mole Maritime Terminal (Phases I & II) | US\$ 707,000 | US\$ 1.5 million | Phase I was completed in April 2003. Completion of Phase II (scheduled for 2004) will increase the terminal's handling capacity to 1 million tons a year. Total investment budgeted at US\$ 20.9 million. |
| Power Generation | Aimores Hydroelectric Plant | US\$ 6.4 million | US\$ 7.6 million | Full operation postponed to October 2003 in view of the delay in the relocation of the local community, due to questions of environmental impact. Construction of the plant is proceeding on schedule. The plant itself will not be able to generate electricity as the water flow will not be full. |
| | Candongu Hydroelectric plant | US\$ 6.7 million | US\$ 5.4 million | Completion scheduled for November 2003. The project's total estimated investment of 40.1 million, has already been spent. Implementation of the project is on schedule. |

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Expenditure on maintenance and environmental protection in 2Q03 amounted to US\$47.4 million, representing 12.1% of the total.

Capital infusions amounted to US\$ 79.9 million - 20.5% of the total invested - for CFN, FCA, Celmar, Companhia Mineradora Andino Brasileira (CMAB) and Companhia Mineradora Latino Americana (CMLA). CMAB and CMLA being mineral exploration companies located in Chile and Peru, respectively. The injection into Celmar went to pay off loans.

The purchase of shares issued by CST, amounting to US\$ 58 million, accounted for 14.9% of the investment made in the quarter.

Expenditure on mineral exploration and technological research amounted to US\$ 8.6 million. US\$ 6.5 million were spent on information technology, US\$ 3 million of which was on the implementation of the ERP system.

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Of the total invested in 2Q03, the non-ferrous mineral area accounted for 26.8%, logistics 20.3% and the ferrous minerals division, 18.1%.

| INVESTMENTS - 2Q03 | | | | |
|----------------------|--------------|-------|--|--------------|
| By business area | US\$ million | % | By category | US\$ million |
| Ferrous Minerals | 70.7 | 18.1% | Capital infusions | |
| Logistics | 79.1 | 20.3% | Maintenance & Environmental Protection | |
| Non-ferrous Minerals | 104.4 | 26.8% | Projects | |
| Power Generation | 16.0 | 4.1% | Mineral Exploration and Technological Research | |
| Others | 119.4 | 30.7% | Information Technology | |
| Acquisitions | | | | |
| Total | 389.7 | 100% | Total | |

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| IRON ORE AND PELLETS - FINANCIAL INDICATORS - NOT REVIEWED | | | |
|--|-------------|-------|-------|
| | million R\$ | | |
| HISPANOBRAS | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 836 | 905 | 890 |
| Export Markets | 356 | 268 | 625 |
| Domestic Market | 480 | 637 | 265 |
| Average Price (US\$/ton) | 31.56 | 29.75 | 36.33 |
| Net Revenues | 59 | 94 | 93 |

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| | | | |
|---------------------------|-------|-------|-------|
| Cost of Goods Sold | (56) | (81) | (85) |
| Net Financial Result | 6 | (4) | (7) |
| Net Earnings | 2 | 4 | 8 |
| Gross Margin (%) | 5.1 | 13.8 | 8.6 |
| EBITDA | - | 14 | 17 |
| EBITDA Margin (%) | - | 14.9 | 18.3 |
| NIBRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 2,257 | 1,800 | 1,847 |
| Export Markets | 686 | 469 | 513 |
| Domestic Market | 1,571 | 1,331 | 1,334 |
| Average Price (US\$/ton) | 31.36 | 27.75 | 27.03 |
| Net Revenues | 164 | 175 | 147 |
| Cost of Goods Sold | (144) | (167) | (153) |
| Net Financial Result | (4) | 1 | 2 |
| Net Earnings | 6 | 3 | (5) |
| Gross Margin (%) | 12.2 | 4.6 | (4.1) |
| EBITDA | 19 | 10 | (3) |
| EBITDA Margin (%) | 11.6 | 5.7 | (2.0) |
| Gross Debt (US\$ million) | 4 | 3 | 2 |
| - Short Term | 2 | 2 | 2 |
| - Long Term | 2 | 1 | - |
| ITABRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 702 | 813 | 843 |
| Export Markets | 533 | 306 | 778 |
| Domestic Market | 169 | 507 | 65 |
| Average Price (US\$/ton) | 28.30 | 29.54 | 35.25 |
| Net Revenues | 50 | 86 | 91 |
| Cost of Goods Sold | (48) | (73) | (76) |
| Net Financial Result | 9 | (3) | (5) |

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| | | | |
|---------------------------|-----|------|------|
| Net Earnings | 5 | 3 | 6 |
| Gross Margin (%) | 4.0 | 15.1 | 16.5 |
| EBITDA | - | 10 | 13 |
| EBITDA Margin (%) | - | 11.6 | 14.3 |
| Gross Debt (US\$ million) | | | |
| - Short Term | 17 | 5 | - |

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IRON ORE AND PELLETS - FINANCIAL INDICATORS - NOT REVIEWED

| | million R\$ | | |
|---------------------------|-------------|-------|-------|
| KOBRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 1,012 | 1,134 | 1,128 |
| Export Markets | 534 | 453 | 667 |
| Domestic Market | 478 | 681 | 461 |
| Average Price (US\$/ton) | 29.30 | 30.39 | 30.35 |
| Net Revenues | 72 | 117 | 102 |
| Cost of Goods Sold | (67) | (94) | (88) |
| Net Financial Result | (78) | 18 | 50 |
| Net Earnings | (49) | 18 | 35 |
| Gross Margin (%) | 6.9 | 19.7 | 13.7 |
| EBITDA | 5 | 16 | 8 |
| EBITDA Margin (%) | 6.9 | 13.7 | 7.8 |
| Gross Debt (US\$ million) | | | |
| - Long Term | 143 | 124 | 102 |
| SAMARCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 3,436 | 3,988 | 4,277 |

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| | | | |
|---------------------------|-------|-------|-------|
| Average Price (US\$/ton) | 28.78 | 27.59 | 30.98 |
| Net Revenues | 239 | 361 | 371 |
| Cost of Goods Sold | (115) | (163) | (166) |
| Net Financial Result | (95) | - | 25 |
| Net Earnings | (19) | 139 | 142 |
| Gross Margin (%) | 51.9 | 54.8 | 55.3 |
| EBITDA | 105 | 197 | 131 |
| EBITDA Margin (%) | 43.9 | 54.6 | 35.3 |
| Gross Debt (US\$ million) | 267 | 179 | 188 |
| - Short Term | 180 | 123 | 138 |
| - Long Term | 87 | 56 | 50 |

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IRON ORE AND PELLETS - FINANCIAL INDICATORS - NOT REVIEWED

| | million R\$ | | |
|----------------------------|-------------|-------|-------|
| FERTECO | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 3,545 | 4,879 | 4,426 |
| Export Market - Iron Ore | 2,713 | 3,503 | 2,917 |
| Domestic Market - Iron Ore | 832 | 1,376 | 1,509 |
| Average Price (US\$/ton) | 14.70 | 13.87 | 13.67 |
| | - | - | - |
| Quantity Sold ('000 tons) | 1,234 | 856 | 1,175 |
| Export Market - Pellets | 736 | 358 | 514 |
| Domestic Market - Pellets | 498 | 498 | 661 |
| Average Price (US\$/ton) | 27.05 | 29.62 | 31.82 |

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| | | | |
|---------------------------|-------|-------|-------|
| Net Revenues | 195 | 311 | 299 |
| Cost of Goods Sold | (128) | (181) | (150) |
| Net Financial Result | (44) | (8) | 7 |
| Net Earnings | (10) | 89 | 111 |
| Gross Margin (%) | 34.4 | 41.8 | 49.8 |
| EBITDA | 63 | 123 | 158 |
| EBITDA Margin (%) | 32.3 | 39.5 | 52.8 |
| Gross Debt (US\$ million) | 146 | 92 | 77 |
| - Short Term | 58 | 10 | - |
| - Long Term | 88 | 82 | 77 |

| GIIC* (US\$ '000) | 2Q 02 | 1Q 03 | 2Q 03 |
|---------------------------|-------|-------|-------|
| Quantity Sold ('000 tons) | 676 | 772 | 1,178 |
| Export Market | 676 | 772 | 1,178 |
| Average Price (US\$/ton) | 40.30 | 41.00 | 43.30 |

| | | | |
|---------------------------|------|------|-------|
| Net Revenues | 77 | 100 | 140 |
| Cost of Goods Sold | (67) | (78) | (106) |
| Net Financial Result | - | (1) | (1) |
| Net Earnings | 6 | 12 | 20 |
| Gross Margin (%) | 13.0 | 22.0 | 24.3 |
| EBITDA | 8 | 16 | 24 |
| EBITDA Margin (%) | 10.4 | 16.0 | 17.1 |
| Gross Debt (US\$ million) | | | |
| - Long Term | 40 | 35 | 35 |

* Financial indicators calculated according to the standards of the IASC (International Accounting Standards Committee)

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MANGANESE AND FERRO-ALLOYS - FINANCIAL INDICATORS - NOT REVIEWED

| | million R\$ | | |
|--|-------------|--------|--------|
| SIBRA (Consolidated) | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold - Ferro Alloys ('000 tons) | 78 | 67 | 79 |
| Export Market | 39 | 30 | 40 |
| Domestic Market | 39 | 37 | 38 |
| Average Price (US\$/ton) | 445.72 | 536.68 | 606.47 |
| Quantity Sold - Manganese ('000 tons) | 247 | 241 | 382 |
| Export Market | 212 | 147 | 306 |
| Domestic Market | 35 | 94 | 76 |
| Average Price (US\$/ton) | 46.32 | 42.65 | 42.93 |
| Net Revenues | 106 | 142 | 171 |
| Cost of Goods Sold | (69) | (84) | (93) |
| Net Financial Result | (4) | (11) | (19) |
| Net Earnings | 22 | 18 | 25 |
| Gross Margin (%) | 34.9 | 40.8 | 45.6 |
| EBITDA | 34 | 41 | 57 |
| EBITDA Margin (%) | 32.1 | 28.9 | 33.3 |
| Gross Debt (US\$ million) | 46 | 57 | 64 |
| - Short Term | 28 | 37 | 25 |
| - Long Term | 18 | 20 | 39 |

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ALUMINUM - FINANCIAL INDICATORS - ADJUSTED AND NOT REVIEWED

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million R\$

| MRN | 2Q 02 | 1Q 03 | 2Q 03 |
|---------------------------|--------|--------|--------|
| Quantity Sold ('000 tons) | 2,611 | 2,196 | 3,512 |
| Export Markets | 790 | 711 | 958 |
| Domestic Market | 1,821 | 1,485 | 2,554 |
| Average Price (US\$/ton) | 18.34 | 19.23 | 18.98 |
| Net Revenues | 111 | 140 | 184 |
| Cost of Goods Sold | (61) | (69) | (89) |
| Net Financial Result | (32) | - | (11) |
| Net Earnings | 8 | 59 | 75 |
| Gross Margin (%) | 45.0 | 50.7 | 51.6 |
| EBITDA | 59 | 80 | 124 |
| EBITDA Margin (%) | 53.2 | 57.1 | 67.4 |
| Gross Debt (US\$ million) | 109 | 113 | 199 |
| - Short Term | 19 | 44 | 134 |
| - Long Term | 90 | 69 | 65 |
| ALUNORTE | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 410 | 490 | 537 |
| Export Market | 175 | 289 | 303 |
| Domestic Market | 235 | 201 | 234 |
| Average Price (US\$/ton) | 165.72 | 172.03 | 173.68 |
| Net Revenues | 174 | 292 | 273 |
| Cost of Goods Sold | (134) | (218) | (218) |
| Net Financial Result | (198) | 44 | 137 |
| Net Earnings | (142) | 102 | 151 |
| Gross Margin (%) | 23.0 | 25.3 | 20.1 |
| EBITDA | 49 | 83 | 68 |
| EBITDA Margin (%) | 28.2 | 28.4 | 24.9 |
| Gross Debt (US\$ million) | | | |

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| | | | |
|---------------------------|----------|----------|----------|
| - Long Term | 455 | 482 | 494 |
| ALBRAS | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 110 | 103 | 106 |
| Export Market | 108 | 99 | 102 |
| Domestic Market | 2 | 4 | 4 |
| Average Price (US\$/ton) | 1,332.13 | 1,337.98 | 1,326.07 |
| Net Revenues | 366 | 480 | 423 |
| Cost of Goods Sold | (223) | (285) | (271) |
| Net Financial Result | (332) | 64 | 176 |
| Net Earnings | (186) | 223 | 247 |
| Gross Margin (%) | 39.1 | 40.6 | 35.9 |
| EBITDA | 150 | 196 | 157 |
| EBITDA Margin (%) | 41.0 | 40.8 | 37.1 |
| Gross Debt (US\$ million) | 556 | 451 | 400 |
| - Short Term | 49 | - | - |
| - Long Term | 507 | 451 | 400 |

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ALUMINUM - FINANCIAL INDICATORS - ADJUSTED AND NOT REVIEWED

| | million R\$ | | |
|---------------------------|-------------|----------|----------|
| VALESUL | 2Q 02 | 1Q 03 | 2Q 03 |
| Quantity Sold ('000 tons) | 24 | 19 | 24 |
| Export Market | 12 | 9 | 15 |
| Domestic Market | 12 | 10 | 9 |
| Average Price (US\$/ton) | 1,663.20 | 1,730.60 | 1,685.83 |
| Net Revenues | 93 | 108 | 112 |

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| | | | |
|---------------------------|------|------|------|
| Cost of Goods Sold | (72) | (69) | (89) |
| Net Financial Result | 1 | - | - |
| Net Earnings | 15 | 27 | 3 |
| Gross Margin (%) | 22.6 | 36.1 | 20.5 |
| EBITDA | 23 | 35 | 14 |
| EBITDA Margin (%) | 24.7 | 32.4 | 12.5 |
| Gross Debt (US\$ million) | 2 | 2 | 2 |
| - Short Term | 1 | 1 | 1 |
| - Long Term | 1 | 1 | 1 |

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

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

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[CVRD LOGO]

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER OF 2003

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The financial and operating information contained in this press release, except whether otherwise indicated, is based on consolidated figures, according to generally accepted accounting principles in the United States of America ("US GAAP"). This information, with the exception of that referring to investment and market behavior, is based on the quarterly financial statements, which have been reviewed by independent auditors. The main consolidated subsidiaries of CVRD are: RDME, RDMN, Sibra, Ferteco, Urucum Mineracao, Para Pigmentos, Docenave, Aluvalé, Alunorte, Florestas Rio Doce, Celmar, Rio Doce Europa, Itaco, CVRD Overseas and Rio Doce Finance International.

Rio de Janeiro, 13 August 2003 - Companhia Vale do Rio Doce (CVRD) has reported net earnings of US\$ 456 million for the second quarter of 2003 (2Q03), corresponding to US\$ 1.19 per share, US\$ 470 million higher than that of 2Q02. The operating ROE, as measured by the ratio of adjusted EBIT (earnings before interest and taxes) to net worth, and which excludes the impact of F/X gains and losses, was, in annual terms, 34.0% in the 2Q03 vis-a-vis 33.6% in the same quarter last year.

Earnings accumulated in 1H03 amounted to US\$ 810 million, higher than the US\$ 261 million obtained in the 1H02.

Gross operating revenues in 2Q03 amounted to US\$ 1.219 billion, 14.5% higher than that of the same period last year. In 1H03 revenues amounted to US\$ 2.372 billion, 16.1% higher than that of the 1H02.

Cash generation, as measured by adjusted EBITDA (1) (earnings before interest, tax, depreciation and amortization), amounted to US\$ 490 million, up 15.3% compared to 2Q02. The adjusted EBITDA of the 1H03 reached US\$ 932 million, an

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increase of 13.4% vis-a-vis the US\$ 822 million obtained in the 1H02.

The adjusted EBITDA margin (2), which is the ratio between adjusted EBITDA and net revenues, amounted to 41.9%, higher than the figure of 41.6% reported in 2Q02.

CVRD's consolidated exports in 2Q03, according to BRGAAP (generally accepted accounting principles in Brazil), amounted to US\$ 947 million, totalling US\$ 1.747 billion for the first half of the year. Thus, the company's exports were up 9.9% in relation to that of the 1H02. CVRD's net consolidated exports (exports minus imports) in 1H03 amounted to US\$ 1.551 billion, which corresponded to 14.9% of Brazil's trade surplus of US\$ 10.397 billion during the same period.

2Q03

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US GAAP

Shipments of iron ore and pellets reached 41.496 million tons in 2Q03, an increase of 1% in relation to that of 2Q02. In 1H03 sales volume of these products amounted to 84.015 million tons, 8% higher than that sold in the same period last year.

CVRD has been operating at full capacity, and at the same time carrying out various investments in mining and logistics, which will permit faster expansion in iron ore shipments from 2004 onwards. To this end, in the first quarter of next year Pier III at the Ponta da Madeira maritime terminal should be operating, while production capacity from the iron ore mines at Carajas should be 70 million tons a year, an increase of 14 million tons on its current nominal capacity. Given the much faster than expected growth in demand for iron ore, the Company is aiming at anticipating the completion of the expansion project at Carajas by almost a year.

The Gongo Soco mine, part of the Southern System, resumed operations after the problems that occurred in 1Q03, producing iron ore at an annual capacity of 3.6 million tons.

With the ramp-up of stage 3 at Alunorte, CVRD's alumina sales amounted to 604,000 tons in 2Q03. Shipments of primary aluminum, which represents CVRD's take of Albras' production, amounted to 51,000 tons, slightly less than the figure recorded in 2Q02 of 53,000 tons.

The volume of general cargo (cargo excluding iron ore and pellets) transported for clients in 2Q03 constituted a quarterly record, despite the fact that less than half of the Company's locomotive and wagon purchase orders have been met until now. CVRD's railroads - Vitoria a Minas (EFVM) and Carajas (EFC) - in 2Q03 transported 4.298 billion net ton kilometers (ntk) of general cargo for clients, up 17.6% in relation to that of 2Q02. The amount of ntk's transported in the 1H03 was 7.687 billion vis-a-vis 7.056 billion in the same period last year.

The Centro - Atlantica Railroad (FCA) also set a new quarterly record, with the transportation of 2.602 billion ntk, compared to 2.253 billion in 2Q02. During 1H03, FCA transported 4.835 billion ntk, an increase of 18.4% relative to 1H02.

Investments made in the quarter amounted to US\$ 407.3 million, bringing the total for the first half 2003 to US\$ 647.6 million. A little over half the capital expenditure was dedicated to expanding mining and logistics capacity,

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and to the construction of hydroelectric plants.

The Company's total debt as of June 30, 2003 amounted to US\$ 3.282 billion, down US\$ 632 million in relation to the end of 2Q02.

The Company's performance in 2Q03 was very solid and consistent with the aim of maximizing value over the long term and also reflected the quality with which strategies were executed in all areas of the business.

2Q03

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US GAAP

| SELECTED FINANCIAL INDICATORS | | | | |
|---------------------------------------|--------------|--------------|--------------|----------------------|
| | 2Q 02 (A) | 1Q 03 (B) | 2Q 03 (C) | (change in) (C/A) |
| Gross Revenues | 1,065 | 1,153 | 1,219 | 14.5 |
| Gross Margin (%) | 42.4 | 42.3 | 42.7 | - |
| Adjusted EBITDA | 425 | 442 | 490 | 15.3 |
| Adjusted EBITDA margin (%) | 41.6 | 39.8 | 41.9 | - |
| Adjusted EBIT | 334 | 363 | 388 | 16.2 |
| Adjusted EBIT Margin (%) | 32.7 | 32.7 | 33.2 | - |
| Net Earnings | (14) | 354 | 456 | NM |
| Net Margin (%) | (1.4) | 31.9 | 39.0 | - |
| Total Debt/ Adjusted EBITDA (LTM) (3) | 2.5 | 1.8 | 1.7 | - |
| Annualized Operational ROE (%) (*) | 33.6 | 39.9 | 34.0 | - |
| Investments (**) | 266 | 240 | 407 | 53.0 |

(*) Adjusted EBIT/net worth, Adjusted EBIT = earnings before interest and

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taxes = operating income
(**) including acquisitions

MATERIAL EVENTS

Iron ore and pellet prices

During May, negotiations with clients were completed for the setting of iron ore and pellet reference prices for the year 2003. Due to the extraordinary growth in demand, an average price increase was obtained of approximately 9.0% for the various types of iron ore and 9.8% for blast furnace pellets.

The reference prices for iron ore are at their highest levels in nominal terms since 1992. At the same time, there was a recovery in the premium commanded in the price of blast furnace pellets relative to iron ore fines, which returned to the level seen in 2001, of around US\$20 cents per iron unit.

Strategic focus, profitable growth and value creation

Investments

At the beginning of July, Rio Doce Manganese Norway (RDMN), CVRD's wholly owned subsidiary located in Mo I Rana, Norway, began operations. After the investment in the overhaul of its electric furnaces, environmental protection and improvements to its safety systems in the workplace, RDMN began production of manganese ferro-alloys, with an annual capacity of 110,000 tons. The plant is supplied with ultra-fine manganese ore from the Azul mine located in Carajas, and benefits from relatively low electricity costs.

Expansion of bauxite and alumina production capacity represents important leveraging in the generation of value for CVRD's shareholders, given mind the Company's sustainable competitive advantages in this business segment. These advantages are due to the Company's considerable reserves of high-quality bauxite, its efficient logistics system and an alumina refinery with low conversion and capacity expansion costs.

2Q03

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US GAAP

The construction of module 3 at the alumina refinery of Alunorte, increasing annual capacity from 1.6 million to 2.4 million tons, and the increase in bauxite production capacity at Mineracao Rio do Norte from 11.0 to 16.3 million tons per year were concluded this year.

At the end of July the Board of Directors of Alunorte, a subsidiary of CVRD, approved the construction of stages 4 and 5, which will increase capacity from 2.4 million to 4.2 million tons a year with an estimated investment of US\$ 583 million. The new modules will use bauxite produced in Paragominas, a wholly owned CVRD mine in the state of Para, currently under development. Both the mine and the expansion of the refinery are expected to begin operations in the first quarter of 2006.

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The European Commission has authorized CVRD's proposal to acquire control of CAEMI, the world's fourth largest producer of iron ore. After the conclusion of the transaction to buy 50% of the ordinary shares and 40% of the preferred shares of CAEMI for US\$ 426.4 million, CVRD will hold 60.2% of this company's total capital, consolidating the group's global leadership in the iron ore market. CAEMI's results will be consolidated into the Company's financial statements in US GAAP (generally accepted accounting principles in the United States) starting in 3Q03.

Another important step in the ferrous mining business will be the consolidation of Ferteco into CVRD in 3Q03, allowing the extraction of further synergies between the two companies.

Divestiture

As part of the strategic directive for the divestment of assets that have no synergies with the Company's core businesses, the sale of two Docenave ships for US\$ 36 million was finalised, resulting in an accounting profit of US\$ 3.7 million. With the completion of this transaction, just three ships from Docenave's long haul fleet remain to be sold.

An agreement was signed with Yamana Resources Inc. for the purchase and sale of the Fazenda Brasileiro gold mine for US\$ 20.9 million. CVRD continues to invest in mineral exploration aimed at discovering new gold deposits. On the other hand, with the exception of 118, all the Company's copper projects will produce gold as a by-product.

Financial Management

The Company successfully concluded two transactions in the international capital markets, raising a total of US\$ 550 million.

The first involved the issue of notes backed by export receivables of iron ore and pellets amounting to US\$ 250 million with a term of 10 years, a duration of 5.38 years, a grace period of two years, bearing a coupon of 4.43% p.a. payable quarterly and a yield to maturity of 4.48% p.a. The issue received a guarantee from MBIA Insurance Corporation and obtained ratings of Aaa from Moody's, AAA from Standard & Poors and AAA from Fitch Ratings.

The second operation involved the issuance of a US\$ 300 million unsecured bond for a term of 10 years, a duration of 6.77 years, carrying a coupon of 9.00% p.a. paid semi-annually, with an yield to maturity of 9.25% p.a. This issue had various characteristics that gave it all the hallmarks of success.

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Firstly, it obtained a rating of Ba2 from Moody's, 3 notches higher than that awarded to Brazil's sovereign debt, B2. For the first time, a private-sector Brazilian company obtained a higher credit rating than the country itself.

Secondly, it had the longest term of any unsecured bond issued by a private-sector Brazilian company.

Thirdly, it is also the first time ever that a private-sector Brazilian company placed a bond issue offering a lower yield than the comparable securities issued

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by the sovereign. CVRD 2013 was placed with investors at a yield of 9.250% p.a., while the Brazil Global 2013 was trading at a yield of 12.582%.

The terms obtained for the two issues reflect the recognition by the global capital markets of CVRD's excellent credit quality. At the same time, the transactions are consistent with the Company's financial objective: lengthening the duration of its debt, and reducing refinancing risk, at the lowest cost available given the prevailing market conditions.

The operations were concluded in July and August 2003, and, therefore, will only be reflected in the 3Q03 financial statements.

2Q03

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SHORT-TERM OUTLOOK

Demand for iron ore has been extraordinary, greatly exceeding the expectations that prevailed at the beginning of this year. There are indications that the global seaborne iron ore market is facing its strongest demand pressure in the last 20 years.

In the first half of 2003, Chinese imports grew 42% in relation to the same period last year, reaching 72.5 million tons. This figure is already higher than the Chinese imports for the whole of 2000, which totalled 70 million tons. China has surpassed Japan as the world's largest importer of iron ore, given that imports to that country, although up by 5.4%, amounted to 66.4 million tons in 1H03.

Global production of crude steel, according to statistics from the International Iron and Steel Institute (IISI), increased by 8.2% in 1H03 compared to 1H02, with growth of 1.9% in the European Union, 3% in the United States, 5.2% in Japan, 2% in South Korea and 21% in China - which consequently has been the main driving force in the demand for iron ore. According to industry specialists, it is likely that global steel production in 2003 will reach around 950 million tons, which would mean a jump of 100 million tons from the level two years ago. This expansion in production has obviously translated into a substantial increase in demand for iron ore.

After a brief period of decline, between February and June this year, steel prices, according to the CRU steel price index, picked up in July. The differential in seaborne freight rates between Brazil-Asia and Australia-Asia has shown an increase of about US\$ 8.50 per ton, indicating the strength of demand for iron ore and pellets, given that Asian countries - basically China, Japan, Taiwan and South Korea - account for approximately 65% of global seaborne imports.

The performance of the Chinese economy has been directly influenced by investments in infrastructure, foreign direct investment flows, exports of manufactured products and an increase in consumer spending on durable goods, especially cars. The growth in these various components explains why China is currently responsible for around 17% of the world's copper and aluminum consumption, 21% of global steel consumption and 23.3% of global seaborne imports of iron ore, and why growth in the Chinese economy causes a considerable

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impact on ore and metal markets.

The epidemic of Severe Acute Respiratory Syndrome (SARS) has been overcome and its impact on the performance of the Chinese economy seems to have been relatively small, with GDP growth slowing from 9.9% in 1Q03 to 6.7% in 2Q03. Therefore, GDP in that country is expected to continue to grow in the second half of this year at a similar rate to that seen in 1H03, of 8.2%, with a gradual convergence to 7% a year, with favourable repercussions on demand for minerals and metals.

Recent statistics on the behavior of leading indicators are showing encouraging signs of a recovery in the global economy. GDP in the USA, which has led global economic growth since the mid 90s, recorded growth rate of 2.4% a year in 2Q03, compared to estimates of 1.5% and annualised expansion rates of only 1.4% in each of the two previous quarters. This provoked an immediate reaction in the commodity markets: the price of copper rose to its highest level in the last 24 months and aluminum prices returned to levels last seen in March 2002. More vigorous global economic growth is expected in the next few quarters, which without a doubt, improves the outlook for the mining and metals markets.

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US GAAP

Bearing in mind the plans to significantly expand steel production in China, it is likely that the current imbalance between the demand and supply of iron ore will persist for the next 18 months, despite the capacity expansion projects in Brazil and Australia.

The alumina market has also been experiencing an imbalance between demand and supply, given that global consumption has been growing faster than production since the beginning of 2002. This process, principally due to a significant growth in imports into China, which in 1H03 amounted to 2.56 million tons compared to 1.9 million for the year 2000 as a whole, has caused a sharp rise in prices. On the spot market the alumina price has reached approximately 21% of the aluminum price on the London Metal Exchange (LME), compared to 11% on average for 2002.

The expected trend in global demand for alumina over the next few years is likely to mean continued supply pressure, which will tend to benefit players such as CVRD, which are investing in capacity expansion projects at an extremely competitive cost.

The rise in Brazil's exports, the increase in the Company's fleet of locomotives and wagons and the launching of new services for clients, are factors which lead us to be optimistic with regard to the cash generation capacity of CVRD's logistics businesses over the next 18 to 24 months.

FOCUS ON COST REDUCTION

In parallel to its routine controls and investments in power generation, CVRD has been developing various specific cost reduction initiatives. Among these, are the efforts to shorten the wagon turnaround cycle, reduce the consumption of fuel on the railroads, restructure the procurement department, replace fuel oil by natural gas in the pellet plants, and use electricity and other fuels in the generation of steam in the alumina refinery.

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One aim, for example, is to shorten the average time taken for an iron ore wagon for the journey to and from the mine and the port. Achieving this target would generate significant productivity gains, permitting the transportation of larger volumes of iron ore with lower investment in equipment.

Alunorte is achieving the flexibility to, at any time, choose the cheapest energy source to generate the steam and to calcinate alumina.

The company is making greater use of auctions to purchase equipment via Quadrem, the global portal for the mining and metals industry. Processes and procedures are being revised, the register of suppliers is being reorganised and an ERP system (Enterprise Resource Planning) is being introduced, measures which will permit a cut in costs and make procurement more efficient.

The effects of these initiatives should materialize over the next few quarters.

REVENUES AND SALES VOLUME

Shipments of iron ore and pellets in 2Q03 amounted to 41.496 million tons compared to 41.089 million tons in 2Q02 and 42.519 million tons in 1Q03. Sales of iron ore were practically constant, while pellet sales, of 5.175 million tons in 2Q03, were down slightly compared to the figure for the previous quarter of 6.139 million. This was due entirely to shipment scheduling and was not the result of demand problems.

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CVRD has been operating at full capacity, expecting only modest growth in the sales of iron ore and pellets this year. Shipments should accelerate in the second half of 2003, as a result of investments made.

In 2Q03, 2.3 million tons of iron ore were acquired from mines located in the Iron Quadrangle region in the State of Minas Gerais in order to fulfil client commitments, given the excess demand prevailing in the seaborne market. In 1H03, CVRD purchased 5.1 million tons of iron ore from third parties.

As a reflection of the considerable demand expansion, demurrage expenditures reached US\$ 12 million in 2Q03 relative to US\$ 8 million 2Q02. These expenditures totalled US\$ 21 million in 1H03, showing an increase of 75% when compared to 1H02, which amounted to US\$ 12 million.

CVRD purchased 2.1 million tons of pellets from the pelletizing joint ventures (Nibrasco, Kobrasco, Itabrasco and Hispanobras) in the 2Q03 to resell to its clients as it happens in the normal course of business. There was a reduction vis-a-vis the purchases executed during 1Q03, of 3.3 million tons.

China continued to be the main export market for the Parent Company's iron ore in 2Q03, importing 4.8 million tons, followed by Japan with 4.1 million tons and Germany with 2.8 million tons. Sales to China in 1H03, totalling 10.2 million tons, were up 8.5% in relation to the same period last year.

As we have previously mentioned, with the capacity expansion at Carajas coming on stream, combined with the completion of Pier III at the Ponta da Madeira maritime terminal, the investments in locomotives and wagons, as well as faster ship loading rates at the port of Tubarao, CVRD will be in a better position to

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further benefit from the increase in global demand in 2004.

| VOLUME SOLD - IRON ORE AND PELLETS | | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|-----------|
| | | | | | | '000 tons |
| | 2Q02 | % | 1Q03 | % | 2Q03 | % |
| Iron ore | 36,142 | 88.0% | 36,380 | 85.6% | 36,321 | 87.5% |
| Pellets | 4,947 | 12.0% | 6,139 | 14.4% | 5,175 | 12.5% |
| Total | 41,089 | 100.0% | 42,519 | 100.0% | 41,496 | 100.0% |

Sales of manganese, of 337,000 tons, were up 180.8% in relation to 2Q02, while sales of ferro-alloys amounted to 103,000 tons in 2Q03, compared to 93,000 in 2Q02. The substantial increase in the sales volume is due to manganese sinter feed sales to China.

Alumina sales, with Alunorte's module 3 coming online, continue to grow, amounting to 604,000 tons in 2Q03, which represents an increase of 10.6% in relation to the previous quarter. The company has been maintaining the same level of shipment of primary aluminum, having sold 51,000 tons in 2Q03, compared to 53,000 tons in 2Q02.

Sales of potash totalled 149,000 tons, down 22.4% in relation to 2Q02. The Taquari-Vassouras mine operated slightly above its nominal capacity of 600,000 tons a year. In 2002, the sale of 731,000 tons was made possible by significantly drawing down on inventory. Potash is another area which has excellent growth potential: the Company is facing excess demand, and the expansion project to increase production capacity at the mine to 850,000 tons is due for completion by the middle of 2005.

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US GAAP

Reflecting the falling production, due to the closure of Igarape Bahia and the fact that Fazenda Brasileiro is nearing exhaustion, sales of gold in 2Q03 amounted to 19,800 troy ounces, compared to 111,800 in 2Q02.

Kaolin sales reached 84,000 tons against 74,000 tons in the 2Q02. In 1H03, shipments of this industrial mineral totalled 192,000 tons, up 31.5% compared to that of 1H02. Therefore, as a result of changes in the marketing policies, including the launch of a new product, the Paraprint, it is expected that sales volumes will amount to 400,000 tons this year. This will allow CVRD to increase the use of its installed capacity.

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| VOLUME SOLD - OTHER PRODUCTS | | | |
|------------------------------|-----------|--------|--------|
| | '000 tons | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Gold (ounces) | 111,854 | 25,753 | 19,773 |
| Manganese | 120 | 206 | 337 |
| Ferro-alloys | 93 | 113 | 103 |
| Alumina | 106 | 546 | 604 |
| Aluminum | 53 | 49 | 51 |
| Bauxite | 407 | 189 | 262 |
| Potash | 192 | 158 | 149 |
| Kaolin | 74 | 108 | 84 |

General cargo transported by the railroads - EFVM and EFC - amounted to 4.298 billion ntk, which set a new quarterly record, showing an increase of 17.6% on 2Q02.

Cargo handling for clients in CVRD's ports and maritime terminals amounted to 7.227 million tons, an increase of 16.4% on 2Q02.

A large part of the performance in logistics services can be explained by the Company's exploitation of opportunities provided by agricultural production, especially grains, in which segment CVRD transports approximately 15% of the harvest destined for the export market, and by the increase in the Brazilian steel production of 8.4% in 1H03. Various initiatives are in the process of being introduced, or have already been implemented, enabling the Company to take advantage of potential growth in this business segment. Of particular note are contracts for the transportation of soybeans, sugar for export, the launching of express train services, the development of new services for the transportation of steel products and the fact that the Company has started to provide logistics solution services for the industrial installations of various large Brazilian companies and multinationals.

| VOLUME SOLD - LOGISTICS SERVICES | | | |
|----------------------------------|-----------|-------|-------|
| | '000 tons | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Railroads (million ntk) | 3,655 | 3,389 | 4,298 |
| Ports | 6,211 | 5,575 | 7,227 |

Gross revenues generated in 2Q03 amounted to US\$ 1.219 billion, an increase of 14.5% in relation to 2Q02.

2Q03

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Revenues from the sale of iron ore, of US\$ 591 million, accounted for 48.5% of total revenue, up 8.2% on the figure in 2Q02, of US\$ 546 million.

The average iron ore sale price in 2Q03 amounted to US\$ 16.26 per ton, an increase of 7.6% on the prices prevailing in 2Q02, of US\$ 15.11 per ton. Revenues in 2Q03 incorporated only a small percentage of the retrospective price adjustments for sales completed during 1H03.

Sales of pellets generated US\$ 159 million in 2Q03, compared to US\$ 149 million in 2Q02.

Pellet plants operation services of the five pellet joint ventures at Tubarao were responsible for revenues of US\$ 11 million in 2Q03.

Shipments of manganese and ferro-alloys generated revenues of US\$ 89 million in 2Q03, an increase of 50.8% compared to 2Q02. This increase resulted from the volume and price expansion of the alloys sold.

Sales of products in the aluminum chain (bauxite, alumina and primary aluminum), also recorded an increase in revenues, which amounted to US\$ 188 million in 2Q03 compared to US\$ 98 million in 2Q02. The consolidation of Alunorte, which only occurred in 3Q02, explains this increase, as well as the actual improvement in alumina sales and the rise in prices.

Sales of gold reached in 2Q02 only US\$ 7 million against US\$ 35 million in 2Q02, due to factors already mentioned. However, revenues from kaolin are increasing having totalled US\$ 14 million in 2Q03, a growth of 55.6% yoy. Such evolution is explained not only by higher volumes but also by higher average prices.

Revenue generation from logistics services, of US\$ 138 million in 2Q03, increased 5.3% in relation to that of 2Q02. In the 2Q03, railroad transportation was responsible for US\$ 79 million of such revenues, port services accounted for US\$ 33 million, shipping accounted for US\$ 21 million and port services support accounted for US\$ 5 million.

The rise in logistics revenues can be explained by the increase in the volumes handled by railroads and ports and by the appreciation of 19.5% of the Real against the US dollar, given that these revenues are almost 90% denominated in local Brazilian currency.

Total CVRD sales to the domestic market amounted to US\$ 405 million, accounting for 33.2% of total revenues in 2Q03. Revenues from sales to Europe and Asia, respectively, amounted to US\$ 375 million and US\$ 265 million, representing 30.8% and 21.7% of the total revenue.

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| GROSS REVENUE BY PRODUCT | | | |
|---------------------------------|--------------|-------|-------|
| | million US\$ | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Iron Ore | 546 | 549 | 591 |
| Pellet plant operation services | 9 | 8 | 11 |
| Pellets | 149 | 189 | 159 |
| Gold | 35 | 9 | 7 |
| Logistics services | 131 | 115 | 138 |
| Aluminum, alumina and bauxite | 98 | 167 | 188 |
| Manganese and ferro-alloys | 59 | 75 | 89 |
| Potash | 24 | 21 | 21 |
| Kaolin | 9 | 16 | 14 |
| Others | 5 | 4 | 1 |
| Total | 1,065 | 1,153 | 1,219 |

| GROSS REVENUE BY DESTINATION | | | |
|------------------------------|--------------|-------|-------|
| | million US\$ | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Domestic market | 345 | 356 | 405 |
| External market | 720 | 797 | 814 |
| USA | 30 | 57 | 42 |
| Europe | 378 | 378 | 375 |
| Japan | 69 | 86 | 122 |
| Asian emerging economies | 142 | 149 | 143 |
| Rest of World | 101 | 127 | 132 |
| Total | 1,065 | 1,153 | 1,219 |

NET EARNINGS OF US\$ 456 MILLION

Net earnings in 2Q03 amounted to US\$ 456 million, an increase of US\$ 470 million

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vis-a-vis the loss of US\$ 14 million posted in 2Q02. In 1H03 the Company generated net earnings of US\$ 810 million.

The increases in net operating revenue of US\$ 149 million and equity income of US\$ 117 million contributed to the improvement in the result relative to 2Q02. At the same time, the 16.9% appreciation of the Real against the US dollar, which occurred between March and June 2003 caused, due to the impact on net liabilities in US dollars, an exchange rate gain of US\$ 257 million in 2Q03, making a significant contribution to profits in this quarter.

The growth in sales of the majority of the products and the logistics services explains the revenue increase which took place in 2Q03 vis-a-vis 2Q02.

2Q03

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US GAAP

The companies from the aluminum division generated, via equity participation, additions to the bottom line in the amount of US\$ 47 million and iron ore and pellet companies, US\$ 45 million. Both divisions delivered a good contribution to the net income of 2Q03. Albras generated equity participation income of US\$ 40 million, Samarco US\$ 23 million, Caemi US\$ 7 million, Kobrasco US\$ 6 million, GIIC US\$ 4 million. The Logistics division contributed a negative US\$ 72 million to net income due to a US\$ 73 million loss in FCA. This result is due to changes in the accounting treatment of the appropriation of leasing and concessions expenditures. Such changes were undertaken in order to put into practice at FCA the best accounting practices enabling the future consolidation of FCA into CVRD.

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| RESULT FROM SHAREHOLDINGS | | | |
|-------------------------------|--------------|------|------|
| | million US\$ | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Steel | (2) | 19 | 16 |
| Aluminum, Alumina and bauxite | (37) | 48 | 47 |
| Logistics | (40) | (11) | (72) |
| Pellets | (5) | 26 | 35 |
| Iron ore | 1 | 7 | 10 |
| Others | 1 | 5 | (1) |

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| | | | |
|-------|------|----|----|
| Total | (82) | 94 | 35 |
|-------|------|----|----|

The positive effect of exchange rate variation on profits, the increase in revenues and the improved equity income result, were partially offset by an increase, compared to 2Q02, of US\$ 289 million in provisions for the payment of income tax and social contribution and a rise of US\$ 82 million in the cost of goods sold (COGS).

The different timing of the increase in the pre-tax profits and the capacity to generate fiscal credits via the payment of interest on shareholders equity contributed for the increase of the effective tax rate. Therefore, in the 2Q03, there were provisions of US\$ 160 million in addition to the provision of US\$ 71 million taken in the 1Q03.

Part of the increase in COGS was due to the consolidation of Alunorte, whose COGS amounted to US\$ 73 million. This produced an impact which is spread over the several components of the overall COGS, except for the expenses related to the acquisition of iron ore and pellets and to demurrage.

The acquisition of iron ore and pellets was reduced by US\$ 18 million due to the decrease in the purchase of pellets from the joint ventures, of 3.1 million tons in 2Q02 against 2.1 million tons in 2Q03. Concerning the demurrage expenditures, the increase amounted to US\$ 4 million in 2Q03 vis-a-vis 2Q02.

The growth experienced in the cost of materials is, in good part, a consequence of the increase in production and maintenance expenses.

2Q03

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US GAAP

COGS BREAKDOWN

| | million US\$ | | |
|-----------------------------|--------------|------|------|
| | 2Q02 | 1Q03 | 2Q03 |
| Personnel | 72 | 54 | 63 |
| Material | 112 | 154 | 180 |
| Fuel Oil and Gases | 87 | 81 | 99 |
| Energy | 101 | 120 | 83 |
| Contracted Services | 111 | 135 | 125 |
| Product Purchases | 58 | 41 | 47 |
| Depreciation and Exhaustion | 22 | 21 | 28 |
| Others | 25 | 35 | 45 |

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| | | | |
|-------|-----|-----|-----|
| Total | 588 | 641 | 670 |
|-------|-----|-----|-----|

CASH GENERATION

Adjusted EBITDA in 2Q03 amounted to US\$ 490 million, an increase of 15.3% relative to 2Q02.

Of this total, US\$ 36 million corresponds to dividends received from affiliates and joint ventures, where Samarco contributed the largest portion, of US\$ 25 million. In addition to this contributions, an adjustment of US\$ 12 million was made due to the write-off of assets at the Sao Luis pellet plant, which was a non-recurring event.

Adjusted accumulated EBITDA in the 12-month period ending June 2003 amounted to US\$ 1.890 billion compared to US\$ 1.587 billion for the same period ended June 2002, showing an increase of 19.1%.

Adjusted EBITDA in 2Q03 registered an increase of US\$ 65 million in comparison to that of 2Q02. The main factors behind this difference were the US\$ 149 million increase in net operating revenues and the drop of US\$ 15 million in sales, general and administrative expenses. On the other hand, COGS suffered an increase of US\$ 82 million and other operating expenses were US\$ 16 million higher than the same period last year, partially offset by the US\$ 12 million adjustment related non-recurring items within this line.

The ferrous mineral businesses produced adjusted EBITDA of US\$ 397 million in 2Q03, maintaining its percentage share of total adjusted EBITDA almost constant at 81.0%. Logistics services contributed US\$ 58 million, with this area's percentage of the Company's adjusted total EBITDA rising from 8.7% in 1Q03 to 11.8% in 2Q03. The aluminum businesses contributed US\$ 27 million to adjusted Ebitda, 5.5% of the total.

The adjusted EBITDA for non-ferrous minerals (gold, potash and kaolin) totalled zero in 2Q03 due to losses in the gold operations. Given the relative weight of the fixed costs in the total cost structure, the operation of the Fazenda Brasileiro mine at current production levels became unprofitable for CVRD.

2Q03

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US GAAP

QUARTERLY ADJUSTED EBITDA

| | million US\$ | | |
|------------------------|--------------|-------|-------|
| | 2Q02 | 1Q03 | 2Q03 |
| Net Operating Revenues | 1,021 | 1,110 | 1,170 |
| COGS | (588) | (641) | (670) |
| S, G & A Expenses | (60) | (49) | (45) |

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| | | | |
|---|------|------|------|
| Research and Development | (12) | (11) | (12) |
| Other Operational Expenses | (27) | (46) | (55) |
| ADJUSTED EBIT | 334 | 363 | 388 |
| Depreciation, amortization & exhaustion | 61 | 43 | 54 |
| Dividends Received | 30 | 36 | 36 |
| Adjustment for non-recurring items (asset impairment) | 0 | 0 | 12 |
| ADJUSTED EBITDA | 425 | 442 | 490 |

ADJUSTED EBITDA BY BUSINESS AREA

| | million US\$ | | | | | |
|----------------------|--------------|------|------|------|------|------|
| | 2Q02 | % | 1Q03 | % | 2Q03 | % |
| Ferrous Minerals | 360 | 84.7 | 357 | 80.8 | 397 | 81.0 |
| Non-ferrous Minerals | 22 | 5.2 | 9 | 2.0 | - | - |
| Logistics | 37 | 8.7 | 38 | 8.6 | 58 | 11.8 |
| Aluminum | 6 | 1.4 | 32 | 7.2 | 27 | 5.5 |
| Others | - | - | 6 | 1.4 | 8 | 1.7 |
| Total | 425 | 100 | 442 | 100 | 490 | 100 |

DEBT

The Company's total debt as of June 30, 2003 amounted to US\$ 3.282 billion, down US\$ 632 million relative to June 30, 2002. Net debt, of US\$ 2.316 billion, was reduced by only US\$ 26 million compared to the balance one year ago.

Total debt was equivalent to 1.74 times adjusted EBITDA accumulated in the 12 months ending June 30, 2003 and the ratio of adjusted EBITDA /interest paid was 12 times.

Interest expenses included only a small portion of financial expenses related to the Company's debt, as shown in the table below:

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2Q03

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US GAAP

| FINANCIAL EXPENSES | | |
|---------------------------------------|--------------|------|
| | million US\$ | |
| Financial Expenses on: | 1Q03 | 2Q03 |
| Local Debt | (5) | (4) |
| External Debt | (39) | (35) |
| Debt with Related Parties | (5) | (2) |
| Total Debt-related Financial Expenses | (49) | (41) |
| Gross Interest on: | | |
| Tax and Labour Contingencies | (6) | (6) |
| Tax on Financial Transactions (CPMF) | (4) | (5) |
| Derivatives | (8) | 4 |
| Others | (15) | (16) |
| Total | (82) | (64) |

Guarantees provided to affiliates and joint ventures amounted to US\$ 484 million as of June 30, 2003, lower than the balance on June 30, 2002 when it amounted to US\$ 531 million. Guarantees and loans contracted by Albras constitute approximately 64% of this total. The total debt of this company as of June 30, 2003 amounted to US \$400 million, with a total debt/LTM adjusted EBITDA ratio of 1.8 times.

| DEBT INDICATORS | | | |
|--------------------------------------|--------------|-------|-------|
| | million US\$ | | |
| | 2Q02 | 1Q03 | 2Q03 |
| Gross Debt | 3,914 | 3,314 | 3,282 |
| Net Debt (5) | 2,342 | 2,030 | 2,316 |
| Gross Debt / LTM adjusted EBITDA (x) | 2.47 | 1.82 | 1.74 |

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| | | | |
|---|------|------|-------|
| Adjusted EBITDA / Interest expenses (4) (x) | 6.85 | 9.02 | 11.95 |
| Gross Debt / Total assets (x) | 0.27 | 0.24 | 0.23 |

CAPEX

The following are operational data related to investments. For aggregate GAAP information on capital expenditures, see the cash flow statement at the end of this document.

Investments carried out in 2Q03 amounted to US\$ 407.3 million, totalling US\$ 647.6 million in the first half of 2003.

US\$ 215.4 million were spent on projects - 52.9% of the total capital expenditure - US\$ 9.4 million on iron ore mining in the Southern System, US\$ 23.8 million on iron ore mining in the Northern System, US\$ 3.4 million on the conversion of RDMN into a producer of manganese ferro-alloys and US\$ 41.5 million on logistics. An amount of US\$ 87.5 million was allocated to the Sossego copper project, US\$ 21 million to conclude Alunorte's capacity expansion and US\$ 6.9 million to the Taquari - Vassouras potash mine production capacity expansion.

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The main ongoing projects are displayed below:

| Area | Project | Investment carried out in 1Q03 | Investment carried out in 2Q03 | Status |
|------------------|--|--------------------------------|--------------------------------|---|
| Ferrous Minerals | Increasing iron ore production capacity in the Northern System | US\$ 6.1 million | US\$ 7.7 million | It is expected that the Northern operating with an annual production of 1 million tons in 1Q04, therefore management will accelerate the expansion in production approximately 12 months. Investment is estimated at US\$ 144.4 million expenditure on the mine, railroad |
| | Pier III of the Ponta da Madeira Maritime Terminal (TMPM) | US\$ 2.1 million | US\$ 2.8 million | Completion expected for January 2004. Implementation is proceeding according to schedule and capex is estimated at US\$ 33.5 million. Pier III will have a loading capacity of 1 million tons a year, enhancing the capacity of 1 million tons a year. |
| | Iron ore | US\$ 146,000 | US\$ 296,000 | First phase due for completion by |

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| | | | | |
|----------------------|---|-------------------|-------------------|--|
| | mine at Brucutu - Southern System | | | mine will have a production capacity of 3 million tons a year. The project is proceeding on schedule. Total investment is estimated at US\$ 219.9 million, of which US\$ 19.7 million is programmed for 2003. |
| | Iron ore mine at Fabrica Nova - Southern System | US\$ 637,000 | US\$ 2.5 million | Completion estimated for 2005. 30% of the investment has already been carried out. Project development is proceeding on schedule. The Fabrica Nova mine will have a capacity of 10 million tons a year, reaching 15 million by 2009. Total investment expenditure is budgeted at US\$ 84 million, with programmed spending of US\$ 39.6 million. |
| | Conversion of RDMN | US\$ 3.6 million | US\$ 3.4 million | Capital expenditure on the conversion (which should be completed by the end of 2003) is budgeted at US\$ 15 million and will enable the plant to produce 110,000 tons a year of ferro-alloys. |
| Non Ferrous Minerals | Sossego copper mine | US\$ 40.5 million | US\$ 87.5 million | Completion estimated for first half of 2003. The total investment in the project has been carried out, 78% of the investment has been completed. The first tests should be completed. The project is slightly ahead of schedule. |
| | Expansion of Taquari -Vassouras Potassium Mine | US\$ 4.0 million | US\$ 6.9 million | Completion estimated for mid 2005. Total investment for the project is US\$ 10 million. The project is on schedule. With the expansion, the mine's capacity will be augmented to 850,000 tons a year. |
| Aluminum | Expansion of Alunorte | US\$ 32.1 million | US\$ 21 million | Project concluded in 1Q03, with the start of the third line at Alunorte, increasing the capacity of the refinery to 2.4 million tons of alumina. Around US\$300 million has been invested in this project. |
| Logistics | Purchase of locomotives and wagons | US\$ 18.9 million | US\$ 35.3 million | Of the 2,010 wagons and 77 locomotives to be purchased by the end of 2003, 1,000 wagons and 40 locomotives have already been received. Part of this equipment will be for use in the production of general cargo and part for iron ore. Total investment estimated at US\$ 35.3 million, of which US\$ 18.9 million has already been made. |
| | Praia Mole Terminal (Phases I & II) | US\$ 707,000 | US\$ 1.5 million | Phase I was completed in April 2003. Completion of Phase II (scheduled for the end of 2003) will increase the terminal's handling capacity to 2 million tons a year. Total investment is estimated at US\$ 20.9 million. |

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| | | | | |
|---------------------|---|------------------|------------------|---|
| Power Generation | Aimores Hydro- electric Plant | US\$ 6.4 million | US\$ 7.6 million | Full operation postponed to October of the delay in the relocation of community, due to legal issues. The plant is proceeding on schedule itself will be completed within timetable, but will not be able to electricity as the water reservoir |
| | Candongá Hydro- electric plant | US\$ 6.7 million | US\$ 5.4 million | Completion scheduled for November project's total estimated investment million, has already been carried Implementation of the project is scheduled. |

Of the total amount invested in 2Q03, US\$56 million, or 13.6%, was spent on maintenance and the environment. Capital infusions amounted to US\$62.8 million (15.4% of the total invested), in CFN, FCA, Companhia Mineradora Andino Brasileira (CMAB) and Companhia Mineradora Latino Americana (CMLA). CMAB and CMLA are both mineral exploration companies located in Chile and Peru, respectively.

The purchase of CST shares, for US\$ 58 million, accounted for 14.2% of the total spent this quarter.

Expenditure on mineral prospecting and technological research amounted to US\$ 8.6 million. US\$ 6.5 million were spent on information technology, US\$ 3 million of which was allocated to the introduction of the ERP (Enterprise Resource Planning) system.

Of the total invested in 2Q03, the non-ferrous mineral area accounted for 25.6%, ferrous minerals, 20.4%, logistics, 19.4% while aluminum accounted for 5.4%.

INVESTMENTS - 2Q03

| By business area | US\$ million | % | By category | US\$ million |
|----------------------|--------------|-------|---------------------------|--------------|
| Ferrous Minerals | 83.3 | 20.4% | Capital infusions | |
| Logistics | 79.1 | 19.4% | Maintenance & Environment | |
| Non-ferrous Minerals | 104.4 | 25.6% | Projects | |
| Aluminum | 22.2 | 5.4% | Mineral Prospecting | |
| Power Generation | 16.0 | 3.9% | Information Technology | |
| Others | 102.4 | 25.1% | Technological Research | |
| Total | 407.3 | 100% | Total | |

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| FINANCIAL STATEMENTS | | | |
|--|--------------|-------|-------|
| | million US\$ | | |
| | 2Q 02 | 1Q 03 | 2Q 03 |
| Gross operating revenues | 1,065 | 1,153 | 1,219 |
| Taxes | (44) | (43) | (49) |
| Net Operating Revenue | 1,021 | 1,110 | 1,170 |
| Cost of Goods Sold | (588) | (641) | (670) |
| Gross Profit | 433 | 469 | 500 |
| Gross Margin (%) | 42.4 | 42.3 | 42.7 |
| Selling, General and Administrative Expenses | (60) | (49) | (45) |
| Research and Development Expenses | (12) | (11) | (12) |
| Employee Profit-Sharing | 3 | (12) | (9) |
| Others | (30) | (34) | (46) |
| Operating Profit | 334 | 363 | 388 |
| Financial Revenues | 44 | 28 | 29 |
| Financial Expenses | (117) | (82) | (64) |
| Monetary Variation | (326) | 50 | 257 |
| Tax and Social Contribution (Current) | 3 | (6) | (135) |
| Tax and Social Contribution (Deferred) | 126 | (65) | (25) |
| Equity Income | (82) | 94 | 35 |
| Accounting Changes for Asset Write-offs | - | (10) | - |
| Minority Shareholding Participation | 4 | (18) | (29) |
| Net Earnings | (14) | 354 | 456 |
| Earnings per Share (US\$) | (0.04) | 0.92 | 1.19 |

BALANCE SHEET

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| | million US\$ | | |
|----------------------|--------------|--------------|--------------|
| | 2Q02 | 1Q03 | 2Q03 |
| Assets | | | |
| Current | 3,069 | 2,696 | 2,482 |
| Long-term | 1,459 | 1,407 | 1,727 |
| Fixed | 4,733 | 4,485 | 5,574 |
| Total | 9,261 | 8,588 | 9,783 |
| Liabilities | | | |
| Current | 1,915 | 1,638 | 2,044 |
| Long Term | 3,374 | 3,310 | 3,177 |
| Shareholders' Equity | 3,972 | 3,640 | 4,562 |
| Paid-up Capital | 2,944 | 2,944 | 3,367 |
| Reserves | 1,028 | 696 | 1,195 |
| Total | 9,261 | 8,588 | 9,783 |

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CASH FLOW STATEMENT

| | 2Q 02 |
|---|-------|
| Cash flows from operating activities: | |
| Net income | (14) |
| Adjustments to reconcile net income with cash provided by operating activities: | |
| Depreciation, depletion and amortization | 61 |
| Dividends received | 30 |
| Equity in results of affiliates and joint ventures and change in provision for losses on equity investments | 82 |

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| | |
|--|-------|
| Deferred income taxes | (126) |
| Provisions for contingencies | 46 |
| Impairment of property, plant and equipment | 49 |
| Gain in accounting practice for asset retirement obligations | - |
| Pension plan | 3 |
| Foreign exchange and monetary losses | 467 |
| Net unrealized derivative losses | 7 |
| Minority interest | (4) |
| Others | 68 |
| Decrease (increase) in assets: | |
| Accounts receivable | (16) |
| Inventories | (26) |
| Others | (39) |
| Increase (decrease) in liabilities: | |
| Suppliers | (5) |
| Payroll and related charges | 7 |
| Others | 22 |
| Net cash provided by operating activities | 612 |
| Cash flows from investing activities: | |
| Loans and advances receivable | 21 |
| Guarantees and deposits | (29) |
| Additions to investments | - |
| Additions to property, plant and equipment | (172) |
| Proceeds from disposals of property, plant and equipment | 1 |
| Net cash used to acquire subsidiaries | (45) |
| Net cash used in investing activities | (224) |
| Cash flows from financing activities: | |
| Short-term debt, net issuances (repayments) | (166) |
| Loans | (4) |
| Long-term debt | 72 |

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| | |
|---|-------|
| Repayments of long-term debt | (79) |
| Interest attributed to stockholders | (329) |
| Net cash used in financing activities | (506) |
| Increase (decrease) in cash and cash equivalents | (118) |
| Effect of exchange rate changes on cash and cash equivalents | (318) |
| Cash and cash equivalents, beginning of period | 2,008 |
| Cash and cash equivalents, end of period | 1,572 |
| Cash paid during the period for: | |
| Interest on short-term debt | (10) |
| Interest on long-term debt, net of interest capitalized of \$4 in 1Q03, \$5 in 1Q02 and \$4 in 4Q02 | (33) |
| Interest capitalized | 5 |
| Income tax | (4) |
| Non-cash transactions | |
| Conversion of loans receivable to investments | - |

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US GAAP

Ferrous Minerals Companies

FINANCIAL INDICATORS - UNAUDITED

| | million US\$ | | |
|--------------------------|--------------|-------|-------|
| HISPANOBRAS | 2Q 02 | 1Q 03 | 2Q 03 |
| Volume Sold ('000 tons) | 836 | 905 | 890 |
| Export Markets | 356 | 268 | 625 |
| Domestic Market | 480 | 637 | 265 |
| Average Price (US\$/ton) | 31.56 | 29.75 | 36.33 |
| Operating Profit | 2 | 3 | 6 |

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| | | | |
|--------------------------|-------|-------|-------|
| Net Financial Result | 3 | (1) | (2) |
| Net Earnings | 3 | 1 | 4 |
| NIBRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Volume Sold ('000 tons) | 2,257 | 1,800 | 1,847 |
| Export Markets | 686 | 469 | 513 |
| Domestic Market | 1,571 | 1,331 | 1,334 |
| Average Price (US\$/ton) | 31.36 | 27.75 | 27.03 |
| Operating Profit | 6 | 2 | (1) |
| Net Financial Result | (1) | - | - |
| Net Earnings | 3 | 1 | (1) |
| Total Debt | 4 | 3 | 2 |
| - Short Term | 2 | 2 | 2 |
| - Long Term | 2 | 1 | - |
| ITABRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Volume Sold ('000 tons) | 702 | 813 | 843 |
| Export Markets | 533 | 306 | 778 |
| Domestic Market | 169 | 507 | 65 |
| Average Price (US\$/ton) | 28.30 | 29.54 | 35.25 |
| Operating Profit | 1 | 2 | 7 |
| Net Financial Result | 3 | (1) | (2) |
| Net Earnings | 2 | - | 3 |
| Total Debt | 17 | 5 | - |
| - Short Term | - | - | - |
| - Long Term | 17 | 5 | - |
| KOBRASCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Volume Sold ('000 tons) | 1,012 | 1,134 | 1,128 |
| Export Markets | 534 | 453 | 667 |
| Domestic Market | 478 | 681 | 461 |
| Average Price (US\$/ton) | 29.30 | 30.39 | 30.35 |

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| | | | |
|----------------------|------|-----|-----|
| Operating Profit | 1 | 5 | 2 |
| Net Financial Result | (27) | 5 | 16 |
| Net Earnings | (17) | 6 | 11 |
| Total Debt | 143 | 124 | 102 |
| - Short Term | - | - | - |
| - Long Term | 143 | 124 | 102 |

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FINANCIAL INDICATORS - UNAUDITED

| | million US\$ | | |
|--|--------------|-------|-------|
| SAMARCO | 2Q 02 | 1Q 03 | 2Q 03 |
| Volume Sold - Export Markets ('000 tons) | 3,436 | 3,988 | 4,277 |
| Average Price (US\$/ton) | 28.78 | 27.59 | 30.98 |
| Adjusted EBITDA | 41 | 56 | 45 |
| Depreciation, Amortization and depletion | (6) | (5) | (6) |
| Operating Income | 35 | 51 | 39 |
| Impairment / Gain on Sale | - | (1) | 6 |
| Net Financial Result | (37) | - | 8 |
| Income before Income Tax and Social Contribution | (2) | 50 | 53 |
| Income Tax and Social Contribution | (3) | (12) | (7) |
| Net Income | (5) | 38 | 46 |
| Total Debt | 268 | 179 | 188 |
| - Short Term | 181 | 123 | 138 |
| - Long Term | 87 | 56 | 50 |

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| GIIC* | 2Q 02 | 1Q 03 | 2Q 03 |
|---------------------------|-------|-------|-------|
| Volume Sold - ('000 tons) | 676 | 772 | 1,178 |
| Export Markets | 676 | 772 | 1,178 |
| Average Price (US\$/ton) | 40.30 | 41.00 | 43.30 |
| Operating Income | 1 | 4 | 8 |
| Net Income | 1 | 4 | 8 |
| Total Debt | 40 | 35 | 35 |
| - Long Term | 40 | 35 | 35 |

*Financial indicators calculated according to standards set down by the International Accounting Standards Committee

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US GAAP

Aluminum Companies

FINANCIAL INDICATORS - UNAUDITED

| | million US\$ | | |
|--------------------------|--------------|-------|-------|
| MRN | 2Q02 | 1Q03 | 2Q03 |
| Volume Sold ('000 tons) | 2,611 | 2,196 | 3,512 |
| Export Markets | 790 | 711 | 958 |
| Domestic Market | 1,821 | 1,485 | 2,554 |
| Average Price (US\$/ton) | 18.34 | 19.23 | 18.98 |
| Operating Profit | 37 | 14 | 29 |
| Net Financial Result | 13 | (2) | (12) |
| Net Earnings | 38 | 10 | 15 |
| Total Debt | 109 | 113 | 200 |
| - Short Term | 19 | 44 | 134 |
| - Long Term | 90 | 69 | 66 |

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| ALBRAS | 2Q02 | 1Q03 | 2Q03 |
|--|----------|----------|----------|
| Volume Sold ('000 tons) | 110 | 103 | 106 |
| Export Markets | 108 | 99 | 102 |
| Domestic Market | 2 | 4 | 4 |
| Average Price (US\$/ton) | 1,332.13 | 1,337.98 | 1,326.07 |
| Adjusted EBITDA | 58 | 56 | 50 |
| Depreciation, Amortization and depletion | (4) | (3) | (4) |
| Impairment / Gain on Sale | - | - | (3) |
| Operating Income | 54 | 53 | 43 |
| Net Financial Result | (125) | 30 | 58 |
| Income before Income Tax and Social Contribution | (71) | 83 | 101 |
| Income Tax and Social Contribution | 2 | (4) | (24) |
| Net Income | (69) | 79 | 77 |
| Total Debt | 556 | 451 | 400 |
| - Short Term | 49 | - | - |
| - Long Term | 507 | 451 | 400 |
| VALESUL | 2Q02 | 1Q03 | 2Q03 |
| Volume Sold ('000 tons) | 24 | 19 | 24 |
| Export Markets | 12 | 9 | 15 |
| Domestic Market | 12 | 10 | 9 |
| Average Price (US\$/ton) | 1,663.20 | 1,730.60 | 1,685.82 |
| Operating Profit | 8 | 9 | 3 |
| Net Financial Result | - | - | - |
| Net Earnings | 6 | 8 | 1 |
| Total Debt | 2 | 2 | 2 |
| - Short Term | 1 | 1 | 1 |
| - Long Term | 1 | 1 | 1 |

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APPENDIX

Reconciliation of non-GAAP information and comparable GAAP information

(1) Adjusted EBITDA

The term "EBITDA" refers to a financial measure that is defined as earnings (losses) before interest, taxes, depreciation and amortisation; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes monetary gains/losses, equity in results of affiliates and joint ventures less dividends received from those companies, changes in provision for losses on equity investments, adjustments for changes in accounting practices, minority interests and non-recurring expenses. However, Adjusted EBITDA is not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles Adjusted EBITDA to net cash provided by (used in) operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

| RECONCILIATION BETWEEN ADJUSTED EBITDA VS. OPERATING CASH FLOW | | |
|--|--------------|------|
| | US\$ million | |
| | 1Q03 | 2Q03 |
| Operating Cash Flow | 356 | 452 |
| Income tax paid | 6 | 27 |
| Monetary and Foreign Exchange Losses | 92 | 1 |
| Financial Expenses | 41 | 32 |
| Net Working Capital | (45) | (31) |
| Others | (8) | 9 |
| Adjusted EBITDA | 442 | 490 |

(2) Adjusted EBITDA Margin

| | 2Q02 | 1Q03 | 2Q03 |
|---|------|------|------|
| Adjusted EBITDA Margin (Adjusted EBITDA/Net Revenues) | 41.6 | 39.8 | 41.9 |
| Operating Income / Net Revenues | 32.7 | 32.7 | 33.2 |

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(3) Gross Debt / Adjusted LTM EBITDA

| | 2Q02 | 1Q03 | 2Q03 |
|--------------------------------------|------|------|------|
| Gross debt / adjusted LTM EBITDA (x) | 2.47 | 1.82 | 1.74 |
| Gross Debt/Operating Cash Flow (x) | 1.60 | 2.32 | 1.82 |

(4) Adjusted EBITDA/ Interest Expense

| | 2Q02 | 1Q03 | 2Q03 |
|--|------|------|------|
| Adjusted EBITDA/ Interest Expense Adjusted (x) | 6.9 | 9.0 | 12.0 |
| Operating Income/Financial Expense (x) | 2.9 | 4.4 | 6.1 |

(5) Net Debt

RECONCILIATION BETWEEN ADJUSTED EBITDA VS. OPERATING CASH FLOW

| | US\$ million | | |
|----------------------|--------------|-------|-------|
| | 2Q02 | 1Q03 | 2Q03 |
| Gross Debt | 3,914 | 3,314 | 3,282 |
| Cash and Equivalents | 531 | 499 | 484 |
| Net Debt | 2,342 | 2,030 | 2,316 |

2Q03

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US GAAP

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

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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)

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Date: August 18, 2003

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa
Chief Financial Officer