VALLEY OF THE RIO DOCE CO
Form 6-K
May 17, 2004

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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

May 2004

Valley of the Rio Doce Company

(Translation of Registrant s name into English)

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

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

(Check One) Form 20-F [X] Form 40-F [ ]

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

(Check One) Yes [ ] No [X]

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(Check One) Yes [ ] No [X]

(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 [X]

(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
LATIBEX: XVALO, XVALP

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

Except where otherwise indicated, the operational and financial information in this press release is for the Parent Company and calculated in accordance with generally accepted accounting principles in Brazil (Brazilian GAAP). With the exception of information relating to investments and the behavior of markets, it is based on quarterly financial statements reviewed by the company s external auditors.

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Rio de Janeiro, May 12, 2004 Companhia Vale do Rio Doce (CVRD) reported net earnings of R$ 954 million in the first quarter of 2004 (1Q04), corresponding to R$ 2.48 per share 20.5% higher than in the previous quarter, and 18.0% less than in 1Q03.

Gross operating revenues was R$ 2.731 billion, 8.5% more than in the first quarter of 2003 and 5.0% less than in 4Q03. Consolidated exports were US$ 1.012 billion, 26.7% higher than in 1Q03. Net exports (exports less imports) were US$ 864 million, or 14% of Brazil s total trade surplus for the first three months of the year.

EBITDA recorded in the first quarter was R$ 1.342 billion, the third-highest quarterly EBITDA in CVRD s history, and EBITDA margin (EBITDA as a percentage of net revenues) was 51.5%, higher than the full year 2003 (48.7%), 2002 (48.3%), 2001 (51.0%) and 2000 (48.3%).

Sales of iron ore and pellets were 43.256 million tons, 18.9% more than in 1Q03. The volume of general cargo (other than iron ore and pellets) transported for clients on CVRD s railroads (the Vitória-Minas railroad and the Carajás railroad) totaled 4.0 net ton-kilometers (ntk), 16.8% more than in 1Q03.

SELECTED FINANCIAL INDICATORS

R$ million

	1Q03	**4Q03**	**1Q04**

Gross Operating Revenues	2,518	2,877	2,731
Gross Margin (%)	48.4	44.7	43.4
EBITDA	1,148	1,239	1,342
EBITDA Margin (%)	47.5	44.3	51.5

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	R$ million		
	1Q03	**4Q03**	**1Q04**
Net Earnings	1,164	792	954
ROE (annualized) (%)	19.4	30.2	27.9
Investments (US$ million) *	197.9	400.6	306.0

*including acquisitions

ROE = return on equity = LTM net earnings / equity

EARNINGS GUIDANCE

CVRD does not provide guidance in the form of quantitative forecasts about future financial performance. The Company aims to release the maximum amount of information about its vision for the various markets in which it operates, explaining its strategic directives and execution; thereby, providing capital market participants with sufficient information to form their own expectations with regard to medium and long-term performance.

BUSINESS OUTLOOK

The global economy has continued to experience a synchronized recovery, which began in the third quarter of 2003. The fastest growth is observed in China, the other emerging markets in Asia and in the United States and slower growth rates are observed in the Euro Zone, where consumption remains subdued. In Japan, economic growth, stimulated by exports and investment, continues to exceed expectations, and in Latin America, particularly in Brazil, there are signs that recovery is underway.

According to data from the International Iron and Steel Institute (IISI), global steel production increased 8.7% in 1Q04, compared to 1Q03. Excluding China, production increased 3.9%, which is much higher than the average growth rate observed in the period 1993/2003 of 1.5%. Chinese steel production grew 26.5% in 1Q04, compared to 1Q03, representing a significant increase in that country s steel production rate vis-à-vis the growth rate observed at the end of last year, which amounted to 21.2%.

Chinese iron ore imports in 1Q04 reached a record 50.7 million tons, 48.2% higher than the volume recorded in 1Q03, bringing the total quantity imported in the 12 months to April, to 164.6 million tons. Japan imported 34.7 million tons in the quarter, an increase of 4.1% compared to 1Q03.

The global macroeconomic scenario remains favorable for continued expansion in the demand for ores and metals, which benefits the Company s performance.

The measures taken by the Chinese economic authorities to reduce growth rates restricting both the supply of and demand for credit are extremely healthy, because the sooner China seeks to correct its excess demand situation, the lower is the probability of a crisis in the future, which would have an adverse effect on global demand for mineral products.

These measures discourage investments with a low expected rate of return. Such unproductive investments would contribute to lower China s capacity for future economic growth, jeopardizing the buoyancy of demand for ores and metals. According to IMF estimates, one third of the GDP growth in China since 1978, when reforms were first introduced, is explained by productivity gains. Therefore, in preventing the waste of resources, the Chinese government is focused on the

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preservation of the economy s growth dynamics, and consequently the vigor of the demand for mineral products.

CVRD s commercial relationship with China with respect to the sale of iron ore is conducted via long-term contracts with the largest and most modern steel producers in that country. Long-term contracts help to minimize fluctuations in sales during down-cycles and allow customized solutions to be developed that generate value to the Company s clients.

According to the long-term contracts in force, CVRD s iron ore sales, excluding those of Caemi, to the Chinese market should increase from the level of 25.7 million tons in 2003, to approximately 55 million tons in 2008, implying an estimated average annual growth rate of 16.4% during the period 2003-2008.

The Sossego mine, in Carajás, is undergoing its copper concentrate production ramp-up phase, with the first shipment expected between the end of June and the beginning of July 2004. Sossego has a nominal production capacity of 140,000 tons a year, on average, of copper in concentrate equivalent.

The startup of the Sossego operation, CVRD s first copper project and the only greenfield copper project to be completed in 2004 in the world, constitutes an important milestone in the development of CVRD s non-ferrous mineral businesses and creates a new platform for the creation of shareholder value.

RECENT RELEVANT EVENTS

In April, CVRD entered into new long-term contracts with clients, distributed dividends to its shareholders and was successful in its initiative to purchase electricity via auction. Both Alunorte and GIIC obtained various international certifications, which is consistent with the Company s focus on corporate social responsibility.

Long-term contracts for the supply of iron ore and pellets

CVRD and China Steel Corporation (CSC), one of the largest steel producers in Asia, have signed a contract for the supply of 600 thousand tons of pellets a year from 2005 to 2011. CSC has been a client of CVRD since 1979 and in addition to buying pellets, currently purchases some 2.4 million tons a year of iron ore, also under a long-term contract.

CVRD also signed a contract with Usiminas, one of the largest steelmakers in Latin America, for the supply of five million tons a year of iron ore for five years. The volume covered by this contract represents approximately 90% of Usiminas current iron ore consumption.

In 2003 and in the beginning of 2004, CVRD entered into several long-term contracts with important steelmakers, such as Arcelor, Baosteel and Corus. These contracts minimize future iron ore sales volatility and allow for the development of customized solutions that create value for our clients.

Dividends and debenture remuneration

On April 30, the first minimum dividend installment was paid to CVRD s shareholders, in the amount of R$ 2.06 (US$ 0.70 as of April 30) per share, in accordance with the minimum dividend payment proposal for 2004, as announced to the market. The total disbursement by CVRD amounted to US$ 268.3 million.

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On April 1, CVRD paid its first remuneration payment on debentures issued by the Company and distributed to shareholders before its privatization in 1997, of R$ 0.0120628 per debenture, amounting to a total disbursement by the Company of US$ 1.6 million.

Electricity auction

Albras was successful in its initiative to purchase electricity via an auction for a period of 20 years. The electricity bought will supply its needs starting in June 2004. The base purchase price is R$ 53.00 per MWh, indexed to the IGPM, which is the general price index published by Fundação Getulio Vargas. In addition to the base price, the electricity supplier will have a stake on the portion of the primary aluminum price, at the London Metal Exchange (LME), which exceeds US$ 1,450 per ton. According to the structure of the operation, Albras will make a prepayment for the purchase of this electricity of R$ 1.2 billion.

The terms obtained will preserve Albras highly competitive position in the global aluminum industry.

Corporate social responsibility

GIIC, a joint venture between CVRD and The Gulf Investment Corporation, has received the ISO 9000 certification for the quality of its pellets and the ISO 14001 certification for excellence in environmental protection.

Alunorte, the alumina refinery controlled by CVRD, received three international certifications: the ISO 9001, for quality in alumina production, the ISO 14001, for excellence in environmental protection, and the OHSAS 18001, for health and safety in the workplace.

All of CVRD ´s iron ore and manganese mines, its maritime terminals; Tubarão ´s pelletizing plants, RDME, Albras and now Alunorte and GIIC have the ISO 14001 for excellence in environmental protection. Moreover, Albras has additional certifications for corporate social responsibility, quality, health and safety in the workplace.

Social responsibility, including environmental protection, social initiatives, the health and safety of its employees, is a priority for CVRD, which considers such responsibility a crucial factor to maintain its long-term competitiveness.

SALES REVENUES AND VOLUMES

Sales volumes of iron ore and pellets in 1Q04, 43.256 million tons, was 18.9% higher than in 1Q03, and 3.4% lower than in 4Q03. The year-on-year increase was due to the consolidation of Ferteco, which mines contributed 4.854 million tons, and to the strong demand for these products. At the same time, there was a fall in sales volumes from 4Q03 to 1Q04 due to seasonal factors.

Mining production tends to be lower in the first quarter of each year, due to the rainy season, reducing the total of shipments. The rains also increase the risk of accidents on the railroads, although Vitoria a Minas railroad and Carajás railroad have accident rates among the lowest in the world. Certainly there is a production and sales growth trend along the year.

CVRD s iron ore production was 2.6 million tons lower in 1Q04 than in 4Q03. There were accidents on the Carajás and MRS Logística railroads, and delays by

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suppliers in delivery of railcars for transport of iron ore both contributing to difficulties in shipments.

Iron ore fines volume was 75.4% of all shipments; lumps were 9.9%, and pellets 14.7%.

About 74% of CVRD s shipments of iron ore and pellets in 1Q04 went directly to exports. China continued to be the main consumer market, buying 5.8 million tons, or 18.1% of the total volume exported by CVRD. The second-largest destination country was Germany, with 4.6 million tons, followed by Japan with 4.0 million tons, France with 2.3 million tons and South Korea with 1.7 million tons. Of the 11.2 million tons sold in the domestic market, 4.9 million tons went to the palletizing joint ventures for processing into pellets, almost all of the production of which goes to the export market.

Sales of potash were 138 thousand tons, 12.7% less than in the first quarter of 2003, and 18.3% less than in the last quarter of 2003, in spite of high demand. Lower sales reflected lower production in this quarter due to works on expansion which should increase the mine s nominal capacity from 600,000 tons/year to 850,000 tons/year in 2005.

SALES VOLUME

	thousand tons		
	1Q03	**4Q03**	**1Q04**
Iron Ore and Pellets	36,391	44,797	43,256
Iron Ore	31,307	38,134	36,901
Fines	28,157	33,263	32,610
Lumps	3,150	4,871	4,291
Pellets	5,084	6,663	6,355
Potash	158	169	138
Port Services	5,624	5,761	5,635

IRON ORE AND PELLET SALES BY DESTINATION

	million tons		
FOREIGN MARKET	**1Q03**	**4Q03**	**1Q04**
ASIA			
China	5.4	6.4	5.8
South Korea	1.6	2.0	1.7
Philippines	0.4	0.7	0.8
Japan	3.9	4.0	4.0
Taiwan	0.4	0.5	0.7
Others			0.4
Total	**11.7**	**13.6**	**13.4**

EUROPE			
Germany	3.5	5.2	4.6
Spain	0.8	1.0	0.9
France	1.4	2.3	2.3
Italy	1.2	1.3	1.5
United Kingdom	0.5	0.9	0.5
Others	3.0	4.7	3.5
Total	**10.4**	**15.4**	**13.3**
THE AMERICAS			
Argentina	0.8	0.9	0.9
United States	1.0	0.7	1.0
Other	0.8	0.9	1.3
Total	**2.6**	**2.5**	**3.2**

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			million tons
FOREIGN MARKET	**1Q03**	**4Q03**	**1Q04**
Others			
Bahrain	0.5	0.8	1.0
Others	1.0	1.5	1.2
Total	**1.5**	**2.3**	**2.2**
TOTAL	**26.2**	**33.8**	**32.1**

DOMESTIC MARKET	**1Q03**	**4Q03**	**1Q04**
Steel Mills	5.1	6.4	6.3
Pelletizing Joint Ventures	5.0	4.6	4.9
Total	**10.1**	**11.0**	**11.2**
TOTAL	**36.3**	**44.8**	**43.3**

The volume of general cargo (cargo other than iron ore and pellets) carried by our railroads (the Vitória a Minas railroad and the Carajás railroad) totaled 4.0 billion ntk, in line with 4Q03, and 16.8% more than in 1Q03. This reflects the increase in our fleet of locomotives and railcars, and the fact that there is pent-up demand for this type of service. Steel products were 52% of the cargo we transported for clients in the quarter, agricultural products 27%, fuel 10%, containers 2% and other products 9%.

RAILROAD TRANSPORTATION OF GENERAL CARGO

			ntk million
	1Q03	**4Q03**	**1Q04**
Vitória a Minas Railroad	2,727	3,233	3,062
Carajás Railroad	662	808	897
Total	**3,389**	**4,041**	**3,959**

Gross operational revenue was R$ 2.731 billion, 8.5% more than in the first quarter of 2003, and 5.0% less than in 4Q03. 83% of the revenue was denominated or indexed to the US dollar.

Revenue from sales of iron ore was R$ 1.697 billion, 62.1% of total revenue. This was 9.3% more than in 1Q03, and 6.2% less than in 4Q03. Revenue from sales of pellets was R$ 595 million, 21.8% of total revenue: 20.0% higher than in the first quarter of 2003, and 4.5% less than in 4Q03.

Revenue from logistics services, at R$ 332 million, was similar to its levels in 1Q03 and 4Q03, and provided 12.2% of the Company s total revenues. Revenue from rail transport was R$ 261 million, and revenue from port services was R$ 71 million.

GROSS REVENUES BY PRODUCT

R$ million

	1Q03	%	4Q03	%	1Q04	%
Iron Ore	**1,553**	**61.7**	**1,808**	**62.9**	**1,697**	**62.1**
Domestic Market	411	16.3	374	13.0	428	15.7
Export Market	1,142	45.3	1,434	49.9	1,269	46.5
Pellets	**496**	**19.7**	**623**	**21.7**	**595**	**21.8**
Domestic Market	90	3.6	120	4.2	115	4.2
Export Market	406	16.1	503	17.5	480	17.6
Pelletizing Plants Operation Services	**29**	**1.1**	**41**	**1.4**	**36**	**1.3**
Railroad Transport	**259**	**10.3**	**249**	**8.7**	**261**	**9.6**
Port Services	**68**	**2.7**	**77**	**2.7**	**71**	**2.6**
Potash	**73**	**2.9**	**72**	**2.5**	**65**	**2.4**
Others	**40**	**1.6**	**7**	**0.2**	**6**	**0.2**
Total	**2,518**	**100.0**	**2,877**	**100.0**	**2,731**	**100.0**

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NET EARNINGS OF R$ 954 MILLION

CVRD s net earnings in 1Q04 was R$ 954 million, 20.5% more than in the previous quarter, and 18.1% less than in 1Q03.

An extraordinary item amortization of goodwill of Samitri was recorded in this quarter, in a non-recurrent and non-cash amount of R$ 183 million, related to the period October 2001 December 2003. This investment was previously being amortized under a linear 10 year period, based on the projections of future profitability assumed at the time. After revising the projections, we decided to adopt the new five year amortization period to reflect correctly the situation of the investment. Going forward during the next 30 months we will be posting amortization of around R$ 40 million per quarter on this investment, instead of the R$ 20 million that we were posting previously.

There was an increase of R$ 228 million in cost of goods sold (COGS), which can be partially explained by the consolidation of Ferteco, starting in September 2003, which contributed R$ 209 million to COGS, and by the intensification of operations in the São Luis palletizing plant, adding R$ 48 million to COGS.

Expenses with outsourced services grew by 120% or R$ 156 million yoy. From this total, R$ 83 million are explained by the consolidation of Ferteco that registers in this line the freight paid to MRS Logística to transport part of its iron ore production. Besides that, we saw higher production input prices and higher maintenance and equipment renewal at the mines and plants in order to increase productivity.

Electricity costs and expenses with personnel also showed growth due to tariffs readjustments and to a 17% raise in salaries since July 2003, respectively.

COGS BREAKDOWN

R$ million

	1Q03	**%**	**4Q03**	**%**	**1Q04**	**%**
Personnel	120	9.6	185	12.0	150	10.2
Material	211	16.9	243	15.7	231	15.6
Fuel Oil and Gases	139	11.1	180	11.6	160	10.8
Contracted Services	130	10.4	300	19.4	288	19.5
Energy	24	1.9	51	3.3	44	3.0
Acquisition of products	386	31.0	249	16.1	283	19.2
Depreciation and Amortization	150	12.0	230	14.9	245	16.6
Others	87	7.0	110	7.1	75	5.1
Total	**1,248**	**100.0**	**1,548**	**100.0**	**1,476**	**100.0**

Other factors contributing to lower profit in 1Q04 than in 1Q03 were:

(i) Monetary variation recorded in 1Q03 was a positive R$ 279 million since we saw an appreciation of 5.37% of the real against the US dollar between December 31,2002 and March 31, 2003, against a negative R$ 69 million recorded in 1Q04, due to a depreciation of 0.67% of the real against the US dollar between December 31, 2003 and March 31, 2004.

(ii) An increase of R$ 25 million in expenditure on research and development, as the volume of mineral exploration increased, specially for copper and manganese ore; and

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(iii) An increase of R$ 15 million in administrative expenses.

On the other hand, we saw the following positive contributions to net earnings:

(i) An increase of R$ 191 million in net operating revenue;

(ii) A reduction of R$ 157 million in provisions for income tax;

(iii) An increase of R$ 175 million in income from equity from the results of affiliates and joint ventures. The main elements in the improvement in equity from the results of affiliates and joint ventures were: (a) the impact of the depreciation of the real against the US dollar in 1Q04 on the stockholders equity of Docenave, CSI and Itaco, and an increase in the volume of iron ore and pellets sold by Itaco; (b) the increase since September 2003 in our percentage holding in Caemi which also increased its volumes of iron ore sold; and (c) increases in prices and volumes of manganese and ferro-alloys sold by RDM.

(iv) A reduction of R$ 47 million in selling expenses explained by the end of commissions on export sales; and

(v) A reduction of R$ 21 million in other operational expenses, influenced by the register of R$ 28 million in provisions for losses of ICMS credit in 1Q03, which was not verified in 1Q04.

RESULT FROM SHAREHOLDINGS BY BUSINESS AREA

			R$ million
Business Area	**1Q03**	**4Q03**	**1Q04**
Ferrous Minerals	**51**	**204**	**275**
Iron Ore and Pellets	34	4	217
Manganese and Ferro-Alloys	16	200	58
Non-Ferrous Minerals	**24**	**(49)**	**6**
Logistics	**(40)**	**(146)**	**20**
Steel	**65**	**85**	**118**
Aluminum	**221**	**96**	**90**
Others	**15**	**(41)**	**2**
Total	**335**	**148**	**510**

EBITDA: R$ 1.342 BILLION

CVRD s cash flow in 1Q04 as measured by EBITDA was R$ 1.342 billion, 16.9% more than in 1Q03, and 8.3% more than in the fourth quarter of 2003. EBITDA margin was 51.5%, a considerable increase on the EBITDA margins of 47.5% in 1Q03 and 44.3% in 4Q03.

The main factors that resulted in 1Q04 EBITDA being R$ 194 million higher than 1Q03 are:

(i) Increase of R$ 191 million in net sales revenue;

(ii) Increase of R$ 109 million in dividends received with increases principally in the payments received from MRN, CST and Usiminas, which paid R$ 62 million, R$ 46 million and R$ 36 million, respectively;

(iii) Increase of R$ 95 million in depreciation and amortization, influenced by the consolidation of Ferteco and by the change in the method of accounting for goodwill amortization in Samitri;

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(iv) Reduction of selling expenses by R$ 47 million; and

(v) Reduction of other operational expenses by R$ 21 million.

On the other hand, there were: increases of R$ 228 million in cost of goods sold, of R$ 25 million in research and development expenses, and of R$ 15 million in administrative expenses.

EBITDA CALCULATION

			R$ million
	1Q03	**4Q03**	**1Q04**
Net Operating Revenues	2,417	2,798	2,608
COGS	(1,248)	(1,548)	(1,476)
Sales Expenses	(51)	(64)	(5)
Administrative Expenses	(89)	(124)	(104)
Research & Development	(38)	(95)	(63)
Other Operational Expenses	(106)	(74)	(85)
EBIT	**885**	**893**	**876**
Depreciation and Amortization	161	244	256
Dividends Received	102	102	211
EBITDA	**1,148**	**1,239**	**1,342**

DEBT COMMITTED CREDIT LINES

CVRD is to use committed credit line instruments with the aim of improving the efficiency of its cash management and alleviating debt-refinancing risks during moments of instability in financial markets. To this end, US$500 million in global committed credit line facilities have been established with the main commercial banks, US$ 400 million of which can be used over a period of up to one year after the date of disbursement, with a repayment period of up to one year, and US$ 100 million, which can be used for a period of up to 24 months, with a repayment period of 36 months after the contract is signed. These credit lines will be made available to CVRD although the Company does not intend to use them unless liquidity becomes excessively tight.

The establishment of committed credit line facilities is consistent with the best financial management practices and contributes to achieve a decoupling from the sovereign risk.

The Company redeemed the CVRD 2004 bond at the beginning of April, which had a face value of US$ 300 million and a coupon of 10% *per annum*. At the same time, it obtained a syndicated loan of US$ 300 million, with a tenor of seven years and an average term of 4.25 years, at the cost of the six-month Libor rate plus 0.7% a year.

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

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CVRD s total debt at 31 March 2004 amounted to US$ 4.244 billion, an increase on the position reported at the end of 2003, of US$ 4.028 billion. This increase was the result of raising funds ahead of schedule, for 2004, to take advantage of the favorable conditions in financial markets at the beginning this year. For example, in January, the Company issued a 30-year bond, with a coupon of 8.25% a year, and a yield to maturity of 8.35% a year, with a face value of US$ 500 million.

Short-term debt registered a decrease of US$ 304 million in relation to the position at the end of December 2003, while long-term debt increased US$ 520 million. The average term of the Company s debt at the end of 1Q04 was 6.32 years, more than double of that registered at the end of 2002, without any significant increase in average debt cost, which remains below 7% a year.

Net debt decreased US$ 200 million, from US$ 3.443 billion at the end of December 2003 to US$ 3.243 billion at the end of March 2004.

Guarantees provided to affiliates and non-consolidated joint ventures amounted to US$ 260 million, a reduction on the figure registered at the end of December last year, of US$ 283 million.

Due to the strong expansion in adjusted accumulated EBITDA in the last 12 months, which reached US$ 2.373 billion, the debt leverage indicator, Total Debt/adjusted EBITDA, fell for the second quarter running to 1.79x. The ratio of Total Debt /Enterprise Value at the end of 1Q04 was 18.1%.

There was an improvement in interest coverage, as measured by the ratio LTM adjusted EBITDA /LTM interest paid. This metric increased from 11.51x at the end of 2003, to 11.69x in 1Q04.

All the Company s debt indicators leverage, interest coverage and average maturity profile reveals the financial strength of the balance sheet, with the availability of committed credit lines, if needed, providing an additional guarantee to its creditors.

DEBT INDICATORS US GAAP

			US$ million
	1Q03	**4Q03**	**1Q04**
Gross Debt	3,314	4,028	4,244
Net Debt	2,030	3,443	3,243
Gross Debt / LTM Adjusted EBITDA (x)	1.82	1.89	1.79
LTM Adjusted EBITDA / LTM Interest Expenses (x)	8.45	11.51	11.69
Gross Debt / EV(6) (x)	0.27	0.16	0.18

Enterprise Value = market capitalization + Net Debt

CAPITAL EXPENDITURE

In the first quarter of 2004 CVRD s *capital expenditure* was of the order of US$ 306 million, or 20% of the US$ 1.536 billion budgeted for the whole of 2004.

Our investment in organic growth (growth capex) was US$ 237 million, and our expenditure on maintenance of existing operations (stay-in-business capex) was US$ 69 million.

Of the growth capex, US$ 11 million was spent on mining exploration, 91% in Brazil and 9% outside Brazil (the latter mainly in Chile, Peru, Gabon, Angola and Mongolia). Our prospecting is for copper, nickel, gold, kaolin, bauxite, manganese and metals of the platinum group.

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The following figures show details of CVRD s principal current projects:

Area	Project	Budget US$ million 1Q04	2004	Status
Ferrous Minerals	Expansion of Carajás iron ore mines to 70 Mt pa - Northern System	24	76.4	Carajás already set to produce 70 million tons in 2004.
	Expansion of Carajás iron ore mines to 85 Mt pa - Northern System	2	28.8	This project will add 15 million tons a year to CVRD s production capacity, and is scheduled for completion in 2006. Completion of the Phase II of the Pier III at the Marine Terminal of Ponta da Madeira is scheduled for completion in July 2005.
	Expansion of iron ore mine at Brucutu Phase I -Southern System	2	37.3	Brucutu is not a modular project and should produce 4 million tons this year. Phase I of the project will be completed in 2006, when nominal production capacity might reach 12 million tons a year.
	Expansion of iron ore mine at Fábrica Nova - Southern System	3	31.1	First phase scheduled for completion in 2005, when the mine will have a nominal production capacity of 10 million tons a year. Start-up for the second phase is scheduled for 2007, when the mine is expected to reach production of 15 million tons a year.
	Expansion of iron ore mines at Itabira -Southern System	4	13.2	Expansion of production capacity and modernization of operations at the Itabira mines in order to increase production capacity by 3 million tons a year, increasing nominal production capacity to 46 million tons a year. Completion is expected for 2006.
Non-ferrous Minerals	Expansion of potash mine at Taquari-Vassouras	16	21.2	Approximately 65% of the work related to capacity expansion has already been carried out. During March, mining activities were shut down in order to increase the capacity of the shaft through which production is moved out of the underground mine (allowing the extra potash production to be moved, with the

				capacity expansion scheduled for completion in 3Q05).
Aluminum	Paragominas I	2	83.2	Environmental licenses were obtained for the mine s development and for the construction of a 230 kilometer mineral pipeline which will transport the bauxite to Alunorte s refinery. Start-up of operations is scheduled for the beginning of 2006, with production capacity of 4.5 million tons of bauxite a year.
Logistics	Purchases of locomotives and railcars-EFVM/EFC	75	182.0	In 1Q04, the Company received delivery of 1,133 railcars - 735 for the transportation of iron ore and 398 for general cargo, as well as 8 locomotives. Total deliveries programmed for 2004 amount to 2,011 railcars and 18 locomotives.
Power Generation	Aimorés hydroelectric plant	11	19.0	The plant is located on the Rio Doce, in the state of Minas Gerais, and will have a generation capacity of 330MW, with start-up scheduled for July 2005.
	Candonga hydroelectric plant	2	3.5	The work on the plant has already been completed. The reservoir is being filled which will be completed by May and commercial operations will begin in June. By August, all the turbines will be generating electricity. The plant will have a generating capacity of 140MW.

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BR GAAP

Area	Project	Budget US$ million 1Q04	Budget US$ million 2004	Status
	Capim Branco I & II hydroelectric plants	6	33.6	Both plants are located on the Araguari river, in the state of Minas Gerais and will have a capacity of 240MW and 210MW, respectively. The start-up of both plants is scheduled for 2006.

SELECTED FINANCIAL INDICATORS MAIN SUBSIDIARIES AND AFFILIATES OF CVRD

Selected financial indicators for the main subsidiaries and affiliates are available on CVRD Quarterly Financial Statements, on the Company s website, www.cvrd.com.br, under Investor Relations .

CONFERENCE CALL/WEBCAST

On 14 May, Friday, a conference call/ webcast will be held at 12:00 pm, local time (Rio de Janeiro), 11:00 am Eastern Standard Time, USA and 4:00 pm British Standard Time. Instructions to participate in this event are available on CVRD s website, www.cvrd.com.br, under Investor Relations . A recording of the conference call/webcast will be available on the site for the 90 days following the conference call on 14 May 2004.

FINANCIAL STATEMENTS

			R$ million
	1Q03	4Q03	1Q04
Gross Operating Revenues	2,518	2,877	2,731
Taxes	(101)	(79)	(123)
Net Operating Revenues	**2,417**	**2,798**	**2,608**
Cost of Goods Sold	(1,248)	(1,548)	(1,476)
Gross Earnings	**1,169**	**1,250**	**1,132**
Gross Margin (%)	48.4	44.7	43.4
Result from Shareholdings	**335**	**148**	**510**
Equity Income	418	415	595
Goodwill Amortization	(93)	(113)	(57)
Provision for Losses	10	(154)	(28)
Operational Expenses	**(285)**	**(357)**	**(440)**
Sales	(51)	(64)	(5)
Administrative	(89)	(124)	(104)
Research and Development	(38)	(95)	(63)
Other Operational Expenses	(106)	(74)	(85)
Non-Cash Item Samitri s Goodwill Amortization			(183)
Financial Result	**145**	**(261)**	**(205)**

Financial Expenses	(184)	(240)	(165)
Financial Revenues	50	51	29
Monetary Variation	279	(72)	(69)
Operating Profit	**1,364**	**781**	**997**
Income Tax and Social Contribution	(200)	11	(43)
Net Earnings	**1,164**	**792**	**954**
Earnings per share (R$)	**3.03**	**2.06**	**2.48**

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BR GAAP

BALANCE SHEET

			R$ million
	03/31/03	**12/31/03**	**03/31/04**
Asset			
Current	4,788	3,949	3,827
Long Term	3,045	2,689	2,679
Fixed	20,080	23,604	24,495
Total	**27,913**	**30,242**	**31,001**
Liabilities			
Current	4,629	5,191	5,036
Long Term	9,991	10,111	10,543
Shareholders Equity	13,293	14,940	15,422
Paid-up Capital	5,000	6,300	6,300
Reserves	8,293	8,640	9,122
Total	**27,913**	**30,242**	**31,001**

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

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Part I

Expressed In thousands of reais

1- Management s Discussion and Analysis of the Operating Results for the First Quarter of 2004 Compared with the First Quarter of 2003

1.1- General Aspects

(a) Companhia Vale do Rio Doce s segments of business are mining, logistics and energy, as follows:

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

Non-ferrous minerals: potash, kaolin and copper;

Logistics: railroads, ports and maritime terminals and shipping;

Energy: electric power generation; and

Holdings: equity holdings in producers of aluminum and steel.

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

	Δ%					Parity	
Period Currencies / Indices	U.S. DOLLAR	YEN	GOLD	IGP-M	TJLP	US$ x R$	US$ x Yen
1Q/04	0.7	3.3	1.8	2.7	2.4	2.9086	104.48
Year ended 2003	(18.2)	(9.3)	19.9	8.7	11.5	2.8892	107.17
4Q/03	(1.2)	3.0	7.3	1.5	2.6	2.8892	107.17
1Q/03	(5.1)	(4.6)	(3.6)	6.3	2.6	3.3531	118.20
Year ended 2002	52.3	68.2	25.0	25.3	9.9	3.5333	118.87

About 64% of the Company s gross revenue for three months ended March 31, 2004 is derived from exports and part of domestic sales are linked to the U.S. dollar. About 28% of total costs are linked to the U.S. dollar. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating cash flows.

Approximately 95% of the short-term and long-term loans of the Company at 03/31/04 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Note 6.15).

(c) On the first quarter of 2004, the consolidated trade balance of US$ 864 million was generated as follows:

	Consolidated (in US$ million)		
	1Q/04	**4Q/03**	**1Q/03**
Exports	1,012	1,211	800
Imports	148	(162)	(116)
	864	**1,049**	**684**

Consolidated Trade Balance - US$ Million

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1.2- Comments on the Company Results

The net income of the Company for the three months ended March 31, 2004 was R$ 953,714 compared with net income of R$ 1,163,828 in the three months ended March 31, 2003 (the earnings per share corresponds to R$ 2.48 in the three months ended March 31, 2004 versus R$ 3.03 in the three months ended March 31, 2003).

1.2.1- Gross Revenue

The 8% increase in gross revenue (R$ 2,731,147 on 03/31/04 against R$ 2,517,618 on 03/31/03) is a result of higher volumes sold of iron ore and pellets, mainly due to the merger of Ferteco in September 2003 and for the operation at full capacity of the palletizing plant of São Luis on the second semester of 2003, as shown in the table below compensated in part of the average evaluation of the real against the United States Dollar by 17.2%, incident on 83% of the revenue of the Company. The increase in iron ore and pellets sales was due to growth in the European and Asiatic markets of 27.9%, 14.5%, respectively.

	In thousands of metric tons (except gold)					In thousands of reais				
	1Q/04	**1Q/03**	**Δ%**	**4Q/03**	**Δ%**	**1Q/04**	**1Q/03**	**Δ%**	**4Q/03**	**Δ%**
External market										
Iron ore - fines	24,757	20,548	20	25,769	(4)	1,159,327	1,053,902	10	1,295,182	(10)
Iron ore - lump ore	2,087	1,604	30	2,611	(20)	109,027	87,803	24	139,217	(22)
Pellets	5,214	4,171	25	5,416	(4)	479,596	406,061	18	503,196	(5)
	32,058	**26,323**	22	**33,796**	(5)	**1,747,950**	**1,547,766**	13	**1,937,595**	(10)
Internal market										
Iron ore - fines	7,853	7,609	3	7,494	5	331,256	357,669	(7)	301,692	10
Iron ore - lump ore	2,204	1,546	43	2,260	(2)	97,225	53,728	81	71,895	35
Pellets (*)	1,141	913	25	1,247	(9)	151,278	118,629	28	160,691	(6)
	11,198	**10,068**	11	**11,001**	2	**579,759**	**530,026**	9	**534,278**	9
Total										
Iron ore - fines	**32,610**	**28,157**	16	**33,263**	(2)	**1,490,583**	**1,411,571**	6	**1,596,874**	(7)
Iron ore - lump ore	**4,291**	**3,150**	36	**4,871**	(12)	**206,252**	**141,531**	46	**211,112**	(2)
Pellets	**6,355**	**5,084**	25	**6,663**	(5)	**630,874**	**524,690**	20	**663,887**	(5)

	43,256	**36,391**	19	**44,797**	(3)	**2,327,709**	**2,077,792**	12	**2,471,873**	(6)
Railroad transportation	**12,165**	**12,152**		**12,095**	1	**261,142**	**258,866**	1	**248,724**	5
Port services	**5,635**	**5,624**		**5,761**	(2)	**71,485**	**68,298**	5	**77,358**	(8)
Gold (kg)		**801**		**63**			**32,298**	(100)	**2,423**	(100)
Potash	**138**	**158**	(13)	**169**	(18)	**65,272**	**72,530**	(10)	**71,434**	(9)
Other products and services						**5,539**	**7,834**	(29)	**4,574**	21
						2,731,147	**2,517,618**	8	**2,876,386**	(5)

(*) Includes revenues derived from services provided to pelletizing joint ventures in the amount of R$ 35,777, R$ 28,762 and R$ 41,232 in 1Q/04, 1Q/03 and 4Q/03, respectively.

Summary of volumes sold of iron ore and pellets by geographical area, details see 7.1 item.

	(Million of tons)		
	1Q/04	**1Q/03**	**4Q/03**
Foreign Market			
Asia	13.4	11.7	13.6
Europe	13.3	10.4	15.4
Americas	3.2	2.6	2.5
Africa / Mid. East / Australia	2.2	1.5	2.3
	32.1	**26.2**	**33.8**
Domestic Market	11.2	10.1	11.0
Total	**43.3**	**36.3**	**44.8**

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1.2.2- Cost of Products and Services

The increase of 18% (R$ 228,046) in the cost of products and services (R$ 1,475,929 as of March 31, 2004 compared to R$ 1,247,883 as of March 31, 2003) is mainly due to the following major factors:

Ferteco s merger in September 2003, adding costs of R$ 208,969 from sales of 4,854 thousand tons of iron ore and pellets;

Speeding of goodwill amortization period of Samitri as a result of the revision of its projection of rentability, increasing costs in this quarter in R$ 20,312;

Start up operations of the São Luís Pellets Plant (UPSL), adding costs of R$ 32,139 from sales of 1,321 thousand tons in 2004 as compared to 339 thousand tons in the same period of the prior year.

Utilization of PIS and COFINS tax credits decurrent of the change in the COFINS Law, reducing R$ 83,842 the quarterly costs.

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By Nature

	Denominated									
	R$	**US$**	**1Q/04**	**%**	**1Q/03**	**%**	**Δ%**	**4Q/03**	**%**	**Δ%**
Personnel	149,942		149,942	10	120,262	10	25	184,091	12	(19)
Material	160,015	70,887	230,902	16	211,103	17	9	243,004	16	(5)
Oil and gas	160,025		160,025	11	139,176	11	15	179,329	12	(11)
Outsourced services	286,760	1,731	288,491	19	129,735	10	122	300,636	19	(4)
Energy	43,871		43,871	3	24,167	2	82	51,388	3	(15)
Acquisition of iron ore and pellets		283,213	283,213	19	386,468	31	(27)	248,786	16	14
Depreciation and depletion	148,533		148,533	10	125,548	10	18	154,545	10	(4)
Amortization of goodwill	96,096		96,096	7	24,419	2	294	75,784	5	27
Others	16,674	58,182	74,856	5	87,005	7	(14)	108,997	7	(31)
Total	**1,061,916**	**414,013**	**1,475,929**	**100**	**1,247,883**	**100**	**18**	**1,546,560**	**100**	**(5)**
	72%	**28%**								

1.2.3- Result of Shareholdings by Business Area

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

Business Area	**1Q/04**	**1Q/03**	**%**	**4Q/03**	**%**
Ferrous Minerals					
. Iron ore and pellets	216,595	34,381	530	3,963	5,365
. Manganese and ferroalloys	58,390	16,450	255	199,569	(71)
Non-Ferrous Minerals	5,635	23,976	(76)	(49,350)	111
Logistics	19,631	(40,490)	148	(145,909)	113
Holdings					
. Steel	117,591	64,886	81	85,087	38
. Aluminum	89,613	220,984	(59)	95,685	(6)
Others	2,104	14,893	(86)	(41,004)	105

	509,559	**335,080**	52	**148,041**	244
Equity	595,231	418,620	42	414,771	44
Provision for losses	(28,402)	9,632	(395)	(153,893)	82
Amortization of goodwill	(57,270)	(93,172)	39	(112,837)	49
	509,559	**335,080**	52	**148,041**	244

Ferrous Minerals

(a) Iron ore and pellets

. Caemi improvement in the equity results of R$ 35,515 (gain of R$ 32,068 for March 31, 2004 as compared to a loss of R$ 3,447 for March 31, 2003) due to the change of participation in September 2003 from 16.86% to 60.23%. There was an increase in the volume sold of 25.6% (9,796 thousand tons for March 31, 2004 as compared to 7,801 thousand tons for March 31, 2003) and increase in the average selling price of 22.4% (US$ 18.00 per ton for March 31, 2004 as compared to US$ 14.71 per ton for March 31, 2003).

. Itaco/RDE improvement in the equity results of R$ 175,494 (gain of R$ 65,144 for March 31, 2004 as compared to a loss of R$ 110,350 for March 31, 2003) basically due to the impact of the Real devaluation against the US Dollar in the quarter (positive exchange rate variation of R$ 23,141 for March 31, 2004 as compared to a negative exchange rate variation of R$ 196,934 for March 31, 2003). There was an increase in the volume of iron ore sold of 25.6% (26,536 thousand tons for March 31, 2004 as compared to 21,124 thousand tons for March 31, 2003) and of pellets of 24.5% (4,703 thousand tons for March 31, 2004 as compared to 3,778 thousand tons for March 31, 2003).

. Kobrasco reduction in the equity results of R$ 4,817 (gain of R$ 4,278 for March 31, 2004 as compared to a gain of R$ 9,095 for March 31, 2003), mainly due to the adverse foreign exchange effects on the debt on March 31, 2003 . There was an increase in the volume sold of 9.4% (1,240 thousand tons for March 31, 2004 as compared to 1,134 thousand tons for March 31, 2003) and an increase in the average selling price of 11.1% (US$ 33.76 per ton for March 31, 2004 as compared to US$ 30.39 per ton for March 31, 2003).

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. Nibrasco improvement in the equity results of R$5,877 (gain of R$7,492 for March 31, 2004 as compared to a gain of R$1,615 for March 31, 2003), due to the increase in the volume sold of 6.8% (1,923 thousand tons for March 31, 2004 as compared to 1,800 thousand tons for March 31, 2003) and an increase in the average selling price of 13.4% (US$ 31.49 per ton for March 31, 2004 as compared to US$ 27.75 per ton for March 31, 2003).

. Samarco improvement in the equity results of R$ 6,455 (gain of R$ 76,182 for March 31, 2004 as compared to a gain of R$ 69,727 for March 31, 2003), due to the increase in the average selling price partially offset by the decrease in the volume sold of 0.7% (3,959 thousand tons for March 31, 2004 as compared to 3,988 thousand tons for March 31, 2003) and by the adverse foreign exchange effects.

(b) Manganese and ferroalloys

. RDM improvement in the equity results of R$21,707 (gain of R$19,447 for March 31, 2004 as compared to a loss of R$2,260 for March 31, 2003), due to the increase in the volume of ferroalloys sold of 22.4% (82 thousand tons for March 31, 2004 as compared to 67 thousand tons for March 31, 2003), an increase in the volume of manganese sold of 18.3% (285 thousand tons for March 31, 2004 as compared to 241 thousand tons for March 31, 2003), an increase in the average selling price of ferroalloys of 31.6% (US$706.34 per ton for March 31, 2004 as compared to US$536.68 per ton for March 31, 2003) and an increase in the average selling price of manganese of 5.6% (US$45.02 per ton for March 31, 2004 as compared to US$42.65 per ton for March 31, 2003).

Non-ferrous Minerals

. Pará Pigmentos reduction in the equity results of R$18,281 (gain of R$5,699 for March 31, 2004 as compared to a gain of R$23,980 for March 31, 2003), due to the adverse foreign exchange effects on the debt. There was a decrease in the volume sold of 9.3% (98 thousand tons for March 31, 2004 as compared to 108 thousand tons for March 31, 2003) and an increase in the average selling price of 1.3% (US$153.94 per ton for March 31, 2004 as compared to US$152.00 per ton for March 31, 2003).

Logistics

. Docenave improvement in the equity results of R$21,388 (gain of R$19,667 for March 31, 2004 as compared to a loss of R$1,721 for March 31, 2003), due to the US Dollar valuation against the Real on the US dollar denominated assets and cost reduction from the decrease in operating ships. There was a reduction of the volume of bulk transportation of 48.2% (1,555 thousand tons for March 31, 2004 as compared to 3,000 thousand tons for March 31, 2003), as well as in the volume of tugboats maneuvers of 7.8% (1,610 maneuvers for March 31, 2004 as compared to 1,746 maneuvers for March 31, 2003), and a significant increase in the operations with containers of 82.5% (21,976 TEUs moved for March 31, 2004 as compared to 12,042 TEUs moved for March 31, 2003) and, in relation to average price, there was an increase of 47.7% in the bulk transportation (US$10.25 per ton for March 31, 2004 as compared to US$6.94 per ton for March 31, 2003), an increase of 22.8% in tugboat services (US$3,004.35 per maneuver for March 31, 2004 as compared to US$2,447.31 per maneuver for March 31, 2003) and a decrease of 16.4% in container shippings (US$586.28 per container for March 31, 2004 as compared to US$701.21 per container for March 31, 2003).

. FCA recognition for March 31, 2004 of R$25,871 of equity loss as compared to a loss of R$42,494 for March 31, 2003 it was a result of a good operational performance and the reverse of ICMS provisional for loss.

. MRS improvement in the equity results of R$5,953 (gain of R$12,025 for March 31, 2004 as compared to a gain of R$6,072 for March 31, 2003), due to a favorable operating performance.

Holdings

(a) Steel

. CSI improvement in the equity results of R$31,090 (gain of R$2,441 for March 31, 2004 as compared to a loss of R$28,649 for March 31, 2003) basically due to the Real devaluation against the US Dollar (positive exchange rate variation of R$4,160 for March 31, 2004 as compared to a negative exchange rate variation of R$37,708 for March 31, 2003). There was a decrease in the volume of 28.1% (566 thousand tons for March 31, 2004 as compared to 442 thousand tons for March 31, 2003).

. CST improvement in the equity results of R$5,509 (gain of R$70,150 for March 31, 2004 as compared to a gain of R$64,641 for March 31, 2003) basically due to the change of participation (22.85% to 28.02%). There was an increase in the average selling price of approximately 19.7% (US$274.92 per ton for March 31, 2004 as compared to US$229.76 per ton for March 31, 2003) and an increase in the volume sold of 13.2% (1,149 thousand tons for March 31, 2004 as compared to 1,015 thousand tons for March 31, 2003).

. Usiminas the higher the net income of R$8,000 (R$45,000 for March 31, 2004 against R$37,000 for March 31, 2003) was a result of the increase of the average price and increase of 4.4% of volume sold (1,910 tons for March 31, 2004 against 1,830 tons for March 31, 2003), that was partially compensated by the negative effect of the exchange variation on the debt of March 31, 2003.

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(b) Aluminum

- . Albras reduction of the equity results of R$ 116,457 (loss of R$ 2,637 for March 31, 2004 as compared to a gain of R$ 113,820 for March 31, 2003), mainly due to the derivatives losses. There was a decrease in the volume of aluminum sold of 5.8% (97 thousand tons for March 31, 2004 as compared to 103 thousand tons for March 31, 2003) offset by an increase in the average selling price of 17.1% (US$ 1,567.28 per ton for March 31, 2004 as compared to US$ 1,337.98 per ton for March 31, 2003).

- . Alunorte reduction in the equity results of R$ 37,012 (gain of R$ 21,126 for March 31, 2004 as compared to a gain of R$ 58,138 for March 31, 2003), due to the adverse foreign exchange effects on the debt of March 31, 2003. There was an increase in the volume of alumina sold of 36.7% (670 thousand tons for March 31, 2004 as compared to 490 thousand tons for March 31, 2003) due to the start up activity of the 3rd line production in March 2003, as well as an increase in the average selling price of 19.3% (US$ 205.30 per ton for March 31, 2004 as compared to US$ 172.03 per ton for March 31, 2003), offset by with derivaties losses.

- . MRN improvement in the equity results of R$ 9,712 (gain of R$ 33,511 for March 31, 2004 as compared to a gain of R$ 23,799 for March 31, 2003), due to the increase in the volume sold of 50.5% (3,304 thousand tons for March 31, 2004 as compared to

2,196 thousand tons for March 31, 2003) originated by the conclusion of the production capacity extension, in addition to an increase in the average selling price of bauxite of 3.5% (US$ 19.90 per ton for March 31, 2004 as compared to US$ 19.23 per ton for March 31, 2003).

. Valesul reduction of the equity results of R$ 5,308 (gain of R$ 9,498 for March 31, 2004 as compared to a gain of R$ 14,806 for March 31, 2003), due to the increase in the electrical energy costs despite the increase in the volume sold of 31.6% (25 thousand tons for March 31, 2004 as compared to 19 thousand tons for March 31, 2003) and an increase in the average selling price of aluminum of 10.0% (US$ 1,903.80 per ton for March 31, 2004 as compared to US$ 1,730.60 per ton for March 31, 2003).

. Itaco improvement in the equity results of R$ 34,133 (gain of R$ 28,115 for March 31, 2004 as compared to a loss of R$ 6,018 for March 31, 2003), due to the increase in the average selling price of alumina of 19.0%, 17.1% of aluminum and an increase of 41.4% of alumina volume sold offset by an increase in the volume of bauxite sold of 117.9%, a decrease in the average selling price of bauxite of 0.8% and a decrease in the volume of aluminum sold of 14.3%.

1.2.4- Operating Expenses

The operating expenses increased R$ 155,422 (R$ 439,979 on 03/31/04 compared to R$ 284,557 on 03/31/03), basically because of non recurring-goodwill amortization of Samitri (note 1.2.10).

1.2.5- Net Financial Result

The net financial result on 1Q04 had a negative impact of R$ 349,806 (expense of R$ 204,911 on 03/31/04 compared to revenue of R$ 144,895 on 03/31/03), mainly due to exchange rate effects decorred from the evaluation of the dollar against real 0.7% on March 2004 and devaluation of the dollar against the real 5.1% on March, 2003.

1.2.6- Income Tax and Social Contribution

Income tax and social contribution reflect an expense of R$ 43,224 on 03/31/04 compared with a expense of R$ 200,478 on 03/31/03, mainly caused by the decrease in the tax basis (income before income tax and social contribution less the equity method result, goodwill and provisions for non-deductible losses) from negative R$ 1,017,319 on 03/31/03 to R$ 456,616 on 03/31/04, partially reduced by the benefit of interest on stockholders equity of R$ 160,841 on 03/31/04 (R$ 211,418 on 03/31/03) (Note 6.7).

1.2.7- Cash Generation

The operating cash generation measured by EBITDA (earnings before interest, income tax and depreciation, amortization and depletion) was R$ 1,341,900 on 03/31/04, against R$ 1,148,114 on 03/31/03, an increase of 16.9%.

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EBITDA

	1Q/04	1Q/03	4Q/03
Net operating revenue	2,608,198	2,416,771	2,797,178
Cost of products and services	(1,475,929)	(1,247,883)	(1,546,560)
Operating expenses	(439,979)	(284,557)	(356,953)
Operating profit	**692,290**	**884,331**	**893,665**
Depreciation / amortization of goodwill	256,023	161,396	243,205
	948,313	**1,045,727**	**1,136,870**
Dividends received	182,796		
Extraordinary items - goodwill Samitri	210,791	102,387	102,190
EBITDA R$	**1,341,900**	**1,148,114**	**1,239,060**
US$ average	2.8945	3.4909	2.8993
EBITDA US$	**463,603**	**328,888**	**427,365**

1.2.8- Interest on Stockholders Equity

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

	R$ million	US$ million	
Payment date	**Amount**	**Amount at the declaration date**	**Amount at the payment date**
04/30/03	622	200	215
10/31/03	745	250	261
10/31/03	568	200	199
From 04/30/04 (referring to 2003)	319	111	108

	2.254	**761**	**783**

Interest on stockholders equity paid at 2003 totaled R$ 1,935 (US$ 675 million) and payable in 2004 due to 2003 totaled R$ 319 (US$ 108 million).

1.2.9- Shareholder Remuneration Policy for 2004

On 01/28/04, CVRD announced that its Executive Board had submitted to the approval of the Board of Directors a proposal to pay minimum shareholder remuneration for 2004 of US$ 1.43 per common or preferred share totaling US$ 550 million, in two equal installments, on April 30 and October 29.

The Board of Directors will discuss the proposal of the Executive Board at meetings scheduled for April 14 and October 13. The amount announced will be paid in Brazilian currency, calculated based on the *real*/dollar exchange rate (Ptax option 5) disclosed by the Central Bank of Brazil on the business day immediately prior to the meeting of the Board of Directors that approves the distribution and respective payment of shareholder remuneration.

On March 31, 2004, CVRD proposed interest on stockholders equity in the amount of R$ 790,710 equivalent to R$ 2.06 per share.

1.2.10- Non recurring Item Samitri s goodwill amortization

According to instruction CVM 247, we reviewed the terms of goodwill originated from Samitri acquisition. After reviewing the projections of future results we adopted 5 years of amortization, mainly due to the increase of dividends received from Samarco. Consequently we recorded an expense of R$ 182.796.

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Part II

Quarterly Information and Notes to the Quarterly Information

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

2- Balance Sheet

		In thousands of reais	
	Notes	**03/31/04**	**12/31/03**
Assets			
Current assets			
Cash and cash equivalents	6.4	381,834	342,008
Accounts receivable from customers		1,099,867	1,186,870
Related parties	6.5	317,190	668,449
Inventories	6.6	596,719	553,428
Taxes to recover or offset	6.8	536,825	478,014
Deferred income tax and social contribution	6.7	603,044	397,883
Others		291,712	321,853
		3,827,191	**3,948,505**
Long-term receivables			
Related parties	6.5	688,883	708,096
Loans and financing		144,035	143,200
Deferred income tax and social contribution	6.7	784,563	826,205
Judicial deposits	6.12	1,033,064	984,607
Others		28,476	27,276
		2,679,021	**2,689,384**
Permanent assets			
Investments	6.9	11,402,819	11,241,273
Property, plant and equipment	6.10	13,092,074	12,362,353
		24,494,893	**23,603,626**

		31,001,105	**30,241,515**
Liabilities and stockholders equity			
Current liabilities			
Short-term debt	6.11		105,603
Current portion of long-term debt	6.11	959,781	1,896,701
Payable to suppliers and contractors		1,022,863	959,453
Related parties	6.5	1,483,965	1,365,472
Payroll and related charges		200,658	168,965
Pension Plan - Valia		93,110	92,323
Proposed interest on stockholders equity		790,710	319,873
Others		484,287	282,172
		5,035,374	**5,190,562**
Long-term liabilities			
Long-term debt	6.11	3,002,365	2,770,571
Related parties	6.5	4,484,432	4,395,082
Deferred income tax and social contribution	6.7	99,451	85,146
Provisions for contingencies	6.12	1,493,551	1,482,536
Pension Plan - Valia		574,685	569,849
Others		888,796	808,195
		10,543,280	**10,111,379**
Stockholders equity			
Paid-up capital	6.14	6,300,000	6,300,000
Revenue reserves		9,122,451	8,639,574
		15,422,451	**14,939,574**
		31,001,105	**30,241,515**

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

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

3- Statement of Income

		In thousands of reais		
	Notes	**1Q/04**	**1Q/03**	**4Q/03**
Operating revenues	1.2.1			
Sales of ore and metals				
Iron ore and pellets		2,327,709	2,077,792	2,471,873
Gold			32,298	2,423
Potash		65,272	72,530	71,434
		2,392,981	**2,182,620**	**2,545,730**
Railroad and port services		332,627	327,164	326,082
Others		5,539	7,834	4,574
		2,731,147	**2,517,618**	**2,876,386**
Value Added taxes		(122,949)	(100,847)	(79,208)
Net operating revenues		**2,608,198**	**2,416,771**	**2,797,178**
Cost of products and services	1.2.2			
Ores and metals		(1,374,289)	(1,142,887)	(1,419,714)
Railroad and port services		(98,616)	(101,514)	(120,770)
Others		(3,024)	(3,482)	(6,076)
		(1,475,929)	**(1,247,883)**	**(1,546,560)**
Gross profit		**1,132,269**	**1,168,888**	**1,250,618**
Gross margin		**43.4%**	**48.4%**	**44.7%**
Operating expenses				
Selling		(4,655)	(51,680)	(63,569)
Administrative	6.19	(104,589)	(88,758)	(123,765)
Research and development		(63,339)	(38,255)	(94,355)
Other operating expenses	6.19	(84,600)	(105,864)	(75,264)
Non recurring item - goodwill	1.2.10	(182,796)		

Samitri				
		(439,979)	**(284,557)**	**(356,953)**
Operating profit before financial result and result of equity investments		**692,290**	**884,331**	**893,665**
Operating margin		**26.5%**	**36.6%**	**31.9%**
Result of equity investments				
Gain on investments accounted for by the equity method	6.9	595,231	418,620	414,771
Amortization of goodwill	6.9	(57,270)	(93,172)	(112,837)
Provision for losses	6.9	(28,402)	9,632	(153,893)
		509,559	**335,080**	**148,041**
Financial result				
Financial expenses, net	6.16	(135,291)	(135,029)	(188,443)
Monetary and exchange rate variation, net	6.16	(69,620)	279,924	(72,346)
		(204,911)	**144,895**	**(260,789)**
Income before income tax and social contribution		**996,938**	**1,364,306**	**780,917**
Income tax and social contribution	6.7	(43,224)	(200,478)	10,612
Net income for the period		**953,714**	**1,163,828**	**791,529**
Number of shares outstanding at the end of the period (in thousands)		**383,840**	**383,839**	**383,840**
Net earnings per share outstanding at the end of the period (R$)		**2.48**	**3.03**	**2.06**
EBITDA		**1,341,900**	**1,148,114**	**1,239,060**
EBITDA margin		**51.4%**	**47.5%**	**44.3%**

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

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

4- Statement of Changes in Stockholders Equity

	In thousands of reais								
		Revenue reserves							
	Paid-up capital	**Expansion/ Investments**	**Depletion**	**Unrealized income**	**Legal**	**Fiscal incentives**	**Treasury stock**	**Retained earnings**	**Total**
On December 31, 2002	**5,000,000**	**5,277,582**	**1,004,166**	**745,407**	**854,698**		**(131,334)**		**12,750,519**
Change in accounting practice - environmental provision								(65,386)	(65,386)
Capitalization of reserves	1,300,000	(1,300,000)							
Realization of revenue reserve				(188,141)				188,141	
Treasury stock							16		16
Net income for the year								4,508,850	4,508,850
Proposed appropriations:									
Interest on stockholders equity								(2,254,425)	(2,254,425)
Appropriation to revenue reserves		2,061,744			225,443	89,993		(2,377,180)	
On December 31, 2003	**6,300,000**	**6,039,326**	**1,004,166**	**557,266**	**1,080,141**	**89,993**	**(131,318)**		**14,939,574**
Net income for the year								953,714	953,714
Proposed								(470,837)	(470,837)

interest on stockholders equity									
On March 31, 2004	**6,300,000**	**6,039,326**	**1,004,166**	**557,266**	**1,080,141**	**89,993**	**(131,318)**	**482,877**	**15,422,451**

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

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(A free translation of the original in Portuguese)

5- Statement of Cash Flows (Additional Information)

	In thousands of reais		
	1Q/04	**1Q/03**	**4Q/03**
Cash flows from operating activities:			
Net income for the period	953,714	1,163,828	791,529
Adjustments to reconcile net income for the period with cash provided by operating activities:			
Result of equity investments	(509,559)	(335,080)	(148,041)
Depreciation, amortization and depletion	164,571	134,676	175,774
Deferred income tax and social contribution	(149,214)	200,478	50,692
Financial expenses and monetary and exchange rate variations on assets and liabilities, net	88,268	(327,516)	157,860
Loss on disposal of property, plant and equipment	1,309	36,000	30,564
Amortization of goodwill in the cost of products sold	96,096	24,419	75,784
Non recurring item - goodwill Samitri	182,796		
Net (gains) losses on derivatives	34,420	25,967	24,951
Dividends/interest on stockholders equity received	210,791	102,387	102,190
Others	(17,925)	4,583	(40,577)
	1,055,267	**1,029,742**	**1,220,726**
Decrease (increase) in assets:			
Accounts receivable	87,003	92,303	264,766
Inventories	(43,291)	(497)	1,998
Others	(19,103)	6,623	(267,323)
	24,609	**98,429**	**(559)**