

VALLEY OF THE RIO DOCE CO

Form 6-K

November 12, 2004

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

November 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  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

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes  No

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

(Check One) Yes  No

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

**COMPANHIA VALE DO RIO DOCE**  
**Report on Form 6-K**

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**PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE THIRD QUARTER 2004**

*The financial and operating information contained in this press release, except otherwise indicated, refers to the Parent Company and was calculated in accordance with Brazilian Generally Accepted Accounting Principles (Brazilian GAAP). This information, with the exception of that which refers to investment and market behavior, is based on the quarterly financial statements, which have been reviewed by independent auditors.*

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**NEW OPERATING AND FINANCIAL RECORDS**

Rio de Janeiro, November 10, 2004 – Companhia Vale do Rio Doce (CVRD) obtained a new earnings record in the third quarter 2004 (3Q04) of R\$2.296 billion, corresponding to R\$1.99 per share. This amount is 79.5% higher than the same quarter of last year, and 36.4% higher than the earnings reported in 2Q04, of R\$1.683 billion.

Accumulated net earnings in the first nine months of 2004 amounted to R\$4.933 billion, representing a YoY increase of 32.7% as well as being greater than 2003 net earnings, of R\$4.509 billion.

Return on equity (ROE) for the 12-month period ended September 30, 2004, amounted to 30.7%.

The Company also set a new record for gross revenues, which amounted to R\$ 3.742 billion in the quarter, 35.3% higher than in 3Q03, and 4.6% higher than in 2Q04. Accumulated revenues in the first nine months of 2004 amounted to R\$ 10.051 billion, 34.2% higher than the same period in 2003.

Quarterly cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) amounted to R\$1.538 billion, representing an increase of 2.1% compared to that of 3Q03, but a drop of 11.0% compared to the record achieved in 2Q04, of R\$1.729 billion. In the first nine months of 2004, the Company generated cash of R\$4.609 billion, an increase of 26.7% in relation to the same period last year.

In the year 2004, dividend of R\$2.253 billion was distributed to shareholders, being R\$1.96 per share, an increase of 16.7% on the amount distributed in 2003.

Exports accumulated in the first nine months of the year amounted to US\$3.929 billion, a 43.3% increase on the value exported in the same period in 2003. Between January and September 2004, CVRD's net exports amounted to US\$3.285 billion, representing 13.1% of Brazil's trade balance surplus in the period.

Shipments of iron ore and pellets amounted to 48.893 million tons, exceeding the previous record of 45.894 million tons sold in 2Q04. From January to September

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2004, CVRD shipped 138.043 million tons of iron ore and pellets, an increase of 22.0% in relation to the same period a year earlier.

The volume of general cargo transported by Vitória a Minas (EFVM) and Carajás (EFC) railroads, of 5.034 billion net ton kilometers (ntk), was also the largest in the Company's history. The previous record for volume of general cargo transported was set in 2Q04, of 4.879 billion ntk. In the first nine months of 2004, CVRD's railroads transported a total of 13.872 billion ntk, an increase of 13.1% on the 12.261 billion ntk transported in the same period in 2003.

CVRD's capital expenditure in 3Q04 totaled US\$256 million, and in the first nine months of the year totaled US\$1.043 billion. In the quarter, US\$168.9 million was spent in growth capex on mineral exploration and projects. All these projects are on schedule and will become new platforms of value creation over the next two years.

The reduction of financial leverage and interest coverage ratios, even with significant capital expenditure and dividend distribution, shows the company's financial strength.

The continued profitable growth has been made possible by the good execution of the Company's strategy, appropriate financial policy, and rigid cost control, while also being facilitated by the favorable world market for mineral products.

**SELECTED FINANCIAL INDICATORS**

|                              | R\$ million |             |             |             |
|------------------------------|-------------|-------------|-------------|-------------|
|                              | <u>3Q03</u> | <u>2Q04</u> | <u>3Q04</u> | <u>9M04</u> |
| Gross Operating Revenues     | 2,766       | 3,578       | 3,742       | 10,051      |
| Gross Margin (%)             | 49.6        | 47.5        | 47.5        | 46.4        |
| Operating Income             | 1,102       | 1,304       | 1,212       | 3,209       |
| Operating Margin (%)         | 41.1        | 38.5        | 34.3        | 33.7        |
| EBITDA                       | 1,506       | 1,729       | 1,538       | 4,609       |
| Net Earnings                 | 1,278       | 1,683       | 2,296       | 4,933       |
| ROE (annualized) (%)         | 36.2        | 28.2        | 30.7        | 30.7        |
| Investments (US\$ million) * | 831.0       | 481.0       | 256.0       | 1,043.0     |

\*including acquisitions

ROE = return on equity = LTM earnings / equity

**BUSINESS OUTLOOK**

The global economy has been growing at a rate of 5% a year, the highest rate since 1976. This synchronized expansion has been accompanied by considerable pressure on the supply of ore-based products and logistics infrastructure, particularly due to the pace of consumption in China.

The United States continues to lead the recovery in the global economy, with GDP growth in 3Q04 again starting to accelerate, reaching an annualized rate of 3.7% a year. After a brief period of slowdown, industrial production in

Japan has again started to show signs of increasing vitality in recent months. The Japan 's Ministry for Economy, International Commerce and Industry has forecast steel production in 4Q04 of 28.9 million tons, which amounts to a total of 112.8 million tons for the year, the highest volume produced since 1974.

In the Euro Zone, the recovery, in contrast to other regions, is extremely modest and is still dependent on export performance.

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Consistent with the government's objective of correcting the imbalances in its economy, China's main macroeconomic performance indicators are suggesting a process of soft landing.

The rate of growth in bank credit continues to fall, having reached 14% in August after registering a maximum of 23.9% in August 2003. Growth in fixed asset investment has also been declining after having reached the highest level of the last five years in January 2004. Inflation, as measured by the behaviour of the consumer price index in the last 12 months, is showing signs of stabilization, at around 5.2% a year. Finally, annualized GDP growth in 3Q04, although still very high at 9.1%, is the lowest since 1Q03.

The recent increase in interest rates, in our opinion, was aimed at influencing expectations, demonstrating to economic agents that the People's Bank of China continues strongly committed to promoting stability in the Chinese economy, hence making its task easier. There are no significant reasons to change our expectations with regard to the future behaviour of the Chinese economy and the demand for ores and metals as a consequence of this movement.

Brazil has been registering annualized GDP growth rates of over 6% since 4Q03. In contrast to what occurred in the period 1995-2002, during which the economy endured a series of shocks that damaged its performance, up to now the Brazilian economy has been benefiting from a benign global scenario. A more stable domestic environment, as a result of sound macroeconomic policy, is creating the basis for a sustainable recovery.

The global economy is currently suffering from an oil price shock, apparently accompanied by a change in the long-term equilibrium price level. A reversal in this picture will depend on conservation and development of alternative sources of energy, which cannot be expected to produce results in the short term. However, we expect the impact on global GDP growth and inflation to be extremely limited in comparison with the impact caused by similar shocks in the past. The credibility gained by the world's principal central banks in the combat of inflation removes the stimulus to pass-through cost increases to prices, and to use tight monetary policies, which are capable of producing recessionary effects in the short term.

As is characteristic of economic cycles, the current expansion cycle in the global economy, having undergone a strong acceleration phase, is now entering a phase of consolidation. Leading indicators of economic activity suggest lower growth rates in the future, but nonetheless at a sufficient level to maintain buoyant demand for ores and metals.

Global steel production continues to expand significantly, increasing by 8.3% in the first nine months of this year, compared to the same period in 2003. In 3Q04, production was 9.2% higher than in 3Q03.

Chinese steel production for the first nine months of 2004, of 191.6 million tons according to data from the International Iron and Steel Institute (IISI), was 20% higher than that obtained between January and September last year.

In the same period, its iron ore imports amounted to 151 million tons, an increase of 40.4 million tons (36.5% relative to the volume imported in the first nine months of 2003 and 2.8 million tons more than the imports for the whole of 2003).

There are no signs of slowing down in global demand quite the contrary. Pressure on existing production capacity is stronger than last year. The market for



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ore fines, lumps and pellets continues firm and strongly in demand in Asia, Europe and South America.

At the same time, the imbalance between global demand and supply in the alumina market continues, where prices in the spot market have returned to the level of US\$400 per ton FOB. In addition to the strong demand from China, which in the first nine months of the year imported 4.43 million tons, there have been problems on the supply side, increasing the relative scarcity of the product. For 2005, our forecast is still for a deficit, which if it materializes, will contribute to maintaining a satisfactory price level for producers.

## **RECENT MATERIAL EVENTS**

A number of important events have occurred in the recent period. The Company's shares have undergone a forward split and the registry of shareholders debentures owned by foreign investors has been regularized.

Long term contracts for the supply of iron ore and manganese ferro-alloys have been signed. In terms of the assets managed, the important events were the start-up of operations at the Candonga hydroelectric plant and the sale of CVRD's equity stake in PPSA. Finally, a cooperation agreement has been signed with JBIC.

### **Stock split and Shareholders Debentures**

The Extraordinary General Shareholders Meeting, held on August 18, approved the proposal to split the Company's shares. As a result, each CVRD share was split into three. The aim was to reposition the Company's share price after substantial appreciation, and at the same time making transactions more accessible for retail investors. As a consequence of the share split, the Company's capital is now composed of 1,165,677,168 shares, being 749,949,429 ordinary shares and 415,727,739 preferred shares.

The Central Bank of Brazil has issued authorization granting the registration of the debentures issued and given to holders of American Depositary Receipts (ADRs) as of the record date of April 18, 1997. This measure allows the owners of ADRs in CVRD of the pre- privatization phase to use these assets, thus respecting the rights of these investors.

### **Long term contracts**

In this quarter, CVRD signed three new long-term contracts for the supply of iron ore:

- (1) Shougang Group, of China 11.3 million tons of iron ore between 2004 and 2012.
- (2) JFE Steel Corporation, of Japan 70 million tons of iron ore between 2005 and 2014.
- (3) Sumitomo Metals, of Japan 20 million tons of iron ore between 2005 and 2014.

In the last 12 months, CVRD has signed a number of contracts for the total supply of 555 million tons of iron ore and pellets for contract terms of up to 10 years. This has helped to increase predictability in the behavior of the Company's future sales, thereby enabling production capacity to be expanded with greater confidence.

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The Company also signed a sales contract with Corus, for the supply of 30,000 tons of manganese ferro-alloys per year for a period of three years.

This contract represents a paradigm shift in commercial relationship in the global ferro-alloys market. Previously, the supply of this raw material was carried out through transactions effected in the spot market. This change is extremely positive for both suppliers and consumers, permitting the optimization of production planning.

### **Candonga hydroelectric plant begins operations**

The Candonga hydroelectric plant, which has an installed capacity of 140 MW and generation capacity of 64.5 average MW, equivalent to 565,020 MWh/year, has begun commercial generation of electricity. CVRD's quota of electric power is the same as its 50% stake in the consortium which built the plant, and is supplying energy needs of the Company's operational units in the states of Minas Gerais and Espírito Santo.

This is CVRD's fourth project to begin operations in 2004: the others being Píer III at the Ponta da Madeira maritime terminal, the conclusion of the expansion of iron ore production capacity at Carajás to 70 million tons a year, and the Sossego copper mine.

### **Sale of PPSA**

CVRD has sold for US\$ 117.8 million its entire equity stake in PPSA to its subsidiary Caemi. The shares sold correspond to 85.6% of PPSA's voting capital and 82.0% of its total capital. The transaction had the aim of consolidating the Company's kaolin businesses within Caemi, which operates in the sector through Cadam. The conclusion of the sale is still subject to precedent conditions.

### **Cooperation agreement with JBIC**

The Company has signed a cooperation agreement with the Japan Bank for International Cooperation (JBIC) whose aim is to stimulate the information flow concerning CVRD's expansion projects in the areas of infrastructure and mining. JBIC has already taken part in the financing of a number of the Company's significant expansion projects and is now firmly established as an important source of long term funding for this purpose.

## **SALES VOLUME AND REVENUES**

CVRD's total gross revenues in 3Q04, of R\$3.742 billion, set a new record, exceeding the previous record of R\$3.578 billion achieved in 2Q04. This figure was 35.3% higher than 3Q03 and 4.6% higher than 2Q04. This result was obtained despite the 2.3% appreciation in the Brazilian Real against the US Dollar, between 2Q04 and 3Q04, which had a negative effect on revenues of R\$83 million.

### **Record shipments of iron ore and pellets**

Revenues from the sale of iron ore and pellets, of R\$2.982 billion, also represented a new record. This figure was 31.7% higher than 3Q03 and 1.6% higher 2Q04. Revenues in 3Q04 consisted of R\$2.214 billion from the sale of iron ore and R\$768 million from the shipment of pellets.

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The volume sold of iron ore and pellets also reached a record level in 3Q04, amounting to 48.893 million tons, compared to 45.894 million tons in the previous quarter. Global demand continues to be very strong. Reaching this latest level was possible due to increased capacity at Carajás, which is now producing at a rate of 73.6 million tons a year, having produced 18.4 million tons this quarter, compared to 16.2 million tons in 2Q04.

The volume sold of iron ore amounted to 41.791 million tons, an increase of 18.0% in relation to 3Q03, and of 8.1% vis-à-vis the previous record achieved in 2Q04. The Company sold 7.102 million tons of pellets, practically the same of 7.231 million tons sold in the previous quarter, but 45.9% higher than the volume sold in 3Q03.

Of the iron ore sold by the Company in 3Q04, 74.7% consisted of ore fines, 10.8% lumps, and 14.5% pellets.

Exports accounted for 75.5% of the iron ore and pellets shipped in 3Q04. China continues to gain importance as a sales destination for CVRD, having been responsible for 21.7% of iron ore exports, 8.0 million tons. In second place was Germany, which bought 5.7 million tons, followed by Japan with 3.4 million tons and France and South Korea, with 2.4 million tons each. Of the 12.0 million tons sold to the domestic market, 4.9 million tons were sold to the pelletizing joint ventures at Tubarão, whose production is almost entirely exported.

### **Rising shipments of copper**

In 3Q04, the Company shipped 96,000 tons of copper concentrate, generating R\$196 million in revenues. This volume represents an increase of 182.4% in relation to the previous quarter, which saw only one month of shipments, while revenues were up 172.2%. The Sossego mine continues its production ramp-up process which should be concluded in the fourth quarter of this year.

### **Good potash sales performance despite limitations**

Sales of potash amounted to 161 thousand tons, a drop of 3.0% vis-à-vis 2Q04 and down 18.7% compared to 3Q03. This decline in sales was due to the temporary restrictions on production capacity as a result of the expansion projects being implemented in the Taquari-Vassouras mine. Revenues obtained from potash sales, of R\$103 million, were up 27.1% in relation to 3Q03 and up 7.3% in relation to 2Q04.

### **New record achieved in the transportation of general cargo, gains in productivity and reductions in fuel consumption**

The volume of general cargo (freight other than iron ore and pellets) transported for clients through our railroads (Vitória a Minas and Carajás) amounted to 5.0 billion ntk, exceeding the previous record of 4.9 billion ntk reported in 2Q04, an increase of 10.1% compared to 3Q03, and of 3.2% vis-à-vis 2Q04. Most of the cargo transported consisted of inputs and products for the steel industry (43.5%), agricultural products (35.5%) and fuel (9.8%).

Productivity on CVRD's railroads continue to improve in 2004. EFVM carried 9.11 ntk per HP (*horse power*), an indicator of productivity for locomotives, compared to 8.53 in 2Q04 and 8.15 in 1Q04, while EFC transported 16.57 ntk per HP, compared to 15.18 in 2Q04 and 14.97 in 1Q04.

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In terms of fuel efficiency, there has also been a progressive improvement. In 3Q04, EFVM consumed 2.24 litres of fuel per gross 1,000 ton kilometer (kgtk) transported while EFC consumed 1.40 litres per kgtk, compared to 2.28 and 1.41, respectively in 2Q04.

Revenues generated from logistics services, of R\$422 million, represented an increase of 17.5% and 2.9% compared to 3Q03 and 2Q04, respectively, amounting to 11.3% of the Company's total revenues. Of this total, R\$333 million were generated by railroad transportation and R\$89 million by port services.

**SALES VOLUME**

000 tons

|                      | <b>3Q03</b> | <b>2Q04</b> | <b>3Q04</b> | <b>9M04</b> |
|----------------------|-------------|-------------|-------------|-------------|
| Iron Ore and Pellets | 40,297      | 45,894      | 48,893      | 138,043     |
| Iron Ore             | 35,430      | 38,663      | 41,791      | 117,355     |
| Fines                | 31,597      | 34,321      | 36,530      | 103,461     |
| Lumps                | 3,833       | 4,342       | 5,261       | 13,894      |
| Pellets              | 4,867       | 7,231       | 7,102       | 20,688      |
| Potash               | 198         | 166         | 161         | 465         |
| Copper Concentrate   |             | 34          | 96          | 130         |
| Port Services        | 6,515       | 6,896       | 6,654       | 19,185      |

**SALES OF IRON ORE AND PELLETS- BY DESTINATION**

Million tons

| <b>FOREIGN MARKET</b> | <b>3Q03</b> | <b>2Q04</b> | <b>3Q04</b> | <b>9M04</b> |
|-----------------------|-------------|-------------|-------------|-------------|
| <b>ASIA</b>           |             |             |             |             |
| China                 | 7.1         | 7.1         | 8.0         | 20.9        |
| South Korea           | 1.7         | 1.4         | 2.4         | 5.5         |
| Philippines           | 0.6         | 1.0         | 0.9         | 2.7         |
| Japan                 | 4.1         | 4.1         | 3.4         | 11.5        |
| Taiwan                | 0.5         | 0.5         | 0.8         | 2.0         |
| Others                |             | 0.5         |             | 0.9         |
| <b>Total</b>          | <b>14.0</b> | <b>14.6</b> | <b>15.5</b> | <b>43.5</b> |
| <b>EUROPE</b>         |             |             |             |             |
| Germany               | 4.4         | 5.7         | 5.7         | 16.0        |
| Spain                 | 0.4         | 1.1         | 0.9         | 2.9         |
| France                | 1.7         | 2.9         | 2.4         | 7.6         |
| Italy                 | 1.2         | 1.1         | 1.7         | 4.3         |
| United Kingdom        | 0.6         | 0.4         | 0.8         | 1.7         |
| Others                | 3.6         | 3.9         | 4.1         | 11.5        |
| <b>Total</b>          | <b>11.9</b> | <b>15.1</b> | <b>15.6</b> | <b>44.0</b> |

**THE AMERICAS**

|               |             |             |             |              |
|---------------|-------------|-------------|-------------|--------------|
| Argentina     | 0.7         | 0.8         | 1.0         | 2.7          |
| United States | 1.0         | 0.9         | 0.8         | 2.7          |
| Other         | 0.7         | 0.8         | 1.1         | 3.2          |
| <b>Total</b>  | <b>2.4</b>  | <b>2.5</b>  | <b>2.9</b>  | <b>8.6</b>   |
| <b>Others</b> |             |             |             |              |
| Bahrein       | 1.0         | 0.6         | 1.1         | 2.7          |
| Others        | 0.5         | 1.3         | 1.8         | 4.2          |
| <b>Total</b>  | <b>1.5</b>  | <b>1.9</b>  | <b>2.9</b>  | <b>6.9</b>   |
| <b>TOTAL</b>  | <b>29.8</b> | <b>34.1</b> | <b>36.9</b> | <b>103.0</b> |

**DOMESTIC MARKET**

|                            | <b>3Q03</b> | <b>2Q04</b> | <b>3Q04</b> | <b>9M04</b>  |
|----------------------------|-------------|-------------|-------------|--------------|
| Steel Mills                | 5.7         | 7.0         | 7.1         | 20.4         |
| Pelletizing Joint Ventures | 4.7         | 4.8         | 4.9         | 14.6         |
| <b>Total</b>               | <b>10.4</b> | <b>11.8</b> | <b>12.0</b> | <b>35.0</b>  |
| <b>TOTAL</b>               | <b>40.2</b> | <b>45.9</b> | <b>48.9</b> | <b>138.0</b> |

**BR GAAP****GENERAL CARGO TRANSPORTED BY RAILROAD**

|                          | Million ntk  |              |              |               |
|--------------------------|--------------|--------------|--------------|---------------|
|                          | <u>3Q03</u>  | <u>2Q04</u>  | <u>3Q04</u>  | <u>9M04</u>   |
| Vitória a Minas Railroad | 3,497        | 3,563        | 3,724        | 10,349        |
| Carajás Railroad         | 1,077        | 1,316        | 1,310        | 3,523         |
| <b>Total</b>             | <b>4,574</b> | <b>4,879</b> | <b>5,034</b> | <b>13,872</b> |

**GROSS REVENUE BY PRODUCT**

|  | R\$ million  |              |              |               |              |
|--|--------------|--------------|--------------|---------------|--------------|
|  | <u>3Q03</u>  | <u>2Q04</u>  | <u>3Q04</u>  | <u>9M04</u>   | <u>%</u>     |
| <b>Iron Ore</b>                              | <b>1,777</b> | <b>2,072</b> | <b>2,214</b> | <b>5,983</b>  | <b>59.5</b>  |
| Domestic Market                              | 410          | 524          | 543          | 1,495         | 14.9         |
| Export Market                                | 1,367        | 1,548        | 1,671        | 4,488         | 44.6         |
| <b>Pellets</b>                               | <b>488</b>   | <b>863</b>   | <b>768</b>   | <b>2,225</b>  | <b>22.1</b>  |
| Domestic Market                              | 87           | 158          | 157          | 430           | 4.3          |
| Export Market                                | 400          | 705          | 611          | 1,795         | 17.9         |
| <b>Pelletizing Plants Operation Services</b> | <b>36</b>    | <b>47</b>    | <b>34</b>    | <b>116</b>    | <b>1.2</b>   |
| <b>Railroad Transport</b>                    | <b>281</b>   | <b>319</b>   | <b>333</b>   | <b>913</b>    | <b>9.1</b>   |
| <b>Port Services</b>                         | <b>78</b>    | <b>91</b>    | <b>89</b>    | <b>251</b>    | <b>2.5</b>   |
| <b>Potash</b>                                | <b>81</b>    | <b>96</b>    | <b>103</b>   | <b>265</b>    | <b>2.6</b>   |
| <b>Copper Concentrate</b>                    |              | <b>72</b>    | <b>196</b>   | <b>268</b>    | <b>2.7</b>   |
| <b>Others</b>                                | <b>26</b>    | <b>18</b>    | <b>6</b>     | <b>30</b>     | <b>0.3</b>   |
| <b>Total</b>                                 | <b>2,766</b> | <b>3,578</b> | <b>3,742</b> | <b>10,052</b> | <b>100.0</b> |

**A NEW EARNINGS RECORD: R\$2.296 BILLION**

In 3Q04, the company obtained net earnings of R\$2.296 billion, exceeding the previous record achieved in 2Q04, of R\$1.683 billion by 36.4%. In addition, this amount represents an increase of 79.6% on that obtained in 3Q03.

3Q04 earnings were positively influenced by a R\$463 million profit on the sale of the 20.11% interest in CST (4.42% of CST's voting stock and 29.96% of its non-voting stock). The sale of CVRD's remaining 7.91% stake in CST will take place until May 2005, as announced in the press released published on June 28, 2004.

The principal factors behind the R\$613 million increase in net earnings in 3Q04, compared to that obtained in 2Q04, were:

- (i) An increase of R\$768 million in positive monetary variation, bearing in mind the appreciation of the Brazilian Real versus the US Dollar in 3Q04, compared to the depreciation that occurred in 2Q04;

- (ii) Profit on the sale of CST, of R\$463 million;
- (iii) An increase in the Company's net operating revenues of R\$149 million;
- (iv) Reduction of R\$10 million in sales and administrative expenses.

On the other hand, the effect of these factors was partially offset by:

- (i) An increase of R\$80 million in the cost of goods sold (COGS), which was due basically to the general growth in the Company's production activity, including the build-up of operations in the Sossego copper

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mine, which caused an increase of R\$83 million in COGS, and the annual employee salary increase (R\$26 million);

- (ii) An increase of R\$149 million in other net operating expenses, due to provisions made for tax due and profit-sharing, as well as the booking of pre-operating costs at Sossego of R\$24 million;
- (iii) A drop of R\$233 million in the equity income result, basically due to the effect of the appreciation of the Brazilian Real against the US dollar on net assets in foreign currency owned by subsidiaries and affiliates based abroad (generating a negative variation of R\$397 million between 2Q04 and 3Q04 ). In addition, as a result of the sale just mentioned, the contribution of CST to CVRD s equity income result dropped by R\$136 million.

On the other hand, the following companies had a positive contribution to the Company s results: Samarco s earnings contribution increased by R\$42 million, Usiminas by R\$38 million, Alunorte s by R\$34 million, Rio Doce Manganês s by R\$25 million and Pará Pigmentos and MRN, each contributed with an increase of R\$17 million.

**EQUITY INCOME RESULTS BY BUSINESS AREA**

R\$ million

| <b>Business Area</b>        | <b>3Q03</b> | <b>2Q04</b>  | <b>3Q04</b> |
|-----------------------------|-------------|--------------|-------------|
| <b>Ferrous Minerals</b>     | <b>202</b>  | <b>596</b>   | <b>496</b>  |
| Iron Ore and Pellets        | 158         | 452          | 324         |
| Manganese and Ferro-Alloys  | 44          | 144          | 172         |
| <b>Non-Ferrous Minerals</b> | <b>(26)</b> | <b>(2)</b>   | <b>16</b>   |
| <b>Logistics</b>            | <b>9</b>    | <b>17</b>    | <b>36</b>   |
| <b>Steel</b>                | <b>135</b>  | <b>302</b>   | <b>125</b>  |
| <b>Aluminum</b>             | <b>130</b>  | <b>228</b>   | <b>235</b>  |
| <b>Others</b>               | <b>37</b>   | <b>(5)</b>   | <b>(5)</b>  |
| <b>Total</b>                | <b>487</b>  | <b>1,136</b> | <b>903</b>  |

**COMPOSITION OF COGS**

R\$ million

|                               | <b>3Q03</b> | <b>%</b> | <b>2Q04</b> | <b>%</b> | <b>3Q04</b> | <b>%</b> |
|-------------------------------|-------------|----------|-------------|----------|-------------|----------|
| Personnel                     | 144         | 10.7     | 165         | 9.3      | 191         | 10.3     |
| Material                      | 214         | 15.8     | 336         | 18.9     | 350         | 18.9     |
| Fuel Oil and Gases            | 162         | 12.0     | 195         | 11.0     | 204         | 11.0     |
| Contracted Services           | 210         | 15.5     | 269         | 15.2     | 269         | 14.5     |
| Contracted Transportation     | 19          | 1.4      | 71          | 4.0      | 73          | 3.9      |
| Energy                        | 43          | 3.2      | 54          | 3.0      | 69          | 3.7      |
| Acquisition of products       | 294         | 21.8     | 341         | 19.2     | 346         | 18.7     |
| Depreciation and Amortization | 185         | 13.7     | 222         | 12.5     | 247         | 13.3     |



|              |              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Others       | 80           | 5.9          | 122          | 6.9          | 106          | 5.7          |
| <b>Total</b> | <b>1,351</b> | <b>100.0</b> | <b>1,775</b> | <b>100.0</b> | <b>1,855</b> | <b>100.0</b> |

**CASH GENERATION OF R\$ 1.538 BILLION**

CVRD generated cash, as measured by EBITDA, of R\$ 1.538 billion in 3Q04, an increase of 2.1% on 3Q03, but down 11.0% on 2Q04.

**BR GAAP**

Net operating revenues in 3Q04 increased by R\$ 149 million compared to the previous quarter, contributing positively to EBITDA.

On the other hand, the principal factors behind the drop in cash generated compared to 2Q04 were the increase in other operating expenses of R\$149 million and on COGS of R\$80 million, as previously explained. There was also a reduction of R\$124 million in dividends received from subsidiaries and affiliates, bearing in mind that MRN and Valesul did not distribute dividends this period and the amount paid by Samarco, R\$54 million, decreased by R\$43 million. The total amount of dividends received by CVRD during 3Q04 was R\$68 million.

**EBITDA CALCULATION**

|                               | R\$ million  |              |              |
|-------------------------------|--------------|--------------|--------------|
|                               | <u>3Q03</u>  | <u>2Q04</u>  | <u>3Q04</u>  |
| Net Operating Revenues        | 2,679        | 3,384        | 3,534        |
| COGS                          | (1,351)      | (1,775)      | (1,855)      |
| Sales Expenses                | (56)         | (7)          | (8)          |
| Administrative Expenses       | (97)         | (134)        | (123)        |
| Research & Development        | (64)         | (76)         | (99)         |
| Other Operational Expenses    | (9)          | (88)         | (237)        |
| <b>EBIT</b>                   | <b>1,102</b> | <b>1,304</b> | <b>1,212</b> |
| Depreciation and Amortization | 192          | 233          | 258          |
| Dividends Received            | 212          | 192          | 68           |
| <b>EBITDA</b>                 | <b>1,506</b> | <b>1,729</b> | <b>1,538</b> |

**DEBT: LEVERAGE AND COVERAGE INDICES CONTINUE TO IMPROVE**

Our discussion of debt is in accordance with generally accepted accounting principles in the United States of America (US GAAP) since such information enables a more precise analysis of the consolidated leverage position of the Company.

CVRD's total debt on September 30, 2004 was US\$4.418 billion, US\$96 million less than the US\$4.514 billion outstanding as of June 30, 2004.

Short-term debt was reduced by US\$43 million from the end of 2Q04, and long-term debt by US\$53 million. In percentage terms short-term debt was significantly reduced from 32.0% of total debt at the end of 3Q03, to 22.2% at the end of 3Q04.

Net debt fell substantially, from US\$3.455 billion at the end of June to US\$2.479 billion on September 30, 2004. This was due to the increase in cash balance which was generated by the strong operating cash flow during the quarter, of US\$1.1 billion, and the proceeds from the sale of shares of CST, US\$415 million. Such cash position should change as a result of the disbursement of dividends at the end of October 2004.

Due to the considerable increase in the last twelve month adjusted EBITDA, which was US\$3.289 billion at the end of September, the leverage ratio total debt / LTM adjusted EBITDA fell to 1.34x at end of 3Q04, and total debt /

enterprise value was 16.2%, vis-à-vis 21,7% at the end of 2Q04.

**BR GAAP**

There was a strong improvement in interest coverage as well, measured as LTM adjusted Ebitda / LTM interest payments, from 11.51x at the end of 2003 to 13.00x at the end of 3Q04.

**FINANCIAL EXPENSES**

US\$ million

| <b>Breakdown of Financial Expenses:</b>         | <b>2Q04</b>  | <b>3Q04</b>  |
|---|--------------|--------------|
| Local Debt                                      | (12)         | (12)         |
| External Debt                                   | (67)         | (49)         |
| Debt with Related Parties                       | (5)          | (3)          |
| <b>Total Financial Expenses Related to Debt</b> | <b>(84)</b>  | <b>(64)</b>  |
| <b>Breakdown of Gross Interest:</b>             | <b>2Q04</b>  | <b>3Q04</b>  |
| Tax and Labour Contingencies                    | (9)          | (11)         |
| Taxes on Financial Transactions CPMF            | (14)         | (9)          |
| Derivatives                                     | 23           | (36)         |
| Others  | (22)         | (45)         |
| <b>Total of Gross Interest</b>                  | <b>(22)</b>  | <b>(101)</b> |
| <b>Total</b>                                    | <b>(106)</b> | <b>(165)</b> |

**LEVERAGE INDICATORS**

US\$ million

|   | <b>3Q03</b> | <b>2Q04</b> | <b>3Q04</b> |
|---|-------------|-------------|-------------|
| Gross Debt                                      | 4,304       | 4,514       | 4,418       |
| Net Debt  | 2,964       | 3,455       | 2,479       |
| Gross Debt / LTM Adjusted EBITDA (x)            | 2.15        | 1.55        | 1.34        |
| LTM Adjusted EBITDA / LTM Interest Expenses (x) | 10.15       | 12.94       | 13.00       |
| Gross Debt / EV (x)                             | 0.24        | 0.22        | 0.16        |

*Enterprise Value = Market Capitalization + Net Debt*

**INVESTMENTS OF US\$256 MILLION**

In the third quarter of 2004, CVRD invested US\$256 million, out of which US\$169 million were allocated to growth capex and US\$87 million to the maintenance of the current operations (stay in business capex).

In the first nine months of the year, CVRD invested US\$1.043 billion, representing 67.9% of the capex budget for the year.

Due to the implementation of an enterprise resource planning system, as informed on the 2003 Form 20F, investment data is still preliminary and subject to future review.

From the US\$169 million spent with growth initiatives during 3Q04, US\$22 million were dedicated to mineral exploration. This amount was partially invested in Brazil 73% and partially abroad 27%. Most of the mineral exploration efforts were on the prospecting for copper, gold, nickel, manganese and bauxite.

Investments in brownfield and greenfield projects accounted for US\$147 million. The main projects under development are described in the chart below.

**BR GAAP**

| <b>Area</b>      | <b>Project</b>  | <b>Realized<br/>US\$ million</b> |             |             |             | <b>Status</b>   |
|------------------|---|----------------------------------|-------------|-------------|-------------|---|
|                  |   | <b>1Q04</b>                      | <b>2Q04</b> | <b>3Q04</b> | <b>9M04</b> |   |
| Ferrous Minerals | Expansion of iron ore mines in Carajás to 85 Mtpa Northern System | 2                                | 24          | 10          | 36          | This project will add 15 million tons a year to CVRD's production capacity and is scheduled for completion by 2006. The conclusion of the Phase II of Pier III at the Ponta da Madeira maritime terminal, which consists of the implementation of a shiploader, is scheduled for July 2005. Work on the beneficiation plant is already ongoing. |
|                  | Iron ore mine Brucutu - Phase I Southern System                   | 2                                | 10          | 7           | 19          | Brucutu is not a modular project and is likely to produce 4 million tons this year. Phase I will be concluded in 2006, when it will reach nominal production capacity of 12 million tons a year.  |
|                  | Iron ore mine Fábrica Nova Southern System                        | 3                                | 7           | 9           | 19          | The first phase is scheduled for completion in 2Q05, when the mine will have a nominal production capacity of 10 million tons a year. The start-up of the second phase is scheduled for 2007, when the mine is expected to reach nominal production capacity of 15 million tons a year.   |
|                  | Expansion of the iron ore mines at Itabira Southern System        | 4                                | 4           | 4           | 12          | Expansion and modernization of the operations in the mines at Itabira will increase   |

|                      |   |    |    |    |     |   |
|----------------------|---|----|----|----|-----|---|
|                      |   |    |    |    |     | production capacity by 3 million tons a year, raising nominal production capacity to 46 million tons a year. Completion scheduled for 2006.   |
| Non-ferrous minerals | Expansion of Taquari-Vassouras potash mine  | 16 | 5  | 5  | 26  | About 81% of the expansion work has already been carried out. Operational start-up for the expansion is scheduled for the second half of 2005.  |
| Aluminum             | Paragominas I                               | 2  | 2  | 6  | 10  | Operation is scheduled to begin at the end of 2006, with annual production capacity of 9.0 million tons of bauxite. The basic projects for the plant and for the ore pipeline have already been completed and the pilot plant has already started-up. The environmental licenses for the opening of the mine and construction of the pipeline were already obtained. 40,000 tons of pipes for the pipeline were bought. The levelling of the ground for the area where the beneficiation plant and the support for the operations will be, already started. The total cost of the project is US\$353 million. |
| Logistics            | Purchase of locomotives and wagons EFVM/EFC | 75 | 78 | 36 | 189 | In the first nine months of 2004, EFVM and EFC received 2,259 wagons 1,546 for the transportation of iron ore and 713 for general cargo - and 38 locomotives.   |
| Power Generation     | Aimorés Hydroelectric Power Plant           | 11 | 5  | 4  | 20  | The plant is located on the Rio Doce, in the state of Minas Gerais, Brazil, and will have a generation  |

|  |   |   |    |    |   |
|--|---|---|----|----|---|
|  |   |   |    |    | capacity of 330MW, with start-up scheduled for July 2005.   |
| Capim Branco I & II Hydroelectric Power Plants | 6 | 9 | 13 | 28 | Both plants are located on the Rio Araguari, in the state of Minas Gerais, Brazil, and will have a generation capacity of 240MW and 210MW respectively. Operational start-up for both projects is scheduled for 2006. |

**SELECTED FINANCIAL INDICATORS FOR THE MAIN SUBSIDIARIES AND AFFILIATES**

Selected financial indicators for the Company's main subsidiaries and affiliates are available on the Company's website, [www.cvrd.com.br](http://www.cvrd.com.br), investor relations.



**BR GAAP****CONFERENCE CALL/WEBCAST**

On Friday, November 12, CVRD will be holding a conference call and webcast at 12 pm (Rio de Janeiro time), 9 am US Eastern Standard Time and 2pm, British Standard Time. Instructions for participating in this conference call will be available on CVRD's website, [www.cvr.com.br](http://www.cvr.com.br), investor relations. A recording of the conference call will be available on the Company's website for 90 days following November 12, 2004.

**FINANCIAL STATEMENTS**

R\$ million

|                                    | <b>3Q03</b>  | <b>2Q04</b>  | <b>3Q04</b>  |
|------------------------------------|--------------|--------------|--------------|
| <b>Gross Operating Revenues</b>    | <b>2,766</b> | <b>3,578</b> | <b>3,742</b> |
| Taxes                              | (87)         | (194)        | (208)        |
| <b>Net Operating Revenues</b>      | <b>2,679</b> | <b>3,384</b> | <b>3,534</b> |
| Cost of Goods Sold                 | (1,351)      | (1,775)      | (1,855)      |
| <b>Gross Earnings</b>              | <b>1,328</b> | <b>1,609</b> | <b>1,679</b> |
| Gross Margin (%)                   | 49.6         | 47.5         | 47.5         |
| <b>Operational Expenses</b>        | <b>(226)</b> | <b>(305)</b> | <b>(467)</b> |
| Sales                              | (56)         | (7)          | (8)          |
| Administrative                     | (97)         | (134)        | (123)        |
| Research and Development           | (64)         | (76)         | (99)         |
| Other Operational Expenses         | (9)          | (88)         | (237)        |
| <b>Operating Earnings</b>          | <b>1,102</b> | <b>1,304</b> | <b>1,212</b> |
| <b>Result from Shareholdings</b>   | <b>487</b>   | <b>1,136</b> | <b>903</b>   |
| Equity Income                      | 246          | 1,247        | 970          |
| Goodwill Amortization              | (113)        | (80)         | (10)         |
| Provision for Losses               | 354          | (31)         | (57)         |
| <b>Financial Result</b>            | <b>(273)</b> | <b>(703)</b> | <b>(54)</b>  |
| Financial Expenses                 | (145)        | (153)        | (277)        |
| Financial Revenues                 | 60           | 20           | 25           |
| Monetary Variation                 | (188)        | (570)        | 198          |
| <b>Disposal of Assets</b>          |              |              | 463          |
| Income Tax and Social Contribution | (38)         | (54)         | (228)        |
| <b>Net Earnings</b>                | <b>1,278</b> | <b>1,683</b> | <b>2,296</b> |
| <b>Earnings per share (R\$)</b>    | <b>1.11</b>  | <b>1.46</b>  | <b>1.99</b>  |

**BALANCE SHEET**

R\$ million

|              | <b>09/30/03</b> | <b>06/30/04</b> | <b>09/30/04</b> |
|--------------|-----------------|-----------------|-----------------|
| <b>Asset</b> |                 |                 |                 |

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|                     |               |               |               |
|---------------------|---------------|---------------|---------------|
| Current             | 5,617         | 3,925         | 5,818         |
| Long Term           | 2,562         | 2,686         | 2,734         |
| Fixed               | 22,177        | 26,416        | 27,163        |
| <b>Total</b>        | <b>30,356</b> | <b>33,026</b> | <b>35,715</b> |
| <b>Liabilities</b>  |               |               |               |
| Current             | 6,392         | 4,453         | 6,012         |
| Long Term           | 9,431         | 11,895        | 11,082        |
| Shareholders Equity | 14,533        | 16,678        | 18,621        |
| Paid-up Capital     | 6,300         | 7,300         | 7,300         |
| Reserves            | 8,233         | 9,378         | 11,321        |
| <b>Total</b>        | <b>30,356</b> | <b>33,026</b> | <b>35,715</b> |

**BR 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 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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**CVRD**

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**Part I**

Expressed In thousands of reais

**1- Operating Results for the nine months ended September 30, 2004 Compared with the nine months ended September 30, 2003****1.1- General Aspects****(a) Companhia Vale do Rio Doce's segments of business are 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:**

| Currencies / Indices<br>Period       | U.S.<br>DOLLAR | YEN    | $\Delta\%$ |      | Parity       |             |
|--------------------------------------|----------------|--------|------------|------|--------------|-------------|
|                                      |                |        | IGP-M      | TJLP | US \$ x R \$ | US \$ x Yen |
| 9M/04 (from 01/01/04<br>to 09/30/04) | (1.1)          | (3.8)  | 10.3       | 7.3  | 2.8586       | 110.17      |
| 3Q/04 (from 07/01/04 to<br>09/30/04) | (8.2)          | (9.1)  | 3.3        | 2.4  | 2.8586       | 110.17      |
| 2Q/04 (from 01/04/04 to<br>06/30/04) | 6.8            | 2.5    | 4.0        | 2.4  | 3.1075       | 108.89      |
| 9M/03 (from 01/01/03<br>to 09/30/03) | (17.3)         | (11.9) | 7.1        | 8.6  | 2.9234       | 111.65      |
| 3Q/03 (from 07/01/03 to<br>09/30/03) | 2.1            | 9.4    | 1.1        | 2.9  | 2.9234       | 111.65      |

About 65% of the Company's gross revenue for the nine months ended September 30, 2004 is derived from exports and part of domestic sales is linked to the U.S. dollar. About 30% 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 96% of the short-term and long-term loans of the Company at 09/30/04 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Note 6.16).

(c) On the nine months ended September 30, 2004, the consolidated trade balance of US\$3,285 million was generated as follows:

|         | Consolidated (in US\$ million) |              |            |              |              |
|---------|--------------------------------|--------------|------------|--------------|--------------|
|         | 3Q/04                          | Quarter      |            | Accumulated  |              |
|         |                                | 2Q/04        | 3Q/03      | 09/30/04     | 09/30/03     |
| Exports | 1,393                          | 1,524        | 994        | 3,929        | 2,741        |
| Imports | (218)                          | (278)        | (172)      | (644)        | (368)        |
|         | <b>1,175</b>                   | <b>1,246</b> | <b>822</b> | <b>3,285</b> | <b>2,373</b> |

**Consolidated Trade Balance - US\$ Million**

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**CVRD**

## 1.2- Comments on the Company Results

The net income for the Company on the nine months ended September 30, 2004 was R\$4,933,077 (net income of R\$2,296,222 in the third quarter and net income of R\$1,683,141 in the second quarter) compared with net income of R\$3,717,323 in the nine months ended September 30, 2003.

### 1.2.1- Gross Revenue

The 34% increase in gross revenue (R\$10,051,438 on the nine months ended September 30, 2004 against R\$7,490,599 in the nine months ended September 30, 2003) is the result of the 22% higher volume sold of iron ore and pellets, considering the merger of Ferteco in August 2003 and for the operation at full capacity of the pelletizing plant of São Luis in the second semester of 2003. The revenues of the period includes the first transportation of copper (130 thousands of tons R\$267,888) began on June, 2004. This effect was compensated in part for the average valuation of the real against the United States Dollar by 5.4%, incident on 87% of the revenue of the Company. The increase in iron ore and pellets sales was due to growth in Europe, Asia and steel companies of 33%, 16% and 32% respectively.

|                 |       | In thousands of metric tons (except gold) |               |               |                |               | In thousands of reais |                  |                  |                  |                  |                  |
|-----------------|-------|---|---------------|---------------|----------------|---------------|-----------------------|------------------|------------------|------------------|------------------|------------------|
|                 |       | Quarter                                   |               |               | Accumulated    |               | Quarter               |                  |                  | Accumulated      |                  |                  |
|                 |       | 3Q/04                                     | 2Q/04         | 3Q/03         | 09/30/04       | 09/30/03      | %                     | 3Q/04            | 2Q/04            | 3Q/03            | 09/30/04         | 09/30/03         |
| Internal market |       |   |               |               |                |               |                       |                  |                  |                  |                  |                  |
| Iron ore        | finer | 28,538                                    | 26,294        | 23,734        | 79,589         | 66,043        | 21                    | 1,506,799        | 1,431,912        | 1,244,755        | 4,098,038        | 3,217,501        |
| Iron ore        | lump  | 2,646                                     | 1,856         | 2,052         | 6,589          | 5,255         | 25                    | 164,355          | 115,684          | 122,241          | 389,066          | 282,111          |
| Pellets         |       | 5,742                                     | 5,910         | 4,026         | 16,866         | 11,815        | 43                    | 610,833          | 705,071          | 400,157          | 1,795,500        | 1,117,617        |
|                 |       | <b>36,926</b>                             | <b>34,060</b> | <b>29,812</b> | <b>103,044</b> | <b>83,113</b> | 24                    | <b>2,281,987</b> | <b>2,252,667</b> | <b>1,767,153</b> | <b>6,282,604</b> | <b>4,617,229</b> |
| Internal market |       |   |               |               |                |               |                       |                  |                  |                  |                  |                  |
| Iron ore        | finer | 7,992                                     | 8,027         | 7,863         | 23,872         | 22,712        | 5                     | 410,039          | 405,745          | 345,520          | 1,147,040        | 1,011,887        |
| Iron ore        | lump  | 2,615                                     | 2,486         | 1,781         | 7,305          | 4,829         | 51                    | 132,477          | 118,722          | 64,156           | 348,424          | 172,988          |
| Pellets (*)     |       | 1,360                                     | 1,321         | 841           | 3,822          | 2,462         | 55                    | 190,784          | 204,549          | 123,175          | 546,611          | 337,487          |
|                 |       | <b>11,967</b>                             | <b>11,834</b> | <b>10,485</b> | <b>34,999</b>  | <b>30,003</b> | 17                    | <b>733,300</b>   | <b>729,016</b>   | <b>532,851</b>   | <b>2,042,075</b> | <b>1,522,362</b> |
| Internal market |       |   |               |               |                |               |                       |                  |                  |                  |                  |                  |
| Iron ore        | finer | 36,530                                    | 34,321        | 31,597        | 103,461        | 88,755        | 17                    | 1,916,838        | 1,837,657        | 1,590,275        | 5,245,078        | 4,229,388        |
| Iron ore        | lump  | 5,261                                     | 4,342         | 3,833         | 13,894         | 10,084        | 38                    | 296,832          | 234,406          | 186,397          | 737,490          | 455,099          |
| Pellets         |       | 7,102                                     | 7,231         | 4,867         | 20,688         | 14,277        | 45                    | 801,617          | 909,620          | 523,332          | 2,342,111        | 1,455,104        |



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|                |               |               |               |                |                |     |                  |                  |                  |                   |                  |
|----------------|---------------|---------------|---------------|----------------|----------------|-----|------------------|------------------|------------------|-------------------|------------------|
|                | <u>48,893</u> | <u>45,894</u> | <u>40,297</u> | <u>138,043</u> | <u>113,116</u> | 22  | <u>3,015,287</u> | <u>2,981,683</u> | <u>2,300,004</u> | <u>8,324,679</u>  | <u>6,139,591</u> |
| road           |               |               |               |                |                |     |                  |                  |                  |                   |                  |
| transportation | 12,832        | 12,524        | 13,675        | 37,521         | 39,391         | (5) | 333,333          | 318,831          | 281,231          | 913,306           | 810,115          |
| services       | 6,654         | 6,896         | 6,515         | 19,185         | 19,550         | (2) | 88,536           | 90,957           | 77,898           | 250,978           | 229,715          |
| l (kg)         |               |               | 442           |                | 1,858          |     |                  |                  | 16,229           |                   | 68,612           |
| ish            | 161           | 166           | 198           | 465            | 505            | (8) | 103,410          | 96,176           | 81,455           | 264,858           | 217,328          |
| per            | 96            | 34            |               | 130            |                |     | 195,538          | 72,350           |                  | 267,888           |                  |
| er             |               |               |               |                |                |     |                  |                  |                  |                   |                  |
| ducts and      |               |               |               |                |                |     |                  |                  |                  |                   |                  |
| ices           |               |               |               |                |                |     | <u>6,169</u>     | <u>18,021</u>    | <u>9,751</u>     | <u>29,729</u>     | <u>25,238</u>    |
|                |               |               |               |                |                |     | <u>3,742,273</u> | <u>3,578,018</u> | <u>2,766,568</u> | <u>10,051,438</u> | <u>7,490,599</u> |

(\*) Includes revenues derived from services provided to pelletizing joint ventures in the amount of R\$33,611, R\$46,895, R\$35,616, R\$96,126 and R\$116,373 in 3Q/04, 2Q/04, 3Q/03, 09/30/03 and 09/30/04, respectively.

**Gross Revenue at 09/30/04 - R\$10,051,438/US\$3,374,250**

CVRD

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## 1.2.2- Cost of Products and Services

## By Nature

|            | 09/30/04<br>Denominated |                  | Quarter          |            |                  |            |                  |            | Accumulated      |            |                  |            |
|------------|-------------------------|------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|            | R\$                     | US\$             | 3Q/04            | %          | 2Q/04            | %          | 3Q/03            | %          | 09/30/04         | %          | 09/30/03         | %          |
|            | nel                     | 505,906          |                  | 190,659    | 10               | 165,305    | 9                | 143,550    | 11               | 505,906    | 10               | 387,421    |
| al         | 623,267                 | 293,302          | 349,629          | 19         | 336,038          | 19         | 214,149          | 16         | 916,569          | 18         | 631,268          | 17         |
| l gas      | 559,401                 |                  | 204,325          | 11         | 195,051          | 11         | 161,544          | 12         | 559,401          | 11         | 456,362          | 12         |
| rced       |                         |                  |                  |            |                  |            |                  |            |                  |            |                  |            |
| s          | 743,106                 |                  | 268,933          | 14         | 268,963          | 16         | 209,874          | 16         | 743,106          | 15         | 502,322          | 13         |
| rced       |                         |                  |                  |            |                  |            |                  |            |                  |            |                  |            |
| rtation    | 228,015                 |                  | 73,256           | 4          | 71,478           | 4          | 19,385           | 1          | 228,015          | 4          | 36,377           | 1          |
|            | 166,606                 |                  | 68,765           | 4          | 53,970           | 3          | 43,021           | 3          | 166,606          | 3          | 99,980           | 3          |
| ition of   |                         |                  |                  |            |                  |            |                  |            |                  |            |                  |            |
| e and      |                         | 918,525          | 328,656          | 18         | 321,647          | 18         | 277,033          | 21         | 918,525          | 18         | 922,071          | 24         |
| ialization |                         | 50,992           | 17,254           | 1          | 18,747           | 1          | 16,650           | 1          | 50,992           | 1          | 20,918           | 1          |
| iation     |                         |                  |                  |            |                  |            |                  |            |                  |            |                  |            |
| pletion    | 425,562                 |                  | 151,383          | 8          | 125,646          | 7          | 143,291          | 10         | 425,562          | 8          | 398,349          | 10         |
| ization of |                         |                  |                  |            |                  |            |                  |            |                  |            |                  |            |
| ll         | 288,286                 |                  | 96,095           | 5          | 96,095           | 5          | 41,541           | 3          | 288,286          | 6          | 90,379           | 2          |
|            | 49,622                  | 253,926          | 105,904          | 6          | 122,788          | 7          | 81,204           | 6          | 303,548          | 6          | 264,527          | 7          |
|            | <b>3,589,771</b>        | <b>1,516,745</b> | <b>1,854,859</b> | <b>100</b> | <b>1,775,728</b> | <b>100</b> | <b>1,351,242</b> | <b>100</b> | <b>5,106,516</b> | <b>100</b> | <b>3,809,974</b> | <b>100</b> |
|            | <b>70%</b>              | <b>30%</b>       |                  |            |                  |            |                  |            |                  |            |                  |            |

The increase of 34% (R\$1,296,542) in the cost of products and services (R\$5,106,516 as of September 30, 2004 compared to R\$3,809,974 as of September 30, 2003) is mainly due to the following major factors:

Ferteco's merger in August 2003, adding costs of R\$589,329 from sales of 13,614 thousand tons of iron ore and pellets, besides the impact of R\$136,614 goodwill amortization;

Acceleration of goodwill amortization period of Samitri as a result of the revision of its projection of rentability, increasing costs by R\$60,934 in nine months;

Operations at full capacity of the São Luís Pellets Plant (UPSL), adding costs of R\$136,507 to sales of 2,359 thousand tons in 2004;

Inclusion of the first transportation of copper at Sossego Mine increasing R\$123,459 of costs due to sales of 130 thousands of tons in 2004; and

R\$386,313 due to the increase in sales, the increase in maintenance costs of goods and equipment and price adjustments to contracts of services and oil-derived products.

**Cost of Products and Services at 9/30/04 - R\$5,106,516/US\$1,715,283**

**1.2.3- Results of Equity Investments 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.

| <b>Business Area</b>                            | <b>3Q/04</b>     | <b>2Q/04</b>     | <b>3Q/03</b>   | <b>09/30/04</b>  | <b>09/30/03</b>  | <b>%</b> |
|---|------------------|------------------|----------------|------------------|------------------|----------|
| <b>Ferrous Minerals</b>                         |                  |                  |                |                  |                  |          |
| . Iron ore and pellets                          | 505,185          | 388,629          | 148,047        | 1,154,038        | 763,869          | 51       |
| . Manganese and ferroalloys                     | 207,136          | 150,497          | 61,105         | 434,170          | 163,477          | 166      |
| <b>Non-Ferrous Minerals</b>                     | 15,590           | (1,721)          | (16,891)       | 19,504           | (16,995)         | 215      |
| <b>Logistics</b>                                | 68,036           | 66,009           | (181,085)      | 169,234          | (160,865)        | 205      |
| <b>Holdings</b>                                 |                  |                  |                |                  |                  |          |
| . Steel   | 178,348          | 257,775          | 124,823        | 551,604          | 343,322          | 61       |
| . Aluminum                                      | 234,629          | 227,858          | 135,057        | 552,100          | 622,986          | (11)     |
| <b>Others</b>                                   | (3,441)          | (2,797)          | (94,161)       | (2,541)          | (67,019)         | 96       |
| <b>Equity</b>                                   | <b>1,205,483</b> | <b>1,086,250</b> | <b>176,895</b> | <b>2,878,109</b> | <b>1,648,775</b> | 75       |
| Provision for losses                            | (9,663)          | (30,525)         | 354,352        | (68,590)         | 329,118          | (121)    |
| Amortization of goodwill                        | (57,270)         | (80,013)         | (113,258)      | (194,553)        | (391,069)        | 50       |
| Exchange variation on<br>Stockholders Equity    | (235,934)        | 160,745          | 69,495         | (66,334)         | (613,268)        | 89       |
| <b>Results of investment<br/>participations</b> | <b>902,616</b>   | <b>1,136,457</b> | <b>487,484</b> | <b>2,548,632</b> | <b>973,556</b>   | 162      |

The detailed information about the main Companies of CVRD Group are available at the Company website, [www.cvr.com.br](http://www.cvr.com.br), Investor Relations.

The effects of exchange rate variation on debt generated a sharp negative variation impacting the results of equity investments due to the real valuation against US dollar of 1% in 2004 compared to 17% in 2003.

**Ferrous Minerals****(a) Iron Ore and Pellets**

There were increases in sales volume of iron ore and pellets as well as of average prices, partially offset by the Real appreciation of 5% (the average exchange rate floated from R\$3.1311 in the nine months ended September 30, 2003 to R\$2.9783 in the nine months ended September 30, 2004).

In September 2003, CVRD increased its ownership in Caemi Mineração e Metalurgia S.A. (60.23% in the nine months ended September 30, 2004 against 16.86% in the eight first months of 2003), having a positive impact on equity in the results of investees. As opposed, due to the incorporation of Ferteco Mineração S.A. in August 2003, equity in the results of Ferteco is no longer applicable as from the nine months ended September 30, 2004.

**(b) Manganese and Ferroalloys**

Equity in the results of investees had an increase, mainly due to the increases in sales volume and selling average prices of manganese and ferroalloys, partially offset by the effects of the Real appreciation of 5%.

**Non-Ferrous Minerals**

Operating income was stable despite the increase in sales volume and stability in average prices in US dollar, due to the negative effects of the 5% Real appreciation.

The negative equity in the results of investees in 2003 was compensated with the reversion of the Para Pigmentos S.A. provision for losses at the same period.

**Logistic**

Equity in the results of investees increased substantially, due to the increase in volume transported through the railroads and shipments, partially offset by the reduction in the volume of bulk transportation as a result of the divestitures program in the shipping business. Selling average prices increased mainly due to the strong demand for transportation services, especially from the exporters.

Additionally, the result of equity investment at 2003 was negative impacted by the change in the accounting practice to recognize the costs of renting of R\$238,051 in FCA.

## **Holdings**

### **(a) Steel**

Equity in the results of investees had an increase mainly due to the increases in sales volume and selling average prices, partially offset by the effects of the 5% Real appreciation against the US dollar.

Additionally, in the second quarter of 2004 CST had a favorable decision in Court and, accordingly, recognized R\$73,533 of income tax credits related to the Plano Verão and reversal of provision for contingencies.

From June 2004 the stake in CST reduced from 28.02% to 7.91% as a result of the sale of CST stake.

### **(b) Aluminum**

There were increases in sales volume, mainly of alumina and bauxite, due to the increase in the capacity production of the plants and increase in the selling average prices partially offset by the effects of the Real appreciation against the US dollar. The aluminum production costs of Valesul significantly increased as a result of the increase in energy costs.

The financial negative effects in the results totally offset the operating gains and generated a reduction of equity in the results of investees.

Additionally, as a result of the increase in metal prices, the marking of the market price derivative instruments for metal prices generated losses in the nine months ended September 30, 2004.

### **1.2.4- Operating Expenses**

The operating expenses increased by R\$392,943 (R\$1,212,061 on 09/30/04 compared to R\$819,118 on 09/30/03), basically because of non-recurring-goodwill amortization of Samitri (note 1.2.8).

### **1.2.5- Net Financial Results**

The net financial result in 2004 had a negative impact of R\$1,616,954 (expense of R\$961,940 on 09/30/04 compared to revenue of R\$655,014 on 09/30/03), mainly due to exchange rate effects arising from the valuation of the real against the dollar of 1.1% in 2004 and devaluation of the dollar against the real of 17.3% in 2003. (Note 6.16)

### **1.2.6- Income Tax and Social Contribution**

Income tax and social contribution reflect an expense of R\$324,957 on 09/30/04 compared with an expense of R\$497,561 on 09/30/03, 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) to R\$2,147,866 on 09/30/04 compared to R\$3,364,551 on 09/30/03, partially reduced by the benefit of interest on stockholders' equity of R\$425,626 on 09/30/04 (R\$657,713 on 09/30/03). (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\$4,608,821 on 09/30/04, against R\$3,637,366 on 09/30/03, an increase of 26.7%.

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**CVRD**

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**EBITDA**

|  | <b>3Q/04</b>     | <b>2Q/04</b>     | <b>3Q/03</b>     | <b>09/30/04</b>  | <b>09/30/03</b>  |
|--|------------------|------------------|------------------|------------------|------------------|
| Net operating revenue                    | 3,534,138        | 3,384,461        | 2,679,622        | 9,526,797        | 7,215,406        |
| Cost of products and services            | (1,854,859)      | (1,775,728)      | (1,351,242)      | (5,106,516)      | (3,809,974)      |
| Operating expenses                       | (467,155)        | (304,927)        | (226,070)        | (1,212,061)      | (819,118)        |
| <b>Operating profit</b>                  | <b>1,212,124</b> | <b>1,303,806</b> | <b>1,102,310</b> | <b>3,208,220</b> | <b>2,586,314</b> |
| Depreciation / amortization of goodwill  | 257,606          | 233,322          | 191,629          | 746,951          | 515,590          |
| Write-off of assets                      |                  |                  |                  |                  | 35,597           |
| Non recurring item goodwill Samitri      |                  |                  |                  | 182,796          |                  |
| Dividends received                       | 67,871           | 192,192          | 212,218          | 470,854          | 499,865          |
| <b>EBITDA R\$</b>                        | <b>1,537,601</b> | <b>1,729,320</b> | <b>1,506,157</b> | <b>4,608,821</b> | <b>3,637,366</b> |
| US\$ average                             | 2.9783           | 3.0474           | 2.9332           | 2.9735           | 3.1311           |
| <b>EBITDA US\$</b>                       | <b>516,268</b>   | <b>567,474</b>   | <b>513,486</b>   | <b>1,549,965</b> | <b>1,161,690</b> |
| <b>EBITDA / Interest paid</b>            | 15.89            | 14.85            | 13.17            | 15.89            | 13.17            |
| <b>Gross debt /EBITDA (annualized)</b>   | 1.73             | 1.93             | 2.13             | 1.73             | 2.13             |
| <b>Net Debt(a) / EBITDA (annualized)</b> | 1.49             | 1.72             | 1.50             | 1.49             | 1.50             |

**1.2.8- Non recurring Item Samitri's Goodwill Amortization**

According to CVM instruction 247, we reviewed the terms of goodwill originated from Samitri acquisition. After reviewing the projections of future results we adopted 5 (five) years of amortization, mainly due to the increase of dividends received from Samarco. Consequently we recorded an expense of R\$182,796.

**1.2.9- Extraordinary Item CVRD Divests its Stake in CST**

CVRD signed a contract with Arcelor, to sell its stake in Companhia Siderurgica de Tubarão (CST).



Based on this contract, CVRD agreed to sell at 07/30/04 to Arcelor 869,045,672 common shares and 9,381,163,397 preferred shares of CST, representing, respectively, 4.42% of the voting capital and 29.96% of the non-voting capital of that company. CVRD received US\$415.1 million for the shares and rights to be transferred to Arcelor according to the contract recorded a result of R\$463,122 presented as an extraordinary item in the statement of income .

In addition, CVRD will sell to Arcelor 4,034,524,170 common shares of CST, representing 20.51% of the voting capital linked to the current CST shareholders agreement. This last transaction will be concluded when one of the three following events occur: (i) termination of the current CST shareholders agreement on May 25, 2005; (ii) waiver given by the other participants of the shareholders agreement; (iii) purchase by Arcelor of the CST shares owned by the other participants of the CST shareholders agreement.

CVRD will be paid US\$163.4 million for the CST shares. This price will be adjusted by an interest rate equal to Libor plus 1.5% per annum, minus dividends distributed by CST to CVRD from now to the conclusion of the transaction.

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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**

|   | <u>Notes</u> | <u>09/30/04</u>   | <u>06/30/04</u>   |
|---|--------------|-------------------|-------------------|
| <b>Assets</b>                               |              |                   |                   |
| <b>Current assets</b>                       |              |                   |                   |
| Cash and cash equivalents                   | 6.4          | 293,556           | 227,780           |
| Accounts receivable from customers          |              | 2,893,159         | 1,361,910         |
| Related parties                             | 6.5          | 466,724           | 316,284           |
| Inventories                                 | 6.6          | 746,938           | 697,934           |
| Taxes to recover or offset                  | 6.8          | 558,619           | 576,771           |
| Deferred income tax and social contribution | 6.7          | 724,437           | 478,861           |
| Others                                      |              | 134,492           | 264,138           |
|   |              | <u>5,817,925</u>  | <u>3,923,678</u>  |
| <b>Long-term receivables</b>                |              |                   |                   |
| Related parties                             | 6.5          | 625,631           | 705,575           |
| Loans and financing                         |              | 163,323           | 147,042           |
| Deferred income tax and social contribution | 6.7          | 826,922           | 725,087           |
| Judicial deposits                           | 6.12         | 1,105,906         | 1,081,034         |
| Others                                      |              | 12,140            | 27,139            |
|   |              | <u>2,733,922</u>  | <u>2,685,877</u>  |
| <b>Permanent assets</b>                     |              |                   |                   |
| Investments                                 | 6.9          | 12,958,104        | 12,502,669        |
| Property, plant and equipment               | 6.10         | 14,204,823        | 13,913,741        |
|   |              | <u>27,162,927</u> | <u>26,416,410</u> |
|   |              | <u>35,714,774</u> | <u>33,025,965</u> |

**Liabilities and stockholders equity****Current liabilities**

|   |      |                  |                  |
|---|------|------------------|------------------|
| Short-term debt   | 6.11 | 142,121          |                  |
| Current portion of long-term debt                         | 6.11 | 785,288          | 1,001,290        |
| Payable to suppliers and contractors                      |      | 978,664          | 870,532          |
| Related parties   | 6.5  | 1,564,003        | 1,395,001        |
| Payroll and related charges                               |      | 252,126          | 189,452          |
| Pension Plan Valia  |      | 98,043           | 96,158           |
| Income taxes and social contributions to recove or offset |      | 751,972          | 180,727          |
| Provision for interest on stockholders equity             |      | 781,005          | 427,281          |
| Others  |      | 658,586          | 292,072          |
|   |      | <u>6,011,808</u> | <u>4,452,513</u> |

**Long-term liabilities**

|                              |      |                   |                   |
|------------------------------|------|-------------------|-------------------|
| Long-term debt               | 6.11 | 3,213,638         | 3,699,186         |
| Related parties              | 6.5  | 4,387,903         | 5,138,937         |
| Provisions for contingencies | 6.12 | 1,812,675         | 1,603,557         |
| Pension Plan Valia           |      | 604,986           | 593,403           |
| Others                       |      | 1,062,955         | 860,058           |
|                              |      | <u>11,082,157</u> | <u>11,895,141</u> |

**Stockholders equity**

|                  |      |                   |                   |
|------------------|------|-------------------|-------------------|
| Paid-up capital  | 6.14 | 7,300,000         | 7,300,000         |
| Revenue reserves |      | 11,320,809        | 9,378,311         |
|                  |      | <u>18,620,809</u> | <u>16,678,311</u> |
|                  |      | <u>35,714,774</u> | <u>33,025,965</u> |

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

(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 | Quarter            |                    |                    | Accumulated        |                    |
|--------------------------------------|-------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                      |       | 3Q/04              | 2Q/04              | 3Q/03              | 09/30/04           | 09/30/03           |
| <b>Operating revenues</b>            | 1.2.1 |                    |                    |                    |                    |                    |
| <b>Sales of ore and metals</b>       |       |                    |                    |                    |                    |                    |
| Iron ore and pellets                 |       | 3,015,287          | 2,981,683          | 2,300,004          | 8,324,679          | 6,139,591          |
| Copper                               |       | 195,538            | 72,350             |                    | 267,888            |                    |
| Gold                                 |       |                    |                    | 16,229             |                    | 68,612             |
| Potash                               |       | 103,410            | 96,176             | 81,455             | 264,858            | 217,328            |
|                                      |       | <u>3,314,235</u>   | <u>3,150,209</u>   | <u>2,397,688</u>   | <u>8,857,425</u>   | <u>6,425,531</u>   |
| Railroad and port services           |       | 421,869            | 409,788            | 359,129            | 1,164,284          | 1,039,830          |
| Others                               |       | 6,169              | 18,021             | 9,751              | 29,729             | 25,238             |
|                                      |       | <u>3,742,273</u>   | <u>3,578,018</u>   | <u>2,766,568</u>   | <u>10,051,438</u>  | <u>7,490,599</u>   |
| Value Added taxes                    |       | (208,135)          | (193,557)          | (86,946)           | (524,641)          | (275,193)          |
|                                      |       | <u>3,534,138</u>   | <u>3,384,461</u>   | <u>2,679,622</u>   | <u>9,526,797</u>   | <u>7,215,406</u>   |
| <b>Net operating revenues</b>        |       |                    |                    |                    |                    |                    |
| <b>Cost of products and services</b> | 1.2.2 |                    |                    |                    |                    |                    |
| Ores and metals                      |       | (1,730,255)        | (1,657,604)        | (1,234,222)        | (4,762,148)        | (3,468,419)        |
| Railroad and port services           |       | (118,847)          | (114,853)          | (109,223)          | (332,316)          | (328,281)          |
| Others                               |       | (5,757)            | (3,271)            | (7,797)            | (12,052)           | (13,274)           |
|                                      |       | <u>(1,854,859)</u> | <u>(1,775,728)</u> | <u>(1,351,242)</u> | <u>(5,106,516)</u> | <u>(3,809,974)</u> |
| <b>Gross profit</b>                  |       | <b>1,679,279</b>   | <b>1,608,733</b>   | <b>1,328,380</b>   | <b>4,420,281</b>   | <b>3,405,432</b>   |
| <b>Gross margin</b>                  |       | <b>47.5%</b>       | <b>47.5%</b>       | <b>49.6%</b>       | <b>46.4%</b>       | <b>47.2%</b>       |
| <b>Operating expenses</b>            |       |                    |                    |                    |                    |                    |
| Selling                              |       | (8,642)            | (6,729)            | (55,927)           | (20,026)           | (152,926)          |
| Administrative                       | 6.18  | (122,959)          | (133,817)          | (97,097)           | (361,365)          | (282,432)          |
| Research and development             |       | (98,622)           | (75,717)           | (64,412)           | (237,678)          | (138,557)          |
| Other operating expenses             | 6.18  | (236,932)          | (88,664)           | (8,634)            | (410,196)          | (245,203)          |

|   |       |                  |                  |                  |                    |                  |
|---|-------|------------------|------------------|------------------|--------------------|------------------|
| Non recurring item goodwill Samitri                     | 1.2.8 |                  |                  |                  | (182,796)          |                  |
|   |       | <u>(467,155)</u> | <u>(304,927)</u> | <u>(226,070)</u> | <u>(1,212,061)</u> | <u>(819,118)</u> |
| <b>Operating results</b>                                |       | <b>1,212,124</b> | <b>1,303,806</b> | <b>1,102,310</b> | <b>3,208,220</b>   | <b>2,586,314</b> |
| <b>Operating margin</b>                                 |       | <b>34.3%</b>     | <b>38.5%</b>     | <b>41.1%</b>     | <b>33.7%</b>       | <b>35.8%</b>     |
| <b>Results of equity investments</b>                    | 6.9   |                  |                  |                  |                    |                  |
| Gain on investments accounted for by the equity method  |       | 1,205,483        | 1,086,250        | 176,895          | 2,878,109          | 1,648,775        |
| Provision for losses                                    |       | (9,663)          | (30,525)         | 354,352          | (68,590)           | 329,118          |
| Amortization of goodwill                                |       | (57,270)         | (80,013)         | (113,258)        | (194,553)          | (391,069)        |
| Exchange variation from foreign investees               |       | (235,934)        | 160,745          | 69,495           | (66,334)           | (613,268)        |
|   |       | <u>902,616</u>   | <u>1,136,457</u> | <u>487,484</u>   | <u>2,548,632</u>   | <u>973,556</u>   |
| <b>Financial results</b>                                | 6.16  |                  |                  |                  |                    |                  |
| Financial expenses, net                                 |       | (220,704)        | (187,309)        | (96,169)         | (509,360)          | (270,723)        |
| Monetary and exchange rate variation, net               |       | 184,626          | (556,373)        | (134,146)        | (439,793)          | 977,508          |
| Derivatives   |       | (17,670)         | 40,401           | (42,710)         | (12,787)           | (51,771)         |
|   |       | <u>(53,748)</u>  | <u>(703,281)</u> | <u>(273,025)</u> | <u>(961,940)</u>   | <u>655,014</u>   |
| <b>Extraordinary item sold of CST</b>                   | 1.2.9 | <b>463,122</b>   |                  |                  | <b>463,122</b>     |                  |
| <b>Income before income tax and social contribution</b> |       | <b>2,524,114</b> | <b>1,736,982</b> | <b>1,316,769</b> | <b>5,258,034</b>   | <b>4,214,884</b> |
| Income tax and social contribution                      | 6.7   |                  |                  |                  |                    |                  |
| Current   |       | (575,303)        | 29,751           | 35,716           | (737,990)          | (121,288)        |
| Deferred  |       | 347,411          | (83,592)         | (73,717)         | 413,033            | (376,273)        |
|   |       | <u>(227,892)</u> | <u>(53,841)</u>  | <u>(38,001)</u>  | <u>(324,957)</u>   | <u>(497,561)</u> |
| <b>Net income for the period</b>                        |       | <b>2,296,222</b> | <b>1,683,141</b> | <b>1,278,768</b> | <b>4,933,077</b>   | <b>3,717,323</b> |
|   |       | <u>1,151,520</u> | <u>1,151,520</u> | <u>1,151,517</u> | <u>1,151,520</u>   | <u>1,151,517</u> |

Number (thousands) of  
shares outstanding at  
the end of the period

Net earnings per share  
outstanding at the end of  
the period (R\$)

|               |       |                  |                  |                  |                  |                  |
|---------------|-------|------------------|------------------|------------------|------------------|------------------|
| EBITDA        | 1.2.7 | <b>1,537,601</b> | <b>1,729,320</b> | <b>1,506,157</b> | <b>4,608,821</b> | <b>3,637,366</b> |
| EBITDA margin |       | <b>43.5%</b>     | <b>51.1%</b>     | <b>56.2%</b>     | <b>48.4%</b>     | <b>50.4%</b>     |

The additional information and notes 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  
(Additional Information)**

**In thousands of reais**

|   | Revenue reserves |                        |                  |                   |                  |                   | Retained earnings | Total             |
|---|------------------|------------------------|------------------|-------------------|------------------|-------------------|-------------------|-------------------|
|   | Paid-up capital  | Expansion/ Investments | Depletion        | Unrealized income | Legal            | Fiscal incentives |                   |                   |
| <b>On December 31, 2002</b>                           | <b>5,000,000</b> | <b>5,277,582</b>       | <b>1,004,166</b> | <b>745,407</b>    | <b>854,698</b>   |                   | <b>(131,334)</b>  | <b>12,750,519</b> |
| 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)       |                   |
| <b>On December 31, 2003</b>                           | <b>6,300,000</b> | <b>6,039,326</b>       | <b>1,004,166</b> | <b>557,266</b>    | <b>1,080,141</b> | <b>89,993</b>     | <b>(131,318)</b>  | <b>14,939,574</b> |
| Net income for the year                               |                  |                        |                  |                   |                  |                   | 2,636,855         | 2,636,855         |
| Capitalization of reserves                            | 1,000,000        | (910,007)              |                  |                   |                  | (89,993)          |                   |                   |

|   |                   |                  |                  |                |                  |  |                  |                   |
|---|-------------------|------------------|------------------|----------------|------------------|--|------------------|-------------------|
| Interest on stockholders equity deliberated |                   |                  |                  |                |                  |  | (470,837)        | (470,837)         |
| Interest on stockholders equity accrued     |                   |                  |                  |                |                  |  | (427,281)        | (427,281)         |
| <b>On June 30, 2004</b>                     | <b>7,300,000</b>  | <b>5,129,319</b> | <b>1,004,166</b> | <b>557,266</b> | <b>1,080,141</b> |  | <b>(131,318)</b> | <b>1,738,737</b>  |
|   | <b>16,678,311</b> |                  |                  |                |                  |  |                  | <b>16,678,311</b> |
| Net income for the period                   |                   |                  |                  |                |                  |  | 2,296,222        | 2,296,222         |
| Interest on stockholders equity deliberated |                   |                  |                  |                |                  |  | (353,724)        | (353,724)         |
| <b>On September 30, 2004</b>                | <b>7,300,000</b>  | <b>5,129,319</b> | <b>1,004,166</b> | <b>557,266</b> | <b>1,080,141</b> |  | <b>(131,318)</b> | <b>3,681,235</b>  |
|   | <b>18,620,809</b> |                  |                  |                |                  |  |                  | <b>18,620,809</b> |

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



(A free translation of the original in Portuguese)

**5- Statement of Cash Flows (Additional Information)****In thousands of reais**

|  | <b>3Q/04</b>       | <b>2Q/04</b>     | <b>3Q/03</b>     | <b>09/30/04</b>    | <b>09/30/03</b>  |
|--|--------------------|------------------|------------------|--------------------|------------------|
| <b>Cash flows from operating activities:</b>   |                    |                  |                  |                    |                  |
| <b>Net income for the period</b>   | <b>2,296,222</b>   | <b>1,683,141</b> | <b>1,278,768</b> | <b>4,933,077</b>   | <b>3,717,323</b> |
| Adjustments to reconcile net income for the period with cash provided by operating activities: |                    |                  |                  |                    |                  |
| Result of equity investments   | (902,616)          | (1,136,457)      | (487,484)        | (2,548,632)        | (973,556)        |
| Extraordinary Item Sold of CST   | (463,122)          |                  |                  | (463,122)          |                  |
| Depreciation, amortization and depletion   | 182,269            | 172,138          | 143,900          | 518,978            | 419,023          |
| Deferred income tax and social contribution  | (347,411)          | 83,592           | 73,717           | (413,033)          | 376,273          |
| Financial expenses and monetary and exchange rate  | (428,749)          | 515,144          | 178,335          | 174,663            | (1,129,089)      |
| Loss on disposal of property, plant and equipment  | (11,534)           | 29,119           | (16,979)         | 18,894             | 5,436            |
| Amortization of goodwill in the cost of products sold  | 96,095             | 96,095           | 41,541           | 288,286            | 90,379           |
| Non recurring item goodwill Samitri  |                    |                  |                  | 182,796            |                  |
| Net (gains) losses on derivatives  | 31,575             | (53,891)         | (11,035)         | 11,628             | 41,078           |
| Dividends/interest on stockholders equity received   | 67,871             | 192,192          | 212,218          | 470,854            | 499,865          |
| Others   | (3,938)            | 22,120           | (19,895)         | 257                | (7,221)          |
|  | <b>516,662</b>     | <b>1,603,193</b> | <b>1,393,086</b> | <b>3,174,646</b>   | <b>3,039,511</b> |
| <b>Decrease (increase) in assets:</b>  |                    |                  |                  |                    |                  |
| Accounts receivable  | (1,531,249)        | (262,043)        | (58,130)         | (1,706,289)        | 282,343          |
| Inventories  | (49,004)           | (101,215)        | (32,741)         | (193,510)          | (62,809)         |
| Others   | 120,462            | (7,731)          | 137,849          | 93,628             | 73,695           |
|  | <b>(1,459,791)</b> | <b>(370,989)</b> | <b>46,978</b>    | <b>(1,806,171)</b> | <b>293,229</b>   |
| <b>Increase (decrease) in liabilities:</b>   |                    |                  |                  |                    |                  |
| Suppliers and contractors  | 108,132            | (152,331)        | (103,185)        | 19,211             | 17,474           |
| Payroll and related charges and others   | 62,674             | (11,206)         | 22,507           | 29,945             | 30,591           |
|  | 571,245            | (11,711)         |                  | 751,972            |                  |

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|   |                  |                    |                    |                    |                    |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| Income tax and social contribution to recover                       |                  |                    |                    |                    |                    |
| Others  | 694,361          | 43,353             | (262,995)          | 757,446            | (157,093)          |
|   | <u>1,436,412</u> | <u>(131,895)</u>   | <u>(343,673)</u>   | <u>1,558,574</u>   | <u>(109,028)</u>   |
|   | <u>493,283</u>   | <u>1,100,309</u>   | <u>1,096,391</u>   | <u>2,927,049</u>   | <u>3,223,712</u>   |
| <b>Cash flows from investing activities:</b>                        |                  |                    |                    |                    |                    |
| Loans and advances receivable                                       | (125,902)        | (66,038)           | (1,028,846)        | 160,132            | (1,062,723)        |
| Guarantees and deposits   | (26,421)         | (46,421)           | 205,077            | (121,298)          | (230,530)          |
| Additions to investments  | (129,675)        | (342,010)          | 69,688             | (545,311)          | (246,402)          |
| Additions to property, plant and equipment                          | (568,507)        | (910,437)          | (772,271)          | (2,352,390)        | (1,731,799)        |
| Proceeds from disposal of property, plant and equipment/investments | 833,947          | 2,654              | 62,993             | 836,907            | 168,767            |
|   | <u>(16,558)</u>  | <u>(1,362,252)</u> | <u>(1,463,359)</u> | <u>(2,021,960)</u> | <u>(3,102,687)</u> |
| <b>Cash flows from financing activities:</b>                        |                  |                    |                    |                    |                    |
| Short-term debt   | 355,872          | (263,228)          | (249,558)          | (379,148)          | (610,826)          |
| Long-term debt  | (367,542)        | 1,376,658          | 1,599,243          | 2,000,614          | 2,506,689          |
| Repayments to financial institutions                                | (399,279)        | (214,831)          | (275,696)          | (1,784,297)        | (685,101)          |
| Interest on stockholders' equity paid                               |                  | (790,710)          | (98,123)           | (790,710)          | (718,248)          |
| Treasury stock  |                  |                    | 3                  |                    | 16                 |
|   | <u>(410,949)</u> | <u>107,889</u>     | <u>975,869</u>     | <u>(953,541)</u>   | <u>492,530</u>     |
| <b>Increase (decrease) in cash and cash equivalents</b>             |                  |                    |                    |                    |                    |
|   | <b>65,776</b>    | <b>(154,054)</b>   | <b>608,901</b>     | <b>(48,452)</b>    | <b>613,555</b>     |
| Cash and cash equivalents, beginning of the period                  | 227,780          | 381,834            | 263,946            | 342,008            | 259,292            |
| Cash of incorporated companies                                      |                  |                    | 91,946             |                    | 91,946             |
|   | <u>293,556</u>   | <u>227,780</u>     | <u>964,793</u>     | <u>293,556</u>     | <u>964,793</u>     |
| <b>Cash and cash equivalents, end of the period</b>                 |                  |                    |                    |                    |                    |
|   | <b>293,556</b>   | <b>227,780</b>     | <b>964,793</b>     | <b>293,556</b>     | <b>964,793</b>     |
| <b>Cash paid during the period for:</b>                             |                  |                    |                    |                    |                    |
| Short-term interest   |                  |                    |                    | (4,016)            | (16,428)           |

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|  |          |           |          |           |           |
|--|----------|-----------|----------|-----------|-----------|
| Long-term interest                                 | (70,726) | (95,930)  | (94,461) | (272,024) | (260,917) |
| Income tax and social contribution paid            |          |           |          |           | (46,704)  |
| <b>Non-cash transactions:</b>                      |          |           |          |           |           |
| Additions to property, plant and equipment mergers | 94,882   | (115,141) | (22,330) | (42,720)  | 94,374    |

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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)

## **6- Notes to the Quarterly Information at September 30, 2004 and September 30, 2003**

Expressed In thousands of reais

### **6.1- Operations**

Companhia Vale do Rio Doce is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, copper and potash, as well as port and railroad transportation services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly-controlled companies, CVRD operates in manganese and ferroalloys, steel, aluminum and kaolin.

### **6.2- Presentation of Quarterly Information**

The quarterly information have been prepared in conformity with accounting practices adopted in Brazil, based on corporate legislation, as well as the rules and guidelines issued by the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission) and Instituto dos Auditores Independentes do Brasil IBRACON (Brazilian Independent Auditors Institute).

In order to provide better information to the market, the Company is presenting the Statement of Cash Flows (according to rule NPC 20 Ibracon).

### **6.3- Significant Accounting Policies**

- (a) The Company follows the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as long-term;
- (c) Marketable securities, classified as cash and cash equivalents, are stated at cost plus accrued income earned to the Quarterly Information date;
- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;
- (f) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for unrealized losses when applicable; and
- (g) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historic cost (increased by monetary restatement up to 1995) and depreciated on the straight-line method, based on the useful lives of the assets. Depletion of mineral reserves is based on the ratio between production and estimated capacity.

**6.4- Cash and Cash Equivalents**

|  | <u>09/30/04</u>       | <u>06/30/04</u>       |
|--|-----------------------|-----------------------|
| Marketable securities linked to the interbank deposit certificate rate (*) | 211,989               | 211,804               |
| Government securities (NBC-E, NTN-D, LFT)                                  |                       | 5,132                 |
| Others   | <u>81,567</u>         | <u>10,844</u>         |
|  | <b><u>293,556</u></b> | <b><u>227,780</u></b> |

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

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**6.5- Related Parties**

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2013, as follows:

|   | Assets           |                  | Liabilities      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 09/30/04         | 06/30/04         | 09/30/04         | 06/30/04         |
| <b>Subsidiaries</b>                                     |                  |                  |                  |                  |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 372,359          | 437,367          | 804              | 13,155           |
| Alumínio Brasileiro S.A. ALBRAS                         | 4,043            | 1,667            | 10,247           | 11,692           |
| CVRD Overseas Ltd.                                      | 175,009          | 71,876           | 1,492,872        | 1,639,610        |
| Ferrovias Centro-Atlântica S.A.                         | 25,752           | 1,691            | 8,736            | 1,028            |
| Itabira Rio Doce Company Limited ITACO                  | 1,842,184        | 742,116          | 2,200,855        | 2,384,751        |
| Mineração Andirá Ltda.                                  |                  | 2,320            | 2,170            | 2,121            |
| Pará Pigmentos S.A.                                     | 34,419           | 23,201           | 2                |                  |
| Rio Doce International Finance Ltd.                     | 6,492            | 7,155            | 1,767,951        | 2,043,758        |
| Rio Doce Manganês S.A. RDM                              | 15,947           | 11,187           | 206,925          | 36,755           |
| Salobo Metais S.A.                                      | 232,180          | 232,179          |                  |                  |
| Others  | 173,535          | 177,248          | 407,162          | 506,377          |
|   | <b>2,881,920</b> | <b>1,708,007</b> | <b>6,097,724</b> | <b>6,639,247</b> |
| <b>Jointly controlled companies</b>                     |                  |                  |                  |                  |
| Baovale Mineração S.A.                                  | 3,856            | 109              | 42,621           | 26,404           |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    | 128,300          | 139,211          | 57,384           | 50,238           |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 85,538           | 81,269           | 88,437           | 122,346          |
| Companhia Italo-Brasileira de Pelotização ITABRASCO     | 71,794           | 63,783           | 92,153           | 36,653           |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       | 120,750          | 82,314           | 150,440          | 84,201           |
| Companhia Siderúrgica de Tubarão CST                    | 61,520           | 98,596           | 214              | 29               |
| Mineração Serra Geral S. A .                            | 437              | 427              | 1,780            | 9,781            |
| Samarco Mineração S.A.                                  | 4,775            | 4,818            | 777              |                  |
| Others  | 32,872           | 12,969           | 14,674           | 18,860           |
|   | <b>509,842</b>   | <b>483,496</b>   | <b>448,480</b>   | <b>348,512</b>   |
| <b>Affiliates</b>                                       |                  |                  |                  |                  |
| Ferrobán Ferrovias Bandeirantes S. A .                  | 26,333           | 25,327           |                  |                  |
|   | 47,971           | 21,268           | 275              |                  |

Usinas Siderúrgicas de Minas Gerais S. A .

USIMINAS

Others

|  |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | 13                      |                         | 2,492                   |
|  | <u>74,304</u>           | <u>46,608</u>           | <u>275</u>              |
|  | <u><b>3,466,066</b></u> | <u><b>2,238,111</b></u> | <u><b>6,546,479</b></u> |
|  | <u><b>3,466,066</b></u> | <u><b>2,238,111</b></u> | <u><b>6,990,251</b></u> |

Represented by:

Trade balances (sales and purchases of products and services) (\*)

Short-term financial balances

Long-term financial balances

|                         |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|-------------------------|
| 2,373,711               | 1,216,252               | 594,573                 | 456,313                 |
| 466,724                 | 316,284                 | 1,564,003               | 1,395,001               |
| 625,631                 | 705,575                 | 4,387,903               | 5,138,937               |
| <u>3,466,066</u>        | <u>2,238,111</u>        | <u>6,546,479</u>        | <u>6,990,251</u>        |
| <u><b>3,466,066</b></u> | <u><b>2,238,111</b></u> | <u><b>6,546,479</b></u> | <u><b>6,990,251</b></u> |

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

**6.6- Inventories**

|   | <u>09/30/04</u>       | <u>06/30/04</u>       |
|---|-----------------------|-----------------------|
| <b>Finished products</b>                    |                       |                       |
| . Iron ore                                  | 259,807               | 237,817               |
| . Pellets                                   | 31,098                | 26,839                |
| . Copper                                    | 20,277                | 30,714                |
| . Others                                    | 6,215                 | 5,313                 |
|   | <u>317,397</u>        | <u>300,683</u>        |
| <b>Spare parts and maintenance supplies</b> | <u>429,541</u>        | <u>397,251</u>        |
|   | <u><b>746,938</b></u> | <u><b>697,934</b></u> |

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**6.7- Deferred Income Tax and Social Contribution**

|  | <b>Deferred assets</b>  |                         |
|--|-------------------------|-------------------------|
|  | <b>09/30/04</b>         | <b>06/30/04</b>         |
| Tax loss carryforward                                      | 265,541                 | 145,276                 |
| Temporary differences:                                     |                         |                         |
| . Pension Plan   | 249,350                 | 245,188                 |
| . Contingent liabilities                                   | 527,410                 | 417,684                 |
| . Provision for losses on assets                           | 459,246                 | 437,222                 |
| . Provision for losses on derivative financial instruments | 56,697                  | 56,656                  |
| . Others   | (6,885)                 | (98,078)                |
|  | <u>1,285,818</u>        | <u>1,058,672</u>        |
| <b>Total</b>   | <b><u>1,551,359</u></b> | <b><u>1,203,948</u></b> |
| Short-term   | 724,437                 | 478,861                 |
| Long-term  | <u>826,922</u>          | <u>725,087</u>          |
|  | <b><u>1,551,359</u></b> | <b><u>1,203,948</u></b> |

The deferred assets and liabilities regarding income tax and social contribution are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared in light of internal assumptions and macroeconomic, commercial and fiscal scenarios. These projections can change in the future. These temporary differences will be realized upon the occurrence of the corresponding taxable events, expected to be as follows:

| <b>Years</b> | <b>Net amount of credits</b> |
|--------------|------------------------------|
| 2005         | 724,437                      |
| 2006         | 280,903                      |
| 2007         | 184,437                      |
| 2008         | 84,274                       |
| 2009         | 93,727                       |
| 2010         | 63,307                       |



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|              |        |
|--------------|--------|
| 2011         | 25,368 |
| 2012 to 2014 | 94,906 |

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**1,551,359**

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In addition to the credits recorded, the Company has a lawsuit claiming an additional 51.8% monetary restatement for tax purposes applied to the months of January and February 1989 ( Plano Verão monetary plan). A favorable ruling has already been obtained for compensation of credits corresponding to 42.7% instead of the 51.8% requested (however, not yet fully utilized). The amount of these credits covered by the ruling aggregates approximately R\$309,000 and the accounting effects have not yet been recognized in the quarterly information.

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

|  | Quarter          |                  |                  | Accumulated      |                    |
|--|------------------|------------------|------------------|------------------|--------------------|
|  | 3Q/04            | 2Q/04            | 3Q/03            | 09/30/04         | 09/30/03           |
| <b>Income before income tax and social contribution</b>                                | <b>2,524,114</b> | <b>1,736,982</b> | <b>1,316,769</b> | <b>5,258,034</b> | <b>4,214,884</b>   |
| Equity in results of subsidiaries and affiliated companies                             | (1,205,483)      | (1,086,250)      | (176,895)        | (2,878,109)      | (1,648,775)        |
| Exchange rate variation on equity  | 235,934          | 54,911           | 60,621           | 66,334           | 185,174            |
| Non-deductible goodwill and provisions for losses                                      | 54,909           |                  |                  | 164,729          |                    |
| Extraordinary item sold of CST   | (463,122)        |                  |                  | (463,122)        |                    |
|  | <b>1,146,352</b> | <b>705,643</b>   | <b>1,200,495</b> | <b>2,147,866</b> | <b>2,751,283</b>   |
| <b>Statutory rates income tax (25%) and social contribution (9%) = 34%</b>             | <b>(389,759)</b> | <b>(185,266)</b> | <b>(384,540)</b> | <b>(730,274)</b> | <b>(1,143,947)</b> |
| <b>Adjustments to net income which modify the effect on the result for the period:</b> |                  |                  |                  |                  |                    |
| Income tax benefit from interest on stockholders equity                                | 119,455          | 145,329          | 317,337          | 425,625          | 657,713            |
| Fiscal incentives  | 51,652           |                  | 18,502           | 51,652           | 70,652             |
| Stockholders equity received   | (10,672)         | (19,267)         | (21,932)         | (41,839)         | (36,950)           |
| Others   | 1,432            | 5,363            | 32,632           | (30,121)         | (45,029)           |
| <b>Income tax and social contribution</b>  | <b>(227,892)</b> | <b>(53,841)</b>  | <b>(38,001)</b>  | <b>(324,957)</b> | <b>(497,561)</b>   |

#### 6.8- Taxes to Recover or Offset

|   | 09/30/04 | 06/30/04 |
|---|----------|----------|
| Withholding income tax on marketable securities           | 127,081  | 122,095  |
| Withholding income tax on interest on stockholders equity | 33,138   | 28,203   |
| Value-Added Tax   | 314,928  | 336,266  |
| PIS and COFINS  | 55,316   | 38,651   |
| Other PIS/COFINS credits                                  | 4,976    | 31,091   |
| Others  | 23,180   | 20,465   |

|                |                |
|----------------|----------------|
| _____          | _____          |
| <b>558,619</b> | <b>576,771</b> |
| _____          | _____          |

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**6.9- Investments**

|  | Investment participations |                                 |   |                  |                  |   |          |                                   |                  |
|--|---------------------------|---------------------------------|---|------------------|------------------|---|----------|-----------------------------------|------------------|
|  | Participations<br>%       | Adjusted stockholders<br>equity | Adjusted net income<br>(loss) for<br>the period | Investments      |                  | Advance for<br>future<br>capital increase |          | Goodwill and negative<br>goodwill |                  |
|  |                           |                                 |   | 09/30/04         | 06/30/04         | 09/30/04                                  | 06/30/04 | 09/30/04                          | 06/30/04         |
|  |                           |                                 |   |                  |                  |   |          |                                   |                  |
| <b>Iron ore and pellets</b>                          |                           |                                 |   |                  |                  |   |          |                                   |                  |
| Caemi<br>Mineração e<br>Metalurgia S.A.<br>(f, g, i) | 60.23                     | 1,440,263                       | 455,673   | 796,579          | 703,064          |   |          | 1,182,776                         | 1,218,356        |
| KOBRASCO (g)   | 50.00                     | 44,033                          | 37,955  | 22,017           | 7,671            |   |          |                                   |                  |
| HISPANOBRÁS<br>(g)                                   | 50.89                     | 119,917                         | 31,631  | 61,026           | 57,659           |   |          |                                   |                  |
| ITABRASCO<br>(g)                                     | 50.90                     | 83,819                          | 21,282  | 42,665           | 40,263           |   |          |                                   |                  |
| NIBRASCO (b)   | 51.00                     | 143,243                         | 57,666  | 73,054           | 65,643           |   |          |                                   |                  |
| CVRD Overseas<br>Ltd. (a,b)                          | 100.00                    | 589,776                         | 174,777   | 589,776          | 544,501          |   |          |                                   |                  |
| Gulf Industrial<br>Investment Co.<br>GIIC (a, b)     | 50.00                     | 245,145                         | 56,670  | 122,562          | 119,803          |   |          |                                   |                  |
| ITACO/ RDE<br>(a,b)                                  | 100.00                    | 1,976,186                       | 728,726   | 1,976,186        | 1,352,474        |   |          |                                   |                  |
| Minas da Serra<br>Geral S.A. MSG<br>(b)              | 50.00                     | 99,376                          | (5,051)   | 49,688           | 50,789           |   |          |                                   |                  |
| Samarco<br>Mineração S.A.<br>(g)                     | 50.00                     | 661,925                         | 491,336   | 330,963          | 278,764          |   |          |                                   |                  |
| Incorporated<br>companies (d, j)                     |                           |                                 |   |                  |                  |   |          | 853,691                           | 949,786          |
| Companhia<br>Portuária da Baía<br>de Sepetiba (b)    | 100.00                    | 204,887                         | 44,155  | 204,887          | 187,631          |   |          |                                   |                  |
| Others (b)   |                           |                                 |   | 251,658          | 254,034          |   |          | 21,246                            | 23,607           |
|  |                           |                                 |   | <b>4,521,061</b> | <b>3,662,296</b> |   |          | <b>2,057,713</b>                  | <b>2,191,749</b> |
| <b>Manganese and ferroalloys</b>                     |                           |                                 |   |                  |                  |   |          |                                   |                  |
|  | 100.00                    | 245,746                         | 48,460  | 245,746          | 206,895          |   |          |                                   |                  |

|  |        |           |           |                  |                  |               |               |               |                |
|--|--------|-----------|-----------|------------------|------------------|---------------|---------------|---------------|----------------|
| Rio Doce<br>Manganèse<br>Europe RDME<br>(a, b)<br>Rio Doce<br>Manganês S.A.<br>(g) | 100.00 | 879,256   | 250,974   | 869,920          | 751,433          |               |               | 90,445        | 109,775        |
| Urucum<br>Mineração S.A.<br>(g)<br>Others (b)                                      | 100.00 | 54,415    | 19,966    | 54,415           | 43,735           |               |               |               |                |
|  |        |           |           | 89,613           | 76,794           |               |               |               |                |
|  |        |           |           | <b>1,259,694</b> | <b>1,078,857</b> |               |               | <b>90,445</b> | <b>109,775</b> |
| <b>Non-ferrous</b>   |        |           |           |                  |                  |               |               |               |                |
| Pará Pigmentos<br>S.A. (g)   | 82.04  | 114,810   | 24,550    | 94,190           | 78,320           |               |               |               |                |
| Ferro-Gusa<br>Carajás (b, h)   | 87.92  | 121,467   |           | 106,794          | 106,794          |               |               |               |                |
| Salobo Metais<br>S.A. (b,h)<br>Others (b)  | 100.00 | 233,285   |           | 233,285          | 233,285          | 17,984        | 10,809        |               |                |
|  |        |           |           | 27,637           | 100,772          |               |               |               |                |
|  |        |           |           | <b>461,906</b>   | <b>519,171</b>   | <b>17,984</b> | <b>10,809</b> |               |                |
| <b>Logistics</b>   |        |           |           |                  |                  |               |               |               |                |
| Ferrovia<br>Centro-Atlântica<br>S.A. (g)   | 100.00 | 412,855   | (61,506)  | 412,855          | 299,688          |               |               |               |                |
| MRS Logística<br>S.A. (c,g)  | 29.35  | 420,933   | 164,679   | 123,544          | 102,577          |               |               |               |                |
| DOCENAVE (g)   | 100.00 | 318,692   | 87,264    | 318,692          | 297,633          |               |               |               |                |
| TVV Terminal<br>de Vila Velha<br>S.A. (g)<br>CPP                                   | 99.89  | 68,534    | 11,136    | 68,459           | 64,962           |               |               |               |                |
| Participações (g)<br>Others (b)  | 100.00 | (15,122)  | (269)     | (15,122)         | (15,122)         |               |               |               |                |
|  |        |           |           | 2,859            | 2,859            |               |               |               |                |
|  |        |           |           | <b>911,287</b>   | <b>752,597</b>   |               |               |               |                |
| <b>Steel</b>   |        |           |           |                  |                  |               |               |               |                |
| California Steel<br>Industries, Inc<br>CSI (a, b)                                  | 50.00  | 785,282   | 199,060   | 392,641          | 377,036          |               |               |               |                |
| CST (e, f, g)<br>DOCEPAR S.A.<br>(g)   | 7.91   | 4,655,833 | 1,401,359 | 368,276          | 1,182,188        |               |               | (51,495)      | (128,694)      |
| Rio Doce<br>Limited (a, b)   | 100.00 | 330,805   |           | 330,805          | 344,866          |               |               |               |                |
| USIMINAS (b,f)   | 11.46  | 5,129,686 | 1,401,341 | 587,862          | 541,549          |               |               |               |                |

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|                                 |        |           |         |                   |                   |               |               |                  |                  |
|---------------------------------|--------|-----------|---------|-------------------|-------------------|---------------|---------------|------------------|------------------|
| Others (b)                      |        |           |         | (400)             | (400)             |               |               |                  |                  |
|                                 |        |           |         | <b>1,679,184</b>  | <b>2,445,239</b>  |               |               | <b>(51,495)</b>  | <b>(128,694)</b> |
| <b>Aluminum</b>                 |        |           |         |                   |                   |               |               |                  |                  |
| ALBRAS                          |        |           |         |                   |                   |               |               |                  |                  |
| Alumínio Brasileiro S.A.        |        |           |         |                   |                   |               |               |                  |                  |
| (b)                             | 51.00  | 1,143,038 | 303,179 | 580,548           | 521,988           |               |               |                  |                  |
| ALUNORTE (b)                    | 57.03  | 1,432,074 | 353,723 | 816,712           | 709,284           |               |               |                  |                  |
| Itabira Rio Doce (ITACO) (a,b)  |        |           |         |                   |                   |               |               |                  |                  |
| Mineração Rio do Norte S.A. (g) | 40.00  | 879,701   | 341,324 | 351,880           | 291,512           |               |               |                  |                  |
| ALUVALE own operations (m)      |        |           |         |                   |                   |               |               |                  |                  |
| Valesul Alumínio S.A. (g)       | 54.51  | 273,304   | 57,953  | 148,978           | 138,299           |               |               |                  |                  |
|                                 |        |           |         | <b>1,898,118</b>  | <b>1,661,083</b>  |               |               |                  |                  |
| <b>Others</b>                   |        |           |         |                   |                   |               |               |                  |                  |
| CELMAR (b)                      | 0.00   |           |         |                   |                   |               |               |                  |                  |
| DOCEPAR S.A. (g)                | 100.00 | 21,371    | (4,361) | 21,371            | 26,634            |               |               |                  |                  |
| FOSFERTIL (l)                   |        |           |         |                   |                   |               |               |                  |                  |
| Florestas Rio Doce S.A. (g)     | 99.85  | 78,521    | 2,205   | 78,403            | 159,207           |               |               |                  |                  |
| Others (b)                      |        |           |         | (2,472)           | (959)             | 14,905        | 14,905        |                  |                  |
|                                 |        |           |         | <b>97,302</b>     | <b>184,882</b>    | <b>14,905</b> | <b>14,905</b> |                  |                  |
|                                 |        |           |         | <b>10,828,552</b> | <b>10,304,125</b> | <b>32,889</b> | <b>25,714</b> | <b>2,096,663</b> | <b>2,172,830</b> |

Effects of exchange variation from foreign investees

[Additional columns below]

[Continued from above table, first column(s) repeated]

|   | Equity / Others |                |                | Provision for losses |              |              | Amortization of goodwill |                 |                 |
|---|-----------------|----------------|----------------|----------------------|--------------|--------------|--------------------------|-----------------|-----------------|
|   | 3Q/04           | 2Q/04          | 3Q/03          | 3Q/04                | 2Q/04        | 3Q/03        | 3Q/04                    | 2Q/04           | 3Q/03           |
| <b>Iron ore and pellets</b>                 |                 |                |                |                      |              |              |                          |                 |                 |
| Caemi                                       |                 |                |                |                      |              |              |                          |                 |                 |
| Mineração e Metalurgia S.A. (f, g, i)       | 93,689          | 101,112        | 11,275         |                      |              |              | (35,580)                 | (35,580)        | (20,480)        |
| KOBRASCO (g)                                | 14,346          | 354            |                |                      |              | 2,374        |                          |                 |                 |
| HISPANOBRÁS (g)                             | 4,473           | 10,600         | 1,836          |                      |              |              |                          |                 |                 |
| ITABRASCO (g)                               | 2,402           | 7,864          | 1,912          |                      |              |              |                          |                 |                 |
| NIBRASCO (b)                                | 7,411           | 14,506         | 8,430          |                      |              |              |                          |                 |                 |
| CVRD Overseas Ltd. (a,b)                    | 81,409          | 56,019         | 15,089         |                      |              |              |                          |                 |                 |
| Gulf Industrial Investment Co. GIIC (a, b)  | 10,962          | 5,785          | 9,957          |                      |              |              |                          |                 |                 |
| ITACO/ RDE (a,b)                            | 13,376          | 190,536        | 59,319         |                      |              |              |                          |                 |                 |
| Minas da Serra Geral S.A. MSG (b)           | (1,101)         | (3,827)        | 2,120          |                      |              |              |                          |                 |                 |
| Samarco Mineração S.A. (g)                  | 105,946         | 63,540         | 52,412         |                      |              |              |                          |                 |                 |
| Incorporated companies (d, j)               |                 |                | 33,359         |                      |              |              |                          |                 | (26,275)        |
| Companhia Portuária da Baía de Sepetiba (b) | 17,256          | 16,586         |                |                      |              |              |                          |                 |                 |
| Others (b)                                  | 12,204          | 27,824         | 9,724          | (233)                | (439)        |              | (2,361)                  | (2,361)         | (2,361)         |
|   | <b>362,373</b>  | <b>490,899</b> | <b>205,433</b> | <b>(233)</b>         | <b>(439)</b> | <b>2,374</b> | <b>(37,941)</b>          | <b>(37,941)</b> | <b>(49,116)</b> |
| <b>Manganese and ferroalloys</b>            |                 |                |                |                      |              |              |                          |                 |                 |
| Rio Doce Manganèse Europe RDME (a, b)       | 33,854          | 14,606         | 8,965          |                      |              |              |                          |                 |                 |
| Rio Doce Manganês S.A. (g)                  | 118,486         | 93,711         | 29,851         |                      |              |              | (19,329)                 | (19,329)        | (20,129)        |
| Urucum Mineração S.A.                       | 10,680          | 6,190          | 5,086          |                      |              |              |                          |                 |                 |

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|   |                |                |                  |                |                 |                |                 |                 |                 |
|---|----------------|----------------|------------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| (g)<br>Others (b)   | 27,970         | 48,893         | 19,745           | (97)           | (20)            | (149)          |                 |                 |                 |
|   | <b>190,990</b> | <b>163,400</b> | <b>63,647</b>    | <b>(97)</b>    | <b>(20)</b>     | <b>(149)</b>   | <b>(19,329)</b> | <b>(19,329)</b> | <b>(20,129)</b> |
| <b>Non-ferrous</b>  |                |                |                  |                |                 |                |                 |                 |                 |
| Pará Pigmentos<br>S.A. (g)  | 15,870         | (1,429)        | (16,960)         |                |                 | 11,197         |                 |                 | (20,364)        |
| Ferro-Gusa<br>Carajás (b, h)<br>Salobo Metais<br>S.A. (b,h)<br>Others (b)         | (280)          | (292)          | 69               |                |                 |                |                 |                 |                 |
|   | <b>15,590</b>  | <b>(1,721)</b> | <b>(16,891)</b>  |                |                 | <b>11,197</b>  |                 |                 | <b>(20,364)</b> |
| <b>Logistics</b>  |                |                |                  |                |                 |                |                 |                 |                 |
| Ferrovias<br>Centro-Atlântica<br>S.A. (g)   | 141            | 129            | (200,902)        | (9,333)        | (26,302)        | 189,156        |                 |                 | (18,660)        |
| MRS Logística<br>S.A. (c,g)   | 20,967         | 15,341         |                  |                |                 | 22,524         |                 |                 |                 |
| DOCENAVE (g)  | 21,059         | 46,538         | 14,376           |                |                 |                |                 |                 |                 |
| TVV Terminal<br>de Vila Velha<br>S.A. (g)   | 3,497          | 4,130          | 2,786            |                |                 |                |                 |                 |                 |
| CPP<br>Participações (g)<br>Others (b)  | (141)          | (129)          | 2,655            |                | (269)           | (3,527)        |                 | (22,743)        |                 |
|   | <b>45,523</b>  | <b>66,009</b>  | <b>(181,085)</b> | <b>(9,333)</b> | <b>(26,571)</b> | <b>208,153</b> |                 | <b>(22,743)</b> | <b>(18,660)</b> |
| <b>Steel</b>  |                |                |                  |                |                 |                |                 |                 |                 |
| California Steel<br>Industries, Inc<br>CSI (a, b)                                 | 9,026          | 88,063         | 5,112            |                |                 |                |                 |                 |                 |
| CST (e, f, g)   | 39,352         | 175,416        | 83,106           |                |                 |                |                 |                 |                 |
| DOCEPAR S.A.<br>(g)<br>Rio Doce<br>Limited (a, b)<br>USIMINAS (b,f)<br>Others (b) | 76,594         | 39,000         | 47,361           |                |                 |                |                 |                 |                 |
|   | <b>124,972</b> | <b>302,479</b> | <b>135,579</b>   |                |                 |                |                 |                 |                 |
| <b>Aluminum</b>   |                |                |                  |                |                 |                |                 |                 |                 |
| ALBRAS<br>Alumínio<br>Brasileiro S.A.   | 58,560         | 98,698         | 36,259           |                |                 |                |                 |                 |                 |



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|  |  |                                     |  |                |                 |   |                 |                 |                  |
|--|--|-------------------------------------|--|----------------|-----------------|---|-----------------|-----------------|------------------|
| (b)<br>ALUNORTE (b)<br>Itabira Rio Doce<br>(ITACO) (a,b)<br>Mineração Rio<br>do Norte S.A. (g)<br>ALUVALE own<br>operations (m)<br>Valesul<br>Alumínio S.A.<br>(g) | 107,428<br>(2,406)<br>60,368<br>10,679 | 73,174<br>1,922<br>42,651<br>11,413 | 15,810<br>33,318<br>38,733<br>3,622<br>7,315 |                |                 |   |                 |                 | (4,989)          |
|  | <b>234,629</b>                         | <b>227,858</b>                      | <b>135,057</b>                               |                |                 |   |                 |                 | <b>(4,989)</b>   |
| <b>Others</b><br>CELMAR (b)<br>DOCEPAR S.A.<br>(g)<br>FOSFERTIL (l)<br>Florestas Rio<br>Doce S.A. (g)<br>Others (b)  | (5,263)<br>735<br>(4,528)              | 581<br>(2,502)<br>(1,929)           | (119,655)<br>20,999<br>(630)<br>(95,350)     |                |                 | 18,233<br>114,544<br>(3,495)<br>(3,495) |                 |                 | 132,777          |
|  | <b>969,549</b>                         | <b>1,246,995</b>                    | <b>246,390</b>                               | <b>(9,663)</b> | <b>(30,525)</b> | <b>354,352</b>                          | <b>(57,270)</b> | <b>(80,013)</b> | <b>(113,258)</b> |
| Effects of<br>exchange<br>variation from<br>foreign investees  | (235,934)                              | 160,745                             | 69,495                                       |                |                 |   |                 |                 |                  |

[Additional columns below]

[Continued from above table, first column(s) repeated]

|   | Result of investment participations |        |         |          |                    |       |       |       | Market<br>Value |
|---|-------------------------------------|--------|---------|----------|--------------------|-------|-------|-------|-----------------|
|   | Total                               |        | Total   |          | Dividends received |       |       |       |                 |
|   | 3Q/04                               | 2Q/04  | 3Q/03   | 09/30/04 | 09/30/03           | 3Q/04 | 2Q/04 | 3Q/03 |                 |
| <b>Iron ore and<br/>pellets</b><br>Caemi<br>Mineração e | 58,109                              | 65,532 | (9,205) | 155,709  | (8,056)            |       |       |       | 4,249,409       |

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|   |                |                |                |                  |                |               |                |               |
|---|----------------|----------------|----------------|------------------|----------------|---------------|----------------|---------------|
| Metalurgia S.A.<br>(f, g, i)                      |                |                |                |                  |                |               |                |               |
| KOBRASCO (g)                                      | 14,346         | 354            | 2,374          | 18,978           | 29,140         |               |                |               |
| HISPANOBRÁS<br>(g)                                | 4,473          | 10,600         | 1,836          | 16,097           | 8,192          | 1,106         | 1,133          | 1,240         |
| ITABRASCO<br>(g)                                  | 2,402          | 7,864          | 1,912          | 10,833           | 6,571          |               | 1,096          |               |
| NIBRASCO (b)                                      | 7,411          | 14,506         | 8,430          | 29,409           | 7,486          |               |                |               |
| CVRD Overseas<br>Ltd. (a,b)                       | 81,409         | 56,019         | 15,089         | 174,777          | 81,552         |               |                |               |
| Gulf Industrial<br>Investment Co.<br>GIIC (a, b)  | 10,962         | 5,785          | 9,957          | 28,334           | 26,472         |               |                |               |
| ITACO/ RDE<br>(a,b)                               | 13,376         | 190,536        | 59,319         | 231,707          | (298,535)      |               |                |               |
| Minas da Serra<br>Geral S.A. MSG<br>(b)           | (1,101)        | (3,827)        | 2,120          | (5,601)          | 8,826          |               | 198            |               |
| Samarco<br>Mineração S.A.<br>(g)                  | 105,946        | 63,540         | 52,412         | 245,668          | 193,256        | 53,747        | 97,593         | 43,753        |
| Incorporated<br>companies (d, j)                  |                |                | 7,084          |                  | 125,557        |               |                |               |
| Companhia<br>Portuária da Baía<br>de Sepetiba (b) | 17,256         | 16,586         |                | 44,155           |                |               |                |               |
| Others (b)  | 9,610          | 25,024         | 7,363          | 53,560           | 9,247          | 11,682        | 875            | 305           |
|   | <b>324,199</b> | <b>452,519</b> | <b>158,691</b> | <b>1,003,626</b> | <b>189,708</b> | <b>66,535</b> | <b>100,895</b> | <b>45,298</b> |
| <b>Manganese and<br/>ferroalloys</b>              |                |                |                |                  |                |               |                |               |
| Rio Doce<br>Manganèse<br>Europe RDME<br>(a, b)    | 33,854         | 14,606         | 8,965          | 59,907           | (20,083)       |               |                |               |
| Rio Doce<br>Manganês S.A.<br>(g)                  | 99,157         | 74,382         | 9,722          | 192,986          | 13,708         |               |                |               |
| Urucum<br>Mineração S.A.<br>(g)                   | 10,680         | 6,190          | 5,086          | 19,966           | 18,738         |               |                |               |
| Others (b)  | 27,873         | 48,873         | 19,596         | 101,146          | 57,738         | 1,336         |                |               |
|   | <b>171,564</b> | <b>144,051</b> | <b>43,369</b>  | <b>374,005</b>   | <b>70,101</b>  | <b>1,336</b>  |                |               |
| <b>Non-ferrous</b>                                |                |                |                |                  |                |               |                |               |
| Pará Pigmentos<br>S.A. (g)                        | 15,870         | (1,429)        | (26,127)       | 20,140           | 25,145         |               |                |               |
| Ferro-Gusa<br>Carajás (b, h)                      |                |                |                |                  |                |               |                |               |

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|                                     |                |                |                 |                |                  |              |               |         |
|-------------------------------------|----------------|----------------|-----------------|----------------|------------------|--------------|---------------|---------|
| Salobo Metais S.A. (b,h)            |                |                |                 |                |                  |              |               |         |
| Others (b)                          | (280)          | (292)          | 69              | (636)          | (35)             |              |               |         |
|                                     | <b>15,590</b>  | <b>(1,721)</b> | <b>(26,058)</b> | <b>19,504</b>  | <b>25,110</b>    |              |               |         |
| <b>Logistics</b>                    |                |                |                 |                |                  |              |               |         |
| Ferrovias                           |                |                |                 |                |                  |              |               |         |
| Centro-Atlântica S.A. (g)           | (9,192)        | (26,173)       | (30,406)        | (61,067)       | (283,688)        |              |               |         |
| MRS Logística S.A. (c,g)            | 20,967         | 15,341         | 22,524          | 48,333         | 42,494           |              |               |         |
| DOCENAVE (g)                        | 21,059         | 46,538         | 14,376          | 87,264         | 33,838           | 7,720        | 60,550        |         |
| TVV Terminal de Vila Velha S.A. (g) | 3,497          | 4,130          | 2,786           | 11,124         | 6,915            |              |               | 2,838   |
| CPP Participações (g)               |                | (23,012)       |                 | (23,012)       |                  |              |               |         |
| Others (b)                          | (141)          | (129)          | (872)           | (439)          | (9,184)          |              |               |         |
|                                     | <b>36,190</b>  | <b>16,695</b>  | <b>8,408</b>    | <b>62,203</b>  | <b>(209,625)</b> | <b>7,720</b> | <b>63,388</b> |         |
| <b>Steel</b>                        |                |                |                 |                |                  |              |               |         |
| California Steel Industries, Inc    |                |                |                 |                |                  |              |               |         |
| CSI (a, b)                          | 9,026          | 88,063         | 5,112           | 99,530         | (125,536)        |              |               |         |
| CST (e, f, g)                       | 39,352         | 175,416        | 83,106          | 284,918        | 219,871          |              | 87,793        | 504,316 |
| DOCEPAR S.A. (g)                    |                |                |                 |                |                  |              |               |         |
| Rio Doce Limited (a, b)             |                |                |                 |                |                  |              |               |         |
| USIMINAS (b,f)                      | 76,594         | 39,000         | 47,361          | 160,594        | 121,361          |              | 9,627         | 954,997 |
| Others (b)                          |                |                |                 |                |                  |              |               |         |
|                                     | <b>124,972</b> | <b>302,479</b> | <b>135,579</b>  | <b>545,042</b> | <b>215,696</b>   |              | <b>97,420</b> |         |
| <b>Aluminum</b>                     |                |                |                 |                |                  |              |               |         |
| ALBRAS Alumínio Brasileiro S.A. (b) | 58,560         | 98,698         | 36,259          | 154,621        | 275,897          |              |               |         |
| ALUNORTE (b)                        | 107,428        | 73,174         | 10,821          | 201,728        | 152,830          |              |               |         |
| Itabira Rio Doce (ITACO) (a,b)      | (2,406)        | 1,922          | 33,318          | 27,631         | 47,883           |              |               |         |
| Mineração Rio do Norte S.A. (g)     | 60,368         | 42,651         | 38,733          | 136,530        | 92,624           | 61,773       |               |         |
| ALUVALE own operations (m)          |                |                | 3,622           |                | 25,012           |              |               |         |
| Valesul Alumínio S.A. (g)           | 10,679         | 11,413         | 7,315           | 31,590         | 23,751           | 21,804       |               |         |

|               |                |                  |                |                  |                |               |                |
|---------------|----------------|------------------|----------------|------------------|----------------|---------------|----------------|
|               | <b>234,629</b> | <b>227,858</b>   | <b>130,068</b> | <b>552,100</b>   | <b>617,997</b> |               | <b>83,577</b>  |
| <b>Others</b> |                |                  |                |                  |                |               |                |
| CELMAR (b)    |                |                  | 18,233         |                  | 18,233         |               |                |
| DOCEPAR S.A.  |                |                  |                |                  |                |               |                |
| (g)           | (5,263)        | 581              | (5,111)        | (4,361)          | 11,169         |               |                |
| FOSFERTIL (l) |                |                  | 3,936          |                  | 21,505         |               | 6,112          |
| Florestas Rio |                |                  |                |                  |                |               |                |
| Doce S.A. (g) | 735            | (2,502)          | 20,999         | 2,202            | 14,258         |               |                |
| Others (b)    |                | (3,503)          | (630)          | (5,689)          | (596)          |               |                |
|               | <b>(4,528)</b> | <b>(5,424)</b>   | <b>37,427</b>  | <b>(7,848)</b>   | <b>64,569</b>  |               | <b>6,112</b>   |
|               | <b>902,616</b> | <b>1,136,457</b> | <b>487,484</b> | <b>2,548,632</b> | <b>973,556</b> | <b>67,871</b> | <b>192,192</b> |
|               |                |                  |                |                  |                |               | <b>212,218</b> |

Effects of  
exchange  
variation from

foreign investees (235,934) 160,745 69,495 (66,334) (613,268)

- (a) The net equity of companies located abroad is converted into local currency at rates in effect on the quarterly information date. The equity method adjustment comprises the difference due to exchange rate variations as well as participation in results;
- (b) Companies audited by other independent accountants;
- (c) CVRD's interest in MRS Logística S.A. is held directly and indirectly through Caemi Mineração e Metalurgia S.A.;
- (d) Merged companies (Socoimex, Samitri and Ferteco) amortization of goodwill recorded in the cost of products sold of the Parent Company;
- (e) Partial sale note 1.2.9;
- (f) Investments in companies that were listed on stock exchanges on 09/30/04. The market value of these investments does not necessarily reflect the value that could be realized from selling a representative group of shares;
- (g) Companies audited by our independent accountants;
- (h) Companies in pre-operating phase;
- (i) Acquisition on 09/02/03 from Mitsi & Co., Ltd. of 659,375,000 common shares and 1,040,671,032 preferred shares (43.37% of the total capital of Caemi), totaling 100% of the common shares and 40.06% of the preferred shares of Caemi (60.23% of the total capital);

- (j) Amortization of Samitri goodwill was reduced by 10 (ten) years to 5 (five) years after the review of feature results projections (note 1.2.10);
- (k) Companies sold; and
- (l) Companies merged.

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**6.10- Property, Plant and Equipment****(a) By business area :**

|                                | <b>09/30/04</b>  |                                 |                  | <b>06/30/04</b>  |                                 |                  |
|--------------------------------|------------------|---------------------------------|------------------|------------------|---------------------------------|------------------|
|                                | <b>Cost</b>      | <b>Accumulated depreciation</b> | <b>Net</b>       | <b>Cost</b>      | <b>Accumulated depreciation</b> | <b>Net</b>       |
| <b>Ferrous Northern System</b> |                  |                                 |                  |                  |                                 |                  |
| Mining                         | 2,079,968        | (865,172)                       | 1,214,796        | 2,016,667        | (841,436)                       | 1,175,231        |
| Railroads                      | 2,996,629        | (1,214,549)                     | 1,782,080        | 2,914,488        | (1,184,067)                     | 1,730,421        |
| Ports                          | 768,787          | (270,022)                       | 498,765          | 750,385          | (265,529)                       | 484,856          |
| Construction in progress       | 1,171,002        |                                 | 1,171,002        | 1,171,276        |                                 | 1,171,276        |
|                                | <b>7,016,386</b> | <b>(2,349,743)</b>              | <b>4,666,643</b> | <b>6,852,816</b> | <b>(2,291,032)</b>              | <b>4,561,784</b> |
| <b>Ferrous Southern System</b> |                  |                                 |                  |                  |                                 |                  |
| Mining                         | 3,316,757        | (1,750,742)                     | 1,566,015        | 3,315,487        | (1,705,472)                     | 1,610,015        |
| Railroads                      | 3,598,269        | (1,886,304)                     | 1,711,965        | 3,561,401        | (1,860,398)                     | 1,701,003        |
| Ports                          | 597,450          | (442,763)                       | 154,687          | 597,451          | (439,583)                       | 157,868          |
| Construction in progress       | 984,766          |                                 | 984,766          | 890,900          |                                 | 890,900          |
|                                | <b>8,497,242</b> | <b>(4,079,809)</b>              | <b>4,417,433</b> | <b>8,365,239</b> | <b>(4,005,453)</b>              | <b>4,359,786</b> |
| <b>Pelletizing</b>             |                  |                                 |                  |                  |                                 |                  |
| South                          | 778,265          | (560,046)                       | 218,219          | 777,505          | (556,135)                       | 221,370          |
| North                          | 522,993          | (34,301)                        | 488,692          | 522,466          | (30,125)                        | 492,341          |
| Construction in progress       | 214,851          |                                 | 214,851          | 201,986          |                                 | 201,986          |
|                                | <b>1,516,109</b> | <b>(594,347)</b>                | <b>921,762</b>   | <b>1,501,957</b> | <b>(586,260)</b>                | <b>915,697</b>   |
| <b>Non-Ferrous</b>             |                  |                                 |                  |                  |                                 |                  |
| Potash                         | 156,366          | (69,712)                        | 86,654           | 155,060          | (66,316)                        | 88,744           |
| Gold                           | 9,816            | (4,854)                         | 4,962            | 10,167           | (5,015)                         | 5,152            |
| Copper                         | 1,391,786        | (39,273)                        | 1,352,513        | 1,391,786        | (21,348)                        | 1,370,438        |
| Research and projects          | 251,582          | (203,726)                       | 47,856           | 251,582          | (208,920)                       | 42,662           |
| Construction in progress       | 553,151          |                                 | 553,151          | 490,127          |                                 | 490,127          |
|                                | <b>2,362,701</b> | <b>(317,565)</b>                | <b>2,045,136</b> | <b>2,298,722</b> | <b>(301,599)</b>                | <b>1,997,123</b> |

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|                          |                   |                    |                   |                   |                    |                   |
|--------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Logistics</b>         |                   |                    |                   |                   |                    |                   |
| In operation             | 1,315,173         | (598,374)          | 716,799           | 1,310,115         | (588,441)          | 721,674           |
| Construction in progress | 101,976           |                    | 101,976           | 88,810            |                    | 88,810            |
|                          | <b>1,417,149</b>  | <b>(598,374)</b>   | <b>818,775</b>    | <b>1,398,925</b>  | <b>(588,441)</b>   | <b>810,484</b>    |
| <b>Energy</b>            |                   |                    |                   |                   |                    |                   |
| In operation             | 487,958           | (41,334)           | 446,624           | 379,958           | (37,916)           | 342,042           |
| Construction in progress | 516,317           |                    | 516,317           | 629,167           |                    | 629,167           |
|                          | <b>1,004,275</b>  | <b>(41,334)</b>    | <b>962,941</b>    | <b>1,009,125</b>  | <b>(37,916)</b>    | <b>971,209</b>    |
| <b>Corporate</b>         |                   |                    |                   |                   |                    |                   |
| In operation             | 188,318           | (101,794)          | 86,524            | 188,319           | (94,555)           | 93,764            |
| Construction in progress | 285,609           |                    | 285,609           | 203,894           |                    | 203,894           |
|                          | <b>473,927</b>    | <b>(101,794)</b>   | <b>372,133</b>    | <b>392,213</b>    | <b>(94,555)</b>    | <b>297,658</b>    |
| <b>Total</b>             | <b>22,287,789</b> | <b>(8,082,966)</b> | <b>14,204,823</b> | <b>21,818,997</b> | <b>(7,905,256)</b> | <b>13,913,741</b> |

(b) By type of asset:

|                    | Annual<br>Average<br>deprecia-<br>tion<br>rates | 09/30/04          |                    |                   | 06/30/04          |                    |                   |
|--------------------|---|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|                    |   | Cost              | Accumulated        |                   | Cost              | Accumulated        |                   |
|                    |   |                   | depreciation       | Net               |                   | depreciation       | Net               |
| Buildings          | 2.63%   | 1,783,781         | (704,361)          | 1,079,420         | 1,776,866         | (693,505)          | 1,083,361         |
| Installations      | 3.51%   | 6,256,723         | (2,769,874)        | 3,486,849         | 6,126,753         | (2,728,179)        | 3,398,574         |
| Equipment          | 10.00%  | 1,555,975         | (771,926)          | 784,049           | 1,515,099         | (750,016)          | 765,083           |
| Railroads          | 3.61%   | 6,165,369         | (2,922,945)        | 3,242,424         | 6,043,124         | (2,875,067)        | 3,168,057         |
| Mineral rights (*) | 2.12%   | 1,019,234         | (96,430)           | 922,804           | 1,019,234         | (80,233)           | 939,001           |
| Others             | 14.66%  | 1,679,035         | (817,430)          | 861,605           | 1,661,761         | (778,256)          | 883,505           |
|                    |   | <b>18,460,117</b> | <b>(8,082,966)</b> | <b>10,377,151</b> | <b>18,142,837</b> | <b>(7,905,256)</b> | <b>10,237,581</b> |
|                    |   | 3,827,672         |                    | 3,827,672         | 3,676,160         |                    | 3,676,160         |

Construction in  
progress

|              |                   |                    |                   |                   |                    |                   |
|--------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|              | _____             | _____              | _____             | _____             | _____              | _____             |
| <b>Total</b> | <b>22,287,789</b> | <b>(8,082,966)</b> | <b>14,204,823</b> | <b>21,818,997</b> | <b>(7,905,256)</b> | <b>13,913,741</b> |

(\*) Calculated based on the volume of ore extracted in relation to the proven and probable reserves.

### Operating Risks and Insurance

The Company has a wide program of risk management that provides coverage and protection for all its assets, as well as possible loss arising from production interruption, in accordance with an all risks insurance policy. This program includes inspections and in loco training, using various risk committees in the Company's operating units, and the Company's subsidiaries and associates.

The Company strives to keep risk management in line in all areas, providing a uniform treatment, obtaining in the national and international markets the coverage compatible with a company of the size of CVRD. The coverage comprises, besides assets and production, personal injuries, damage to third parties, environmental damages and cargo transported by the Company.

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In order to obtain the best risk management program, besides using alternatives due to the situation of the international insurance market, the Company created a captive reinsurance company. The intention was to improve the risk management, as well as to provide a more efficient tool for negotiation and penetration in the market, covering risks involving CVRD Group Companies Brazil and overseas. The Company has also intensified the activities of the risk committees arising at improving risk management on the Company's installations and equipment.

## 6.11- Loans and Financing

### Long-term

|               | <u>09/30/04</u> | <u>06/30/04</u> |
|---------------|-----------------|-----------------|
| Trade finance | <u>142,121</u>  | <u>-</u>        |

### Long-term

|                               | <u>Current liabilities</u> |                  | <u>Long-term liabilities</u> |                  |
|-------------------------------|----------------------------|------------------|------------------------------|------------------|
|                               | <u>09/30/04</u>            | <u>06/30/04</u>  | <u>09/30/04</u>              | <u>06/30/04</u>  |
| <b>Foreign operations</b>     |                            |                  |                              |                  |
| Loans and financing in:       |                            |                  |                              |                  |
| U.S. dollars                  | 657,228                    | 850,163          | 2,947,187                    | 3,397,610        |
| Yen                           | 1,658                      | 1,824            | 4,976                        | 6,385            |
| Other currencies              | 8,350                      | 9,443            | 56,084                       | 59,303           |
| Accrued charges               | 25,640                     | 32,403           |                              |                  |
|                               | <u>692,876</u>             | <u>893,833</u>   | <u>3,008,247</u>             | <u>3,463,298</u> |
| <b>Local operations</b>       |                            |                  |                              |                  |
| Indexed by TJLP, TR and IGP-M | 18,804                     | 18,424           | 35,739                       | 37,360           |
| Basket of currencies          | 20,208                     | 31,483           | 319                          | 348              |
| Loans in U.S. dollars         | 51,900                     | 56,419           | 168,464                      | 197,237          |
| Non-convertible debentures    |                            |                  | 869                          | 943              |
| Accrued charges               | 1,500                      | 1,131            |                              |                  |
|                               | <u>92,412</u>              | <u>107,457</u>   | <u>205,391</u>               | <u>235,888</u>   |
|                               | <u>785,288</u>             | <u>1,001,290</u> | <u>3,213,638</u>             | <u>3,699,186</u> |

(a) Foreign currency loans and financing were converted into *reais* at exchange rates effective on the quarterly information date, being US\$1.00 = R\$2.8586 on 09/30/04 (R\$3.1075 on 06/30/04) and ¥ 1.00 = R\$0.025996 on 09/30/04 (R\$0.028592 on 06/30/04);

(b) On September 30, 2004 loans and financing were supported by the following guarantees:

Guarantees received from the federal government of R\$433,178 to which we gave as counter-guarantees shares and operating income;

Property, plant and equipment of R\$148,775;

Future operating revenues of R\$191,023.

(c) Amortization of principal and financing charges incurred on long-term loans and financing obtained abroad and domestically mature as follows as of 09/30/04:

|             |                  |             |
|-------------|------------------|-------------|
| 2005        | 97,343           | 3%          |
| 2006        | 1,164,023        | 36%         |
| 2007        | 491,150          | 15%         |
| 2008        | 436,323          | 14%         |
| 2009 onward | 1,024,799        | 32%         |
|             | <b>3,213,638</b> | <b>100%</b> |

(d) Long-term foreign and domestic loans and financing are subject to annual interest rates (plus exchange rate and monetary variation) as of 09/30/04 as follows:

|            |           |      |
|------------|-----------|------|
| Up to 3%   | 1,525,346 | 38%  |
| 3.1 to 5%  | 1,983,079 | 50%  |
| 5.1 to 7%  | 189,314   | 5%   |
| 7.1 to 9%  | 246,298   | 6%   |
| 9.1 to 11% | 54,889    | 1%   |
|            | 3,998,926 | 100% |

(e) The estimated market values of loans and financing approximate their book values.

(f) Upon privatization of the Company in 1997, the Brazilian government stipulated the issuance of non-convertible debentures (Debentures) whose purpose were established to guarantee that pre-privatization stockholders, including the federal government, would share any future benefits from mineral resources held by the Company and its subsidiary and affiliated companies that were not evaluated at the time of setting the minimum price of CVRD shares at the privatization auction.

A total of 388,559,056 Debentures were issued at a par value of R\$0.01 (one centavo), whose value is to be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed. On October 4, 2002, the Comissão de Valores Mobiliários CVM (Brazilian Securities Commission) approved the Company's registration request. In the quarter ended September 30, 2004 26,108,893 debentures were negotiated R\$0.024 average prices.

#### 6.12- Contingent Liabilities

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

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

|                                  | Judicial deposits |                  | Provisions for contingencies |                  |
|----------------------------------|-------------------|------------------|------------------------------|------------------|
|                                  | 09/30/04          | 06/30/04         | 09/30/04                     | 06/30/04         |
| Tax contingencies                | 746,240           | 741,275          | 916,298                      | 785,571          |
| Labor and social security claims | 196,321           | 183,551          | 470,693                      | 448,197          |
| Civil claims                     | 151,652           | 146,525          | 409,730                      | 354,718          |
| Others                           | 11,693            | 9,683            | 15,954                       | 15,071           |
| <b>Total</b>                     | <b>1,105,906</b>  | <b>1,081,034</b> | <b>1,812,675</b>             | <b>1,603,557</b> |

Tax contingencies relate principally to a legal action claiming the unconstitutionality of CPMF (tax on bank transactions) and others relating to value-added tax (ICMS).

Labor-related actions principally comprise employee claims in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally relate to claims made against the Company by contractors in connection with losses alleged to have been incurred as a result of various past government economic plans.

(b) Guarantees given to jointly-controlled companies are as follows:

| Affiliate or Joint Venture | Amount of<br>guarantee - R\$ |          | Denominated<br>currency | Purpose                 | Final<br>maturity | Counter<br>guarantees |
|----------------------------|------------------------------|----------|-------------------------|-------------------------|-------------------|-----------------------|
|                            | 09/30/04                     | 06/30/04 |                         |                         |                   |                       |
| SAMARCO                    | 18,041                       | 22,653   | US\$                    | Debt guarantee IFC      | 2008              | None                  |
| VALESUL                    | 1,118                        | 1,219    | R\$                     | Debt guarantee<br>BNDES | 2007              | None                  |

The Company does not expect such guarantees to be executed and therefore no provisions for losses have been made. For granting the guarantees to Samarco CVRD does not charge a fee.

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### **6.13- Environmental and Site Reclamation and Restoration Costs**

The Company manages its environmental policies according to the specifications of ISO 14,001 and maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine.

The Company adopted the concepts of the Accounting for Asset Retirement Obligations, as follows:

Costs for mine closure are recorded as part of the cost of these assets and a corresponding provision is made for such future expenditure;

The estimated costs are accounted for at the present value of the obligations, discounted using a risk free rate; and

The estimated costs are reviewed annually and changes in the present value are adjusted in the recorded values of the assets and liabilities.

On 09/30/04, the provision for environmental liabilities amounted to R\$254,466 (R\$249,343 on 06/30/04), which was accounted for in Others in long-term liabilities.

### **6.14- Paid-up Capital**

On August 18, 2004 the Extraordinary General Shareholders Meeting approved the forward stock split. Each share, common and preferred, is represented by three shares.

After the split the Company's capital amounting to R\$7.3 billion comprises 1,165,677,168 shares (388,559,056 shares on 06/30/2004), of which 749,949,429 common shares (249,983,143 shares on 06/30/2004) 415,727,739 class A preferred shares (138,575,913 shares 06/30/04), including three special class shares without par value (Golden Share). The share/ADR proportion was maintained at 1/1; therefore, each common and preferred share, will continue to be represented by one ADR supported by one common share (NYSE: RIO) or by one ADR supported by one class A preferred share (NYSE: RIOPR) respectively.

Preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share or 3% of the book net equity value of the share, whichever is greater.

The special Golden Share created during the privatization in 1997 belongs to the Brazilian Government. This share gives it the right to a permanent veto of changes in the Company's name, headquarters location, nature as a mining enterprise, continuous operation of the integrated mining, transportation and shipping systems and other matters determined in the Bylaws.

For comparable purposes we considered the effects of the split to calculate the net income per outstanding share, presented in the Statement of Income.

### **6.15- Treasury Stock**

The Board of Directors, under the terms of subparagraph XV of Article 13 of the Bylaws and based on Article 30 of Law 6404/76 and CVM Instructions 10 of 02/14/80 and 268 of 11/13/97, approved the acquisition by the Company of its own shares to be held in treasury for later sale or cancellation.

As of 09/30/04, the Company had acquired 14,145,510 common shares (4,715,170 before split) and 11,987 preferred shares (3,989 before split), which are held in treasury in the amount of R\$131,318. The 14,145,510 common shares guarantee a loan of the subsidiary Alunorte.

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## 6.16- Financial Result

|                                       | Quarter            |   |                |                    |   |                  |                    |   |                  |
|---------------------------------------|--------------------|---|----------------|--------------------|---|------------------|--------------------|---|------------------|
|                                       | 3Q/04              |   |                | 2Q/04              |   |                  | 3Q/03              |   |                  |
|                                       | Financial expenses | Monetary and exchange rate variation on liabilities | Total          | Financial expenses | Monetary and exchange rate variation on liabilities | Total            | Financial expenses | Monetary and exchange rate variation on liabilities | Total            |
| Foreign debt                          | (2,660)            | 210,571   | 207,911        | (53,763)           | (178,042)   | (231,805)        | (54,710)           | (68,114)  | (122,824)        |
| Local debt                            | (5,552)            | 29,945  | 24,393         | (5,443)            | (20,600)  | (26,043)         | (7,983)            | (9,093)   | (17,076)         |
| Related parties debt                  | (57,485)           | 360,165   | 302,680        | (47,228)           | (289,182)   | (336,410)        | (44,721)           | (47,612)  | (92,333)         |
|                                       | <b>(65,697)</b>    | <b>600,681</b>                                      | <b>534,984</b> | <b>(106,434)</b>   | <b>(487,824)</b>                                    | <b>(594,258)</b> | <b>(107,414)</b>   | <b>(124,819)</b>                                    | <b>(232,233)</b> |
| Labor, tax and civil contingencies    | (38,278)           | (33,909)  | (72,187)       | (26,733)           | (33,736)  | (60,469)         | (28,181)           | (8,282)   | (36,463)         |
| Derivatives (interest and currencies) | (11,330)           | 7,333   | (3,997)        | 23,209             | (8,523)   | 14,686           | 52,006             | (45,874)  | 6,132            |
| Derivatives (gold)                    | (20,245)           | 6,572   | (13,673)       | 30,682             | (4,967)   | 25,715           | (40,971)           | (7,871)   | (48,842)         |
| CPMF                                  | (17,473)           |   | (17,473)       | (33,394)           |   | (33,394)         | (16,580)           |   | (16,580)         |
| Others                                | (123,652)          | (103,236)   | (226,888)      | (41,067)           | (145,445)   | (186,512)        | (3,938)            | (145,048)   | (148,986)        |
|                                       | <b>(276,675)</b>   | <b>477,441</b>                                      | <b>200,766</b> | <b>(153,737)</b>   | <b>(680,495)</b>                                    | <b>(834,232)</b> | <b>(145,078)</b>   | <b>(331,894)</b>                                    | <b>(476,972)</b> |
|                                       | Financial income   | Monetary and exchange rate variation on assets      | Total          | Financial income   | Monetary and exchange rate variation on assets      | Total            | Financial income   | Monetary and exchange rate variation on assets      | Total            |
| Related parties                       | 14,261             | (270,316)   | (256,055)      | 13,943             | 77,772  | 91,715           | 20,056             | 37,645  | 57,701           |
| Marketable                            | 5,176              | 19,374  | 24,550         | 1,361              | 15,276  | 16,637           | 34,054             | 100,754   | 134,808          |

|                    |                  |                  |                  |                  |                  |                  |                 |                  |                  |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|
| securities         |                  |                  |                  |                  |                  |                  |                 |                  |                  |
| Others             | 4,959            | (27,968)         | (23,009)         | 5,015            | 17,584           | 22,599           | 5,834           | 5,604            | 11,438           |
|                    | <u>4,959</u>     | <u>(27,968)</u>  | <u>(23,009)</u>  | <u>5,015</u>     | <u>17,584</u>    | <u>22,599</u>    | <u>5,834</u>    | <u>5,604</u>     | <u>11,438</u>    |
|                    | <b>24,396</b>    | <b>(278,910)</b> | <b>(254,514)</b> | <b>20,319</b>    | <b>110,632</b>   | <b>130,951</b>   | <b>59,944</b>   | <b>144,003</b>   | <b>203,947</b>   |
|                    | <u>24,396</u>    | <u>(278,910)</u> | <u>(254,514)</u> | <u>20,319</u>    | <u>110,632</u>   | <u>130,951</u>   | <u>59,944</u>   | <u>144,003</u>   | <u>203,947</u>   |
| <b>Financial</b>   |                  |                  |                  |                  |                  |                  |                 |                  |                  |
| <b>income</b>      |                  |                  |                  |                  |                  |                  |                 |                  |                  |
| <b>(expenses),</b> |                  |                  |                  |                  |                  |                  |                 |                  |                  |
| <b>net</b>         | <b>(252,279)</b> | <b>198,531</b>   | <b>(53,748)</b>  | <b>(133,418)</b> | <b>(569,863)</b> | <b>(703,281)</b> | <b>(85,134)</b> | <b>(187,891)</b> | <b>(273,025)</b> |
|                    | <u>(252,279)</u> | <u>198,531</u>   | <u>(53,748)</u>  | <u>(133,418)</u> | <u>(569,863)</u> | <u>(703,281)</u> | <u>(85,134)</u> | <u>(187,891)</u> | <u>(273,025)</u> |

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|   | Accumulated           |   |                  |                       |  |                  |
|---|-----------------------|---|------------------|-----------------------|--|------------------|
|   | 09/30/04              |   |                  | 09/30/03              |  |                  |
|   | Financial<br>expenses | Monetary<br>and<br>exchange<br>rate variation<br>on liabilities | Total            | Financial<br>expenses | Monetary and<br>exchange<br>rate variation<br>on liabilities | Total            |
| Foreign debt  | (92,518)              | (2,070)   | (94,588)         | (168,067)             | 856,129  | 688,062          |
| Local debt  | (16,911)              | 6,281   | (10,630)         | (26,796)              | 93,640   | 66,844           |
| Related parties   | (151,439)             | 54,756  | (96,683)         | (130,635)             | 393,219  | 262,584          |
|   | <b>(260,868)</b>      | <b>58,967</b>   | <b>(201,901)</b> | <b>(325,498)</b>      | <b>1,342,988</b>   | <b>1,017,490</b> |
| Labor, tax and civil contingencies                        | (82,492)              | (91,786)  | (174,278)        | (66,820)              | (52,392)   | (119,212)        |
| Derivatives, net of gain/losses (interest and currencies) | (6,986)               | (2,005)   | (8,991)          | (10,801)              | 1  | (10,800)         |
| Derivatives (gold)  | (4,642)               | 846   | (3,796)          | (40,971)              |  | (40,971)         |
| CPMF  | (55,000)              |   | (55,000)         | (45,965)              |  | (45,965)         |
| Others  | (185,025)             | (282,287)   | (467,312)        | (3,169)               | 118,548  | 115,379          |
|   | <b>(595,013)</b>      | <b>(316,265)</b>  | <b>(911,278)</b> | <b>(493,224)</b>      | <b>1,409,145</b>   | <b>915,921</b>   |
|   | Financial<br>income   | Monetary and<br>exchange<br>rate variation<br>on assets         | Total            | Financial<br>income   | Monetary and<br>exchange<br>rate variation<br>on assets      | Total            |
| Related parties   | 47,087                | (170,815)   | (123,728)        | 88,364                | (428,523)  | (340,159)        |
| Marketable securities                                     | 11,884                | 49,693  | 61,577           | 61,661                | 51,114   | 112,775          |
| Others  | 15,054                | (3,565)   | 11,489           | 20,704                | (54,227)   | (33,523)         |
|   | <b>74,025</b>         | <b>(124,687)</b>  | <b>(50,662)</b>  | <b>170,729</b>        | <b>(431,636)</b>   | <b>(260,907)</b> |
| <b>Financial income (expenses), net</b>                   | <b>(520,988)</b>      | <b>(440,952)(*)</b>   | <b>(961,940)</b> | <b>(322,495)</b>      | <b>977,509(*)</b>  | <b>655,014</b>   |

See item 1.2.5 net financial result.

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## 6.17- Financial Instruments Derivatives

The main market risks the Company faces are related to interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivative instruments.

The Company's risk management follows policies and guidelines reviewed and approved by the Board of Directors and Executive Board. These policies and guidelines prohibit speculative trading and short selling and require diversification of transactions and counterparties. The policy of the Company is to settle all contracts financially without physical delivery of the products. The credit limits and creditworthiness of counterparties are also reviewed periodically and are defined according to the rules approved by the Company's management. The results of hedging are recognized monthly in the results.

### Interest Rate Risk

Interest rate risk derives from floating-rate debt, mainly from trade finance operations. The portion of floating-rate debt denominated in foreign currency is mainly subject to fluctuations in the LIBOR – London Interbank Offered Rate. The portion of floating-rate debt expressed in *reais* refers basically to the Brazilian long-term interest rate TJLP, established by the Brazilian Central Bank. Since May 1998, CVRD has been using derivatives to limit its exposure to fluctuations in the LIBOR.

The interest rate derivatives portfolio consists mainly of instruments contracted to limit exposure to interest rate fluctuations, establishing upper and lower limits. Some operations are subject to knock-out provisions which, if triggered, eliminate the protection contracted.

The table below provides information regarding the interest rate derivatives portfolio as of 09/30/04 and 09/30/03.

| Type         | 09/30/04                          |            |                                      | Final maturity | 09/30/03                          |             |   |
|--------------|-----------------------------------|------------|--------------------------------------|----------------|-----------------------------------|-------------|---|
|              | Notional value (in US\$ millions) | Rate range | Unrealized (loss) (in R\$ thousands) |                | Notional value (in US\$ millions) | Rate range  | Unrealized gain (loss) (in R\$ thousands) |
| Cap          |                                   |            |                                      |                | 500                               | 5.7 - 11.0% | 44  |
| Floor        | 525                               | 5.7 - 6.0% | (34,849)                             | Nov-06         | 500                               | 5.7 - 6.0%  | (57,173)                                  |
| Swap         | 236                               | 5.8 - 6.7% | (54,440)                             | Oct-07         | 459                               | 5.8 - 6.7%  | (120,635)                                 |
| <b>Total</b> |                                   |            | <b>(89,289)</b>                      |                |                                   |             | <b>(177,764)</b>                          |

The unrealized loss represents the present value payable as if all operations had been settled on 09/30/04.

### Exchange Rate Risk

Exchange rate risk arises from foreign currency debts. On the other hand, a substantial part of the Company's revenues are denominated or indexed in U.S. dollars, while the majority of costs are in *reais*. This provides a natural hedge against possible devaluation of the Brazilian currency. Events of this nature have an immediate negative impact on foreign currency debt, offset by the positive effect on future cash flows.

The Company adopts a strategy of monitoring market fluctuations and, if necessary, carrying out derivatives operations to cover risks related to these variations.

The portion of debt denominated in euros and yen (main components of basket of currencies) is protected by derivatives to cover risks of exchange rate movements of these currencies.

The table below shows the exchange rate derivatives portfolio for 09/30/04 and 09/30/03. These operations are forwards and range forwards which were structured to ensure the purchase price of the following currencies:

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| Type           | 09/30/04                     |                      |   | Final maturity | 09/30/03                     |  |   |
|----------------|------------------------------|----------------------|---|----------------|------------------------------|--|---|
|                | Notional value (in millions) | Rate range           | Unrealized gain (loss) (in R\$ thousands) |                | Notional value (in millions) | Rate range                             | Unrealized gain (loss) (in R\$ thousands) |
| Yen purchased  | ¥134                         | ¥ 79 - 81 per US\$   | (1,266)                                   | Apr - 05       | ¥ 3.462                      | ¥79 - 86 por US\$ 1,11 - 1,23 por US\$ | 5,057                                     |
| Euro purchased | 22                           | 1,04 - 1,23 per US\$ | 5,827                                     | Dec-11         | 24                           | 1,05 - 1,10 por US\$                   | 996                                       |
| Euro sold      | 8                            |                      | (289)                                     | Nov-04         | 3                            | US\$                                   | (49)                                      |
| <b>Total</b>   |                              |                      | <b>4,272</b>                              |                |                              |  | <b>6,004</b>                              |

The unrealized gain represents the present value receivable as if all operations had been settled on 09/30/04.

### Commodities Price Risk

The prices of iron ore, the Company's main product, are set in annual negotiations between producers and consumers and are notably stable over time. The Company does not enter into derivatives operations to hedge iron ore price exposure.

The Company uses hedge instruments to manage its exposure to changes in the price of gold contained in the Copper production. These derivatives operations allow establishment of a minimum profit level for future output. The Company actively manages its open positions, with the results reported monthly to senior management to allow adjustment of targets and strategies in response to market conditions.

The following table shows the gold derivatives portfolio of the Company on 09/30/04 and 09/30/03:

| Type           | 09/30/04      |                       |   | Final maturity | 09/30/03      |                       |   |
|----------------|---------------|-----------------------|---|----------------|---------------|-----------------------|---|
|                | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousands) |                | Quantity (oz) | Price range (US\$/oz) | Unrealized gain (loss) (in R\$ thousands) |
| Puts purchased | 310,500       | 270 - 385             | 2,925                                     | Dec - 08       | 398,000       | 270 - 385             | 6,075                                     |
| Calls sold     | 388,000       | 317 - 440             | (90,247)                                  | Dec -          | 473,000       | 317 - 440             | (70,141)                                  |

|                    |        |                 |                   |        |                 |
|--------------------|--------|-----------------|-------------------|--------|-----------------|
| Hybrid instruments | 20,000 | (4,154)         | 08<br>Nov<br>- 06 | 20,000 | (2,625)         |
| <b>Total</b>       |        | <b>(91,476)</b> |                   |        | <b>(66,691)</b> |

The unrealized loss represents the present value payable as if all operations had been settled on 09/30/04.

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The following table shows the movement of gains and (losses) on derivatives:

|  | <b>3Q/04</b>                      |                   |                 |                  |
|--|-----------------------------------|-------------------|-----------------|------------------|
|  | <b>Interest rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b>     | <b>Total</b>     |
| Gains (losses) unrealized on 06/30/04        | (92,449)                          | 3,485             | (78,436)        | (167,400)        |
| Financial settlement                         | 7,613                             | 331               | 633             | 8,577            |
| Financial expenses/Revenues                  | (12,038)                          | 708               | (20,245)        | (31,575)         |
|  | <b>(4,425)</b>                    | <b>1,039</b>      | <b>(19,612)</b> | <b>(22,998)</b>  |
| Monetary variations                          | 7,585                             | (252)             | 6,572           | 13,905           |
| <b>Gains (losses) unrealized on 09/30/04</b> | <b>(89,289)</b>                   | <b>4,272</b>      | <b>(91,476)</b> | <b>(176,493)</b> |
|  | <b>2Q/04</b>                      |                   |                 |                  |
|  | <b>Interest rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b>     | <b>Total</b>     |
| Gains (losses) unrealized on 03/31/04        | (139,975)                         | 3,861             | (107,295)       | (243,409)        |
| Financial settlement                         | 33,144                            | (680)             | 3,144           | 35,608           |
| Financial expenses                           | 23,035                            | 174               | 30,682          | 53,891           |
|  | <b>56,179</b>                     | <b>(506)</b>      | <b>33,826</b>   | <b>89,499</b>    |
| Monetary variations                          | (8,653)                           | 130               | (4,967)         | (13,490)         |
| <b>Gains (losses) unrealized on 06/30/04</b> | <b>(92,449)</b>                   | <b>3,485</b>      | <b>(78,436)</b> | <b>(167,400)</b> |
|  | <b>3Q/03</b>                      |                   |                 |                  |
|  | <b>Interest rates<br/>(libor)</b> | <b>Currencies</b> | <b>Gold</b>     | <b>Total</b>     |
| (Losses) unrealized on 06/30/03              | (187,216)                         | (2,236)           | (31,594)        | (221,046)        |
| Financial settlement                         | 11,867                            | (307)             | 13,745          | 25,305           |
| Financial expenses                           | 42,822                            | 9,184             | (40,971)        | 11,035           |

|  |                           |                       |                            |                           |
|--|---------------------------|-----------------------|----------------------------|---------------------------|
| Monetary variations, net               | <u>54,689</u><br>(45,237) | <u>8,877</u><br>(637) | <u>(27,226)</u><br>(7,871) | <u>36,340</u><br>(53,745) |
| <b>(Losses) unrealized on 09/30/03</b> | <b><u>(177,764)</u></b>   | <b><u>6,004</u></b>   | <b><u>(66,691)</u></b>     | <b><u>(238,451)</u></b>   |

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**6.18- Administrative and Other Operating Expenses**

|   | Quarter          |                  |                 | Accumulated      |                  |
|---|------------------|------------------|-----------------|------------------|------------------|
|   | 3Q/04            | 2Q/04            | 3Q/03           | 09/30/04         | 09/30/03         |
| <b>Administrative</b>                         |                  |                  |                 |                  |                  |
| Personnel                                     | (51,822)         | (49,764)         | (35,270)        | (143,016)        | (101,657)        |
| Technical consulting                          | (18,118)         | (26,938)         | (31,127)        | (67,524)         | (73,467)         |
| Advertising and publicity                     | (12,885)         | (13,690)         | (9,376)         | (32,273)         | (25,843)         |
| Depreciation                                  | (9,312)          | (10,744)         | (6,797)         | (30,636)         | (25,790)         |
| Travel expenses                               | (5,354)          | (6,254)          | (5,862)         | (16,191)         | (14,829)         |
| Rents and taxes                               | (7,248)          | (2,027)          | (4,935)         | (13,961)         | (17,947)         |
| Donations to Funai/Internal social activities | (4,230)          | (7,138)          | (3,475)         | (16,453)         | (8,764)          |
| Others  | (13,990)         | (17,262)         | (255)           | (41,311)         | (14,135)         |
|   | <b>(122,959)</b> | <b>(133,817)</b> | <b>(97,097)</b> | <b>(361,365)</b> | <b>(282,432)</b> |

|   | Quarter          |                 |                | Accumulated      |                  |
|---|------------------|-----------------|----------------|------------------|------------------|
|   | 3Q/04            | 2Q/04           | 3Q/03          | 09/30/04         | 09/30/03         |
| <b>Other Operating Expenses</b>                 |                  |                 |                |                  |                  |
| Provisions for contingencies                    | (84,203)         | (28,023)        | (27,130)       | (139,471)        | (101,334)        |
| Itabira's Property Tax Agreement (1995/2003)    |                  |                 |                | (16,687)         |                  |
| Provision for loss on value added taxes credits | (64,000)         |                 | (56,000)       | (64,000)         | (84,000)         |
| Provision for participation in the results      | (50,000)         | (52,000)        | (5,000)        | (140,000)        | (72,000)         |
| Copper operating expenses/UPSL                  | (24,400)         |                 |                | (24,400)         | (35,597)         |
| Others  | (14,329)         | (8,641)         | 79,496         | (25,638)         | 47,728           |
|   | <b>(236,932)</b> | <b>(88,664)</b> | <b>(8,634)</b> | <b>(410,196)</b> | <b>(245,203)</b> |

**6.19- Subsequent Events**

**Dividend payment to shareholders**

On October 13, 2004 the Board of Directors of CVRD, approved the payment as from October 29, 2004 of the second installment of the 2004 minimum dividend to shareholders, as well as an additional dividend in the amount of R\$699,406 (R\$419,644 in the form of interest on shareholders equity and R\$279,762 corresponding to a dividend).

Therefore, on October 29, 2004, an amount of R\$1,480,410 will be distributed to shareholders, corresponding besides the additional dividend, the payment of the second installment of the minimum dividend as published at January 28 in the amount of R\$781,005 in the form of interest on shareholders equity.

#### **CVRD sells its stake in PPSA**

On October 20, 2004 CVRD announces that it has sold its stake in Pará Pigmentos S.A. (PPSA) for US\$117.8 million to its subsidiary Caemi Mineração e Metalurgia S. A. (Caemi). CVRD owned 85.6% of the voting capital and 82.0% of the total capital of PPSA. The objective of this sale is the consolidation of CVRD 's kaolin business in Caemi, which is already a player in the global kaolin market through its subsidiary CADAM S.A. (CADAM).

## PART III

## 7- OTHER INFORMATION THE COMPANY DEEMS RELEVANT

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

|                       | (Millions of tons) |           |             |           |             |           |             |           |             |           |
|-----------------------|--------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
|                       | Quarter            |           |             |           |             |           | Accumulated |           |             |           |
|                       | 3Q/04              | %         | 2Q/04       | %         | 3Q/03       | %         | 09/30/04    | %         | 09/30/03    | %         |
| <b>FOREIGN MARKET</b> |                    |           |             |           |             |           |             |           |             |           |
| <b>ÁSIA</b>           |                    |           |             |           |             |           |             |           |             |           |
| CHINA                 | 8.0                | 16        | 7.1         | 16        | 7.1         | 19        | 20.9        | 15        | 17.3        | 16        |
| KOREA                 | 2.4                | 5         | 1.4         | 3         | 1.7         | 4         | 5.5         | 4         | 5.0         | 4         |
| PHILIPPINES           | 0.9                | 2         | 1.0         | 2         | 0.6         | 1         | 2.7         | 2         | 1.6         | 1         |
| JAPAN                 | 3.4                | 7         | 4.1         | 9         | 4.1         | 10        | 11.5        | 8         | 12.1        | 11        |
| TAIWAN                | 0.8                | 2         | 0.5         | 1         | 0.5         | 1         | 2.0         | 1         | 1.4         | 1         |
| OTHERS                |                    |           | 0.5         | 1         |             |           | 0.9         | 1         |             |           |
|                       | <b>15.5</b>        | <b>32</b> | <b>14.6</b> | <b>32</b> | <b>14.0</b> | <b>35</b> | <b>43.5</b> | <b>31</b> | <b>37.4</b> | <b>33</b> |
| <b>EUROPE</b>         |                    |           |             |           |             |           |             |           |             |           |
| GERMANY               | 5.7                | 12        | 5.7         | 12        | 4.4         | 11        | 16.0        | 12        | 10.7        | 9         |
| SPAIN                 | 0.9                | 2         | 1.1         | 2         | 0.4         | 1         | 2.9         | 2         | 2.1         | 2         |
| FRANCE                | 2.4                | 5         | 2.9         | 6         | 1.7         | 4         | 7.6         | 6         | 5.4         | 5         |
| ITALY                 | 1.7                | 3         | 1.1         | 2         | 1.2         | 3         | 4.3         | 3         | 3.6         | 3         |
| UNITED KINGDOM        | 0.8                | 2         | 0.4         | 1         | 0.6         | 1         | 1.7         | 1         | 1.7         | 2         |
| OTHERS                | 4.1                | 8         | 3.9         | 9         | 3.6         | 9         | 11.5        | 8         | 9.6         | 8         |
|                       | <b>15.6</b>        | <b>32</b> | <b>15.1</b> | <b>32</b> | <b>11.9</b> | <b>29</b> | <b>44.0</b> | <b>32</b> | <b>33.1</b> | <b>29</b> |
| <b>AMERICAS</b>       |                    |           |             |           |             |           |             |           |             |           |
| ARGENTINA             | 1.0                | 2         | 0.8         | 2         | 0.7         | 2         | 2.7         | 2         | 2.3         | 2         |
| UNITED STATES         | 0.8                | 2         | 0.9         | 2         | 1.0         | 3         | 2.7         | 2         | 2.8         | 2         |
| OTHERS                | 1.1                | 2         | 0.8         | 2         | 0.7         | 2         | 3.2         | 2         | 2.1         | 2         |
|                       | <b>2.9</b>         | <b>6</b>  | <b>2.5</b>  | <b>6</b>  | <b>2.4</b>  | <b>7</b>  | <b>8.6</b>  | <b>6</b>  | <b>7.2</b>  | <b>6</b>  |
| <b>AFRICA/MID.</b>    |                    |           |             |           |             |           |             |           |             |           |

|                        |             |            |             |            |             |            |              |            |              |            |
|------------------------|-------------|------------|-------------|------------|-------------|------------|--------------|------------|--------------|------------|
| EAST/AUSTRALIA         |             |            |             |            |             |            |              |            |              |            |
| BAHRAIN                | 1.1         | 2          | 0.6         | 1          | 1.0         | 2          | 2.7          | 2          | 1.9          | 2          |
| OTHERS                 | 1.8         | 4          | 1.3         | 3          | 0.5         | 1          | 4.2          | 3          | 3.5          | 3          |
|                        | <u>2.9</u>  | <u>6</u>   | <u>1.9</u>  | <u>4</u>   | <u>1.5</u>  | <u>3</u>   | <u>6.9</u>   | <u>5</u>   | <u>5.4</u>   | <u>5</u>   |
|                        | <u>36.9</u> | <u>76</u>  | <u>34.1</u> | <u>74</u>  | <u>29.8</u> | <u>74</u>  | <u>103.0</u> | <u>74</u>  | <u>83.1</u>  | <u>73</u>  |
| <b>DOMESTIC MARKET</b> |             |            |             |            |             |            |              |            |              |            |
| STEEL MILLS            | 7.1         | 14         | 7.0         | 15         | 5.7         | 14         | 20.4         | 15         | 15.4         | 14         |
| PELLETIZING AFFILIATES | 4.9         | 10         | 4.8         | 11         | 4.7         | 12         | 14.6         | 11         | 14.6         | 13         |
|                        | <u>12.0</u> | <u>24</u>  | <u>11.8</u> | <u>26</u>  | <u>10.4</u> | <u>26</u>  | <u>35.0</u>  | <u>26</u>  | <u>30.0</u>  | <u>27</u>  |
| <b>TOTAL</b>           | <u>48.9</u> | <u>100</u> | <u>45.9</u> | <u>100</u> | <u>40.2</u> | <u>100</u> | <u>138.0</u> | <u>100</u> | <u>113.1</u> | <u>100</u> |

(Millions of tons)

|                 | Quarter     |            |             |            |             |            | Accumulated  |            |              |            |
|-----------------|-------------|------------|-------------|------------|-------------|------------|--------------|------------|--------------|------------|
|                 | 3Q/04       | %          | 2Q/04       | %          | 3Q/03       | %          | 09/30/04     | %          | 09/30/03     | %          |
| NORTHERN SYSTEM | 17.6        | 36         | 15.1        | 33         | 14.0        | 35         | 46.9         | 34         | 41.3         | 37         |
| SOUTHERN SYSTEM | 31.3        | 64         | 30.8        | 67         | 26.2        | 65         | 91.1         | 66         | 71.8         | 63         |
|                 | <u>48.9</u> | <u>100</u> | <u>45.9</u> | <u>100</u> | <u>40.2</u> | <u>100</u> | <u>138.0</u> | <u>100</u> | <u>113.1</u> | <u>100</u> |

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**8- REPORT OF THE INDEPENDENT AUDITORS  
ON  
LIMITED REVIEW**

(A free translation of the original opinion in Portuguese

expressed on Quarterly Information prepared in  
accordance with the accounting principles prescribed by  
Brazilian Corporate Law)

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

1. We have carried out a limited review of the Quarterly Financial Information (ITR) of Companhia Vale do Rio Doce for the quarter ended September 30, 2004 prepared in accordance with accounting practices adopted in Brazil and under the responsibility of the Company's management, comprising the balance sheet, the statement of income and the comments on the Company's performance.
2. Except as mentioned in paragraph 3, our limited review was carried out in accordance with the specific procedures established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Board, and consisted mainly of: (a) inquires and discussion with the officers responsible for the Company's accounting, financial and operational areas about the procedures adopted for preparing the Quarterly Financial Information (ITR), and (b) review of the information and subsequent events which have, or may have, relevant effects on the Company's financial position and operations.
3. The financial statements as of September 30, 2004, of certain subsidiaries, jointly-owned and associated companies, in which there are relevant investments, have not been reviewed by independent auditors. Accordingly, the conclusions resulting from our review do not cover the amounts of R\$3,920,784 thousand of these investments and R\$186,791 thousand of the income generated by them for the quarter then ended.
4. Based on our limited review, except for the effects of the adjustments, if any, which might have been required if the financial statements of the subsidiaries, jointly-owned and associated companies mentioned in paragraph 3 had been reviewed by independent auditors, we are not aware of any relevant adjustment which should be made to the Quarterly Financial Information (ITR), referred to in paragraph 1, for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of the obligatory Quarterly Financial Information (ITR).
5. Our limited review was conducted for the purpose of issuing our report on the Quarterly Financial Information (ITR) referred to in paragraph 1, taken as a whole. The statement of cash flows is presented as additional information, and is not a required part of the Quarterly Financial Information. Such statement has been subjected to the review procedures described in paragraph 2 and we are not aware of any material adjustment that should be made to such statement for it to be adequately presented in relation to the Quarterly Financial Information.
6. We have previously reviewed the balance sheet as of June 30, 2004 and the statement of income for the quarter then ended and issued our report dated August 6, 2004, including a qualification regarding the financial statements of certain subsidiaries, jointly-owned and associated companies, which have not been reviewed by independent auditors.
7. The statements of income for the quarter ended March 31, 2004 and the quarter and periods of nine months ended September 30, 2003, presented for comparison purposes, were reviewed by other independent auditors, whose reports, dated May 7, 2004 and November 7, 2003, respectively, included a qualification regarding the financial statements of certain subsidiaries, jointly-owned and associated companies, which have not been reviewed by independent auditors.

Rio de Janeiro, November 10, 2004

DELOITTE TOUCHE  
TOHMATSU

Marcelo Cavalcanti Almeida

Independent Auditors

Accountant

CRC-SP 011609/O-S-RJ

CRC-RJ 036.206/O

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**9- MEMBERS OF THE BOARD OF DIRECTORS, ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS, FISCAL COUNCIL, AND EXECUTIVE OFFICERS AND RESPONSIBLE TECHNICIANS**

**BOARD OF DIRECTORS**

Sérgio Ricardo Silva Rosa  
Chairman

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de  
Moraes

Erik Persson

Francisco Valadares Povoá

Jaques Vagner

Katsuto Nomii

Mário da Silveira Teixeira Júnior

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Ricardo Carvalho Giambroni

**ADVISORY COMMITTEES OF  
THE  
BOARD OF DIRECTORS**

**Audit Committee**

Antonio José de Figueiredo Ferreira  
Heitor Ribeiro Filho  
Inácio Clemente da Silva  
Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Arlindo Magno de Oliveira  
Francisco Valadares Póvoa  
João Moisés de Oliveira

**FISCAL COUNCIL**

Pedro Carlos de Mello  
Chairman

Marcelo Amaral Moraes

Oswaldo Mário Pêgo de Amorim  
Azevedo

Joaquim Vieira Ferreira Levy

**EXECUTIVE OFFICERS**

Roger Agnelli  
**Chief Executive Officer**

Jose Carlos Martins  
**Executive Officer for Business  
Development  
and Participations**

Armando de Oliveira Santos Neto  
**Executive Officer for Ferrous  
Minerals**

Carla Grasso  
**Executive Officer for Human  
Resources and  
Corporate Services**

José Lancaster  
**Executive Officer for Non-Ferrous  
Minerals**

Fábio de Oliveira Barbosa  
**Chief Financial Officer**

Gabriel Stoliar  
**Executive Officer for Planning and  
Control**

Guilherme Rodolfo Laager  
**Executive Officer for Logistics**

Olga Loffredi  
Oscar Augusto de Camargo Filho

**Strategic Committee**

Roger Agnelli  
Gabriel Stoliar  
César Manoel de Medeiros  
José Roberto Mendonça de Barros  
Samir Zraick

Marcus Vinícius Dias Severini  
Chief Accountant  
CRC-RJ 093982/O-3

Otto de Souza Marques Junior  
Chief Officer of Control Department

**Finance Committee**

Roger Agnelli  
Fábio de Oliveira Barbosa  
Rômulo de Mello Dias  
Wanderlei Viçoso Fagundes  
Wanderley Rezende de Souza

**Governance and Ethics Committee**

Renato da Cruz Gomes  
Ricardo Simonsen  
Ricardo Carvalho Giambroni



**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.

Date: November 12, 2004

COMPANHIA VALE DO RIO DOCE  
(Registrant)

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