BR GAAP

A VIRTUOUS CIRCLE OF GROWTH
CVRD's performance in the first half of 2007

Rio de Janeiro, July 31, 2007 - Companhia Vale do Rio Doce (CVRD) financial performance in the second quarter of 2007 (2Q07) continued to show several new records. The strategy of growth with diversification, anchored on a rigorous discipline in capital allocation, has allowed the effective exploitation of the opportunities presented by the economic cycle, which in turn has produced the strong cash flow necessary to finance growth initiatives. The corollary of this virtuous circle of growth is a significant and increasing value creation.

Here are the main highlights of the Company's performance in the first half of this year:

- Gross Revenue of R$ 18.2 billion in 2Q07, the highest in the Company's history, exceeding the previous record obtained in 4Q06, of R$ 16.7 billion, being up 79.6% on 2Q06. For the first half of the year (1H07) Gross Revenue totalled R$ 34.8 billion, compared to R$ 18.4 billion in 1H06.

- Consolidated exports of US$ 3.9 billion, historical mark, up 54.1% on the figure in 2Q06, of US$ 2.5 billion. In 1H07, consolidated exports amounted to US$ 6.4 billion, compared to US$ 4.8 billion in 1H06.

- In 1H07, net exports (exports less imports) amounted to US$ 6.0 billion, compared to US$ 4.4 billion in 1H06, registering the largest contribution to Brazil's trade surplus of its history, 29.1% of the total, of US$ 20.7 billion.

- Operating Profit, as measured by EBIT (earnings before interest and tax), amounted to R$ 9.2 billion, a new quarterly record, up 13.8% compared to the previous record of R$ 8.1 billion in the 1Q07.

- EBIT margin of 51.6% in 2Q07, compared to 46.2% in 2Q06 and 49.7% in 1Q07;

- Cash generation as measured by EBITDA (earnings before interest, tax, depreciation and amortization) of R$ 10.3 billion, a

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

Department of Investor Relations

Roberto Castello Branco
Alessandra Gadelha
Marcus Thieme
Marcelo Silva Braga
Patricia Calazans
Theo Penedo
Virgínia Monteiro
Tel: (5521) 3814-4540

The financial and operational information contained in this press release, except where otherwise indicated, was consolidated in accordance with generally accepted accounting principles in Brazil (Brazilian GAAP). Under the criteria of Brazilian GAAP, companies are consolidated in which CVRD has effective control or shared control defined under a shareholders' agreement. In the case of companies in which CVRD has effective control, consolidation is carried out based on 100% and the difference between this amount and the percentage of CVRD's equity stake in the capital of the subsidiary is discounted at the minority shareholders' line. The main subsidiaries of CVRD are: CVRD Inco, MBR, Cadam, PPSA, Alunorte, Albras, Valesul, RDM, RDME, RDMN, Urucum Mineração, FCA, CVRD Australia, CVRD International and CVRD Overseas. In the case of companies where control is share, consolidation is in proportion to CVRD's equity stake in each company. The main companies in which CVRD has shared control, as at March 31, 2007, were MRN, MRS, Kobrasco, Nibrasco, Hispanobras, Itabrasco, Samarco and CSI.

new quarterly record, up 99.0% compared to 2Q06, totalling R$ 19.2 billion in 1H07, compared to R$ 8.9 billion in 1H06.

- Net earnings of R$ 5.8 billion, corresponding to earnings per share, on a fully diluted basis, of R$ 2.42, up 49.6% compared to the result reported in 2Q06, of R$ 3.9 billion. In 1H07, net earnings totalled R$ 10.9 billion, up 79.6% on the earnings figure reported in 1H06, of R$ 6.1 billion.

- In the first half of the year, the Company's total capital expenditure[1] amounted to US$ 2.8 billion. In 2Q07 capital expenditure amounted to US$ 1.4 billion, US$ 1.065 billion being allocated to organic growth, US$ 374 million on the maintenance of existing operations.

- Capital expenditure[1] in 1H07 of US$ 116.1 million, on environmental conservation and protection, as well as US$ 55.3 million on social initiatives.

The performance of our wholly-owned subsidiary CVRD Australia Holdings, resulting from the acquisition of AMCI Holdings Australia, has been consolidated into this quarter's financial statements. Since the acquisition was only finalized on April 20th, 2007, the information refers only to May and June.

It should be pointed out that the figures for 2Q06 do not include CVRD Inco, while the figures for 2Q07 consolidate the results for that company completely.

SELECTED FINANCIAL INDICATORS

R$ million

	2Q06 (A)	1Q07 (B)	2Q07 (C)	% (C/A)	% (C/B)
Gross operating revenues	10,131	16,629	18,197	79.6	9.4
Exports (US$ million)	2,543	2,441	3,920	54.1	60.6
Net exports (US$ million)	2,322	2,264	3,754	61.7	65.8
EBIT	4,519	8,080	9,194	103.4	13.8
EBIT margin (%)	46.2	49.7	51.6	-	-
EBITDA	5,153	8,936	10,255	99.0	14.8
Net earnings	3,906	5,095	5,842	49.6	14.7
Net earnings per share (R$)	1.61	2.11	2.42	-	-
Annualized ROE (%)	32.1	37.0	34.1	-	-
Capex (US$ million) [2]	818	1,360	1,439	75.9	5.8

ISSUANCE OF MANDATORY CONVERTIBLE NOTES

In June 2007 CVRD successfully completed the issue of US$ 1.88 billion in mandatory convertible notes due June 15, 2010. They bear interest of 5.50% per year, payable quarterly. Holders of the notes will be paid additional interest in the event CVRD makes cash distributions to the holders of its ADRs.

The note issue is divided into two series: (a) RIO, to the value of US$ 1.295 billion, convertible into ADRs representing common shares and traded on the New York Stock Exchange (NYSE) under the ticker symbol RIO; (b) RIO P, to the value of US$ 584.5 million, convertible into ADRs representing preferred shares and traded on the NYSE under the ticker symbol RIO P.

[1] Calculated according to generally accepted accounting principles in the United States (US GAAP).
[2] Does not include spending with acquisitions.

The issuance of this hybrid instrument was considered by the rating agencies as 100% equity, and therefore not having any impact on the Company's debt. From the accounting standpoint, the net value of the notes issue was added to shareholders' equity.

The transaction was equivalent to a forward sale of shares currently held in treasury, having incorporated new investors in CVRD securities and will contribute to increasing the liquidity of our shares.

BUSINESS OUTLOOK

The global economy continues to experience one of the most significant phases of sustained growth in modern economic history. It is likely that the pace has accelerated in the second quarter of this year, with the highest growth rate in China's GDP since 1994 – 11.9% – and an improved performance of the US economy.

Chinese economic growth is broad-based, driven by a substantial increase in retail sales, fixed-asset investment and exports. As China is the third largest importer in the world, strong domestic demand has a positive impact on the growth of other economies, among which exporters of commodities and capital goods, thus contributing to the refueling of world economic growth.

The Chinese economic expansion is accompanied by rising profits and return on assets as much for companies in industries close to the final consumer as for those which make more intensive use of natural resources, such as the steel industry. A good part of investments in fixed assets, which is growing at 26% a year, is led by private sector companies, who are more sensitive to changes in profitability.

The rapid growth (27% per annum) of exports and its shift towards more sophisticated products shows that China has been able to compete internationally in sectors of high-added value, suggesting that companies are investing not only in increased capacity, but also in new technologies.

Our conclusion is that the risks of excess capacity are moderate, which contributes to the sustainability of economic development in China.

In 2Q07 the US economy recorded its best performance in more than a year, growing at 3.4% per year. This was influenced by the end of the inventory cycle, the increase in external demand caused by the depreciation of the US dollar and global growth and by the increase in business investment. However, the housing downturn will remain a significant drag on US growth for the next few quarters. As consequence, we expect an average GDP growth rate of about 2% a year.

The perception of increased credit risk is the greatest threat to US economic growth - as this may lead to a liquidity squeeze - and ultimately to the global growth.

Risks are being repriced, with spreads for poor quality corporate credits widening. The American financial industry has a large capacity for absorbing shocks, while deregulation, financial innovations and the substantial pool of capital in hedge funds, which provide liquidity and help in spreading risks, indicate that there is potential demand for assets backed by mortgages at prices compatible with attractive risk-adjusted returns.

As a result, the odds that the correction underway will contaminate the rest of the economy are slight. At the same time, we believe that a certain degree of nervousness will persist for some time in the financial markets.

In the Euro zone, monetary policies are still accommodative, credit is growing vigorously, and the economy is expanding in a balanced way, driven by exports and domestic demand, and particularly increased investment. The Japanese economy continues to show signs of vitality, based on the behavior of exports and private investment.

The global economy's good prospects are confirmed by the recent revision of estimates of growth by the IMF. The IMF raised its global GDP growth forecast for 2007 and 2008 by 0.3% to 5.2% for each year, as against 4.9% forecast in April of this year. This upward review was influenced mainly by the better prospects of emerging market economies such as China and India, which are going through a phase of intensive consumption of minerals and metals.

During economic expansions there are inventory mini-cycles of accumulation and consumption which use to provoke short-term swings in economic activity. During the current cycle there have been three phases of inventory correction in the world in 2003, 2005 and 2007.

These mini-cycles usually produce considerable volatility in metal prices around their central tendency, which is determined by more fundamental elements on the supply and demand side. In the case of copper, for instance, the consumption and subsequent rebuilding of inventories in China produced a V-shaped curve for prices between 3Q06 and 2Q07.

The stainless steel industry, the main consumer of nickel, was late entering the inventory cycle, reducing global production in 2Q07 after three consecutive quarters of growth. As a natural consequence of cyclical correction, demand for nickel weakened, determining a price decline since the beginning of May. Thus, nickel prices are likely to behave in a way similar to that described for copper.

However, even after a fall of about 30%, the average price of nickel in July, of US$ 15.20 per pound, is still slightly higher than the average for 4Q06 – US$ 15.00 per pound – which at the time was a historic record. This shows the tightness on nickel supply, even in the face of the strong negative impact of consumption of stainless steel inventories.

The evidence produced by surveys of world industrial activity suggests that the inventory correction has come to an end, in so far as there has been a decrease and the new orders/inventory ratio has been rising continuously. The behavior of this variable is a leading indicator of re-acceleration of global industrial production, which will underpin a stronger demand for minerals and metals.

Global steel production grew 8.4% in the first half of 2007, with China responsible for 71% of the increase and other Asian countries, mainly India, Japan and Korea for 12%. Brazilian production has recovered from its weak 2006 performance, growing this year by 12.8%. Production capacity has been growing in 2H07, with a new blast furnace starting operation, and there are various expansion projects at different stages of development. As consequence of these capacity increases our sales to the Brazilian will show an important increase over the next few years.

In spite of net exports of steel to China having nearly tripled, reaching 29.3 million metric tons in 1H07, internal consumption continues to increase significantly, driven by housing construction, investment in infra-structure and growth of consumer durable and shipbuilding industries which make more intensive use of the metal.

Imports of iron ore by China grew by 16.4% in the first half of the year, reaching 187.9 million metric tons compared with 161.5 million in the same period of 2006. Spot prices continue to be higher than C&F (cost and freight) prices for iron ore imported under long term contracts, in spite of differences in quality, signaling the permanence of excess global demand.

Chinese demand for copper continues to grow strongly, driven by investments in electricity distribution and electrification of the railways alongside growth in production of automotive components, air conditioning and refrigeration equipment. Given the slower growth in supply, the global market should register a deficit with the resulting return of inventory to 3Q06 levels.

Global demand for aluminum also continues to expand considerably. This is mainly due to China, which is responsible for 25% of world consumption and this should grow by more than 40% this year. In spite of the substantial increase in Chinese alumina production since last year, supported by massive imports of bauxite, the spot price has held at about US$ 350 per metric ton in 2007, which still allows a good return for low cost producers like CVRD.

After two years of falling prices of metallurgical coal, a turning point has occurred in 2007.

The combination of growth in demand for both metallurgical and thermal coal in China – which moved from exporter to net importer in 1H07 – and India with supply restrictions imposed by Australian logistics infrastructure, and delay in developing projects, was essential for the change in price trends. With the industry's growing cost base, high growth of China and India and the greater relative shortage of energy, the medium and long-term scenario looks quite favorable.

Looking ahead we continue to foresee the persistence of a benign global economic scenario which will play a favorable role on the future performance of CVRD.

RECORD REVENUES: R$ 18.2 BILLION

CVRD's gross operating revenue in 2Q07 amounted to R$ 18.197 billion, up 79.6% compared to the figure reported in 2Q06, of R$ 10.131 billion, the highest in the Company's history. In the first half of 2007 gross operating revenue amounted to R$ 34.826 billion, an increase from R$ 18.412 billion in 1H06.

The consolidation of CVRD Inco contributed R$ 7.133 billion to the increase in the Company's operating revenues in 2Q07, compared to 2Q06. Price increases were responsible for an additional R$ 1.050 billion and higher volume, R$ 760 million; the depreciation of the US Dollar against the Brazilian Real over the period analysed had a significant negative impact, of R$ 877 million.

Non-ferrous minerals shipments in 2Q07 accounted for 42.9% of gross revenues, for the second quarter running, exceeding the contribution by ferrous minerals, which amounted to 40.9%. Products in the aluminium chain – bauxite, alumina and primary aluminium – contributed 8.2%, with logistics services accounting for 5.2%.

In 2Q07 the overall revenue breakdown was as follows: Asia 43.6%, Americas 33.0%, Europe 20.7% and other countries, 2.7%. China was responsible for 17.8% of revenues, Brazil 13.9%, Japan 12.2%, USA 11.0%, Taiwan 7.1%, Germany 5.1% and South Korea 4.7%.

GROSS REVENUES – BY PRODUCT						
						R$ million
	2Q06	%	1Q07	%	2Q07	%
Ferrous minerals	**6,656**	**65.7**	**6,762**	**40.7**	**7,443**	**40.9**
Iron ore and pellets	6,338	62.6	6,444	38.8	7,122	39.1
Iron ore	5,130	50.6	4,906	29.5	5,498	30.2
Pellets	1,208	11.9	1,538	9.2	1,624	8.9
Pelletizing plants operation services	17	0.2	17	0.1	16	0.1
Manganese and ferro-alloys	301	3.0	301	1.8	305	1.7
Non ferrous minerals	**596**	**5.9**	**7,158**	**43.0**	**7,802**	**42.9**
Contained copper	447	4.4	760	4.6	999	5.5
Nickel	-	-	5,973	35.9	6,340	34.8
Cobalt	-	-	60	0.4	64	0.4
Precious metals	-	-	46	0.3	39	0.2
PGMs	-	-	147	0.9	172	0.9
Potash	49	0.5	67	0.4	78	0.4
Kaolin	100	1.0	105	0.6	110	0.6
Aluminum	**1,544**	**15.2**	**1,432**	**8.6**	**1,492**	**8.2**
Coal	-	**0.0**	-	**0.0**	81	**0.4**
Logistics	**896**	**8.8**	**807**	**4.9**	**952**	**5.2**
Railroads	689	6.8	617	3.7	788	4.3
Ports	127	1.3	127	0.8	120	0.7
Shipping	80	0.8	63	0.4	43	0.2
Steel products	**382**	**3.8**	**332**	**2.0**	**333**	**1.8**
Others	**57**	**0.6**	**138**	**0.8**	**93**	**0.5**
Total	**10,131**	**100.0**	**16,629**	**100.0**	**18,197**	**100.0**

GROSS REVENUES – BY DESTINATION						
						R$ million
	2Q06	%	1Q07	%	2Q07	%
Americas	**3,422**	**33.8**	**5,695**	**34.2**	**6,005**	**33.0**
Brazil	2,094	20.7	2,233	13.4	2,525	13.9
USA	671	6.6	1,943	11.7	2,008	11.0
Canada	165	1.6	974	5.9	846	4.7
Others	491	4.8	545	3.3	626	3.4
Asia	**3,409**	**33.7**	**7,261**	**43.7**	**7,928**	**43.6**
China	1,850	18.3	2,646	15.9	3,242	17.8
Japan	864	8.5	1,880	11.3	2,223	12.2
South Korea	172	1.7	934	5.6	850	4.7
Taiwan	78	0.8	1,360	8.2	1,291	7.1
Others	445	4.4	441	2.7	321	1.8
Europe	**2,693**	**26.6**	**3,259**	**19.6**	**3,768**	**20.7**
Germany	716	7.1	833	5.0	923	5.1
France	277	2.7	365	2.2	443	2.4
United Kingdon	198	2.0	587	3.5	591	3.3
Others	1,502	14.8	1,474	8.9	1,810	9.9
Rest of the World	**607**	**6.0**	**415**	**2.5**	**497**	**2.7**
Total	**10,131**	**100.0**	**16,629**	**100.0**	**18,197**	**100.0**

COSTS AND OPERATING EXPENSES

In the second quarter of the year, the Company's cost of goods sold (COGS) amounted to R$ 7.409 billion, up 2.2% on the figure reported in 1Q07 of R$ 7.247 billion. In 2Q06, COGS amounted to US$ 4.351 billion.

A significant portion of the cost increase compared to 2Q06, R$ 2.518 billion, is explained by the consolidation of CVRD Inco. Disregarding the effect of consolidating CVRD Inco, COGS would have come to R$ 4.891 billion in 2Q07, up 12.4% on 2Q06.

The cost of product purchases, the main item of COGS, which is directly influenced by the cycle of economic expansion, was, of R$ 1.351 billion, which represented 18.2% of total COGS. Total purchases by CVRD Inco in the quarter amounted to R$ 896 million. This amount included the purchase of refined products for resale, as well as the purchase of nickel concentrate and intermediary products which are processed at our refineries.

Disregarding this tranche of costs, the total cost of product purchases would have been R$ 455 million, down a significant 17.9% compared to the figure in 2Q06 of R$ 554 million.

Expenditure on materiel, the second largest item in CPV (16.4%), accounted for R$ 1.213 billion of COGS, R$ 250 million being related to CVRD Inco. Disregarding this tranche, expenditure on materiel increased by 18.5%. The main items that come under this heading are equipment parts and components for maintenance, inputs, tires and conveyor belts.

Expenditure on outsourced services, the third largest item in CPV (15.6%), accounted for R$ 1.154 billion. Disregarding the amount related to CVRD Inco, of R$ 189 million, this item showed an increase of 3.7% compared to 2Q06. These services mainly consisted of the maintenance of equipment and installations, R$ 230 million, the contracting of rail freight, basically for the transport of the iron ore produced in the Southern System, R$ 169 million, and the removal of tailings and ores, R$ 122 million.

In the second quarter of the year, expenditure on electric power, fuel and gas totalled R$ 1.265 billion. Excluding the portion incurred by CVRD Inco, these expenses would have amounted to R$ 1.049 billion, up R$ 180 million compared to 2Q06. This higher expenditure on energy was the result of more intense Company activities and the increase in fuel and electricity prices in the period.

Staff expenses amounted to R$ 903 million, CVRD Inco accounting for R$ 444 million of this. In 2Q06, staff expenses amounted to R$ 404 million. Disregarding CVRD Inco portion, these expenses would have amounted to R$ 459 million, an increase of R$ 55 million, reflecting the expansion in the size of the workforce needed to keep pace with expanding activity.

In 2Q07, fines paid for delays in ship loading at CVRD's maritime terminals, demurrage, amounted to R$ 91 million, compared to R$ 35 million in 2Q06. The increase against the second quarter of last year was due to increased waiting time experienced by ships at our iron ore terminals, determined by the strong global demand, reduced levels of stock at the stockyards and some as railroad operational problems.

As a consequence of expansion in CVRD's asset base, which increased from R$43.540 billion at the end of 2Q06, to R$ 101.089 billion at the end of 2Q07, there was a corresponding increase of R$ 550 million in depreciation and exhaustion expenses, compared to 2Q06. CVRD Inco accounted for R$ 425 million of this increase.

Sales, General and Administrative expenses amounted to R$ 567 million, up R$ 55 million on 2Q06.

Research and development expenses (R&D), amounted to R$ 306 million, up 37.8% on the figure of R$ 222 million in 2Q06. The increases seen in the last few years is due to the implementation of the Company's strategy of focusing on organic growth, which necessarily implies additional expenditure on mineral exploration and feasibility studies for the development of mineral deposits in various countries.

Other operational expenses amounted to R$ 332 million in 2Q07, an increase of R$ 156 million compared to 2Q06.

COGS BREAKDOWN

R$ million

	2Q06	%	1Q07	%	2Q07	%
Personnel	404	9.3	964	13.3	903	12.2
Material	813	18.7	1,156	16.0	1,213	16.4
Fuel oil and gases	531	12.2	680	9.4	784	10.6
Outsourced services	931	21.4	997	13.8	1,154	15.6
Electric energy	338	7.8	462	6.4	481	6.5
Acquisition of products	554	12.7	1,482	20.4	1,351	18.2
Depreciation and exhaustion	392	9.0	734	10.1	942	12.7
Goodwill amortization	94	2.2	51	0.7	-	0.0
Others	294	6.8	721	9.9	582	7.9
Total	**4,351**	**100.0**	**7,247**	**100.0**	**7,409**	**100.0**

RECORD OPERATING PERFORMANCE

In 2Q07, the operating profit, as measured by EBIT, reached R$ 9.194 billion, the highest in the Company's history. Of this figure CVRD Inco was responsible for R$ 4.456 billion.

EBIT showed an increase of R$ 4.675 billion compared to 2Q06, the result of a rise of R$ 8.029 billion in net revenues, offset by the increase of R$ 3.058 billion in COGS.

The Company's EBIT margin in 2Q07 amounted to 51.6%, compared to 46.2% in 2Q06 and 49.7% in 1Q07.

In 1H07, EBIT totalled R$ 17.274 billion, up 122.6% compared to the figure in 1H06 of R$ 7.759. Of this amount, CVRD Inco was responsible for R$ 8.116 billion.

RECORD NET EARNINGS: R$ 5.8 BILLION

In 2Q07 net earnings reached a new quarterly record of R$ 5.842 billion, the equivalent of R$ 2.42 per share, on a fully diluted basis, up 49.6% on the result reported in 2Q06, of R$ 3.906 billion. In 1H07, CVRD's net earnings amounted to R$ 10.937 billion, up 79.6% compared to the figure in 1H06 of R$ 6.090 billion.

The earnings related to CVRD Inco amounted to R$ 619 million in 2Q07, totalling R$ 2.2 billion for 1H07. This was due to the negative impact of the monetary variation on several currencies in countries where CVRD Inco has operations, relating to the Canadian Dollar and the Brazilian Real, that affect our subsidiary results. In every locations where CVRD Inco has operations, the value of its currencies are converted to Canadian Dollar and, then, to Reais.

The Company's net financial result in 2Q07 was a negative R$ 47 million, significantly less than the negative financial result reported in 2Q06, of R$ 466 million.

Financial revenues amounted to R$ 181 million in 2Q07, compared to R$ 105 million in 2Q06. On the other hand, financial expenses increased from R$ 557 million in 2Q06, to R$ 1.020 billion in 2Q07, reflecting the increase in interest expenses, as a result of the rise in overall debt, as well as the negative effect of R$ 212 million due to the marking of debentures to market, as a consequence of their appreciation on the secondary market.

Monetary variation also had a beneficial effect on the financial result, contributing R$ 793 million in 2Q07, compared to the negative result of US$ 14 million in 2Q06, reflecting the effect of the appreciation of the Brazilian Real against the US Dollar and the increase in the Company's total debt levels.

The non-operational result in 2Q07 amounted to R$ 1.261 billion, up 71.1% compared to the figure in 2Q06, of R$ 737 million. The largest gains came from the divestiture of Usiminas (R$ 839 million) and Log-In Logistica (R$ 417 million) shares.

In 2Q07, the Company's equity income result had a negative impact of R$ 935 million, a difference of R$ 878 million compared to 2Q06.

This increase reflects the increase in the premium amortization relating to the acquisition of Inco (R$ 229 million), and the negative impact in 2Q07 (R$ 561 million) and the depreciation of the US Dollar against the Brazilian Real, on the acquisition premium of Inco.

CASH GENERATION: OVER R$ 10 BILLION IN THE QUARTER

In the second quarter of 2007, cash generation, as measured by EBITDA, amounted to R$ 10.255 billion, a new quarterly record, up 99.0% on 2Q06. The contribution by subsidiary CVRD Inco amounted to R$ 4.878 billion.

In 1H07, EBITDA totalled R$ 19.191 billion, up 115.5% compared to the figure in 1H06, of R$ 8.907 billion. Of this amount, CVRD Inco was responsible for R$ 8.802 billion. Disregarding the contribution from this subsidiary, net earnings would have been up 16.6%.

The main factors which explain the R$ 5.102 billion in EBITDA in 2Q07, compared to 2Q06, the increase of R$ 4.675 billion in EBIT and R$ 475 million in depreciation, and the negative impact of R$ 49 million in dividends received from non-consolidated companies.

The breakdown of cash generation by business area in 2Q07 was as follows: non-ferrous minerals 50.6%, ferrous minerals 39.8%, products in the aluminium chain 5.8%, logistics 4.2%, steel 0.7%, discounting expenditure on R&D, which represented 1.1% of EBITDA.

EBITDA			
			R$ million
	2Q06	1Q07	2Q07
Net operating revenues	9,780	16,249	17,809
COGS	(4,351)	(7,247)	(7,409)
SG&A	(512)	(602)	(567)
Research and development	(222)	(239)	(306)
Other operational expenses	(176)	(82)	(332)
EBIT	**4,519**	**8,080**	**9,194**
Depreciation, amortization & exhaustion	540	856	1,015
Dividends received	94	-	45
EBITDA	**5,153**	**8,936**	**10,255**

A LOW-RISK DEBT PROFILE

The improvement of debt indicators in 2Q07 is aligned with our focus on a low-risk debt portfolio. There was a significant reduction in total debt and in leverage ratios, simultaneously with the lengthening of the average debt maturity.

The Company's total debt as of June 30, 2007 calculated according to the generally accepted accounting principles in the United States (USGAAP) was US$ 19.075 billion, showing a reduction of US$ 4.405 billion compared with its position on March 31, 2007, at US$ 23.480 billion. The powerful cash flow allowed for the repayment of US$ 2.25 billion corresponding to the remaining part of the bridge loan taken for the Inco Ltd acquisition and the pre-payment of trade finance lines of US$ 1.595 billion.

Total net debt as of June 30, 2007 was US$ 17.301 billion, as compared with US$ 19.526 billion at the end of 1Q07.

As a result of the debt reduction and the growth in cash flow, the leverage ratio, as measured by gross debt/adjusted LTM EBITDA(d) showed a decline from 2.00x[3] at December 31 2006 to 1.88x[4] at March 31 2007 and to 1.31x[5] at June 30, 2007. The ratio between total debt and *enterprise value*(f) went from 22.4% at March 31 2007 to 15.9% at June 30 2007.

In line with our financial policy of minimizing refinancing risks, average debt maturity increased, moving from 8.27 years in June 2006 to 10.15 years in June 2007.

In spite of longer debt maturity, the average cost of debt (before income tax) was 6.79% in June 2007, a reduction of 74 basis points in relation to 2Q06 levels.

Total debt as of June 30 2007 was made up of 59% of obligations at floating interest rates and 41% at fixed rates, of which 96% denominated in US dollars.

Interest coverage, expressed through adjusted LTM EBITDA/LTM interest paid (e) fell from 15.63x at March 31, 2007 to 13.00x at June 30, 2007, but remains at extremely comfortable levels. In spite of the lower average debt cost, interest payments increased, causing the interest coverage indicators to point to a decreasing tendency from 4Q06 onwards, when 15.94x were recorded compared with 21.63x in the 3Q06.

[3] Considering, in 4Q06, pro forma adjusted LTM EBITDA of US$ 11.306 billion.
[4] Considering, in 1Q07, pro forma adjusted LTM EBITDA of US$ 12.480 billion.
[5] Considering, in 2Q07, pro forma adjusted LTM EBITDA US$ 14.597 billion.

The pre-payment of debt in 2Q07 caused additional interest payments of US$ 66.3 million, contributing to increase the interest payment flow in the last twelve months ended in June 30, 2007, and consequently reducing the interest coverage ratio.

DEBT INDICATORS			
			US$ million
	2Q06	1Q07	2Q07
Total debt	5,883	23,480	19,075
Net debt	3,989	19,526	17,301
Total debt / adjusted LTM EBITDA (x)	0.80	1.88	1.31
Adjusted LTM EBITDA / LTM interest expenses (x)	23.76	15.63	13.00
Total debt / EV (%)	9.84	22.36	15.86

Enterprise Value = market capitalization + net debt

PERFORMANCE OF THE BUSINESS DIVISIONS

Ferrous Minerals

Shipments of iron ore and pellets in 2Q07, of 72.256 million tons, were 7.6% higher than in the same quarter a year earlier. Sales of iron ore amounted to 62.081 million tons, up 4.0% compared to 2Q06.

Pellets sales, totalling 10.175 million tons in 2Q07, were up 36.8% on 2Q06. The acceleration in the world steel production led to a strong demand for pellets driven on the intense consumption of pellets to increase performance.

The 2007 reference prices for iron ore and pellets are already almost entirely computed in the revenue figures, leaving just R$ 16 million to be incorporated in the next quarter with a retrospective adjustment.

In the second half of the year CVRD shipped 23.932 million tons to China, an increase of 17.1% on 2Q06, accounting for 33.1% of total sales. Japan accounted for 6.758 million tons, representing 9.4% of sales, Germany 5.868 million tons, 8.1%, followed by France with 4.7%, South Korea with 4.1% and Belgium with 1.9%. Sales in Brazil, of 11.556 million tons represented 16.0% of the total sold.

In 2Q07, sales of manganese ore amounted to 219 thousand tons, up 10.6% on 2Q06, while sales of ferro-alloys came to 111 thousand tons, down 22.9%.

In 2Q07 revenue from ferrous minerals – iron ore, pellets, manganese and ferro-alloys – amounted to R$ 7.443 billion, up 11.8% on 2Q06.

Gross revenue from shipments of iron ore amounted to R$ 5.498 billion, 7.2% higher than that in 2Q06. Pellets shipments were responsible for R$ 1.624 billion, 34.5% higher than in the same period 2006. Pellet processing services at Tubarão accounted for R$ 16 million, sales of manganese, R$ 41 million and ferro-alloys, R$ 264 million.

EBIT margin in 2Q07 amounted to 52.6%. EBITDA from ferrous minerals came to R$ 4.086 billion, representing 39.8% CVRD's total cash generation in the quarter, up 11.7% on 2Q06.

SALES VOLUME – IRON ORE AND PELLETS						
						thousand tons
	2Q06	%	1Q07	%	2Q07	%
Iron ore	59,703	88.9	55,792	85.3	62,081	85.9
Pellets	7,438	11.1	9,581	14.7	10,175	14.1
Total	**67,141**	**100.0**	**65,373**	**100.0**	**72,256**	**100.0**

VOLUME SOLD BY DESTINATION – IRON ORE AND PELLETS						
						million tons
	2Q06	%	1Q07	%	2Q07	%
Asia	**31.4**	**46.7**	**33.0**	**50.4**	**35.8**	**49.5**
China	20.4	30.4	21.9	33.5	23.9	33.1
Japan	6.2	9.2	6.1	9.3	6.8	9.4
South Korea	2.0	2.9	2.1	3.3	3.0	4.1
Emerging Asia (ex-China)	2.8	4.1	2.8	4.3	2.1	2.9
Europe	**17.6**	**26.2**	**16.1**	**24.7**	**19.1**	**26.4**
Germany	5.4	8.0	5.3	8.1	5.9	8.1
France	2.6	3.9	2.7	4.2	3.4	4.7
Italy	1.7	2.5	2.0	3.1	2.1	2.9
Others	8.0	11.8	6.0	9.2	7.8	10.8
Brazil	**11.5**	**17.2**	**11.2**	**17.1**	**11.6**	**16.0**
USA	**1.6**	**2.4**	**0.7**	**1.1**	**0.8**	**1.2**
RoW	**5.1**	**7.5**	**4.4**	**6.7**	**5.0**	**6.9**
Total	**67.1**	**100.0**	**65.4**	**100.0**	**72.3**	**100.0**

Non-ferrous minerals

Revenue from the sale of non-ferrous minerals – nickel, copper, kaolin, potash, precious metals, metals from the platinum group (PGMs) and cobalt – totalled R$ 7.802 billion, strengthening the Company's presence in the global base metals market.

CVRD's nickel sales in 2Q07 amounted to 68 thousand tons, generating gross revenues of R$ 6.340 billion, 34.8% of the Company's total revenues.

The nickel unit cash cost of sales, before by-product credits, showed an increase of 15% over 2Q06, reaching US$ 3.81 per pound. After by-product credits, the nickel unit cash cost dropped to US$ 2.98 per pound, compared with US$ 2.08 in 2Q06.

The increase in cash cost of nickel sales were due to: (i) higher employment costs, primarily as a result of higher earnings-based bonus payments; (ii) higher costs of supplies and outsourced services; (iii) increased consumption of high sulphur fuel oil and diesel oil in Indonesia, where prices have gone up by 5.7%; (iv) higher costs for purchased nickel concentrates and other intermediary products acquired from third parties; (v) appreciation of the Canadian dollar (2.1%) and the Indonesian rupiah (1.5%) against the US dollar.

CVRD sold 69 thousand tons of copper in 2Q07, generating gross revenue of R$ 999 million, R$ 473 million relating to sales by CVRD Inco. Disregarding the consolidation of CVRD Inco, the Company's copper sales in 2Q07 would have been 36 thousand tons of copper produced at the Sossego mine, up 12.5% on 2Q06.

In 2Q07, metals in the platinum group (PGMs) and precious metals (gold and silver), extracted as a by-product of our nickel operations in Canada, contributed R$ 211 million to the Company's total revenues. Cobalt sales amounted to R$ 64 million.

Kaolin sales in 2Q07 amounted to 325 thousand tons, in line with the figure reported in 2Q06, generating revenue of R$ 110 million, up 10% on the figure in the same period a year earlier.

Potash sales in 2Q07 amount to 162 thousand tons, up 33.9% on 2Q06. Revenues from the shipments of potash in the quarter amounted to R$ 78 million, 59.2% higher than the figure in the same period a year earlier.

In 2Q07, EBIT margin for the non-ferrous businesses amounted to 60.2% and EBITDA, R$ 5.188 billion. The consolidation of CVRD Inco contributed R$ 4.878 billion to cash generation from the nonferrous segment.

Aluminium

In 2Q07, CVRD's bauxite shipments amounted to 1.228 million tons, up 16.3% on 2Q06.

Sales of alumina in 2Q07 amounted to 766 thousand tons, compared to 867 thousand in 2Q06, but up 9.4% on 1Q07.

Sales of primary aluminium, of 155 thousand tons, were up 24% on 2Q06, reflecting the 100% consolidation of Valesul.

Revenues from the sale of products in the aluminium chain in 2Q07 amounted to R$ 1.492 billion, compared to R$ 1.544 billion in 2Q06.

EBIT margin amounted to 38.2%. EBITDA totalled R$ 598 million in 2Q07, compared to R$ 772 million in 2Q06.

SALES VOLUME – ORES AND METALS

thousand tons

	2Q06	1Q07	2Q07
Manganese	198	83	219
Ferro alloys	144	124	111
Copper	32	66	69
Nickel	-	71	68
Cobalt	-	580	583
Precious metals (ounce troy)	-	640	467
PGMs (ounce troy)	-	77	97
Potash	121	161	162
Kaolin	305	269	325
Bauxite	1.056	1.239	1.228
Alumina	867	700	766
Aluminum	125	134	155
Metallurgic coal	-	-	228
Thermal coal	-	-	470

Coal

Revenues from the sale of coal amounted to R$ 81.5 million, of which R$ 59.0 million came from the sales of metallurgical coal (semi-hard, semi-soft and PCI) and R$ 22.5 million from sales of thermal coal.

The company sold 470 thousand tons of metallurgical coal and 228 thousand tons of thermal coal in May/June of 2007.

Logistics Services

The volume of general freight transported on the Company's railroads in the second quarter 2007 totalled 8.269 billion ntk, 3.9% higher than the volume transported in 2Q06, of 7.962 billion ntk.

The main cargoes transported were agricultural products, which accounted for 47.8% of the total, influenced by growth in agricultural production in Brazil, steel products, which accounted for 38.4% of the total transported, fuel, 8.4%, and others, 5.4%.

The Company's ports and maritime terminals handled 7.121 million tons of general cargo, compared to 7.781 million tons in 2Q06.

In 2Q07, logistics services generated gross revenues of R$ 952 million, 6.3% higher than the figure of R$ 896 million in 2Q06. Our railroad services accounted for R$ 788 million in gross revenue port services, R$ 120 million and coastal shipping and ports support services, R$ 43 million.

In 2Q07, EBIT margin amounted to 22.3%, while EBITDA amounted to R$ 426 million, up 27.9% on the same period a year earlier.

LOGISTICS SERVICES

	2Q06	1Q07	2Q07
Railroads (million ntk)	7,962	6,610	8,269
Ports (thousand tons)	7,781	7,046	7,121

EBITDA BY BUSINESS AREA

R$ million

	2Q06	%	1Q07	%	2Q07	%
Ferrous minerals	3,657	71.0	3,907	43.7	4,086	39.8
Non- ferrous minerals	339	6.6	4,077	45.6	5,188	50.6
Logistics	333	6.5	355	4.0	426	4.2
Aluminum	772	15.0	657	7.4	598	5.8
Steel	135	2.6	10	0.1	70	0.7
Others	(83)	-1.6	(70)	-0.8	(113)	-1.1
Total	**5,153**	**100.0**	**8,936**	**100.0**	**10,255**	**100.0**

BUILDING GROWTH

Our investment expenditures[6] reached US$ 1.439 billion in 2Q07, an increase of 75.9 % relatively to the disbursements made in 2Q06, which were equal to US$ 818 million.

US$ 1.065 billion were invested in organic growth – US$ 943 million in projects and US$ 122 million in R&D – and US$ 374 million in sustaining existing assets. Simultaneously, CVRD acquired 100% of AMCI Holdings Australia for US$ 656 million and paid US$230.6 million for an additional stake in MBR, which is a now a wholly-owned subsidiary.

[6] Include just financial disbursement realized.

CVRD invested US$ 122 million in R&D in 2Q07, as compared with US$ 101 million in 2Q06 and US$ 86 million in 1Q07. Exploratory drilling at the Company's Sudbury operations has confirmed mineralization at depth near Creighton, a century-old nickel mine in Sudbury. The Creighton Deep project, a deep mine exploration program has the potential to almost double the proven and probable reserves at Creighton from 17 million metric tons to up 32 million metric tons grading 1.9-2.2% of nickel and 2.0-2.3% of copper.

In the first half of this year CVRD invested US$ 5.759 billion. Excluding acquisition spending, capex in 1H07 amounted to US$ 2.779 billion, compared with US$ 1.897 billion in the same period in 2006, representing an increase of 46.5%.

Project investments amounted to US$ 1.78 billion in this half of the yea. Most of the expenditures were concentrated on five projects: Goro, US$ 504 million, Itabiritos US$ 224 million, Alunorte 6&7 US$ 181 million, Onça Puma US$ 153 million and the Carajás railroad (iron ore logistics) US$ 113 million.

CVRD has already obtained from the government of Mozambique the license to implement the Moatize project, which foresees a 35-year period of open pit coal mining with an annual average production estimated at 11 million metric tons of coal products, of which 8.5 million metric tons of metallurgical coal and 2.5 million metric tons of thermal coal.

Acquisitions in 1H07 amounted to US$ 2.960 billion, including US$ 2.053 billion referring to the final payment made to Inco shareholders this year.

On the other hand, divestments generated revenues of US$ 931.5 million, of which US$ 728 million came from the sale of Usiminas shares and US$ 203.5 million from the initial public offering of Log-In Logística.

CVRD spun off some logistics assets, which were not part of its core business, creating Log-In Logística. Log-In business goal is to provide to its customers integrated solutions for port handling and door-to-door transportation of containers by sea or rail.

Sales of non-core assets produce benefits beyond the generation of extraordinary cash flow. They contribute to improve the allocation of capital and to unlock value that was not factored into the Company's share prices.

- **Description of main projects**

Area	Project	Budgeted 2007 US$ million	Status
Ferrous minerals	Expansion of iron ore production capacity at Carajás to 130 Mtpy – Northern system	66	This project will add 30 million metric tons a year of production capacity to CVRD, with the building of a new plant, consisting of primary crushing, and processing and classification units. Completion scheduled for 2009. Subject to approval by the Board of Directors.

	Fazendão iron ore mine – Southeastern system	111	Project for the production of 15.8 million metric tons of ROM (unprocessed ore) iron ore per year. This project will make it possible for Samarco's third pelletizing plant to begin operations. Work began in 2H06 and will be completed in 1Q08, with the start-up of operations.
	Pelletizing Itabiritos	417	Construction of a pelletizing plant in Minas Gerais, with a nominal production capacity of 7 million metric tons a year, and an iron ore concentration plant. Operational start-up is scheduled for the third quarter of 2008.
Non ferrous minerals	Copper – Salobo I	78	The project will have a production capacity of 100,000 metric tons of copper in concentrate form.
	Nickel - Vermelho	97	Annual production capacity is estimated at 46,000 metric tons of nickel in ferronickel form and 2,800 metric tons of cobalt.
	Nickel – Onça Puma	658	The project will have a nickel production capacity of 58,000 metric tons p.a. in ferronickel form. Construction began in July 2006 with earthmoving and landscaping of the industrial area. Civil engineering work is proceeding at a rapid pace and the assembling of the metal structures began in April 2007. The main items of equipment are already under manufacture. The plant is forecast to be commissioned in 4Q08.
	Nickel – Goro	938	The project has an estimated production capacity of 60,000 metric tons a year of finished nickel and 4,600 metric tons of cobalt. Comissioning is scheduled for 4Q08.
Aluminum	Alumina – Alunorte stages 6 and 7	520	The project for the construction of modules 6 and 7 will increase refinery production capacity to 6.26 million metric tons of alumina per year. Completion is scheduled for July of 2008.
	Bauxite - Paragominas II	115	The second phase of Paragominas will add 4.5 million metric tons to the capacity of 5.4 million metric tons a year obtained in the first phase. Completion is scheduled for 2Q08.

INVESTMENT BUDGET BY BUSINESS AREA				
				US$ million
	Realized 2Q07		Realized 1H07	
Ferrous minerals	379	26.4%	717	25.6%
Non-ferrous minerals	523	36.4%	1,113	39.7%
Logistics	203	14.1%	412	14.7%
Aluminum	224	15.5%	361	12.9%
Coal	41	2.9%	47	1.7%
Power generation	11	0.8%	26	0.9%
Steel	23	1.6%	42	1.5%
Others	35	2.4%	81	2.9%
Total	1,439	100.0%	2,799	100.0%

CONFERENCE CALL /*WEBCAST*

On Wednesday, August 1st a teleconference and webcast will be held at 12:00 p.m., Rio de Janeiro time, 11:00 a.m. US Eastern Standard Time and 04:00 p.m., UK time. Information on how to participate in these events is available on CVRD's website www.cvrd.com.br, investor relations. A recording of the teleconference/webcast will be available from CVRD's website for 90 days as from August 1st .

SELECTED FINANCIAL INDICATORS OF THE MAIN NON-CONSOLIDATED COMPANIES

Selected financial indicators for the main non-consolidated companies are available in CVRD's quarterly accounting statements on the Company's website, www.cvrd.com.br, investor relations.

BR GAAP

FINANCIAL STATEMENTS			
			R$ million
	2Q06	1Q07	2Q07
Gross operating revenues	**10,131**	**16,629**	**18,197**
Taxes	(351)	(380)	(388)
Net operating revenues	**9,780**	**16,249**	**17,809**
Cost of goods sold	(4,351)	(7,247)	(7,409)
Gross profit	**5,429**	**9,003**	**10,399**
Gross margin (%)	55.5%	55.4%	58.4%
Operational expenses	**(910)**	**(923)**	**(1,205)**
Sales	(131)	(57)	(102)
Administrative	(381)	(545)	(465)
Research and development	(222)	(239)	(306)
Other operational expenses	(176)	(82)	(332)
Operating profit before result from shareholdings	**4,519**	**8,080**	**9,194**
Result from shareholdings	**(57)**	**(253)**	**(935)**
Equity income	75	35	19
Goodwill amortization	(132)	(263)	(365)
Others	-	(25)	(589)
Financial result	**(466)**	**(208)**	**(47)**
Financial expenses	(557)	(1,404)	(1,020)
Financial revenues	105	291	181
Monetary variation	(14)	905	793
Operating profit	**3,996**	**7,619**	**8,213**
Non-operating income	737	-	1,261
Income tax and social contribution	4,733	7,619	9,474
Earnings before income tax and social contribution	(593)	(2,075)	(3,196)
Minority interest	(234)	(449)	(436)
Net earnings	**3,906**	**5,095**	**5,842**
Earnings per share (R$)	**1.61**	**2.11**	**2.42**

BALANCE SHEET			
			R$ million
	06/30/2006	03/31/2007	06/30/2007
Asset			
Current	14,659	26,340	21,741
Long term	4,998	5,629	5,242
Fixed	43,540	93,435	101,089
Total	**63,197**	**125,404**	**128,072**
Liabilities			
Current	8,855	16,391	13,118
Long term	16,393	60,082	56,889
Others	2,370	4,739	4,967
Shareholders' equity	35,579	44,192	53,098
Paid-up capital	19,492	19,492	28,000
Reserves	16,087	24,700	22,034
Mandatory convertible notes	-	-	3,064
Total	**63,197**	**125,404**	**128,072**

BR GAAP

CASH FLOW	R$ million		
	2Q06	1Q07	2Q07
Cash flows from operating activities:			
Net income	3,905	5,095	5,842
Adjustments to reconcile net income with cash provided by operating activities:			
Result from shareholdings	57	253	935
Depreciation, depletion and amortization	(737)	-	(1,261)
Deferred income tax and social contribution	446	805	1,015
Result from sale of investment	96	(328)	(505)
Financial expenses and foreign exchange and monetary net variation	64	228	(1,600)
Minority interest	234	449	436
Impairment of property, plant and equipment	60	81	435
Goodwill amortization in the COGS	94	51	-
Net unrealized derivative losses	107	(167)	(298)
Dividends/interest attributed to stockholders received	94	-	45
Others	(24)	343	(167)
Decrease (increase) in assets:			
Accounts receivable	(896)	360	(618)
Inventories	90	(181)	(139)
Advanced pay to energy suppliers	(67)	(67)	(67)
Others	210	(776)	318
Increase (decrease) in liabilities:			
Suppliers and contractors	242	(845)	1,449
Payroll and related charges	110	(362)	194
Taxes and Contributions	268	(68)	294
Others	(148)	(761)	1,067
Net cash provided by operating activities	**4,206**	**4,111**	**7,376**
Cash Flow from investing activities:			
Loans and advances receivable	(181)	13	52
Guarantees and deposits	(28)	(73)	(66)
Additions to investments	-	(32)	(66)
Additions to property, plant and equipment	(2,434)	(2,439)	(3,381)
Net cash for acquisition and investrment on subsidiaries	-	(4,327)	(2,077)
Proceeds from disposals of investments/property, plant and equipment	970	-	1,302
Net cash used I investing activities	**(1,673)**	**(6,858)**	**(4,236)**
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	(55)	557	(1,650)
Long-term debt	28	14,133	180
Mandatory convertible notes	-	-	3,601
Repayments:			
Financial institutions	(450)	(13,271)	(7,850)
Interest attributed to stockholders	(1,378)	(121)	(2,097)
Stocks in treasury	(54)	-	-
Net cash used in financing activities	**(1,908)**	**1,297**	**(7,816)**
Increase (decrease) in cash and cash equivalents	625	(1,451)	(4,675)
Cash and equivalents, beginning of period	3,877	9,778	8,327
Cash and equivalents, end of period	**4,502**	**8,327**	**3,652**
Cash paid during the period for:			
Interest on short-term debt	(8)	(18)	(83)
Interest on long-term debt	(164)	(445)	(788)
Paid income tax and social contribution	(101)	(890)	(2,981)
Non-cash transactions:			
Additions to property, plant and equipment - interest capitalization	89	(78)	(187)
Income tax and social contribution paid with credits	(78)	(262)	(612)

IMPORTANT INFORMATION

This release may include statements that present the Company's management's expectations on future events or future results. All statements based on future expectations and not on historical facts involve various risks and uncertainties. The Company cannot guarantee that such statements will be realized in fact. Such risks and uncertainties include factors in relation to: the Brazilian and Canadian economies and capital markets, which are volatile and may be affected by developments in other countries; the iron ore and nickel businesses and their dependence on the steel industry, which is cyclical by nature; and the highly competitive nature of the industries in which CVRD operates. To obtain additional information on factors which could give rise to results different from those indicated by the Company, please consult the reports filed with the Brazilian Securities Commission (CVM – *Comissão de Valores Mobiliários*) and the US Securities and Exchange Commission (SEC), including CVRD's most recent Form 20F Annual Report.