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Companhia Vale do Rio Doce

Press Release 2Q02

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COMPANHIA VALE DO RIO DOCE SECOND QUARTER PERFORMANCE IN 2002

The financial and operational information contained in this press release, unless when otherwise indicated, is based on consolidated figures, according to generally accepted accounting principles in the United States of America ("US GAAP"). The main subsidiaries of CVRD which form part of these consolidated figures are: RDME, Sibra, Ferteco, Urucum Mineração, Pará Pigmentos, Docenave, Aluvale, Florestas Rio Doce, Celmar, Rio Doce Europa, Itaco, CVRD Overseas and Rio Doce International Finance. From the end of the second quarter 2002, Alunorte forms part of the consolidated figures.

Rio de Janeiro, August 14, 2002 - In the second quarter of 2002, Companhia Vale do Rio Doce (CVRD) posted a loss of US$ 14 million, equivalent to a loss per share of US$ 0.04. In the first half, earnings accumulated amounted to US$ 261 million, equal to an earnings per share of US$ 0.68. Revenues, margins, cash flow and sales volumes showed a very good performance and some record figures were registered.

The negative result was caused by the 22.4% appreciation of the US Dollar (USD) against the Real (BRL) which took place between the end of 1Q02 and the end of 2Q02. This generated a foreign exchange loss of US$ 312 million, due to the impact of this variation on net liabilities in foreign currency.

The depreciation of the BRL favourably affects the Company's cash flow over time through a reduction in costs. As most of these costs are denominated in domestic currency and fall in Dollar terms, margins widen and cash flow in foreign currency increases, tending to naturally compensate for the negative effect of monetary variation on earnings.

Gross operating revenues amounted to US$ 1.071 billion, 8.5% higher than 1Q02, the highest figure for the last six quarters. This occurred in spite of the negative effect of lower iron ore prices. Both CVRD, its subsidiaries, affiliates and joint ventures made provisions to fully recognised in 2Q02 the retroactive effect of lower prices, bearing in mind that negotiations were concluded between the end of May and early June.

EBITDA (earnings before interest tax depreciation and amortization) amounted to US$ 456 million, up 2.7% and 11.5%, compared to 1Q02 and 2Q01, respectively. EBITDA margin amounted to 44.4%, very high and in line with previous results.

In 2Q02, the impact of exchange rate fluctuation on EBITDA was very small. The appreciation of the USD against the BRL, comparing the average daily exchange rate in 2Q02 with that in 1Q02, the change that affects cash flow, was only 5%.

Record sales of iron ore and pellets were achieved in 2Q02, with shipments totalling 41.089 million tons. By the same token, general cargo transported (products other than iron ore and pellets) for clients on CVRD's railroads (Vitória a Minas and Carajás) also reached record levels, recording 3.730 million net ton kilometres (ntk).

Debt leverage and interest coverage indicators were at very comfortable levels. Total debt amounted to 2.2 times EBITDA accumulated over the last twelve months and 27% of the enterprise value at the end of June. 2Q02 EBITDA was equal to 10.6 times interest payments. Therefore the depreciation of the BRL did not affect the soundness of CVRD's balance sheet.

RELEVANT EVENTS

Strategy execution

Two important transactions took place in the implementation of CVRD's strategy in the aluminum businesses, whose focus is the exploitation of opportunities in the bauxite and alumina segments.

The first was the purchase, for R$ 118.9 million, of a 12.6% stake in Alunorte by Aluvale, a wholly owned subsidiary of the Company, which thus now holds 62.1% of the common shares and 19.1% of the preferred shares in Alunorte, corresponding to 57% of the total share capital. Among other implications, this means that CVRD will be able to capture greater value in the future expansion of this alumina refinery.

The second transaction was the acquisition, for R$ 6.4 million, of total control in Mineração Vera Cruz (MVC). MVC has significant bauxite reserves located in an area adjoining CVRD's own reserves in the Paragominas region, in the state of Pará. The geographical location of MVC's mineral resources significantly increases flexibility in the use of the Company's logistics infrastructure.

In the non-ferrous segment, CVRD acquired full control of the Salobo copper project for US$ 50.4 million and entered into a joint venture with Antofagasta Plc, one of the largest copper producers in the Americas, for mineral exploration in the south of Peru, an area with significant mineral resource potential.

In June, the Company ceased extraction activities at the Igarapé Bahia gold reserve in Carajás. As a consequence, CVRD's estimated gold production for 2002 is 320,000 troy ounces, compared to the 514,400 troy ounces produced in 2001. However, concurrently, there is an ongoing pre-feasibility study for the development of Igarapé Bahia Phase IV. From the middle of 2004, it is estimated that this new phase will produce 36,000 tons of copper concentrate and 83,600 troy ounces of gold annually. The estimated capex for the development of Igarapé Bahia Phase IV is US$ 54 million.

CVRD has obtained the concession for the construction and operation of the Estreito hydroelectric power plant which will have a capacity of 1,087 MW. CVRD's stake in the consortium that made the winning bid at the concession auction is 30%. The Estreito plant will be the Company's tenth hydroelectric power project, two of which, Igarapava and Porto Estrela, are already in operation.

The Company is in the process of negotiating the sale of the assets of Florestas Rio Doce to Bahia Sul Celulose S.A. and Aracruz Celulose S.A., concluding the strategy of divesting out of the paper and pulp sector.

Bond issues

Vale Overseas, a wholly owned subsidiary of CVRD, has begun the offer to swap bonds guaranteed by the Company, which fall due in 2007, with a coupon of 8.625%, political risk insurance (PRI) and a total face value of US$ 300 million, series A (old issue) for series B bonds (new issue). The new issue represent the same debt with exactly identical characteristics. However, the new issue do not carry restrictions on their purchase by retail investors and are registered with the SEC (Securities and Exchange Commission) under the terms of the US Securities Act of 1933, which will improve the liquidity of these bonds in the secondary market.

Authorization was requested from the CVM (Brazilian Securities and Exchange Commission) on June 28, 2002, to register shareholders debentures issued by CVRD and distributed to its shareholders in April 1997, in the context of the privatization program. Registration of these debentures will allow them to be publicly traded on Brazilian markets.

The Chicago Board Options Exchange (CBOE) and Pacific Exchange have begun trading in options on RIO, the ADR representing the common shares of CVRD. These options constitute a risk transfer vehicle, and it is hoped that they will help to reduce volatility in the Company's stock price.

Iron ore and pellet prices

Between the end of May and the beginning of June, CVRD concluded iron ore and pellet price settlements with European and Japanese clients for 2002 (April 2002 to March 2003 in the case of Japan). Reflecting the performance of the steel industry in 2001, prices were down, by between 1% (iron ore fines from the Southern System to Europe) and 5.5% (blast furnace pellets to Europe). The impact of this drop in prices in the first half of the year is fully recognised in the results for 2Q02.

SHORT TERM PROSPECTS

The increased risk aversion prevailing in the world financial market reflects the suspicion generated by the cases of corporate fraud and doubts about the strength of the global economic recovery.

Recent statistics on economic activity in the US and Europe suggest that recovery in the global economy is likely to take place more slowly than we had expected at the time of publishing CVRD's first quarter results earlier this year, on May 15.

In Brazil, uncertainty in world financial markets magnified the effects of the uncertainties about the future of macro-economic policy under the next government. This combination produced a high degree of financial assets price volatility. It is hoped that the new agreement with the IMF, involving a credit line of US$ 30 billion to the Brazilian government, will produce positive effects on the markets and, consequently, on the Brazilian economy.

The 3.1% drop in global steel output (ex-China) in 2001 and the expansion of global industrial production in 2002, were the main factors behind recovery of the steel products markets this year. The average price of steel products rose significantly: the Steel Price Index (CRUspi), computed by CRU, showed a rise of 32% between the end of last year and the beginning of August this year. Global production of crude steel, according to data from the International Institute for Steel and Iron (IISI), grew 3.9% in the first half of 2002, compared to the same period in 2001. In the second quarter of 2002, this growth accelerated, production increasing by 5.7% over the first quarter.

This scenario is reflected positively in the demand for iron ore and pellets. China continues to be the principal driving force behind the growth in seaborne demand for iron ore: its imports amounted to 51 million tons in the first half of 2002 (1H02) compared to 41.9 million in 1H01, an increase of 21.9%. In Japan, where the economy is still undergoing a fragile recovery, iron ore inventories are down and import levels remained constant in 1H02, totalling 63 million tons. Higher steel prices have stimulated a recovery in the global demand for pellets.

The prospects for continuing increase in Chinese imports, driven by a fast growing GDP and replacement of domestically produced iron ore by the imported product, combined with the fact that steel prices are expected to remain at current levels, leads us to expect good sales performance for iron ore and pellets of CVRD in the second half of 2002, consolidating the movement observed in 1H02.

On the other hand, given the current and expected short term demand evolution for aluminum, we cannot anticipate a price recovery for the next few months. Inventories on the London Metal Exchange (LME) continue to accumulate and prices have reacted negatively to the turbulence in global financial markets, converging to US$ 1,300 per ton, compared to the 2001 average of US$ 1,453 and US$ 1,378 in the first seven months of 2002. In the case of alumina, demand from China provides support for prices at their current level. For new contracts, the alumina price has remained at around 11% of the aluminum price on the LME. Gold prices have remained consistently above the level of US$ 300 per troy ounce, and its resiliency may be associated to the asset price volatility in global financial markets.

Despite the slow growth in the Brazilian economy, demand for logistics services has been very strong, given the deficiencies that exist in Brazil’s cargo transportation infrastructure. CVRD has been able to exploit opportunities in the market, especially in the transport of grains and cement, as well as inter-modal transportation. For instance, the winning of new contacts has made it feasible to expand the Company's railroad activities in the transportation of products for the car industry from 4Q02 onwards.

REVENUES AND SALES VOLUMES

Sales volume of iron ore and pellets in the second quarter reached new record level of 41.089 million tons, 11.9% higher than the previous quarter and up 7.3% YoY. In 1H02, the volume accumulated amounted to 77.8 million tons, which was also a record. This figure represents a 7.% increase over the 72.7 million tons sold in 1H01.

CONSOLIDATED SALES OF IRON ORE AND PELLETS

thousand tons

	2Q 01	%	1Q 02	%	2Q02	%
Iron ore	33,469	87.4	33,001	89.9	35,963	87.5
Pellets	4,812	12.6	3,715	10.1	5,126	12.5
Total	**38,281**	**100.0**	**36,716**	**100.0**	**41,089**	**100.0**

Sales statistics in 2Q02 showed a cyclical recovery in pellet demand - the level recorded of 5.1 million tons was 38% higher than the previous quarter. Demand for pellets has a close correlation with the steel price cycle, which after a very weak year began a recovery trend in 2002.

As with iron ore, ferro-alloys produced by CVRD have been experiencing increased demand. Sales of these products were up 3.1% on the previous quarter and 7.5% YoY.

The transportation of general cargo (products other than iron ore and pellets) for customers on CVRD's railroads, amounted to 3.730 billion net ton kilometres (ntk), a quarterly record, surpassing the previous record of 3.468 billion ntk in 1Q02. Ferrovia Centro-Atlântica (FCA) also registered its best performance in terms of general cargo transportation since its operation was taken over by CVRD at the beginning of 2000: 2.712 billion nkt.

In addition to transportation records, CVRD's railroads have been significantly improving productivity. At EFVM, ntk per active locomotive, per day, rose from 0.87 million in 2Q01 to 0.95 million in 2Q02. Simultaneously, fuel consumption fell. EFVM's trains transported, on average, 300 tkus per litre of fuel consumed in 2Q02, compared to 280 in 2Q01. Maximization of asset utilization and operational cost reductions are contributing to increase returns on existing assets.

GENERAL CARGO RAILROAD TRANSPORTATION						
						million ntk
	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02
EF Vitória a Minas	2,643	2,890	2,844	2,791	2,803	2,880
EF Carajás	356	543	494	423	665	850
Total Parent Company	**2,999**	**3,433**	**3,338**	**3,214**	**3,468**	**3,730**
Ferrovia Centro Atlântica	1,962	2,236	2,167	1,993	2,257	2,712
Grand Total	**4,961**	**5,669**	**5,505**	**5,207**	**5,725**	**6,442**

CVRD's ports handled 7.007 million tons, an increase of 27% on the previous quarter.

Gold sales have been falling due to the exhaustion of the Igarapé Bahia mine, amounting to 111,854 troy ounces in the quarter. From the third quarter of 2002, gold will be produced only from the mines of Fazenda Brasileiro and Itabira. However, CVRD's gold production will rise strongly when operations begin at the copper mines in Carajás. Annual production of 950,000 troy ounces is estimated for 2007, by which time all the copper projects should be fully operational.

Potash shipments increased substantially, up by 69.9% QoQ and 27.2% YoY.

Gross operating revenues in 2Q02 amounted to US$ 1.071 billion, up 8.5% on the previous quarter and 4.1% higher than 2Q01. Revenues from the sale of iron ore and pellets amounted to US$ 703 million, representing 65.6% of total revenues in the quarter. Average sale prices of iron ore and pellets in 2Q02 were, respectively, US$ 15.34 and US$ 31.64 per ton.

Transportation services contributed 12.2% and aluminum products, bauxite, alumina and primary aluminum, 9.2%.

Total accumulated gross revenues in 1H02 amounted to US$ 2.058 billion, of which sales of iron ore and pellets contributed US$ 1.369 billion. 1H02 total gross revenues grew 1.2% YoY.

The domestic market accounted for US$ 345 million of Company gross revenues in 2Q02. In the principal overseas markets, Europe accounted for US$ 384 million and Asia, US$ 211 million.

VOLUME SOLD – OTHER PRODUCTS			
			thousand tons
	2Q 01	1Q 02	2Q 02
Gold (troy ounces)	114,780	115,455	111,854
Manganese	151	257	133
Ferro-alloys	93	97	100
Alumina	34	118	21
Aluminum	43	33	63
Bauxite	152	294	253
Potash	151	113	192
Kaolin	80	63	60

GROSS REVENUE BY PRODUCT

US$ million

	2T 01	%	1T 02	%	2T 02	%
Iron Ore	503	48.9	545	55.2	550	51.4
Pellets	173	16.8	121	12.3	153	14.3
Gold	32	3.1	34	3.4	35	3.3
Transportation	131	12.7	111	11.2	131	12.2
Aluminum, Alumina and Bauxite	78	7.6	68	6.9	98	9.2
Manganese and Ferro-alloys	39	3.8	73	7.4	65	6.1
Potash	22	2.1	16	1.6	24	2.2
Kaolin	23	2.2	11	1.1	9	0.8
Wood and Pulp	17	1.7	1	0.1	2	0.2
Others	11	1.1	7	0.7	4	0.4
Total	1,029	100.0	987	100.0	1.071	100.0

GROSS REVENUES BY DESTINATION

US$ million

	2Q 01	%	1Q 02	%	2Q 02	%
Domestic Market	312	30.3	293	29.7	345	32.2
Foreign Market						
United States	56	5.4	65	6.6	30	2.8
Europe	323	31.4	342	34.7	384	35.9
Middle East and Africa	49	4.8	39	4.0	35	3.3
Japan	87	8.5	62	6.3	69	6.4
Asia except Japan	117	11.4	135	13.7	142	13.3
Latin America and others	85	8.3	51	5.2	66	6.2
Total	1,029	100.0	987	100.0	1.071	100.0

SECOND QUARTER EARNINGS

According to US GAAP criteria, CVRD posted a loss of US$ 14 million, caused by the negative effect of depreciation in the BRL on net liabilities in foreign currency, of some US$ 312 million.

The negative effect of exchange rate variation was also felt in equity income, with a loss of US$ 37 million in the aluminum related businesses. As in the case of the Parent Company, this negative result was caused by the exchange rate loss effect on net liabilities in foreign currency.

EBITDA OF US$ 456 MILLION

EBITDA of CVRD in 2Q02 amounted to US$456 million, 44.4% of net revenues in the quarter. The effect of the BRL's depreciation against the USD on the Company's cash flow, which in the case of US GAAP financial statements is reflected in a lower cost of goods sold (COGS), was not significant, given that the average exchange rate in the second quarter only varied by 5% on the previous quarter. This contrasts with the impact of exchange rate fluctuation on net liabilities in foreign currency, and consequently on quarterly earnings. In this case, the significant variation, for accounting purposes, is the difference between the USD/BRL rate on the last day of 2Q02 (R$ 2.8444) and the last day of 1Q02 (R$ 2.3236), 22.4%.

The main factor behind the increase in EBITDA in 2Q02, compared with 2Q01, of US$ 47 million, was the US$ 36 million increase in net operating revenue. This in turn reflected increased sales volume, given that the prices of CVRD's main products, iron ore and pellets, were lower than in 2001. There was an increase of US$ 20 million in dividends received, which in the second quarter totalled US$ 30 million (Samarco US$ 17 million, MRN US$ 10 million and Caemi US$ 3 million). COGS, on which exchange rate variation had little effect, came down by US$ 3 million, 0.5% YoY. Partly offsetting these positive effects, sales, general and administrative expenses increased by US$ 11 million in 2Q02, compared with the same period a year earlier.

EBITDA COMPOSITION	
	US$ million
	1Q 02
Net Operating Revenues	1,027
COGS	(594)
SG&A	(64)
Research and Development	(12)
Other Operational Expenses	(27)
Adjustment for Exceptional Non-Cash Items	35
EBIT	**365**
Depreciation, Depletion and Amortization	61
Dividends received	30
EBITDA	456

The ferrous mineral businesses - iron and manganese ore, pellets and ferro-alloys - accounted for 87.3% of EBITDA in 2Q02. Logistics services contributed with 5.9% and non-ferrous businesses – gold, potash and kaolin – with 5.7%.

EBITDA BY BUSINESS AREA						
						US$ million
	2Q 01	%	1Q 02	%	2Q 02	%
Ferrous Minerals	316	77.8	349	78.6	398	87.3
Non Ferrous Minerals	18	4.4	12	2.7	26	5.7
Logistics Services	70	17.2	63	14.2	27	5.9
Aluminum	1	0.2	18	4.1	6	1.3
Steel	1	0.2	2	0.5	(1)	(0.2)
Total	**406**	**100.0**	**444**	**100.0**	**456**	**100.0**

CAPITAL EXPENDITURES

Investments made by the Parent Company in 2Q02 amounted to US$ 215.6 million. This figure included US$ 50.4 million of the acquisition costs of the 50% stake owned by Anglo American plc in the Salobo copper project, and US$ 114.7 million which was allocated to several greenfield and brownfield projects.

Capital expenditures for 1H02 amounted to US$ 373.2 million.

Most of the expenditure on projects was in the area of ferrous minerals, totalling US$ 58.6 million. Of particular note were: the US$ 21.4 million spent on the purchase of locomotives for iron ore transportation, work on the construction of Pier III at the Ponta da Madeira maritime terminal (US$ 5.6 million) and US$ 24.0 million on the São Luís pellet plant and its supporting infrastructure.

US$ 27.3 million were invested in the construction and the environmental licensing of eight hydroelectric power projects. By the end of August construction will begin on the Capim Branco I and II hydroelectric power plants.

Logistics projects absorbed US$ 19.6 million, the largest investment of US$ 7.7 million being spent on the purchase of transtainers and portainers for the Vila Velha Terminal (TVV) and US$ 3.8 million on the enlarging of the Praia Mole Terminal, both in the state of Espírito Santo. US$ 2.2 million was spent on enlarging the capacity of the grain handling facilities at the port of Tubarão and US$ 2.9 million spent on increasing transportation capacity, warehousing and general cargo handling facilities in the Northern System.

Investment of US$ 7.7 million was carried out in Mineração Serra do Sossego, in developing the copper mine. Capital expenditure on enlarging the potash mine at Taquari-Vassouras amounted to US$ 1.5 million. This brownfield project involves a total investment of US$ 67.5 million from 2002 to 2005, to increase production capacity from 600 to 850,000 tons a year by 3Q05. This is an investment with a high expected rate of return, in a product whose sales produce strong cash generation, which will increase CVRD's share in a market that is growing by an average of 6% a year.

Mineral exploration continues to focus on the discovery of world class mineral deposits. Investment in 2Q02 quarter amounted to US$ 8.3 million. Most of the expenditure for this year is allocated to the exploration of copper, gold, nickel, kaolin and platinum group metals. US$ 2.7 million was spent on information technology and US$ 0.9 million on environmental protection.

CAPITAL EXPENDITURES* - 2Q 02

By Business Area	US$ million	%	By Category	US$ million	%
Ferrous Minerals	91.6	55.4	Equity Investments	7.8	4.7
Logistics	25.2	15.3	Maintenance	29.0	17.6
Non Ferrous Minerals	18.5	11.2	Projects	114.7	69.5
Energy	27.5	16.6	Mineral Exploration	8.3	5.0
Others	2.4	1.5	Environmental Protection	0.9	0.5
			Information Technology	2.7	1.6
			Technological Research	1.7	1.0
Total	**165.2**	**100.0**	**Total**	**165.2**	**100.0**

* acquisition not included

Among the subsidiaries and affiliates in the area of ferrous minerals, Ferteco invested US$ 2.6 million in maintenance, bringing the total to US$ 4.9 million for 1H02. Samarco invested US$ 3.0 million in the quarter and US$ 9.4 million in 1H02, US$ 6.9 million of which was spent on a roller press for pellet feed milling, which saves energy consumption in the pelletizing process.

MRN, a bauxite producer, invested US$ 29.1 million in 2Q02 and US$ 53.9 million in 1H02. Most of this, US$ 42.5 million, was spent on expanding production capacity from 11 to 16.3 million tons a year, which should be concluded by the end of this year.

Alunorte invested US$ 41.8 million in 2Q02 and US$ 86.2 million in 1H02. Investment in expanding the production of alumina, from 1.6 million to 2.4 million tons a year, amounted to US$ 83.5 million. This project is scheduled for completion also at the end of 2002.

Albras' capital expenditure in the quarter amounted to US$ 4.8 million in 2Q02 and US$ 10.2 million in 1H02. Of this total, US$ 4.8 million was spent on a project to increase the productivity of the smelter.

INDEBTEDNESS

CVRD's total debt level fell slightly, falling from US$ 3.935 billion in 1Q02 to US$ 3.914 billion as of June 30, 2002. This occurred despite the fact that Alunorte's debt of US$ 455 million was consolidated into CVRD's financial statements, representing therefore an immediate increase in debt by this amount.

The Company's cash levels fell by US$ 436 million, meaning that net debt rose from US$ 1.927 billion to US$ 2.342 billion at the end of 2Q02. This drop in cash was influenced by an interest on shareholders equity payment of US$ 329 million in April and capital expenditures during 2Q02 of US$ 215.6 million.

Debt leverage and interest coverage indicators were at very comfortable levels. Total debt amounted to 2.2 times EBITDA accumulated over the last twelve months, while total debt represented 27% of Company's enterprise value. 2Q02 EBITDA amounted to 10.6 times interest payments.

DEBT INDICATORS

US$ million

	2Q 01	1Q 02	2Q 02
Gross Debt	3,557	3,935	3,914
Net Debt	2,198	1,927	2,342
Gross Debt / LTM EBITDA	1.99x	2.27x	2.20x
EBITDA / Interest Coverage	6.8x	10.8x	10.6x
Gross Debt / Total Assets	0.28x	0.27x	0.27x

SELECTED FINANCIAL INDICATORS

US$ million

	2Q 01	1Q 02	2Q 02
Gross Operating Revenues	1,029	987	1,071
Gross Margin (%)	39.8	43.7	42.2
Net Income	100	275	(14)
EBITDA	409	444	456
EBITDA margin (%)	41.3	46.6	44.4

FINANCIAL STATEMENT

US$ million

	2Q01	1Q02	2Q02
Gross Operating Revenues	1,029	987	1,071
Value Added Tax	(38)	(34)	(44)
Net Operating Revenues	**991**	**953**	**1,027**
Cost of Goods Sold	(597)	(537)	(594)
Gross Income	**394**	**416**	**433**
Gross Margin (%)	39.8	43.7	42.2
SG&A Expenses	(53)	(59)	(64)
R&D Expenses	(10)	(9)	(12)
Employee Profit Sharing Plan	(4)	(9)	3
Others	(59)	(46)	(30)
Operational Income	**268**	**293**	**330**
Financial Income	17	33	44
Financial Expenses	(84)	(62)	(117)
Foreign Exchange and Monetary Gain (loss)	(150)	(3)	(312)
Others	(2)	-	(10)
Income Taxes - Current	49	(7)	3
Income Taxes - Deferred	3	(12)	126
Equity in Results of Affiliates and Joint Ventures	7	29	(37)
Change in Provisions for Losses on Equity Investments	(11)	5	(45)
Minority Interests	3	(1)	4
Net Income	**100**	**275**	**(14)**
Earnings per Share (US$)	**0.26**	**0.72**	**(0.04)**

BALANCE SHEET

US$ million

	1Q02	2Q02
Assets		
Current Assets	3,566	3,069
Long Term Assets	1,820	1,459
Permanent Assets	5,100	4,733
Total	**10,486**	**9,261**
Liabilities and Stockholders' Equity		
Current Liabilities	2,364	1,915
Long Term Liabilities	3,345	3,374
Shareholders' Equity	4,777	3,972
Capital	2,709	2,944
Reserves	2,068	1,028
Total	**10,486**	**9,261**

“This press release may contain statements that express management’s expectations about future events or results rather than historical facts. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements, and CVRD cannot give assurance that such statements will prove correct. These risks and uncertainties include factors: relating to the Brazilian economy and securities markets, which exhibit volatility and can be adversely affected by developments in other countries; relating to the iron ore business and its dependence on the global steel industry, which is cyclical in nature; and relating to the highly competitive industries in which CVRD operates. For additional information on factors that could cause CVRD’s actual results to differ from expectations reflected in forward-looking statements, please see CVRD’s reports filed with the Comissão de Valores Mobiliários and the U.S. Securities and Exchange.”