



**Companhia  
Vale do Rio Doce**

## Press Release 3Q02

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

### PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE THIRD QUARTER OF 2002

*The financial and operational information contained in this press release, except otherwise indicated, refers to the Parent Company and was calculated in accordance with generally accepted Brazilian accounting principles (Brazilian GAAP). From the first quarter of 2003, the Company will be publishing quarterly consolidated financial statements in Brazilian GAAP.*

Rio de Janeiro, November 13, 2002 – Companhia Vale do Rio Doce (CVRD) has reported accumulated net earnings of R\$ 502 million in the first nine months of the year, compared to R\$ 2.412 billion in the same period a year earlier. In the third quarter of 2002 (3Q02), CVRD reported a loss of R\$ 216 million, corresponding to R\$ 0.56 per share.

The depreciation of the Real against the US dollar (USD) was the main factor behind this quarterly result, once the negative monetary variation from exchange rate losses totalled R\$ 2.122 billion and were not compensated for by an improvement in the Company's operating results.

The rate of exchange on the last day of 3Q02, used for the calculation of monetary variation, was R\$ 3.8949 per USD, a difference of 36.9% relative to the rate recorded on the last day of 2Q02, of R\$ 2.8444 per USD. The average daily exchange rate in 3Q02, which impacts CVRD's cash flow and operating result, was R\$ 3,1227 per USD, a difference of 25% compared to the previous quarter, of R\$ 2,4408 per USD.

CVRD's cash flow is positively correlated to the appreciation in the USD against the Real, due to the asymmetry between revenues and expenses in regard to currency composition. For example, in 3Q02 about 81% of the Company's gross revenues were US dollar-linked while 85% of the cost of goods sold (COGS) was denominated in Reais.

The Board of Directors of CVRD has approved the payment of interest on shareholders equity of R\$ 2.68 per share, totalling R\$ 1.029 billion, which will be paid out from December 10<sup>th</sup>, 2002. Therefore, in this year CVRD will have distributed to its shareholders R\$ 4.985 per share, totalling R\$ 1.915 billion, taking into account the amount of R\$ 2.305 per share paid from April 30<sup>th</sup>, 2002. The average dividend yield in USD of CVRD's shares in the period 1997/2001 was 6.5%, 120 basis point higher than the average yield of the 10-year US Treasury Bond. 2002 dividend yield is estimated to be approximately the same number.

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Gross operating revenues in 3Q02 amounted to R\$ 2.340 billion, up by 27% qoq, while gross margin was 54.5%. Revenues for the first nine months of the year amounted to R\$ 5.784 billion, 20.3% higher than the same period in 2001.

Cash generation as measured by EBITDA (earnings before interest, tax, depreciation and amortization) amounted to R\$ 1.205 billion in 3Q02, 22.2% higher than in 3Q01 and 39.5% higher than the previous quarter. EBITDA margin, in other words, the ratio between EBITDA and net revenues, came to 53.3% in 3Q02. This percentage is the highest in 2002 and higher than the average of 49.0% for the 19 quarters between 1Q98 and 3Q02.

The volume shipped of iron ore and pellets, of 36.925 million tons, is a new quarterly record beating the previous record achieved in 2Q02 by 595,000 tons. Total volume for the first nine months of the year amounted to 106.918 million tons, compared to 96.133 million tons in the same period of the previous year.

By the same token, general cargo transportation (cargo other than iron ore and pellets) set another new record, with CVRD railroads (Carajás and Vitória a Minas) handling 3.89 billion net ton kilometres (ntk). This performance began to reflect focus on maximising the use of transportation assets, which is being achieved through the offering of new services, such as scheduled trains, the exploitation of intermodal connections and greater integration between CVRD's own assets.

Capital expenditures by the Parent Company totalled US\$ 155.5 million in 3Q02 and US\$ 528.6 million in the first nine months of the year.

CVRD's gross consolidated revenue, calculated according to Brazilian GAAP, amounted to R\$ 10.756 billion in the period January to September 2002, equivalent to US\$ 4.015 billion. CVRD's consolidated exports totalled US\$ 2.304 billion, representing 5.3% of Brazil's entire export revenue in this period. CVRD's net exports (exports less imports) amounted to US\$ 2.139 billion, therefore making an important contribution to Brazil's current trade surplus of US\$ 7.856 billion in the first nine month of 2002. The Company's investment program in new mining and metals projects and the expansion of existing projects, allows the Company to look forward to growth in exports over the next few years.

Revenue generated by foreign-based subsidiaries and affiliates amounted to US\$ 741 million, accounting for 18.5% of consolidated gross revenues.

## RELEVANT EVENTS

### Corporate Governance

Continuing the implementation of the Corporate Governance model announced in October 2001, which is based on the principles of transparency in the decision-making process and the definition of clear roles and responsibilities, CVRD has been developing new initiatives designed to improve corporate governance practices. These efforts seek to emphasize the transparency of information and the protection of investors' rights.

At the end of July 2002, the Company announced its **Disclosure Policy**, in accordance with the best investor relations practices, with the main aim of presenting a global and simultaneous spread of information to capital markets and minimising the risk of an information imbalance.

Today, the Company is releasing three important documents.

1. **Dividend Policy**, which has two basic objectives: (a) increase predictability in the distribution of dividends and/or interest on shareholders equity; (b) increase the correlation between the remuneration to shareholders and free cash flow performance, linking this policy more closely to the Company's financial management. The reduction in uncertainty is to be achieved by the announcement, until January 31 of each year, of a minimum amount per share, denominated in USD, to be paid to shareholders in April and October. Thus the distribution periodicity will be known and



the exchange rate risk for investors not resident in Brazil will be eliminated, an innovative and a pioneering move by CVRD in shareholder remuneration policy in Latin America.

2. **Securities Trading Policy**, which specifies the occasions when, and the mechanisms through which the Company's executives can trade securities issued by CVRD and its subsidiaries, seeking to minimize the possible use of privileged information for personal benefit.
3. **Code of Ethics and Standards of Professional Conduct for Members of the Financial Area**, which defines a code of conduct of the highest ethical standards for the professionals in this area of the Company, who in their business activities deal with privileged information and large sized financial transactions.

## **Risk Management**

The Board of directors of CVRD approved prudential rules for financial investments (cash management) and commercial risk management criteria.

## **Divestitures**

The sale of the assets of Florestas Rio Doce was completed for R\$ 195.3 million, resulting in a capital gain of R\$ 111 million. This transaction concludes the divestiture of CVRD's pulp and paper assets, as determined by its strategic directives. The forestry assets of Celmar are likely to be used in projects linked to the mining and metals businesses, which are currently under analysis.

## **Shareholders Debentures**

On October 4, 2002 the CVM (the Brazilian Securities Commission) authorised the registry with the SND - Sistema Nacional de Debêntures (the National Debenture System), of Shareholders Debentures that were issued by CVRD at the time of its privatization in 1997 as a way of guaranteeing to all its shareholders prior to privatization, including the Brazilian government, the right to participate in the net revenues derived from the exploration of specific mineral deposits of the Company and some of its subsidiaries. From October 28<sup>th</sup>, 2002, the trading of these notes was authorised by the SND. More detailed information on these debentures can be found on CVRD's website ([www.cvr.com.br](http://www.cvr.com.br)), Investor Relations section under Shareholders Information, Debentures.

## **Public Offering for the Purchase of Shares in Companhia Paulista de Ferro Ligas**

On November 26, 2002 at 1.30 p.m. on Bovespa - São Paulo Stock Exchange, an auction will be held to repurchase shares of Companhia Paulista de Ferro Ligas, a ferro-alloys company controlled by CVRD. The purpose of this transaction is to acquire the remaining 6% of the capital still owned by minority shareholders, and subsequently delist the company. The price of the offer is R\$ 15.80 per share, corrected by the variation in the TR index (reference rate) calculated pro rata die, from September 2nd, 2002 to the date of settlement of the auction held on Bovespa. The price set incorporates a 45.5% premium to the average trading price of the shares over the thirty trading days prior to the price being set and a premium of 7.9% over the book value of the shares as at June 30th, 2002.

## **THE SHORT TERM OUTLOOK**

Recent statistics reveal that the global economy is recovering much more slowly than had been expected at the beginning of the year. Probably 2003 will be the third year running of growth below the long term trend in the global economy, which has progressed over the past three decades at an average annual rate of 3.5%. This is due, in large part, to the absence of an engine to lead global economic expansion.

This role was played in the latter half of the nineties by the United States, responsible for 40% of global economic growth in this period. Despite the fact that US GDP grew by 3.1% in 3Q02, the outlook is not good. A substantial part of this expansion in 3Q02 was explained by a rise in vehicle purchases,



stimulated by aggressive incentive policies, and leading indicators of economic activity have been suggesting a slowdown in the growth rate. This situation has led the Federal Reserve Bank to cut the short term interest rate by 50 basis points to 1.25% per year, the lowest rate in nominal terms since 1961.

In the Eurozone, economic growth has been extremely modest and future expectations are pessimistic. Recently, the IMF revised its predictions for GDP growth in the region to 0.75% in 2002 and 2% in 2003. In Japan, the recovery driven by external demand has lost steam. The behaviour of leading indicators suggest that the fragile Japanese recovery has already reached its peak and a return to recession has become increasingly probable.

China appears as an oasis of prosperity in this low expansion environment. Export growth, investment in infrastructure and foreign direct investment are fuelling GDP growth of 8% a year in that country. One of the consequences of the rapid growth in China is its economy's increasing influence on mining and metals markets, such as iron ore, steel, alumina, copper, and aluminum.

Global steel production is rising at growing rates this year. In the first nine months of 2002, steel output was up by 5.1% in relation to the same period in 2001, and September showed an increase of 8.5% on the same month in the previous year.

The current dynamism in the steel market has therefore been not only directly affected by China, whose steel production is expanding at 25% a year, but also indirectly by growth in its imports, which amounted to 17.2 million tons between January and September, and are mainly supplied by Japan.

The International Institute for Steel and Iron (IISI) projects a 4.2% growth in the steel global demand in 2002 and 4.9% in 2003, based mainly in the strong Chinese demand expansion.

At the same time, there was a substantial recovery in the price of steel products, the CRUs<sub>spi</sub> index showing a variation of 35.6% between December 2001 and the end of October this year. Usually, the steel prices recovery cycle takes from 15 to 18 months.

The pace in the seaborne demand for iron ore and pellets has seen an upturn, with an expected increase of 20 million tons for 2002 for a forecast total of 470 million tons. The Company expects a continuation of this strong demand and that the seaborne market will reach 490 million tons in 2003.

Chinese imports in the period January to September rose 23.8% in relation to 2001, rising from 67.1 million tons to 83.1 million tons. It is very probable that the estimate of 110 million tons for 2002 will be met. In the first nine months of the year, CVRD's market share in China was 16%. Japan, the world's largest importer of iron ore, purchased 95.7 million tons in the first nine months of the year, compared to 94.8 million in 2001.

The rise in the cost of maritime freight, also widening the freight spreads for iron ore shipped from Brazil to China, and that shipped from Australia to China, by some US\$ 2.50 per ton, in large part reflected the strong Chinese demand for iron ore. In the iron ore upcycle freight spreads tend to widen, and vice-versa.

The growing sophistication in Chinese steel plants, seeking to mix their domestic ore which has a low iron content and a high level of impurities with high quality ore, is favouring, and should continue to favour CVRD, a high quality ore supplier. The difference in quality represents an important compensating factor in offsetting the competitive disadvantage of geographical distance.

In the case of aluminum, despite the recovery in demand, there has been excessive growth in global supply. This is because various aluminum smelters, which were shut down during the power crisis on the West Coast of the United States, have re-started operations causing a build-up in stock levels and keeping prices relatively low.

Furthermore, the global production capacity of primary aluminium is likely to increase by approximately 2.5 million tons between 2003 and 2005, which will probably prevent any vigorous price recovery, possibly forcing the closure of smelters with a high cost of production. In this context, Albras, one of the lowest cost producers in the world, should continue to obtain good profit margins.



Alumina, CVRD's strategic focus in this segment, is likely to benefit from expected growth in Chinese imports and the expansion in production capacity of primary aluminum by companies who do not have sufficient domestic supplies of this raw material. In January 2003, Alunorte's stage 3 should begin to operate, increasing its annual nominal production capacity to 2.4 million tons. Alunorte nominal production capacity can be expanded up to 6.1 million tons of alumina per year.

## SALES VOLUME AND REVENUES

Shipments of iron ore and pellets in 3Q02 reached a record level of 36.925 million tons, surpassing the previous record achieved in 2Q02 of 36.330 million tons. Sales in 3Q02 were up 6.2% qoq. In the nine months ended on September, sales amounted to 106.918 million tons, up 11.2% compared to the same period in 2001.

Sales of iron ore fines were responsible for 77.7% of shipments in 3Q02, lumps accounting for 10.8% and pellets, 11.5%. In a similar vein to that which occurred in 2Q02, pellet sales saw the highest growth, up 5.3% QoQ, compared to growth in iron ore sales of 1.2%. This trend is reflecting the recovery in demand for pellets, influenced by the rise in steel prices.

CVRD purchased 2.749 million tons of pellets for resale to customers from the pellet joint ventures (Nibrasco, Itabasco, Kobrasco and Hispanobras) compared to 3.049 million in 2Q02. In the first nine months of the year, CVRD purchased 7.568 million tons of pellets from the joint ventures for resale to its clients, very close to the volume purchased in the same period in 2001, 7.553 million tons.

Sales of iron ore to China amounted to 13.6 million tons for the first nine months of 2002 up 18.3% on the same period in 2001. In 2002, China became CVRD's second largest iron ore market, accounting for 13% of the total, being only surpassed by the Brazilian domestic market with a 15% share.

Sales to Europe, which accounted for some 30% of total shipments, have grown considerably in relation to last year, up by 34.4%. This is explained principally by the increase in shipments to Germany and Eastern European countries.

### SALES OF IRON ORE AND PELLETS – PARENT COMPANY

|                      | thousand tons |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|
|                      | 1Q 01         | 2Q 01  | 3Q 01  | 4Q 01  | 1Q 02  | 2Q 02  | 3Q 02  |
| Iron Ore and Pellets | 30,175        | 31,189 | 34,769 | 33,815 | 33,663 | 36,330 | 36,925 |
| Iron Ore             | 26,546        | 27,038 | 30,996 | 29,983 | 30,379 | 32,289 | 32,668 |
| Fines                | 23,512        | 24,226 | 27,617 | 26,044 | 27,016 | 28,648 | 28,687 |
| Lump                 | 3,034         | 2,812  | 3,379  | 3,939  | 3,363  | 3,641  | 3,981  |
| Pellets              | 3,629         | 4,151  | 3,773  | 3,832  | 3,284  | 4,041  | 4,257  |

Railroad general cargo transportation also reached record levels in 3Q02, with the shipment of 3.89 billion net ton kilometres (ntk). This amount is 6.4% and 16.5% higher than 2Q02 and 3Q01 figures, respectively. In addition to general cargo, the Vitoria a Minas Railroad (EFVM) transported 1.587 million tons of iron ore for third parties, compared to 1.401 million in 2Q02..

### GENERAL CARGO RAILROAD TRANSPORTATION

|                    | million ntk  |              |              |              |              |              |              |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                    | 1Q 01        | 2Q 01        | 3Q 01        | 4Q 01        | 1Q 02        | 2Q 02        | 3Q 02        |
| EF Vitória a Minas | 2,643        | 2,890        | 2,844        | 2,791        | 2,737        | 2,807        | 3,049        |
| EF Carajás         | 356          | 543          | 494          | 423          | 664          | 848          | 841          |
| <b>Total</b>       | <b>2,999</b> | <b>3,433</b> | <b>3,338</b> | <b>3,214</b> | <b>3,401</b> | <b>3,655</b> | <b>3,890</b> |

CVRD's ports handled 5.83 million tons of general cargo in 3Q02 compared to 6.06 million tons in the previous quarter.





Railroad productivity indicators showed improvement in the quarter. EFVM transported 0.96 million ntk per locomotive in service, per day, compared to 0.95 million in 2Q02, while on the Carajás Railroad (EFC) this index remained constant at 1.91 million ntk. The fleet of wagons was more intensively used for general cargo on both railroad networks. EFVM transported 5,540 ntk per wagon in service per day in 3Q02 compared to 4,810 in 2Q02 and EFC, 16,340 ntk compared to 15,960 in 2Q02.

Gold sales fell sharply due to the closure of the Igarapé Bahia mine at the end of the last quarter. CVRD, therefore, shipped only 63.5 troy ounces of gold in 3Q02 compared to 111.9 in 2Q02.

Potash sales were up 16.1% in relation to the previous quarter, totalling 223,000 tons. The Taquari-Vassouras mine is operating at full capacity and all production for the year has already been reserved, the result of the strong growth in production in Brazil's agricultural segment.

#### SALES OF LOGISTICS SERVICES, GOLD AND POTASH – PARENT COMPANY

|                     | thousand tons |         |         |         |         |         |        |
|---------------------|---------------|---------|---------|---------|---------|---------|--------|
|                     | 1Q 01         | 2Q 01   | 3Q 01   | 4Q 01   | 1Q 02   | 2Q 02   | 3Q 02  |
| Gold (troy ounces ) | 108,253       | 114,780 | 144,295 | 141,444 | 115,455 | 111,854 | 63,531 |
| Potash              | 133           | 151     | 124     | 95      | 113     | 192     | 223    |
| Logistics           | 25,966        | 24,613  | 21,306  | 20,204  | 18,775  | 21,919  | 21,762 |
| Railroads           | 16,611        | 16,042  | 14,078  | 13,640  | 13,258  | 14,912  | 14,755 |
| Ports               | 9,355         | 8,571   | 7,228   | 6,564   | 5,517   | 7,007   | 7,007  |

Gross operating revenues amounted to R\$ 2.340 billion in 3Q02, of which 81% is denominated in USD. The export market accounted for 62.2% of sales revenues. Overseas, the main markets were Europe, accounting for 25.0% of revenue generated, China 8.5% and Japan 7.8%.

Iron ore accounted for 62% of total revenues, pellets 18%, railroad transportation 10.3% and potash 3.5%.

CVRD has stakes in two hydro-electric plants under operation: Igarapava (38.15%), with installed capacity of 210 MW, and Porto Estrela (33.33%), with installed capacity of 112 MW, both located in the state of Minas Gerais. CVRD's take in Igarapava is dedicated to supply the energy needs of the Southern System, contributing to cost reductions, while the energy produced by Porto Estrela is sold in the market. In the first nine months of 2002, revenues derived from energy sales amounted to R\$ 9 million.

#### GROSS REVENUES BY PRODUCT – PARENT COMPANY

|              | million R\$  |               |              |               |              |               |
|--------------|--------------|---------------|--------------|---------------|--------------|---------------|
|              | 3Q01         | %             | 2Q 02        | %             | 3Q02         | %             |
| Iron Ore     | 1,117        | 60.8%         | 1,117        | 60.6%         | 1,452        | 62.0%         |
| Pellets      | 307          | 16.7%         | 290          | 15.7%         | 422          | 18.0%         |
| Gold         | 103          | 5.6%          | 89           | 4.8%          | 63           | 2.7%          |
| Railroads    | 195          | 10.6%         | 204          | 11.1%         | 240          | 10.3%         |
| Ports        | 61           | 3.3%          | 67           | 3.6%          | 73           | 3.1%          |
| Potash       | 44           | 2.4%          | 62           | 3.4%          | 81           | 3.5%          |
| Others       | 11           | 0.6%          | 13           | 0.7%          | 10           | 0.4%          |
| <b>Total</b> | <b>1,838</b> | <b>100.0%</b> | <b>1,842</b> | <b>100.0%</b> | <b>2,341</b> | <b>100.0%</b> |



### GROSS REVENUES BY DESTINATION – PARENT COMPANY

|                              | million R\$  |               |              |               |              |               |
|------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|
|                              | 3Q01         | %             | 2Q02         | %             | 3Q02         | %             |
| <b>Foreign Market</b>        |              |               |              |               |              |               |
| Latin America                | 51           | 2.8%          | 67           | 3.6%          | 101          | 4.3%          |
| United States                | 151          | 8.2%          | 92           | 5.0%          | 118          | 5.0%          |
| Europe                       | 360          | 19.6%         | 498          | 27.0%         | 584          | 25.0%         |
| Middle East                  | 94           | 5.1%          | 69           | 3.7%          | 124          | 5.3%          |
| Japan                        | 156          | 8.5%          | 150          | 8.1%          | 183          | 7.8%          |
| China                        | 215          | 11.7%         | 189          | 10.3%         | 199          | 8.5%          |
| Ásia. except Japan and China | 102          | 5.5%          | 67           | 3.6%          | 147          | 6.3%          |
| <b>Domestic Market</b>       | 709          | 38.6%         | 711          | 38.6%         | 884          | 37.8%         |
| <b>Total</b>                 | <b>1,838</b> | <b>100.0%</b> | <b>1,843</b> | <b>100.0%</b> | <b>2,340</b> | <b>100.0%</b> |

### EXCHANGE RATE VOLATILITY GENERATES QUARTERLY LOSS

The effect of the depreciation of the Real against the US dollar on CVRD's net liabilities denominated in foreign currency was the determining factor in causing the loss of R\$ 216 million in 3Q02, as negative monetary variation amounted to R\$ 2.122 billion.

Compared with 2Q02, net operating revenues were up by R\$ 497 million, results of investment participation grew by R\$ 75 million and the sale of the assets of Florestas Rio Doce resulted in capital gain of R\$ 111 million, all these factors helped to offset the negative effect of monetary variation.

In the quarter, results of investment participation amounted to R\$ 482 million. The results of investment participation is composed by gain on equity income, amortization goodwill, provisions for losses and dividends received from affiliates and subsidiaries accounted as cost. Main contributions for the positive result of investment participation appeared in the equity income result, from subsidiaries and affiliates in the iron ore and pellet businesses (R\$ 791 million), steel (R\$ 133 million) and manganese and ferro-alloys (R\$ 77 million). The aluminum area contributed with a negative equity income result of R\$ 321 million, due to the impact of exchange rate devaluation on the foreign currency denominated debt of Albras and Alunorte.

Loss provisions were made for investments in subsidiaries and affiliates in the amount of R\$ 377 million, made necessary by the negative net worth of these companies. Most of the provisions were made for investments in Albras (R\$ 107 million), PPSA (R\$ 53 million) – whose net worth turned negative as a result of exchange rate losses - and FCA and MRS (R\$ 138 million).

### RESULTS OF EQUITY INVESTMENTS - BY BUSINESS AREA

|                             | million R\$  |            |            |
|-----------------------------|--------------|------------|------------|
| Business Area               | 3Q 01        | 2Q 02      | 3Q 02      |
| <b>Ferrous Minerals</b>     |              |            |            |
| Iron Ore and Pellets        | 17           | 528        | 791        |
| Manganese and Ferro-Alloys  | 8            | 46         | 77         |
| <b>Non-Ferrous Minerals</b> | (178)        | (41)       | (52)       |
| Logistics                   | (364)        | (57)       | (153)      |
| Steel                       | 57           | 58         | 133        |
| Aluminum                    | (125)        | (127)      | (321)      |
| Others                      | 16           | -          | 7          |
| <b>Total</b>                | <b>(569)</b> | <b>407</b> | <b>482</b> |

The cost of goods sold (COGS) increased by R\$ 56 million compared to 2Q02, due to the increase of R\$ 24 million spent on outsourced services, an increase of R\$ 19 million on diesel fuel and gas and R\$ 18



million on materials. These costs increases are associated with the Company's restructuring and the growth in its logistics and mining activities.

| COST OF GOODS SOLD         |             |               |            |               |              |               |
|----------------------------|-------------|---------------|------------|---------------|--------------|---------------|
|                            | million R\$ |               |            |               |              |               |
|                            | 3Q 01       | %             | 2Q 02      | %             | 3Q 02        | %             |
| Personnel                  | 127         | 14.6%         | 131        | 13.5%         | 136          | 13.2%         |
| Materials                  | 109         | 12.6%         | 116        | 11.9%         | 134          | 13.0%         |
| Fuel                       | 87          | 10.0%         | 91         | 9.4%          | 110          | 10.7%         |
| Electrical Energy          | 31          | 3.6%          | 30         | 3.1%          | 33           | 3.2%          |
| Outsourced Services        | 122         | 14.1%         | 119        | 12.2%         | 143          | 13.9%         |
| Acquisition of Products    | 202         | 23.3%         | 250        | 25.7%         | 258          | 25.1%         |
| Depreciation and Depletion | 133         | 15.3%         | 164        | 16.9%         | 155          | 15.1%         |
| Others                     | 56          | 6.5%          | 71         | 7.3%          | 59           | 5.7%          |
| <b>Total</b>               | <b>867</b>  | <b>100.0%</b> | <b>972</b> | <b>100.0%</b> | <b>1,028</b> | <b>100.0%</b> |

Operational expenses were up by R\$ 74 million QoQ, due to an increase under the other operational expenses line, which rose from R\$ 77 million to R\$ 130 million. The main items of other operational expenses were: provisions for contingencies (R\$ 62 million), provisions for profit sharing plan (R\$ 37 million), provisions for losses with credits against Eletrobras (R\$ 29 million) and provision for a special pension plan (R\$ 20 million).

The amount spent on research and development rose by R\$ 16 million, while administrative expenses were down R\$ 5 million.

The financial result worsen in 3Q02, from minus R\$ 148 million in 2Q02 to minus R\$ 491 million. Contributed to this deterioration the increase of R\$ 111 million with losses with derivatives and of R\$ 156 million in financial expenses with related parties.

CVRD uses derivatives operations to set the levels of interest taxes of its liabilities contracted with floating exchange rates and also to hedge against gold prices fluctuations, which are registered marked to market. The decrease of the Libor was the main driver of the losses with derivatives in this quarter.

On March 2001, CVRD transferred its 10.33% ownership in CSN's capital, equivalent to R\$ 520 million, to Valia, its employees pension fund, cancelling actuarial deficit existent on that time. The contract celebrated between CVRD and Valia guaranteed to the pension fund minimum return on CSN shares equal to the variation of the General Index of Price - Internal Availability (IGP-DI), plus 6% of interest per year. As this condition was not satisfied, CVRD made in this quarter a provision of R\$ 140 million, classified as financial expense with related parties. Such provision can appear again in future quarters if the profitability of CSN shares on BOVESPA (São Paulo Stock Exchange) are lower than the minimum assured by CVRD to Valia in the contract.

## EBITDA PERFORMANCE

EBITDA generated in 3Q02 was of R\$ 1.205 billion, 39.5% higher than 2Q02 and 22.2% higher than 3Q01. EBITDA accumulated in the first nine months of the year was R\$ 2.797 billion, 14.2% higher than the one obtained in the same period of last year.

The strong EBITDA growth in the quarter was caused by the increase of R\$ 497 million in net operating revenues, determined by the increase of iron ore and pellets sales volumes and by the depreciation of the Real. EBITDA margin was 53.3%, the third highest quarterly margin since the privatization of the Company.





The adjustment for non cash items was R\$ 82 million, composed basically by provisions for contingencies (R\$ 62 million), for special retirement plan (R\$ 20 million), for credits against Eletrobras (R\$ 29 million) and a reversion of provision for losses on investments (R\$ (21) million).

| <b>EBITDA COMPOSITION</b>                 |              |
|---|--------------|
|   | million R\$  |
|   | <b>3Q 02</b> |
| Net Revenues                              | 2.259        |
| Cost of Goods Sold                        | (1.028)      |
| Selling Expenses                          | (44)         |
| General & Administrative Expenses         | (91)         |
| Research & Development Expenses           | (47)         |
| Other Operating Revenues / Expenses       | (130)        |
| Adjustment for Exceptional Non-Cash Items | 82           |
| Depreciation, Depletion and Amortization  | 174          |
| Dividends Received                        | 30           |
| <b>EBITDA</b>                             | <b>1.205</b> |

| <b>DIVIDENDS RECEIVED</b> |              |
|---------------------------|--------------|
|                           | million R\$  |
|                           | <b>3Q 02</b> |
| Hispanobrás               | 1            |
| MSG                       | 2            |
| Aluvale                   | 22           |
| Fosfértil                 | 5            |
| <b>TOTAL</b>              | <b>30</b>    |

## INVESTMENTS

In the third quarter of 2002, CVRD carried out investment of US\$ 155.5 million, bringing the accumulated total for the first nine months of the year to US\$ 528.6 million. This amount includes disbursements for the acquisition of total control of the Salobo Copper Project (US\$ 50.4 million)

Bearing in mind that the Company has an extensive range of projects in its main business areas, which are scheduled to enter into operation between 2003 and 2007, and will require capital expenses of an estimated US\$ 6 billion, more than 50% of the amount invested in 3Q02, US\$85.2 million, was allocated to greenfield and brownfield capacity expansion.

Of this sum, US\$ 28 million was directed to the ferrous minerals, the main investments being in the infrastructure needed for the good functioning of the new pellet plant at São Luis (US\$ 16.5 million), and the last steps in the enlarging of iron ore production capacity in the Northern System to 56 million tons. This includes construction of Pier III at Ponta da Madeira and the construction and enlargement of the iron ore stock yards, which in 3Q02 received investment of US\$ 5.7 million and US\$ 1.8 million, respectively.

The Sossego and Salobo copper projects were responsible for investment of some US\$ 28 million. Work on the Sossego project began in April 2002 and is progressing according to schedule. The current phase of copper's economic cycle, with relatively low prices and little expansion in capacity, contributed to reducing the costs of developing Sossego. At the same time, the depreciation in real terms of the Brazilian currency, has helped further to reduce the US dollar cost of this investment, given that only 25% of the capital expenditure planned is actually denominated in US dollars. Therefore, these two factors could reduce the amount spent on the project, compared with the initial budget of US\$ 384 million.



In the non-ferrous segment, US\$ 2.6 million was invested in enlarging the production capacity of the Taquari-Vassouras potash mine. New capacity of 850,000 tons a year is scheduled to come on stream in the middle of 2005.

Our hydroelectric generation projects have required investment of US\$ 17.5 million in the quarter. Most of this was dedicated to the building of the hydro-electric plants at Aimorés (US\$ 8.4 million), Funil (US\$ 5.2 million) and Candonga (US\$ 2.5 million). The Funil plant, located in the state of Minas Gerais, which has an installed capacity of 180 MW, is programmed to start up in December 2002.

US\$ 8.5 million was invested in the logistics segment, mainly in the purchase of locomotives and the enlarging of capacity to handle general cargo in the Southern System.

Maintenance costs for existing operations in 3Q02 amounted to US\$ 40.6 million.

The Company invested US\$ 9.5 million in mineral exploration, continuing its prospecting for new deposits of copper, nickel, gold, platinum and zinc, among others. In addition to this, US\$ 2.7 million was spent on information technology and US\$ 1.1 million on environmental protection measures.

#### CAPITAL EXPENDITURES - 3Q02

| By business area     | US\$ million | %             | By category            | US\$ million | %             |
|----------------------|--------------|---------------|------------------------|--------------|---------------|
| Ferrous minerals     | 68.9         | 44.3%         | Capital injections     | 14.9         | 9.6%          |
| Logistics            | 24.5         | 15.8%         | Maintenance            | 40.6         | 26.1%         |
| Non-ferrous minerals | 40.6         | 26.1%         | Projects               | 85.2         | 54.8%         |
| Energy               | 17.8         | 11.5%         | Mineral exploration    | 9.5          | 6.1%          |
| Others               | 3.6          | 2.3%          | Environment            | 1.1          | 0.7%          |
|                      |              |               | Information technology | 2.7          | 1.7%          |
|                      |              |               | Technological research | 1.6          | 1.0%          |
| <b>Total</b>         | <b>155.5</b> | <b>100.0%</b> | <b>Total</b>           | <b>155.5</b> | <b>100.0%</b> |

#### CAPITAL EXPENDITURES - 9M 02

| By business area     | US\$ million | %             | By category            | US\$ million | %             |
|----------------------|--------------|---------------|------------------------|--------------|---------------|
| Ferrous minerals     | 265.1        | 50.2%         | Capital injections     | 25.8         | 4.9%          |
| Logistics            | 63.3         | 12.0%         | Maintenance            | 130.3        | 24.6%         |
| Non-ferrous minerals | 71.3         | 13.5%         | Projects               | 281.0        | 53.2%         |
| Energy               | 68.0         | 12.9%         | Mineral exploration    | 22.7         | 4.3%          |
| Others               | 10.4         | 2.0%          | Environment            | 4.7          | 0.9%          |
| <b>Total</b>         | <b>478.2</b> | <b>90.5%</b>  | Information technology | 9.2          | 1.7%          |
| Acquisitions         | 50.4         | 9.5%          | Technological research | 4.6          | 0.9%          |
| <b>Total</b>         | <b>528.6</b> | <b>100.0%</b> | <b>Total</b>           | <b>478.2</b> | <b>90.5%</b>  |
|                      |              |               | Acquisitions           | 50.4         | 9.5%          |
|                      |              |               | <b>Total</b>           | <b>528.6</b> | <b>100.0%</b> |

#### MINERAL EXPLORATION AND TECHNOLOGY

In 2002, CVRD's mineral exploration and technology activities underwent reorganization, coming under control of the Department for the Development of Mineral Projects. This department aims to develop new businesses and projects for the Company, with a view to its long term growth.



CVRD's mineral exploitation program is distributed into three main areas: Carajás, other regions in Brazil and abroad. Investment in the first nine months of 2002 amounted to US\$ 38 million, including a tranche of US\$ 15 million from the BNDES, referring to the Mineral Risk Contract.

This exploration program gives priority to the mineral province of Carajás, where 75% of efforts are concentrated, the main focus being the development of the copper projects (Sossego, 118, Cristalino, Alemão and Salobo), as well as the identification of new deposits of copper and gold. Investment is also being made in the Níquel do Vermelho project, which is in the pre-feasibility stage, with tests ongoing in a pilot plant and actions designed to minimize risk. Additionally, prospecting programs are ongoing in the search for nickel, and platinum group metals (PGMs), all still in their initial stages.

In terms of mineral exploration outside Brazil, the initial focus is the copper-bearing province of Cordilheira dos Andes, with opportunities being looked at in Argentina, Chile, Peru and Equador. In this context, CVRD and Antofagasta Plc, one of the main copper producers in Chile, have formed a joint venture company, Cordillera de las Minas S.A., whose aim is to carry out mineral prospecting and extraction in the south of Peru, near Cuzco. The area of interest covers an approximate total of 60,000 square kilometres. Other significant mining enterprises are located in this region and there is a great potential for rich mineral deposits.



### SELECTED FINANCIAL INDICATORS

|                              | million R\$ |       |        |
|------------------------------|-------------|-------|--------|
|                              | 3Q 01       | 2Q 02 | 3Q 02  |
| Gross Revenues               | 1,839       | 1,843 | 2,340  |
| Gross Margin (%)             | 51.2        | 44.8  | 54.5   |
| Net Income                   | 1,206       | 85    | (216)  |
| Net Income per Share (R\$)   | 3.14        | 0.22  | (0.56) |
| EBITDA                       | 986         | 864   | 1,205  |
| EBITDA Margin (%)            | 55.5        | 49.0  | 53.3   |
| ROE annualized (%)           | 43.2        | 11.8  | 6.0    |
| Investments (US\$ million) * | 158         | 165   | 156    |

\* acquisitions not included

### FINANCIAL STATEMENT

|   | million R\$  |                |                |
|---|--------------|----------------|----------------|
|   | 3Q 01        | 2Q 02          | 3Q 02          |
| Gross Operating Revenues                  | 1,839        | 1,843          | 2,340          |
| Value Added Tax                           | (61)         | (81)           | (81)           |
| <b>Net Operating Revenues</b>             | <b>1,778</b> | <b>1,762</b>   | <b>2,259</b>   |
| Cost of Goods Sold                        | (867)        | (972)          | (1,028)        |
| <b>Gross Income</b>                       | <b>911</b>   | <b>790</b>     | <b>1,231</b>   |
| Gross Margin (%)                          | 51.2         | 44.8           | 54.5           |
| <b>Result of Investment Participation</b> | <b>(569)</b> | <b>407</b>     | <b>482</b>     |
| Equity Income                             | (5)          | 626            | 962            |
| Goodwill Amortization                     | (295)        | (104)          | (108)          |
| Provision for Losses                      | (269)        | (115)          | (377)          |
| Others                                    | -            | -              | 5              |
| <b>Operating Expenses</b>                 | <b>(400)</b> | <b>(238)</b>   | <b>(312)</b>   |
| Selling                                   | (32)         | (35)           | (44)           |
| General & Administrative                  | (90)         | (95)           | (91)           |
| Research and Development                  | (30)         | (31)           | (47)           |
| Others                                    | (248)        | (77)           | (130)          |
| <b>Financial Results</b>                  | <b>(686)</b> | <b>(1,146)</b> | <b>(2,613)</b> |
| Financial Expenses                        | (239)        | (186)          | (495)          |
| Financial Revenues                        | 24           | 38             | 4              |
| Monetary Variation                        | (471)        | (998)          | (2,122)        |
| <b>Operating Income</b>                   | <b>(744)</b> | <b>(187)</b>   | <b>(1,212)</b> |
| Discontinued Operations                   | 1,473        | -              | 111            |
| Income Taxes                              | 477          | 272            | 885            |
| <b>Net Income</b>                         | <b>1,206</b> | <b>85</b>      | <b>(216)</b>   |
| <b>Net Income per Share (R\$)</b>         | <b>3.14</b>  | <b>0.22</b>    | <b>(0.56)</b>  |



| EQUITY INCOME                   |        |             |             |              |
|---------------------------------|--------|-------------|-------------|--------------|
|                                 |        |             |             | million R\$  |
| COMPANY/PARTICIPATION           | %      | 3Q 01       | 2Q 02       | 3Q 02        |
| DOCENAVE                        | 100.00 | (79)        | 34          | 56           |
| ALUVALE                         | 94.74  | (121)       | (133)       | (179)        |
| FLORESTAS                       | 99.85  | 4           | 2           | 2            |
| RDE                             | 99.80  | 72          | 220         | 1,024        |
| ITACO                           | 99.99  | 263         | 486         | 47           |
| RDI                             | 100.00 | 2           | -           | 4            |
| URUCUM                          | 100.00 | 6           | 13          | 5            |
| TERM,VILA VELHA                 | 99.89  | 2           | -           | 3            |
| NORPEL                          | 99.90  | (1)         | 1           | -            |
| PARÁ PIGMENTOS                  | 75.50  | -           | (5)         | -            |
| SAMITRI                         | 100.00 | (31)        | -           | -            |
| SIBRA                           | 99.23  | 6           | 23          | 47           |
| FERTECO                         | 100.00 | (107)       | 19          | 44           |
| BELÉM                           | 99.99  | -           | (2)         | (1)          |
| MSE                             | 99.99  | -           | 1           | 1            |
| KSG                             | 99.99  | -           | 1           | -            |
| BRASAMERICAN LIMITED            | 99.70  | -           | 7           | 15           |
| BRASILUX                        | 100.00 | -           | 20          | 8            |
| <b>Total from SUBSIDIARIES</b>  |        | <b>16</b>   | <b>687</b>  | <b>1,076</b> |
| MSG                             | 51.00  | 3           | 2           | 3            |
| CST                             | 22.85  | -           | (29)        | (11)         |
| NIBRASCO                        | 51.00  | (18)        | 3           | 2            |
| FOSFÉRTIL                       | 11.12  | 4           | 1           | 10           |
| HISpanoBRAS                     | 50.89  | 5           | 1           | 5            |
| ITABRASCO                       | 50.90  | 2           | 3           | 6            |
| NOVA ERA SILICON                | 49.00  | -           | -           | 1            |
| USIMINAS                        | 11.46  | -           | (26)        | (83)         |
| KOBRASCO                        | 50.00  | (16)        | (9)         | -            |
| FERROBAN                        | 3.75   | (1)         | -           | (1)          |
| SAMARCO                         | 50.00  | -           | (10)        | (36)         |
| BAOVALE                         | 50.00  | -           | 3           | (3)          |
| <b>Total from AFFILIATES</b>    |        | <b>(21)</b> | <b>(61)</b> | <b>(107)</b> |
| <b>Eletrobras Adjust</b>        |        |             |             | <b>(7)</b>   |
| <b>Total from EQUITY INCOME</b> |        | <b>(5)</b>  | <b>626</b>  | <b>962</b>   |





| COMPANY/PARTICIPATION                   | %      | 3Q 01        | 2Q 02        | 3Q 02        |
|---|--------|--------------|--------------|--------------|
| <b>PROVISION FOR LOSSES</b>             |        |              |              |              |
| VALEPONTOCOM                            | 100.00 | -            | -            | (7)          |
| KOBRASCO                                | 50.00  | (19)         | (16)         | (46)         |
| CIA.FERROV.NORDESTE                     | 32.40  | (33)         | (2)          | (3)          |
| DOCEPAR                                 | 100.00 | (5)          | (5)          | (6)          |
| FCA                                     | 45.65  | (108)        | (20)         | (105)        |
| PARÁ PIGMENTOS                          | 75.50  | (104)        | (35)         | (53)         |
| MRS                                     | 17.26  | -            | (33)         | (33)         |
| FERROBAN                                | 3.75   | -            | (4)          | 4            |
| ALBRAS                                  | 51.00  | -            | -            | (107)        |
| SEPETIBA TECON                          | 50.00  | -            | -            | (21)         |
| <b>Total from PROVISION FOR LOSSES</b>  |        | <b>(269)</b> | <b>(115)</b> | <b>(377)</b> |
| <b>GOODWILL AMORTIZATION</b>            |        |              |              |              |
| FCA                                     | 45.65  | (138)        | (18)         | (37)         |
| GIIC (GULF)                             | 50.00  | (60)         | -            | -            |
| PARÁ PIGMENTOS                          | 75.50  | (75)         | -            | -            |
| CPFL                                    | 93.60  | -            | (1)          | -            |
| SIBRA                                   | 99.23  | (20)         | (19)         | (20)         |
| USIMINAS                                | 11.46  | (2)          | -            | -            |
| CAEMI                                   | 16.86  | -            | (14)         | (12)         |
| BELÉM                                   | 99.99  | -            | (3)          | (2)          |
| MRS                                     | 17.26  | -            | (14)         | (3)          |
| FERTECO                                 | 100.00 | -            | (35)         | (34)         |
| <b>Total from GOODWILL AMORTIZATION</b> |        | <b>(295)</b> | <b>(104)</b> | <b>(108)</b> |
| Gain on assets disposal and dividends   |        | -            | -            | 5            |
| <b>Total</b>                            |        | <b>(569)</b> | <b>407</b>   | <b>482</b>   |
| <b>EQUITY PARTICIPATION ON DOCENAVE</b> |        |              |              |              |
| NAVEDOCE/Seamar                         | 100.00 | -            | (2)          | (3)          |
| Own operations                          | 100.00 | (157)        | (34)         | (83)         |
| NAVEDOCE/Seamar (G/L Foreign Exchange)  | 100.00 | 78           | 70           | 142          |
| <b>Total Docenave</b>                   |        | <b>(79)</b>  | <b>34</b>    | <b>56</b>    |
| <b>EQUITY PARTICIPATION ON ALUVALE</b>  |        |              |              |              |
| ALUNORTE                                | 57.58  | (60)         | (64)         | (154)        |
| MRN                                     | 40.00  | 21           | 3            | (3)          |
| ALBRAS                                  | 51.00  | (100)        | (95)         | (164)        |
| VALESUL                                 | 54.51  | 7            | 9            | 12           |
| Equity on Alunorte                      |        | -            | 2            | 2            |
| Own operations                          |        | 5            | 5            | 7            |
| <b>Total Aluvale</b>                    |        | <b>(127)</b> | <b>(140)</b> | <b>(300)</b> |



| EQUITY PARTICIPATION ON ITACO<br>US\$ million | %      | 3Q 01        | 2Q 02       | 3Q 02       |
|---|--------|--------------|-------------|-------------|
| CSI   | 50.00  | (2)          | 6           | 6           |
| RDL   | 100.00 | (1)          | 3           | 4           |
| RDA   | 100.00 | -            | -           | -           |
| RDME  | 100.00 |              | 2           | 2           |
| CSN Aceros                                    | 62.50  |              | -           | (10)        |
| Caemi   | 16.86  |              | (13)        | (1)         |
| Aluvale                                       | 5.26   |              | (3)         | (4)         |
| GIIC (GULF)                                   | 50.00  |              | 1           | -           |
| CVRD Overseas                                 | 100.00 | (1)          | 20          | 9           |
| Quadrem                                       | 9.00   | 1            | -           | -           |
| Own operations                                |        | 6            | 27          | (33)        |
| G/L Exchange                                  |        | (1)          | 108         | (27)        |
| <b>Total Itaco</b>                            |        | <b>24</b>    | <b>151</b>  | <b>(54)</b> |
| <b>EQUITY PARTICIPATION ON FERTECO</b>        |        |              |             |             |
|   | %      | 3Q 01        | 2Q 02       | 3Q 02       |
| Own operations                                | 100.00 | 8            | 19          | 45          |
| MRS   | 10.89  | (13)         | (21)        | (20)        |
| Zagaia  |        | (102)        | (8)         | (8)         |
| <b>Total Ferteco</b>                          |        | <b>(107)</b> | <b>(10)</b> | <b>17</b>   |

#### BALANCE SHEET

|   | 3Q 01         | 2Q 02         | 3Q 02         |
|---|---------------|---------------|---------------|
|   | million R\$   |               |               |
| <b>Assets</b>                               |               |               |               |
| Current Assets                              | 5,281         | 4,552         | 6,412         |
| Long Term Assets                            | 2,316         | 3,241         | 3,425         |
| Permanent Assets                            | 15,986        | 17,032        | 17,997        |
| <b>Total</b>                                | <b>23,584</b> | <b>24,825</b> | <b>27,834</b> |
| <b>Liabilities and Stockholders' Equity</b> |               |               |               |
| Current Liabilities                         | 5,074         | 4,167         | 5,199         |
| Long Term Liabilities                       | 7,336         | 8,532         | 11,396        |
| Shareholders' Equity                        | 11,174        | 12,126        | 11,239        |
| Capital                                     | 4,000         | 5,000         | 5,000         |
| Reserves                                    | 7,174         | 7,126         | 6,240         |
| <b>Total</b>                                | <b>23,584</b> | <b>24,825</b> | <b>27,834</b> |



**IRON ORE AND PELLETS SALES - PARENT COMPANY**

|   |             |             |             | million tons |
|---|-------------|-------------|-------------|--------------|
| FOREIGN MARKET                          | 3Q 01       | 2Q 02       | 3Q 02       |              |
| <b>ASIA</b>                             |             |             |             |              |
| China                                   | 5,6         | 5.0         | 4.2         |              |
| South Korea                             | 1,6         | 1.1         | 2.0         |              |
| Philippines                             | 0,1         | 0.5         | 0.7         |              |
| Japan                                   | 4,3         | 4.3         | 4.0         |              |
| Taiwan                                  | 0,6         | 0.4         | 0.5         |              |
| Others                                  | 0,4         | -           | -           |              |
| <b>Total</b>                            | <b>12,6</b> | <b>11.3</b> | <b>11.4</b> |              |
| <b>EUROPE</b>                           |             |             |             |              |
| Germany                                 | 2,7         | 3.4         | 3.6         |              |
| Spain                                   | 0,5         | 0.7         | 0.7         |              |
| France                                  | 0,9         | 1.5         | 1.4         |              |
| Italy                                   | 1,0         | 2.2         | 0.8         |              |
| United Kingdom                          | 0,3         | 0.4         | 0.8         |              |
| Others                                  | 3,2         | 3.2         | 3.6         |              |
| <b>Total</b>                            | <b>8,6</b>  | <b>11.4</b> | <b>10.9</b> |              |
| <b>AMERICAS</b>                         |             |             |             |              |
| Argentina                               | 0,4         | 0.6         | 0.6         |              |
| United States                           | 0,9         | 1.0         | 1.2         |              |
| Others                                  | 0,5         | 0.5         | 0.7         |              |
| <b>Total</b>                            | <b>1,8</b>  | <b>2.1</b>  | <b>2.5</b>  |              |
| <b>AFRICA/MIDDLE EAST / AUSTRALASIA</b> |             |             |             |              |
| Bahrain                                 | 0,3         | 0.5         | 0.6         |              |
| Others                                  | 1,0         | 0.7         | 1.2         |              |
| <b>Total</b>                            | <b>1,3</b>  | <b>1.2</b>  | <b>1.8</b>  |              |
| <b>TOTAL</b>                            | <b>24,3</b> | <b>26.0</b> | <b>26.6</b> |              |
| <b>DOMESTIC MARKET</b>                  |             |             |             |              |
|   | 3Q 01       | 2Q 02       | 3Q 02       |              |
| Steel Mills                             | 5,2         | 5.7         | 5.3         |              |
| Affiliated Pelletizing Companies        | 5,3         | 4.6         | 5.0         |              |
| <b>Total</b>                            | <b>10,5</b> | <b>10.3</b> | <b>10.3</b> |              |
| <b>TOTAL</b>                            | <b>34,8</b> | <b>36.3</b> | <b>36.9</b> |              |

**GENERAL CARGO RAILROAD TRANSPORTATION - FCA**

|                            |       |       |       |       |       |       |       | million ntk |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------------|
|                            | 1Q 01 | 2Q 01 | 3Q 01 | 4Q 01 | 1Q 02 | 2Q 02 | 3Q 02 |             |
| Ferrovias Centro Atlântica | 1,962 | 2,236 | 2,167 | 1,993 | 1,832 | 2,253 | 2,209 |             |



**IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED**

|                                     | million R\$ |          |          |
|-------------------------------------|-------------|----------|----------|
|                                     | 3Q 01       | 2Q 02    | 3Q 02    |
| <b>HISPANOBRAS</b>                  |             |          |          |
| Sales (thousand tons)               | 882         | 835      | 686      |
| Foreign Market                      | 422         | 355      | 166      |
| Domestic Market                     | 460         | 480      | 520      |
| Net Operating Revenues              | 73          | 59       | 67       |
| Cost of Goods Sold                  | (60)        | (56)     | (57)     |
| Financial Results                   | 4           | 6        | 8        |
| Net Earnings                        | 10          | 2        | 10       |
| Gross Margin (%)                    | 17.8        | 5.1      | 14.9     |
| EBITDA                              | 17          | 5        | 13       |
| EBITDA Margin (%)                   | 23.3        | 8.5      | 19.4     |
| <b>NIBRASCO</b>                     |             |          |          |
| Sales (thousand tons)               | 1,443       | 2,257    | 1,842    |
| Foreign Market                      | 514         | 686      | 290      |
| Domestic Market                     | 929         | 1,571    | 1,552    |
| Net Operating Revenues              | 109         | 164      | 162      |
| Cost of Goods Sold                  | (102)       | (144)    | (148)    |
| Financial Results                   | (8)         | (4)      | (2)      |
| Net Earnings                        | (34)        | 6        | 4        |
| Gross Margin (%)                    | 6.4         | 12.2     | 8.6      |
| EBITDA                              | 24          | 26       | 19       |
| EBITDA Margin (%)                   | 22.0        | 15.9     | 11.7     |
| <b>Gross Debt (in US\$ million)</b> |             |          |          |
| - Short Term                        | 2           | 2        | 2        |
| - Long Term                         | 5           | 2        | 2        |
| <b>Total</b>                        | <b>7</b>    | <b>4</b> | <b>5</b> |
| <b>ITABRASCO</b>                    |             |          |          |
| Sales (thousand tons)               | 742         | 702      | 815      |
| Foreign Market                      | 471         | 533      | 572      |
| Domestic Market                     | 271         | 169      | 243      |
| Net Operating Revenues              | 59          | 50       | 80       |
| Cost of Goods Sold                  | (52)        | (48)     | (67)     |
| Financial Results                   | 2           | 9        | 13       |
| Net Earnings                        | 4           | 5        | 13       |
| Gross Margin (%)                    | 11.9        | 4.0      | 16.3     |
| EBITDA                              | 10          | 3        | 10       |
| EBITDA Margin (%)                   | 16.9        | 6.0      | 12.5     |
| <b>Gross Debt (in US\$ million)</b> |             |          |          |
| - Short Term                        | 1           | 17       | 15       |



**IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED**

|                                     | million R\$ |            |            |
|-------------------------------------|-------------|------------|------------|
|                                     | 3Q 01       | 2Q 02      | 3Q 02      |
| <b>KOBRASCO</b>                     |             |            |            |
| Sales (thousand tons)               | 1,123       | 1,012      | 850        |
| Foreign Market                      | 493         | 534        | 850        |
| Domestic Market                     | 630         | 478        | -          |
| Net Operating Revenues              | 91          | 72         | 74         |
| Cost of Goods Sold                  | (68)        | (67)       | (60)       |
| Financial Results                   | (52)        | (78)       | (147)      |
| Net Earnings                        | (72)        | (49)       | (92)       |
| Gross Margin (%)                    | 25.3        | 6.9        | 18.9       |
| EBITDA                              | 24          | 9          | 14         |
| EBITDA Margin (%)                   | 26.4        | 12.5       | 18.9       |
| <b>Gross Debt (in US\$ million)</b> |             |            |            |
| - Short Term                        | -           | -          | -          |
| - Long Term                         | 129         | 143        | 147        |
| <b>Total</b>                        | <b>129</b>  | <b>143</b> | <b>147</b> |
| <b>SAMARCO</b>                      |             |            |            |
| Sales (thousand tons)               | 2,312       | 3,436      | 3,871      |
| Net Operating Revenues              | 167         | 239        | 311        |
| Cost of Goods Sold                  | (73)        | (115)      | (138)      |
| Financial Results                   | (98)        | (96)       | (162)      |
| Net Earnings                        | (48)        | (19)       | (73)       |
| Gross Margin (%)                    | 56.3        | 51.9       | 55.6       |
| EBITDA                              | 86          | 114        | 155        |
| EBITDA Margin (%)                   | 51.5        | 47.7       | 49.8       |
| <b>Gross Debt (in US\$ million)</b> |             |            |            |
| - Short Term                        | 158         | 180        | 170        |
| - Long Term                         | 119         | 87         | 76         |
| <b>Total</b>                        | <b>277</b>  | <b>267</b> | <b>246</b> |
| <b>FERTECO</b>                      |             |            |            |
| Sales (thousand tons)               | 4,011       | 4,777      | 5,620      |
| Foreign Market                      | 3,556       | 3,434      | 3,335      |
| Domestic Market                     | 455         | 1,343      | 2,285      |
| Net Operating Revenues              | 176         | 195        | 302        |
| Cost of Goods Sold                  | (87)        | (128)      | (187)      |
| Financial Results                   | (76)        | (44)       | (59)       |
| Net Earnings                        | (5)         | (10)       | 24         |
| Gross Margin (%)                    | 50.6        | 34.4       | 38.1       |
| EBITDA                              | 67          | 63         | 104        |
| EBITDA Margin (%)                   | 38.1        | 32.3       | 34.4       |
| <b>Gross Debt (in US\$ million)</b> |             |            |            |
| - Short Term                        | 72          | 58         | 52         |
| - Long Term                         | 103         | 88         | 74         |
| <b>Total</b>                        | <b>175</b>  | <b>146</b> | <b>126</b> |





**IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED**

|  | Thousand US\$ |           |           |
|--|---------------|-----------|-----------|
| GIIC*  | 3Q 01         | 2Q 02     | 3Q 02     |
| Sales (thousand tons)  | 661           | 676       | 643       |
| Net Operating Revenues   | 35,151        | 27,228    | 26,720    |
| Cost of Goods Sold   | (32,104)      | (23,737)  | (24,939)  |
| Gross Profit   | 3,047         | 3,491     | 1,781     |
| Other Income   | 427           | 79        | 188       |
| S G & A  | (1,144)       | (2,028)   | (192)     |
| Net Income   | 2,330         | 1,542     | 1,777     |
| * financial indicators according to IASC (International Accounting Standards Committee). |               |           |           |
| ITACO  | 3Q 01*        | 2Q 02     | 3Q 02     |
| Sales (thousand tons)  |               |           |           |
| Iron Ore   | 13,796        | 16,650    | 16,805    |
| Pellets  | 1,966         | 2,513     | 2,267     |
| Manganese  | 260           | 250       | 206       |
| Bauxite  | 162           | 407       | 398       |
| Alumina  | 42            | 106       | -         |
| Aluminum   | 35            | 53        | 49        |
| Net Operating Revenues   | 384,594       | 473,753   | 419,677   |
| Cost of Goods Sold   | (348,026)     | (434,940) | (394,946) |
| Equity Income  | 24,155        | (46,637)  | (71,381)  |
| Net Income   | 546.832       | (37,427)  | (125,966) |
| EBITDA   | 571.637       | 32,833    | (10,974)  |

\* includes sale of Cenibra



**MANGANESE AND FERRO-ALLOYS - FINANCIAL INDICATORS – NON AUDITED**

|                                      | million R\$  |              |              |
|--------------------------------------|--------------|--------------|--------------|
| <b>SIBRA</b>                         | <b>3Q 01</b> | <b>2Q 02</b> | <b>3Q 02</b> |
| Sales – Ferro-alloys (thousand tons) | 21           | 31           | 52           |
| Foreign Market                       | 7            | 15           | 33           |
| Domestic Market                      | 14           | 16           | 19           |
| Average Price (US\$/ton)             | 460.70       | 439.85       | 402.46       |
| Sales - Manganese (thousand tons)    | 306          | 265          | 275          |
| Foreign Market                       | 284          | 213          | 181          |
| Domestic Market                      | 22           | 52           | 94           |
| Average Price (US\$/ton)             | 49.13        | 47.75        | 46.81        |
| Net Operating Revenues               | 16           | 60           | 99           |
| Cost of Goods Sold                   | (10)         | (36)         | (60)         |
| Financial Results                    | 1            | (5)          | 8            |
| Net Earnings                         | 6            | 22           | 46           |
| Gross Margin (%)                     | 37.5         | 40.0         | 39.4         |
| EBITDA                               | 9            | 21           | 33           |
| EBITDA Margin (%)                    | 56.3         | 35.0         | 33.3         |
| <b>Gross Debt (in US\$ million)</b>  |              |              |              |
| - Short Term                         | 20           | 23           | 20           |
| - Long Term                          | 44           | 21           | 19           |
| <b>Total</b>                         | <b>64</b>    | <b>44</b>    | <b>39</b>    |
| <b>CPFL</b>                          | <b>3Q 01</b> | <b>2Q 02</b> | <b>3Q 02</b> |
| Sales (thousand tons)                | 28           | 37           | 55           |
| Foreign Market                       | 14           | 17           | 34           |
| Domestic Market                      | 14           | 20           | 21           |
| Average Price (US\$/ton)             | 868.73       | 569.36       | 469.53       |
| Net Operating Revenues               | 47           | 47           | 74           |
| Cost of Goods Sold                   | (35)         | (34)         | (46)         |
| Financial Results                    | (1)          | 1            | 6            |
| Net Earnings                         | 7            | 10           | 17           |
| Gross Margin (%)                     | 25.5         | 27.7         | 37.8         |
| EBITDA                               | 12           | 9            | 20           |
| EBITDA Margin (%)                    | 25.5         | 19.1         | 27.0         |
| <b>Gross Debt (in US\$ million)</b>  |              |              |              |
| - Short Term                         | 8            | 6            | 4            |
| - Long Term                          | 9            | 4            | 4            |
| <b>Total</b>                         | <b>17</b>    | <b>10</b>    | <b>8</b>     |



| ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED |             |            |            |
|---|-------------|------------|------------|
|   | million R\$ |            |            |
| MRN   | 3Q 01       | 2Q 02      | 3Q 02      |
| Sales (thousand tons)   | 2,760       | 2,610      | 2,555      |
| Foreign Market  | 954         | 790        | 740        |
| Domestic Market   | 1,806       | 1,820      | 1,815      |
| Average Price (US\$/ton)  | 20.99       | 18.34      | 18.46      |
| Net Operating Revenues  | 139         | 111        | 147        |
| Cost of Goods Sold  | (60)        | (61)       | (73)       |
| Financial Results   | (3)         | (32)       | (74)       |
| Net Earnings  | 52          | 8          | (7)        |
| Gross Margin (%)  | 56.8        | 45.0       | 50.0       |
| EBITDA  | 88          | 59         | 87         |
| EBITDA Margin (%)   | 63.3        | 53.2       | 59.6       |
| <b>Gross Debt (in US\$ million)</b>                                 |             |            |            |
| - Short Term  | 12          | 19         | 23         |
| - Long Term   | 8           | 90         | 78         |
| <b>Total</b>  | <b>20</b>   | <b>109</b> | <b>101</b> |
| ALUNORTE  | 3Q 01       | 2Q 02      | 3Q 02      |
| Sales (thousand tons)   | 409         | 410        | 348        |
| Foreign Market  | 249         | 175        | 115        |
| Domestic Market   | 160         | 235        | 233        |
| Average Price (US\$/ton)  | 184.94      | 165.72     | 170.13     |
| Net Operating Revenues  | 177         | 174        | 196        |
| Cost of Goods Sold  | (122)       | (135)      | (131)      |
| Financial Results   | (157)       | (198)      | (374)      |
| Net Earnings  | (128)       | (142)      | (307)      |
| Gross Margin (%)  | 31.1        | 22.4       | 33.2       |
| EBITDA  | 64          | 49         | 74         |
| EBITDA Margin (%)   | 36.2        | 28.2       | 37.8       |
| <b>Gross Debt (in US\$ million)</b>                                 |             |            |            |
| - Short Term  | 20          | -          | -          |
| - Long Term   | 429         | 455        | 473        |
| <b>Total</b>  | <b>449</b>  | <b>455</b> | <b>473</b> |
| ALBRAS  | 3Q 01       | 2Q 02      | 3Q 02      |
| Sales (thousand tons)   | 80          | 110        | 104        |
| Foreign Market  | 76          | 108        | 101        |
| Domestic Market   | 4           | 2          | 3          |
| Average Price (US\$/ton)  | 1,390.89    | 1,332.13   | 1,289.68   |
| Net Operating Revenues  | 278         | 366        | 414        |
| Cost of Goods Sold  | (161)       | (224)      | (249)      |
| Financial Results   | (252)       | (333)      | (505)      |
| Net Earnings  | (196)       | (186)      | (322)      |
| Gross Margin (%)  | 42.1        | 38.8       | 39.9       |
| EBITDA  | 89          | 150        | 160        |
| EBITDA Margin (%)   | 32.0        | 41.0       | 38.6       |
| <b>Gross Debt (in US\$ million)</b>                                 |             |            |            |
| - Short Term  | 137         | 49         | 20         |
| - Long Term   | 497         | 507        | 499        |
| <b>Total</b>  | <b>634</b>  | <b>556</b> | <b>519</b> |



**ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED**

|                                     | million R\$  |              |              |
|-------------------------------------|--------------|--------------|--------------|
| <b>VALESUL</b>                      | <b>3Q 01</b> | <b>2Q 02</b> | <b>3Q 02</b> |
| Sales (thousand tons)               | 18           | 23           | 19           |
| Foreign Market                      | 7            | 12           | 8            |
| Domestic Market                     | 11           | 11           | 11           |
| Average Price (US\$/ton)            | 1,784.68     | 1,663.20     | 1,654.96     |
| Net Operating Revenues              | 77           | 93           | 94           |
| Cost of Goods Sold                  | (55)         | (72)         | (62)         |
| Financial Results                   | (9)          | 1            | (1)          |
| Net Earnings                        | 12           | 15           | 20           |
| Gross Margin (%)                    | 28.6         | 22.6         | 34.0         |
| EBITDA                              | 28           | 24           | 28           |
| EBITDA Margin (%)                   | 36.4         | 25.8         | 29.8         |
| <b>Gross Debt (in US\$ million)</b> |              |              |              |
| - Short Term                        | 1            | 1            | 1            |
| - Long Term                         | 3            | 1            | 0            |
| <b>Total</b>                        | <b>4</b>     | <b>2</b>     | <b>1</b>     |

"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."