



4Q99 Performance of Companhia Vale do Rio Doce

■ Global Macroeconomic Scenario

The Brazilian economy issued strong signs of recovery in 4Q99. GDP growth up 3.1% in 4Q99 over 4Q98 and industrial output 3.3%. A demand increase for assets in reais, an outcome of better expectations about the future of the economy, contributed to a 7.5% strengthening of the Brazilian real (BRL) against the US dollar.

Risk perception with respect to Brazil changed significantly and exports are reacting to the exchange rate devaluation. We expect a rebirth in economic growth followed by a deceleration in wholesale price inflation and a much lower volatility of domestic interest rates and exchange rates.

Interest rate hikes determined by the central banks of developed countries are pre-emptive. This differs from the past, when monetary policy was tightened to fight already existing inflationary pressures, thus provoking recessions.

The US economy, driven by productivity gains, surprises on the upside. US GDP growth reached 5.8% in 4Q99. Leading economic indicators for Euroland are very good while emerging Asia continues to post a solid economic rebound. The Japanese economy shows a modest economic growth, but the fears of a depression are gone. Economic fundamentals are improving throughout Latin American economies.

Prospects for 2000 of a faster and more synchronous global economic growth

strongly support the current upward price trend of the main products of CVRD and its affiliates.

■ Relevant Events

- Acquisition by Norsk Hydro, from Norway, of 25.25% of Alunorte, CVRD's alumina refinery.
- Acquisition by CVRD of VUPSA, controlling shareholder of SIBRA and CPFL, two ferro alloy producers.
- Acquisition by CVRD, in association with a group of institutional investors, of a controlling stake in Ferrovia Centro-Atlântica S.A. – FCA.
- Approval of a capex budget for 2000 of US\$ 936 million, the largest in the history of CVRD.

■ Highlights

- Sales volumes of iron ore and pellets grow for the third quarter in a row.
- Record quarterly earnings, R\$ 450 million.
- Record annual earnings, R\$ 1.251 billion.
- Record annual EBITDA, R\$ 1.936 billion.
- Record dividend distribution of R\$ 878 million.

- Return on capital employed (ROCE) of 24.7%, the highest in the history of the Company

■ Floating Exchange Rates and their Implications on CVRD Performance

99% of CVRD debt is denominated in foreign currencies (95% in US dollars). More than 80% of its revenues and only 28% of the cost of goods sold are denominated in or indexed to the US dollar. These characteristics are responsible for the different short term effects of exchange rate volatility on CVRD accounting profits, margins and cash flows.

A devaluation of the BRL, as occurred in 3Q99, reduces net income, given the negative impact on monetary variations, and, at the same time, increases margins and cash flows. On the other hand, an appreciation of the BRL, like the one that took place in 4Q99, contributes to increase profits and to diminish margins and cash flows.

The accounting effect of the real devaluation on net earnings was an once-and-for-all event, being fully realized in 1999. The impact on margins and cash flows is a permanent one.

It is useful to emphasize two other points. First, the parent company was fully hedged against the substantial devaluation of the real in 1Q99. Second, some of the affiliated companies (steel, aluminum and pulp & paper) suffered losses derived from currency devaluation. Those losses were fully realized in 1999.

■ Growing Sales Volumes

Sales volume of iron ore and pellets reached 26.3 million tonnes in 4Q99, as global steel production surged – in December 1999 steel output increased 13.1% over December 1998. Sales of iron ore and pellets increased 20.1% over 4Q98 and 4.7% over 3Q99. It is the largest sales volume since 2Q98.

For the year as a whole, sales volumes were 96.3 million tonnes, a 3.3% reduction over 1998. The corresponding gross revenue reached R\$ 2.997 billion, 33.7% higher than in 1998. The effect of the exchange rate devaluation more than offset lower prices and volumes. Revenues generated by sales of iron ore and pellets represented 68.2% of the total revenues of the parent company, against 66.3% for last year.

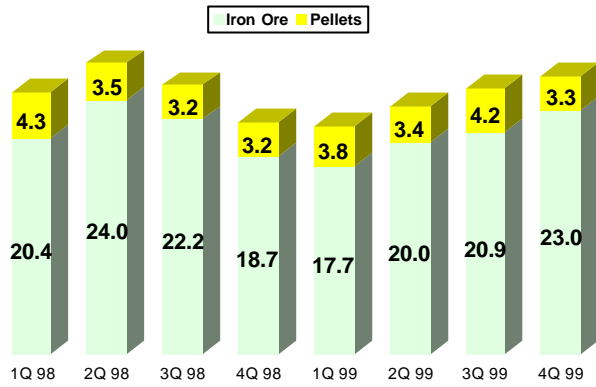
The Asian market continued to be the most important buyer of CVRD ores and pellets, with a 34.3% share in sales revenues. CVRD managed to obtain substantial sales increases to China and South Korea. As a consequence, Southeast Asian economies were responsible for 15.8% of the sales revenues. Europe's share was 27.5%, while the Brazilian domestic market bought 20.5%.

Cargo transported to clients by the CVRD railways (Carajás and Vitória a Minas) increased 6.7% QoQ as a result of the Brazilian GDP recovery. Port services increased 15.5% QoQ. Year over year, railroad transportation decreased 8.7% and port services 5%.

Gross revenues derived from transportation services (railroads and maritime terminals) reached R\$ 866 million, 15.5% higher than in 1998. Their share in the total revenues of the parent company (R\$ 4.397 billion) was 19.7%, against 22.2% in 1998.

Sales Volumes of Iron Ore and Pellets

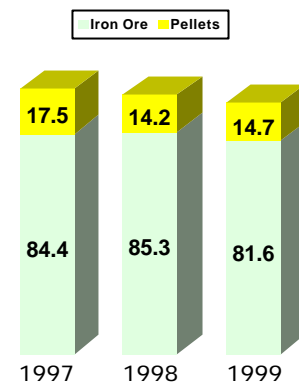
million tonnes



Total	24.7	27.5	25.4	21.9	21.5	23.4	25.1	26.3
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Sales Volumes of Iron Ore and Pellets

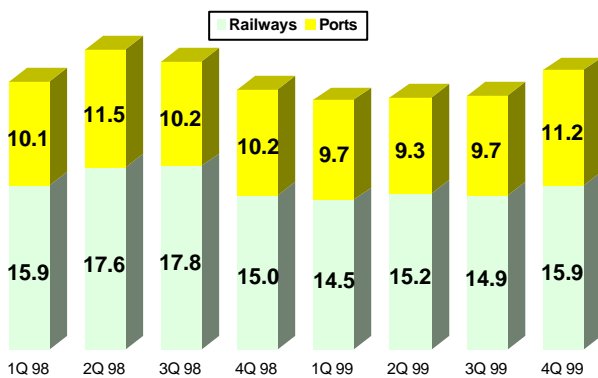
million tonnes



Total	101.9	99.5	96.3
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Cargo Transportation

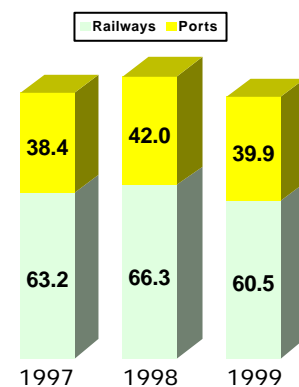
million tonnes



Total	26.0	29.1	28.0	25.2	24.2	24.5	24.6	27.1
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Cargo Transportation

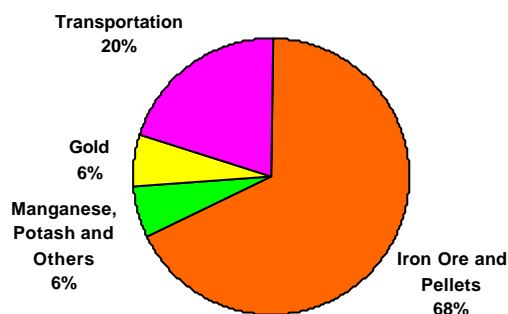
million tonnes



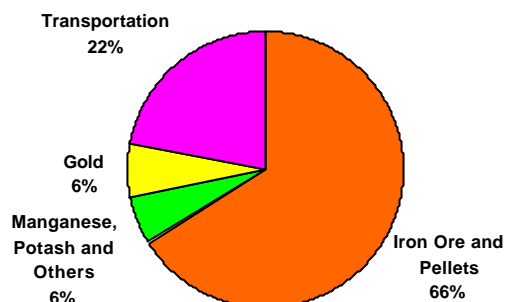
Total	101.6	108.3	100.4
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Gross Operating Revenues by Product - Parent Company

1999 - R\$ 4,397 million



1998 - R\$ 3,382 million



Record Earnings

4Q99 net income of R\$ 450 million was 2.3 times 3Q99 result (R\$ 192 million), an all time high.

The appreciation of the real against the US dollar contributed to the earnings increase, as the net financial result, strongly influenced by monetary variations, was R\$ 265 million higher. Another important factor was a R\$ 100 million improvement in equity income. Aluminum companies contributed with a R\$ 199 million increase in equity income. Better operating performance, caused by sales and price increases, and the favorable impact of the real appreciation on their foreign exchange debt were responsible for this outcome. The same ingredients influenced the R\$ 33 million increase in equity income from pulp and paper companies.

For the third consecutive year, CVRD obtains a record net income. Year over year, 1999 net earnings of R\$ 1.251 billion (R\$ 3.25 per share) are 21.6% higher.

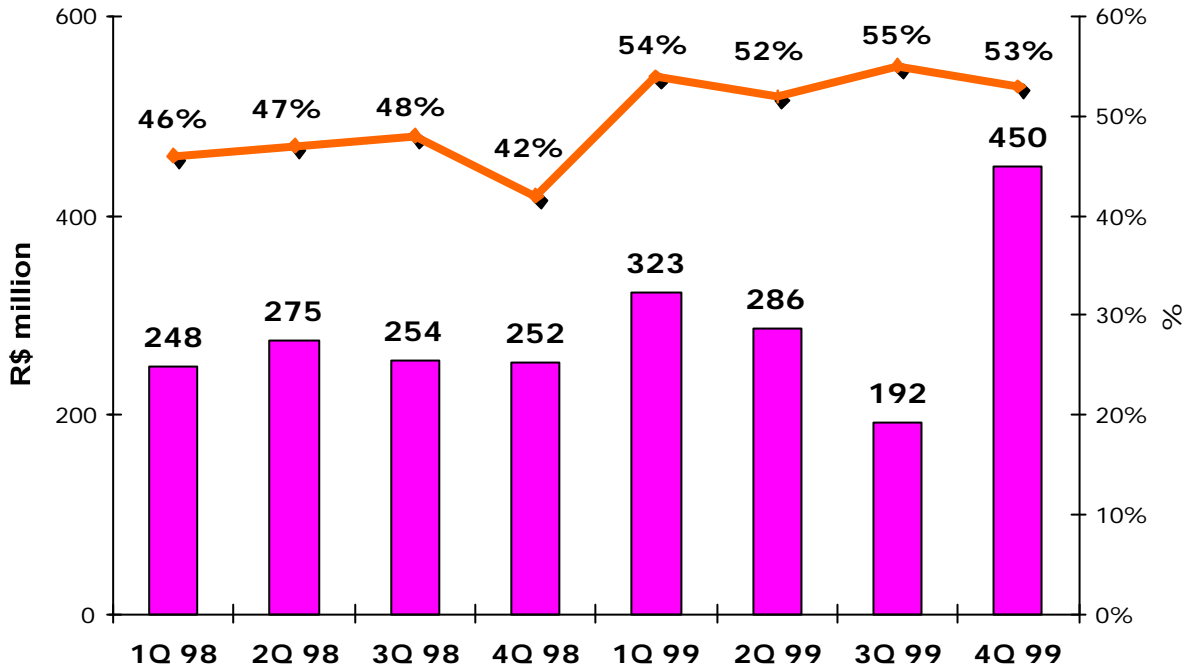
A R\$ 998 million increase in net revenues was the main factor behind the profit rise.

On the other hand, the net financial result, affected by monetary variations, decreased R\$ 327 million. Cost of goods sold increased R\$ 219 million, 12.3% YoY. This was due to higher expenditures with fuels, acquisition of pellets and tolling, which are indexed to the exchange rate.

Equity income was R\$ 53 million, lower than the R\$ 133 million obtained in 1998. A negative contribution was generated by the aluminum, steel and paper and pulp areas. However, their performance is improving substantially and they will contribute to increase parent company net earnings this year.

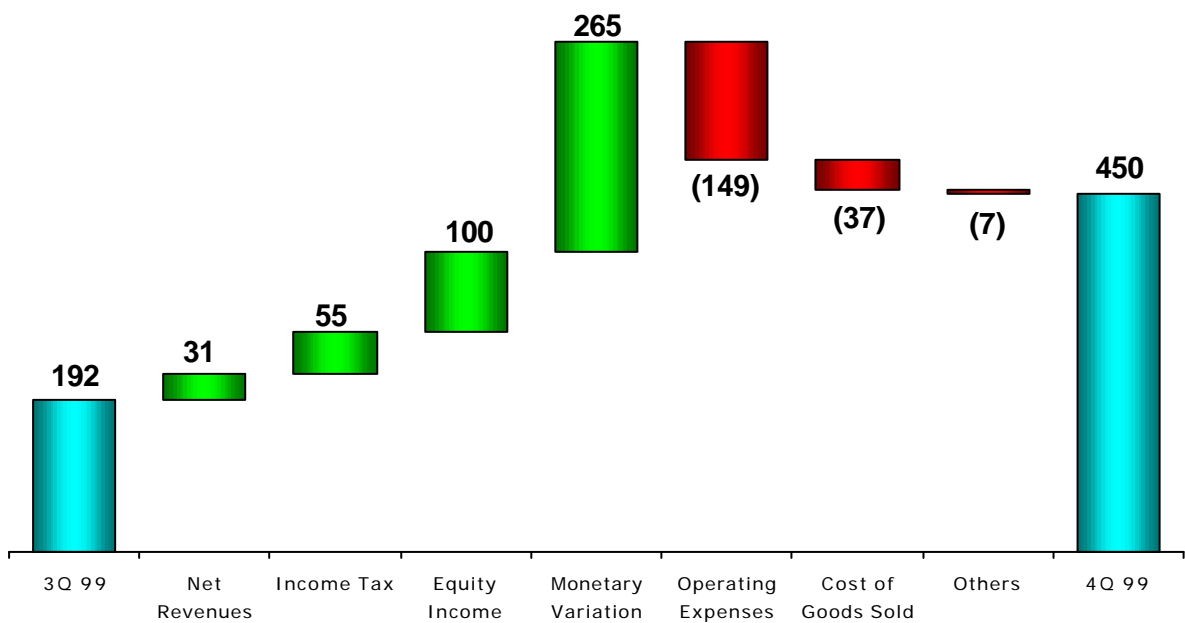
In a more stable economic environment, as is expected for 2000, CVRD, with low costs and a wide variety of high quality products and services, will derive significant benefits from the current commodity cycle.

Quarterly Earnings and Gross Margin



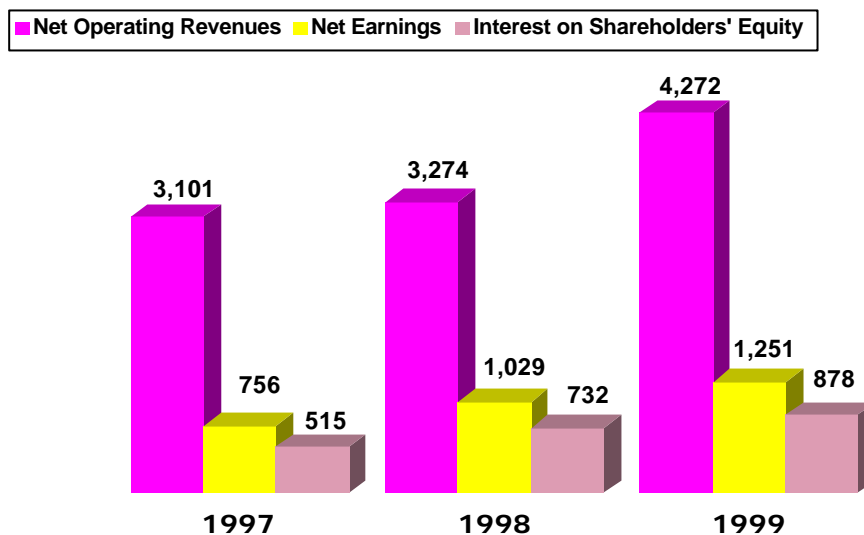
Factors that Affected Net Earnings - 4Q 99

R\$ million



Net Earnings and Interest on Shareholders' Equity

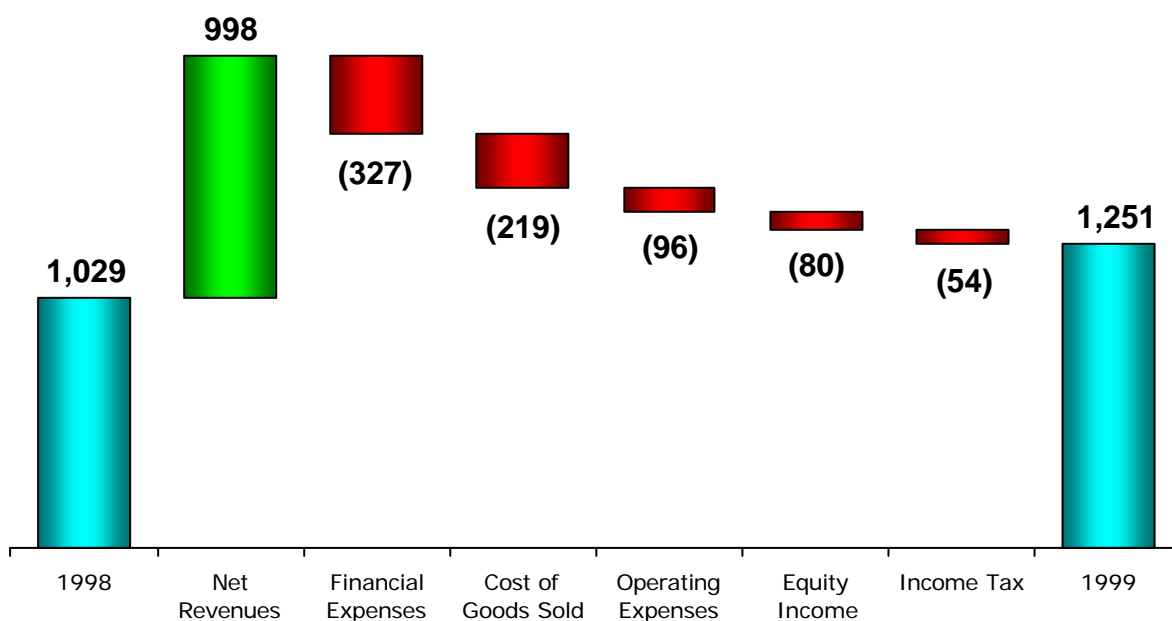
R\$ million



Pay Out(%)	68.1	71.1	70.2
Gross Margin(%)	37.0	45.8	53.4

Factors that Affected Net Earnings - 1999

R\$ million



■ A Record Cash Flow Generation

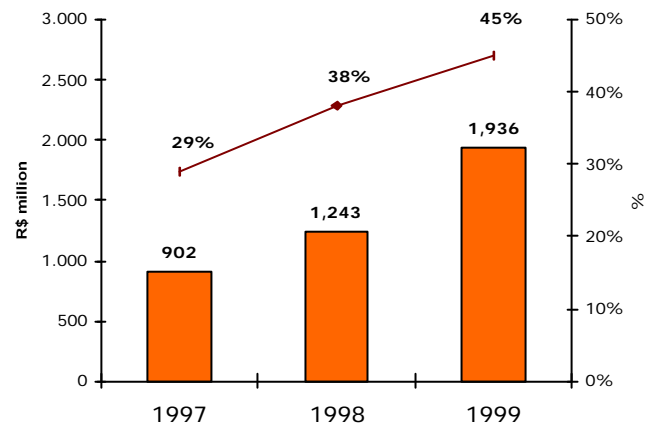
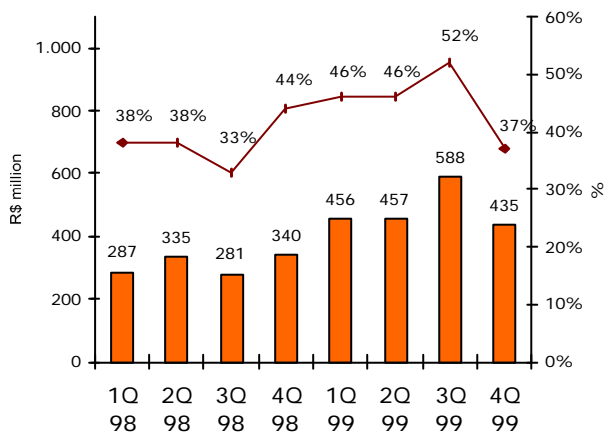
4Q99 EBITDA was R\$ 435 million, lower than the R\$ 588 million obtained in 3Q99.

1999 annual EBITDA, R\$ 1.936 billion, was 55.7% higher than 1998 and more than two times 1997 EBITDA. Free cash flow reached R\$ 1.33 billion, two times the value for 1998, R\$ 652 million.

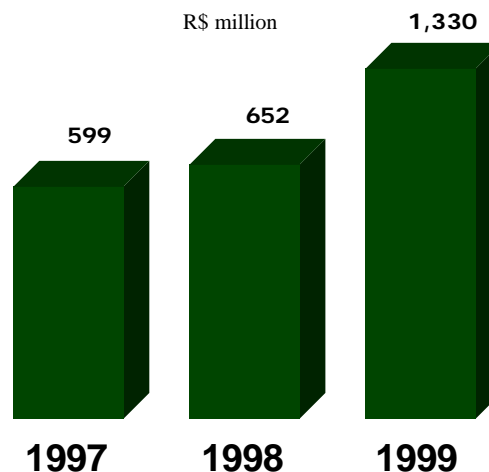
As a result of the strong cash flow generation, CVRD net debt fell from US\$ 1.891 billion in December 1998 to US\$ 1.546 billion at the end of 1999. The gross debt/EBITDA ratio was 2.4x in 1999 against 2.7x in 1998.

Part of the excess cash generation was allocated to dividend distribution (interest on shareholders' equity), R\$ 2.28 per share, amounting to R\$ 878 million, a 70.2% pay out ratio.

EBITDA X EBITDA Margin



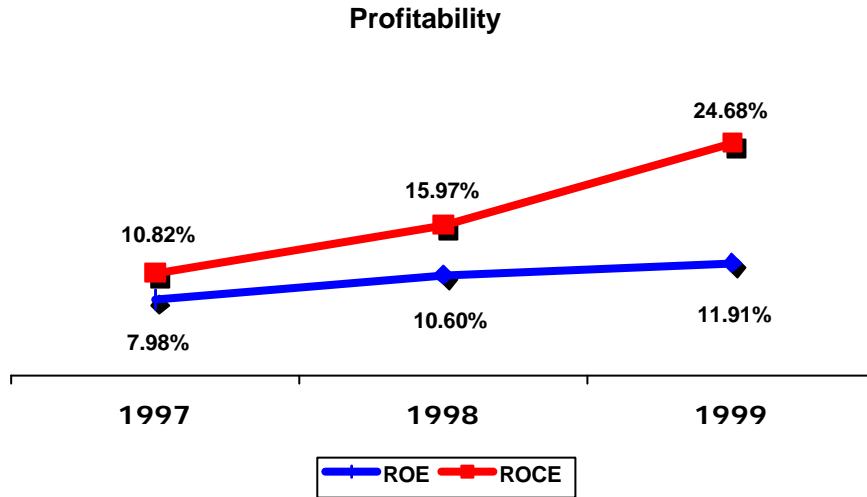
Free Cash Flow



Profitability

Return on equity (ROE) was 11.9% in 1999 against 10.6% in 1998. Return on capital employed (ROCE) increased substantially, from 16% in 1998 to 24.7% in 1999.

The level of the return on invested capital is the highest obtained by CVRD and is consistent with the strategic goal of optimization of capital allocation.



Investments

Capital expenditures in 1999 were US\$ 343.3 million, 26.3% lower than 1998 capex of US\$ 465.5 million.

A substantial part of the investment flow, US\$ 150.9 million, was allocated to the Ferrous Minerals area, for expenditures in maintenance, capacity expansion and productivity increase of the Southern System.

Due to the global economy recovery and better expectations for the CVRD products and services markets, the capex budget for

2000, US\$ 936 million, is the largest in its history.

The structure of the budgeted expenditures reflects the strategic priorities of the Company. The core businesses, ferrous minerals and logistics, will absorb 82% of the investments.

Equity investments in affiliated companies will be the main category of investment to be realized in 2000, US\$ 318.2 million. US\$ 109.1 million will be allocated to railways (FCA, CFN and Ferroban) and US\$ 77.1 million to the restructuring of the ferro alloys companies.

A substantial share of the capital expenditures with projects will be allocated to the construction of the São Luís pelletizing plant (US\$ 152.2 million),

hydroelectric power plants (US\$ 49 million) and to the development of the Brucutu iron mine in the Southern System (US\$ 30 million).

Selected Financial Indicators - Parent Company

	R\$ million		
	1999	1998	1997
Net Revenue	4,272	3,274	3,101
Gross Margin (%)	53.3	45.8	37.0
Net Earnings	1,251	1,029	756
Interest on Shareholders' Equity	878	732	515
EBITDA	1,936	1,243	902
EBITDA Margin (%)	45.3	38.0	29.1
Free Cash Flow	1,330	652	599
ROE (%)	11.9	10.6	8.0
ROCE (%)	24.7	16.0	10.8
Gross Debt (US\$ million)	2,613	2,775	2,710
Net Debt (US\$ million)	1,546	1,891	1,717
Gross Debt / EBITDA	2.4x	2.7x	3.4x
Exports (US\$ million)	1,483	1,751	1,861

Financial Statement – Parent Company

	R\$ million				
	4Q 99	3Q 99	4Q 98	1999	1998
Gross Operating Revenues	1,207	1,168	796	4,397	3,382
Value Added Tax	(40)	(32)	(25)	(125)	(108)
Net Operating Revenues	1,167	1,136	771	4,272	3,274
Cost of Goods Sold	(549)	(512)	(447)	(1,993)	(1,774)
Gross Income	618	624	323	2,279	1,500
Gross Margin (%)	53.0	54.9	41.9	53.3	45.8
Equity Income	5	(95)	22	53	133
Operating Expenses	(129)	(245)	(68)	(924)	(500)
Selling	(20)	(7)	(18)	(43)	(77)
General & Administrative	(45)	(37)	(40)	(147)	(129)
Financial Expenses	(43)	(69)	30	(141)	140
Monetary Variation (net)	169	(70)	(38)	(166)	(120)
Research & Development	(13)	(17)	(16)	(49)	(56)
Others	(177)	(45)	13	(378)	(258)
Operating Income	494	284	277	1,408	1,133
Non Operating Expenses	(7)	-	(3)	(4)	(5)
Income Taxes	(37)	(92)	(22)	(153)	(99)
Net Earnings	450	192	252	1,251	1,029
Earnings per Share	1.16	0.49	0.65	3.25	2.67

Equity Income – by Business Area

	R\$ million				
	4Q 99	3Q 99	4Q 98	1999	1998
Ferrous Minerals	(58)	78	13	188	96
NonFerrous Minerals	28	(22)	(3)	(6)	(12)
Logistics	(35)	11	(12)	31	(8)
Steel	(23)	(22)	16	(19)	82
Pulp&Paper	23	(10)	(6)	(15)	(36)
Aluminum	64	(135)	12	(139)	4
Fertilizers	6	5	2	13	7

Balance Sheet – Parent Company

	R\$ million	
	1999	1998
Assets		
Current Assets	3,958	2,884
Long Term Assets	1,732	1,246
Permanent Assets	11,090	10,281
Total	16,780	14,411
Liabilities and Stockholders' Equity		
Current Liabilities	3,150	2,210
Long Term Liabilities	3,128	2,489
Stockholders' Equity	10,502	9,712
Capital	3,000	2,452
Reserves	7,502	7,260
Total	16,780	14,411

Aluminum - Selected Financial Indicators

R\$ million

MRN	1999	4Q 99	3Q 99
Net Revenue	380	100	95
Cost of Goods Sold	(172)	(49)	(44)
Equity income	(22)	7	(15)
Financial Expenses	(1)	4	3
Net Earnings	89	34	16
EBITDA	251	70	61
Debt (in US\$ million)			
- Short Term	3	3	3
- Long Term	2	2	4
Total	5	5	7

ALUNORTE	1999	4Q 99	3Q 99
Net Revenue	460	135	113
Cost of Goods Sold	(324)	(95)	(83)
Financial Expenses (*)	(409)	(139)	(132)
Net Earnings	(257)	(102)	(87)
EBITDA	159	43	36
Debt (in US\$ million)			
- Short Term	95	95	88
- Long Term	444	444	543
Total	539	539	631

ALBRAS	1999	4Q 99	3Q 99
Net Revenue	837	250	225
Cost of Goods Sold	(509)	(130)	(132)
Financial Expenses (*)	(423)	47	(284)
Net Earnings	(102)	155	(179)
EBITDA	332	107	97
Debt (in US\$ million)			
- Short Term	277	277	288
- Long Term	619	619	646
Total	896	896	934

(*) includes monetary variations

Pulp & Paper - Selected Financial Indicators

	R\$ million		
CENIBRA	1999	4Q 99	3Q 99
Net Revenue	629	193	169
Cost of Goods Sold	(266)	(69)	(68)
Financial Expenses (*)	(333)	(196)	(95)
Net Earnings	(54)	(6)	(34)
EBITDA	356	157	84
Debt (in US\$ million)			
- Short Term	304	304	336
- Long Term	284	284	294
Total	588	588	630

(*) includes monetary variations

Consolidated Revenues

Consolidated gross revenues grew 39% YoY. They increased from R\$ 5.153 billion in 1998 to R\$ 7.162 billion in 1999.

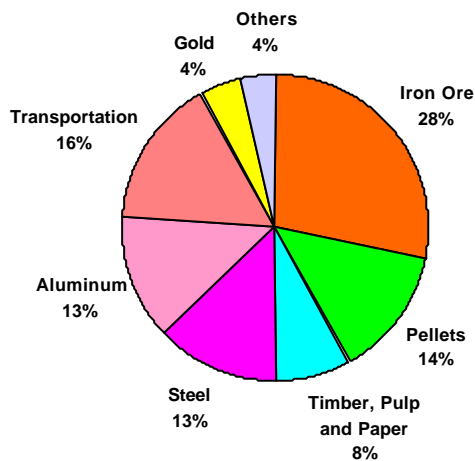
The main change in the composition of consolidated revenues was the reduction in the transportation share, from 19% to 16%.

On the other hand, paper and pulp products increased their share from 5% to 8%, as a major part of their sales take place in the international market and its US dollar prices rose significantly in 1999.

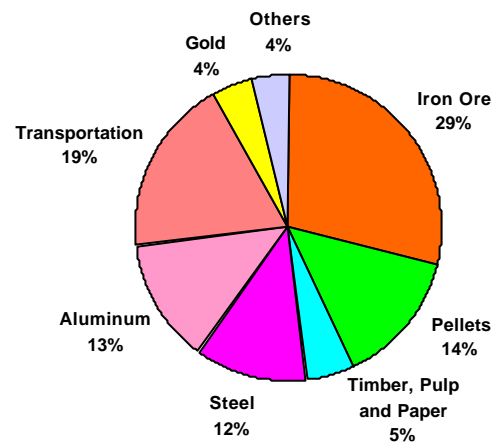
Exports of the CVRD group, on a consolidated basis, reached US\$ 2.868 billion in 1999, 6% of Brazilian exports..

Gross Operating Revenues - Consolidated

1999 - R\$ 7,162 million



1998 - R\$ 5,153 million



Rio de Janeiro, February 23, 2000.

Gabriel Stoliar

Executive Director of the Corporate Center and Investor Relations