US GAAP

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

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Companhia
Vale do Rio Doce

Press Release 2002

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN 2002

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

Rio de Janeiro, February 26, 2003 – Companhia Vale do Rio Doce (CVRD) recorded a net profit of US$ 680 million in 2002, the equivalent to US$ 1.77 per share, compared to US$ 1.29 billion in 2001. In fourth quarter of 2002 (4Q02) the Company obtained net earnings of US$ 569 million, corresponding to US$ 1.48 per share.

Operating profit in 2002 amounted to US$ 1.38 billion. However, the 52.3% appreciation of the US dollar (USD) during the year against the Real (BRL) had a significant negative effect on net earnings. The volatility in the exchange rate provoked a loss of US$ 580 million due to the impact on net debt denominated in USD (net debt minus assets abroad).

If we were to disregard the capital gains from the sale of assets, which are of a non-recurring nature, net earnings in 2002 (*pro forma earnings*) would have been US$ 631 million, compared to US$ 503 million in 2001.

US$ 602 million was paid out to shareholders in the form of interest on shareholders equity, US$ 0.98 per share on April 30 and US$ 0.70 on December 10. The dividend yield, measured in USD, amounted to 6.8%.

Total shareholder return (TSR), the measurement which best indicates value creation as it incorporates the effect of share price variation and dividends paid, amounted to 24.2% in 2002, an excellent level of remuneration against a background global scenario of low returns and uncertainty. Over the period 1998/2002 TSR amounted to 14.4% per year.

Despite the slow recovery in the global economy and the fall in iron ore and pellet prices, CVRD set several new records in terms of sales, revenues and cash generation.

Volumes sold of iron ore and pellets, ferro-alloys, potash and alumina, all reached record levels, as did the transport of general cargo by railroads for clients.

Shipments of iron ore and pellets amounted to 164.1 million tons, up 10.4% in relation to 2001. Ferro-alloys sales totalled 522,000 tons, compared to just 252,000 in 2001, when power rationing forced a cut in production in Brazil. Sales of potash amounted to 731,000 tons, an increase of 45.3% in relation to the previous year. Total sales of alumina, produced by Alunorte, amounted to 1.64 million tons compared to 1.595 million in 2001.

The transport of general cargo (cargo other than iron ore and pellets), carried by the Vitória to Minas (EFVM) and Carajás (EFC) railroads, amounted to 14.7 billion net ton kilometres (ntk), an increase of 14.0% compared to 2001.

Net revenues of US$ 4.113 billion were 4.5% higher than in 2001, the highest level since the Company began to release its financial statements in US GAAP. Cash generation as measured by EBITDA (earnings before interest taxation depreciation and amortization) amounted to US$ 1.789 billion, which also constituted a new record. The EBITDA/net revenues ratio was 43.5% in 2002.

CVRD's capital expenditure, measured in accordance with US GAAP criteria, totalled US$ 898.2 million in 2002, the major tranche of this, US$ 435.1 million, going towards the financing of projects.

The year 2002 saw the inauguration of the São Luís pellet plant at the port of Ponta da Madeira, in the state of Maranhão, which has a production capacity of 6 million tons a year. The commercial operation of this plant began in the second half of the year. The Funil hydroelectric plant, located in the state of Minas Gerais, in which CVRD holds a 51% stake, entered into service at the end of 2002. Funil has an installed capacity of 180 MW.

At the end of December 2002, the Company's total debt amounted to US$ 3.331 billion, slightly higher than the level of US$ 3.244 billion registered as of December 31, 2001. The cash holdings at the end of last year amounted to US$ 1.091 billion.

In 4Q02, CVRD obtained net earnings of US$ 569 million, more than compensating for the losses incurred in the two previous quarters, which were caused by monetary variation - resulting from the depreciation in the BRL. EBITDA reached US$ 406 million in 4Q02 and EBITDA margin, 39.1%.

RELEVANT EVENTS IN 4Q02

Public Offering for the Shares of Companhia Paulista de Ferro Ligas

On November 26, 2002 an auction was held on BOVESPA for the repurchase of shares in Companhia Paulista de Ferro Ligas (CPFL), a producer of ferro-alloys controlled by CVRD. 80% of the shares in circulation were acquired, which corresponds to 4.94% of the total capital of CPFL. The amount involved in the operation was R$ 7,896,117.09. The delisting of CPFL was authorized by CVM (Brazilian securities and exchange commission) in December 2002.

ISO 14001

In November 2002, the iron ore mines at Itabira received ISO 14001 certification for their Environmental Quality Control System. With this, all CVRD's main operations now hold the ISO 14001 certificate.

Strategic moves in the steel industry

CVRD, together with Arcelor, made a joint proposal for the acquisition of Acesita's stake in Companhia Siderúrgica de Tubarão (CST). This transaction involves an agreement which allows the sale of CVRD's stake in CST from 2007. At the same time, the agreement guarantees approval by CST's controlling shareholders, for a project to construct a third blast furnace. Therefore, the temporarily increase in stake that CVRD holds in CST has, in counterpart, achieved greater liquidity in terms of its shareholding and a significant increase in its sales of iron ore and pellets to this company from 2006, which is consistent with CVRD's strategy of focusing on its core mining businesses.

Logistics Joint Venture

CVRD has formed a partnership with Mitsui, a global Japanese player in logistics markets, for the development of an inter-modal transport business. Mitsui will contribute technology and know-how in the area of container warehousing management and the creation of a feeder service - the loading of containers for international maritime shipping.

Dividends

Under the established Dividend Policy, on January 30, 2003 the Company's Executive Board presented to the Board of Directors a proposal for the payment of dividends and/or interest on equity to its shareholders, of the minimum amount of US$ 400 million, which corresponds to US$ 1.04 per share, to be made in two equal tranches, on April 30 and October 31, 2003, respectively.

Acquisition of Rana

In February 2003, CVRD acquired full control of Elkem Rana, located in the industrial park of Mo i Rana, in Norway, for approximately US$ 17.6 million. The company, whose name will be changed to Rio Doce Manganese Norway, has a plant which produced ferro chrome alloys up to June 2002. In 2003 it will start to produce manganese ferro alloys, allowing CVRD to expand its ferro-alloy activities in Continental Europe, where its subsidiary Rio Doce Manganese Europe already operates a manganese-alloy producing plant in Dunkirk, France.

SHORT TERM PROSPECTS

The global economy continues in a convalescence phase, with nominal and real interest rates remaining at historically low levels, while the USD continues to show a weakening trend against a reference basket of currencies. One of the implications of the depreciation in the USD is the likely positive effect on metal prices, seeing that there is negative correlation between the value of the US dollar and the prices of these commodities.

The US economy is issuing mixed signals in terms of its recovery, the Eurozone appears to be entering a phase of even more modest growth and Japan has proved unable to emerge from a stagnant economy.

The main macro-economic effect of a possible war against Iraq, reflected in the rise in oil prices, appears to have been partially anticipated by the markets, causing a supply shock to the global economy. However, depending on the intensity and the duration of this effect, the recovery phase in the global economy could see a reversal, resulting in a recession such as that which occurred at the beginning of the nineties.

On the other hand, the rapid economic growth in China and the phase through which that country's economy is passing, is influencing minerals and metals markets disproportionally compared to China's relative importance in global GDP terms. Increasing income levels are allowing growing numbers of its population access to consumer durables, whose manufacture employs the intense use of metals such as steel, aluminum and copper. At the same time, the country is implementing a substantial investment program in infrastructure and housing, also requiring a highly intensive use of these metals. As a consequence, it is estimated that China is currently responsible for 15% of global metal consumption.

The extraordinary expansion in the consumption of steel and the need to substitute the use of domestic iron ore with the imported variety, has led China to dramatically increase its purchases of ore, which grew by approximately 20 million tons in 2002.

We estimate that for 2002, the seaborne trade of iron ore will have set a new record of approximately 475 million tons. For 2003, it is estimated that there will be global demand, principally driven by China, of some 500 million tons. Already in the first month of 2003 global production of crude steel, according to the IISI (International Institute for Steel and Iron), is showing an increase of 10.7% in relation to January 2002, which is a good indication of the pressure of demand for iron ore.

Catering to this demand will encounter certain limitations, both in terms of production capacity at the iron ore mines, as well as in logistics. CVRD is operating at full capacity, and only modest expansion is predicted in the level of shipments for 2003, fuelled principally by the ramping up of production at the São Luiz pellet plant.

In the case of alumina, the situation is similar. In order to sustain growth in aluminum production, China has more than doubled its imports of alumina between 2000 and 2002, and continuing growth in demand is contributing to the rise in prices.

Stage 3 of Alunorte, the alumina refinery controlled by CVRD, which increases the company's production capacity by 2.4 million tons a year, entered its experimental operational phase at the end of January. The Company intends to invest in the construction of stagess 4 and 5, increasing Alunorte’s capacity to 4.2 million tons.

In the logistics market, CVRD has significantly increased investment in the purchase of locomotives and wagons to meet demand for its services, seeing that it already has contracts which will ensure the full use of the equipment being ordered.

SALES VOLUMES AND REVENUES

Iron ore and pellet shipments amounted to 164.1 million tons in 2002, up 10.4% on the volume of 148.7 million tons recorded in 2001.

Sales in 4Q02 set a new quarterly record, of 44.0 million tons, up 3.7% in relation to the previous quarter, and up 15.7% in relation to 4Q01.

Sales of iron ore in 2002 amounted to 143.6 million tons compared to 130.8 million tons in 2001, an increase of 9.8%. The expansion seen in the sales of pellets was greater in percentage terms, 14.8%, rising from 17.9 million tons to 20.6 million tons in 2002.

The average price of iron ore in 2002 was US$ 14.95 per ton, and for pellets, US$ 32.73 per ton.

VOLUME SOLD - IRON ORE AND PELLETS

thousand tons

	4Q 01	3Q 02	4Q 02	2001	%	2002	%
Iron Ore	32,926	37,541	37,071	130,823	87.9	143,576	87.5
Pellets	5,060	4,847	6,889	17,931	12.1	20,577	12.5
Total	**37,986**	**42,388**	**43,960**	**148,754**	100.0	**164,153**	100.0

The volume sold of manganese ore to clients amounted to 665,000 tons, with ferro-alloy shipments reaching a record level of 522,000 tons.

The transport of general cargo by EFC and EFVM amounted to 14.7 billion net ton kilometres (ntk) in 2002. Despite the fact that most of the general cargo that CVRD transported by railroad was associated with the steel industry, the most dynamic segment of the business is in the area of agricultural products. The growth in the transport of soybeans and soybean flour along the integrated transport links: FCA-EFVM-Tubarão port complex, and Norte-Sul Railroad (State Railway operated by CVRD) – EFC – port of Ponta da Madeira, is fuelling a large part of the railfreight expansion. Inter-modal transport, exploiting the connections between highway transport, rail, ports and coastal shipping, is also a significant source of growth.

Fuel consumption by CVRD's railway network, as measured in litres per 1000 gross ton kilometres (gtk) was down by 6% in 2002, contributing to a reduction in operating costs.

At CVRD’s ports, 26.3 million tons of general cargo were handled in 2002, compared with 21.7 million tons in the previous year.

VOLUME SOLD - GENERAL CARGO RAILROAD TRANSPORTATION

million ntk

	4Q 01	3Q 02	4Q 02	2001	2002
EFVM	2,791	3,049	2,968	11,081	11,561
EFC	423	841	819	1,819	3,172
Total	3,214	3,890	3,787	12,900	14,733

Due to the closure of the Igarapé Bahia mine at the end of June 2002, sales of gold have fallen sharply. CVRD sold 331,479 ounces in 2002, compared to 508,472 ounces in 2001. The Fazenda Brasileiro mine, the only gold mine in operation at the moment, is expected to end operations at the end of 2004.

Sales of alumina, by Alunorte, amounted to 1.64 million tons at an average price of US$ 164 per ton. However, only from 3Q02 did the operating and financial results of this company form part of the consolidated figures.

Potash sales, of 731,000 tons, were up 45.3% compared to 2001. The Taquari –Vassouras mine operated above the nominal capacity and existing inventory was used to meet the growth in demand.

Gross operating revenues amounted to US$ 4.272 billion, an increase of 4.8% compared to the previous year.

VOLUME SOLD – OTHER PRODUCTS

thousand tons

	4Q 01	3Q 02	4Q 02	2001	2002
Gold (troy ounces)	141,144	63,531	40,639	508,472	331,479
Manganese	na	213	123	913	665
Ferro-alloys	na	176	153	252	522
Alumina	57	348	502	169	989
Aluminum	32	49	51	153	196
Bauxite	283	398	180	862	1,125
Potash	95	223	203	503	731
Kaolin	87	112	95	317	330

Sales of iron ore and pellets were responsible for revenues of US$ 2.820 billion, up 8.5% on 2001. Due to the consolidation of Alunorte, which in turn implied the consolidation of US$ 126 million in revenues, and the increase in the volume sold of bauxite, alumina and primary aluminum, revenues from the aluminum businesses amounted to US$ 462 million, an increase of US$ 178 million relatively to 2001.

Revenues from logistics services, of US$ 458 million, fell for the second year running, having been US$ 608 million in 2001 and US$ 760 million in 2000. Three main factors were responsible for this trend: (a) the logistics business is a local business with the price of its services denominated in BRL, whose value in USD terms has depreciated by 44.7% since the end of 2000; (b) CVRD acquired control of iron ore mining companies - Samitri and Ferteco - which were clients of EFVM, which implied a fall in revenues of around US$ 20 million in 2002; (c) Docenave is stopping to carry out dry bulk cargo, dictated by strategic guidelines, which represents a loss in revenues of US$ 140 million in 2002.

Nonetheless, this trend, as indicated by the strong growth in logistics services is likely to see a reversal, unless the BRL continues to devalue against the USD, which we consider to be unlikely.

In summary, iron ore was responsible for 50% of total revenues, pellets for 16%, aluminum for 11%, logistics for 11%, manganese and ferro-alloys 6%, and potash, kaolin, gold and others, 6%.

Around 89% of gross sales in 2002 was either denominated or indexed to the USD, with only 11% being denominated in BRL.

GROSS REVENUES BY PRODUCT

US$ million

	4Q 01	3Q 02	4Q 02	2001	%	2002	%
Iron Ore	584	513	539	2,003	49.1%	2,147	50.3%
Pellets	79	196	203	597	14.6%	673	15.8%
Gold	39	21	13	139	3.4%	103	2.4%
Logistics	144	128	88	608	14.9%	458	10.7%
Aluminum. Alumina and Bauxite	60	144	152	284	7.0%	462	10.8%
Manganese and Ferro-alloys	59	78	67	259	6.4%	283	6.6%
Potash	13	27	24	71	1.7%	91	2.1%
Kaolin	8	13	2	41	1.0%	35	0.8%
Wood and Pulp	1	-	-	54	1.3%	-	0.0%
Others	(9)	13	(7)	21	0.5%	20	0.5%
Total	**978**	**1,133**	**1,081**	**4,077**	**100.0%**	**4,272**	**100.0%**

GROSS REVENUES BY DESTINATION

US$ million

	4Q 01	3Q 02	4Q 02	2001	%	2002	%
Domestic Market	**300**	**391**	**250**	**1,283**	**31.5%**	**1,279**	**29.9%**
Foreign Market	**678**	**742**	**831**	**2,794**	**68.5%**	**2,993**	**70.1%**
United States	128	70	101	415	10.2%	266	6.2%
Europe	281	379	339	1,084	28.8%	1,444	33.8%
Middle East and Africa	105	51	68	200	4.9%	193	4.5%
Japan	90	63	72	392	7.4%	266	6.2%
Asia except Japan	69	117	125	509	12.5%	519	12.1%
Latin America and others	5	62	126	194	4.8%	305	7.1%
Total	**978**	**1,133**	**1,081**	**4,077**	**100.0%**	**4,272**	**100.0%**

NET EARNINGS PERFORMANCE IN 2002

The net earnings obtained in 2002, of US$ 680 million, represented a fall of 47.2% in relation to the earnings reported of US$ 1.287 billion in 2001. However, as mentioned previously, if adjustments are made for the capital gains resulting from the sale of assets (CSN, Bahia Sul and Cenibra in 2001 and Florestas Rio Doce in 2002), which are of a non-recurring nature, the *pro forma* profit in 2002 amounted to US$ 631 million compared to US$ 503 million in 2001.

The following factors contributed negatively to the results in 2002: (a) an increase in taxes, with the levying of Cofins on the sales of iron ore to the domestic market; (b) an increase of US$ 7 million in mineral exploration and technological development expenses; (c) realised losses in the derivative operations used to hedge against volatility in interest rates, commodity prices (gold and aluminum) and exchange rate (yen/USD) of US$ 92 million; (d) provision of US$ 40 million due to the anticipation of the closing of the Fazenda Brasileiro gold mine, from 2009 to 2004; (e) an additional negative effect of

US$ 154 million in monetary variation on liabilities, caused by the devaluation of the BRL in relation to the USD; (f) an increase of US$ 54 million in provisions for losses on investments, influence principally by the write-off of the US$ 86 million premium paid for the acquisition of control of Caemi.

Losses realised with derivatives to hedge against fluctuation in gold price, of US$ 22 million, afected operating costs. Loss with transactions to protect against Libor fluctuation, of US$ 68 million, are accounted as financial expenses. In the case of loss with currency fluctuation, the result, US$ 2 million, were allocated as monetary variation.

On the positive side, of note is the strong increase of US$ 195 million in gross operating revenues; the reduction, despite the strong increase in sales, of US$ 19 million in the cost of goods sold; the drop of US$ 17 million in sales, general and administrative expenses; and the increase of US$ 21 million in equity income generated by non-consolidated companies.

COST OF GOODS SOLD

US$ million

	4Q 01	3Q 02	4Q 02	2001	2002
Personnel	59	58	54	243	231
Materials	113	114	123	427	459
Outsourced Services	131	98	105	415	360
Acquisition of Iron Ore and Pellets	180	140	165	752	692
Acquisition of bauxite	-	31	32	-	74
Depreciation and Depletion	63	62	31	252	250
Others	11	47	62	183	187
Total	**557**	**550**	**572**	**2,272**	**2,253**

The profit recorded in 4Q02, of US$ 569 million, was mainly driven by the reversal of the monetary variation effect on foreign currency denominated loans of US$ 757 million, caused by the 9.3% depreciation of the USD relative to the BRL between 30 September and 31 December 2002. Besides that, there was a partial reversion of the provision made in the 3Q02 due to the obligation granted to VALIA - CVRD's pension fund - of a return of 6% per year plus IGP-DI on the value of CSN shares transferred to the pension fund in March 2001. The reversion of US$ 41 million was made given that CSN shares traded at the BOVESPA, closed the year at R$ 51.06, very close to the price set in the contract, of R$ 51.14 per share at that date. As a result, only R$ 1 million was left provisioned.

CASH GENERATION

Free cash flow (operational cash flow minus investments) generated in 2002 amounted to US$ 1.256 billion, 27.3% higher than that recorded in 2001, of US$ 987 million. The level of cash flow permitted, with a room to spare, the payment of dividends in the form of interest on shareholders equity, and interest on debt, of US$ 602 million and US$ 188 million respectively.

EBITDA for 2002 amounted to US$ 1.789 billion, representing an increase of 1% on the EBITDA of US$ 1.772 billion reported in the previous year. EBITDA margin reached 43.5%.

In 2002, adjustments for non-cash items amounted to US$ 104 million and dividends received from non-consolidated companies amounted to US$ 91 million. In 2001, adjustments for non-cash items amounted to US$ 466 million and dividends received were US$ 41 million higher than in 2002, totalling US$ 132 million.

MRN, with US$ 32 million, Samarco, with US$ 17 million, CSI, with US$ 9 million, Valesul and GIIC, with US$ 6 million, were responsible for 77% of the dividends received by CVRD from its non consolidated affiliates.

The ferrous minerals business (iron ore, pellets, manganese and ferro-alloys) contributed with 80.7% of total EBITDA, logistics services with 9.4%, aluminum with 5.1%, non ferrous minerals (gold, potash and kaolin) with 3.9% and steel products with 0.9%.

EBITDA COMPOSITION

	US$ million
	2002
Net Operating Revenues	4,113
COGS	(2,253)
SG&A	(224)
Research and Development	(50)
Other Operational Expenses	(206)
Adjustment for Exceptional Non-Cash Items	104
Provision for Contingencies	54
Pension Funds	11
Gold Hedge	22
Write-off Assets	35
Others	(18)
EBIT	**1,484**
Depreciation. Depletion and Amortization	214
Dividends Received	91
EBITDA	**1,789**

EBITDA AND EBITDA MARGIN

	4Q 01	3Q 02	4Q 02	2001	2002
EBITDA (US$ million)	385	483	406	1,772	1,789
EBITDA Margin (%)	41.0	44.1	39.0	44.4	43.5

DEBT

As of December 31, 2002, CVRD's total debt amounted to US$ 3.331 billion, down US$ 604 million from the peak reached at the end of 1QO2, of US$ 3.935 billion. Relative to the position at the end of 2001, there was a slight increase of US$ 87 million.

Short-term debt amounted to US$ 965 million, representing 29% of the total, while long-term debt amounted to US$ 2.366 billion.

Cash holdings at the end of 2002 amounted to US$ 1.091 billion, slightly down from the position as of December 31, 2001, of US$ 1.117 billion. Thus, net debt at the end of December 2002 amounted to US$ 2.240 billion.

Total debt was equivalent to just 1.9 times EBITDA for the year and 23% of enterprise value as of December 31, 2002, which indicates a very comfortable level of gearing. EBITDA/interest coverage was 6.7 times despite the relatively high cost of debt for companies based in non-investment grade countries like Brazil.

DEBT INDICATORS		
		US$ million
	2001	2002
Gross Debt	3,244	3,331
Net Debt	2,127	2,240
Gross Debt / LTM EBITDA (x)	1.83	1.86
EBITDA / Interest Coverage (x)	7.32	6.65
Gross Debt / Total Assets (x)	0.26	0.23

FINANCIAL STATEMENT

US$ million

	4Q 01	3Q 02	4Q 02	2001	2002
Gross Operating Revenues	978	1,133	1,081	4,077	4,272
Value Added Tax	(40)	(39)	(42)	(142)	(159)
Net Operating Revenues	**938**	**1,094**	**1,039**	**3,935**	**4,113**
Cost of Goods Sold	(557)	(550)	(572)	(2,272)	(2,253)
Gross Income	**381**	**544**	**467**	**1,663**	**1,860**
Gross Margin (%)	40.6	49.7	44.9	42.3	45.2
SG&A Expenses	(53)	(79)	(22)	(241)	(224)
R&D Expenses	(12)	(15)	(14)	(43)	(50)
Employee Profit Sharing Plan	(17)	(14)	(18)	(38)	(38)
Others	(44)	(82)	49	(379)	(119)
Operational Income	**255**	**354**	**462**	**962**	**1,429**
Financial Income	55	10	40	135	127
Financial Expenses	(95)	(173)	(23)	(335)	(375)
Foreign Exchange and Monetary Gain (loss)	317	(511)	246	(426)	(580)
Gains on sales of investments	-	49	(49)	784	-
Income Taxes - Current	5	-	(8)	46	(12)
Income Taxes - Deferred	170	148	(101)	172	161
Equity in Results of Affiliates and Joint Ventures	(41)	12	(32)	(49)	(28)
Change in Provisions for Losses on Equity Investments	41	(86)	67	(4)	(59)
Minority Interests	(5)	47	(33)	2	17
Net Income	**702**	**(150)**	**569**	**1,287**	**680**
Earnings per Share (US$)	**1.82**	**(0.39)**	**1.48**	**3.34**	**1.77**

BALANCE SHEET

US$ million

	4Q 01	3Q 02	4Q 02	2001	2002
Assets					
Current Assets	2,638	2,893	2,589	2,638	2,589
Long Term Assets	1,839	1,170	1,337	1,839	1,337
Permanent Assets	5,031	3,429	4,029	5,031	4,029
Total	**9,508**	**7,492**	**7,955**	**9,508**	**7,955**
Liabilities and Stockholders' Equity					
Current Liabilities	1,921	1,602	1,508	1,921	1,508
Long Term Liabilities	2,947	3,282	3,160	2,947	3,160
Shareholders' Equity	4,640	2,608	3,287	4,640	3,287
Capital	2,709	2,944	2,944	2,709	2,944
Reserves	1,931	(336)	343	1,931	343
Total	**9,508**	**7,492**	**7,955**	**9,508**	**7,955**

Consolidated Statements of Cash Flows

Expressed in millions of United States dollars

	Year ended December 31		
	2002	**2001**	**2000**
Cash flows from operating activities:			
Net income	680	1,287	1,086
Adjustments to reconcile net income with cash provided by operating activities:			
Depreciation, depletion and amortization	214	212	195
Dividends received	91	132	133
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	87	53	(322)
Deferred income taxes	(161)	(172)	(42)
Provisions for contingencies	53	79	101
Loss on disposals of property, plant and equipment	62	79	47
Gain on sale of investments	-	(784)	(54)
Pension plan	11	32	41
Foreign exchange and monetary losses	1,031	460	208
Net unrealized derivative losses	28	38	-
Others	84	129	118
Decrease (increase) in assets:			
Accounts receivable	(123)	(49)	(63)
Inventories	(69)	(40)	(50)
Others	(105)	17	(103)
Increase (decrease) in liabilities:			
Suppliers	102	21	84
Payroll and related charges	23	42	(1)
Others	94	(18)	46
Net cash provided by operating activities	**2,102**	**1,518**	**1,424**
Cash flows from investing activities:			
Loans and advances receivable			
Related parties			
Additions	(101)	(75)	(168)
Repayments	75	79	32
Others	20	7	8
Guarantees and deposits	(78)	(85)	(98)
Additions to investments	(1)	(338)	(538)
Additions to property, plant and equipment	(766)	(595)	(447)
Proceeds from disposals of property, plant and equipment	7	3	1
Proceeds from disposal of investments	-	989	44
Net cash used to acquire subsidiaries	(45)	(516)	(323)
Net cash used in investing activities	**(889)**	**(531)**	**(1,489)**
Cash flows from financing activities:			
Short-term debt, net issuances	(345)	(28)	(278)
Loans			
Related parties			
Additions	54	145	8
Repayments	(75)	(44)	(42)
Perpetual notes	-	-	120
Long-term debt			
Related parties	17	66	62
Others	698	317	750
Repayments of long-term debt			
Related parties	(15)	(40)	(25)
Others	(330)	(310)	(419)
Interest attributed to stockholders	(602)	(1,066)	(246)
Treasury stock	-	(27)	-
Net cash used in financing activities	**(598)**	**(987)**	**(70)**
Increase (decrease) in cash and cash equivalents	615	-	(135)
Effect of exchange rate changes on cash and cash equivalents	(641)	(94)	(107)
Cash and cash equivalents, beginning of period	1,117	1,211	1,453
Cash and cash equivalents, end of period	**1,091**	**1,117**	**1,211**
Cash paid during the period for:			
Interest on short-term debt	(46)	(45)	(48)
Interest on long-term debt, net of interest capitalized of $ 15 in 2002, $11 in 2001, $12 in 2000	(142)	(153)	(128)
Income tax	(12)	(46)	(6)
Non-cash transactions			
Special pension plan contribution in shares of CSN	-	249	-
Exchange of loans receivable for investments	55	35	7

CAPITAL EXPENDITURE IN 2002

CVRD's strong operational cash generation allows growth initiatives to be judged on their merits, free from the influence of short-term liquidity problems.

Investment realised in 2002 amounted to US$ 898.2 million. Discounting acquisitions this year, capital expenditure amounted to US$ 803.1 million.

The largest tranche of investment realised in 2002, US$ 435.1 million, was allocated to projects.

US$ 328 million was spent on the ferrous mining business, US$ 136.2 million of which was invested in projects. US$ 81.6 million was spent on the construction of the São Luiz pellet plant and its supporting infrastructure - the plant entering into service in the second half of the year. US$ 35.1 million was spent on expanding the transport capacity in the Northern System to increase the rate at which iron ore can be carried away from the mines. This included the construction of Pier III at the port of Ponta da Madeira and the construction and enlargement of the iron ore stockyards, in which US$ 18.4 million and US$ 14.8 million was invested, respectively.

The manganese and ferro-alloy companies carried out investment of approximately US$ 19.0 million, of which US$ 3.1 million was spent on converting the SIBRA III plant from producer of silicon based metals to a producer of manganese alloys.

US$68.4 million was allocated to logistics projects, US$ 28.3 million in the purchase of locomotives, and US$ 30.2 million in the enlargement of general cargo handling capacity in the Southern System.

US$ 75.8 million was invested in the development of the Sossego copper project, begun in April and which is expected to begin operations in the middle of 2004, marking CVRD's into a new market. In June, CVRD acquired total control of Salobo Metais, part of the Salobo project, from Anglo American, for US$ 50.9 million.

In the aluminum area, US$ 63.9 million was spent in the second half of 2002 on expanding alumina production capacity from 1.6 million tons a year to 2.4 million tons. The works were completed in January 2003 and the plant is now operating, on an experimental basis, using the new capacity.

The project to expand capacity at the Taquari-Vassouras potash mine in the state of Sergipe, in 2002 required US$ 7.9 million. The new production capacity, of 850,000 tpa, is expected to come on stream towards the middle of 2005.

Construction of the hydroelectric plants involved investment of US$ 78.1 million. Most of this was spent on the plants at Aimorés (US$ 40.2 million) and Candonga (US$ 16.4 million) and the completion of Funil (US$ 17.2 million), which entered into service in December 2002. Candonga, which will have a capacity of 140 MW, and Aimorés, with 330 MW, are scheduled to enter into service at the end of 2003.

US$ 47.1 million was injected into Celmar, with the aim of paying off the capital and interest on a long-term loan and maintaining forestry plantation activity. The assets of Celmar are to be integrated with the project to produce pig iron in the North of Brazil.

Investments in maintenance and environmental protection amounted to US$ 238.1 million, most of which was spent on landfill and improving the areas around the iron ore mines and the Company's logistics routes.

The Company invested US$ 32.1 million in mineral prospecting during the year, continuing its search for new deposits of copper, nickel, gold, platinum and zinc, among others. In addition to this, US$ 12.9

million was invested by the BNDES, under the Mineral Risks Contract agreement, which amounted to US$ 45.0 million in 2002.

A further US$ 14.2 million was invested in information technology and US$ 6.9 million in technological research.

CAPITAL EXPENDITURES* - 2002					
By business area	**US$ million**	**%**	**By category**	**US$ million**	**%**
Ferrous Minerals	328.0	36.5%	Capital Injections	76.7	8.5%
Logistics	143.1	15.9%	Maintenance	238.1	26.5%
Non-Ferrous Minerals	150.1	16.7%	Projects	435.1	48.4%
Energy	81.8	9.1%	Mineral Exploration	32.1	3.6%
Aluminum	109.8	12.2%	Information Technology	14.2	1.6%
Others	85.5	9.5%	Technological Research	6.9	0.8%
			Acquisitions	95.1	10.6%
Total	**898.2**	**100%**	**Total**	**898.2**	**100%**

* Consolidated CAPEX according to US GAAP criteria.

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED					
					US$ million
HISPANOBRAS	**4Q 01**	**3Q 02**	**4Q 02**	**2001**	**2002**
Sales (thousand tons)	998	686	1,139	3,608	3,567
Foreign Market	148	166	313	1,218	1,321
Domestic Market	850	520	826	2,390	2,246
Average Price (US$/ton)	31.12	32.07	25.80	31.42	29.77
Net Operating Revenues	31	24	31	113	110
Cost of Goods Sold	(25)	(20)	(29)	(92)	(94)
Financial Results	1	1	-	1	1
Net Earnings	2	4	1	10	10
Gross Margin (%)	19.4	16.7	6.5	18.6	14.5
EBITDA	4	5	1	20	16
EBITDA Margin (%)	12.9	20.8	3.2	17.7	14.5
NIBRASCO	**4Q 01**	**3Q 02**	**4Q 02**	**2001**	**2002**
Sales (thousand tons)	1,371	1,842	2,116	6,993	7,215
Foreign Market	432	290	733	2,311	2,166
Domestic Market	939	1,552	1,333	4,682	5,049
Average Price (US$/ton)	27.90	25.96	28.52	29.80	28.64
Net Operating Revenues	38	52	61	208	210
Cost of Goods Sold	(34)	(47)	(52)	(180)	(185)
Financial Results	1	-	(1)	(1)	(3)
Net Earnings	(15)	2	3	(4)	7
Gross Margin (%)	10.5	9.6	14.8	13.5	11.9
EBITDA	(13)	6	9	26	27
EBITDA Margin (%)	(34.2)	11.5	14.8	12.5	12.9
Gross Debt (in US$ million)					
- Short Term	2	2	2	2	2
- Long Term	4	2	1	4	1
Total	**6**	**4**	**3**	**6**	**3**
ITABRASCO	**4Q 01**	**3Q 02**	**4Q 02**	**2001**	**2002**
Sales (thousand tons)	**995**	**815**	**913**	**3,287**	**3,307**
Foreign Market	700	572	431	2,247	2,180
Domestic Market	295	243	482	1,040	1,127
Average Price (US$/ton)	31.90	30.06	30.18	31.72	29.51
Net Operating Revenues	27	26	27	100	100
Cost of Goods Sold	(22)	(23)	(25)	(81)	(89)
Financial Results	(2)	5	(2)	1	6
Net Earnings	1	3	2	9	9
Gross Margin (%)	18.5	11.5	7.4	19.0	11.0
EBITDA	4	1	1	17	5
EBITDA Margin (%)	14.8	3.8	3.7	17.0	5.0
Gross Debt (in US$ million)					
- Short Term	-	-	-	-	-
- Long Term	1	15	-	1	-
Total	**1**	**15**	**-**	**1**	**-**

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

US$ million

KOBRASCO	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	**1,068**	**850**	**1,316**	**4,184**	**4,034**
Foreign Market	558	850	1,074	2,135	2,894
Domestic Market	510	-	242	2,049	1,140
Average Price (US$/ton)	31.20	29.47	29.97	30.93	30.09
Net Operating Revenues	33	25	41	128	121
Cost of Goods Sold	(27)	(21)	(30)	(101)	(97)
Financial Results	17	(46)	15	(27)	(61)
Net Earnings	(1)	(24)	7	(17)	(31)
Gross Margin (%)	18.2	16.0	26.8	21.1	19.8
EBITDA	(15)	5	10	28	25
EBITDA Margin (%)	(45.5)	20.0	24.4	21.9	20.7
Gross Debt (in US$ million)					
- Short Term	-	-	-	-	-
- Long Term	129	147	114	129	114
Total	**129**	**147**	**114**	**129**	**114**
SAMARCO	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	**2,571**	**3,871**	**3,834**	**11,201**	**14,442**
Average Price (US$/ton)	29.55	27.93	29.22	29.70	28.60
Net Operating Revenues	81	100	108	328	392
Cost of Goods Sold	(43)	(46)	(41)	(163)	(184)
Financial Results	13	(52)	5	(90)	(90)
Net Earnings	60	(23)	63	36	56
Gross Margin (%)	46.9	54.0	62.0	50.3	53.1
EBITDA	58	53	74	172	216
EBITDA Margin (%)	71.6	53.0	68.5	52.4	55.1
Gross Debt (in US$ million)					
- Short Term	171	169	142	171	142
- Long Term	110	76	66	110	66
Total	**281**	**245**	**208**	**281**	**208**
GIIC* (US$ thousand)	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	785	643	932	3,053	3,074
Foreign Market	785	643	932	3,053	3,074
Domestic Market	-	-	-	-	-
Average Price (US$/ton)	42.88	41.55	40.40	41.66	40.98
Net Operating Revenues	29,031	26,720	37,649	127,168	125,969
Cost of Goods Sold	(23,004)	(24,939)	(30,955)	(111,125)	(109,117)
Financial Results	129	(217)	(458)	1,449	(564)
Net Earnings	4,987	1,777	3,098	13,034	10,304
Gross Margin (%)	20.8	6.7	17.8	12.6	13.4
EBITDA	6,220	3,068	4,972	17,119	16,200
EBITDA Margin (%)	21.4	11.5	13.2	13.5	12.9

* financial indicators according to IASC (International Accounting Standards Committee)

ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED

US$ million

MRN	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	**3,175**	**2,555**	**2,982**	**10,952**	**9,928**
Foreign Market	992	740	601	3,413	2,616
Domestic Market	2,183	1,815	2,381	7,539	7,312
Average Price (US$/ton)	21.67	12.46	20.54	20.63	18.95
Net Operating Revenues	62	43	55	211	173
Cost of Goods Sold	(31)	(30)	(29)	(111)	(107)
Financial Results	(1)	-	-	(1)	(1)
Net Earnings	28	30	17	81	94
Gross Margin (%)	50.0	30.2	47.3	47.4	38.2
EBITDA	40	27	36	131	101
EBITDA Margin (%)	64.5	62.8	65.5	62.1	58.4
Gross Debt (in US$ million)					
- Short Term	1	23	29	1	29
- Long Term	22	78	76	22	76
Total	**23**	**101**	**105**	**23**	**105**
ALBRAS	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	**70**	**104**	**104**	**332**	**406**
Foreign Market	66	101	100	317	393
Domestic Market	4	3	4	15	13
Average Price (US$/ton)	1,282.77	1,289.68	1,306.47	1,428.99	1,306.38
Net Operating Revenues	91	132	136	472	529
Cost of Goods Sold	(60)	(79)	(78)	(281)	(316)
Financial Results	86	(153)	56	(121)	(231)
Net Earnings	80	(73)	135	51	20
Gross Margin (%)	34.1	40.2	42.6	40.5	40.3
EBITDA	34	59	57	195	219
EBITDA Margin (%)	37.4	44.7	41.9	41.3	41.4
Gross Debt (in US$ million)					
- Short Term	183	20	20	183	20
- Long Term	450	499	466	450	466
Total	**633**	**519**	**486**	**633**	**486**
VALESUL	4Q 01	3Q 02	4Q 02	2001	2002
Sales (thousand tons)	**16**	**19**	**27**	**76**	**90**
Foreign Market	5	8	13	23	42
Domestic Market	11	11	14	53	48
Average Price (US$/ton)	1,757.16	1,654.96	1,618.98	1,880.19	1,661.77
Net Operating Revenues	26	30	40	129	139
Cost of Goods Sold	(19)	(20)	(27)	(91)	(99)
Financial Results	(1)	-	-	(4)	(1)
Net Earnings	3	6	10	19	25
Gross Margin (%)	26.9	33.3	32.5	29.5	28.8
EBITDA	6	9	14	36	38
EBITDA Margin (%)	23.1	30.0	35.0	27.9	27.3
Gross Debt (in US$ million)					
- Short Term	1	1	1	1	1
- Long Term	2	1	1	2	1
Total	**3**	**2**	**2**	**3**	**2**