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COMPANHIA VALE DO RIO DOCE
THIRD QUARTER PERFORMANCE 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 form part of 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, 13 November 2002 – Companhia Vale do Rio Doce (CVRD) has reported accumulated net earnings in the first nine months of the year of US$ 111 million, the equivalent of US$ 0.29 per share, compared to US$ 585 million in the same period a year earlier. In the third quarter of 2002 (3Q02), it obtained a loss of US$ 150 million, corresponding to US$ 0.39 per share. .

The depreciation of the Real (BRL) against the US dollar (USD) was the main factor behind this quarterly loss, due to the strong impact on net liabilities in foreign currency.

The BRL/USD exchange rate on the last day of 3Q02, relevant for the calculation of the exchange rate effect on net foreign exchange liabilities, was BRL 3.8949/USD, up 36.9% relative to the rate recorded on the last day of 2Q02, of BRL 2.8444/USD. The average daily exchange rate in 3Q02, which affects CVRD's cash flow and operating income, was BRL 3.1227/USD, a 25% increase over the previous quarter, of BRL 2.4408/USD.

CVRD's cash flow is positively correlated to the appreciation in the USD against the BRL, due to the asymmetry between revenues and expenses in regard to currency composition. For example, in the first nine months of 2002 84% of gross revenues were denominated in USD while 72% of the cost of goods sold (COGS) was denominated in BRL.

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, 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, 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 10 year U.S. Treasury Bonds. For 2002, it is estimated that the dividend yield will be close to the average of the last five years.

Gross revenues in the third quarter amounted to US$ 1.133 billion, up by 5.8% compared with 2Q02, and 6.4% compared with the same quarter a year earlier. Revenues for the first nine months of the year amounted to US$ 3.191 billion,

Cash generation as measured by EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to US$ 483 million in 3Q02, 5.9% higher than in 2Q02 and 1.8% lower than in 3Q01. EBITDA for the first nine months of the year amounted to US$ 1.383 billion.

Free cash flow, after investments, was US$ 541 million in 3Q02, amounting to US$ 1.069 billion in the year. Capital expenditures of CVRD totalled US$ 195.7 million and US$ 615.7 million in the first nine month of 2002.

The iron ore and pellets volume shipped amounted to 42.388 million tons, a new quarterly record, up 3.1% on 2Q02 and up 11.4% on 3Q01. Sales volume for the first nine months of 2002 amounted to 120.2 million tons.

By the same token, general cargo transportation (cargo other than iron ore and pellets) set a new quarterly record. CVRD's railroads (Carajás and Vitória a Minas) transported 3.89 billion net ton kilometres (ntk).

During the first nine months of the year 10.946 billion ntk were transported compared to 9.770 billion in the same period in 2001, therefore showing an increase of 12%. This performance began to reflect focus on maximising the use of transportation assets, which is being achieved through greater integration between CVRD's own assets, exploitation of intermodal connections and the offering of new services, such as the scheduled trains.

At the end of 3Q02, CVRD's total debt amounted to US$ 3.579 billion, down from the level of US$ 3.914 billion on June 30, 2002. Debt leverage and interest coverage indicators continued at comfortable levels. On September 30, 2002, total debt was 2.02 times LTM EBITDA and equivalent to 29% of the Company's total assets, while in 3Q02, EBITDA was 9.29 times interest expenses.

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 US$ 52.3 million, resulting in a capital gain of US$ 49 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, 2002, the trading of these securities was authorised by the SND. More detailed information on these debentures can be found on CVRD's website (www.cvrd.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 US, 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 car sales, 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 Euroland GDP growth to 0.75% in 2002 and 2% in 2003. In Japan, the recovery driven by external demand has losed 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 CRUspi 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 Pacific Northwest, 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.

REVENUES AND SALES VOLUMES

Sales volume of iron ore and pellets in 3Q02 reached a record level of 42.388 million tons, surpassing the previous record of 41.098 million tons achieved in 2Q02. In the first nine months of 2002, shipments totalled 120.2 million tons, an increase of 8.5% compared to the same period a year earlier.

The average iron ore and pellets sales prices in the quarter were US$ 15.23 per ton and US$ 30.54 per ton, respectively.

Pellet sales amounted to 4.847 million tons, down 1.9% on the previous quarter but 9.4% higher YoY. In 3Q02 CVRD purchased 2.749 million tons from its pellet joint ventures for resale to its customers. In 2Q02 these purchases amounted to 3.049 million tons, while the total for the first nine months of the year amounted to 7.568 million tons, compared to 7.553 million tons in the same period of last year.

Iron ore volumes sold by CVRD Parent Company to China totalled 13.6 million tons in the first nine months of the year, up 18.3% compared to the same period in 2001. The Chinese market in 2002 became the Parent Company's second largest market, accounting for 13% of sales, being only exceeded by the Brazilian domestic market, with 15%.

CONSOLIDATED SALES OF IRON ORE AND PELLETS

thousand tons

	3Q 01	%	2Q 02	%	3Q02	%
Iron Ore	33,624	88.4%	36,159	88.0%	37,541	88.6%
Pellets	4,430	11.6%	4,939	12.0%	4,847	11.4%
Total	**38,054**	100.0%	**41,098**	100.0%	**42,388**	100.0%

Sales of manganese and ferro-alloys also saw a good performance in 3Q02. 213,000 tons of manganese were sold compared to 120,000 in 2Q02 and 352,000 in 3Q01, when due to power rationing in Brazil, CVRD was forced to cut production of ferro-alloys and sell most of its manganese production in the market. Ferro-alloys sales totalled 176,000 tons in 3Q02, compared to 93,000 tons in 2Q02 and 135,000 tons in 3Q01.

Railroad general cargo transportation for customers achieved a new record in 3Q02, with the shipment of 3.89 billion net ton kilometres (nkt), 6.4% higher than in 2Q02 and 16.5% higher than in 3Q01. In the first nine months of the year, CVRD's railroads (EFVM and EFC) transported 10.946 billion nkt of general cargo, compared to 9.777 billion nkt in the same period in 2001. Part of this growth is explained by CVRD's increased participation in the transport of agricultural products, particularly grains, an operation that has made the integration between CVRD's transportation assets of particular importance, on such links as FCA – EFVM – the Port of Tubarão, as well as Norte Sul Railroad (state owned railway network operated by CVRD) – EFC – the Port of Ponta da Madeira.

FCA, a railroad in which CVRD is a shareholder, as well as being the operator, transported 2.209 billion ntk in 3Q02 compared to 2.253 billion ntk in 2Q02 and 2.167 billion ntk in 3Q01.

Railroad's productivity indicators showed an improvement in the quarter. EFVM transported 0.96 million ntk per locomotive in service, per day, compared to 0.95 million in 2Q02, while for EFC this index remained constant at 1.91 million ntks. The fleet of waggons was more intensively used for general cargo on both railroad networks. EFVM transported 5,540 ntk per waggon in service per day in 3Q02 compared to 4,810 in 2Q02 and EFC, 16,340 ntk compared to 15,960 ntk 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
Total	**2,999**	**3,433**	**3,338**	**3,214**	**3,401**	**3,655**	**3,890**
Ferrovia Centro Atlântica	1,962	2,236	2,167	1,993	1,832	2,253	2,209

SALES VOLUME - CARGO TRANSPORTATION

thousand tons

	1Q 02	2Q 02	3Q 02
Railroads	12,152	12,818	13,525
Ports	4,412	9,345	8,950
Shipping	658	338	2,786

Gold sales fell sharply due to the closure of the Igarapé Bahia at the end of the last quarter. CVRD, therefore, sold only 63.531 troy ounces of gold in 3Q02 compared to 111.854 in 2Q02 and 144.295 in 3Q01.

Third quarter sales of alumina, by Alunorte, with an average price of US$ 170.13 per ton, amounted to 348,000 tons. In the first nine months of the year, Alunorte sold 1.219 million tons at an average price of US$ 165 per ton. However, the operating and financial results of this company only became part of the consolidated figures from 3Q02.

Potash sales totalled 223,000 tons, 16.1% higher QoQ and 79.8% higher YoY. The Taquari-Vassouras mine is operating at full capacity – 600,000 tons per year – and all production for the year 2002 has already been pledged to clients, a performance caused by the strong growth in Brazil's agricultural sector.

VOLUME SOLD – OTHER PRODUCTS

thousand tons

	3Q 01	2Q 02	3Q 02
Gold (troy ounces)	144,295	111,854	63,531
Manganese	352	120	213
Ferro-alloys	135	93	176
Alumina	42	106	348
Aluminum	35	53	49
Bauxite	162	407	398
Potash	124	192	223
Kaolin	69	60	112

Gross operating revenues totalled US$ 1.133 billion in 3Q02, up 5.8% compared to the previous quarter and 6.4% higher than in 3Q01. In the first nine months of 2002, revenues generated amounted to US$ 3.191 billion compared to US$ 3.099 billion in the same period a year earlier.

Sales of iron ore accounted for 47.6% of total revenue, pellets 15%, transportation services 11.3%, products in the aluminum chain (bauxite, alumina and primary aluminum) 12.7%, manganese and ferro-alloys 6.9%, potash 2.4% and gold 1.9%.

Despite the growth in logistics activities, as mentioned earlier, revenues from this business have been falling in USD terms, from US$ 142 million in 3Q01 to US$ 131 million in 2Q02 and US$ 128 million in 3Q02. This is due to the sharp depreciation in the BRL, given that logistics is a local business and the prices of its services are quoted in local currency.

CVRD has stakes in two hydroelectric 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 reduction, 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 US$ 4 million.

GROSS REVENUE BY PRODUCT

US$ million

	3Q 01	%	2Q 02	%	3Q 02	%
Iron Ore	451	42.3%	557	52.0%	539	47.6%
Pellets	230	21.6%	146	13.6%	170	15.0%
Gold	40	3.8%	35	3.3%	21	1.9%
Transportation	142	13.3%	131	12.2%	128	11.3%
Aluminum, Alumina and Bauxite	63	5.9%	98	9.2%	144	12.7%
Manganese and Ferro-alloys	87	8.2%	65	6.1%	78	6.9%
Potash	17	1.6%	24	2.2%	27	2.4%
Kaolin	9	0.8%	9	0.8%	13	1.1%
Wood and Pulp	12	1.1%	2	0.2%	-	0.0%
Others	14	1.3%	4	0.4%	13	1.1%
Total	**1,065**	**100.0%**	**1,071**	**100.0%**	**1,133**	**100.0%**

GROSS REVENUES BY DESTINATION

US$ million

	3Q 01	%	2Q 02	%	3Q 02	%
Domestic Market	344	32.3%	345	32.2%	391	34.5%
Foreign Market						
United States	115	10.8%	30	2.8%	70	6.2%
Europe	202	19.0%	384	35.9%	379	33.5%
Middle East and Africa	3	0.3%	35	3.3%	51	4.5%
Japan	130	12.2%	69	6.4%	63	5.6%
Asia except Japan	207	19.4%	142	13.3%	117	10.3%
Latin America and others	64	6.0%	66	6.2%	62	5.5%
Total	1,065	100.0%	1,071	100.0%	1,133	100.0%

EXCHANGE RATE VOLATILITY CAUSES LOSSES IN 3Q02

The negative impact of the sharp devaluation in the BRL against the US dollar on net liabilities in foreign currency, of US$ 511 million, was higher than the operating profit of US$ 400 million, and was the determining factor in causing the loss of US$ 150 million in 3Q02.

In comparison with 2Q02, there was a reduction in COGS of US$ 44 million. This was influenced by the fall in payroll expenses of US$ 17 million, the drop in product purchases expenses (iron ore, pellets, bauxite and primary aluminum) of US$ 82 million and a reduction in depreciation and depletion provisions of US$ 48 million. On the other hand, the cost of contracted services increased by US$ 69 million.

The sale of the assets of Florestas Rio Doce in September generated a capital gain of US$ 49 million.

Sales, general and administrative expenses of US$ 79 million were up US$ 15 million in 3Q02, compared to the previous quarter. A provision for the distribution of a bonus to employees of approximately US$ 14 million also contributed to the rise in expenses.

Non-operational expenses, of US$ 46 million, included the reversal of a provision for losses in Docenave of US$ 30 million, and on the other hand, a write-off of the premium paid in the acquisition of Caemi of US$ 86 million. The total figure registered under this item was US$ 36 million higher than in the previous quarter.

According to SFAS 142, from 2002 companies are obliged to carry out a revaluation of investments acquired with a premium, as well as other investments in subsidiaries and affiliates.

In the first case, the revaluation – the impairment test – is carried out once a year comparing the fair value, estimated using discounted cash flow models, market capitalization or market multiples, with the book value of the investment, including the premium paid. CVRD has decided to carry out this procedure in the third quarter of each year, using, to estimate a fair value, the discounted cash flow method or market capitalization - for listed companies as Caemi, CST and Usiminas. In carrying out this test in this quarter it has been necessary to write down an amount of US$ 86 million, as goodwill paid for the control of Caemi, as its market value is lower than that accounted for in CVRD's books.

The revaluation of investments in subsidiaries and affiliates which do not carry a premium, is carried out each quarter. If the fair value calculated is lower than the booked value of the investment for three quarters running, the difference is considered to be a loss of a permanent nature, and a corresponding adjustment is subsequently made. In this quarter, none of CVRD's investments fell into this category.

The financial result worsened by US$ 90 million between 2Q02 and 3Q02. Losses from interest derivatives and financial expenses with related parties explain most of the deterioration in this result.

CVRD uses derivative operations to fix the rate of interest payable on its financial obligations contracted at floating rates, as well to protect itself from price fluctuations in commodities such as gold or aluminum. The fall in the Libor rate caused losses of US$ 38 million on operations of interest derivatives, which are marked to market.

In March 2001, CVRD transferred its 10.33% stake in CSN, of US$ 249 million, to Valia, its employee pension fund, cancelling the actuarial debt then existing. The contract between CVRD and Valia guarantees the latter a minimum return from the shares in CSN equal to the variation in the IGP-DI (general domestic price index) plus 6% a year. Bearing in mind that this condition was not satisfied, CVRD made a provision in this quarter of US$ 42 million, classified as a corresponding financial expense. This provision could recur in future quarters if the price performance of CSN shares on BOVESPA is lower than the minimum price guaranteed by CVRD to Valia.

The equity income result was negative in US$ 74 million in 3Q02. The effect of the BRL's depreciation on Albras's debt was the main reason for a negative equity income result of US$ 31 million from the aluminum businesses. Albra's total debt on September 30, 2002 was US$ 519 million, from which only 3.9% was short term. Its debt is decreasing over the time, passing from US$ 704.6 million on 1Q01 to US$ 519.0 million on 3Q02, representing a reduction of US$ 185.5 million.

The logistics area also had a negative contribution of US$ 28 million to the equity income result due to the impact o the BRL depreciation on the debt of FCA, MRS and Sepetiba Tecon.

CASH GENERATION

In 3Q02 CVRD generated EBITDA of US$ 483 million, up 5.9% in relation to the previous quarter and slightly lower, 1.8%, compared to 3Q01. EBITDA accumulated in the first nine months of the year amounted to US$ 1.383 billion, compared to US$ 1.387 billion in the same period a year earlier.

EBITDA margin amounted to 44.1% in 3Q02, compared to 44.4% in 2Q02 and 47.7% in 3Q01, reflecting the capacity of CVRD in converting revenues into operational profit.

Adjustment for non-cash items amounted to US$ 22 million, consisting principally of contingency provisions (US$ 13 million) and a special retirement plan (US$ 7 million). US$ 17 million was received in dividends from non-consolidated companies, which decreased US$ 13 million when compared to 2Q02.

The increase of US$ 27 million in EBITDA in relation to 2Q02 was in large part due to a rise of US$ 67 million in net operating revenues and a reduction of US$ 44 million in COGS.

EBITDA produced from the ferrous minerals businesses in 3Q02 represented 76.8% of the total. The aluminum division, with the consolidation of Alunorte, generated 8.9% of the EBITDA, non ferrous minerals, 5.4%, logistics, 7% and others, 1.9%.

Free cash flow, after investments, is growing quarter after quarter during 2002. It increased from US$ 140 million in 1Q02 to US$ 388 million in 2Q02 and US$ 541 million in 3Q02, totalling US$ 1.069 billion in the year.

EBITDA COMPOSITION

	US$ million
	3Q 02
Net Operating Revenues	1,094
COGS	(550)
SG&A	(79)
Research and Development	(15)
Other Operational Expenses	(50)
Adjustment for Exceptional Non-Cash Items	22
Provision for Contingencies	13
Provision for Early-Retirement Programs	7
Pension Funds	2
Tax	(3)
Write-off Assets	3
EBIT	**422**
Depreciation, Depletion and Amortization	44
Dividends Received	17
EBITDA	**483**

DIVIDENDS RECEIVED

	US$ million
	3Q 02
MRN	9
Usiminas	2
CSI	6
TOTAL	**17**

DEBT

CVRD'S total debt fell by US$ 335 million in 3Q02, to US$ 3.579 billion on September 30, 2002, with the payment of various obligations that fell due in this period.

The Company's cash availabilities dropped by US$ 170 million in the period, to US$ 1.402 billion at the end of 3Q02, a lower amount than that spent on paying down debt and on investments carried out in the quarter, US$ 195.7 million.

Indicators for debt leverage and interest coverage remained at comfortable levels, reflecting the Company's good financial health. Total debt was equal to 2.02 times LTM EBITDA and 29% of the value of CVRD's total assets (enterprise value). EBITDA generated in the quarter was equivalent to 9.29 times interest paid in the same period.

DEBT INDICATORS

US$ million

	3Q 01	2Q 02	3Q 02
Gross Debt	3,143	3,914	3,579
Net Debt	1,435	2,342	2,177
Gross Debt / LTM EBITDA	1.72x	2.17x	2.02x
EBITDA / Interest Coverage	N.A.	7.35x	9.29x
Gross Debt / Total Assets	0.29x	0.27x	0.29x

CAPITAL EXPENDITURES

In the third quarter of 2002, CVRD carried out investment of US$ 195.7 million, bringing the accumulated total for the first nine months of the year to US$ 615.7 million. This amount includes disbursements for the acquisition of stakes from Anglo American in the Salobo Copper Project (US$ 50.4 million) and from Mineração Rio do Norte in Alunorte (US$ 42 million), as well as the purchase of full control in Mineração Vera Cruz (US$ 2.2 million), holder of the mining rights on bauxite reserves in the Paragominas, in the state of Pará. The data reported refers to investment carried out by CVRD and its subsidiaries Aluvale, Alunorte and Ferteco, not including, therefore, the capital expenditure by other companies consolidated under the US GAAP method.

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 60% of the amount invested in 3Q02, US$119.2 million, was allocated to greenfield and brownfield capacity expansion.

Of this sum, US$ 28 million was directed to the ferrous segment, 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 depreciation in real terms, in local currency, has helped further to reduce the dollar equivalent cost of this investment, seeing 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 minerals segment, US$ 2.6 million was invested in enlarging the production capacity of the Taquari-Vassouras potash mine. The brownfield expansion to 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.

US$ 34 million was invested in Alunorte, in the project to expand capacity at its plant to 2.4 million tons a year of alumina (Module 3). In the first nine months of 2002, investment in this project amounted to US$ 121 million. The alumina refinery is scheduled to start operations in stage 3 from January 2003.

Maintenance costs for existing operations in 3Q02 amounted to US$ 44.6 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 - 3Q 02

By business area	US$ million	%
Ferrous Minerals	72.3	36.9%
Logistics	24.5	12.5%
Non-Ferrous Minerals	40.6	20.8%
Energy	17.8	9.1%
Aluminum	34.7	17.7%
Others	3.6	1.8%
Total	**193.5**	**98.9%**
Acquisitions	2.2	1.1%
Total	**195.7**	**100.0%**

By category	US$ million	%
Capital Injections	14.9	7.6%
Maintenance	44.6	22.8%
Projects	119.1	60.9%
Mineral Exploration	9.5	4.8%
Environment	1.1	0.6%
Information Technology	2.7	1.4%
Technological Research	1.6	0.8%
Total	**193.5**	**98.9%**
Acquisitions	2.2	1.1%
Total	**195.7**	**100.0%**

CAPITAL EXPENDITURES - 9M 02

By business area	US$ million	%
Ferrous Minerals	273.3	44.4%
Logistics	63.3	10.3%
Non-Ferrous Minerals	71.3	11.6%
Energy	68.0	11.0%
Aluminum	34.7	5.6%
Others	10.4	1.7%
Total	**521.1**	**84.6%**
Acquisitions	94.6	15.4%
Total	**615.7**	**100.0%**

By category	US$ million	%
Capital Injections	25.8	4.2%
Maintenance	139.1	22.6%
Projects	315.0	51.1%
Mineral Exploration	22.7	3.7%
Environment	4.7	0.8%
Information Technology	9.2	1.5%
Technological Research	4.6	0.7%
Total	**521.1**	**84.7%**
Acquisitions	94.6	15.4%
Total	**615.7**	**100.0%**

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.

FINANCIAL STATEMENT

US$ million

	3Q 01	2Q 02	3Q 02
Gross Operating Revenues	1,065	1,071	1,133
Value Added Tax	(34)	(44)	(39)
Net Operating Revenues	**1,031**	**1,027**	**1,094**
Cost of Goods Sold	(516)	(594)	(550)
Gross Income	**515**	**433**	**544**
Gross Margin (%)	50.0	42.2	49.7
SG&A Expenses	(95)	(64)	(79)
R&D Expenses	(11)	(12)	(15)
Employee Profit Sharing Plan	(7)	3	(14)
Others	(254)	(30)	(36)
Operational Income	**148**	**330**	**400**
Financial Income	15	44	10
Financial Expenses	(72)	(117)	(173)
Foreign Exchange and Monetary Gain (loss)	(351)	(312)	(511)
Gains on sales of investments	507	-	49
Others	(41)	(10)	(46)
Income Taxes - Current	(31)	3	-
Income Taxes - Deferred	-	126	148
Equity in Results of Affiliates and Joint Ventures	(22)	(37)	12
Change in Provisions for Losses on Equity Investments	(25)	(45)	(86)
Minority Interests	3	4	47
Net Income	**131**	**(14)**	**(150)**
Earnings per Share (US$)	**0.34**	**(0.04)**	**(0.39)**

BALANCE SHEET

US$ million

	2Q 02	3Q 02
Assets		
Current Assets	3,069	2,893
Long Term Assets	1,459	1,170
Permanent Assets	4,733	3,429
Total	**9,261**	**7,492**
Liabilities and Stockholders' Equity		
Current Liabilities	1,915	1,602
Long Term Liabilities	3,374	3,282
Shareholders' Equity	3,972	2,608
Capital	2,944	2,944
Reserves	1,028	(336)
Total	**9,261**	**7,492**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

million US$

	Nine months ended September 30	
	2002	**2001**
Cash flows from operating activities:		
Net income	111	585
Adjustments to reconcile net income with cash provided by operating activities:		
Depreciation, depletion and amortization	171	174
Equity in results of affiliates and joint ventures	(4)	8
Dividends received from affiliates and joint ventures	72	112
Change in provision for losses on equity investments	126	45
Deferred income taxes	(262)	(2)
Provisions for contingencies	54	87
Loss on disposals of property, plant and equipment	96	69
Gain on sale of investments	(49)	(784)
Pension plan	8	24
Foreign exchange and monetary (gains) losses	1.341	616
Unrealized loss on derivative instruments	50	38
Minority interest	(50)	(7)
Others	195	141
Decrease (increase) in assets:		
Accounts receivable	(172)	(78)
Inventories	(43)	(17)
Others	(84)	(5)
Increase (decrease) in liabilities:		
Suppliers	(23)	30
Payroll and related charges	22	12
Others	39	42
Net cash provided by operating activities	**1.598**	**1.090**
Cash flows from investing activities:		
Loans and advances receivable		
Related parties		
Additions	(35)	(4)
Repayments	52	69
Others	18	5
Guarantees and deposits	(61)	(15)
Additions to investments	(1)	(52)
Additions to property, plant and equipment	(508)	(444)
Proceeds from disposals of property, plant and equipment	2	2
Proceeds from disposal of assets	49	989
Net cash used to acquire subsidiaries	(45)	(516)
Net cash used in investing activities	**(529)**	**34**
Cash flows from financing activities:		
Short-term debt, net issuances	(143)	133
Loans		
Related parties		
Additions	32	85
Repayments	(29)	(9)
Long-term debt		
Related parties	11	3
Others	661	320
Repayments of long-term debt		
Related parties	(15)	(27)
Others	(245)	(326)
Interest attributed to stockholders	(329)	(639)
Treasury stock	-	(18)
Net cash provided by (used in) financing activities	**(57)**	**(478)**
Increase in cash and cash equivalents	1.012	646
Effect of exchange rate changes on cash and cash equivalents	(727)	(149)
	1.117	1.211
Cash and cash equivalents, end of period	**1.402**	**1.708**
Cash paid during the period for:		
Interest on short-term debt	(31)	(25)
Interest, net of interest capitalized of $11 in 2002 and $9 in 2001	(111)	(116)
Income tax	(4)	(41)
Non-cash transactions		
Special pension plan contribution in shares of CSN	-	249
Exchange of loans receivable for investments	40	35

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

thousand US$

HISPANOBRAS	3Q 01	2Q 02	3Q 02
Sales (thousand tons)	882	835	686
Foreign Market	422	355	166
Domestic Market	460	480	520
Net Operating Revenues	28,683	26,763	23,716
Cost of Goods Sold	(23,018)	(21,992)	(19,734)
Financial Results	151	214	189
Net Earnings	4,549	2,968	3,784
Gross Margin (%)	19.8	17.8	16.8
EBITDA	6,287	5,126	5,276
EBITDA Margin (%)	21.9	19.2	22.2
NIBRASCO	**3Q 01**	**2Q 02**	**3Q 02**
Sales (thousand tons)	1,443	2,257	1,842
Foreign Market	514	686	290
Domestic Market	929	1,571	1,552
Net Operating Revenues	43,126	66,759	51,746
Cost of Goods Sold	(39,479)	(57,043)	(47,290)
Financial Results	(1,449)	(1,407)	386
Net Earnings	2,928	2,897	1,711
Gross Margin (%)	8.5	14.6	8.6
EBITDA	23,548	10,041	5,589
EBITDA Margin (%)	54.6	15.0	10.8
Gross Debt (in US$ million)			
- Short Term	2,505	2,400	2,436
- Long Term	4,800	2,400	2,400
Total	**7,305**	**4,800**	**4,836**
ITABRASCO	**3Q 01**	**2Q 02**	**3Q 02**
Sales (thousand tons)	742	702	815
Foreign Market	471	533	572
Domestic Market	271	169	243
Net Operating Revenues	50,254	19,766	25,650
Cost of Goods Sold	(41,102)	(18,305)	(22,581)
Financial Results	905	3,102	5,109
Net Earnings	8,095	2,262	3,702
Gross Margin (%)	18.2	7.4	12.0
EBITDA	7,636	1,437	726
EBITDA Margin (%)	15.2	7.3	2.8
Gross Debt (in US$ million)			
- Short Term			
- Long Term	407	17,133	15,504
Total	**407**	**17,133**	**15,504**

IRON ORE AND PELLETS – FINANCIAL INDICATORS – NON AUDITED

thousand US$

KOBRASCO	3Q 01	2Q 02	3Q 02
Sales (thousand tons)	1,123	1,012	850
Foreign Market	493	534	850
Domestic Market	630	478	-
Net Operating Revenues	33,395	27,453	25,222
Cost of Goods Sold	(26,877)	(25,711)	(20,671)
Financial Results	(18,298)	(27,498)	(46,398)
Net Earnings	(7,684)	(15,037)	(23,887)
Gross Margin (%)	19.5	6.3	18.0
EBITDA	28,082	1,901	5,518
EBITDA Margin (%)	84.1	6.9	21.9
Gross Debt (in US$ million)			
- Short Term	-	-	-
- Long Term	128,915	143,378	147,150
Total	**128,915**	**143,378**	**147,150**
SAMARCO	**3Q 01**	**2Q 02**	**3Q 02**
Sales (thousand tons)	2,312	3,436	3,871
Net Operating Revenues	65,725	94,763	99,722
Cost of Goods Sold	(30,735)	(48,222)	(46,416)
Financial Results	(52,000)	(37,008)	(51,757)
Net Earnings	(38,607)	(5,295)	(23,548)
Gross Margin (%)	53.2	49.1	53.5
EBITDA	21,951	49,777	53,196
EBITDA Margin (%)	33.4	52.5	53.3
Gross Debt (in US$ million)			
- Short Term	158,204	180,539	169,538
- Long Term	119,394	86,584	76,181
Total	277,598	267,123	245,719

ALUMINUM - SELECTED FINANCIAL INDICATORS - ADJUSTED AND NON AUDITED

thousand US$

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
Net Operating Revenues	53,210	43,006	42,594
Cost of Goods Sold	(28,883)	(28,845)	(29,860)
Financial Results	(214)	(326)	36
Net Earnings	23,883	38,172	29,918
Gross Margin (%)	45.7	32.9	29.9
EBITDA	47,798	17,335	26,724
EBITDA Margin (%)	89.8	40.3	62.7
Gross Debt (in US$ million)			
- Short Term	11,594	18,780	23,198
- Long Term	7,929	90,312	77,786
Total	**19,523**	**109,092**	**100,984**
ALBRAS	**3Q 01**	**2Q 02**	**3Q 02**
Sales (thousand tons)	80	110	104
Foreign Market	76	108	101
Domestic Market	4	2	3
Net Operating Revenues	109,554	145,327	132,549
Cost of Goods Sold	(64,130)	(89,401)	(78,909)
Financial Results	(91,046)	(125,072)	(153,515)
Net Earnings	(47,500)	(68,880)	(72,592)
Gross Margin (%)	41.5	38.5	40.5
EBITDA	52,300	57,452	59,399
EBITDA Margin (%)	47.7	39.5	44.8
Gross Debt (in US$ million)			
- Short Term	137,258	48,840	20,156
- Long Term	496,941	506,633	498,857
Total	**634,199**	**555,473**	**519,013**
VALESUL	**3Q 01**	**2Q 02**	**3Q 02**
Sales (thousand tons)	18	23	19
Foreign Market	7	12	8
Domestic Market	11	11	11
Net Operating Revenues	36,364	36,837	29,970
Cost of Goods Sold	(25,657)	(26,516)	(19,815)
Financial Results	(1,409)	257	(301)
Net Earnings	5,385	6,131	6,355
Gross Margin (%)	29.4	28.0	33.9
EBITDA	10,883	9,234	8,940
EBITDA Margin (%)	29.9	25.1	29.8
Gross Debt (in US$ million)			
- Short Term	939	555	409
- Long Term	2,598	1,416	953
Total	**3,537**	**1,971**	**1,362**

“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.”