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PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE YEAR 2003

The operational and financial information in this press release is, except where otherwise indicated, based on consolidated figures in accordance with the generally accepted accounting principles in the United States of America (US GAAP), and, other than information on investments and market behavior, is taken from quarterly reports reviewed by independent auditors. The main consolidated subsidiaries are: Caemi, Alunorte, RDM, RDME, RDMN, Urucum Mineração, Pará Pigmentos (PPSA), Docenave, Ferrovia Centro-Atlântica (FCA), Itaco, CVRD Overseas and Rio Doce International Finance.

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2003 – A YEAR OF MANY RECORDS FOR CVRD

Rio de Janeiro, March 24, 2004 - Companhia Vale do Rio Doce (CVRD) reported net profit of US\$ 1.548 billion for 2003, an all-time record representing profit per share of US\$ 4.03 – substantially higher than its 2002 net profit of US\$ 680 million, and 20.3% higher than its previous record net profit of US\$ 1.287 billion in 2001.

Return on equity (ROE) was 31.7 %, compared with 20.7% in 2002.

Cash flow, measured as Adjusted EBITDA ⁽¹⁾, was also a record, reaching US\$ 2.130 billion, 19.7% higher than in 2002.

CVRD also achieved numerous other records in 2003:

- Gross revenue exceeded US\$ 5 billion for the first time – at US\$ 5.545 billion, 29.5% higher than the gross revenue for 2002.
- CVRD's consolidated exports under BR GAAP (generally accepted accounting principles in Brazil) were US\$ 3.952 billion, 24.6% higher than the US\$ 3.173 billion achieved in 2002.
- CVRD's net exports (exports less imports) were US\$ 3.422 billion, 13.8% of Brazil's entire foreign trade surplus for 2003.
- Shipments of iron ore and pellets were 186.3 million tons, an increase of 22.2 million tons (13.5%) compared to the total sold in 2002.
- Sales of alumina were 2.653 million tons, versus 989 thousand tons in 2002.

- Ferro-alloy sales amounted to 502 thousand tons, up 5.5% from 2002.
- Kaolin sales were 654 thousand tons, versus 330 thousand tons in 2002.
- General third-party cargo (cargo other than iron ore and pellets transported for clients) totaled 26.3 billion net ton-kilometers (ntk), compared with 25.0 billion in 2002.
- Capital expenditures totaled approximately US\$ 2 billion.

CVRD's good results in 2003 are due to the considerable growth in demand for ores and metals, and due to its own strong commitment to shareholder value creation. Such results require the consistent execution of a well-defined business strategy, with focus on maximizing the performance of existing assets, discipline in capital allocation, and cost of capital reduction.

The company's cash generation has enabled it to finance its growth initiatives, which were analyzed based on their own merits as investments, in addition to providing a good distribution of dividends to shareholders.

In 2003 CVRD completed its expansion of production capacity at MRN, making it the largest bauxite mining operation in the world, and completed stage 3 of Alunorte, adding 825 thousand tons to its annual alumina production capacity. This year, Carajás will produce 70 million tons of the best iron ore in the world, and the Sossego mine will start operating, with capacity to produce on average 140 thousand tons of copper per year. All these projects benefit from very competitive investment and operation costs which translate into new platforms for shareholder value creation.

In 2003, the first year in which the new dividend policy was implemented, dividends of US\$ 1.75 per share, totaling US\$ 675 million, were disbursed. This compares with US\$ 602 million, or US\$ 1.57 per share, in 2002.

Dividends disbursed by CVRD in 2003 represented average dividend yield of 3.4% in US dollars. CVRD's average dividend yield in 1999–2003 was 5.6%, the highest among the major global metals and mining companies. Total return to CVRD shareholders in US dollars in 2003 was 93.7% and the annual average in 1999–2003 was 40.2%.

In January 2004 CVRD's management recommended to the Board a minimum dividend payment to shareholders of US\$ 1.43 per share, or US\$ 550 million. This amount is consistent with the expected free cash flow growth and the maintenance of prudent levels of financial leverage.

The company's debt indicators show low leverage, high interest coverage and a significant increase in average maturity.

Highlights of fourth quarter of 2003

- Record gross revenue of US\$ 1.690 billion.
- Record volume of iron ore and pellet shipments: 55.7 million tons.
- Record volume of alumina shipments: 756 thousand tons.
- General third-party cargo transportation: 6.4 billion ntk.

- Cash generation, measured by Adjusted EBITDA of US\$ 568 million, lower than the US\$ 630 million of 3Q03, but 29.7% higher than in 4Q02.
- Net profit of US\$ 270 million, or US\$ 0.70 per share, lower than the 3Q03 net profit of US\$ 468 million and the 4Q02 net profit of US\$ 569 million. Some of the factors responsible for this reduction are non-recurring.

SELECTED FINANCIAL INDICATORS								
	US\$ million							
	4Q02 (A)	3Q03 (B)	4Q03 (C)	% (C/A)	% (C/B)	2002 (D)	2003 (E)	% (E/D)
Gross Revenues	1,101	1,483	1,690	53.5	14.0	4,282	5,545	29.5
Gross Margin (%)	44.4	43.3	38.6	-	-	45.1	41.5	-
Adjusted EBIT ⁽²⁾	341	501	392	15.0	-21.8	1,429	1,644	15.0
Adjusted EBIT Margin (%)	32.2	35.0	23.9	-	-	34.7	30.7	-
Adjusted EBITDA	438	630	568	29.7	-9.8	1,780	2,130	19.7
Net Earnings	569	468	270	-52.5	-42.3	680	1,548	127.6
Gross Debt/ LTM Adjusted EBITDA ⁽³⁾ (x)	1.87	2.15	1.89	-	-	1.87	1.89	-

■ IMPORTANT RECENT EVENTS

In recent months negotiations with important implications for CVRD's iron ore business have been concluded. CVRD has also strengthened its formal commitment to good corporate governance practices. Moreover, progress has been made on the program to simplify the Company's operational structure. A 30-year bond was issued in the global capital markets and a substantial capital expenditure budget for 2004 was approved.

• 2004 reference prices for iron ore and pellets

For the fourth consecutive year CVRD led the price negotiations with the world's largest steel makers.

In January, CVRD concluded negotiations with its clients to set iron ore reference prices for 2004. The result was an average price increase of 18% from the levels in force in 2003.

In February, new reference prices for pellets, on average 19% higher than for 2003, were negotiated with the clients.

• Long-term iron ore supply contracts

In December 2003, CVRD and the Shanghai Baosteel Group Corporation (Baosteel), China's largest steel producer, signed a long-term iron ore supply contract for 10 years, from 2006 to 2016. Under this contract, which is in addition to the contract signed in October 2001, CVRD will ship increasing annual levels of iron ore, to meet Baosteel's growing needs, up to 14 million/year in 2010. Taking together with the regular six million tons/year volume agreed to under the previous contract, CVRD will be selling 20 million tons/year of iron ore to Baosteel from 2010 onward.

In February 2004 CVRD entered into two other important iron ore supply contracts. Under a 10-year contract, CVRD will ship 10 million tons/year of iron ore to Corus, one of Europe's principal steel makers, making it Corus's principal

supplier of iron ore. CVRD currently supplies about five million tons/year to Corus.

The contract with Arcelor, the world's largest steel producer, is for shipments of 20 million tons/year of fines and lumps to its European steel mills up to 2009. The sales of pellets produced by Hispanobras, the Brazilian joint venture between CVRD and Arcelor, and the sales of CVRD's iron ore and pellets to Arcelor's mills in Brazil, are not part of this contract.

Long-term contracts create a closer relationship between CVRD and its clients, offering them the guarantee of a long term supply of high quality iron ore and pellets and facilitating the development of value-creating solutions for the steel mills.

- **Steel slabs project**

In February 2004 CVRD and Baosteel signed contracts with engineering companies for a feasibility study on a joint venture to build and operate an integrated steel plant in São Luís, in the Brazilian State of Maranhão, for the production of 3.7 million tons/year of steel slabs. Preliminary startup is scheduled for 2007.

Aiming to leverage growth of its sales of iron ore and pellets, CVRD has the strategic objective of encouraging the development of projects to manufacture semi-finished steel products in Brazil since the country has clear comparative advantages in producing them. CVRD may become a minority shareholder in these projects.

- **Corporate governance**

In December 2003, CVRD joined the Differentiated Corporate Governance Practices Program of the São Paulo stock exchange (Bovespa), in which the company gives formal commitment to follow good governance practices. This reflects CVRD's respect for investors' rights, and is further evidence of its commitment to a transparent management model that ensures full management accountability to shareholders, and rapid and efficient disclosure.

- **Simplification of operational structure**

Continuing the process of simplification of its operational structure, in December 2003 CVRD absorbed the following companies: Rio Doce Geologia e Mineração S.A. – Docegeo, Mineração Serra do Sossego S.A. (MSS), Vale do Rio Doce Alumínio S.A. – Aluvale, and Mineração Vera Cruz S.A. (MVC).

The objective of this process is to reduce costs and increase transparency.

- **Debt issues**

In January 2004 CVRD issued US\$ 500 million in 30-year bonds (CVRD 2034). This bond is the longest ever issued by a Brazilian company in the international capital markets.

Moody's Investors Service assigned this bond, which represents pure CVRD credit, a rating of Ba2. The issue was placed with an yield to maturity of 8.35% per annum, 336 basis points above the yield of the equivalent US Treasury bonds.

• Capital expenditure program for 2004

In January CVRD announced its capital expenditure program of US\$ 1.815 billion for 2004. Of this total, US\$ 1.202 billion is “growth capex” – mineral exploration and projects – and US\$ 613 million is “stay-in-business Capex” – maintenance, modernization, environmental protection and IT.

Of the growth capex, US\$ 1.138 billion is allocated to greenfield and brownfield projects. The most important projects are the expansion of iron ore, bauxite, alumina and potash production capacity, conclusion of the Sossego copper project, the development of the copper project 118, building of power generation plants, and acquisition of wagons and locomotives for iron ore and general cargo transportation for customers.

Investments in mineral exploration are estimated to be US\$ 78 million.

■ BUSINESS OUTLOOK

China continued to exercise a predominant influence on the ores and metals market in 2003. Chinese demand for steel grew 25%, and China satisfied such demand by an increase of 21.2% in domestic production – which is the first time a country has exceeded 200 million tons of annual steel production – and by importing 38 million tons of steel products. China’s imports of other metals also increased, with refined copper increasing by 17%, copper concentrate by 28%, and alumina by 21%.

Seaborne iron ore trade grew by an extraordinary 10.3% in 2003, an increase of 50 million tons, to 537 million tons – its largest expansion ever in volume terms. China accounted for 72% of this increase, its imports having grown from 112 million tons in 2002 to 148 million tons in 2003. Western Europe’s imports increased 5 million tons in the year, Japan’s by 4 million tons (from 126 to 130 million tons), the US’s by 2 million tons and Argentina’s by 2 million tons.

Strong Chinese demand has changed the dynamics of the global iron ore market. In the last five years, the seaborne trade grew at an average rate of 5.2% per year, while China’s imports grew at 23.4% per year, accounting for 80% (96 million tons) of the overall growth in the period. Over the 1990s, growth was slower, averaging 3% in 1992–1999.

For 2004, CVRD estimates that seaborne trade will grow 7.1%, amounting to an additional 40 million tons. This expansion should keep the iron ore industry working at full capacity, and maintain the current pressures on the logistics system, railroads, ports and maritime transportation. We thus expect the demand for manganese and alloys, which tends to correlate with iron ore demand, also to remain strong. This year, CVRD will have RDMN operating at full capacity.

In the first two months of 2004, China imported 31.6 million tons of iron ore, 36.7% more than in the first two months of 2003. At the same time, global steel production increased 10.4% and global steel production excluding China grew at 5.7%.

The combination of the synchronized recovery in the world economy and the performance of China was clearly a factor in the continuing strong demand for ores and metals. Such phenomenon, combined with the restrictions on short-term growth in the supply of ore products, suggests a relatively long cycle, similar to that of the second half of the 1980s.

The secular growth in Chinese demand for ore products has significantly affected the behavior of mineral prices in relation to those of manufactured products. Gains in productivity arising from the IT revolution and the emergence of China as both a

platform for low cost production of industrial products and also a major consumer of ores and metals is likely to produce a lasting change in relative prices. As a result, contrasting to recent past, it is highly probable that prices of ores and metals will cease to have a deflationary effect on the world economy.

On the supply side, the mining and metals industry reacted to the Southeast Asian crisis of 1997-1998 by cutting investment in expansion of capacity and ore exploration. CVRD estimates that annual growth capex fell by approximately 50% in nominal terms from 1997 to 2002.

Finally, a weakening of the US dollar acts in favor of ores and metal prices, especially gold, copper and aluminum.

We believe there is a structural imbalance between demand and supply in many products, including iron ore, alumina and copper concentrate, which are impossible to correct in the short term. As a result, there is a medium-term shortage scenario which should have a positive effect on the performance of CVRD, given its low operational and investment costs.

The restrictions that the Chinese government has put on construction of steel mills and aluminum smelters will not be able to reverse the current trend, but only to smooth the acute shortage of raw materials that would arise from an excessive volume of investments.

The growth of CVRD's logistics services has not correlated with Brazilian GDP, due to considerable repressed demand. We see investment in rolling stock as necessary for continuing expansion to meet such demand. CVRD is investing significantly in logistics, having recapitalized Ferrovia Centro-Atlântica, and recently ordered thousands of wagons and more than one hundred locomotives. As a result of such orders, the total horse power (HP) of CVRD's locomotive fleet will increase 43.2% against the end of 2002, when it was 1.7 million HP.

Brazilian agricultural output has expanded quickly in recent years, due to, among other factors, the growing use of fertilizers, annual consumption of which has risen on average 6% per annum since the beginning of 1990s. This has transformed Brazil into the world's fourth largest consumer of fertilizers, leading currently to strong demand pressure for potash, the raw material for production of fertilizer, 2003 consumption of which was 6.7 million tons. CVRD, Brazil's only producer of potash, is able to meet only 10% of the domestic demand, even with Taquari-Vassouras mine operating above its nominal capacity.

For 2004, the IBGE (Brazilian Statistics Institute) expects an 8% increase in the Brazilian harvest, to 132 million tons, indicating good conditions for the potash market.

◆ OPERATIONAL PERFORMANCE IMPROVEMENT

• Record sales and revenues in spite of capacity constraints

CVRD's gross operating revenue in 2003 was US\$ 5.545 billion, 29.5% higher than the US\$ 4.282 billion of 2002. Most of the increase, US\$ 799 million, is due to sales volume growth, and the remaining US\$ 464 million is due to price increases.

The 2003 reported gross revenue includes US\$ 277 million for Caemi and US\$ 61 million for FCA. The results of these companies began to be consolidated into CVRD's financial statements in September 2003.

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Ferrous mineral products provided 69.4% of the total revenues, or US\$ 3.849 billion. To this total, iron ore contributed US\$ 2.662 billion, pellets US\$ 793 million, manganese and ferro-alloys US\$ 349 million, and the operation of pelletizing plants US\$ 45 million.

The expansion of global iron ore demand, much greater than the market had expected, posed a major challenge to CVRD. To meet this challenge CVRD increased iron ore production to a record 150 million tons – or 186 million tons, with the consolidation of Caemi – in spite of the problems at the *Gongo Soco* mine, which produced 2.7 million tons less in the year than its 5.9-million-ton nominal capacity due to a temporary shutdown in the first quarter. Furthermore, to meet clients' demand, CVRD acquired 9.2 million tons of iron ore from small mining companies in the “iron quadrangle” of Minas Gerais state.

Congestion in ports resulted in demurrage charges of US\$ 46 million, compared with US\$ 20 million in 2002. To increase port capacity, at the end of 2003, CVRD completed the construction of Pier III at its Ponta da Madeira Port Terminal, adding 18 million tons of annual shipping capacity. CVRD is also investing in expansion and acceleration of loading capacity at the Tubarão Port, and ordered 50 locomotives and 3,117 iron ore rail freight wagons in 2003 and 2004.

The expansion of production capacity at Carajás to 70 million tons/year has been brought forward to 2004, one year earlier than originally planned, but even so third-party iron ore purchasing will increase this year due to the closing of the *Capanema* mine in the Southern System, which produced 6.4 million tons in 2003. This will be replaced by the *Fábrica Nova* mine, on which development began last year and startup is scheduled for 2005, producing 10 million tons/year in the first phase. The second phase, planned for 2009, will increase its production capacity to 15 million tons/year.

Over time, due to the substantial volume of iron ore reserves and the availability of logistics infrastructure, CVRD has enough flexibility to satisfy the increase in global demand by making investments at very competitive costs.

Total volume of iron ore and pellets in 2003 was 186.3 million tons – 162.7 million of iron ore and 23.6 million of pellets – an increase of 13.5% from 164.2 million tons in 2002. Even excluding Caemi's total shipments of 13.9 million, the resulting 172.4 million tons is an all-time record.

CVRD's average realized price for iron ore in the year was US\$ 16.36 per ton, 9.4% more than the 2003 average of US\$ 14.95 per ton. The average realized price of pellets rose 8.4%, from US\$ 30.96 per ton in 2002 to US\$ 33.56 per ton.

The European Union, having bought 49.7 million tons, or 26.7% of the total sold, was the largest destination of CVRD's 2003 iron ore and pellet sales. Of this total, 19.8 million went to Germany. The domestic market absorbed 25.3% of sales, or 47.1 million tons. Sales to China were 29.5 million tons. The Japanese steel industry bought 18.1 million tons of iron ore and pellets from CVRD.

The ongoing restructuring of the Chinese steel industry resulted in an increasing number of companies using new state-of-the-art technology, leading them to demand iron ore with high iron and low silica content – favoring the expansion of CVRD's sales to that market.

Manganese ore sales totaled 885 thousand tons, compared with 665 thousand tons in 2002. At the same time, Ferro-alloy shipments increased 5.5%, with an average price increase of 18%, reflecting increased demand caused by the strong 6.8% increase in worldwide steel production in 2003.

CVRD's revenues from aluminum products were US\$ 852 million, or 15.4% of its total revenues. Sales from aluminum products were led by alumina with US\$ 495 million.

CVRD sold 2.653 million tons of alumina, at an average price of US\$ 186.58 per ton, compared with US\$ 160.77 per ton in 2002. The 2003 average price represented 13.1% of the average price of aluminum on the LME, reflecting the positive impact of new contracts signed after the capacity increase which resulted from the startup of Alunorte's module 3. The company used not only its current production of 2.3 million tons, but also inventories from the end of 2002, as well as swap transactions with other producers which created certain inter-temporal mismatches. Sales of primary aluminum, generated by CVRD's take of Albras production, totaled 210 thousand tons which, at an average price of US\$ 1,409.52 per ton, generated revenue of US\$ 296 million.

Sales of industrial mineral products amounted to US\$ 190 million – US\$ 94 million from potash and US\$ 96 million from kaolin – compared with US\$ 136 million in 2002.

The increase in the average price of potash from US\$ 124.50 in 2002 to US\$ 139.50 in 2003 more than offset a fall in sales volume from 731 thousand tons to 674 thousand tons. Hence, revenues rose 3.3%. The reduction in volume sold reflected the use of inventories in 2002. The potash output of the Taquari-Vassouras plant, of 658 thousand tons, was a record, and higher than that plant's nominal production capacity of 600 thousand tons/year.

Total sales of kaolin were 654 thousand tons versus 330 thousand tons in 2002. This figure includes the shipments of Cadam, consolidated in the last four months of 2003. Without the Cadam shipments, the volume of 423 thousand tons sold by PPSA is also a new record. There is still idle capacity at PPSA, and the development of two new products, *Para Print* and *Century S*, together with additional marketing efforts in Europe and the US, indicate prospects of using this growth potential in 2004 and 2005.

CVRD's revenues from logistics services totaled US\$ 604 million, or 10.9% of its total revenue, and 31.9% more than in 2002. Railroads contributed US\$ 373 million, ports US\$ 144 million and shipping US\$ 87 million.

39% of the logistics division's revenues came from services to the steel industry. Services to the agricultural industry have been growing fast, mainly for soybeans, soy meal, sugar and fertilizers, providing 22.8% of CVRD's logistics revenues in 2003. Also growing is the inter-modal transportation business, increasing 16.6% in 2003. This service category involves more complex operations such as integrated management of the logistics chain for large industrial companies. Other important activities are transportation of fuels, chemicals, cement, granite and wood pulp.

CVRD's railroads – EFVM, EFC and FCA – have been improving their energy efficiency, consuming less fuel and thus reducing costs and reducing environmental impact. EFC reduced its consumption of diesel per thousand gross ton-kilometers to 1.38 liters, 10% less than in 2001. EFVM and FCA reached historic lows of 2.30 and 7.64 liters, respectively, in the year.

Approximately 70% of gross operating revenues is derived from exports. Europe is the most important market for CVRD, although its share of total sales has decreased from 34.8% in 2002 to 32.2% last year. This occurred despite the fact that sales to Europe increased 19.6% in 2003. The reduction in Europe's share of sales was a result of increasing share of total sales directed to Asia, which increased from 18.8% in 2002 to 22.6% in 2003. Such increase occurred mostly as a consequence of the fast growth in sales to China, which were US\$ 330 million in

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2003 and amounted to US\$ 580 million in 2003. As a result, China became CVRD's largest export destination (by country) accounting for 10.5% of sales, surpassing Japan which accounted for 7.6%.

CVRD's total gross revenue in the fourth quarter of 2003 was US\$ 1.690 billion, 53.5% more than in 4Q02, and 14% more than in 3Q03. Caemi contributed US\$ 71 million in 3Q03 and US\$ 206 million in 4Q03.

Gross revenue of the ferrous minerals division in 4Q03 was US\$ 1.164 billion, compared with US\$ 804 million in 4Q02 and US\$ 999 million in 3Q03.

Total shipments of iron ore and pellets in 4Q03 constituted a new record for CVRD, at 55.7 million tons, providing revenue of US\$ 1.061 billion. Even excluding the 10.5 million tons of Caemi's iron ore shipments, the remaining 45.2 million is still a record, surpassing the 44.0 million tons shipped in 4Q02. Shipments of pellets totaled 6.8 million tons in the quarter, compared with 6.9 million tons in 4Q02 and 5.5 million tons in 3Q03.

The average price of iron ore shipped in 4Q03 was US\$ 16.81 per ton, and the average price of pellets was US\$ 35.10.

Products from the aluminum chain – bauxite, alumina and primary aluminum – earned total revenues of US\$ 245 million in 4Q03, US\$ 145 million in 4Q02 and US\$ 237 million in 3Q03. Sales of alumina in the fourth quarter were 756 thousand tons, 1.2% more than in 3Q03, for an average price of US\$ 197.09 per ton.

4Q03 revenue from logistics services was US\$ 191 million, almost twice as much as 4Q02 (US\$ 98 million), and 20.8% higher than in 3Q03. General third-party cargo totaled 6.4 billion ntk, slightly up from 4Q02, and down from the 3Q03 record of 7.4 billion net ton-km. Due to seasonal factors relating to the annual harvest, this activity generally peaks in the second and third quarters.

VOLUME SOLD – IRON ORE AND PELLETS

thousand tons										
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Iron ore	37,071	84.3%	41,143	88.3%	48,839	87.7%	143,576	87.5%	162,683	87.3%
Pellets	6,889	15.7%	5,475	11.7%	6,837	12.3%	20,577	12.5%	23,626	12.7%
Total	43,960	100.0%	46,618	100.0%	55,676	100.0%	164,153	100.0%	186,309	100.0%

IRON ORE AND PELLETS SALES BY DESTINATION

thousand tons		
	2003	%
EU	49,681	26.7%
Germany	19,753	10.6%
France	8,842	4.7%
Belgium	6,743	3.6%
Italy	5,587	3.0%
Others	8,756	4.7%
CHINA	29,460	15.8%
JAPAN	18,126	9.7%
SOUTH KOREA	7,538	4.0%
MIDDLE EAST	5,780	3.1%
USA	3,849	2.1%
REST OF THE WORLD	24,791	13.3%
BRAZIL	47,084	25.3%
Total	186,309	100.0%

VOLUME SOLD – ORE AND METALS

	thousand tons				
	4Q02	3Q03	4Q03	2002	2003
Gold (ounces)	40,639	14,211	2,026	331,479	61,763
Manganese	123	238	207	665	885
Ferro-alloys	107	134	152	476	502
Alumina	502	747	756	989	2,653
Primary Aluminum	51	54	56	196	210
Bauxite	180	520	501	1,125	1,472
Potash	203	198	169	731	674
Kaolin	95	182	280	330	654

LOGISTICS SERVICES

	thousand tons				
	4Q02	3Q03	4Q03	2002	2003
Railroads (million ntk)	6,355	7,371	6,402	25,027	26,295
Ports	6,003	6,772	6,896	22,723	26,445

GROSS REVENUES BREAKDOWN

	US\$ million									
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Iron Ore	541	49.1	701	47.3	821	48.6	2,147	50.1	2,662	48.0
Pellet plant operation services	9	0.8	12	0.8	14	0.8	36	0.8	45	0.8
Pellets	187	17.0	205	13.8	240	14.2	637	14.9	793	14.3
Gold	13	1.2	5	0.3	0	0	103	2.4	21	0.4
Logistics services	98	8.9	159	10.7	192	11.4	458	10.7	604	10.9
Aluminum, alumina and bauxite	150	13.6	243	16.4	254	15.0	462	10.8	852	15.4
Manganese and ferro-alloys	67	6.0	81	5.5	104	6.1	282	6.6	349	6.3
Potash	24	2.2	28	1.9	24	1.4	91	2.1	94	1.7
Kaolin	12	1.1	25	1.7	41	2.4	45	1.1	96	1.7
Others	0	0	24	1.6	-	-	21	0.5	29	0.5
Total	1,101	100.0	1,483	100.0	1,690	100.0	4,282	100.0	5,545	100.0

GROSS REVENUES BY DESTINATION

	US\$ million									
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Domestic market	335	30.4	463	31.2	481	28.5	1,354	31.6	1,705	30.7
External market	766	69.6	1,020	68.8	1,209	71.5	2,928	68.4	3,840	69.3
USA	33	3.0	53	3.6	37	2.2	198	4.6	189	3.4
Europe	387	35.1	417	28.1	614	36.3	1,492	34.8	1,784	32.2
Japan	79	7.2	113	7.6	98	5.8	275	6.4	419	7.6
Asian, ex Japan	141	12.8	263	17.7	276	16.3	533	12.4	831	15.0
Rest of the World	126	11.4	174	11.7	184	10.9	430	10.0	617	11.1
Total	1,101	100.0	1,483	100.0	1,690	100.0	4,282	100.0	5,545	100.0

- **Record operational result in 2003**

CVRD achieved its best-ever operational result in 2003 with a record Adjusted EBIT of US\$ 1.644 billion, 15.1% more than its 2002 Adjusted EBIT of US\$ 1.429 billion.

US GAAP

Adjusted EBIT margin was 30.7%, and although this was lower than the 34.7% achieved in 2002, it is well above the average of 25.5% for 1997–2002.

The 400 basis point reduction in the 2003 Adjusted EBIT margin is explained by: (i) consolidation of Caemi, 15%; (ii) consolidation of FCA, 23%; (iii) non-recurring asset write-offs which have no cash impact, 16%; (iv) increase in fiscal contingencies without cash impact in 2003, 7%; (v) operating performance of CVRD, 39%.

The asset write-offs at Caemi, a non-recurring event without any cash impact, resulted in the reduction of its Adjusted EBIT margin from 25.8% to 19.5%.

The increase of US\$ 1.227 billion in net operational revenue was a key factor in the 2003 operational results. On the other hand, the increase of US\$ 865 million in cost of goods sold (COGS) – of which US\$ 238 million came from the consolidation of Caemi and FCA – was a factor limiting Adjusted EBIT growth.

There were four important components in the increase in COGS:

(i) Material costs increased by US\$ 283 million due to (a) the significant increase in the company's total production, and (b) a 43% increase in the price of fuel and oil. Expenses on fuel (oil and gas) were 46.1% of total materials cost in 2003, compared with 40.5% in 2002.

(ii) Cost of outsourced services increased US\$ 248 million. Caemi uses MRS Logística's railroad to transport its iron ore output, resulting in a cost of US\$ 94 million. In 2003, the western mines of the Southern System (previously components of *Ferteco*) also moved part of their output via MRS railroads, for a total freight cost of US\$ 39 million in 2003, compared with US\$ 28 million in 2002. The significant increase in sea freight prices also added US\$ 16 million to the change in COGS. Furthermore, the overall growth in the company's operations in the year also contributed to the increase.

(iii) Expenditures on acquisition from third parties of products other than iron ore and pellets increased from US\$ 422 million in 2002 to US\$ 604 million. The 40.3% increase in the production of alumina meant proportional growth in purchases of bauxite by MRN, adding expenditure of US\$ 115 million. Similarly, the increase in the sales volume and prices of primary aluminum translated into an increase of around US\$ 39 million in CVRD's payment under its commitment to take up a percentage of Albras's output.

(iv) Finally, excess demand for iron ore and the resulting pressure on iron ore logistics resulted in an increase of US\$ 26 million in demurrage expenses.

There were also increases in the other items of COGS, recorded in *other operational expenses*, reducing Adjusted EBIT by US\$ 80 million. They include an increase of US\$ 37 million in provisions for ICMS tax and US\$ 12 million in write-offs of assets at the São Luís pelletizing plant – not resulting in cash disbursement.

Adjusted EBIT in the fourth quarter of the year was US\$ 392 million, 15% more than 4Q02's US\$ 341 million, and 21.8% lower than the 3Q03's US\$ 501 million. The Adjusted EBIT margin in 4Q03, at 23.9%, was lower than the 32.2% achieved in 4Q02 and 35.0% in 3Q03.

Five factors explain the decrease of 1.110 basis point in the 4Q03 Adjusted EBIT margin vis-à-vis that of 3Q03: (i) consolidation of Caemi, 9%; (ii) consolidation of FCA, 20%; (iii) asset write-offs at CVRD, which are non-recurring and non-cash

events, 12%; (iv) increase in fiscal contingencies without cash impact on the quarter, 10%; (v) operating performance of CVRD, 49%.

The asset write-offs at Caemi in the 4Q03 caused a decrease in its Adjusted EBIT margins from 25.2% to 16.8%.

Moreover, there was an increase of US\$ 193 million in cost of goods sold, partially offsetting the US\$ 206 million growth in net operational revenue. The main elements of the cost increase were the US\$ 89 million increase in the cost of outsourced services, US\$ 26 million in personnel expenses, US\$ 38 million in material, US\$ 18 million in electricity and US\$ 9 million in demurrage costs, compared with the previous year. The main element in the increase in the cost of outsourced services was the cost of transportation by MRS – US\$ 72 million for Caemi and US\$ 11 million for the western mines. Half of the increase in personnel expenses was due to the consolidation of Caemi and FCA, and the rest was due to various provisions. The main factor in the increase of cost of material was an increase of some US\$ 16 million in expenditure on fuels and gases.

ADJUSTED EBIT MARGIN						
						%
1997	1998	1999	2000	2001	2002	2003
16.7	23.9	29.8	23.5	24.4	34.7	30.7

◆ CASH GENERATION OF US\$ 2.130 BILLION – A NEW RECORD

CVRD's cash generation in 2003, as measured by Adjusted EBITDA was US\$ 2.130 billion, also a new record for the company, and 19.7% higher than in 2002, when Adjusted EBITDA was US\$ 1.780 billion. The contribution of Caemi to Adjusted EBITDA was US\$ 88 million, while FCA had a negative effect of US\$ 28 million.

The Adjusted EBITDA for 2003 includes US\$ 39 million for write-offs of assets: – US\$ 17 million in Caemi, US\$ 17 million in RDM and US\$ 5 million in PPSA – and US\$ 12 million of write-offs of pre-operational expenses.

The US\$ 350 million growth in cash generation in the year is made up of increases of US\$ 215 million in Adjusted EBIT, US\$ 106 million in dividends received from companies not consolidated in the results, and US\$ 24 million in depreciation, amortization and depletion (DA).

Dividends CVRD received in 2003 totaled US\$ 197 million, of which US\$ 78 million from Samarco, US\$ 52 million from CST, US\$ 27 million from MRN and the remaining US\$ 40 million from various other affiliated companies and joint ventures. The main elements of the overall increase in dividends received, in relation to 2002, were the increases of US\$ 61 million in the dividends paid by Samarco and US\$ 48 million in the dividends paid by CST.

Adjusted EBITDA in 4Q03 was US\$ 568 million, 29.7%, more than in 4Q02, but 9.8% lower than in 3Q03.

The main factors in the US\$ 130 million increase in the 4Q03 vis-à-vis 4Q02 were an increase of US\$ 51 million in Adjusted EBIT, an increase of US\$ 40 million in dividends received, and an increase of US\$ 35 million in DA. The overriding factor

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in the US\$ 62 million reduction in adjusted Adjusted EBITDA from 3Q03 to 4Q03 was the reduction of US\$ 109 million in Adjusted EBIT.

The ferrous mineral division provided 77.3% of CVRD's 2003 cash generation, slightly down from 79% in 2002. The aluminum business increased its contribution to Adjusted EBITDA from 5.2% in 2002 to 9.3%, due to both the increase in sales of alumina and also the fact that Alunorte was consolidated for the 12 months of 2003 (in 2002, the consolidation of Alunorte's figures into CVRD began only in July). The contribution of logistics services remained stable, at 8.5% in 2003, compared to 8.4% in 2002.

ADJUSTED EBITDA					
	US\$ million				
	4Q02	3Q03	4Q03	2002	2003
Net Operating Revenues	1,059	1,432	1,638	4,123	5,350
COGS	(589)	(812)	(1,005)	(2,263)	(3,128)
S,G &A	(51)	(74)	(97)	(224)	(265)
Research and Development	(14)	(22)	(37)	(50)	(82)
Other Operational Expenses	(64)	(23)	(107)	(157)	(231)
ADJUSTED EBIT	341	501	392	1,429	1,644
Depreciation, Amortization & Exhaustion	43	63	78	214	238
Dividends Received	19	66	59	91	197
Adjustment for Non-recurring Items (asset impairment)	35	-	39	46	51
Adjusted EBITDA	438	630	568	1,780	2,130

ADJUSTED EBITDA BY BUSINESS AREA										
	US\$ million									
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Ferrous Minerals	358	81.7	453	71.9	446	78.5	1,407	79.0	1,646	77.3
Non- Ferrous Minerals	5	1.1	21	3.3	2	0.4	65	3.7	32	1.5
Logistics	44	10.0	53	8.4	31	5.5	150	8.4	180	8.5
Aluminum	25	5.7	65	10.3	75	13.2	92	5.2	199	9.3
Others	6	1.4	38	6.0	14	2.5	66	3.7	73	3.4
Total	438	100.0	630	100.0	568	100.0	1,780	100.0	2,130	100.0

2003 RECORD EARNINGS – US\$ 1.548 billion

CVRD's net profit in 2003 increased US\$ 868 million from the US\$ 680 million achieved in 2002.

There were three main factors in this substantial increase: (i) an increase of US\$ 1.227 billion in net operational revenues; (ii) the impact of 18.2% appreciation of the Real against the US dollar from December 2002 to December 2003 on the company's net debt ⁽⁴⁾ denominated in foreign currency, creating a gain of US\$ 242 million in 2003, compared to a loss of US\$ 580 million in 2002; (iii) improvement in the performance of the affiliates and joint ventures that are not consolidated, contributing US\$ 393 million to the increase in CVRD's consolidated net profit. The 2003 net profit figure includes US\$ 17 million due to the gain on sale of Fosfertil.

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Albras recovered from its negative performance in 2002 (a loss of US\$ 22 million) posting profit of US\$ 203 million on primary aluminum sales of 434 thousand tons, compared to 406 thousand tons in 2002.

Samarco more than doubled its net profit in 2003, from US\$ 56 million in 2002 to US\$ 140 million in 2003, on shipments of 13.5 million tons of pellets and 2.5 million tons of iron ore, increases of 10.9% and 8.5%, respectively, against 2002. GIIC also had an outstanding performance, a profit of US\$ 10 million in 2002 and US\$ 24 million in 2003, on a considerable increase in pellet sales, from 3.1 million tons in 2002 to 3.9 million tons in 2003.

CVRD's holdings in the steel industry contributed US\$ 81 million to 2003 net profit, primarily due to the net profit of US\$ 169 million at CST, which was an increase from the US\$ 84 million achieved via operating improvements.

The main factors mitigating the increase in net profit in 2003 were increases of US\$ 865 million in cost of goods sold and US\$ 446 million in provisions for income tax and the Social Contribution tax.

CVRD's net profit in 4Q03 was US\$ 270 million. This was US\$ 299 million less than its net profit in the fourth quarter of 2002, and also US\$ 198 million less than its net profit in the third quarter of 2003.

The difference between the net profit for the 4Q03 and the same quarter in the previous year reflects (i) cost of goods sold increased US\$ 416 million and (ii) the appreciation of the Real that benefited the result of 4Q02, which together with small variations in several other items more than offset the increase of US\$ 579 million in net operational revenue.

The main factors in the reduction of quarterly net profit from 3Q03 to 4Q03 were (i) the US\$ 193 million increase in cost of goods sold, and (ii) a US\$ 66 million increase in provisions for income tax.

COGS BRAKDOWN										
	US\$ million									
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Personnel	50	8.5	74	9.1	100	10.0	249	11.0	291	9.3
Material	145	24.6	194	23.9	232	23.1	477	21.1	760	24.3
Contracted Services	56	9.5	150	18.5	239	23.8	326	14.4	574	18.4
Acquisition of Iron Ore and Pellets	98	16.6	87	10.7	66	6.6	359	15.9	356	11.4
Acquisition of Other Products	128	21.7	175	21.6	169	16.8	422	18.6	604	19.3
Depreciation and Exhaustion	42	7.1	63	7.8	77	7.7	205	9.1	228	7.3
Energy	20	3.4	38	4.7	56	5.6	90	4.0	143	4.6
Others	50	8.5	31	3.8	66	6.6	135	6.0	172	5.5
Total	589	100.0	812	100.0	1,005	100.0	2,263	100.0	3,128	100.0

RESULT FROM SHAREHOLDINGS					
	US\$ million				
	4Q02	3Q03	4Q03	2002	2003
Steel	15	26	21	23	82
Aluminum, Alumina and bauxite	82	27	24	39	146
Logistics	(7)	(1)	36	(88)	(52)
Iron Ore and Pellets	28	32	23	(66)	133
Others	3	5	(16)	5	(3)
Total	121	89	88	(87)	306

DEBT – LOW LEVERAGE, HIGH INTEREST COVERAGE AND LONGER AVERAGE MATURITY

CVRD's total debt at December 31, 2003 was US\$ 4.028 billion, a reduction from its level of US\$ 4.304 billion at the end of September 2003. The 2003 bond maturing in December (CVRD 2003), totaling US\$ 200 million, contributed to the reduction.

Net debt ⁽⁴⁾ at the end of 2003 was US\$ 3.443 billion. Leverage measured as total debt / Adjusted EBITDA returned to a level below 2.0, at 1.89. With the full inclusion of the Adjusted EBITDA of Caemi in 2004, the trend is for this ratio to fall further.

Interest coverage measured by Adjusted EBITDA / interest payments, remained relatively stable, at 11.51, but was significantly higher than in 2002 (8.77) and 2001 (7.58).

One of the important objectives of the company's financial policy is the lengthening of the debt maturity profile, aiming primarily to reduce refinancing risk. Indeed, the average maturity of its debt has more than doubled, from 2.98 years at December 2002 to 6.47 years in January 2004. This change was achieved without increasing the average cost of debt, which remained at around 6% per year, in US dollar terms.

Three issues made particularly important contributions to the increase in the average maturity of the debt: (i) the issue of export receivables securitization notes, with final maturity in 2013, with 4.43% annual coupon and face value of US\$ 250 million, and two unsecured bonds; (ii) the issuance of a 10-year unsecured bond in August 2003 (CVRD 2013) with a face value US\$ 300 million, 9.25% yield to maturity and 9% annual coupon; (iii) the issuance of a 30-year unsecured bond in January 2004 (CVRD 2034), with a face value of US\$ 500 million, 8.35% yield to maturity and 8.25% annual coupon. The unsecured bonds established an important milestone, in that both were placed for yields lower than those offered by equivalent Brazilian sovereign bonds, and attracted an increasing proportion of high grade investors, who usually only acquire securities of companies that are rated investment grade. These developments undoubtedly reflect the global capital market's confidence in CVRD's financial solidity.

At the end of 2003, 93% of CVRD's debt was denominated in US dollars, 1% in Yen, 1% in Euros and 5% in Brazilian Reais.

Guarantees given to companies not consolidated in CVRD's results totaled US\$ 283 million at the end of December 2003, a reduction from US\$ 326 million at the end of the third quarter 2003. A figure very close to this total, US\$ 271 million, is for long-term loans contracted by Albras, of which US\$ 231 million matures in 2007 and US\$ 40 million in 2010. At the end of 2003 Albras's total debt was US\$ 337 million, with leverage, as measured by total debt / Adjusted EBITDA, of 1.5x.

FINANCIAL EXPENSES				
				US\$ million
Financial Expenses on:	3Q03	4Q03	2002	2003
Local Debt	(6)	(9)	(47)	(24)
External Debt	(43)	(41)	(181)	(158)
Debt with Related Parties	(5)	(2)	(54)	(14)
Total Debt-related Financial Expenses	(54)	(52)	(282)	(196)
Gross Interest on:	3Q03	4Q03	2002	2003
Tax and Labour Contingencies	(10)	(24)	(50)	(46)
Tax on Financial Transactions (CPMF)	(6)	(8)	(10)	(23)
Derivatives	2	5	(43)	3
Others	(15)	(43)	10	(89)
Total Gross Interest	(29)	(70)	(93)	(155)
Total	(83)	(122)	(375)	(351)

DEBT INDICATORS					
					US\$ million
	4Q02	3Q03	4Q03	2002	2003
Gross Debt	3,331	4,304	4,028	3,331	4,028
Net Debt	2,240	2,964	3,443	2,240	3,443
Gross Debt / LTM Adjusted EBITDA (x)	1.87	2.15	1.89	1.87	1.89
Adjusted EBITDA / Interest expenses ⁽⁵⁾ (x)	8.76	11.67	14.95	8.77	11.51
Gross Debt / EV ⁽⁶⁾ (x)	0.25	0.24	0.16	0.25	0.16

■ CAPITAL EXPENDITURE – FOSTERING GROWTH

• Capital expenditure in 2003

CVRD's capex in 2003 was US\$ 1.988 billion. Of this total, US\$ 979 million was allocated to promote organic growth ("growth capex"); US\$ 507 million was "stay-in-business capex", allocated to support and sustain existing business; and the remaining US\$ 502 million, was spent on acquisitions.

2003 was an extremely important year in terms of investment for CVRD, due to the progress made on projects which have either already started producing growth in cash flow and higher return for shareholders, such as the expansion of MRN and the construction of Module 3 of Alunorte, or which will soon be doing so, such as Sossego and the expansion of Carajás. Also, Caemi, a company that holds world-class assets, was acquired on conditions that provide strong potential for value creation.

The investment in growth was composed of US\$ 910 million invested in projects, and US\$ 69 million allocated to mineral exploration.

The principal capital expenditure projects were:

- US\$ 61.0 million invested on the increase of annual iron ore production capacity at Carajás by 14 million tons. This increase was brought forward by almost 12 months from the original timetable, reflecting CVRD's

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flexibility in implementing projects, and, as a result, Carajás will now be producing 70 million tons in 2004.

- US\$ 27.7 million in the development of the Fábrica Nova and Brucutu mines, both in the Southern System. The first phases of these two projects will start in 2005 and 2006, respectively, adding a total of 22 million tons/year of iron ore to CVRD's production capacity.
- US\$ 9.9 million on the construction of Pier III at the Ponta da Madeira Port, which started operation at the end of 2003, shipping iron ore and pellets, and supporting the expansion of production capacity at Carajás.
- US\$ 95 million on the expansion at Alunorte, with US\$ 66 million on Module 3, which was completed in April 2003; and US\$ 29 million to build Modules 4 and 5, scheduled for startup in 2006.
- US\$ 329 million on the Sossego copper project, already operating and in the process of an initial ramp-up to achieve full commercial production in July of 2004. Sossego is the only greenfield copper project to become operational this year.
- US\$ 28.4 million in the expansion of capacity at the Taquari-Vassouras potash mine, from the current 600 thousand tons/year to 850 thousand tons/year, scheduled to be completed at the end of the first half of 2005.
- US\$ 156 million on the acquisition of rolling stock, with 44 locomotives and 1,860 railcars for transport of iron ore, and 57 locomotives and 1,126 railcars for general cargo transportation, adding a total of 101 locomotives and 2,986 wagons. Of this total, the manufacturers have already delivered 77 locomotives and 2,022 of the wagons.
- US\$ 17.5 million on the construction of the Candonga hydroelectric power plant, which is almost complete and become operational in 2004.
- US\$ 19.6 million on the construction of the Aimorés hydroelectric power plant, which is also scheduled to be inaugurated this year.

Of the US\$ 69 million spent on mineral exploration, US\$ 50 million was disbursed by CVRD and US\$ 19 million disbursed by the Brazilian Development Bank (BNDES) under the Mineral Risk Contract signed in 1997. 63% of this total went into prospecting and research in the Carajás mineral province, where CVRD is primarily looking for copper, nickel, gold, metals of the platinum group, and manganese. 19% of the total was invested in other areas of Brazil to prospect for kaolin and bauxite in the east of Pará State, prospect for copper in the States of Ceará and Paraíba, and for nickel in Piauí, Goiás and São Paulo. The remaining 18% was invested in prospecting for deposits outside Brazil. CVRD has exploration offices in Peru and Chile, where the targets are copper and gold, and in Gabon, for manganese.

Acquisitions included the purchase of 100% of Rana, now Rio Doce Manganese Norway, a producer of ferro-manganese alloys, for US\$ 17.6 million, the purchase of shares in the steel maker CST for US\$ 57.8 million, increasing CVRD's stake from 22.85% to 28.02%; and the purchase of 50% of the common stock and 40% of the preferred stock of Caemi for US\$ 426.4 million, giving CVRD control of Caemi with 100% of its voting stock, 40% of the preferred shares, corresponding to 60.2% of the total capital. As a result of the Caemi transaction, CVRD has consolidated Caemi's results in US GAAP since September 2003.

- **Capital expenditure budget for 2004**

CVRD has budgeted capital expenditures of US\$ 1.815 billion for 2004, of which US\$ 1.202 billion is allocated to organic growth - exploration and projects - and US\$ 613 million to “stay-in-business capex” - maintenance, modernization, environmental protection, and information technology.

The amount allocated to new (greenfield) projects and to increase the production capacity of existing (brownfield) projects is US\$ 1.138 billion. The most important initiatives are to expand production capacity in iron ore, bauxite, alumina and potash, the completion of the Sossego copper project, initial development of the 118 project, electricity generation, and acquisition of rail wagons and locomotives for the transportation of iron ore and general cargo.

The projects in progress will increase CVRD’s annual production capacity over the next few years by 73 million tons of iron ore, 4.5 million tons of bauxite, 1.8 million tons of alumina, 250 thousand tons of potash and 185 thousand tons of copper. In all these projects the investment cost per ton of capacity is extremely competitive, and they are thus likely to generate considerable value for CVRD’s shareholders.

Startup of the Candonga and Aimorés hydroelectric power plants in 2004 will increase the company's electricity generation capacity by 119 megawatts. This capacity increase add to the output of the power plants already operating (Igarapava, Porto Estrela and Funil Plants) will enable CVRD to be self-sufficient in electricity for all its consumption in the Southern System (the iron ore mines, the Vitória-Minas railroad, the Tubarão port, and pelletizing plants), and also for part of the energy consumption of the copper mines in Carajás.

The purchase of 88 locomotives and 3,178 wagons will increase CVRD’s rail fleet, which was 744 locomotives and 30,473 wagons at the end of 2003, by enough to transport the additional iron ore output and meet clients’ increased demands for logistics services. The greater part of the new rolling stock investment will go into general third-party cargo transportation (82 locomotives and 1,921 wagons).

CVRD has a multi-commodity mineral exploration program, with planned expenditure of US\$ 78 million in 2004, involving at least seven different types of minerals, and spanning the globe. Although 77.1% of the total spending is planned for Brazil – 41.6% of the total in the Carajás mineral province – CVRD is also involved in exploration in South America (Peru and Chile), Africa (Gabon, Mozambique and Angola) and Asia (Mongolia and China), and is evaluating opportunities in several other countries.

- **Divestitures**

CVRD sold the following assets in 2003:

- (i) ships, owned by *Docenave*, for US\$ 36 million, due to the strategic decision to leave the trans-oceanic transportation business;
- (ii) the *Fazenda Brasileiro* gold mine, for US\$ 21 million due to the fact that it was close to exhaustion;
- (iii) the stake in *Fosfértil*, for US\$ 83 million, since this was a portfolio investment.

TELECONFERENCE AND WEBCAST

On Thursday 25 March CVRD will hold a teleconference and webcast at 2:00 pm Rio de Janeiro time, 12:00 noon US Eastern Time, and 5:00 pm UK Time to present 2003 results. For access instructions, see the Investor Relations section of CVRD's website, www.cvr.com.br. A playback of the event will be available on the site for 90 days after the event.

FINANCIAL STATEMENTS					
	US\$ million				
	4Q02	3Q03	4Q03	2002	2003
Gross operating revenues	1,101	1,483	1,690	4,282	5,545
Taxes	(42)	(51)	(52)	(159)	(195)
Net Operating Revenue	1,059	1,432	1,638	4,123	5,350
Cost of Goods Sold	(589)	(812)	(1,005)	(2,263)	(3,128)
Gross Profit	470	620	633	1,860	2,222
Gross Margin (%)	44.4	43.3	38.6	45.1	41.5
Selling, General and Administrative Expenses	(51)	(74)	(97)	(224)	(265)
Research and Development Expenses	(14)	(22)	(37)	(50)	(82)
Employee Profit-Sharing	(18)	(2)	(9)	(38)	(32)
Others	(46)	(21)	(98)	(119)	(199)
Operating Profit	341	501	392	1,429	1,644
Financial Revenues	40	27	18	127	102
Financial Expenses	(48)	(83)	(122)	(375)	(351)
Monetary Variation	257	(57)	(8)	(580)	242
Gains on Sale of Affiliates	-	-	17	-	17
Tax and Social Contribution (Current)	(8)	41	10	(12)	(90)
Tax and Social Contribution (Deferred)	(101)	(41)	(76)	161	(207)
Equity Income and Provision for Losses	121	89	88	(87)	306
Accounting Changes for Asset Write-offs	-	-	-	-	(10)
Minority Shareholding Participation	(33)	(9)	(49)	17	(105)
Net Earnings	569	468	270	680	1,548
Earnings per Share (US\$)	1.48	1.22	0.70	1.77	4.03

BALANCE SHEET			
	US\$ million		
	12/31/02	09/30/03	12/31/03
Assets			
Current	2,589	3,139	2,474
Long-term	1,337	1,483	1,442
Fixed	4,029	6,878	7,518
Total	7,955	11,500	11,434
Liabilities			
Current	1,508	2,602	2,253
Long Term	3,160	4,257	4,297
Shareholders' Equity	3,287	4,641	4,884
Paid-up Capital	2,944	3,367	3,367
Reserves	343	1,274	1,517
Total	7,955	11,500	11,434

CASH FLOW STATEMENT

	US\$ million				
	4Q02	3Q03	4Q03	2002	2003
Cash flows from operating activities:					
Net income	569	468	270	680	1,548
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation, depletion and amortization	43	63	78	214	238
Dividends received	19	66	59	91	197
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(121)	(89)	(88)	87	(306)
Deferred income taxes	101	41	76	(161)	207
Provisions for contingencies	(1)	-	-	53	9
Impairment of property, plant and equipment	51	0	39	62	51
Gain on sale of investment	0	0	(17)	0	(17)
Gain in accounting practice for asset retirement obligations	0	-	-	0	10
Pension plan	3	3	4	11	12
Foreign exchange and monetary losses	(310)	13	5	1,031	(382)
Net unrealized derivative losses	7	21	20	83	43
Minority interest	33	9	49	(17)	105
Others	(73)	(20)	6	46	(15)
Decrease (increase) in assets:					
Accounts receivable	49	(24)	(68)	(123)	37
Inventories	(26)	(27)	6	(69)	(22)
Others	(21)	(1)	(36)	(105)	(9)
Increase (decrease) in liabilities:					
Suppliers	125	(2)	59	102	(18)
Payroll and related charges	1	(15)	(17)	23	(25)
Others	55	(71)	69	94	94
Net cash provided by operating activities	504	435	514	2,102	1,757
Cash flows from investing activities:					
Loans and advances receivable	(41)	36	(56)	(6)	(51)
Guarantees and deposits	(17)	78	(13)	(78)	(99)
Additions to investments	0	(8)	1	(1)	(68)
Additions to property, plant and equipment	(258)	(443)	(594)	(766)	(1,543)
Proceeds from disposals of investment	(49)	0	83	0	83
Proceeds from disposals of property, plant and equipment	5	21	-	7	58
Net cash used to acquire subsidiaries	0	(380)	-	(45)	(380)
Net cash used in investing activities	(360)	(696)	(579)	(889)	(2,000)
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(202)	(4)	(1)	(345)	(38)
Loans	(24)	46	22	(21)	46
Long-term debt	43	779	41	715	1,039
Repayments of long-term debt	(85)	(139)	(351)	(345)	(770)
Interest attributed to stockholders	(273)	(33)	(427)	(602)	(675)
Net cash used in financing activities	(541)	649	(716)	(598)	(398)
Increase (decrease) in cash and cash equivalents	(397)	388	(781)	615	(641)
Effect of exchange rate changes on cash and cash equivalents	86	(14)	26	(641)	135
Cash and cash equivalents, beginning of period	1,402	966	1,340	1,117	1,091
Cash and cash equivalents, end of period	1,091	1,340	585	1,091	585
Cash paid during the period for:					
Interest on short-term debt	(15)	0	0	(46)	(7)
Interest on long-term debt, net of interest capitalized	(35)	(54)	(38)	(157)	(178)
Income tax	(8)	(6)	(16)	(12)	(55)
Non-cash transactions					
Conversion of loans receivable to investments	(15)	(9)	(91)	(55)	(187)
Income tax paid with credits	0	0	0	0	(81)

Reconciliation of “non-GAAP” information with corresponding US GAAP figures

(1) Adjusted EBITDA

The term "EBITDA" refers to a financial measure that is defined as earnings (losses) before interest, taxes, depreciation and amortisation; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes monetary gains/losses, equity in results of affiliates and joint ventures less dividends received from those companies, changes in provision for losses on equity investments, adjustments for changes in accounting practices, minority interests and non-recurring expenses. However, Adjusted EBITDA is not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles Adjusted EBITDA to net cash provided by (used in) operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

RECONCILIATION BETWEEN ADJUSTED EBITDA VS. OPERATING CASH FLOW					
	US\$ million				
	1Q03	2Q03	3Q03	4Q03	2003
Operating cash flow	356	452	435	514	1,757
Income tax	0	108	(47)	(26)	35
Income tax paid	6	27	6	16	55
Monetary and Foreign Exchange Losses	92	1	44	3	140
Financial Expenses	41	32	12	61	146
Net Working Capital	(45)	(139)	140	(13)	(57)
Others	(8)	9	40	13	54
Adjusted EBITDA	442	490	630	568	2,130

(2) Adjusted EBIT

	US\$ million				
	1Q03	2Q03	3Q03	4Q03	2003
Net operating revenues	1,110	1,170	1,432	1,638	5,350
COGS	(641)	(670)	(812)	(1,005)	(3,128)
SG&A	(49)	(45)	(74)	(97)	(265)
Research & Development	(11)	(12)	(22)	(37)	(82)
Others operating expenses	(46)	(55)	(23)	(107)	(231)
Adjusted EBIT	363	388	501	392	1,644

(3) Gross Debt / last 12 months' Adjusted EBITDA

	4Q02	3Q03	4Q03	2002	2003
Gross Debt / LTM Adjusted EBITDA (x)	1.87	2.15	1.89	1.87	1.89
Gross Debt / LTM Operating cash flow (x)	1.58	2.46	2.29	1.58	2.29

(4) Net Debt

RECONCILIATION BETWEEN GROSS DEBT VS. NET DEBT					
	US\$ million				
	4Q02	3Q03	4Q03	2002	2003
Gross Debt	3,331	4,304	4,028	3,331	4,028
Cash and cash equivalents	1,091	1,340	585	1,091	585
Net Debt	2,240	2,964	3,443	2,240	3,443

(5) Adjusted EBITDA / interest expenses

	4Q02	3Q03	4Q03	2002	2003
Adjusted EBITDA / Interest expenses (x)	8.76	11.67	14.95	8.77	11.51
Lucro Operacional / Financial expenses (x)	6.82	7.04	9.28	10.32	8.89

(6) Gross Debt / Enterprise Value

	4Q02	3Q03	4Q03	2002	2003
Gross Debt / EV	0.25	0.25	0.24	0.25	0.16
Gross Debt / Total Assets	0.42	0.37	0.35	0.42	0.35

Enterprise Value = net debt + market capitalization

This communication may include declarations which represent the expectations of the Company's Management about future results or events. All such declarations, when based on future expectations and not on historical facts, involve various risks and uncertainties. The Company cannot guarantee that such declarations turn out to be correct. Such risks and uncertainties include factors relative to the Brazilian economy and capital markets, which are volatile and may be affected by developments in other countries; factors relative to the iron ore business and its dependence on the steel industry, which is cyclical in nature; and factors relative to the high degree of competitiveness in industries in which CVRD operates. To obtain additional information on factors which could cause results to be different from those estimated by the Company, please consult the reports filed with the Comissão de Valores Mobiliários (CVM - Brazilian stock exchange regulatory authority) and the U.S. Securities and Exchange Commission - SEC, including the most recent Annual Report - CVRD Form 20F."