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VALLEY OF THE RIO DOCE CO
Form 6-K
March 29, 2002

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FORM 6-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For MARCH 29, 2002

Companhia Vale do Rio Doce
(Exact name of Registrant as specified in its charter)

Valley of the Doce River Company
(Translation of Registrant's name into English)

Federative Republic of Brazil
(Jurisdiction of incorporation or organization)

Avenida Graca Aranha, No. 26
20005-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:]

FORM 20-F

FORM 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the +Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.]

YES

NO

[If "Yes " is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):] Not applicable

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Companhia Vale do Rio Doce

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO DOCE

By: /s/ Roberto Castello Branco

Name: Roberto Castello Branco
Title: Head of Investor Relations

Dated: March 29, 2002

[Logo] Companhia Vale do Rio Doce
Diretoria de Controle

[Logo]

Financial Statements of 2001

- 1 Management Report
- 2 Management's Discussion and Analysis
- 3 Financial Statements
- 4 Notes to the Financial Statements

Financial Statements filed with the Comissao de
Valores Mobiliarios CVM (Brazilian Securities
Commission) on 03/27/02

Gerencia Geral de Controladoria

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1 Management Report

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Management Report

COMPANHIA VALE DO RIO DOCE'S PERFORMANCE IN 2001

Despite the global recession, in 2001 Companhia Vale do Rio Doce (CVRD), for the fifth year running, achieved record net earnings of R\$ 3.051 billion. This was 43.0% higher than that reported in 2000, of R\$ 2.133 billion. In the period between 1997, when CVRD was privatized, and 2001, net profit has grown at an average annual rate of 41.7%.

Reflecting the earnings achieved, the return on consolidated shareholders' equity amounted to 25.9% compared to 20.2% in the previous year. Earnings distribution, in the form of interest on shareholders equity, was also a record R\$ 1.774 billion, the equivalent of R\$ 4.61 per share, 38.4% higher than the figure for 2000 of R\$ 1.282 billion.

From January 1997 to December 2001, total shareholder return was, in U.S. dollar terms, 11.8% per year.

The quality of the Company's assets, as well as the acquisitions and the divestments carried out, were extremely important in determining the results for 2001. The depreciation of the Brazilian real against the U.S. dollar was favorable in that it helped to widen margins and increase cash generation. However, in the short term, its effect on net earnings was negative due to the impact on net liabilities in foreign currency (net foreign debt less assets owned abroad).

In 2001, consolidated gross revenue amounted to R\$ 11.015 billion, 21.7% higher than the previous year, R\$ 9.048 billion.

Consolidated cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization) amounted to R\$ 5.128 billion, up 35.4% on 2000. The high ratio of EBITDA/net revenues, of 48.5%, reveals CVRD's excellent capacity to convert revenue into operating profits. The ferrous division (iron ore, pellets, manganese and ferro-alloys) was responsible for 74% of the EBITDA generation, aluminum 10%, logistics 7%, steel 5% and non ferrous 4%.

The Company's consolidated exports amounted to US\$ 3.297 billion in 2001 compared to US\$ 3.016 billion in 2000. Net exports (exports less imports) amounted to US\$ 2.883 billion, CVRD being the company that contributed the most to Brazil's trade surplus in 2001.

CVRD invested US\$ 1.537 billion in 2001, US\$ 911.7 million of which was spent on acquisitions. 88.5% of capital expenditure was allocated to mining activities.

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For the fourth quarter of 2001 (4Q01) Parent Company net earnings amounted to R\$ 639 million, in line with the previous quarters, with the exception of 3Q01, which showed particularly high earnings due to the profit from the sale of the stake in Cenibra. EBITDA in the Parent Company in 4Q01 amounted to R\$ 804 million, a drop of 18.5% on the previous quarter, but 30.1% higher than the same period a year earlier. In 2001, EBITDA in the Parent Company totaled R\$ 3.254 billion, and the EBITDA margin was 51.0%. The ferrous division was responsible for 85.6% of the cash generation, logistics 9.6% and non ferrous 4.8%.

In operational terms, a number of significant records were achieved:

- o Consolidated sales of iron ore and pellets totaled 143.6 million tons, beating the record set in 2000 of 118.0 million tons by 21.7%;
- o The Carajas Railroad (EFC) and the Vitoria a Minas Railroad (EFVM) together carried record cargoes of 167.4 million tons, compared to the record set in 2000 of 164 million tons;
- o General cargo (products other than iron ore and pellets) transported by EFC and EFVM totaled 12.9 billion net ton kilometers (nkt), 4.0% higher than the record achieved in 2000 of 12.4 billion nkt.

In acquiring Ferteco and 50% of the voting capital of Caemi, CVRD consolidated its leadership position in the global iron ore market. CVRD purchased the stake held by Phelps Dodge in the Sossego project becoming the full owner of the project. This allowed a substantial cut in investment costs, from US\$ 431 million to US\$ 383 million due to the exploitation of synergies. This transformed the capex cost of this copper project into one of the lowest in the world (US\$ 2,553 per ton).

CVRD sold several non-core assets - CSN, Bahia Sul, Cenibra, Rio Doce Pasha and Docenave vessels -obtaining proceeds of approximately US\$ 1.3 billion.

During 2001, significant long term contracts were signed for the sale of iron ore and pellets with the Shanghai Baosteel Iron & Steel Group, China's largest steelworks, and Acesita, the largest producer of stainless steel in Latin America, controlled by Arcelor, the world's largest steel company. At the same time, a memorandum of understanding was signed with Codelco, the world's largest copper producer, with the aim of forming a joint venture for the combined exploitation of opportunities in the copper mining segment.

In March 2002, CVRD was involved in two important transactions in the world's capital markets.

The Company issued US\$ 300 million worth of bonds, with a term of five years. This issue received Moody's risk classification Baa2 and the spread over the equivalent yield from U.S Treasury bonds, with a similar maturity date, was 455 basis points, the lowest for recent issues by Brazilian companies with the same maturity. Yield to investor return is 8.75% per year.

The third and final stage of the Company's privatization was successfully completed with the global offering of common shares held by the National Treasury and the BNDES (National Bank of Economic and Social Development). In consequence, the Company's shareholder base widened considerably and the free float was significantly increased. CVRD's common shares began trading on the New

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York Stock Exchange on March 21, 2002 as American Depositary Receipts (ADRs), identified by ticker symbol RIO. Each ADR corresponds to one common share.

Leading indicators of economic activity are suggesting a synchronized recovery in the global economy from the middle of this year. Monetary and fiscal stimuli appear to be bearing fruit in the United States, the European Union has benefited from de-regulation of its labor market and lower rates of income tax, emerging Asian exporting economies are returning to growth, the rate of economic expansion in China continues very high and Brazil is beginning to recover from the economic shocks of last year. The

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demand outlook has therefore improved for minerals and metals, and for CVRD's cargo transportation services.

The raising of steel import barriers by the U.S. government will slow the inevitable restructuring of the steel industry there, threatening to unleash a global wave of protectionism. But this is not expected to have a significant effect on CVRD's estimated sales of iron ore and pellets.

CONSOLIDATED RESULTS FOR 2001

Under generally accepted Brazilian accounting practices (BR GAAP) results are consolidated from those companies that are under effective control, or shared control as defined by shareholders agreements, independent of the percentage of capital held by CVRD. Consolidation is in proportion to the stake held by CVRD in each company.

FINANCIAL INDICATORS CONSOLIDATED

	2000	R\$ million 2001
Gross Revenues	9,048	11,015
Exports (US\$ million)	3,016	3,297
Gross Margin (%)	44.1	47.6
Equity Income	152	102
Net Income	2,133	3,051
Net Income per Share	5.54	7.95
Interest on Shareholders' Equity	1,282	1,774
EBITDA	3,788	5,128
EBITDA Margin (%)	43.1	48.5
ROE (%)	20.2	25.9
Gross Debt (US\$ million)	4,042	4,126
Net Debt (US\$ million)	2,691	2,916
Gross Debt/EBITDA (x)	2.09	1.87
EBITDA/Financial Expenses (x)	5.36	5.36

Sales: volumes, revenues and margins

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CVRD's consolidated sales of iron ore and pellets reached a record 143.6 million tons 2001, an increase of 21.7% on the previous year. This amount includes sales by CVRD, the pellet joint ventures (Nibrasco, Itabraso, Kobrasco and Hispanobras), Ferteco, Samarco and GIIC, eliminating transactions between companies. Not included, for example, are sales of pellet feed by the Parent Company to the joint ventures, while on the other hand sales by Samarco are GIIC are calculated in proportion to the stakes held by CVRD. Of the sales increase of 25.6 million tons over the previous year, 10.5 million, or 40.4%, of this was due to the performance of companies acquired in 2000 and 2001.

Sales of iron ore increased by 25.8%, while pellet sales rose by only 9.9%, reflecting the falling cycle in the demand for this product. Of the total volume sold, 121.8 million tons - 85% - were exported.

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CONSOLIDATED SALES OF IRON ORE AND PELLETS

	2000	%	2001	million tons %
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Iron Ore				
Parent Company	79,389	67.3	93,432	65.0
Socoimex	1,151	1.0	--	--
Samitri	6,434	5.5	5,397	3.8
Samarco *	515	0.4	893	0.6
Urucum	591	0.5	627	0.4
Ferteco			10,418	7.3
Total	88,080	74.6	110,767	77.1
<hr style="border-top: 1px dashed black;"/>				
Pellets				
Parent Company + JVs	25,885	21.9	23,316	16.2
Samarco *	3,687	3.1	4,707	3.3
Ferteco			3,340	2.3
GIIC *	362	0.3	1,526	1.1
Total	29,934	25.4	32,889	22.9
Grand Total	118,014	100.0	143,656	100.0

* sales attributed in proportion to size of stake held by CVRD

Socoimex: acquired on May 11, 2000 and consolidated into CVRD on August 31, 2000

Samitri/Samarco: acquired on May 30, 2000 and consolidated into CVRD on October 1, 2001

GIIC: acquired on October 9, 2000

Ferteco: acquired on April 27, 2001

CVRD managed to substantially increase its share in the Chinese market, signing a contract with Baosteel for the annual supply of 6 million tons of iron ore for 20 years, and widening its client base. Sales to China by the Parent Company in 2001 amounted to 14.9 million tons, up 62% on the previous year, and represented

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16.1% of China's total iron ore imports, estimated at 92.3 million tons. For 2002, it is expected that sales to China will continue to expand.

Sales of ferro-alloys in 2001 amounted to 362.4 thousand tons, 65% were exported and 35% sold to the domestic market. Due to the closure of the Almas and Caetes mines, gold sales fell from 17.4 tons in 2000 to 15.8 tons in 2001. In 2002, gold sales are likely to show a further decline as mining operations are ceased at Igarape Bahia. Gold production should recover when the copper mining operations begin in Carajas.

Due to energy rationing, Albras was forced to cut down its sales by 9.3%, selling 331.7 thousand tons of primary aluminum. Alunorte sold 1.595 million tons of alumina, 3.6% less than the previous year.

The railroads wholly owned by CVRD, EFC and EFVM, transported 167.4 million tons, up 2.1% on 2000. 47.0 million tons were transported for customers, 28.1% of the total - 18.6 million tons of iron ore and pellets and 28.4 million of general cargo. In net ton kilometer terms, general cargo carried by EFC and EFVM in 2001 totaled 12.9 billion. The Centro-Atlantica Railroad (FCA), operated by CVRD, carried 8.4 billion ntk, compared with 7.7 billion in 2000.

Gross consolidated revenues amounted to R\$ 11.015 billion in 2001, 21.7% higher than in 2000, of R\$ 9.048 billion. Some 84% of gross revenues came from Brazil, while the remaining 16%, R\$ 1.803 billion, came from subsidiaries and joint ventures abroad. Revenue denominated in foreign currency accounted for approximately 80% of the total.

Gross sales margin amounted to 47.6%, exceeding the figure for the previous year of 44.1%.

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Sales of iron ore and pellets in 2001 accounted for 54% of gross revenues - R\$ 5.919 billion, compared to 44% in 2000.

In contrast, transportation revenues fell as a percentage of the total from 17% to 14%, reflecting the fact that Socoimex, Samitri and Ferteco, being acquired by CVRD, ceased to be clients of EFVM and the port of Tubarao. At the same time revenues by Docenave fell due to the sale of part of the fleet. In absolute terms, gross revenue from transportation services fell, from R\$ 1.580 billion in 2000 to R\$ 1.490 billion in 2001.

Gross revenues from the aluminum division was down slightly, due to lower quantities and prices, amounting to R\$ 1.118 billion in 2001 compared to R\$ 1.127 billion in the previous year.

[Graphic Omitted]

Variation in net earnings

Net earnings amounted to R\$ 3.051 billion, an increase of R\$ 918 million and 43% higher than reported in 2000 of R\$ 2.133 billion.

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Two factors contributed significantly to the rise in earnings: the growth in net operating revenues of R\$ 1.792 billion and capital gains from the sale of shareholdings (Bahia Sul and Cenibra) of some R\$ 1.702 billion. On the negative side, depreciation of the Brazilian Real negatively impacted earnings by R\$ 741 million, the cost of goods sold (COGS) rose by R\$ 640 million, operational expenses increased by R\$ 618 million and there was a R\$ 437 million goodwill amortization.

The main reason for the increase in COGS was the acquisition of companies such as Samitri and Ferteco, whose costs were added to those of CVRD. However, on the other hand, sale from these companies were added to net consolidated revenues. Expenditure on electricity accounted for 8.1% of COGS, in 2001, compared to 6.7% in 2000, reflecting the rise in costs due to power rationing.

The growth in operational expenses was mainly due to increases in the following items: an increase in sales expenses of R\$ 90 million, and administrative costs, R\$ 164 million; an increase in fixed assets write offs of R\$ 186 million; tax provisions, R\$ 122 million; and loss provisions of R\$ 169 million.

CVRD decided to write off all the premiums paid on stakes acquired in 2001. The premiums were: for FCA, R\$ 147 million; PPSA, R\$ 83 million; Sibira, R\$ 81 million; GIIC, R\$ 60 million; and for Usiminas, R\$ 55 million.

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[Graphic Omitted]

Cash Flow

EBITDA generated in 2001 of R\$ 5.128 billion was R\$ 1.340 billion higher than the figure for the previous year. The main reason behind this increase was the growth in net operating revenues of R\$ 1.792 billion, partially offset by a rise in COGS of R\$ 640 million, and a rise in sales and administrative expenses of R\$ 254 million.

[Graphic Omitted]

The ferrous division was responsible for 74% of the EBITDA generation, aluminum 10%, logistics 7%, steel 5% and non ferrous 4%.

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[Graphic Omitted]

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Debt

CVRD's total consolidated debt, in BR GAAP, amounted to US\$ 4.126 billion as of December 31 2001, slightly higher than the previous years figure of US\$ 4.042 billion.

Net consolidated debt represented less than two times EBITDA in 2001. Interest coverage was at a very comfortable level, EBITDA being 5.36 times financial expenses.

RESULTS OF THE PARENT COMPANY IN 4Q01

Parent Company gross revenues in the 4Q01 amounted to R\$ 1.809 billion. Its composition by product was as follows: iron ore 59%, pellets 17%, logistics 15%, gold 5%, potash 2% and others 2%.

Gross margin amounted to 48.9%, approximately the same as the average for the last seven quarters (49.0%), but lower than that recorded in 3Q01, of 51.5%. This drop is essentially due to the fall in gross revenue of 1.7% and the 3.2% rise in COGS.

FINANCIAL INDICATORS - PARENT COMPANY

	4Q00	3Q01	4Q01	R\$ million	
				2000	2001
Gross Revenues	1,404	1,840	1,809	5,169	6,617
Gross Margin (%)	47.8	51.5	48.9	49.2	48.9
Net Earnings	532	1,207	639	2,133	3,051
EBITDA	618	986	804	2,403	3,254
EBITDA Margin (%)	45.8	55.4	46.1	48.3	51.0
Net Operating Cash Flow	499	1,169	358	1,848	3,515
ROE annualized (%)	20.2	43.2	25.9	20.2	25.9
Gross Debt (US\$ million)	1,825	1,987	2,000	1,825	2,000
Net Debt (US\$ million)	1,023	1,473	1,722	1,023	1,722
Investments (US\$ million)	375	183	597	1,602	1,537

Net earnings by the Parent Company in 4Q01 amounted to R\$ 639 million. This figure was 20.1% than the same quarter in the previous year. It is clearly much lower than the third quarter result of R\$ 1.207 billion which was boosted substantially by the sale of Cenibra.

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[Graphic Omitted]

EBITDA in 4Q01 was down R\$ 182 million on the previous quarter. There were various factors that contributed to this: a rise in COGS (R\$ 26 million), a increase in sales, general and administrative expenses of R\$ 33 million and a drop both in net revenues of R\$ 32 million, and in dividends received from

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subsidiaries and affiliates of R\$ 83 million. EBITDA margin, of 46.1%, was also lower than that achieved in 3Q01, which hit a record level of 55.4%, influenced by the depreciation in the Real against the U.S. dollar.

[Graphic Omitted]

In 2001, EBITDA amounted to R\$ 3.254 billion, 35.4% higher than the previous year. The EBITDA margin was 51.0%, against 48.3% in 2000. The ferrous division was responsible for 85.6% of the cash generation, logistics 9.6% and non ferrous 4.8%.

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[Graphic Omitted]

Gross debt at the Parent Company amounted to US\$ 2.0 billion at the end of December 2001, equal to 1.43 times EBITDA for the year. At the same time EBITDA in 2001 was equal to 6.6 times financial expenses, this indicator being unchanged from the same period in 2000.

DEBT LEVERAGE AND COVERAGE

	4Q00	3Q01	4Q01	2000	2001
Gross Debt/(Gross Debt + Equity)	25.2%	32.2%	28.3%	25.2%	28.3%
Gross Debt/LTM EBITDA	1.48	1.73	1.43	1.49	1.43
EBITDA/Interest Expenses	5.42	4.61	10.18	6.66	6.57

Capital Expenditure in 2001

CVRD invested US\$ 1.537 billion in 2001, slightly less than the previous year's figure of US\$ 1.602 billion, the highest in the Company's history. Investment decisions are based on rigorous analysis, with the central aim of creating shareholder value. In other words, the minimum return required from each investment, adjusted for risk, must be higher than the weighted average cost of capital for the Company.

Expenditure on acquisitions, US\$ 911.7 million, accounted for about 60% of total investment. The main items were the purchase of Ferteco which involved US\$ 566 million, 50% of Caemi's voting capital for US\$ 278 million and 50% of Mineracao Sossego for US\$ 42.5 million.

Investments in projects totaled US\$ 264.4 million. US\$ 84.1 million was allocated to the construction of the Sao Luis Pelletizing Plant while US\$ 55.1 million in the mine-railroad-port infrastructure necessary to its implementation. This is the CVRD's twelfth pelletizing plant, and will be under operation on the 2Q02. Its nominal production capacity is 6 million tons of pellets per year. This pelletizing plant is the most modern in the world and its capex cost is very low, US\$ 31 per ton.

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FINANCIAL STATEMENT - CONSOLIDATED

	2000	R\$ million 2001
Gross Operating Revenues	9,048	11,015
Value Added Tax	(266)	(441)
Net Operating Revenues	8,782	10,574
Cost of Goods Sold	4,905	(5,545)
Gross Income	3,877	5,029
Gross Margin (%)	44.1%	47.6%
Result of Investment Participation	152	(299)
Equity Income	152	102
Goodwill Amortization	-	(437)
Provision for Losses	-	-
Others	-	36
Operating Expenses	(1,391)	(2,009)
Selling	(156)	(246)
General & Administrative	(458)	(622)
Research and Development	(89)	(101)
Others	(688)	(1,040)
Financial Expenses	(707)	(957)
Financial Revenues	369	284
Monetary Variation	(325)	(1,066)
Gross Income	1,975	982
Discontinued Operations	184	1,770
Income Taxes	(11)	259
Net Earnings Before Minority Interest	2,148	3,011
Minority Interest	(15)	40
Net Earnings	2,133	3,051

BALANCE SHEET - CONSOLIDATED

	2000	R\$ million 2001
Assets		
Current Assets	6,111	7,387
Long Term Assets	2,515	2,672
Permanent Assets	15,204	16,346
Total	23,830	26,405
Liabilities and Stockholders' Equity		
Current Liabilities	5,133	5,335
Long Term Liabilities	7,928	9,137
Others	203	166
Shareholders' Equity	10,566	11,767
Capital	3,000	4,000
Reserves	7,566	7,767
Total	23,830	26,405

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FINANCIAL STATEMENT - PARENT
COMPANY

	4Q00	3Q01	4Q01	2000	R\$ mi
Gross Operating Revenues	1,404	1,840	1,809	5,169	
Value Added Tax	(56)	(61)	(64)	(189)	
Net Operating Revenues	1,348	1,779	1,745	4,980	
Cost of Goods Sold	(704)	(863)	(891)	(2,531)	
Gross Income	644	916	854	2,449	
Gross Margin (%)	47.8	51.5	48.9	49.2	
Result of Investment Participation	100	(572)	97	715	
Equity Income	168	(6)	150	799	
Goodwill Amortization	(11)	(296)	(89)	(27)	
Provision for Losses	(57)	(270)	25	(57)	
Others	-	-	11	-	
Operating Expenses	(284)	(430)	(469)	(1,029)	
Selling	(28)	(32)	(33)	(77)	
General & Administrative	(66)	(90)	(123)	(222)	
Research and Development	(28)	(30)	(30)	(87)	
Others	(162)	(278)	(283)	(643)	
Financial Expenses	(114)	(214)	(79)	(361)	
Financial Revenues	94	30	(3)	185	
Monetary Variation	(102)	(471)	467	(159)	
Gross Income	338	(741)	867	1,800	
Discontinued Operations	38	1,472	-	184	
Income Taxes	156	476	(228)	149	
Net Income	532	1,207	639	2,133	
Net Income per Share (R\$)	1.38	3.14	1.66	5.54	

BALANCE SHEET - PARENT COMPANY

	4Q00	3Q01	4Q01	2000	R\$ mi
Assets					
Current Assets	4,205	5,281	3,990	4,205	
Long Term Assets	2,116	2,316	2,507	2,116	
Permanent Assets	13,722	15,986	15,928	13,722	1
Total	20,043	23,583	22,425	20,043	2
Liabilities and Stockholders' Equity					
Current Liabilities	3,383	5,074	3,623	3,383	
Long Term Liabilities	6,094	7,336	7,035	6,094	
Shareholders' Equity	10,566	11,174	11,767	10,566	1
Capital	3,000	4,000	4,000	3,000	
Reserves	7,566	7,174	7,767	7,566	

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Total 20,043 23,584 22,425 20,043 2

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EQUITY INCOME - PARENT COMPANY

	4Q00	3Q01	4Q01	R\$ mi 2000
Ferrous				
Iron Ore and Pellets	20	93	(9)	253
Manganese and Ferro-Alloys	9	26	47	19
Non-Ferrous	-	-	-	-
Transportation	53	(85)	(33)	13
Shareholding Interests				
Steel	38	70	(40)	169
Pulp and Paper	(6)	12	(58)	8
Aluminum	49	(125)	239	327
Fertilizers	5	4	8	10
Others	-	-	(4)	-
Total	168	(5)	150	799

CAPITAL EXPENDITURES - 2001

By business area	US\$ million	%	By category	US\$ million
Ferrous Minerals	1,256.5	81.7%	Equity Investments	75.5
Transportation	86.6	5.6%	Maintenance	231.9
Non Ferrous Minerals	104.5	6.8%	Projects	264.4
Energy	52.1	3.4%	Mineral Exploration	29.8
Others	37.7	2.5%	Information Technology	17.5
			Technological Research	6.6
			Acquisitions	911.7
Total	1,537.4	100.0%	Total	1,537.4

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SALES VOLUMES - PARENT COMPANY

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IRON ORE AND PELLETS	4Q00	3Q01	4Q01	2000	thousand t
Foreign Market	20,755	24,237	24,154	79,643	
Southern System	9,545	13,169	11,548	36,373	
Fines	5,216	9,637	7,672	20,235	
Lump	636	555	843	2,808	
Pellets	3,693	2,977	3,033	13,330	
Northern System	11,210	11,068	12,606	43,270	
Fines	10,193	10,181	11,299	39,735	
Lump	1,017	887	1,307	3,535	
Domestic Market	9,874	10,532	9,661	37,097	
Southern System	8,943	9,686	8,751	33,770	
Fines	7,559	7,763	6,956	28,952	
Lump	689	1,127	996	2,602	
Pellets	695	796	799	2,216	
Northern System	931	846	910	3,327	
Fines	29	36	117	587	
Lump	902	810	793	2,740	
Iron Ore	26,241	30,996	29,983	101,194	
Fines	22,997	27,617	26,044	89,509	
Lump	3,244	3,379	3,939	11,685	
Pellets	4,388	3,773	3,832	15,546	
Total	30,629	34,769	33,815	116,740	

OTHER PRODUCTS AND SERVICES	4Q00	3Q01	4Q01	2000
Gold (Kg)	4,865	4,488	4,390	17,387
Foreign Market	4,865	4,488	4,390	17,370
Domestic Market	-	-	-	17
Manganese	322	13	5	1,300
Foreign Market	164	-	-	876
Domestic Market	158	13	5	424
Potash	127	124	95	561
Transportation Services	26,611	21,306	20,204	107,103
Railroads	16,046	14,078	13,640	65,945
Southern System	14,469	12,423	12,078	60,504
Northern System	1,577	1,655	1,562	5,441
Port Services	10,565	7,228	6,564	41,158
Southern System	10,004	6,434	5,974	39,027
Northern System	561	794	590	2,131

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IRON ORE AND PELLETS SALES - PARENT COMPANY

GEOGRAPHICAL DESTINATION	4Q00	3Q01	4Q01	2000	million tons
FOREIGN MARKET					

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ASIA				
China	2.7	5.6	3.4	9.2
South Korea	1.9	1.6	1.3	7.0
Philippines	0.4	0.1	0.5	1.4
Japan	4.0	4.3	4.4	17.5
Taiwan	0.3	0.6	0.6	1.6
Others	0.1	0.4	0.6	0.4
Total	9.4	12.6	10.8	37.1
EUROPE				
Germany	2.3	2.7	2.9	8.2
Spain	0.8	0.5	1.0	2.9
France	0.9	0.9	1.1	2.9
Italy	0.9	1.0	1.4	4.8
United Kingdom	0.3	0.3	0.5	1.5
Others	2.4	3.2	3.4	8.2
Total	7.6	8.6	10.3	28.5
AMERICAS				
Argentina	0.5	0.4	0.5	1.4
United States	0.6	0.9	0.6	3.5
Others	0.4	0.5	0.2	2.0
Total	1.5	1.8	1.3	6.9
AFRICA/MIDDLE EAST / AUSTRALASIA				
Bahrain	0.5	0.3	0.3	2.0
Others	1.8	1.0	1.4	5.2
Total	2.3	1.3	1.7	7.2
TOTAL	20.8	24.3	24.1	79.7

DOMESTIC MARKET	4Q00	3Q01	4Q01	2000
Steel Mills	4.5	5.2	5.3	15.5
Affiliated Pelletizing Companies	5.4	5.3	4.4	21.6
Total	9.9	10.5	9.7	37.1
TOTAL	30.7	34.8	33.8	116.8

ORIGIN	4Q00	3Q01	4Q01	2000
Northern System	12.1	11.9	13.5	46.6
Southern System	18.6	22.9	20.3	70.1
TOTAL	30.7	34.8	33.8	116.8

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IRON ORE AND PELLETS - FINANCIAL INDICATORS

HISPANOBRAS	4Q00	3Q01	4Q01	R\$ million	
				2000	2001

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Sales (thousand tons)	1,080	882	998	3,933	3,608
Foreign Market	480	422	148	1,443	1,218
Domestic Market	600	460	850	2,490	2,390
Average Price (US\$/ton)	31.28	32.64	31.12	30.56	31.42
Net Operating Revenues	65	73	79	224	269
Cost of Goods Sold	(53)	(60)	(64)	(186)	(223)
Financial Results	2	4	(5)	5	2
Net Earnings	8	10	4	21	25
Gross Margin (%)	18.9	17.7	18.5	16.7	17.1
EBITDA	14	17	14	45	53
EBITDA Margin (%)	21.5	23.3	18.2	19.9	19.8

	NIBRASCO	4Q00	3Q01	4Q01	2000	2001
Sales (thousand tons)	2,565	1,562	1,252	8,764	6,993	
Foreign Market	627	514	432	2,398	2,311	
Domestic Market	1,938	1,048	820	6,366	4,682	
Average Price (US\$/ton)	30.65	29.22	27.90	30.13	29.80	
Net Operating Revenues	150	109	99	478	482	
Cost of Goods Sold	(127)	(102)	(88)	(404)	(423)	
Financial Results	(2)	(8)	-	6	(7)	
Net Earnings	9	(34)	7	34	14	
Gross Margin (%)	15.4	6.6	11.1	15.4	12.3	
EBITDA	12	24	14	59	69	
EBITDA Margin (%)	8.3	22.2	14.0	12.4	14.3	
Net Debt (in US\$ million)	8	7	6	8	6	
- Short Term	2	3	2	2	2	
- Long Term	6	5	4	6	4	

	ITABRASCO	4Q00	3Q01	4Q01	2000	2001
Sales (thousand tons)	752	742	995	3,486	3,287	
Foreign Market	539	471	700	2,804	2,247	
Domestic Market	213	271	295	682	1,040	
Average Price (US\$/ton)	31.22	31.69	31.90	30.98	31.72	
Net Operating Revenues	46	59	80	198	246	
Cost of Goods Sold	(35)	(52)	(60)	(171)	(203)	
Financial Results	3	2	(6)	4	1	
Net Earnings	7	4	4	14	29	
Gross Margin (%)	24.2	12.0	25.5	14.0	17.5	
EBITDA	11	10	16	26	39	
EBITDA Margin (%)	24.4	16.3	20.2	13.1	16.0	

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IRON ORE AND PELLETS - FINANCIAL INDICATORS

R\$ mill

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KOBRASCO	4Q00	3Q01	4Q01	2000
Sales (thousand tons)	1,294	1,123	1,068	4,415
Foreign Market	824	493	558	3,682
Domestic Market	470	630	510	733
Average Price (US\$/ton)	30.95	31.19	31.20	30.05
Net Operating Revenues	76	91	85	241
Cost of Goods Sold	(59)	(68)	(67)	(188)
Financial Results	(22)	(53)	42	(45)
Net Earnings	(2)	(72)	53	6
Gross Margin (%)	22.3	25.3	21.1	21.7
EBITDA	20	24	19	59
EBITDA Margin (%)	25.8	26.4	22.9	24.4
Net Debt (in US\$ million)	122	149	129	122
- Short Term	-	20	-	-
- Long Term	122	129	129	122

SAMARCO	4Q00	3Q01	4Q01	2000
Sales Foreign Market (thousand tons)	4,295	2,312	2,571	14,622
Average Price (US\$/ton)	31.03	28.56	32.00	29.40
Net Operating Revenues	243	167	208	756
Cost of Goods Sold	(135)	(73)	(103)	(403)
Financial Results	(44)	(98)	51	(168)
Net Earnings	25	(48)	117	11
Gross Margin (%)	44.3	56.0	50.6	46.7
EBITDA	87	86	89	319
EBITDA Margin (%)	35.9	51.8	42.7	42.1
Net Debt (in US\$ million)	316	259	277	316
- Short Term	170	140	167	170
- Long Term	146	119	110	146

GIIC *	4Q00	3Q01	4Q01	2000
Sales Foreign Market (thousand tons)	n.a.	661	785	3,761
Net Operating Revenues	n.a.	35,151	29,031	151,619
Cost of Goods Sold	n.a.	(32,104)	(23,004)	(136,259)
Gross Profit	n.a.	3,047	6,027	15,360
Other Income	n.a.	427	244	4,711
S G & A	n.a.	(1,144)	(1,284)	(4,781)
Net Income	n.a.	2,330	4,987	15,290

* Financial Indicators according to IASC (International Accounting Standards Committee).

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ITACO	4Q00	3Q01*	4Q01	2000
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Sales (thousand tons)					
Iron Ore	8,449	13,796	14,254	41,744	
Pellets	867	1,966	1,727	7,344	
Manganese	151	260	342	1,023	
Bauxite	52	162	283	779	
Alumina	20	42	57	200	
Aluminum	30	35	32	163	
Net Operating Revenues	316,643	384,594	381,037	1,349,761	1,
Cost of Goods Sold	(296,840)	(348,026)	(342,010)	(1,252,605)	(1,
Equity Income	(1,838)	24,155	19,833	27,008	
Net Income	(19,869)	546,832	81,692	71,091	
EBITDA	7,251	571,637	26,799	69,365	

* includes sale disposal of Cenibra

ALUMINUM - SELECTED FINANCIAL INDICATORS

	MRN	4Q00	3Q01	4Q01	2000	R\$ mil
Sales (thousand tons)		2,826	2,760	3,175	11,242	
Foreign Market		811	954	992	3,991	
Domestic Market		2,015	1,806	2,183	7,251	
Average Price (US\$/ton)		21.04	20.99	21.67	21.18	
Net Operating Revenues		103	139	154	399	
Cost of Goods Sold		(51)	(60)	(65)	(200)	
Financial Results		1	(2)	(4)	7	
Net Earnings		40	52	100	186	
Gross Margin (%)		50.5	56.8	57.8	49.9	
EBITDA		61	88	99	234	
EBITDA Margin (%)		59.2	63.3	64.3	58.7	

	ALUNORTE	4Q00	3Q01	4Q01	2000
Sales (thousand tons)		419	365	405	1,596
Foreign Market		210	205	232	795
Domestic Market		209	160	173	801
Average Price (US\$/ton)		198.83	184.94	167.23	196.63
Net Operating Revenues		165	177	172	590
Cost of Goods Sold		(116)	(122)	(140)	(415)
Financial Results		(62)	(157)	126	(139)
Net Earnings		(21)	(128)	139	23
Gross Margin (%)		29.7	31.1	18.6	29.7
EBITDA		35	64	37	176
EBITDA Margin (%)		21.2	36.2	21.5	29.8
Net Debt (in US\$ million)		437	429	425	437
- Short Term		-	-	-	-
- Long Term		437	429	425	437

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ALUMINUM - SELECTED FINANCIAL INDICATORS

ALBRAS	4Q00	3Q01	4Q01	2000	R\$ million
Sales (thousand tons)	90	80	70	366	
Foreign Market	87	76	66	351	
Domestic Market	3	4	4	15	
Average Price (US\$/ton)	1,484.70	1,390.89	1,282.77	1,508.42	1,4
Net Operating Revenues	258	278	232	1,006	
Cost of Goods Sold	(144)	(161)	(147)	(584)	
Financial Results	(80)	(252)	222	(174)	
Net Earnings	29	(196)	220	244	
Gross Margin (%)	44.2	42.1	36.7	42.0	
EBITDA	117	89	90	426	
EBITDA Margin (%)	45.4	32.0	38.8	42.4	
Net Debt (in US\$ million)	696	592	591	696	
- Short Term	160	95	141	160	
- Long Term	536	497	450	536	

VALESUL	4Q00	3Q01	4Q01	2000	R\$ million
Sales (thousand tons)	25	18	16	86	
Foreign Market	9	7	5	30	
Domestic Market	16	11	11	56	
Average Price (US\$/ton)	1,844.00	1,784.68	1,757.16	1,912.41	1,9
Net Operating Revenues	78	77	67	271	
Cost of Goods Sold	(59)	(55)	(50)	(199)	
Financial Results	(1)	(9)	(1)	(4)	
Net Earnings	13	12	7	41	
Gross Margin (%)	24.4	28.6	25.4	26.6	
EBITDA	37	28	14	132	
EBITDA Margin (%)	47.4	36.4	20.9	48.7	
Net Debt (in US\$ million)	29	3	3	29	
- Short Term	26	-	1	26	
- Long Term	3	3	2	3	

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EQUITY INCOME - PARENT COMPANY

COMPANY/PARTICIPATION	%	4Q00	3Q01	4Q01	2000	R\$ million
DOCENAVE	100.00	37.3	(79.0)	(29.5)	15.8	(44.0)
DOCEPAR	100.00	(59.0)	0.0	0.0	(38.1)	0.0

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ALUVALE	94.74	30.6	(120.7)	222.4	282.8	138.
FLORESTAS	99.85	(7.6)	4.1	1.4	(3.0)	9.
RDE (own operations)	99.80	68.9	72.3	(55.1)	147.5	172.
ITACO	99.99	(5.3)	262.4	(132.3)	173.0	271.
DOCEGEO	99.99	0.1	0.0	0.2	0.3	0.
RDI	100.00	1.3	1.8	(1.1)	0.6	1.
TACUMA (FCA)	100.00	16.8	0.0	0.0	(0.5)	0.
URUCUM	100.00	1.8	6.3	(4.7)	11.6	7.
TERM.VILA VELHA	99.89	(0.3)	2.0	1.2	3.2	6.
VALE ENERGIA	90.00	0.0	0.0	0.0	0.0	0.
NORPEL	99.90	0.0	(0.7)	0.6	0.2	0.
M.ANDRIA (SOSSEGO)	99.50	(0.6)	(0.4)	0.3	(1.0)	(0.
PARA PIGMENTOS	75.50	0.0	0.0	0.1	0.0	0.
SAMITRI	100.00	(7.9)	(31.3)	0.0	8.7	0.
SOCOIMEX(consolidated)		0.0	0.0	0.0	5.6	0.
MINERACAO MATO GROSSO	100.00	(0.1)	0.0	0.0	(0.1)	0.
SIBRA	98.16	0.0	5.7	51.5	0.0	71.
ZAGAIA (FERTECO)	100.00	0.0	(107.5)	50.0	0.0	(60.
BELEM	99.99	0.0	0.0	8.8	0.0	8.
MSE	99.99	0.0	0.0	0.4	0.0	0.
KSG	99.99	0.0	0.0	0.5	0.0	0.
BRASAMERICAN LIMITED	99.70	0.0	0.0	(2.2)	0.0	(2.
BRASILUX	100.00	0.0	0.0	(2.4)	0.0	(2.
CELMAR	85.00	0.0	0.0	(55.4)	0.0	(55.
Total from SUBSIDIARIES		76.0	15.0	54.7	606.6	523.
BAHIA SUL	-	0.0	0.0	0.0	0.0	0.
MSG	51.00	2.3	2.8	(0.3)	7.4	6.
CENIBRA	-	0.0	0.0	0.0	0.0	0.
CST	22.85	14.7	(0.3)	27.2	51.7	14.
NIBRASCO	51.00	4.5	(17.3)	1.9	17.5	(7.
FOSFERTIL	10.96	4.4	3.5	7.7	10.0	13.
HISPANOBRAS	50.89	4.0	5.3	1.9	10.5	12.
ITABRASCO	50.90	3.3	2.3	2.1	7.1	14.
NOVA ERA SILICON	49.00	0.9	(0.2)	2.0	2.6	2.
USIMINAS	11.46	12.9	0.2	(2.1)	35.3	0.
CIA.FERROV.NORDESTE	30.00	(1.1)	0.0	0.0	(1.1)	0.
KOBRASCO	50.00	(1.2)	(16.3)	6.8	2.8	(18.
FERROBAN	18.74	(2.8)	(0.7)	(10.6)	(8.8)	(20.
CSN	-	50.1	0.0	0.0	57.8	107.
SAMARCO	50.00	0.0	0.0	58.7	0.0	58.
BAOVALE	50.00	0.0	0.0	0.1	0.0	0.
Total from AFFILIATES		92.0	(20.7)	95.4	192.8	184.
Total		168.0	(5.7)	150.1	799.4	707.

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EQUITY INCOME - PARENT
COMPANY

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PROVISION FOR LOSSES	%	4Q00	3Q01	4Q01	R\$ million 2000
VALEPONTOCOM	100.00	0.0	0.0	(18.0)	0.0
KOBRASCO	50.00	0.0	(19.7)	19.7	0.0
CIA.FERROV.NORDESTE	30.00	0.0	(32.9)	(0.5)	0.0
DOCEPAR	100.00	(56.9)	(5.5)	25.6	(56.9)
FCA	45.65	0.0	(108.0)	11.5	0.0
PARA PIGMENTOS	75.50	0.0	(103.7)	46.1	0.0
MINERACAO MATO GROSSO	100.00	0.0	0.0	(0.4)	0.0
CELMAR	85.00	0.0	0.0	(59.2)	0.0
Total		(56.9)	(269.8)	24.8	(56.9)
GOODWILL AMORTIZATION	%	4Q00	3Q01	4Q01	2000
FCA	45.65	0.0	(138.6)	(8.6)	0.0
GIIC (GULF)	50.00	0.0	(60.1)	0.0	0.0
PARA PIGMENTOS	75.50	(8.0)	(74.9)	0.0	(14.0)
RDME	100.00	0.0	0.0	(9.1)	0.0
CPFL	91.87	0.0	0.0	(3.2)	0.0
SIBRA	98.16	(1.1)	(19.3)	(19.3)	(4.6)
MINERACAO MATO GROSSO	100.00	0.0	0.0	0.0	0.0
USIMINAS	11.46	(2.2)	(3.5)	(48.8)	(8.5)
Total		(11.3)	(296.4)	(89.0)	(27.1)
Gain on assets disposal and dividends		0.0	0.0	11.0	0.0
Total		99.8	(571.9)	96.9	715.4
EQUITY PARTICIPATION ON DOCENAVE	%	4Q00	3Q01	4Q01	2000
NAVEDOCE/Seamar	100.00	27.8	0.2	(11.5)	19.2
Own operations	100.00	(6.6)	(157.0)	55.1	(27.6)
NAVEDOCE/Seamar (G/L Foreign Exchange)	100.00	16.4	77.5	(73.1)	24.4
Total		37.6	(79.3)	(29.5)	16.0
EQUITY PARTICIPATION ON DOCEPAR	%	4Q00	3Q01	4Q01	2000
Acominas		0.3	0.0	0.0	3.8
CSN		0.0	0.0	0.0	26.4
Own operations (steel)		(59.6)	0.0	0.0	(68.5)
Total		(59.3)	0.0	0.0	(38.3)

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EQUITY INCOME - PARENT
COMPANY

EQUITY INCOME ON ALUVALE	%	4Q00	3Q01	4Q01	R\$ milli 2000
ALUNORTE	45.58	(10.9)	(59.7)	65.2	11.5
MRN	40.00	16.1	20.9	40.1	74.5
ALBRAS	51.00	14.5	(99.9)	112.4	124.4
VALESUL	54.51	7.1	6.7	3.7	22.3
Equity on Alunorte		0.4	0.0	1.2	25.0
Own operations		19.1	4.7	12.1	40.8
Total		46.3	(127.3)	234.7	298.5

EQUITY INCOME ON ZAGAIA	%	4Q00	3Q01	4Q01	2000
Ferteco	100.00	0.0	7.6	41.6	0.0
MRS	10.48	0.0	(13.0)	8.2	0.0
Own operations		0.0	(102.1)	0.2	0.0
Total		0.0	(107.5)	50.0	0.0

EQUITY INCOME ON FLORESTAS RIO DOCE	%	4Q00	3Q01	4Q01	2000
BAHIA SUL		0.0	0.0	0.0	0.0
Own operations		(7.6)	4.1	1.4	(3.0)
Total FRD		(7.6)	4.1	1.4	(3.0)

EQUITY INCOME ON ITACO US\$ million	%	4Q00	3Q01	4Q01	2000
CSI	50.00	(1.6)	(2.2)	(0.2)	15.7
Rio Doce Pasha	-	1.2	0.7	0.0	2.3
RDL	100.00	(1.0)	3.2	0.7	1.4
RDA	100.00	0.2	0.0	0.3	0.4
RDME	100.00	2.5	(2.0)	3.5	1.4
Kaolin		0.3	0.2	0.0	0.3
CSN Aceros	62.50	(0.7)	0.0	(0.9)	(0.9)
Alunorte		0.0	0.0	0.0	0.0
Samitri		(0.1)	0.0	0.0	3.0
Samitri - foreign exchange losses		(4.9)	0.0	0.0	(4.6)
Aluvale	5.26	8.0	(1.1)	5.1	8.0
GIIC (GULF)	50.00	1.5	2.2	5.8	1.5
CVRD Overseas	100.00	0.0	21.5	11.5	0.0
Quadrem	9.00	0.0	0.0	(1.9)	0.0
Own operations		(24.3)	45.0	49.4	43.6
G/L Exchange		10.7	24.0	(111.4)	16.4
Total Itaco		(8.2)	91.5	(38.1)	88.5

"Some of the statements included in this report are forward-looking statements. These statements are subject to specific products market changes and general local and global macroeconomic performance. In addition, they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CVRD to be materially different from

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any future results, performance or achievements of CVRD expressed or implied by the forward-looking statements."

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2 CVRD

2 Management's Discussion and Analysis

P A R T I

(Expressed in millions of reais)

1- MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE OPERATING RESULTS FOR YEAR ENDED DECEMBER 31, 2001 COMPARED WITH YEAR ENDED DECEMBER 31, 2000

1.1- General Aspects

(a) General Aspects

The Company's segments of business are mining, logistics and energy, as follows:

- o Ferrous minerals: includes iron ore and pellets as well as manganese and ferro-alloys;

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- o Non-ferrous minerals: includes gold, kaolin, potash and copper;
- o Logistics: includes railroads, ports and maritime terminals and shipping;
- o Energy: includes electric power generation; and
- o Shareholdings: includes interests in producers of aluminum, steel and fertilizers.

Ferrous Minerals

Iron Ore and Pellets

The main mining activities involve iron ore, through two world-class integrated systems for ore production and distribution, each consisting of mines, railroads and maritime terminals. The Southern System, based in the states of Minas Gerais and Espirito Santo, has total proven and probable iron ore reserves of approximately 2.3 billion tons. The Northern System, based in the states of Para and Maranhao, has total proven and probably reserves of some 1.2 billion tons. Currently CVRD operates nine pelletizing plants, six of them in joint ventures with international partners. The Company also has a 50% interest in Samarco, which owns and operates two pelletizing plants. The Sao Luis pelletizing plant was inaugurated on March 26, 2002, with annual capacity of 6 million tons.

Iron ore export sales are generally made pursuant to long-term supply contracts which provide for annual price negotiations. Cyclical changes in the world demand for steel products affect sales prices and volumes in the world iron ore market. Different factors, such as the iron content of specific ore deposits, the various beneficiation and purifying processes required to produce the desired final product, particle size, moisture content, and the type and concentration of contaminants (such as phosphorus, alumina and manganese) in the ore influence contract prices for iron ore. Contract prices also depend on transportation costs. Fines, lump ore and pellets command different prices. Annual price negotiations generally occur from November to February of each year, with separate prices established for the Asian and European iron ore markets. In the Asian market, the renegotiated prices are effective as of April of each year. In the European market, the renegotiated prices are effective as of January of each year. Because of the wide variety of iron ore and pellet quality and physical characteristics, iron ore and pellets are less commodity-like than other minerals. This factor combined with the structure of the market has prevented the development of an iron ore futures market. Nowadays the Company does not hedge its exposure to iron ore price volatility.

Manganese and Ferro-alloys

This activity is carried out through the subsidiaries Sibra, Urucum and Rio Doce Manganese (in France). The ore is extracted from the Azul mine in the Carajas region in the state of Para and the Urucum mine in the Pantanal region, in the state of Mato Grosso do Sul. Beneficiation is done on site at both units.

Non Ferrous Minerals

Gold

Gold operations are carried out by the Company itself. These operations began in 1984 and currently there are three working mines.

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Potash

The potash is found in natural deposits and is an important raw material for making fertilizers. The Company leases a potash mine in the state of Sergipe from Petroleo Brasileiro S.A. - Petrobras, the Brazilian state-owned oil company. It is the only mine of its type in the country and its present capacity is some 600 thousand tons a year.

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Kaolin

Kaolin activities are conducted through the subsidiary Para Pigmentos S.A., which began operations in August 1996. Kaolin is a fine white aluminum silicate clay, used in the paper, ceramic and pharmaceutical industries as a coating and filler. Para Pigmentos has a four-stage expansion program under way to boost capacity in response to an expected increase in demand for kaolin.

Copper

CVRD's copper activities are still in the implementation phase. The Company holds 100% of the Sossego mine project in the Carajas region, with estimated yearly capacity of 140 thousand tons, as well as participating in four joint-venture projects in Brazil. These five projects contain approximately 1.7 billion tons of ore with an average metal content of 1.02%.

Logistics

CVRD is one of the leaders in the Brazilian transportation sector, providing transport and related services to various clients. Built originally to serve the Company's iron ore business, the logistics system includes the Vitoria-Minas Railroad and Tubarao and Praia Mole ports in the Southern System, and the Carajas Railroad and Ponta da Madeira marine terminal in the Northern System. In addition, in the last five years the Company has acquired stakes in three privatized railroads. The principal cargo of the Vitoria-Minas Railroad is the Company's own iron ore, along with steel, coal, pig iron, limestone and carried for steel manufacturers located in the states of Minas Gerais and Espirito Santo. The railroads charge market rates for third-party cargo, which vary based upon the distance traveled and the density of the freight in question.

Aluminum Operations

The Company sells aluminum to an active world market in which prices are determined based on prices for the metal quoted on the London Metals Exchange or the Commodity Exchange, Inc (COMEX) at the time of delivery.

The wholly owned subsidiary Aluvale conducts aluminum operations basically through joint ventures. These include mining of bauxite, which is refined into alumina and then smelted into aluminum for commercialization. Aluvale operates its bauxite extraction activities through a 40.0% participation in the joint venture Mineracao Rio do Norte S.A. - MRN, which holds substantial reserves of bauxite with a low separation index and high recovery rate. Aluvale has a 50.1% interest in the voting capital of Alunorte, which refines the bauxite into alumina. The Company also acts in aluminum smelting through Albras, in which it detains a 51.0% interest, and through Valesul, of which it owns 54.1%.

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Energy

In 2001, the Company decided to make energy one of its main businesses, even though current energy production does not represent a significant percentage of activities. At present, CVRD has stakes in nine hydroelectric projects, two of which have already started operating. These nine projects have a total projected capacity of 3,364MW. Depending on market conditions, the electricity generated by these plants will be sold to the market or used in own operations.

- (b) The variations of the main currencies and indexes in 2001 and 2000 in terms of percentages in relation to the real, which impacted the results of the Company and its subsidiaries, jointly controlled companies and affiliates, were as follows:

Currencies/Indexes Year	[delta]%						Parity
	U.S. DOLLAR	YEN	GOLD	IGPM	TJLP	US\$ x R\$	US\$ x Yen
2001	18.7	3.7	1.2	10.4	9.5	1.9554	131.3
2000	9.3	(2.2)	(5.4)	10.0	10.8	2.3204	114.7
1999	48.0	62.6	0.9	20.1	13.2	1.7890	102.4
1998	8.3	25.3	(0.8)	1.8	11.8	1.2087	112.7

About 59% of the Company's gross revenue in 2001, equivalent to US\$ 1,656 million, and 63% of the consolidated revenue, equivalent to US\$ 2,860 million, is derived from exports and, additionally, part of domestic sales are denominated in U.S. dollars, while the costs are mainly incurred in reais. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating cash flows;

Approximately 95% of the short-term and long-term loans of the Company in 2001 (90% consolidated) are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Notes 9.12 and 9.22);

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- (c) Divestitures

CVRD continues to take steps in line with its strategy to concentrate on core Business Activities.

Pulp and paper - in March 2001 CVRD sold its holding in Bahia Sul Celulose S.A., (Bahia Sul) for US\$ 320. In September 2001, CVRD concluded the sale of its stake in Celulose Nipo-Brasileira S.A (Cenibra) to Japan Brazil Paper and Pulp Resources Development Co. for US\$ 670.5. The Company continues to explore the divestitures of Celmar S.A. and Florestas Rio Doce S.A..

Steel - in December 2000 the 2.3% stake in Acominas was exchanged for US\$ 10 worth of preferred shares of Gerdau S.A., a publicly listed steel company, whose shares CVRD intends to sell in the future.

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Logistic - the process of divesting the dry bulk cargo shipping assets was begun. In September 2001, an agreement was reached to sell six bulk carriers of Docenave, to Spain's Empresa Naviera Elcano S.A, for US\$53. This transaction was concluded in February 2002. Finally, the Company sold one bulk carrier of the subsidiary Seamar. The intent remains to sell off the remaining transoceanic shipping assets in the future.

The divestitures already concluded at December 31, 2001, which include Bahia Sul and Cenibra (pulp and paper) and Acominas and CSN (steel) generated an equity result of R\$ 176 (R\$ 272 in 2000) and dividends / interest on stockholders' equity of R\$ 82 (R\$ 16 in 2000).

In line with our strategy to consolidate and focus on mining, logistics and energy, in the first quarter of 2001, we implemented a program to unwind our cross-holding relationships with Companhia Siderurgica Nacional - CSN.

In March 2001, CSN concluded the sale of its shares in Valepar to Litel Participacoes S.A., Bradesplan Participacoes S.A. and Bradespar S.A.. Bradesplan and Bradespar subsequently transferred their shares in Valepar to Babie Participacoes S.A.. Babie is a holding company owned by Bradesplan and Bradespar.

The Company disposed of its 10.3% stake in CSN, transferring its interest, valued at US\$ 249 million, to Fundacao Vale do Rio Doce de Seguridade Social - VALIA, the employee pension fund, in order to satisfy a funding obligation it had to VALIA. The transfer price was based on the market value of CSN's shares at the time of the transaction.

As part of the unwinding transaction, CSN granted us the following rights of first refusal relating to CSN's Casa de Pedra mine, each of which lasts for a period of 30 years:

- o the right to purchase any iron ore produced by the mine beyond CSN's internal requirements,
- o the right to purchase or to rent the mine should CSN decide to sell or lease it, and,
- o the right to become a joint venture partner should CSN decide to form a pelletizing joint venture with a third party with iron ore produced by the mine.

In return, we have granted CSN a right of first refusal to participate with us in the construction of any new steel producing facilities that we undertake in the next five years.

(d) Investments

In May 2000, CVRD acquired 100% of Mineracao Socoimex, a mining company located in Minas Gerais, for approximately R\$ 102. Upon incorporation of Socoimex in August 2000, the Company began operating the Gongo Soco iron ore mine, with proven and probable reserves of 106 million tons and yearly capacity of 7 million tons.

In May 2000, CVRD acquired control of Samitri, and then raised its stake to 100%. The total cost of this acquisition was R\$ 1,324. In October 2001, Samitri was incorporated into the Company, and since then CVRD has operated the Alegria, Agua Limpa and Corrego do Meio mining complexes in the state of Minas Gerais, with annual capacity of 17.5 million tons and proven and probable reserves of 709 million tons of high-grade hematite. The acquisition of Samitri also permitted acquisition of 50% of the

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pelletizing operations of Samarco.

In April 2001, Ferteco was purchased entirely from Thyssen Krupp Stahl AG for approximately R\$ 1,167. Ferteco is one of Brazil's largest producers of iron ore, with yearly capacity of 15 million tons. It has deposits of 263 million tons of hematite and itabirite, with similar quality to CVRD's Southern System reserves. It operates two open-pit mines, Fabrica and Feijao, and a pelletizing plant in the Iron Ore Quadrangle region of Minas Gerais, which has yearly capacity of 4 million tons.

In August 2001, a strategic agreement was reached with Baosteel, a steel maker located in the Republic of China, to supply approximately 6 million tons of iron ore over a period of 20 years. Besides this, CVRD and Baosteel agreed to form the joint venture Baovale Mineracao S.A.. In October 2001, the Company assigned its mineral rights relative to the Agua Limpa complex, located in the Southern System, to Baovale, which resulted in a reduction of 68.8 million tons in its proven and probable reserves. In counterpart, Baosteel paid R\$ 52 for its 50% stake

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in Baovale. In exchange for monthly remuneration, Boavale leases its rights over the mine, which the Company continues to operate. It is expected that this deal will increase the presence of CVRD in the Asian market.

In September 2001, the Company acquired 99.99% of Belem Administracoes e Participacoes Ltda. (Belem) from Bethlehem Steel Corporation and Bethlehem Steel International Corporation for approximately R\$ 68. Belem is a non-operating company that holds a 9.9% stake in Empreendimentos Brasileiros de Mineracao (EBM). EBM is a privately held company controlled by Caemi, a Brazilian producer of iron ore and pellets, as well as kaolin and refractory bauxite. In December 2001, CVRD acquired 50% of the voting capital of Caemi for about R\$ 670. At present, the Company holds 50% of the voting capital and 17% of the total capital of Caemi. Mitsui & Co. Ltd. detains the other 50% of the voting capital of Caemi.

(e) In 2001, US\$ 1,442 million in net foreign exchange was generated by the Parent Company (US\$ 2,494 million consolidated);

	(in US\$ millions)			
	Parent company		Consolidated	
	2001	2000	2001	2000
Trade Balance				
Exports	1,963	1,465	3,297	3,016
Imports	(272)	(132)	(414)	(291)
	1,691	1,333	2,883	2,725
Balance of Services				
Interest	(145)	(132)	(187)	(207)
Profits and dividends	(215)	(54)	(227)	(95)
	(360)	(186)	(414)	(302)
Capital Flows				
Investments	19	-	32	188
Loans and financing	375	1,322	511	1,578

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Amortization	(283)	(629)	(518)	(998)
	-----	-----	-----	-----
	111	693	25	768
	-----	-----	-----	-----
Net Foreign Exchange Generated	1,442	1,840	2,494	3,191
	=====	=====	=====	=====

1.2- Comments on the Parent Company Results

The net income of the Company for 2001 was R\$ 3,051, a 43% increase over the R\$ 2,133 in 2000, raising the earnings per share to R\$ 7.95 in 2001 from R\$ 5.54 in 2000.

The gross margin reached 48.9% in 2001, against 49.2% in 2000. The cost of products and services increased 28.8% (from R\$ 2,531 in 2000 to R\$ 3,261 in 2001), while gross revenue rose 28.0% (from R\$ 5,169 in 2000 to R\$ 6,617 in 2001).

Stockholder remuneration per outstanding common or preferred share is R\$ 4.61 (a 38.4% increase over the previous year's R\$ 3.33), totaling R\$ 1,774, which corresponds to 58.1% of the net profit for the year. The Company paid R\$ 989 as the first installment of interest on stockholders' equity in December 2001, and will pay the remaining balance by April 30, 2002.

In 2001 total capital expenditures reached US\$ 1,581 million, 1.3% less than in 2000 (US\$ 1,602 million). The Company has budgeted capital expenditures of approximately US\$ 956 million in 2002.

1.2.1 Gross Revenues

Gross revenues increased 28.0% (from R\$ 5,169 in 2000 to R\$ 6,617 in 2001). This reflects the strengthening of the U.S. dollar against the real as well as a growth in iron ore and pellet sales volume, offset in part by a decrease in the volumes of other products and services sold. The increase in iron ore sales is due to the assumption of operations of mines formerly belonging to Socoimex and Samitri in August 2000 and May 2001, respectively. However, these events also resulted in a decrease in gross revenue from railroad transport and port services since CVRD ceased to sell these services to Socoimex and absorbed such costs as lessee of the Samitri mines. The capital contribution of the Azul manganese mine made in the subsidiary Sibra in December 2000 caused a drop in manganese revenue for the Company, offset by an increase in the sales of Sibra.

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CVRD

The following table shows sales volume and revenues by products and services:

	In thousands of metric tons (except gold)			In millions of reais		
	2001	2000	[delta]%	2001	2000	[d
	-----	-----	-----	-----	-----	-----
External market						
Iron ore	77,441	66,313	16.8	2,732	1,847	

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Pellets	12,598	13,330	(5.5)	869	717
	-----	-----		-----	-----
	90,039	79,643	13.1	3,601	2,564
	-----	-----		-----	-----
Internal market					
Iron ore	37,122	34,881	6.4	1,087	862
Pellets	2,787	2,216	25.8	278	189
	-----	-----		-----	-----
	39,909	37,097	7.6	1,365	1,051
	-----	-----		-----	-----
Total					
Iron ore	114,563	101,194	13.2	3,819	2,709
Pellets	15,385	15,546	(1.0)	1,147	906
	-----	-----		-----	-----
	129,948	116,740	11.3	4,966	3,615
	-----	-----		-----	-----
Railroad transportation	60,371	65,945	(8.5)	835	762
Port services	31,718	41,158	(22.9)	232	206
Gold (kg)					
External market	15,815	17,370	(9.0)	331	285
Internal market	-	17	-	-	-
	-----	-----		-----	-----
	15,815	17,387	(9.0)	331	285
	-----	-----		-----	-----
Manganese					
External market	77	876	(91.2)	6	72
Internal market	138	424	(67.5)	16	47
	-----	-----		-----	-----
	215	1,300	(83.5)	22	119
	-----	-----		-----	-----
Potash	503	561	(10.3)	166	155
Other products and services	-	-	-	65	27
				-----	-----
				6,617	5,169
				=====	=====

Operating Revenue 2001 - R\$6,617

[Graphic Omitted]

(*) Part of sales to the internal market are in U.S. dollars.

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1.2.2- Cost of Products and Services

The increase of 28.8% in the cost of products and services (from R\$ 2,531 in 2000 to R\$ 3,261 in 2001) resulted from the incorporation of the Socoimex mines, leasing of the Samitri mines (revision of depreciation rates (Note 9.4 (g))), as well as increases in fuel oil prices and consumption, the devaluation of the real against the U.S. dollar and increased purchase of pellets for resale. The following table shows each component of the cost of products and services, and the change between periods:

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By Category

	Denominated		2001	2000	[del]
	R\$	US\$			
Personnel	456	-	456	407	1
Material	190	213	403	375	
Oil and gas	213	114	327	256	2
Outsourced services	448	7	455	320	4
Energy	100	-	100	70	4
Others	85	138	223	183	2
	-----	-----	-----	-----	
Subtotal	1,492	472	1,964	1,611	2
Acquisition of iron ore and pellets	28	794	822	650	2
Depreciation and depletion	475	-	475	270	7
	-----	-----	-----	-----	
Total	1,995	1,266	3,261	2,531	2
	=====	=====	=====	=====	
	61%	39%	100%		
	=====	=====	=====		

1.2.3- Result of Shareholdings

Equity earnings, decreasing from a gain of R\$ 715 in 2000 to R\$ 37 in 2001. This variation was due to a combination of the following factors:

- o Recognition of the provision for losses and full amortization of the goodwill on investments with negative equities liability (Note 9.10).
- o The positive effects of the 18.7% devaluation of the real against the U.S. dollar in 2001 (as compared to 9.3% in the same period of 2000) in the companies operating abroad, offset by the negative effects in the companies in Brazil with debt denominated in U.S. dollars, as well as reduction in prices and quantities sold for aluminum and quantities of pellets sold.

The results of shareholdings by business area are as follows:

Business Area	2001	2000
-----	-----	-----
Ferrous		
. Iron ore and pellets	268	253
. Manganese and ferro-alloys	9	15
Non-ferrous	(140)	(14)
Logistics	(334)	13
Investments		
. Steel	165	103
. Pulp and paper	(93)	8
. Aluminum	170	327
. Fertilizers	14	10
Others	(22)	-
	-----	-----
	37	715
	=====	=====

The numbers reported per area do not necessarily reflect the individual results of each company, but rather the amounts effectively applicable to the business area.

Ferrous

(a) Iron ore and pellets

- . ITABRASCO - An improved equity result of R\$ 7 (a gain of R\$ 14 in 2001 compared to a gain of R\$ 7 in 2000) due to the increase in the average sales price of 2.4% (US\$ 31.72 per ton in 2001 against US\$ 30.98 per ton in 2000) and an increase in the positive effects of exchange rate variation on assets, offset in part by a 5.7% decrease in sales volume (3,287 thousand tons in 2001 against 3,486 thousand tons in 2000).
- . ITACO - An improved equity result of R\$ 33 (a gain of R\$ 86 in 2001 compared to a gain of R\$ 53 in 2000), due to the recording of R\$ 102 of a positive equity result in CVRD Overseas, (the company was set up in August 2000 to facilitate the process of securitization of receivables) and R\$ 15 in positive equity result in GIIC, offset in part by amortization of goodwill in GIIC in the amount of R\$ 60. In operational terms, iron ore sales increased by 15.1% (48,028 thousand tons in 2001 against 41,744 thousand tons in 2000).
- . KOBRASCO - A reduction of R\$ 22 in the equity result (a loss of R\$ 19 in 2001 compared to a gain of R\$ 3 in 2000) because of the negative effects of exchange rate variation on debt, the booking of R\$ 19 as a provision for realization of credits from ICMS (VAT) and 5.2% lower sales volume (4,184 thousand tons in 2001 versus 4,415 thousand tons in 2000), compensated in part by a 2.9% increase in the average sales price (US\$ 30.93 per ton in 2001 against US\$ 30.05 per ton in 2000).
- . NIBRASCO - A reduction of R\$ 25 in the equity result (a loss of R\$ 7 in 2001 compared to a gain of R\$ 18 in 2000) due to recording of a R\$ 15 provision for credits from ICMS, 20.2% lower sales volume (6,993 thousand tons in 2001 against 8,764 thousand tons in 2000) and a decrease of 1.1% in average sales price (US\$ 29.80 in 2001 versus US\$ 30.13 in 2000).
- . RDE - an improved equity result of R\$ 25 (a gain of R\$ 172 in 2001 compared to a gain of R\$ 147 in 2000) basically caused by the appreciation of the dollar against the real (positive exchange rate variation of R\$ 119 in 2001 against a positive variation of R\$ 43 in 2000).
- . SAMARCO - A R\$ 59 equity result in the fourth quarter of 2001, due to a reduction in the negative effects of exchange rate variation on debt. In operational terms the sales volume decreased by (23.4% 11.201 thousand tons in 2001 compared to 14.622 thousand tons in 2000) and the average sales price increased by 1.0% (US\$ 29.70 in 2001 against US\$ 20.00 in 2000).
- . SAMITRI - A reduction of R\$ 8 in the equity result (a gain of R\$ 1 in 2001 compared to a gain of R\$ 9 in 2000) due to the negative effect of exchange rate variation on the debt of SAMARCO. The company was acquired in May 2000 and merged into CVRD in October 2001.
- . SOCOIMEX - Equity result of R\$ 6 in 2000. The company was acquired in

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May 2000 and merged into CVRD in August 2000.

- . ZAGAIA - A negative equity result of R\$ 55 due to the recording of exchange rate variation on loans indexed in dollars, offset partly by a positive R\$ 52 equity result in Ferteco.
- (b) Manganese and ferro-alloys
 - . RDME - A improved equity result of R\$ 6 (again of R\$ 11 in 2001 compared with a gain of R\$ 5 in 2000) mainly due to the appreciation of the French franc against the real in 2001, reduced by integral amortization of goodwill in the amount of R\$ 9.
 - . SIBRA - Recording in 2001 of a positive equity result of R\$ 71, more than offset by R\$ 76 of amortization of goodwill (R\$ 81 in 2001 against R\$ 5 in 2000).

Non-ferrous

- . PARA PIGMENTOS - Booking of a provision for losses of R\$ 58 arising from the negative effects of exchange rate variation on debt and R\$ 83 of amortization of goodwill in 2001, against R\$ 14 in 2000.

Logistics

- . DOCENAVE - A reduction of R\$ 60 in the equity result (a loss of R\$ 44 in 2001 compared to a gain of R\$ 16 in 2000) due to a 3.7% reduction in average freight rates (US\$ 7.11 per ton carried in 2001 against US\$ 7.38 per ton in 2000), together with a 26.6% drop in volume transported (25,787 tons in 2001 versus 35,149 tons in 2000), and loss provisions estimated at R\$ 88 on the sale of vessels and R\$ 25 from the non-realization of tax credits, offset in part by the appreciation of the dollar against the real (positive exchange rate variation of R\$ 59 in 2001 against positive variation of R\$ 24 in 2000).
- . FCA - Recording of a provision for losses of R\$ 97 arising from the negative effects of exchange rate variation on debt and amortization of goodwill in the amount of R\$ 147 in 2001. CVRD's holding in this company is through its subsidiary Tacuma.

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CVRD

- . MRS - Recording of a negative equity result of R\$ 5. This stake is held through the subsidiary Ferteco Mineracao S.A., which was acquired by CVRD through its wholly-owned subsidiary Zagaia Participacoes S.A. in April 2001.

Shareholdings

(a) Steel

- . DOCEPAR - An improved equity result of R\$ 120 (a loss of R\$ 5 in 2001 compared to a loss of R\$ 125 in 2000) due mainly to a provision for loss of tax benefit of R\$ 99 in 2000.
- . CSI - A reduction in the equity result of R\$ 3 (a gain of R\$ 55 in 2001 compared to a gain of R\$ 58 in 2000) caused by a 15% fall in the average sales price of steel slabs in relation to the previous year,

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offset by a 4.2% increase in volume sold (1,828 thousand tons in 2001 versus 1,754 thousand tons in 2000) and by the appreciation of the dollar against the real (positive exchange rate variation of R\$ 67 in 2001 against positive variation of R\$ 28 in 2000).

- . CSN - Booking of a positive equity result of R\$ 108 in 2001 resulting from the effects of unwinding of the CVRD/CSN cross-holdings, which were only finalized in March 2001. In 2000, a positive equity result of R\$ 58 was recorded.
 - . CST - A reduction in the equity result of R\$ 38 (a gain of R\$ 14 in 2001 compared to a gain exchange rate variation on debt.
 - . USIMINAS - A reduction in the equity result of R\$ 81 (a loss of R\$ 54 in 2001 compared to a gain of R\$ 27 in 2000) because of the effect of exchange rate variation on debt and integral amortization of goodwill in the amount of R\$ 55.
- (a) Pulp and paper
- . CELMAR - Recording in 2001 of a negative equity result of R\$ 56 and a R\$ 59 provision for losses, due to the improbability of recovering the total amount invested.
- (c) Aluminum
- . ALBRAS - A reduction in the equity result of R\$ 108 (a gain of R\$ 17 in 2001 compared to a gain of R\$ 125 in 2000) resulting from the negative effects of exchange rate variation on debt. In operational terms, there was a 5.3% decrease in the average sale price (US\$ 1,428.99 per ton in 2001 versus US\$ 1,508.42 per ton in 2000), while the volume sold fell by 9.3% (332 thousand tons in 2001 against 366 thousand tons in 2000), due mainly to the effects of electricity rationing in the second half of the year.
 - . ALUNORTE - A reduction in the equity result of R\$ 35 (a loss of R\$ 23 in 2001 compared a gain of R\$ 12 in 2000) due to the negative effects of exchange rate variation on debt. Operationally, the average sale price fell 5.7% (US\$ 185.51 per ton in 2001 against US\$ 196.63 per ton in 2000), while sales volume decreased by 3.5% (1,540 thousand tons in 2001 against 1,596 thousand tons in 2000).
 - . MRN - An improved equity result of R\$ 24 (a gain of R\$ 98 in 2001 compared to a gain of R\$ 74 in 2000) due to the positive effects of exchange rate variation on sales, offset partly by a 2.6% fall in sales volume (10,952 thousand tons in 2001 compared with 11,242 thousand tons in 2000) and an increase in selling costs.
 - . VALESUL - An improved equity result of R\$ 1 (a gain of R\$ 23 in 2001 compared to a gain of R\$ 22 in 2000) caused by the positive effects of exchange rate variation on sales, offset by an increase of approximately 20% in selling costs and an 11.6% reduction in sales volume (76 thousand tons in 2001 versus 86 thousand tons in 2000), the latter factor mainly due to energy rationing in the second half of 2001. The average sale price did not significantly change in the period (US\$ 1,913.54 per ton in 2001 against US\$ 1,912.41 per ton in 2000).
 - . ALUVALE - A R\$ 27 reduction in equity result (own operations) (a gain of R\$ 23 in 2001 compared to a gain of R\$ 50 in 2000) in function of a R\$ 25 capital gain booked in January 2000 with the capital increase with negative goodwill of Hydro in ALUNORTE.

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- . ITACO - A reduction of R\$ 12 in the equity result (a gain of R\$ 32 in 2001 compared to a gain of R\$ 44 in 2000) because of losses from shareholdings in aluminum companies.

1.2.4- Operating Income (Expenses)

Net operating expenses increased R\$ 275 (R\$ 1,029 of net expense in 2000 against R\$ 1,034 in 2001), mainly due to the provision for realized credits of VAT of R\$ 142 and provision for payment on profit sharing plan (note 9.29).

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1.2.5- Net Financial Result

The net financial result increased R\$ 598 (R\$ 335 in 2000 compared to R\$ 933 in 2001), mainly due to the exchange rate variations on the net Company debt (note 9.22).

1.2.6- Discontinued Operations

The result mainly reflects gains on sale of the Company's interests in Bahia Sul and Cenibra, of R\$ 230 and R\$ 1,471, respectively, as well as the equity result from these companies (Note 9.25).

1.2.7- Cash Flow

The operating cash flow measured by EBITDA (earnings before interest, income tax, depreciation, amortization and depletion) was R\$ 3,254 in 2001, an increase of 35.4% over 2000, which was R\$ 2,403. (Note 9.27)

1.2.8- Income Tax and Social Contribution

Income tax and social contribution was a credit of R\$ 357 (credit of R\$ 149 in 2000), after recognizing the benefit from paying interest on stockholders' equity of R\$ 603 in 2001 (R\$ 436 in 2000) (Note 9.9).

1.3- Comments on the Consolidated Gross Margin

1.3.1- Consolidated Gross Revenue

[Graphic Omitted]

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[Graphic Omitted]

Consolidated gross revenue grew 20.1% influenced mainly by the increase in revenue from sale of iron ore and pellets (reflecting appreciation of the dollar against the real) and increased sales volume due to the acquisition of Samitri and Ferteco).

1.3.2- Cost of Products and Services

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By Category

	2001	2000	[delta]%
	-----	-----	-----
Personnel	775	659	17.6
Material	735	739	(0.5)
Oil and gas	622	551	12.9
Outsourced services	550	392	40.3
Energy	451	328	37.5
Others	1,016	1,032	(1.6)
	-----	-----	
Sub total	4,149	3,701	12.1
Acquisition of products	621	582	6.7
Depreciation and depletion	775	622	24.6
	-----	-----	
Total	5,545	4,905	13.0
	=====	=====	

The cost of products and services consolidated grew 10.5% influenced by the increased sales of iron ore and pellets (from acquisition of Samitri and Ferteco).

For additional information on the consolidated segments, see the comments on the result of shareholdings, Item 1.2.3 and Attachment II of the financial statements.

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3 Financial Statements

PART II

FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

(A free translation of the original in Portuguese relating to the financial statements prepared in accordance with the requirements of Brazilian Corporate Law)

2- BALANCE SHEET

December 31

In millions of reais

Parent Company Consolidated

	Notes	2001	2000	2001	2000
	-----	-----	-----	-----	-----
Assets					
Current assets					
Cash and cash equivalents	9.5	645	1,569	2,808	2,642
Accounts receivable from customers	9.6	920	1,459	1,497	1,266
Related parties	9.7	1,011	200	159	72
Inventories	9.8	448	327	1,326	1,168
Taxes recoverable		96	244	283	392

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Deferred income tax and social contribution	9.9	613	173	628	233
Others		257	233	534	338
		-----	-----	-----	-----
		3,990	4,205	7,235	6,111
		-----	-----	-----	-----
Long-term receivables					
Related parties	9.7	1,356	1,159	894	807
Loans and financing		299	325	316	182
Deferred income tax and social contribution	9.9	297	291	669	787
Judicial deposits	9.14	516	303	625	387
Prepaid leasing expenses		-	-	84	54
Others		39	38	236	298
		-----	-----	-----	-----
		2,507	2,116	2,824	2,515
		-----	-----	-----	-----
Permanent assets					
Investments	9.10	8,347	7,073	3,113	2,297
Property, plant and equipment	9.11	7,581	6,649	12,791	12,582
Deferred charges		-	-	442	325
		-----	-----	-----	-----
		15,928	13,722	16,346	15,204
		-----	-----	-----	-----
		22,425	20,043	26,405	23,830
		=====	=====	=====	=====
Liabilities and stockholders' equity					
Current liabilities					
Short-term debt	9.12	927	576	1,745	1,273
Current portion of long-term debt	9.12	387	400	1,063	970
Payable to suppliers and contractors		523	425	833	824
Related parties	9.7	716	421	200	141
Provision for interest on stockholders' equity	9.21	784	1,282	788	1,282
Payroll and related charges		118	89	231	144
Pension Plan - Valia	9.16	65	88	65	88
Others		103	102	410	411
		-----	-----	-----	-----
		3,623	3,383	5,335	5,133
		-----	-----	-----	-----
Long-term liabilities					
Long-term debt	9.12	3,326	2,592	6,765	5,660
Related parties	9.7	2,053	1,820	-	32
Deferred income tax and social contribution	9.9	87	92	297	339
Provisions for contingencies	9.14	894	597	1,217	753
Pension Plan - Valia	9.16	429	853	429	853
Others		246	140	429	291
		-----	-----	-----	-----
		7,035	6,094	9,137	7,928
		-----	-----	-----	-----
Deferred income		-	-	159	177
		-----	-----	-----	-----
Minority interest		-	-	7	26
		-----	-----	-----	-----
Stockholders' equity					
Paid-up capital	9.17	4,000	3,000	4,000	3,000
Capital reserves	9.20	444	741	444	741
Revenue reserves	9.20	7,323	6,825	7,323	6,825
		-----	-----	-----	-----
		11,767	10,566	11,767	10,566
		-----	-----	-----	-----
		22,425	20,043	26,405	23,830
		=====	=====	=====	=====

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The additional information, notes and attachments I and II are an integral part of these statements.

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(A free translation of the original in Portuguese relating to the financial statements in accordance with the requirements of Brazilian Corporate Law)

3- STATEMENT OF INCOME

Years ended December 31

In mill

		Parent Company		
	Notes	2001	2000	2001
	-----	-----	-----	-----
Operating revenues				
Sales of ore and metals				
Iron ore and pellets		4,966	3,615	5,000
Gold		331	285	331
Manganese and ferro-alloys		22	119	22
Others		166	155	166
		-----	-----	-----
		5,485	4,174	7,524
Railroad and port services		1,067	968	1,067
Sales of aluminum		-	-	-
Sales of steel products		-	-	-
Sales of timber, pulp and paper products		-	-	-
Others		65	27	65
		-----	-----	-----
		6,617	5,169	11,789
Value-added taxes		(232)	(189)	(232)
		-----	-----	-----
Net operating revenues		6,385	4,980	10,557
		-----	-----	-----
Cost of products and services				
Ore and metals		(2,821)	(2,195)	(2,821)
Railroad and port services		(396)	(318)	(396)
Aluminum products		-	-	-
Steel products		-	-	-
Timber, pulp and paper products		-	-	-
Others products and services		(44)	(18)	(44)
		-----	-----	-----
		(3,261)	(2,531)	(5,792)
Gross profit		3,124	2,449	5,765
Gross margin		48.9%	49.2%	48.9%
Operating income (expenses)				
Selling		(118)	(77)	(118)
Administrative		(338)	(222)	(338)
Research and development		(101)	(87)	(101)
Other operating expenses, net		(747)	(643)	(747)
		-----	-----	-----
		(1,304)	(1,029)	(2,335)
		-----	-----	-----

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Operating profit before financial result and result of investment participations		1,820	1,420	3,
Result of investment participations	9.10/9.25			
Gain on investments accounted for by the equity method		708	799	
Amortization of goodwill		(437)	(27)	(
Provision for losses		(245)	(57)	
Others		11	-	
		-----	-----	---
		37	715	(
Financial result, net	9.22	(933)	(335)	(1
		-----	-----	---
Operating profit		924	1,800	
Discontinued operations	9.25	1,770	184	1,
		-----	-----	---
Income before income tax and social contribution		2,694	1,984	2,
Income tax and social contribution	9.9	357	149	
		-----	-----	---
Income before minority interest		3,051	2,133	3,
Minority interest		-	-	
		-----	-----	---
Net income for the year		3,051	2,133	3,
		=====	=====	===
Number of shares outstanding at the end of the year (in thousands)		383,844	384,892	
		=====	=====	
Net earnings per share outstanding at the end of the year (R\$)		7.95	5.54	
		=====	=====	

The additional information, notes and attachments I and II are an integral part of these statements.

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4- STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31					In mi
	Notes	Capital	Capital reserves	Reva- luation reserves	Revenue reserves
	-----	-----	-----	-----	-----
At December 31, 1999		3,000	472	744	6,286
		-----	-----	-----	-----
Reversal of revaluation reserves of subsidiaries and affiliated companies		-	-	(471)	-
Transfer to special monetary restatement Law 8,200	9.20	-	273	(273)	-
Tax incentives		-	(4)	-	-
Provision for pension plan liabilities	9.16	-	-	-	-
Net income for the year		-	-	-	-

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Proposed appropriations				
Interest on stockholder's equity		-	-	-
Appropriation to revenue reserves		-	-	539
		-----	-----	-----
At December 31, 2000		3,000	741	-
		-----	-----	-----
Treasury shares	9.19	-	-	(58)
Capitalization of reserves	9.20	1,000	(301)	(699)
Provision for pension plan liabilities	9.16	-	-	-
Result on exchange of shares		-	4	-
Net income for the period		-	-	-
Proposed appropriations				
Interest on stockholder's equity	9.21	-	-	-
Appropriation to revenue reserves		-	-	1,255
		-----	-----	-----
At December 31, 2001		4,000	444	-
		=====	=====	=====

The additional information, notes and attachments I and II are an integral part of these statements.

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5- STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31	In mill		
	Parent Company		
	2001	2000	
	-----	-----	-----
Funds were provided by:			
Net income for the year	3,051	2,133	3
Expenses (income) not affecting working capital:			
Result of investment participations	(37)	(715)	
Depreciation, amortization and depletion	503	286	
Deferred income tax and social contribution	(16)	(64)	
Provision for contingencies	164	290	
Discontinued operations	(1,770)	(184)	(1
Net monetary and exchange rate variations on long-term assets and liabilities	522	173	1
Provision for losses - ICMS	142	-	
Loss on disposal of property, plant and equipment	19	32	
Others	159	184	
	-----	-----	-----
Total funds from operations	2,737	2,135	4
Loans to related parties, transferred to current assets	642	988	
Long-term debt	547	715	1
Loans from related parties	533	931	
Dividends/interest on stockholders'equity received	291	424	
Sale of investments	802	-	2

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Disposal of permanent assets	20	33	1
Others	293	116	
	-----	-----	---
Total funds provided	5,865	5,342	8
	-----	-----	---
Funds were used for:			
Long-term debt transferred to current liabilities	810	228	1
Related parties	571	537	
Additions to permanent assets	1,345	766	2
Capital subscription in subsidiary and affiliated companies	1,538	2,286	2
Interest on stockholders' equity	1,774	1,282	1
Guarantees and deposits	207	173	
Treasury stock	58	-	
Others	17	41	
	-----	-----	---
Total funds used	6,320	5,313	7
	-----	-----	---
Increase (decrease) in working capital	(455)	29	
	=====	=====	==
Changes in working capital were as follows:			
Initial working capital of investments consolidated	-	-	
Current assets:			
At the end of the year	3,990	4,205	7
At the beginning of the year	4,205	3,943	6
	-----	-----	---
	(215)	262	1
	-----	-----	---
Current liabilities:			
At the end of the year	3,623	3,383	5
At the beginning of the year	3,383	3,150	5
	-----	-----	---
	240	233	
	-----	-----	---
Increase (decrease) in working capital	(455)	29	
	=====	=====	==

The additional information, notes and attachments I and II are an integral part of these statements.

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6- STATEMENT OF CASH FLOWS (ADDITIONAL INFORMATION)

Years ended December 31	In mill	
	Parent	Company
	2001	2000
	-----	-----
Cash flows from operating activities:		
Net income for the year	3,051	2,133
Adjustments to reconcile net income for the year with cash provided by operating activities:		

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Result of investment participations	(37)	(715)	
Depreciation, amortization and depletion	503	286	
Deferred income tax and social contribution	(357)	(149)	
Provision for contingencies	164	290	
Discontinued operations	(1,770)	(184)	(1)
Net monetary and exchange rate variations on assets and liabilities	838	305	1
Provision for losses - ICMS	142	-	
Loss on disposal of property, plant and equipment	19	32	
Dividends/interest on stockholders' equity received	283	122	
Others	222	110	
	-----	-----	-----
	3,058	2,230	4
	-----	-----	-----
Decrease (increase) in assets:			
Accounts receivable	533	(422)	
Inventories	(154)	(13)	
Others	(60)	(132)	
	-----	-----	-----
	319	(567)	
	-----	-----	-----
Increase (decrease) in liabilities:			
Suppliers and contractors	33	180	
Payroll and related charges and others	26	4	
	-----	-----	-----
Others	31	1	
	-----	-----	-----
	90	185	
	-----	-----	-----
Net cash provided by operating activities	3,467	1,848	4
Cash flows from investing activities:			
Loans and advances receivable:	(1,185)	20	
Guarantees and deposits	(207)	(173)	
Additions to investments	(1,471)	(1,480)	
Additions to property, plant and equipment	(1,304)	(744)	(1)
Deferred charges	-	-	
Net cash used to acquire or capitalize subsidiaries	-	-	(1)
Proceeds from disposal of property, plant and equipment and investments	1,039	2	2
	-----	-----	-----
Net cash used in investing activities	(3,128)	(2,375)	(2)
	-----	-----	-----
Cash flows from financing activities:			
Short-term debt:	373	(420)	
Long-term debt:	1,080	1,647	1
Repayments:			
Financial institutions	(389)	(590)	(1)
Interest on stockholders' equity paid	(2,269)	(450)	(2)
Treasury shares	(58)	-	
	-----	-----	-----
Net cash used in financing activities	(1,263)	187	(2)
	-----	-----	-----
Decrease in cash and cash equivalents	(924)	(340)	
Cash and cash equivalents of investments consolidated in 2000	-	-	
Cash and cash equivalents, beginning of the year	1,569	1,909	2
	-----	-----	-----
Cash and cash equivalents, end of the year	645	1,569	2
	=====	=====	=====
Cash paid during the year for:			
Short-term interest	(78)	(84)	
Long-term interest net of capitalization	(281)	(230)	
Income tax and social contribution paid	(82)	-	

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Non-cash transactions:

Conversion of loans and others into investments	63	806
Additions to property, plant and equipment with capitalizations	41	22
Pension obligation settled by transfer of CSN shares	521	-

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7- STATEMENT OF VALUE ADDED (ADDITIONAL INFORMATION)

Years ended December 31

In m

	Parent Company				2001	
	2001	%	2000	%		
Generation of value added						
Sales and non-operating revenue	6,617	100	5,169	100	11,015	100
Less: Acquisition of products	(823)	(12)	(650)	(13)	(429)	(10)
Outsourced services	(785)	(12)	(550)	(11)	(1,544)	(14)
Materials	(410)	(6)	(378)	(7)	(735)	(7)
Fuel oil and gas	(328)	(5)	(256)	(5)	(612)	(6)
Research and development, commercial and administrative	(251)	(4)	(181)	(4)	(681)	(6)
Other operating expenses	(753)	(11)	(733)	(14)	(1,445)	(13)
Gross value added	3,267	50	2,421	46	5,569	50
Depreciation and depletion	(494)	(7)	(284)	(5)	(853)	(8)
Net value added	2,773	43	2,137	41	4,716	42
Received from third parties						
Financial revenue	508	8	326	6	574	6
Equity on investments accounted for by the equity method	37	1	983	19	(299)	(3)
Discontinued operations	1,770	27	-	-	1,770	17
Pension plan actuarial deficit (*)	(22)	-	(312)	(6)	(22)	(0)
Total value added	5,066	79	3,134	60	6,739	60
Distribution of Value Added						
Employees	555	11	474	15	981	14
Government	49	1	186	6	461	7
Third parties' capital	1,433	28	653	21	2,268	34
Stockholders' remuneration	1,774	35	1,282	41	1,774	26
Retained earnings	1,255	25	539	17	1,255	18
	5,066	100	3,134	100	6,739	100

(*) Recorded as prior year adjustment directly to stockholders' equity

[Graphic Omitted]

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(A free translation of the original in Portuguese to the financial statements prepared in with the requirements of Brazilian Law)

8- LABOR AND SOCIAL INDICATORS (ADDITIONAL INFORMATION)

Years ended December 31

	Parent Company								
	2001			2000					
Basis for computation	2001			2000					
Gross revenues	6,617			5,169			11		
Operating profit	1,820			1,420			3		
Gross payroll	375			304					
	2001			2000					
	% of			% of					
	Amount	Gross payroll	Operating profit	Amount	Gross payroll	Operating profit	Amount	Gross payroll	Operating profit
Labor indicators									
Food	17	5	1	13	4	1	31	5	
Compulsory social charges	147	39	8	140	46	10	221	35	
Private pension plan (*)	45	12	2	41	13	3	51	8	
Health	24	6	1	23	8	2	38	6	
Education	21	6	1	15	5	1	32	5	
Profit sharing	86	23	5	58	19	4	112	18	
Other benefits	44	12	2	30	10	2	65	10	
Total - Labor indicators	384	103	20	320	105	23	550	87	
	2001			2000					
	% of			% of					
	Amount	Gross payroll	Operating profit	Amount	Gross payroll	Operating profit	Amount	Gross payroll	Operating profit
Social indicators									
Taxes (**)	305	17	5	254	18	5	718	24	
Social investments	27	1	-	25	2	-	133	4	
Social projects and actions	20	1	-	22	2	-	126	4	
Indigenous communities	7	-	-	3	-	-	7	-	
Environmental expenditures	60	3	1	60	4	1	85	3	
Operational	56	3	1	56	4	1	80	3	
On outside programs and/or projects	4	-	-	4	-	-	5	-	
Total - Social indicators	392	21	6	339	24	6	936	31	

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Headcount	2001	2000	
No. of employees at end of year	13,620	11,442	22
No. of new hires during year	2,558	1,258	3

Amounts relate to the percentage of participation of Parent Company's shareholdings.

(*) The contributions to the private pension plan do not include the transferred shares from CSN to Valia in the amount of R\$ 521 (note 9.10 (1)) and the provision for the early-retirement programs of R\$ 78.

(**) Excluding social charges and the income tax and social contribution to the limit of the amount of tax credits.

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4 Notes to the Financial Statements

(A free translation of the original in Portuguese relating to the financial statements prepared in accordance with the requirements of Corporate Law)

9- NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2001 AND 2000

(Expressed in millions of Reais)

9.1- Operations

Companhia Vale do Rio Doce - CVRD is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, gold and potash, as well as port and railroad transportation services and power generation. In addition, through its direct and indirect subsidiaries and jointly controlled companies, CVRD operates in logistics, geological studies and technological research services, steel and aluminum.

9.2- Presentation of Financial Statements

The financial statements have been prepared according to the accounting principles provided for in Brazilian corporate legislation as well as the rules and guidelines issued by the Comissao de Valores Mobiliarios - CVM (Brazilian Securities Commission) and IBRACON - Instituto dos Auditores Independentes do Brasil (Brazilian Independent Auditors Institute)

In order to provide better information to the market, the Company is presenting

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the following additional information regarding the Parent Company and Consolidated: Statements of Cash Flow, Value Added and the Labor and Social Indicators (pages 17, 18 and 19). The Statement of Value Added presents economic information on the wealth created by the Company (aggregate values) and the distribution of this wealth in accordance with its production factors. The presentation of this statement is encouraged by the CVM to inform society of the application of the Company's resources in projects with important social effects. The labor and Social Indicators, developed from a model suggested by the CVM, presents information about the Company's application of resources in social programs.

Certain amounts and classifications in the 2000 financial statements have been adjusted to the criteria used in 2001 for better comparability (Note 9.25).

9.3- Principles of Consolidation

- (a) The consolidated financial the balances of assets and liabilities at December 31, 2001 and 2000 statements show and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly controlled companies;
- (b) All significant intercompany the Parent Company's investments in its direct and indirect balances and subsidiaries and jointly controlled companies were eliminated in the consolidation. Minority interests are shown separately on the balance sheet and statement of income;
- (c) In the case of investments in which the control is shared with other stockholders, the components of companies in assets and liabilities and revenues and expenses are included in the consolidated financial statements in proportion to the participation of the Parent Company in the capital of each company in which investments were made;
- (d) The principal figures of the companies included in the consolidation are presented in Attachment I.

9.4- Significant Accounting Policies

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the balance sheet date are classified as long-term;
- (c) Marketable securities classified as cash and cash equivalents are stated at cost plus accrued income earned through the balance date;
- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or net realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the balance sheet date, and those in local currency are restated based on contractual indexes;
- (f) Investments in subsidiaries, jointly controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for unrealized losses when applicable; and
- (g) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historic

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cost (increased by monetary restatement up to 1995) and depreciated by the straight-line method, at rates that take into consideration the useful lives of the assets. Depletion of mineral reserves is computed by the unit-of-production method. Since 2001 the Company, based on technical studies, concluded for the revision of useful lives (depreciation rates) of certain equipment/installations. The effects of such revision generated a net reduction of approximately R\$ 135 on the result of 2001;

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- (h) Pre-operating costs except for financial charges related to large-scale projects are deferred and amortized over a period of 10 years. The deferred charges (consolidated) refer basically to the Sossego and Salobo copper projects.
- (i) The financial statements of the Parent Company proposal reflect management's appropriation of the net income for the year, for the approval of the Annual General Meeting.

9.5- Cash and Cash Equivalents

	Parent Company		Consolidated	
	2001	2000	2001	2000
Marketable securities (*)	292	1,323	1,952	1,807
Fixed-yield bond investments (funds)	163	128	563	602
Government securities (NBC-E, NTN-D, LFT)	189	117	200	150
Others	1	1	93	83
	645	1,569	2,808	2,642

- (*) For part of these investments the Company contracted swap operations with financial institutions, mainly related to interest rate and/or currency variations.

9.6- Accounts Receivable from Customers

	Parent Company		Consolidated	
	2001	2000	2001	2000
Domestic	360	401	349	395
Export	600	1,089	1,220	913
	960	1,490	1,569	1,308
Allowance for doubtful accounts	(22)	(19)	(53)	(30)
Allowance for ore weight credits	(18)	(12)	(19)	(12)
	920	1,459	1,497	1,266

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9.7- Transactions with Related Parties

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Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2010, as follows:

	Assets		Liabil
	2001	2000	2001
Subsidiaries			
Rio Doce International Finance Ltd.	675	98	1,153
Itabira Rio Doce Company Limited - ITACO	398	882	235
Mineracao Tacuma Ltda	215	48	1
CVRD Overseas Ltd.	76	95	838
Docepar S.A.	66	5	-
Sibra Eletrosiderurgica Brasileira S.A.	58	39	37
Brasilux S.A.	56	-	15
Vale do Rio Doce Aluminio S.A. - ALUVALE	32	19	123
Others	121	140	185
	1,697	1,326	2,587
Jointly controlled companies			
Alumina do Norte do Brasil S.A. - ALUNORTE	741	649	176
Ferrovias Centro-Atlantica S.A. - FCA	177	185	4
Salobo Metais S.A.	164	148	-
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO	80	66	58
Companhia Hispano-Brasileira de Pelotizacao - HISPANOBAS	48	41	65
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO	46	57	11
Companhia Ytalo-Brasileira de Pelotizacao - ITABRASCO	41	34	40
Others	109	80	52
	1,406	1,260	406
Affiliates			
	37	14	-
	3,140	2,600	2,993
Represented by:			
Commercial balances (sales and purchases of products and services) (*)	773	1,241	272
Short-term financial balances	1,011	200	716
Long-term financial balances	1,356	1,159	2,005
	3,140	2,600	2,993

(*) Included in "Accounts receivable from customers" and "Payable to suppliers and contractors."

The principal results arising from commercial and financial transactions carried out by the Parent Company with related parties, classified in the statement of income as revenue and costs from sales and services and financial income and expenses, are as follows:

	Parent C	
	Income	Expens

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	2001	2000	2001
	-----	-----	-----
Alumina do Norte do Brasil S.A.- ALUNORTE	180	106	20
Brasilux S.A.	54	-	111
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO	184	143	156
Companhia Hispano-Brasileira de Pelotizacao - HISPANOBAS	181	138	182
Companhia Italo-Brasileira de Pelotizacao - ITABRASCO	166	121	82
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO	333	314	325
Companhia Siderurgica de Tubarao - CST	348	290	-
CVRD Overseas Ltd.	804	187	190
Ferteco Mineracao S.A.	105	-	2
Itabira Rio Doce Company Limited - ITACO	2,223	1,610	24
Rio Doce International Finance Ltd.	72	20	71
S.A. Mineracao da Trindade - SAMITRI	72	133	32
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	133	86	-
Others	295	124	181
	-----	-----	-----
	5,150	3,272	1,376
	=====	=====	=====

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9.8- Inventories

	Parent Company		Consolidated	
	2001	2000	2001	2000
	-----	-----	-----	-----
Finished products				
. Iron ore and pellets	167	120	361	237
. Manganese	3	12	128	77
. Gold	12	8	12	8
. Aluminum	-	-	69	59
. Steel products	-	-	173	234
. Timber, pulp and paper	-	-	-	66
. Others	17	5	46	24
	-----	-----	-----	-----
Spare parts and maintenance supplies	249	182	537	463
	-----	-----	-----	-----
	448	327	1,326	1,168
	=====	=====	=====	=====

9.9- Deferred Income Tax and Social Contribution

Income of the Company is subject to the normal tax system. The balances of deferred assets and liabilities are presented as follows:

	Deferred assets		Deferred liabilities	
	2001	2000	2001	2000
	-----	-----	-----	-----
Tax loss carryforward	225	-	-	-
Temporary differences:				
. Pension Plan	168	234	-	-
. Contingent liabilities	243	167	-	-

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. Provision for losses on assets	192	37	-	-
. Provision for losses on derivative financial instruments	26	-	-	-
. Others	56	26	-	-
	-----	-----	-----	-----
	685	464	-	-
Inflationary profit	-	-	13	16
Capital reserve - special monetary restatement - Law 8,200	-	-	19	39
Accelerated depreciation	-	-	11	-
Long-term sales	-	-	44	37
	-----	-----	-----	-----
Total Parent Company	910	464	87	92
Consolidated companies (*)	387	556	256	291
	-----	-----	-----	-----
Total Consolidated	1,297	1,020	343	383
Parent Company - short-term	613	173	-	-
Parent Company - long-term	297	291	87	92
	-----	-----	-----	-----
	910	464	87	92
Consolidated - Short-term (**)	628	233	46	44
Consolidated - Long-term	669	787	297	339
	-----	-----	-----	-----
	1,297	1,020	343	383
	=====	=====	=====	=====

The realization of tax credits arising from temporary differences occurs at the time of effective payment of the provisions made, in accordance with tax law.

In addition to the credits recorded, the Company has a lawsuit pending claiming an additional 51.83% monetary restatement for tax purposes applied to the months of January and February 1989 ("Plano Verao" monetary plan). It has already obtained a ruling in favor of compensation of credits corresponding to 42.72% instead of the 51.83% requested. The amount of these credits covered by the ruling total approximately R\$ 405, and the accounting effects have not yet been recognized in the financial statements.

(*) Includes, basically, tax losses of companies in the aluminum and pulp areas, as well as temporary differences.

(**) Recorded in the consolidated balance sheet as "Others" under current liabilities.

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The amounts reported as income tax and social contribution which affected income for the year are as follows:

	2001	2000
	-----	-----
Income before income tax and social contribution	2,694	1,984
(Less) Equity in results of subsidiaries and affiliated companies	(708)	(799)
(Less) Result from discontinued operations, except for gain on sale of Bahia Sul	(1,540)	(184)
(Less) Provision for losses	245	57
	-----	-----
	691	1,058

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Income tax and social contribution at combined tax rates	34%	34%
	-----	-----
Federal income tax and social contribution at statutory rates	(235)	(360)
Social contribution rate differential	-	(4)
	-----	-----
	(235)	(364)
Adjustments to net income which modify the effect on the result for the year:		
. Income tax benefit from interest on stockholders' equity	603	436
. Fiscal incentives	54	60
. Others	(65)	17
	-----	-----
Income tax and social contribution - Parent Company	357	149
Income tax and social contribution - consolidated companies	(98)	(160)
	-----	-----
Total consolidated	259	(11)
	=====	=====

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9.10- Investments

	Participa- tion %	Adjusted Stockholders' equity	Adjusted Net income (loss) for the year	Investment 2001	2000
	-----	-----	-----	-----	-----
Subsidiaries					
CELMAR S.A. - Industria de Celulose e Papel (c)	85.00	(70)	(135)	-	5
Florestas Rio Doce S.A. (c)	99.85	91	10	91	11
Itabira Internacional Servicos e Comercio Lda. (a, h)	99.99	759	242	759	51
Navegacao Vale do Rio Doce S.A. - DOCENAVE (c)	100.00	351	(44)	351	39
Rio Doce Europa Servicos e Comercio - RDE (a, i)	99.80	2,222	133	2,218	61
S.A. Mineracao da Trindade - SAMITRI (d, k)	100.00	-	1	792	1,32
SIBRA Eletrosiderurgica Brasileira S.A. (c, d, e)	98.16	210	69	509	51
Vale do Rio Doce Aluminio S.A. - ALUVALE (c, f, j)	94.74	827	146	783	67
Zagaia Participacoes S.A. (d, o)	100.00	1,218	(60)	1,218	
Others (c, n)				314	46
				-----	-----
				7,035	4,68
Jointly controlled companies					
Bahia Sul Celulose S.A. (c, q)	-	-	-	-	40
Celulose Nipo-Brasileira S.A. - CENIBRA (c, m)	-	-	-	-	31
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO (b, c)	50.00	14	(38)	7	2

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Companhia Hispano-Brasileira de Pelotizacao - HISPANOBRAS (b, c)	50.89	80	25	41	3
Companhia Italo-Brasileira de Pelotizacao - ITABRASCO (b, c)	50.90	58	28	30	2
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO (b, c)	51.00	83	(14)	42	6
Companhia Siderurgica de Tubarao - CST (b, d, e)	22.85	2,857	62	504	50
Companhia Siderurgica Nacional - CSN (c, l)	-	-	-	-	43
Minas da Serra Geral S.A. - MSG (b, c)	51.00	51	12	26	3
Samarco Mineracao S.A. (b)	50.00	452	106	226	
Others (b, c)				96	5
				-----	-----
				972	1,88
				-----	-----
Affiliated companies					
Ferroban - Ferrovias Bandeirantes S.A. (c)	18.74	21	(110)	4	2
Fertilizantes Fosfatados S.A. - FOSFERTIL (e)	10.96	512	124	56	4
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS (d, e)	11.46	3,619	5	415	48
				-----	-----
				475	55
				-----	-----
Investments at cost				4	
				-----	-----
				8,486	7,13
				-----	-----
Provision for losses					
CELMAR S.A. - Industria de Celulose e Papel (c)				(59)	
Companhia Ferroviaria do Nordeste (c)				(33)	
DOCEPAR S.A. (c)				(37)	(5)
Ferrovia Centro-Atlantica S.A (c, g)				-	
Para Pigmentos S.A.				-	
Others				(10)	
				-----	-----
				(139)	(5)
				-----	-----
Amortization of goodwill				-	
				-----	-----
Others				-	
				-----	-----
Total				8,347	7,07
				=====	=====

Notes:

- (a) Equity in companies located abroad is converted into local currency at rates in effect on the financial statements date. The calculation of the equity method adjustment comprises the difference due to exchange rate variations, as well as participation in results;
- (b) Notwithstanding the stockholdings, the classification as a jointly controlled company results from the degree of control exercised by the Company, which is shared with other partners;
- (c) Companies whose financial statements were examined by other independent

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auditors;

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(d) Goodwill and negative goodwill on investments are as follows:

	2001	2000
	-----	-----
Goodwill		
SIBRA Eletrosiderurgica Brasileira S.A (included R\$ 29 of goodwill on CPFL)	332	412
Caemi Mineracao e Metalurgia S.A (indirectly through Amazon)	517	-
Ferteco Mineracao S.A (indirectly through Zagaia)	1,028	-
Para Pigmentos S.A.	-	83
S.A. Mineracao da Trindade (merged on October 1,2001) - SAMITRI	792	809
SOCOIMEX (merged on August 31,2000)	60	77
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	-	55
Others	96	91
	-----	-----
	2,825	1,527
	=====	=====
Negative goodwill		
Bahia Sul Celulose S.A.	-	(14)
Companhia Siderurgica Nacional - CSN	-	(46)
Companhia Siderurgica de Tubarao - CST	(149)	(149)
	-----	-----
	(149)	(209)
	=====	=====
Goodwill was amortized as follows:		
	2001	2000
	-----	-----
Ferrovia Centro-Atlantica S.A (c, g)	(147)	-
Gulf Industrial Investment Co. - GIIC (a, c, h, i)	(60)	-
Para Pigmentos S.A.	(83)	(14)
SIBRA Eletrosiderurgica Brasileira S.A. (c, e)	(81)	(5)
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	(55)	(8)
Others (a,c,i)	(11)	-
	-----	-----
	(437)	(27)
	=====	=====

(e) Investments in companies that were listed on stock exchanges in 2001:

	Book Value	Market Value
	-----	-----
Companhia Siderurgica de Tubarao - CST	504	265
Fertilizantes Fosfatados S.A. - FOSFERTIL	56	96
SIBRA Eletrosiderurgica Brasileira S.A. (preferred shares)	259	93
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	415	134

The market value of these investments does not necessarily reflect the

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value that could be realized from selling a representative group of shares. The other investments refer to companies that have no shares listed on stock exchanges.

(f) Indirect holdings through Aluvale:

	Participa- tion %	Adjusted Stockholders' equity	Investments	
	-----	-----	2001	2000
			----	----
ALBRAS - Alumínio Brasileiro S.A (c)	51.00	223	114	97
ALUNORTE - Alumina do Norte do Brasil S.A. (c)	45.58	526	240	212
Mineracao Rio do Norte S.A. (c)	40.00	605	242	217
Valesul Alumínio S.A. (c)	54.51	225	123	99
Own operations			64	53
			---	---
			783	678
			===	===

(g) The investment of CVRD in Ferrovia Centro-Atlantica S.A. is held through its subsidiary Mineracao Tacuma Ltda.

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(h) Indirect holdings through Itabira Internacional Servicos e Comercio Ltda.:

	Investments		Equity adjustments	
	2001	2000	2001	2000
	----	----	----	----
California Steel Industries, Inc - CSI (a, c)	-	226	58	58
CVRD Overseas Ltd. (a)	-	60	25	-
Gulf Industrial Investment Co. - GIIC (a, c, d)	-	182	3	3
Rio Doce Manganese Europe - RDME (a, c)	-	71	8	5
S.A. Mineracao da Trindade - SAMITRI	-	-	-	6
Siderar Sociedad Anonima Industrial y Comercial (a, c)	-	29	5	3
Vale do Rio Doce Alumínio S.A. - ALUVALE (c)	-	38	2	16
Itabira Rio Doce Company Limited (a)	-	-	35	72
Other participations (a)	-	27	6	10
Own operations (a)	759	(116)	100	-
	---	---	---	---
	759	517	242	173
	===	===	===	===

In July 2001, Itabira Rio Doce Company Limited was sold to Rio Doce International Finance Ltd., a wholly owned subsidiary of Rio Doce Servicos e Comercio - RDE.

(i) Indirect holdings through Rio Doce Europa Servicos e Comercio - RDE:

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	Participa- tion %	Adjusted Stockholders' equity	Investme ----- 2001	2
	-----	-----	-----	-----
Amazon Iron Overseas Co. Ltd. (a, d, p)	100.00	669	669	
California Steel Industries, Inc - CSI (a, c)	50.00	512	256	
CVRD Overseas Ltd. (a)	100.00	173	173	
Camelback Corporation (a,c)	100.00	116	116	
Gulf Industrial Investment Co. - GIIC (a, c)	50.00	176	88	
Itabira Rio Doce Company Limited - ITACO (a, j, m)	99.99	976	976	
Rio Doce Manganese Europe - RDME (a, c)	100.00	82	82	
Siderar Sociedad Anonima Industrial y Comercial (a, c)	4.85	722	35	
Vale do Rio Doce Aluminio S.A. - ALUVALE (c, j)	5.26	827	44	
Other participations (a)			30	
Own operations (a)			(251)	

			2,218	
Amortization of goodwill - Rio Doce Manganese Europe - RDME			-	
Amortization of goodwill - Gulf Industrial Investment Co. - GIIC			-	

			2,218	
			=====	

(j) The consolidated shareholding in Vale do Rio Doce Aluminio S.A. - ALUVALE is 100.0% (the subsidiary Itabira Rio Doce Company Limited - ITACO owns 5.26% of the capital);

(k) In May 2000, the Company together with its subsidiary Itaco acquired control of S.A. Mineracao da Trindade - Samitri for a total price of R\$ 971. This acquisition gave rise to goodwill of R\$ 658.

In September 2000, through a public offer on the Sao Paulo Stock Exchange - BOVESPA, CVRD acquired 36.24% of the capital of Samitri for a price of R\$ 70.42 per lot of 1,000 shares, increasing its shareholding to 99.30% of the total capital. With these acquisitions the total goodwill increased to R\$ 809.

In February 2001, an Extraordinary General Meeting approved the incorporation of the Samitri shares. The minority stockholders received preferred class A shares issued by CVRD, which were in treasury, in the proportion of 1 CVRD share to 628 Samitri shares. This operation resulted in additional goodwill of R\$ 4, for a total goodwill of R\$ 813, which is being amortized based on the expected future profitability of Samitri.

In October 2001, an Extraordinary General Meeting approved the merger of Samitri into CVRD.

(l) In March 2001, CVRD withdrew from CSN by unwinding the cross-participation relationship between the companies. This transaction created the opportunity to address and resolve the following questions:

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- (1) The signing of a contract with CSN which guarantees to the Company certain preemptive rights, for a period of thirty years, as follows: (a) purchase of any iron ore surplus produced by the Casa de Pedra mine; (b) the lease and acquisition of the Casa de Pedra mine; (c) the development of a pelletizing plant supplied by iron ore produced by that mine, if CSN decides to enter into a joint venture with third parties. Conversely, CSN has the right of preference in constructing, in conjunction with the Company, any greenfield steel making project which the Company decides to implement under its own control over the next five years;
- (2) The transfer to VALIA of its interest in CSN (10.33% of CSN's total capital), (which will not participate in the CSN shareholders' agreement). These shares were valued at approximately R\$ 521 million, R\$ 70.22 per lot of 1000 shares, based on the weighted average price of the last thirty trading sessions at BOVESPA in the period ended on March 9, 2001. This transaction generated a gain for the Company, eliminated VALIA's actuarial deficit and significantly increased the Company's borrowing capacity; and
- (3) This operation resulted in a gain on investments accounted for by the equity method of R\$ 108 and a gain of R\$ 10 on the sales of shares to VALIA, which is recorded as "Others - Result of shareholdings".
- (m) In September 2001, CVRD concluded the sale of Celulose Nipo-Brasileira S. A. - Cenibra to Japan Brazil Paper and Pulp Resources Development Co., Ltd., which exercised its right to purchase 51.48% of the shares held by its subsidiary Itabira Rio Doce Company Limited - Itaco for US\$ 671. This transaction resulted in a gain of R\$ 1,472 included in discontinued operations.
- (n) In September 2001, CVRD acquired 99.99% of the quotas of Belem - Administracoes e Participacoes Ltda. for R\$ 68, while its wholly-owned subsidiary Docepar S. A. acquired the remaining 0.01%.

Belem is a non-operational limited liability company that has a 9.9% holding in Empreendimentos Brasileiros de Mineracao S. A. - EBM, which in turn owns 51% of Mineracoes Brasileiras Reunidas S. A. - MBR, an unlisted Brazilian company that produces iron ore.

- (o) In September 2001, CVRD converted into capital the advances made for the future capital increase in Zagaia Participacoes S. A. in the amount of R\$ 1,278. Zagaia is a non operational company that holds 100% of the social capital of Ferteco Mineracao S. A..
- (p) In December 2001, CVRD, acting through its wholly-owned foreign subsidiary Itaco, acquired all the shares of Amazon Iron Ore Overseas Co. Ltd. (Amazon) from Cayman Iron Ore Investment Co., Ltd., a wholly-owned subsidiary of Japan's Mitsui & Co., Ltd. (Mitsui) for US\$ 279.

Amazon holds 659,375,000 common shares of Caemi Mineracao e Metalurgia S.A. (Caemi), corresponding to 50% of its voting capital. Caemi is a Brazilian company headquartered in Rio de Janeiro, with stakes in the iron ore, kaolin, refractory bauxite and railroad sectors.

This acquisition was approved by the European Commission subject to the commitment to sell the participations of Caemi in Quebec Cartier Mining Company (QCM), a Canadian producer of iron ore and pellets. The commitment satisfies the only reservation expressed by the Commission regarding the antitrust aspects of the deal.

With the conclusion of the transaction, CVRD and Mitsui each hold 50% of Caemi's common shares.

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- (q) In April 2001 CVRD sold 32% of the capital of Bahia Sul Celulose S.A. to Companhia Suzano de Papel for US\$ 318 (R\$ 687). This transaction resulted in a gain of R\$ 230 included in discontinued operations.
- (r) The total of R\$ 3,113 (R\$ 2,297 in 2000) of investments on the consolidated balance sheet is represented mainly by investments in affiliated companies and goodwill in subsidiary and jointly held companies, presented in Item (d) above.
- (s) Attachment II presents additional information about the companies in the areas of aluminum and pellets.

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9.11-Property, Plant and Equipment

- (a) By business area:

	Parent Company				Accumulated Cost
	2001		2000		
	Cost	Accumulated depre- ciation	Net	Net	Cost
Ferrous - Northern System					
Mining	1,537	(737)	800	776	1,537
Railroads	2,658	(982)	1,676	1,620	2,658
Ports	514	(241)	273	253	514
Construction in progress	385	-	385	232	385
	5,094	(1,960)	3,134	2,881	5,094
Ferrous - Southern System					
Mining	2,479	(1,466)	1,013	783	3,539
Railroads	3,027	(1,837)	1,190	1,104	3,027
Ports	559	(429)	130	128	763
Construction in progress	386	-	386	343	427
	6,451	(3,732)	2,719	2,358	7,756
Pelletizing	605	(436)	169	146	1,625
Construction in progress	388	-	388	152	412
	993	(436)	557	298	2,037
Energy (*)	190	(15)	175	140	203
Construction in progress	149	-	149	58	149
	339	(15)	324	198	352
Total Ferrous	12,877	(6,143)	6,734	5,731	15,239
Non-Ferrous					
Potash	110	(35)	75	59	110

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Gold	615	(418)	197	321	615
Research and projects	42	(22)	20	20	164
Kaolin	-	-	-	-	231
Construction in progress	58	-	58	59	86
	825	(475)	350	459	1,206
Logistics	901	(515)	386	385	1,756
Construction in progress	51	-	51	14	86
	952	(515)	437	399	1,842
Holdings					
Steel	-	-	-	-	1,806
Pulp and paper	-	-	-	-	36
Aluminum	-	-	-	-	2,303
Ferro-alloys	-	-	-	-	638
Other participations	-	-	-	-	3
Construction in progress	-	-	-	-	597
	-	-	-	-	5,383
Corporate	88	(41)	47	48	88
Construction in progress	13	-	13	8	13
	101	(41)	60	56	101
Total	14,755	(7,174)	7,581	6,642	23,771

(b) By classification of asset:

	Parent Company				Accumulated
	2001		2000		
	Cost	Accumulated depreciation	Net	Net	
Land and buildings	1,484	(626)	858	1,016	2,818
Installations	4,165	(2,596)	1,569	1,480	7,781
Equipment	893	(534)	359	288	2,473
Ships	-	-	-	-	500
Railroads	5,138	(2,693)	2,445	2,168	5,369
Mineral rights	429	(161)	268	255	657
Forests	-	-	-	-	31
Others	1,216	(564)	652	576	1,987
	13,325	(7,174)	6,151	5,782	21,616
Construction in progress	1,430	-	1,430	866	2,155
Total	14,755	(7,174)	7,581	6,642	23,771

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(*) The increase in the energy area refers to the recording as a fixed asset of the investment in the Porto Estrela Hydroelectric Plant. CVRD has an equal 1/3 interest in this undertaking along with the Companhia Energetica de Minas Gerais (Cemig) and Coteminas. The project required investments of R\$ 101, with CVRD's initial share of the power output being destined for the Tubarao Complex in Espirito Santo State. The plant has been in commercial operation since December 1, 2001.

The average annual depreciation rates are 3% for buildings, from 2% to 10% for installations, from 10% to 20% for equipment, and from 1% to 4% for railroads. Mineral reserve depletion is calculated annually as a function of the volume of ore extracted in relation to the proven and probable reserves.

Depreciation, amortization and depletion of property, plant and equipment have been allocated to cost of production and services and to administrative expenses as follows:

	Parent Company		Consolidated	
	2001	2000	2001	2000
Cost of production and services	484	272	799	638
Administrative expenses	19	14	28	25
	503	286	827	663
	====	====	====	====

9.12-Loans and Financing

Short-term

	Parent Company		Consolidated	
	2001	2000	2001	2000
Exports	927	554	1,704	1,219
Imports	-	22	9	23
Working capital	-	-	32	31
	927	576	1,745	1,273
	====	====	====	====

The average annual interest rates on short-term loans and financing in respectively, 4.96% 2001 and 2000 were, and 6.93%.

Long-term

		Parent Company					
		Curren		Long-Term		Current	
		Liabilities		Liabilities		Liabilities	
		2001	2000	2001	2000	2001	2000
		-----	-----	-----	-----	-----	-----
		-----	-----	-----	-----	-----	-----

Foreign operations
Loans and financing maturing up to
2011, in:

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U.S. dollars	282	274	1,774	1,495	686	556	3,1
Yen	19	19	63	8	83	81	1
Other currencies	1	1	1	2	4	4	1
Notes in U.S. dollars	-	-	1,160	978	-	-	1,1
Securitization of exports	-	-	-	-	9	-	7
Perpetual notes	-	-	-	-	-	-	1
Accrued charges	46	64	-	-	64	93	
	-----	-----	-----	-----	-----	-----	-----
	348	358	2,998	2,483	846	734	5,5
	-----	-----	-----	-----	-----	-----	-----
Local operations							
Indexed by TJLP, TR(*) and IGP-M	8	7	48	16	137	108	2
Basket of currencies	27	23	63	77	35	29	
Loans in U.S. dollars	2	8	210	-	38	89	8
Other currencies	-	-	-	9	-	-	
Non-convertible debentures	-	-	7	7	-	-	
Accrued charges	2	4	-	-	7	10	
	-----	-----	-----	-----	-----	-----	-----
	39	42	328	109	217	236	1,2
	-----	-----	-----	-----	-----	-----	-----
	387	400	3,326	2,592	1,063	970	6,7
	=====	=====	=====	=====	=====	=====	=====

(*) TR - Reference Rate

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- (a) Foreign loans and financing were converted into reais at exchange rates effective on the financial statements date, with US\$ 1.00 equal to R\$ 2.3204 at 12/31/01 (R\$ 1.9554 at 12/31/00) and 1.00 Yen equal to R\$ 0.017707 at 12/31/01 (R\$ 0.017082 at 12/31/00).
- (b) Certain loans and financing have specific guarantees. With respect to the balance payable at 12/31/01 these guarantees include:

	Parent Company	Consolidated
	-----	-----
- Federal Government guarantees	714	969
- Third-party guarantees	90	90
- Mining rights and mortgaged lands	-	35
- Ships	-	117
- Other assets	-	840
	-----	-----
	804	2,051
	=====	=====

The Parent Company's loans and financing with Federal Government guarantees are subject to full contra-guarantees;

- (c) Amortization of principal and finance charges incurred on long-term loans and financing obtained abroad and domestically mature as follows as of 12/31/01:

	Parent Company	Consolidated
	-----	-----
2003	1,139	2,015
2004	1,384	2,027

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2005	287	819
2006	172	558
2007 onward	344	1,217
Without maturity date (perpetual notes) (*)	-	129
	-----	-----
	3,326	6,765
	=====	=====

(*) On January 14, 2000, Itaco issued perpetual notes and sold them to Norsk Aluminium Brasil Investments B.V., redeemable upon delivery of 48 billion preferred shares in the affiliated company MRN or, in case of early termination, for US\$ 48 plus the present value of the average annual dividends declared and paid by MRN over the 3 years immediately prior to the termination, multiplied by 20 and discounted at a rate of 10% per year.

(d) Long-term external and domestic loans and financing were subject to annual interest rates in 12/31/01 as follows:

	Parent Company	Consolidated
	-----	-----
Up to 7%	2,313	4,580
7.1 to 9%	101	1,586
9.1 to 11%	1,179	1,257
Over 11%	120	276
No stated rate (perpetual notes)	-	129
	-----	-----
	3,713	7,828
	=====	=====

(e) The estimated market values of long-term loans and financing calculated to present value based on available interest rates as of 12/31/01 are close to their market values.

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(f) The Company's loans and financing, by currencies/index in:

[Graphic Omitted]

(g) Consolidated loans and financing, broken down by currencies/index in:

[Graphic Omitted]

9.13-Securitization Program

On September 29, finalized the financial conditions for a US\$ 300 securitization program based on existing and future receivables generated by its subsidiary CVRD Overseas Ltd. This transaction, relating to exports of iron ore and pellets to six of CVRD's customers in Europe, the United States and Asia, was structured by Bank of America Securities LLC, and is divided into three tranches as follows:

Tranches	Amount (US\$ million)	Maturity	Grace Period (years)	Yield to Investor (p.y.)
----------	--------------------------	----------	-------------------------	-----------------------------

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-----	-----	-----	-----	-----
1	25	10/15/2007	2	8.682%
2 (insured)	125	10/15/2007	2	Libor+0.65%
3	150	10/15/2010	3	8.926%

The balance of this operation in 2001 totals R\$ 706 (R\$ 10 in current liabilities and R\$ 696 in long-term liabilities) and is included in related party liabilities to the subsidiary CVRD Overseas Ltd. (Note 9.7).

9.14 -Contingent Liabilities

At the financial statement dates the contingent liabilities of the Company were:

- (a) Provisions for contingencies and respective judicial deposits, considered by management and its legal counsel as sufficient to cover possible losses from any type of lawsuit, were as follows:

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	Judicial deposits		Provisions for contingencies	
	2001	2000	2001	2000
Tax contingencies	284	90	308	132
Labor claims	109	111	300	214
Civil claims	4	2	273	239
Financial applications	114	98	-	-
Others	5	2	13	12
Total Parent Company	516	303	894	597
Consolidated companies	112	87	323	156
Total consolidated	628	390	1,217	753
Consolidated - short term (*)	3	3	-	-
Consolidated - long term	625	387	1,217	753
	628	390	1,217	753

- (*) Recorded under "others" in current assets.

The Company and its subsidiaries are parties to labor, civil, tax and other suits have been contesting these matters both administratively and in the courts. When necessary, these are backed by judicial deposits. Provisions for eventual losses are estimated and restated monetarily by management upon the advice of the legal department and outside counsel.

Tax contingencies relate principally to a legal process claiming unconstitutionality of the change in the calculation basis of PIS and COFINS social contribution introduced by Law 9718/98.

Labor-related actions principally comprise employee claims for (i) payment for time commuting to and from work; (ii) additional payments for allegedly dangerous or unhealthy working conditions; and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal.

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Civil actions principally relate to claims made against the Company by contractors in connection with losses alleged to have been incurred as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted.

Financial applications are related to guarantees of civil claims.

- (b) Guarantees given to subsidiary and jointly controlled companies (normally in proportion to the Company's percentage of participation) are as follows:

	2001	2000
	-----	-----
ALBRAS - Alumínio Brasileiro S.A.	840	728
ALUNORTE - Alumina do Norte do Brasil S.A.	170	147
Bahia Sul Celulose S.A.	-	257
CELMAR S.A. - Industria de Celulose e Papel	88	88
Companhia Coreano-Brasileira de Pelotizacao - KOBASCO	93	78
FCA - Ferrovia Centro-Atlantica S.A.	271	83
ITACO - Itabira Rio Doce Company Limited	573	240
Para Pigmentos S.A.	118	142
Salobo Metais S.A.	165	141
Seamar Shipping Corporation	88	78
Sepetiba Tecon	59	7
Others	20	93
	-----	-----
	2,485	2,082
	=====	=====

The breakdown of guarantees by currency is:

	2001	2000
	-----	-----
U.S. Dollar	1,924	1,605
Real	553	463
French Franc	8	14
	-----	-----
	2,485	2,082
	=====	=====

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- (c) Upon privatization of the Company in 1997, debentures were issued to the then stockholders, including the federal government. The maturity dates of these debentures were established to guarantee that pre-privatization stockholders, including the federal government, would share any future benefits from subsequent mineral discoveries.

At present, the debentures cannot be traded. They may only be traded three months after the federal government sells its 27.4% share of the CVRD voting capital, which is currently under way. At this time the Company will be obliged to register the debentures with the CVM to allow their negotiation.

According to the regulations of the Brazilian Central Bank, the pre-privatization stockholders who held their shares through American Depositary Receipts (ADRs) were not authorized to receive debentures or any other financial benefits related to same. The Company will present a new request to the Central Bank, but there is no guarantee that it will be granted.

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The debenture holders are entitled to receive semi-annual payments equivalent to a percentage of the net revenues from determined mineral resources held by the Company in May 1997, as per the table below:

Area	Mineral	Required Payments by CVRD
Southern System	Iron ore	1.8% of net revenue, after from May 1997 exceeds 1.7 b
Northern System	Iron ore	1.8% of net revenue, after from May 1997 exceeds 1.2 b
Pojuca, Andorinhas, Liberdade and Sossego	Gold and copper	2.5% of net revenue from th commercial production.
Igarape Bahia and Alemao	Gold and copper	2.5% of net revenue, after from the beginning of comme production exceeds 70 tons
Fazenda Brasileiro	Gold	2.5% of net revenue after t from the beginning of comme production exceeds 26 tons.
Other areas, excluding Carajas/Serra Leste	Gold	2.5% of net revenue.
Other areas owned as of May 1997	Other minerals	1% of net revenue, 4 years beginning of commercial pro
All areas	Sale of mineral rights owned as of May 1997	1% of the sales price.

Based on current production levels and estimates for new projects, the forecast is to start payments referring to copper resources in 2004, iron ore in approximately 2012, and other types of minerals in later years. The obligation to make payment to the debenture holders will expire when the pertinent mineral resources are depleted.

The Company has commitments under a "take-or-pay" contract to acquire approximately 175.950 tons of aluminum per year from ALBRAS at market prices. This estimate is based on 51% of the estimated output of ALBRAS at a market price of US\$ 1,453.66 per ton on December 31, 2001, representing an annual commitment of R\$ 593. The same applies to 437,214 tons of alumina per year produced by ALUNORTE, which at a market price of US\$ 176.08 per ton on December 31, 2001 represents a yearly commitment of R\$ 179. The effective take of ALBRAS was R\$ 510 and R\$ 474 in 2001 and 2000, respectively, and directly from ALUNORTE (net of the take assigned to ALBRAS), was R\$ 84 and R\$ 102 in 2001 and 2000, respectively.

9.15-Environmental and Site Reclamation and Restoration Costs

Expenditures relating to ongoing compliance with environmental regulations are charged to production costs or capitalized as incurred. The Company manages its environmental policies according to the specifications of ISSO 14,001 and maintains ongoing programs to minimize the environmental impact of its mining operations as well as to reduce the costs that will be incurred upon termination of activities at each mine. In 2001, the provision for environmental liabilities amounted to R\$ 66 (R\$ 28 in 2000).

9.16-Pension Plan - Valia

The Fundacao Vale do Rio Doce de Seguridade Social - Valia is a non-profit entity, legally separate from the CVRD, founded in 1973 to provide supplementary social security benefits to the employees of the Company, its subsidiaries, affiliated companies and other independent firms that participate or may in the future participate in plans administered by the Foundation.

The Company and various of its subsidiaries and affiliated companies are sponsors of Valia, in the following benefit plans:

(a) Benefit Plan

Defined Benefit Plan - "BD"

A pure defined benefit plan, now being phased out, instituted in 1973 upon establishment of Valia. This plan has been closed to new members and is maintained only for existing retired participants and their beneficiaries and a few residual active participants.

Mixed-Benefit Plan - "Vale Mais"

On December 28, 1999 the federal government's Secretariat of Complementary Social Security, through Announcement No. 866-SPC/COJ, approved the new mixed plan to be instituted by the Foundation, which offers programmable retirement income benefits of the defined contribution type, independent of government Social Security. It also includes a deferred severance benefit (vesting), as well as risk benefits: retirement for disability, death benefits and sick-leave assistance. This new plan has more modern, transparent and flexible rules that make it more attractive for employees and more economical for the sponsors.

"Vale Mais" was established in May 2000 and nearly 98.7% of then active participants migrated to the new plan.

The contributions of the sponsors are as follows:

- o Ordinary contribution - Destined to accrue the resources necessary to grant income benefits, sponsor contributions are matched equally by participants, up to 9% of their participation salaries, which may not exceed 10 "plan reference units" (this limit was R\$1,383.86 in December 2001).
- o Extraordinary contribution - This can be made at any time, at the discretion of the sponsors.
- o Normal contribution - To fund the risk plan and administrative expenses, fixed by the actuary based on actuarial appraisals.
- o Special contribution - Destined to cover any special commitment that may arise.

During 2001, the Company made contributions to VALIA in the amount of R\$ 45 (R\$ 41 in 2000) to fund the benefit plans it sponsors.

(b) Actuarial liability

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This provision is the result of the Company's responsibility to provide supplementary pensions relating to the early retirement programs of 1987 and 1989, in the amount of R\$ 461 and an additional amount of R\$ 33 as required by CVM Deliberation 371. These liabilities were calculated by an independent actuary for the year 2001 and represent the current value of the benefits and pensions. Part is recorded in "Pension Plan-Valia" in current liabilities - R\$ 65 (R\$ 59 in 2000) and part in long-term liabilities - R\$ 429 (R\$ 361 in 2000).

CVRD decided to record the actuarial liabilities referring to the plans it sponsors as set forth in CVM Deliberation 371, issued on December 13, 2000, directly in net assets for December 31, 2001, net of the corresponding tax effects. The actuarial appraisal of the plans employed the projected unitary credit method, with the assets from plans positioned as of December 31, 2001. The parent company intends to amortize the actuarial gains or losses starting in 2002, in conformity with the referred Deliberation.

Reconciliation of assets and liabilities recognized on the balance sheet as of December 31, 2001

	Parent Company -----
Present value of actuarial assets integrally or partially covered	(3,222)
Fair value of plan assets	3,189

Present value of actuarial obligations in excess of fair value of assets	(33)
Fiscal effects	11

	(22)
	=====
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Projected expenses to recognize in 2002

	Parent Company -----
Cost of current service	3
Cost of interests	187
Expected gain on plan assets	(186)

Total	4
	=====

Actuarial premises adopted in calculation

Discount rate of contract obligation	6.0% p.a.
Expected return rate on assets	6.0% p.a.
Estimated salary increase index	1.82% p.a. until 47 years
Estimated benefits increase index	0.0% p.a. since 48 years old
Inflation rate	0.0% p.a.

Economical assumptions

Mortality table	----- GAM 1971
-----------------	-------------------

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Disabled mortality table
Invalidity entrance table

IAPC-57
Alvaro Vindas

As already mentioned, the rate of migration and adhesion to the new plan was above 98% of active employees, thus requiring an actuarial appraisal. This appraisal, conducted by independent actuaries, found a deficit in the mathematical reserves of, at December 31, 1999, R\$ 312 (net of tax effects), which was recognized as a liability, and charged to retained earnings. On March 15, 2001, the Company fully amortized the then-existing shortfall, by transferring all its interest (10.33%) in Companhia Siderurgica Nacional - CSN, in the amount of R\$ 520, including therein the portion which was the responsibility of its subsidiaries and affiliated companies.

(c) Subsidiaries and affiliated companies

Some subsidiary and affiliated companies that do not participate in the social security plan through VALIA also record their actuarial liabilities referring to the plans they sponsor as set forth in CVM Deliberation 371 of December 13, 2000.

9.17-Capital

The Company's capital is R\$ 4 billion, corresponding to 388,559,056 book shares, of which 249,983,143 are common shares, 138,575,913 are preferred class "A" shares, the latter including one special preferred share ("Golden Share"), all with no par value.

Preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share.

The special "Golden Share" created during the privatization in 1997 belongs to the Brazilian Government. This share gives it the right to a permanent veto of changes in the Company's name, headquarters location, nature as a mining enterprise, continuous operation of the integrated mining, transportation and loading systems and other matters determined in the Bylaws.

The Extraordinary General Meeting held on 04/25/01 approved the increase of capital from R\$ 3 billion to R\$ 4 billion, without issue of new shares, through the capitalization of reserves in the amount of R\$ 1 billion.

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On 12/31/01 the Company's capital is comprised as follows:

Stockholders	Common	%	Preferred	%
BNDSPar (b)	105,443,070	42	-	-
Brasilian Government (National Treasury/BNDES/ INSS/FPS) (b)	78,788,839	32	5,075,341	4
American Depositary Receipts - ADRs	-	-	57,754,261	42
Litel Participacoes S.A. (a)	25,272,641	10	-	-
BNDSPar	11,672,271	5	1,251,980	1
Clube de Investimentos dos Empregados da				

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Vale - INVESTVALE	10,362,069	4	269,100	-
Foreign institutional investors	4,791,199	2	36,056,429	26
Brazil - institutional investors	4,464,276	2	21,244,238	15
Brazil - retail investors	4,473,608	2	16,924,473	12
Treasury stock	4,715,170	1	91	-
	-----	---	-----	---
Total	249,983,143	100	138,575,913	100
	=====	===	=====	===

(a) Litel is the corporate vehicle pursuant to which Previ, Petros, Funcef and Fundacao CESP, each of which is a Brazilian pension fund, hold common shares in CVRD and Valepar.

(b) The National Bank for Economic and Social Development (BNDES), in its own name and on behalf of the Brazilian Government, continued the privatization process started in 1997, as per the terms of the Privatization Rules, selling 68,511,164 common shares of CVRD.

As of 12/31/01, the number of holders of record who are residents of Brazil was 21,862. These shareholders owned 288,365,846 shares, representing 74.2% of the capital stock.

Members of the Board of Directors, as a group, hold 17 common shares and 209 preferred shares.

9.18-American Depositary Receipts (ADR) Program

On 06/20/00, the Company obtained ADR registration (Level 2) from the United States Securities and Exchange Commission (SEC), beginning a process for its shares to be traded on the New York Stock Exchange (NYSE). From 03/21/02, after the sale process of shares of BNDES and the Government, the common shares begun to be traded on NYSE. Each ADR represents 1 (one) preferred Class "A" or common share, traded under the code "RIOPR" and "Rio", respectively.

9.19-Treasury Stock

Board of Directors, as per Article 13, XV, of the Bylaws and Article 30 of Law 6404/76 and CVM Instructions 10 of 02/14/80 and 268 of 11/13/97, approved acquisition by the Company of its own shares to be held in treasury (Notes 9.17 and 9.20) for later sale or cancellation.

An Extraordinary General Meeting held on 10/24/01 authorized acquisition of up to 19 million nominative book shares, with no par value, with 14 million being common shares and 5 million preferred shares, to hold in treasury for later sale or cancellation, with no reduction in company capital. Up to 12/31/01, 4,715,170 common and 91 preferred shares had been so acquired at a cost of R\$ 131.

Class	Shares		Unit acquisition cost			Average quoted market price	
	2001	2000	Average	Low	High	2001	2000
Preferred	91	3,659,311	20.03	14.02	52.40	52.44	47.11
Common	4,715,170	7,300	27.80	20.07	52.09	50.21	46.14
	-----	-----					
	4,715,261	3,666,611					
	=====	=====					

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On 07/25/01 the Company exchanged on the Sao Paulo Stock Exchange (BOVESPA), 3,519,285 preferred shares, maintained previously in treasury, for 3,520,000 common shares, an operation with Bank of America Liberal S.A. - Corretora de Cambio e Valores Mobiliarios as intermediary.

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9.20-Reserves

At December 31 these amounts were as follows:

	2001	2000
	-----	-----
Capital reserves		
Capital surplus	-	264
Special monetary restatement reserve - Law 8,200/91	440	440
Tax incentive investment reserve	-	17
Others	4	20
	-----	-----
	444	741
	=====	=====
Revenue reserves		
Expansion	3,869	3,022
Depletion	1,506	1,506
Unrealized income	1,272	1,710
Legal	753	600
Tax incentives	54	60
Treasury stock	(131)	(73)
	-----	-----
	7,323	6,825
	=====	=====

The tax incentive investment reserve refers to the amount of tax exemption on profits of undertakings under the Greater Carajas Program, today administered by the Amazon Development Agency - ADA, and the gold and potash undertakings administered by the Northeast Development Agency - ADENE.

In conformity with current applicable corporate legislation, Management has proposed to retain the remaining accrued profits in the expansion reserve, to supply the necessary resources to meet the Company's capital spending budget.

In 1983, CVRD carried out a monetary restatement of its assets, with the increase accounted for as Revaluation Reserve, net of tax effects. CVRD considers that technically the referred monetary restatement of its assets is an integral part of special monetary restatement as per Law 8200. This restatement carried out in 1983 was not a revaluation as such because this assumes, by definition, an adjustment to market prices instead of an adjustment to original prices corrected by an index representative of the loss in purchasing power of Brazilian currency.

Thus, in 2000 the amounts currently stated under the title of "reserve from revaluation of own assets" were reclassified to "capital reserve -special monetary restatement - Law No. 8,200". Adoption of this procedure will not have any effect on the stockholders' equity or results of the Company.

In June 2000, in connection with full adoption of the concept of historic cost (increased by monetary restatement up to 1995), CVRD reversed the reserve from revaluation of the assets of affiliated and jointly controlled companies in the amount of R\$ 471, against the equity investments in these companies.

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On 12/31/01, the Company had an excess of revenue reserves over capital. In accordance with Corporate Law (Art. 199 Law No. 6404/76), the Board of Directors will propose at the stockholders' meeting an increase in the Company's capital with reserves, in the amount of R\$ 1,000, without issuance of new shares, as follows:

Capital reserves	444
Revenue reserves	556

	1,000

9.21-Remuneration of Stockholders

Interest on stockholders' equity proposed by Management of the Company for the year ended 12/31/01 was R\$ 4.61 per outstanding common and preferred share (R\$ 3.33 in 2000), totaling R\$ 1,774 (R\$ 1,282 in 2000). Payment is in two equal installments; the first occurred on December 10, 2001 and the second will be made by April 30, 2002.

According to the Company's Bylaws, the stockholders are entitled to a mandatory dividend of 25% of the net income for the year, adjusted under the terms of corporate law. The preferred shares have the right under the Bylaws to receive mandatory and non-cumulative dividends corresponding to 6% of the Company capital.

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Interest on stockholders' equity proposed for 2001 was calculated as follows:

Net income for the year	3,051
Legal reserve	(153)
Realization of unrealized income reserve	438
Tax incentives reserve	(54)

Net income adjusted	3,282
	=====
Mandatory amount - 25% - (R\$ 2.14 per share outstanding)	821
	=====
Statutory dividend on preferred shares (R\$ 0.62 per share outstanding)	86
	=====
Interest on stockholders' equity (R\$ 4.61 per share outstanding)	1,774
	=====

Pursuant to Ruling No. 207/96 of the Brazilian Securities Commission (CVM), the Company decided, as required by tax regulations, to account for interest on stockholders' equity under the heading of "Financial expenses" and to reverse the same amount in a specific account. This, however, does not appear in the financial statements because it had no effect on the final net income, except for the tax impact recorded as "Income tax and social contribution".

9.22-Financial Result

The amounts included in the income statement are as follows:

	2001	2000
	-----	-----
Financial expenses		
Foreign debt	(254)	(227)
Local debt	(81)	(81)
Related parties, net	(135)	(122)

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Others (*)	(133)	(34)
	-----	-----
	(603)	(464)
	-----	-----
Monetary and exchange rate variation on liabilities	(1,201)	(478)
	-----	-----
Financial income		
Related Parties	122	114
Marketable securities	67	138
Others	3	36
	-----	-----
	192	288
	-----	-----
Monetary and exchange rate variation on assets	679	319
	-----	-----
Financial income (expenses), net - Parent Company	(933)	(335)
	-----	-----
Consolidated companies		
Financial expenses	(354)	(243)
Financial revenues	92	81
Monetary and exchange rate variation, net	(544)	(166)
	-----	-----
Consolidated financial result, net	(1,739)	(663)
	=====	=====

(*) Includes net losses on derivative financial instruments (note 9.23)

9.23-Financial Instruments - Derivatives

The main market risks the Company faces are related to interest rates, exchange rates and commodities prices. CVRD has a policy of managing risks through the use of derivatives instruments.

The Company's risk management follows policies and guidelines reviewed and approved by the Board of Directors and Executive Board. These policies and guidelines generally prohibit speculative trading and short selling and require diversification of transactions and counterparties. The policy of the Company is to settle all contracts financially without physical delivery of the products. The overall position of the portfolio is assessed

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and monitored daily to measure the financial results and the impact on cash flow. The credit limits and creditworthiness of counterparties are also reviewed periodically. The results of hedging are reported monthly to the Executive Board.

Interest Rate Risk

Interest rate risk derives from floating-rate debt, mainly from trade finance operations. The portion of floating-rate debt denominated in foreign currency is mainly subject to fluctuations in the LIBOR (London Interbank Offered Rate). The portion of floating-rate debt expressed in reais refers basically to the Brazilian long-term interest rate (TJLP), established by the Brazilian Central Bank. Since May 1998, CVRD has been using derivatives to limit its exposure to fluctuations in the LIBOR.

The interest rate derivatives portfolio consists mainly of options trades

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aiming to cap exposure to interest rate fluctuations, establishing upper and lower limits. Some operations are subject to knock-out provisions which, if triggered, eliminate the protection provided by the cap.

The table below provides information regarding the interest rate derivatives portfolio for 2001 and 2000.

		2001				
Type	Notional value (in US\$ millions)	Rate range	Unrealized gain (loss) (in R\$ millions)	Final maturity	Notional value (in US\$ millions)	
Cap	1,375	5.0 - 8.0%	5.6	Dec/04	1,200	
Floor	1,000	5.0 - 6.5%	(66.1)	Dec/04	850	
Swap	125	5.5 - 7.5%	(22.9)	Oct/07	125	
Total			(83.4)			

Exchange Rate Risk

Exchange rate risk comes from foreign currency debts. On the other hand, a substantial part of the Company's revenues are denominated or indexed in U.S. dollars, while the majority of costs are in reais. This provides a natural hedge against possible devaluations of Brazilian currency against the dollar. Events of this nature have an immediate negative impact on foreign currency debt, offset by the positive effect on future cash flows.

With Brazil's adoption of a floating exchange rate in January 1999, the Company adopted a strategy of monitoring market fluctuations and if necessary carrying out derivatives operations to cover risks related to these variations.

The portion of debt denominated in euros and Japanese yen is protected by derivatives to cover risks of exchange rate movements of these currencies.

The table below shows the exchange rate derivatives portfolio for 2001 and 2000. These operations are structured forwards meant to ensure the purchase price of the following currencies:

		2001				
Type	Notional value (in US\$ millions)	Rate range	Unrealized gain (loss) (in R\$ millions)			
Yen purchased	4.72	(yen) 70 - 110 per US\$	(4.06)			
Euros purchased	8.06E	(euro) 1.10 - 1.30	(5.15)			
Euros sold	12.41E	(euro) 0.90 - 1.2 per US\$	(1.88)			
Total			(11.09)			

		2000	
Final	Notional value	Unrealized gain (loss)	

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Type	maturity	(in US\$ millions)	Rate range	(in R\$ millions)
Yen purchased	Apr/05	15.00	(yen) 70 - 110 per US\$	(2.85)
Euros purchased	Apr/05	12.00	(euro) 1.10 - 1.30	(4.01)
Euros sold	Mar/02	2.66	(euro) 0.90 - 1.2 per US\$	(0.12)
Total				(6.98)

Commodities Price Risk

The prices of iron ore, the Company's main product, are set in annual negotiations between producers and consumers and are notably stable over time. The Company does not enter into derivatives operations to hedge iron ore exposure.

The Company uses hedge instruments to manage its exposure to changes in the price of gold. These derivatives operations allow establishment of a minimum profit level for future gold output. The Company actively manages its open positions, with the results reported monthly to senior management to allow adjustment of targets and strategies in response to market conditions.

The following table shows the gold derivatives portfolio of the Company in 2001 and 2000.

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Type	Quantity (oz)	Price range	2001		Quantity (oz)	P r
			Unrealized gain (loss) (in R\$ millions)	Final maturity		
Puts purchased	422,000	270 - 340	24.94	Dec/05	479,500	300 -
Calls sold	718,000	308 - 366	(7.96)	Dec/05	999,800	308 -
Hybrid instruments (*)	25,000		(0.42)	Nov-05	30,000	
Total			16.56			

Similarly, the jointly controlled companies ALBRAS and ALUNORTE manage the risks associated with variations in the prices of aluminum through derivatives operations, establishing an average profit for future production and ensuring a stable cash flow.

The table below provides information on the aluminum derivatives operations of ALBRAS in 2001 and 2000. CVRD owns 51% of the total voting capital of ALBRAS:

Type	Quantity (ton.)	Price range	2001		Quantity (ton.)
			Unrealized gain (loss) (in R\$ millions)	Final maturity	

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Puts purchased	80,000	1,400 - 1,600	22.2	Dec/01	42,000	1,
Forwards sold	57,000	1,400 - 1,600	17.8	Dec/06	67,189	1,
Calls sold	56,000	1,600 - 1,800	(2.1)	Mar/02	123,000	1,
Hybrid instruments (*)	132,000		(6.2)			
Total			31.7			

The table below provides information on the aluminum derivatives operations of ALUNORTE in 2001 and 2000. CVRD owns 50,31 of the voting capital and 45.58% of the total capital of ALUNORTE:

Type	Quantity (ton.)	Price range	2001		Quantity (ton.)
			Unrealized gain (loss) (in R\$ millions)	Final maturity	
Puts purchased	15,000	1,400 - 1,600	5.50	Dec/02	96,000
Forwards sold	26,000	1,400 - 1,600	10.20	May/03	51,000
Calls sold	23,000	1,600 - 1,800	(0.07)	Dec/02	157,500
Hybrid instruments (*)	74,000		(3.70)	Oct/03	36,000
Total			11.93		

(*) The payoff of these instruments depends, at least partly, on the way the underlying asset behaves during the life of the transaction.

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9.24-Exchange rate Exposure

The exchange rate exposure is predominantly in U.S. dollars.

	In millions o		
	Parent	Company	Subsi and Aff Compa
	2001	2000	2001
Assets			
Current			
Cash and banks and marketable securities	508	223	86
Others	1,709	1,487	821
Long-term receivables	2,217	1,710	907
Investments	1,238	1,102	71
	2,524	1,444	72

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Total	5,979	4,256	1,050
	=====	=====	=====
Liabilities			
Current			
Short-term loans and financing	1,304	970	1,191
Others	398	268	203
	-----	-----	-----
	1,702	1,238	1,394
Long-term liabilities			
Loans and financing	3,271	2,575	1,961
Others	1,760	1,528	178
	-----	-----	-----
	5,031	4,103	2,139
	-----	-----	-----
Total	6,733	5,341	3,533
	=====	=====	=====
Net Assets (Liabilities) - R\$	(754)	(1,085)	(2,483)
	=====	=====	=====
Net Assets (Liabilities) - US\$	(325)	(555)	(1,070)
	=====	=====	=====

(*) Proportional to the percentage of participation

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9.25-Income Statement Reclassifications - CVRD

To facilitate comparison of the financial statements, the balances from 2000 were reclassified due to the segregation of the accounting lines for the result of operations with Cenibra and Bahia Sul, which were discontinued by the Company after sale of the holdings in these companies, and the creation of the title "Result of shareholdings".

	2001	2000
	-----	-----
Equity result		
Equity result	2,247	983
Gain on sale of investments - CENIBRA	(1,471)	-
Equity result - CENIBRA	(14)	(115)
Equity result - Bahia Sul (CVRD and Florestas)	(54)	(69)
	-----	-----
	708	799
	=====	=====
Discontinued operations		
Gain on sale of investments - CENIBRA and Bahia Sul	1,702	-
Equity result - CENIBRA	14	115
Equity result - Bahia Sul (CVRD and Florestas)	54	69
	-----	-----
	1,770	184
	=====	=====
Other operational expenses (revenues), net		
Other operational expenses (revenues), net	(1,418)	(727)
Amortization of goodwill	437	27
Provision for losses	245	57
Others	(11)	-
	-----	-----
	(747)	(643)

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	=====	=====
Amortization of goodwill	(437)	(27)
	=====	=====
Provision for losses	(245)	(57)
	=====	=====

The balances related to Bahia Sul and Cenibra were reclassified to discontinued operations.

9.26-Effects of Integral Monetary Restatement on the Result and Net Equity (Unaudited)

For better understanding, the table below presents the amounts of Net Equity and Result for 2001, considering the effects of monetary restatement on the balance sheet, using the IGP-M general price index published by the Fundacao Getulio Vargas.

	In constant purchasing power -----	
	2001	2002
	-----	-----
Stockholders' equity	20,837	19,175
Net income for the year	3,570	2,712

9.27-Segment and Geographic Information

The Company's business areas as follows:

Ferrous - mining of iron ore and manganese and production of pellets, as well as their commercialization and respective rail transport and port handling (both for the Northern and Southern Systems).

Non-ferrous - includes gold production, potash, geological prospecting and other non-ferrous minerals.

Logistics - activities related to railroads and ports together with investments in the area of maritime and rail transport and port services.

Investments - includes commercialization of aluminum products and investments in joint ventures and affiliates involved in the production of bauxite, alumina refining and aluminum smelting, as well as holdings in companies in the pulp and paper sector and in steel making.

Corporate center - comprises the functional areas of control, finance, legal affairs, human resources, administration, information technology and investor relations.

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Information presented to top management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with Brazilian corporate law together with certain minor inter-segment allocations, and is focused primarily on return on capital employed (ROCE), net operating profit less taxes (NOPLAT) as well as net income.

CVRD - Parent Company

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	----- Holding						
	Ferrous	Non Ferrous	Logistics	Pulp and paper	Aluminum	Steel	Other
	-----	-----	-----	-----	-----	-----	-----
Results							
Sales classified by geographic destination							
Export market							
Latin America	189	-	-	-	-	-	-
United States	167	331	-	-	-	-	-
Europe	1,334	-	-	-	-	-	-
Middle East	396	-	-	-	-	-	-
Japan	593	-	-	-	-	-	-
China	552	-	-	-	-	-	-
Asia, other than Japan and China	376	-	-	-	-	-	-
Gross revenues - Export	3,607	331	-	-	-	-	-
Gross revenues - Domestic	1,908	168	603	-	-	-	-
Total gross revenues	5,515	499	603	-	-	-	-
Value added taxes	(166)	(15)	(51)	-	-	-	-
Net profit	5,349	484	552	-	-	-	-
Cost and expenses	(2,714)	(302)	(245)	-	-	-	-
Administrative and selling expenses	(118)	-	-	-	-	-	-
Research and development	(22)	(79)	-	-	-	-	-
Other operating expenses	(276)	(94)	-	(65)	(18)	(48)	(1)
Operation profit before financial result and result of investment participations	2,219	9	307	(65)	(18)	(48)	(1)
Financial result, net	-	-	-	-	-	-	-
Discontinued operations	-	-	-	1,770	-	-	-
Result of investments participations	277	(140)	(335)	(93)	170	165	(1)
Income taxes	-	-	-	-	-	-	-
Net income	2,496	(131)	(28)	1,612	152	117	(1)
EBITDA demonstration:							
Operation profit before financial result and result of investment participations	2,219	9	307	(65)	(18)	(48)	(1)
Depreciation, amortization and depletion	400	63	25	-	-	-	-
Dividend received	73	-	-	138	18	48	-
Other operating expenses							
Adjustments in non-cash items:							
- Provision for contingencies	38	-	-	-	-	-	-
- Provision for loss on ICMS recoverable	139	3	-	-	-	-	-
- Write-off of property, plant and equipment	-	91	-	-	-	-	-
- Provision for early-retirement							

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programs	-	-	-	-	-	-
- Provision for losses	-	-	-	65	-	-
- Provision for losses of inventories	61	-	-	-	-	-
- Amortization of goodwill	38	-	-	-	-	-
- Non-operating revenue	-	-	-	-	-	-
EBITDA	2,968	166	332	138	-	-
EBITDA % of total	91.2%	5.1%	10.2%	4.2%	-	-
EBITDA margin %	55.5%	34.3%	60.1%	-	-	-
Depreciation, amortization and depletion	(400)	(63)	(25)	-	-	-
Dividends received	(73)	-	-	(138)	(18)	(48)
EBIT	2,495	103	307	-	(18)	(48)
Income tax and social contribution	-	-	-	-	-	-
Net operating profit less taxes (b)	2,495	103	307	-	(18)	(48)
Capital employed (a)						
- Property, plant and equipment in operation	5,427	291	386	-	-	-
- Inventories	401	47	-	-	-	-
- Accounts receivable	815	27	42	-	-	-
- Payable to suppliers and contractors	(444)	(35)	(8)	-	-	-
- Salaries and social charges	(45)	(7)	(2)	-	-	-
	6,154	323	418	-	-	-
Return on capital employed - ROCE (b/a)	40.5%	31.9%	73.4%	-	-	-

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The information related to year 2000 are as follows::

	Ferrous	Non ferrous	Logistics	Corpo Ce
EBITDA	2,157	140	319	
EBITDA % of total	89.8%	5.8%	13.3%	
EBITDA margin %	53.0%	32.6%	66.3%	
EBIT	1,908	85	299	
Net Operating profit less income tax and social contribution (b)	1,908	85	299	
Capital employed (a)	6,166	441	426	
Return on capital employed - ROCE (b/a)	30.9%	19.3%	70.2%	

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CVRD - Consolidated

	Holding						
	Ferrous	Non Ferrous	Logistics	Pulp and paper	Aluminum	Steel	Other
Results							
Sales classified by geographic destination							
Export market							
Latin America	585	-	151	-	96	21	
United States	583	331	48	2	265	953	
Europe	3,816	65	102	-	755	99	
Middle East	741	-	9	-	1	-	
Japan	1,318	-	22	-	319	-	
China	1,106	4	1	-	26	91	
Asia, other than Japan and China	1,222	-	5	-	27	7	
Gross revenues - Export	9,371	400	338	2	1,489	1,171	
Gross revenues - Domestic	2,876	183	991	19	463	48	3
Total gross revenues	12,247	583	1,329	21	1,952	1,219	3
Value added taxes	(269)	(20)	(84)	(1)	(56)	(9)	(
Net profit	11,978	563	1,245	20	1,896	1,210	3
Cost and expenses	(8,076)	(336)	(885)	(17)	(1,388)	(1,078)	(3
Administrative and selling expenses	(416)	(15)	(50)	(1)	(68)	(60)	(1
Research and development	(22)	(79)	-	-	-	-	(
Other operating expenses	823	(108)	(236)	(148)	(4)	(37)	(
Operation profit before financial result and result of investment participations	4,287	25	74	(146)	436	35	(2
Financial result, net	(393)	(76)	(38)	10	(213)	(96)	(
Discontinued operations	-	-	-	1,770	-	-	(
Result of investments participations	1,911	(140)	(415)	(93)	285	167	(
Minority interests	(4)	-	-	-	-	(3)	(
Income taxes	(45)	-	(5)	-	(65)	19	(
Net income	5,756	(191)	(384)	1,541	443	122	(2
EBITDA demonstration:							
Operation profit before financial result and result of investment participations	4,287	25	74	(146)	436	35	(2
Depreciation, amortization and depletion	492	71	75	4	84	86	
Dividend received	-	-	52	-	-	40	
Other operating expenses							
Adjustments in non-cash itens:							

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- Provision for contingencies	73	-	13	-	23	9	
- Provision for loss on ICMS recoverable	139	3	-	-	-	-	
- Write-off of property, plant and equipment	54	91	-	-	-	-	
- Provision for early-retirement programs	-	-	-	-	-	-	
- Provision for losses	32	14	(11)	200	-	(10)	
- Provision for losses of inventories	80	-	-	-	-	-	
- Amortization of goodwill	38	-	-	-	-	-	
- Non-operating revenue	(1,194)	-	256	(53)	1	5	
EBITDA	4,001	204	459	5	544	165	(1)
EBITDA % of total	78.0%	4.0%	9.0%	0.1%	10.6%	3.2%	(0.)
EBITDA margin %	33.4%	36.2%	36.9%	25.0%	28.7%	13.6%	
Depreciation, amortization and depletion	(492)	(71)	(75)	(4)	(84)	(86)	
Dividends received	-	-	(52)	-	-	(40)	(
EBIT	3,509	133	332	1	460	39	(2)
IR e CSL	(45)	-	(5)	-	(65)	19	(
Net operating profit less taxes (b)	3,464	133	327	1	395	58	(2)
Capital employed (a)							
- Property, plant and equipment in operation	6,893	559	872	33	1,115	1,114	
- Inventories	871	70	15	1	148	221	
- Accounts receivable	3,627	54	119	12	119	130	
- Payable to suppliers and contractors	(2,960)	(53)	(54)	(2)	(133)	(44)	(
- Salaries and social charges	(133)	(10)	(10)	(1)	(8)	(6)	
	8,298	620	942	43	1,241	1,415	
Return on capital employed - ROCE (b/a)	41.7%	21.5%	34.7%	2.3%	31.8%	4.1%	

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The information related to year 2000 are as follows::

	Holdings						Cor
	Ferrous	Non Ferrous	Logistics	Pulp and Paper	Aluminum	Steel	
EBITDA	2,582	190	322	48	485	301	
EBITDA % of total	68.2%	5.0%	8.5%	1.3%	12.8%	7.9%	
EBITDA margin %	32.4%	36.5%	25.4%	106.7%	26.3%	26.0%	
EBIT	2,296	125	262	(8)	399	191	
Net Operating profit							

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less income tax (b)	2,265	125	267	(21)	421	48
Capital employed	7,074	686	945	1,339	1,343	1,454
Capital employed in discontinued operations	-	-	-	(1,158)	-	-
	-----	-----	-----	-----	-----	-----
Capital employed adjusted (a)	7,074	686	945	181	1,343	1,454
Return on capital employed - ROCE (b/a)	32.0%	18.2%	28.3%	(11.6%)	31.3%	3.3%

9.28-Insurance

Considering the nature of its activities, the international standards applied to operation and maintenance of its installations, along with its risk-management policy that follows a security program developed expressly for the Company by specialized consultants, the Company maintains insurance from the main Brazilian and international insurance companies covering property and equipment risk, business interruption and civil liability.

Insurance coverage is obtained based on the sum of all items of the Company's property. At 12/31/01 the operational assets of the Company were valued at R\$ 19 billion, and the values at risk for business interruption at R\$ 5 billion.

9.29-Profit Sharing Plan

The employee profit sharing plan is linked to the results as measured by indicators such as ROCE (return on capital employed) and by the meeting of performance targets for each unit.

In 2001, the Company paid R\$ 73 in profit sharing (R\$ 66 in 2000), with R\$ 31 referring to profit sharing for the year 2000, and constituted a provision to complement payment for the year ended 12/31/01, in the amount of R\$ 44.

9.30-Concessions and Leases

(a) Railroads

The Company and some of its affiliated companies entered into agreements with the Brazilian government, through the Ministry of Transport, for concession, exploitation and development of public rail cargo transport services and for lease of the assets destined to render these services.

The concessions periods are, by railroad:

Railroad	End of concession period
-----	-----
Vitoria-Minas (direct) (*)	June 2027
Carajas (direct) (*)	June 2027
Centro-Atlantica (indirect)	August 2026
CFN (indirect)	December 2027
Ferroban (direct)	December 2027
MRS (indirect)	December 2026

The concession will expire in one of the following events: termination of the contractual term, cancellation, forfeiture, rescission, annulment and bankruptcy or extinction of the concessionaire.

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(*) In observance of Articles 27 and 28 of Law No. 9074 of July 7, 1995, the granting authority (the federal government) granted the concessionaire full and irrevocable settlement, considering the payment of the price for disposal of the shares of the concessionaire obtained in the auction.

(b) Hydroelectric Projects

Currently, CVRD acts as an agent in the Brazilian energy market at the same time it is developing projects for electricity generation and its ability to operate competitively in this market.

Below is a list of the projects underway and the pertinent details:

Project	Start-up of operations	% Participation
-----	-----	-----
Igarapava	In operation	38
Porto Estrela	September 2001	33
Aimores	December 2003	51
Candongá	November 2003	50
Funil	December 2002	51
Capim Branco I e II	September 2004	48
Foz do Chapeco	July 2006	40
Santa Isabel	August 2006	44

(c) Ports

CVRD owns specialized port terminals as listed below:

Terminal	Localization	End of concession period
-----	-----	-----
Tubarao Complex	Vitoria - ES	2018
Praia Mole Terminal	Vitoria - ES	2020
Various Products Terminal	Vitoria - ES	2018
Vila Velha Terminal	Vila Velha - ES	2023
Paul Pier	Vitoria - ES	2004
Net Bulk Terminal	Vitoria - ES	2018
Ponta da Madeira Maritime Terminal - Pier I	Sao Luis - MA	2018
Ponta da Madeira Maritime Terminal - Pier II	Sao Luis - MA	2010
Inacio Barbosa Maritime Terminal	Aracaju - SE	2004

9.31-Subsequent

Issue of Notes

On March 8, 2002, through its subsidiary Vale Overseas Limited, the Company completed the financial conditions for an operation to raise US\$ 300 at 8.625% per annum, through issuance of Notes maturing on March 8, 2007, extendable to September 8, 2008.

9.32 Shareholding Interests (Organizational Chart at 12/31/01)

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Companhia | Valepar 27,14%
 Vale do Rio Doce | Public 72,86%

Companies of the CVR
 Holding in Total St

----- Ferrous -----	----- Manganese and Alloys -----	----- Non Ferrous Precious Metals, Base Metals and Industry Minerals -----	----- Railroads an Log -----
Iron Ore and Pellets			
ZAGAIA Participacoes CVRD 100,000	Urucum Mineracao S.A. CVRD 100,00	Docegeo CVRD 99,998 Others 0,002	TVV-Terminal de Vila Velha S.A. CVRD 9 Min. Tacuma Employees
Ferteco ZAGAIA 100,000	RDME* ITACO 100,00	24 Empresas de Mineracao CVRD 100,00	Ferrovia Centro Atlantica Min. Tacuma VALIA KRJ CARMO CPP CSN Others
Ferteco International Ferteco 100,000	SIBRA CVRD 98,16 Others 1,84	PPSA CVRD 75,50 Mitsubishi 18,88 IFC 5,62	Companhia Ferroviaria do No CVRD Taquari CSN Employees
Baovale Mineracao S.A. CVRD 50,00 Baoste 50,00	CPFL SIBRA 93,59 Others 6,41	PPSA Overseas PPSA 100,00	
Belem-Adm e Part. Ltda CVRD 99,99 Docepar 0,01	Nova Era Silicon** CVRD 49,00 Mitsubishi 25,50 Kawasaki 22,50 Mizushima 3,00	Salobo Metals** CVRD 50,00 Anglo-American 50,00	
Minas da Serra Geral** CVRD 51,00 Kawasaki 24,50 Japanese Group 24,50		Mineracao Sossego Min. Andira 49,85 Camelback (Itaco) 50,15	Ferroban Ferropasa CVRD Capmelissa Dasaiev (LAIF) Funcef Previ Others
CAEMI Amazon (Itaco) 16,82 Mitsui 43,37 Others 39,81			
Samarco Mineracao S/A CVRD 50,00 BHP Brasil 50,00			CSN Aceros S.A. * ITACO CSN Panama
Hispanobras** CVRD 50,89			Sepetiba Tecon CSN Aceros S.A.

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Aceralia CS	49,11

Itabrasco**	
CVRD	50,90
Ilva	49,10

Nibrasco**	
CVRD	51,00
Nippon Steel	25,39
Japanese Group	23,61

Kobrasco**	
CVRD	50,00
POSCO	50,00

Kobin**	
Kobrasco	100,00

GIIC *	
ITACO	50,00
Gulf Invest. Co.	50,00

 |___ Subsidiary |
 |___ Affiliated |
 |___ Other Participations|
___ Consortium

CSN	-----
Docenave	-----
CVRD	-----
Navedoce *	-----
Docenave	-----
Navedoce	-----
Seamar *	-----
Navedoce	-----

* Companies with head offices abroad
 ** Holding linked to a Stockholders Agreement

CVRD

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Holdings	Timber, Pulp & Paper	Energy	Others
Bauxite, Alumina and Aluminum			
Aluvale	Florestas Rio Doce	Consortium Igarapava	Rio Doce
CVRD 94,74	CVRD 99,85	Usina Hidreletrica	International*
ITACO 5,26	Others 0,15	CVRD 38,15	CVRD
		Cia Mineira Metais 23,93	-----
		CSN 17,92	-----
Albras	Celmar	CEMIG 14,50	Rio Doce Asia
Aluvale 51,00	CVRD 85,00	Min. Morro Velho 5,50	Rio Doce
NAAC 49,00	Nissho Iwai 15,00	-----	International
		Consortium	-----
Valesul**		Porto Estrela	Rio Doce Europ
Aluvale 54,51		Usina Hidreletrica	S. 'a.r.l. *
Billiton 45,49		CVRD 33,33	CVRD
	Steel	CEMIG 33,33	Others
		Coteminas 33,33	-----
Alunorte **		-----	-----
Aluvale 45,58	CST**	-----	Rio Doce
Norsk Hydro 32,28	CVRD 22,85	Consortium Aimores	International

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MRN	12,62	Acesita/Usinor	37,29	Usina Hidreletrica		Rio Doce Europ
NAAC	4,49	Kawasaki	7,91	CVRD	51,00	-----
CBA	3,62	Others	31,95	CEMIG	49,00	-----
JAIC	1,41					Itabira Rio Do
						Company Ltd.-
						RDIF
Min. Rio do Norte**		California Steel*		Consortium Candonga		-----
Aluvale	40,00	Rio Doce Ltd.	50,00	Usina Hidreletrica		-----
Billiton	14,80	Kawasaki	50,00	CVRD	50,00	-----
Alcan	12,00			EPP	50,00	Rio Doce Ameri
CBA	10,00					ITACO
Alcoa	8,58					-----
Reynolds	5,00	Usiminas		Consortium Funil		-----
Norsk Hydro	5,00	CVRD	11,46	Usina Hidreletrica		Rio Doce Ltd.
Abalco	4,62	Nippon Usiminas	9,45	CVRD	51,00	Rio Doce Ameri
		Previ	8,02	CEMIG	49,00	-----
		CIU	4,95			-----
Min. Vera Cruz		Others	66,12			CVRD Overseas
Aluvale	36,00			Consortium Capim		ITACO
Paraibuna	42,88			Branco I e II - Usina		-----
Fina Emp. Part.	21,12			Hidreletrica		-----
		Siderar (*)		CVRD	46,00	CVRD Finance
		Itabira Rio Doce	4,85	CEMIG	20,00	CVRD Overseas
		Usiminas	5,32	Suzano	17,00	-----
Fertilizers		Sidertubes S/A	50,21	Votorantim	12,00	-----
		ISA (employees)	10,21	Camargo Correa	5,00	CVRD Europe Tr
		Others	29,41			Energy B.V. -
						CVRD
				Consortium		-----
				Foz do Chapeco		-----
		e-Business		Usina Hidreletrica		Brasilux
Fosfertil				CVRD	40,00	CVRD
CVRD	10,96			Serra da Mesa S.A.	40,00	-----
Fertifos	55,35	Valepontocom		CEEE	20,00	-----
Others	33,69	CVRD	100,00			Rio Doce Comer
						Internacional
				Consortium		CVRD
				Santa Isabel		-----
		Solostrata S/A		Usina Hidreletrica		-----
		Valepontocom	100,00	CVRD	43,85	Itabira Intern
				Billiton	20,60	Servicos e Com
				Alcoa	20,00	RDCI Aps
				Votorantin	10,00	Others
		Multistrata S/A		C. Correa Cimentos	5,55	-----
		Valepontocom	100,00			
		Infostrata S/A				
		Valepontocom	100,00			
		Quadrem Int. Holdings				
		LTD				
		ITACO	9,00			
		Others	91,00			

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Part III

10 Statement of Investments in Subsidiaries and Jointly Controlled Companies

Years ended December 31, 2001

	Participation (%)		
	Total	Voting	Current
Subsidiaries (a)			
Amazon Iron Ore Overseas Co. Ltd.	100.00	100.00	--
Brasilux S.A	100.00	100.00	52
CELMAR S.A. - Industria de Celulose e Papel	85.00	85.00	10
Companhia Paulista Ferro-Ligas - CPFL	93.59	99.88	72
CVRD Overseas Ltd.	100.00	100.00	334
Docepar S.A	100.00	100.00	4
Ferteco Mineracao S.A. (c)	100.00	100.00	323
Florestas Rio Doce S.A	99.85	100.00	67
Itabira Internacional Servicos e Comercio Lda	99.99	99.99	759
Itabira Rio Doce Company Limited - ITACO	99.99	99.99	2,055
Mineracao Tacuma Ltda	100.00	100.00	1
Navegacao Vale do Rio Doce S.A. - DOCENAVE	100.00	100.00	216
Para Pigmentos S.A	75.50	80.00	61
Rio Doce America Inc.	100.00	100.00	50
Rio Doce Europa Servicos e Comercio - RDE	99.80	99.80	87
Rio Doce International Finance Ltd.	99.80	99.80	1,863
Rio Doce Manganese Europe - RDME	100.00	100.00	149
SIBRA - Eletrosiderurgica Brasileira S.A	98.16	99.96	227
Urucum Mineracao S.A	100.00	100.00	31
Vale do Rio Doce Aluminio S.A. - ALUVALE	94.74	100.00	143
Zagaia Participacoes S.A	100.00	100.00	5
Others			51
Jointly controlled companies (a)			
ALBRAS - Aluminio Brasileiro S.A	51.00	51.00	368
ALUNORTE - Alumina do Norte do Brasil S.A	45.58	50.31	371
Caemi Mineracao e Metalurgia S.A. (b)	16.82	50.00	924
California Steel Industries, Inc.	50.00	50.00	478
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO	50.00	50.00	88
Companhia Ferroviaria do Nordeste S.A	30.00	30.00	6
Companhia Hispano Brasileira de Pelotizacao - HISPANOBRAS 50.89	51.00		102
Companhia Italo-Brasileira de Pelotizacao - ITABRASCO	50.90	51.00	94
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO	51.00	51.11	76
Companhia Siderurgica de Tubarao - CST	22.85	20.51	850
Ferrovia Centro - Atlantica S.A	45.65	20.00	90
Gulf Industrial Investment Co. - GIIC	50.00	50.00	199
Minas da Serra Geral S.A. - MSG	51.00	51.00	28
Mineracao Rio do Norte S.A	40.00	40.00	117
Nova Era Silicon S.A	49.00	49.00	17
Salobo Metais Ltda	50.00	50.00	--

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Samarco Mineracao S.A	50.00	50.00	366
Valesul Aluminio S.A	54.51	54.51	117
Others			43

Notes:

(a) The balances above represents the amounts presented in the financial statements of those companies in December 31, 2001 and not only the part included in the consolidated financial statements of company; (b) The financial statements of Caemi are consolidated and include R\$ 189 of minority interests. (c) The informed result is related to the year 2001. The company's interest was acquired in April, 2001.

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10 Statement of Investments in Subsidiaries and Jointly Controlled Companies

	Attachment 1 (cont'd)		
Years ended December 31, 2001	In millions of reais		
	Accounting Information		
	Liabilities		
	Current term	Adjusted Long-term	stockholders' equity
	-----	-----	-----
Subsidiaries (a)			
Amazon Iron Ore Overseas Co. Ltd.	--	--	669
Brasilux S.A.	91	--	15
CELMAR S.A. - Industria de Celulose e Papel	146	--	(70)
Companhia Paulista Ferro-Ligas - CPFL	62	25	129
CVRD Overseas Ltd.	161	696	173
Docepar S.A.	67	21	(37)
Ferteco Mineracao S.A. (c)	320	264	186
Florestas Rio Doce S.A.	2	4	91
Itabira Internacional Servicos e Comercio Lda.	--	--	759
Itabira Rio Doce Company Limited - ITACO	703	819	2,470
Mineracao Tacuma Ltda.	27	190	9
Navegacao Vale do Rio Doce S.A. - DOCENAVE	89	151	351
Para Pigmentos S.A.	163	94	-
Rio Doce America Inc.	80	27	467
Rio Doce Europa Servicos e Comercio - RDE	29	--	2,222
Rio Doce International Finance Ltd.	2.232	1,425	2,164
Rio Doce Manganese Europe - RDME	118	4	82
SIBRA - Eletrosiderurgica Brasileira S.A.	200	131	210
Urucum Mineracao S.A.	12	18	44
Vale do Rio Doce Aluminio S.A. - ALUVALE	34	8	827
Zagaia Participacoes S.A.	1	--	1,218
Others	109	21	268
Jointly controlled companies (a)			
ALBRAS - Aluminio Brasileiro S.A.	507	1,072	223

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ALUNORTE - Alumina do Norte do Brasil S.A.	220	1,003	526
Caemi Mineracao e Metalurgia S.A. (b)	713	991	911
California Steel Industries, Inc.	102	520	512
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO	270	64	14
Companhia Ferroviaria do Nordeste S.A.	37	118	(111)
Companhia Hispano Brasileira de Pelotizacao - HISPANOBRAS	61	22	80
Companhia Italo-Brasileira de Pelotizacao - ITABRASCO	59	24	58
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO	65	26	83
Companhia Siderurgica de Tubarao - CST	1,086	1,907	2,857
Ferrovias Centro - Atlantica S.A.	115	832	(214)
Gulf Industrial Investment Co. - GIIC	120	--	176
Minas da Serra Geral S.A. - MSG	8	11	51
Mineracao Rio do Norte S.A.	121	136	605
Nova Era Silicon S.A.	20	10	26
Salobo Metais Ltda.	--	332	95
Samarco Mineracao S.A.	475	336	452
Valesul Aluminio S.A.	29	21	225
Others	14	154	255

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10 Statement of Investments in Subsidiaries and Jointly Controlled Companies

Years ended December 31, 2001

	Net revenues	Costs products and services	Operating income (expenses)	op
Subsidiaries (a)				
Amazon Iron Ore Overseas Co. Ltd.	-	-	-	
Brasilux S.A.	195	(192)	(5)	
CELMAR S.A. - Industria de Celulose e Papel	-	-	(135)	
Companhia Paulista Ferro-Ligas - CPFL	171	(118)	(29)	
CVRD Overseas Ltd.	863	(771)	10	
Docepar S.A.	-	-	20	
Ferteco Mineracao S.A. (c)	538	(372)	(127)	
Florestas Rio Doce S.A.	19	(17)	7	
Itabira Internacional Servicos e Comercio Lda.	-	-	87	
Itabira Rio Doce Company Limited - ITACO	3,288	(2998)	(5)	
Mineracao Tacuma Ltda.	-	-	(272)	
Navegacao Vale do Rio Doce S.A. - DOCENAVE	531	(484)	26	
Para Pigmentos S.A.	78	(33)	(122)	
Rio Doce America Inc.	208	(200)	6	
Rio Doce Europa Servicos e Comercio - RDE	-	-	1,486	
Rio Doce International Finance Ltd.	142	(72)	1,419	
Rio Doce Manganese Europe - RDME	214	(197)	3	
SIBRA - Eletrosiderurgica Brasileira S.A.	387	(242)	(63)	
Urucum Mineracao S.A.	43	(23)	(12)	
Vale do Rio Doce Aluminio S.A. - ALUVALE	2	-	144	
Zagaia Participacoes S.A.	-	-	(60)	

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Others	113	(100)	(13)
Jointly controlled companies (a)			
ALBRAS - Alumínio Brasileiro S.A.	1,094	(646)	(329)
ALNORTE - Alumina do Norte do Brasil S.A.	687	(498)	(227)
Caemi Mineracao e Metalurgia S.A. (b)	-	-	-
California Steel Industries, Inc.	1,486	(1422)	(95)
Companhia Coreano-Brasileira de Pelotizacao - KOBRASCO	307	(238)	(107)
Companhia Ferroviaria do Nordeste S.A.	19	(31)	(99)
Companhia Hispano Brasileira de Pelotizacao - HISPANOBRAS	269	(223)	-
Companhia Italo-Brasileira de Pelotizacao - ITABRASCO	246	(203)	(4)
Companhia Nipo-Brasileira de Pelotizacao - NIBRASCO	486	(423)	(63)
Companhia Siderurgica de Tubarao - CST	1,978	(1555)	(404)
Ferrovias Centro - Atlantica S.A.	248	(239)	(227)
Gulf Industrial Investment Co. - GIIC	295	(258)	(7)
Minas da Serra Geral S.A. - MSG	40	(24)	(4)
Mineracao Rio do Norte S.A.	504	(222)	(15)
Nova Era Silicon S.A.	58	(37)	(14)
Salobo Metais Ltda.	-	-	-
Samarco Mineracao S.A.	764	(353)	(258)
Valesul Alumínio S.A.	303	(214)	(30)
Others	11	(8)	(12)

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11.1 - Aluminum Area (Adjusted and Unaudited)

Dados		ALBRAS	ALUNO
		2001	2000
Quantity sold - external market	MT (thousand)	317	351
Quantity sold - internal market	MT (thousand)	15	15
Quantity sold - total	MT (thousand)	332	366
Average sales price - external market	US\$	1,426.64	1,508.21
Average sales price - internal market	US\$	1,477.68	1,513.79
Average sales price - total	US\$	1,428.99	1,508.42
Long-term indebtedness, gross	US\$	450	536
Short-term indebtedness, gross	US\$	183	193
Total indebtedness, gross	US\$	633	729
Long-term indebtedness, net	US\$	450	536
Short-term indebtedness, net	US\$	141	160
Total indebtedness, net	US\$	591	696
Stockholders' equity	R\$	223	191

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Net operating revenues	R\$	1,095	1,007	687
Cost of products	R\$	(646)	(584)	(498)
Other expenses/revenues	R\$	(79)	(64)	(23)
Depreciation, amortization and depletion	R\$	68	68	51
EBITDA ----->	R\$	438	427	217
Depreciation, amortization and depletion	R\$	(68)	(68)	(51)
EBIT ----->	R\$	370	359	166
Gain on investments accounted for by the equity method	R\$	-	-	-
Non-operating result	R\$	22	(2)	-
Net financial result	R\$	(263)	(174)	(204)
Income before income tax and social contribution	R\$	129	183	(38)
Income tax and social contribution	R\$	(97)	61	(11)
Net income	R\$	32	224	(49)
Property, plant and equipment in operation	R\$	959	974	887
Inventories	R\$	103	103	104
Accounts receivable	R\$	38	46	77
Payable to suppliers and contractors	R\$	(67)	(97)	(106)
Salaries and social charges	R\$	(7)	(8)	(3)
Capital employed ----->	R\$	1,026	1,018	959
ROCE after taxes		26.6%	41.3%	16.2%
ROE		14.3%	127.7%	(9.3%)

CVRD

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11.1 - Aluminum Area (Adjusted and Unaudited)

Dados	ALUVALE		MRN	
	2000	2001	2000	2001
Quantity sold - external market	-	3,413	3,991	23
Quantity sold - internal market	3	7,539	7,251	53
Quantity sold - total	3	10,952	11,242	76
Average sales price - external market	1,784.42	22.27	22.48	1,590.39
Average sales price - internal market	2,285.67	20.36	20.30	1,662.01
Average sales price - total	2,244.41	20.95	21.18	1,913.54
Long-term indebtedness, gross	-	22	1	2
Short-term indebtedness, gross	-	1	1	1

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Total indebtedness, gross	-	23	2	3
Long-term indebtedness, net	-	-	-	2
Short-term indebtedness, net	-	-	-	2
Total indebtedness, net	-	-	-	4
Stockholders' equity	716	605	542	225
Net operating revenues	18	504	399	303
Cost of products	(12)	(222)	(200)	(214)
Other expenses/revenues	1	(9)	(10)	(21)
Depreciation, amortization and depletion	-	45	45	14
EBITDA ----->	7	318	234	82
Depreciation, amortization and depletion	-	(45)	(45)	(14)
EBIT ----->	7	273	189	68
Gain on investments accounted for by the equity method	258	(1)	2	-
Non-operating result	-	-	18	(2)
Net financial result	43	(8)	7	(9)
Income before income tax and social contribution	308	264	216	57
Income tax and social contribution	(9)	(20)	(30)	(14)
Net income	299	244	186	43
Property, plant and equipment in operation	-	425	394	94
Inventories	-	19	21	75
Accounts receivable	-	83	41	29
Payable to suppliers and contractors	-	(42)	(10)	(19)
Salaries and social charges	-	(6)	(3)	(3)
Capital employed ----->	-	479	443	176
ROCE after taxes	-	52.8%	35.9%	30.7%
ROE	41.8%	40.3%	34.3%	191.1%

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11.2 - Pelletizing Affiliates (Adjusted and Unaudited)

Dados	HISPANOBRAS		ITABRA	
	2001	2000	2001	2000
Quantity sold - external market	1,218	1,443	2,247	2,247
	MT (thousand)			

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Quantity sold - internal market - CVRD	MT (thousand)	2,390	2,490	1,040	
Quantity sold - internal market - Others	MT (thousand)	-	-	-	
		-----	-----	-----	-----
Quantity sold - total	MT (thousand)	3,608	3,933	3,287	3,608
		=====	=====	=====	=====
Average sales price - external market	US\$	31.44	30.63	31.63	30.63
Average sales price - internal market	US\$	31.41	30.53	31.93	31.41
Average sales price - total	US\$	31.42	30.56	31.72	30.56
		-----	-----	-----	-----
Long-term indebtedness, gross	US\$	-	-	-	-
Short-term indebtedness, gross	US\$	-	-	-	-
		-----	-----	-----	-----
Total indebtedness, gross	US\$	-	-	-	-
		=====	=====	=====	=====
Long-term indebtedness, net	US\$	-	-	-	-
Short-term indebtedness, net	US\$	-	-	-	-
		-----	-----	-----	-----
Total indebtedness, net	US\$	-	-	-	-
		=====	=====	=====	=====
Stockholders' equity	R\$	80	68	58	80
		=====	=====	=====	=====
Net operating revenues	R\$	269	224	246	269
Cost of products	R\$	(223)	(186)	(203)	(223)
Other expenses/revenues	R\$	(2)	(2)	(5)	(2)
		-----	-----	-----	-----
Depreciation, amortization and depletion	R\$	10	9	1	10
		-----	-----	-----	-----
EBITDA ----->	R\$	54	45	39	54
Depreciation, amortization and depletion	R\$	(10)	(9)	(1)	(10)
		-----	-----	-----	-----
EBIT----->	R\$	44	36	38	44
Other expenses - non cash	R\$	-	-	-	-
Gain on investments accounted for by the equity method	R\$	-	-	-	-
Non-operating result	R\$	(10)	(7)	(2)	(10)
Net financial result	R\$	2	4	1	2
		-----	-----	-----	-----
Income before income tax and social contribution	R\$	36	33	37	36
Income tax and social contribution	R\$	(11)	(12)	(9)	(11)
		-----	-----	-----	-----
Net income	R\$	25	21	28	25
		=====	=====	=====	=====
Property, plant and equipment in operation	R\$	29	36	10	29
Inventories	R\$	21	13	14	21
Accounts receivable	R\$	74	54	56	74
Payable to suppliers and contractors	R\$	(49)	(37)	(45)	(49)
		-----	-----	-----	-----
Salaries and social charges	R\$	-	-	-	-
		-----	-----	-----	-----
Capital employed----->	R\$	75	66	35	75
		=====	=====	=====	=====
ROCE after taxes		44.0%	36.4%	82.9%	44.0%
		-----	-----	-----	-----
ROE		31.3%	30.9%	48.3%	31.3%
		-----	-----	-----	-----

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11.2 - Pelletizing Affiliates (Adjusted and Unaudited)

Dados	NIBRASCO		SAMARCO
	2000	2001	2000
Quantity sold - external market	2,398	11,201	14,622
Quantity sold - internal market - CVRD	6,197	-	-
Quantity sold - internal market - Others	169	-	-
Quantity sold - total	8,764	11,201	14,622
Average sales price - external market	29.52	29.70	29.40
Average sales price - internal market	30.36	-	-
Average sales price - total	30.13	29.70	29.40
Long-term indebtedness, gross	6	110	146
Short-term indebtedness, gross	2	171	170
Total indebtedness, gross	8	281	316
Long-term indebtedness, net	-	110	146
Short-term indebtedness, net	-	167	170
Total indebtedness, net	-	277	316
Stockholders' equity	119	452	464
Net operating revenues	478	764	756
Cost of products	(404)	(353)	(403)
Other expenses/revenues	(31)	(67)	(71)
Depreciation, amortization and depletion	17	26	37
EBITDA ----->	60	370	319
Depreciation, amortization and depletion	(17)	(26)	(37)
EBIT ----->	43	344	282
Other expenses - non cash	-	(32)	(81)
Gain on investments accounted for by the equity method	-	(2)	(14)
Non-operating result	-	(20)	2
Net financial result	5	(157)	(168)
Income before income tax and social contribution	48	133	21
Income tax and social contribution	(14)	(27)	(10)
Net income	34	106	11
Property, plant and equipment in operation	60	832	831
Inventories	18	91	60
Accounts receivable	49	166	185
Payable to suppliers and contractors	(60)	(14)	(23)
Salaries and social charges	-	(10)	(17)
Capital employed----->	67	1,065	1,036

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ROCE after taxes	43.3%	29.8%	26.3%
	-----	-----	-----
ROE	28.6%	23.5%	2.4%
	-----	-----	-----

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CVRD

12- OPINION OF INDEPENDENT ACCOUNTANTS

(A free translation of the original opinion in Portuguese expressed on financial statements prepared in accordance with the accounting principles prescribed by Brazilian Corporate Law)

March 22, 2002

To the Board of Directors and
Companhia Vale do Rio Doce

1 We have audited the balance sheets of Companhia Vale do Rio Doce as of December 31, 2001 and 2000 and the corresponding statements of income, of changes in stockholders' equity and of changes in financial position for the years then ended, and the consolidated balance sheets of Companhia Vale do Rio Doce and its subsidiaries and jointly-controlled companies as of December 31, 2001 and 2000 and the corresponding consolidated statements of income and of changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements. The audits of the financial statements of certain subsidiaries, jointly-controlled companies and affiliates mentioned in Note 9.10, accounted for by the equity method, were carried out by other independent accountants and our opinion in regard to these investments, amounting to R\$ 2,505 million (2000 - R\$ 2,956 million) and the earnings therefrom of R\$ 316 million (2000 - earnings of R\$ 482 million), is based exclusively on the reports of these independent accountants.

2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audits taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the company, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements and (c) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, based upon our audits and on the opinions of the other independent accountants, the financial statements audited by us present fairly, in all material respects, the financial position of Companhia Vale do Rio Doce and of Companhia Vale do Rio Doce and its subsidiaries and jointly-controlled companies as of December 31, 2001 and 2000 and the results of its operations, the changes in its stockholders' equity and the changes in its financial position, as well as the consolidated results of operations and the changes in consolidated financial position, for the years then ended, in conformity with the accounting principles prescribed by Brazilian Corporate Law.

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4 Our audits were conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph, taken as a whole. The statements of cash flows and of value added of Companhia Vale do Rio Doce and its subsidiaries and jointly - controlled companies and the labor and social indicators of Companhia Vale do Rio Doce are presented for purposes of additional information, and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures described in the second paragraph and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers
Auditores Independentes
CRC-SP-160-S-RJ

Douglas H. Woods
Partner

Accountant CRC-SP-101.652/O-0-S-RJ

CVRD

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13- MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS

BOARD OF DIRECTORS	Executive Director of Human Resources and Corporate Services
Luiz Tarquinio Sardinha Ferro Chairman	Carla Grasso
Erik Persson	Executive Director of the Iron Ore Area Armando Santos
Fabio de Oliveira Barbosa	Eduardo Marcos de Barros Faria Director of Commercialization
Francisco Valadares Povoá	Jayme Nicolato Correa Director of Iron Ore for the Northern System
Joao Moises Oliveira	Joaquim Martino Ferreira Director of Pelletization and Metallurgy
Jose Marques de Lima	Jose Francisco Martins Viveiros Director of Iron Ore for the Southern System
Octavio Lopes Castello Branco Neto	Marconi Tarbes Vianna Director of Manganese and Alloys
Renato da Cruz Gomes	Executive Director of Logistics Area Guilherme Rodolfo Laager
Romeu do Nascimento Teixeira	Elias David Nigri Director of Development and Shareholdings

AUDIT COMMITTEE

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Claudia Torres Teixeira	
Eliseu Martins	Executive Director of the Shareholdings Area and Businesses Development and Acting Executive Director of Non-Ferrous Area Antonio Miguel Marques
Luiz Carlos Angelotti	
Marcos Fabio Coutinho	Antonio Carlos Varela Director of Pulp and Paper
Ronaldo Camillo	Dalton Nose Director of Development
CHIEF EXECUTIVE OFFICER Roger Agnelli	Edward Dias da Silva Director of Energy
Director of Legal Affairs Paulo Francisco de Almeida Lopes	Helcio Roberto Martins Guerra Director of Precious Metals
Executive Director of Control and Planning and Acting Executive Director of Finance Gabriel Stoliar	Paulo Eduardo Libanio Director of Basic Metals and Industrial Minerals
Otto de Souza Marques Junior Director of Control of the Corporate Center	
Tito Botelho Martins Junior Director of Finance	Eduardo de Carvalho Duarte Chief Accountant CRC-RJ 57439
	Otto de Souza Marques Junior Director of Control of the Corporate Center