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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    
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FORM 40-F   
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[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   
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NO    
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[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

TABLE OF CONTENTS

Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

This Form 6-K contains the following:

Item -----	Sequential Page Number -----
1. Financial Statements of 2001.....	3

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

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Name: Roberto Castello Branco

Title: Head of Investor Relations

Dated: March 29, 2002

[Logo] Companhia Vale do Rio Doce  
Diretoria de Controle

[Logo]

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Financial Statements of 2001  
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- 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

# Edgar Filing: VALLEY OF THE RIO DOCE CO - Form 6-K

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.

1

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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

3

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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.

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### FINANCIAL INDICATORS CONSOLIDATED

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	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.

4

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CONSOLIDATED SALES OF IRON ORE AND PELLETS  
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	2000	%	2001	million tons %
<hr/>				
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/>				
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%.

5

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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; Sibra, R\$ 81 million; GIIC, R\$ 60 million; and for Usiminas, R\$ 55 million.

6

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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%.

7

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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.

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#### FINANCIAL INDICATORS - PARENT COMPANY

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	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.

8

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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%.

9

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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.

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#### DEBT LEVERAGE AND COVERAGE

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	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

12

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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

13

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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

14

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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

15

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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

16

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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).

17

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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

18

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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	

19

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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.

20

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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)

21

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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."

### CONTENTS

PART I	PAGE
1- Management's Discussion and Analysis of the Operating Results for Year Ended December 31, 2002 Compared with Year Ended December 31, 2000	03
1.1- General Aspects	03
1.2- Comments on the Parent Company Results	06
1.2.1- Gross Revenues	06
1.2.2- Cost of Products and Services	08
1.2.3- Result of Shareholdings	08
1.2.4- Operating Income (Expenses)	10
1.2.5- Net Financial Result	11
1.2.6- Discontinued Operations	11
1.2.7- Cash Flow	11
1.2.8- Income Tax and Social Contribution	11
1.3- Comments on the Consolidated Gross Margin	11
1.3.1- Consolidated Gross Revenue	11
1.3.2- Cost of Products and Services	12
<b>PART II</b>	
<b>FINANCIAL STATEMENT AND NOTES TO THE FINANCIAL STATEMENTS</b>	
2- Balance Sheet	13
3- Statement of Income	14
4- Statement of Changes in Stockholders' Equity	15
5- Statement of Changes in Financial Position	16
6- Statement of Cash Flows (Additional Information)	17
7- Statement of Value Added (Additional Information)	18
8- Labor and Social Indicators (Additional Information)	19
9- Notes to the Financial Statements at December 31, 2001 and 2000	20
9.1- Operation	20
9.2- Presentation of Financial Statements	20
9.3- Principles of Consolidation	20
9.4- Significant Accounting Policies	20
9.5- Cash and Cash Equivalents	21
9.6- Accounts Receivable from Customers	21
9.7- Transactions with Related Parties	22
9.8- Inventories	23
9.9- Deferred Income Tax and Social Contribution	23
9.10- Investments	25
CVRD	1
9.11- Property, Plant and Equipment	29
9.12- Loans and Financing	30
9.13- Securitization Program	32
9.14- Contingent Liabilities	32
9.15- Environmental and Site Reclamation and Restoration Costs	34

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9.16-	Pension Plan - Valia	35
9.17-	Capital	36
9.18-	American Depositary Receipts (ADR) Program	37
9.19-	Treasury Stock	37
9.20-	Reserves	38
9.21-	Remuneration of stockholders	38
9.22-	Financial Results	39
9.23-	Financial Instruments - Derivatives	39
9.24-	Exchange Rate Exposure	42
9.25-	Income Statement Reclassifications - CVRD	43
9.26-	Effects of Integral Monetary Restatement on the Result and Net Equity (unaudited)	43
9.27-	Segment and Geographic Information	43
9.28-	Insurance	47
9.29-	Profit Sharing Plan	47
9.30-	Concessions and Leases	47
9.31-	Subsequent Events	48
9.32-	Shareholding Interests Organizational Chart at 12/31/01	49
PART III		
10-	Attachment I - Statement of investments in subsidiaries and jointly controlled companies	50
11-	Attachment II - Accounting Information	
11.1-	Aluminum Area (Adjusted and unaudited)	51
11.2-	Pelletizing Affiliates (Adjusted and unaudited)	52
12-	Opinion of Independent Accountants	53
13-	Members of the Board of Directors, Audit Committee, Chief Executive Officer and Executive Directors	54

2 CVRD

2 Management's Discussion and Analysis

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### P A R T I

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(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.

CVRD

3

### 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);

4

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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

CVRD

5

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.

6

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.

CVRD

7

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.

9

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).

10

CVRD

### 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.