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**FOR IMMEDIATE RELEASE**

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## Net Revenue and Cash Generation Report an Accumulated Gain of 26% for the Year

Belo Horizonte, November 13 2001 – Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY), today announced earnings for the third quarter and the nine month period January to September 2001. Except where otherwise specified, the operating and financial data presented herein are stated in Brazilian Reais as determined under the prevailing Brazilian Corporate Law. Furthermore, all the comparisons provided in this release have been made in relation to the same period in 2000, except where indicated to the contrary.

“The operating results that Usiminas has reported in 2001 so far, reflect the strategy established in the nineties. In this strategy, we prioritized the increase in installed capacity, technological modernization, the introduction of further product lines and higher value-added products combined with an austere cost savings program”, declared Rinaldo Campos Soares, the Company’s CEO. “The results were extremely positive bearing in mind the period which was one of adverse foreign exchange movements, a turbulent economy and increases in input costs”, he affirmed. “We are already prepared to face a further weakening in the domestic market in the fourth quarter and, if necessary, export a little more. Our priorities are to persist with our programs for product optimization, management of costs and debt reduction”.

USIMINAS’s third quarter performance contrasts with the sharp downturn in the domestic and international markets which is still occurring. Net revenue grew 22%, totaling R\$ 767 million, and EBITDA registered an 11% improvement, to reach R\$ 293 million. For the accumulated nine-month period 2001, net revenue was R\$ 2.2 billion, 26% above the same period in 2000 with the same increase being reported for EBITDA and amounting to R\$ 864 million. Volume exceeded 1 million tons in the quarter and an accumulated 3 million for the year growing 10% and 13% respectively.

However, dollar appreciation against the Real of 16% in 3Q01 directly impacted the Company’s financial result. Including the net foreign exchange loss of R\$ 97 million, net financial expenses totaled R\$ 221 million. This factor including the negative equity income of R\$ 50 million, thus producing an R\$ 11 million loss for this item in the quarter against a profit of R\$ 62 million in 3Q00.

| R\$ million                                 | 3Q 2001 | 3Q 2000 | 2Q 2001 | Jan-Sep<br>2001 | Jan-Sep<br>2000 | %<br>3Q/3Q | %<br>3Q/2Q | %<br>A/A |
|---|---------|---------|---------|-----------------|-----------------|------------|------------|----------|
| <b>Total Sales Volume (thousand tons)</b>   | 1,037   | 942     | 1,042   | 3,041           | 2,702           | 10%        | 0%         | 13%      |
| <b>Net Revenues</b>                         | 767     | 626     | 748     | 2,194           | 1,736           | 23%        | 3%         | 26%      |
| <b>Gross Profit</b>                         | 278     | 248     | 283     | 807             | 634             | 12%        | -2%        | 27%      |
| <b>Operating Result (EBIT) <sup>a</sup></b> | 227     | 208     | 248     | 677             | 530             | 9%         | -8%        | 28%      |
| <b>Financial Result</b>                     | (221)   | (137)   | (175)   | (616)           | (351)           | 61%        | 26%        | 75%      |
| <b>Net Income</b>                           | (11)    | 62      | 1       | (3)             | 144             | -118%      | -1200%     | -102%    |
| <b>EBITDA <sup>b</sup></b>                  | 293     | 265     | 307     | 864             | 687             | 11%        | -5%        | 26%      |
| <b>EBITDA (R\$/t)</b>                       | 283     | 281     | 294     | 284             | 254             | 1%         | -4%        | 12%      |
| <b>Total Assets</b>                         | 8,861   | 8,440   | 8,665   | 8,861           | 8,440           | 5%         | 2%         | 5%       |
| <b>Net Debt</b>                             | 3,819   | 3,416   | 3,639   | 3,819           | 3,416           | 12%        | 5%         | 12%      |
| <b>Stockholders' Equity</b>                 | 3,445   | 3,461   | 3,502   | 3,445           | 3,461           | 0%         | -2%        | 0%       |

(a) Earnings before interest and tax

(b) Earnings before interest, tax, depreciation and amortization

## Market, Production and Volume

**USIMINAS's sales performance surpassed the average for the domestic market**

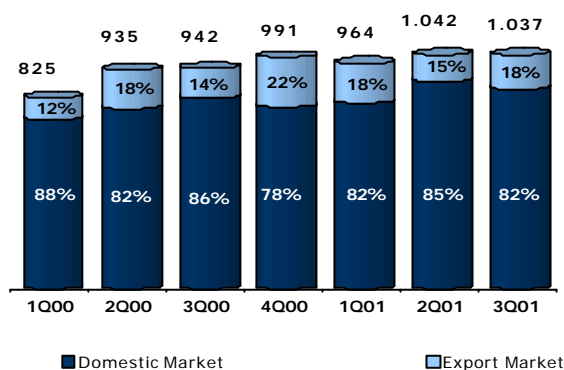
The domestic as well as the international steel industry reported weakening demand during the quarter, in line with market forecasts. For seasonal reasons, third quarter flat steel sales tend to be higher than for the second quarter. However, due to a combination of negative events, such as the energy crisis in Brazil and the deceleration of the US economy, the entire industry was adversely affected. Total sales of flat rolled steel to the domestic market were 2.1 million tons, a quarter-over-quarter decline of 12%. Also, export markets remained depressed. USIMINAS, however, reported a more favorable performance in total sales, reflecting its ability to respond quickly to market volatility by adjusting its product and customer mix.

| Thousand tons                   | 3Q 2001      | 3Q 2000      | 2Q 2001      | Jan-Sep 2001 | Jan-Sep 2000 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Production (Crude Steel)</b> | <b>1,152</b> | <b>1,162</b> | <b>1,136</b> | <b>3,428</b> | <b>3,284</b> |
| <b>Sales Volume</b>             | <b>1,037</b> | <b>942</b>   | <b>1,042</b> | <b>3,041</b> | <b>2,702</b> |
| <b>Domestic Market</b>          | <b>855</b>   | <b>814</b>   | <b>885</b>   | <b>2,531</b> | <b>2,314</b> |
| % Domestic Market               | 82%          | 86%          | 85%          | 83%          | 86%          |
| <b>Export Market</b>            | <b>182</b>   | <b>128</b>   | <b>157</b>   | <b>510</b>   | <b>388</b>   |
| % Export Market                 | 18%          | 14%          | 15%          | 17%          | 14%          |

**Sales remain over the 1 million tons mark**

In spite of the weaker trading conditions, USIMINAS successfully maintained its sales volumes at close to those of the previous quarter, helped in part by major equipment reforms at both CSN and Cosipa. In 3Q01, there was a year-over-year growth in volume of 10% while for the first nine months of 2001, a 13% improvement was achieved. As a consequence, in 2001, USIMINAS increased its share of the domestic market from 35% to 38%.

**Sales (thousands of tons.)**



**Participation of exports increased to 18% of sales volume**

The domestic market absorbed 82% of the total sales volume during the period with the remaining 18% destined for exports. For the same period in 2000, this relation was 86% and 14%, respectively. USIMINAS broadened its business activities internationally, including the opening up of new markets in South-east Asia with the sale to this market of steel slabs for heavy plate fabrication to that market.

Sales volume of heavy plates remained buoyant with large diameter tubes taking about 50% of the output. Volume was 233,000 tons, 20% above the same quarter in 2001. USIMINAS's leading customer in this segment was awarded additional contracts in Brazil (a new stretch of the Brazil-Bolivia gas pipeline) as well as new business in overseas markets, the result being an approximately 50% increase in monthly orders.

Sales to the civil construction sector also remained at above historical levels, thanks in large part to the growth in infra-structure contracts for the energy sector.

In the quarter, the auto sector, small diameter tubes industry and distribution segment reported a negative performance, mainly affecting the sales of cold-rolled and electro-galvanized products.

**Net revenue was up by 22% in the quarter and 26% for the year**

### Net Revenue

Net revenue totaled R\$ 767 million for the quarter, growing by 22% and accumulating R\$ 2,194 million for the first nine months of 2001, 26% better than the same period last year.

Between June and September, the Company increased its prices to the domestic market on average between 9% and 9.5%. Weighted in volume terms, the average price increase was 6%. This difference is explained principally from changes in the product mix, where semi-finished items took a larger share of the total.

**Cost control holds gross margin at above 36%**

### Gross Margin

The Company posted a gross profit of R\$ 278 million in 3Q01, a growth of 12%. The accumulated gross profit for the year was R\$ 807 million, 27% higher than the same period in 2000. This increase reflects the growth in volume and higher prices, in line with production costs registered during the period.

Excluding the effect of the sales increase, the trend in gross margin was stable, posting 36.3% in the quarter and 36.8% for first nine months of 2001 against 36.6% for the accumulated nine month period for the previous year.

Third quarter production costs came in at R\$ 471/t (R\$ 446 in 2Q01), a rise of 6%, in large part pressured by higher prices of coal, iron ore and electric energy. Most of the cost pressures were related to coking coal purchases, although these were diluted in 3Q01 thanks to existing inventory acquired at lower prices.

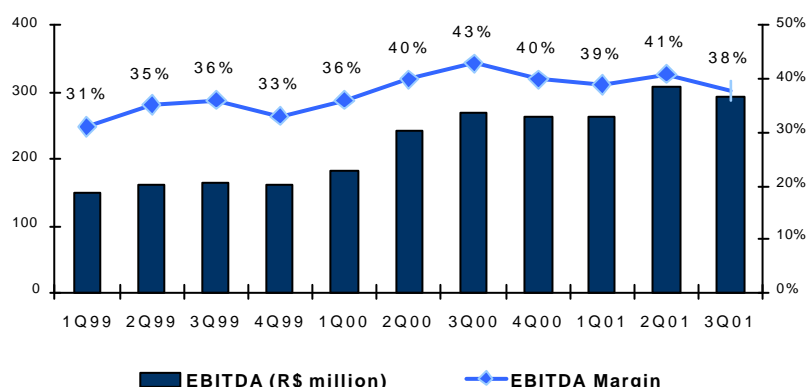
USIMINAS has been successful in providing for all its energy requirements by adopting measures designed to obtain savings in consumption during the production stages, modifications to the product mix by increasing the share of items that demand less energy and by the purchase of energy.

**Cash generation grows 26% in 2001**

### Operating Result and EBITDA Margin

The operating result before financial expenses (EBIT), reached R\$ 227 million, 9% more than 3Q00. In the first nine months of the year, operating income totaled R\$ 677 million against R\$ 530 million posted in the same period for the previous year.

The Company recorded a quarter-over-quarter decline in EBIT to 30% (33% in 2Q01) – a reflection of higher general and administrative expenses (mainly out-sourced services) and other operating expenses. The latter item was strongly impacted by PIS and COFINS contributions on gains generated by swap operations.



In spite of the less favorable scenario for the industry as a whole combined with cost pressures, USIMINAS continues to show strong operating cash generation (EBITDA), in the third quarter totaling R\$ 293 million and thus holding its margin above 38%, among the highest in the worldwide steel industry. The slight fall in EBITDA margin in the quarter (from 40% in 2Q01 to 38% in 3Q01) also reflects the performance of costs and expenses mentioned above. Over the nine months of this year, EBITDA has grown by 26% and EBITDA margin remained stable at 39%.

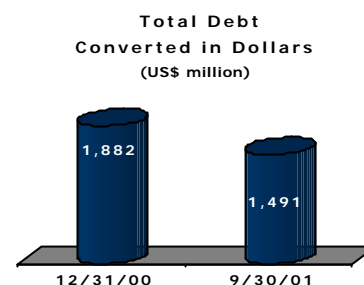
## Financial Result and Debt

**Total debt converted into Dollars fell by 21% in 2001**

USIMINAS suffered from the impact of the Real's 16% depreciation against the dollar in the 3Q01, reporting net financial expenses of R\$ 221 million in the period, of which R\$ 97 million was directly related to the foreign exchange loss stemming from the devaluation.

The Company closed the quarter with a total outstanding debt of R\$ 3,983 million. Of this total, 30% corresponded to trade finance, 31% to BNDES (National Development Bank) funding, 15% to debenture operations and the remainder to sundry credit lines. The debt profile can be considered entirely satisfactory being that there are no overlapping maturities over the next 24 months. USIMINAS looks forward to a gradual debt reduction, now that it has concluded the most significant part of its capital expenditures program.

Of the total foreign currency denominated debt, 84% of the total was hedged as of September 30 2001.



## Net Income

The positive operating performance of the Company was offset by the sharp devaluation of the Real during the quarter resulting in a net loss of R\$ 11 million in the 3Q01 and R\$ 3 million year-to-date.

In addition to the impact of financial overhead on net income, USIMINAS's earnings were also affected by the negative equity income from Unigal of R\$ 37 million in 3Q01, and R\$ 91 million year-to-date.

Net non-operating results were positive at R\$ 3 million for the quarter and negative at R\$ 9 million for the first nine months of the year, a reflection of the readjustment in the market value of tax breaks and the Company's portfolio investment in Eletrobrás shares.

## Capital Expenditures

The Company's capital expenditures program for the period between January and September 2001 totaled R\$ 169 million, of which R\$ 98 million was spent on technological upgrades and R\$ 69 million on improving productivity. Of the total of R\$ 169 million, R\$ 53 million relates to capitalized interest.

The major portion of the Company's investment cycle was concluded at the end of the 90's with an increase in installed capacity, the introduction of new lines and an enhanced range of finished products with a higher value-added. These projects, which were concluded in 2000, rank USIMINAS as one of the most modern steel making facilities in the world.

## Energy Rationing

Since the end of April 2001, faced with the current energy crisis in Brazil, USIMINAS has taken various steps to reduce energy consumption and meet the rationing targets established by the federal government. Rationalizing measures in the manufacturing process alone have resulted in a 9% saving in energy consumption. In addition, the Company has shut down auxiliary equipment, which had no impact on the mill's key rolling process, re-engineered its plant to focus on products that demand less power and is purchasing approximately 11,000 Mwh/month.

Due to these initiatives, the Company has successfully cut energy consumption by an additional 4%. To comply with its rationing targets, USIMINAS has acquired the equivalent of 7% of its requirements from the market to ensure that production schedules are in no way affected.

**The major part of the Company's investment cycle has been concluded**

**Targets were met without affecting output**

USIMINAS is currently examining the feasibility of further capital expenditures in the electrical energy area through a program for increasing its self-generating capacity from 20% to 51% of its needs. The project consists in the installation of turbines on the top of the blast furnace stack for generating electricity. USIMINAS is also examining the possibility of constructing another thermoelectric plant to maximize the use of the additional gas output resulting from the recent relining of the blast furnaces.

### Subsequent Events

#### **USIMINAS and Cosipa complement production lines and operating areas**

On October 24, USIMINAS published an Announcement to the Market stating that it had exercised its right to convert 496,055 debentures issued by COSIPA to common and preferred shares. The Company believes that the timing for this was appropriate in light of the recent conclusion of the modernization program at USIMINAS and preceding the conclusion in December of the current investment phase at Cosipa. This phase represents the completion of the refurbishment of Cosipa's largest blast furnace and hot rolling mill, as well as the start-up of its new steel manufacturing facility, thereby raising installed capacity to 4.5 million tons of steel per year.

USIMINAS had already incorporated into its strategic planning the conversion of the debentures, a fact which had been widely communicated to the market. With this conversion, USIMINAS increases its stake in the Cosipa's total capital from 31.8% to 92.9%. Based on the new consolidated figures, the USIMINAS system now represents a steel making complex with an installed capacity of approximately 10 million tons/year, making it the largest, most modern and competitive mill in Latin America and ranking it among the 20 largest steel makers in the world.

This transaction was both a reaffirmation of the confidence in the prospects for Cosipa and testimony to the USIMINAS/Cosipa group as a production complex with synergies both in operating and product terms. Both companies complement the other's production lines and operations – the first focused on the domestic market and finished products and the second directing a large part of its output to the export markets, especially semi-finished items – while leveraging up gains accruing from logistics consisting of two ports, warehousing, and strategically advantageous sites.

### Prospects

#### **USIMINAS reiterates its sales target of 4 million tons of crude steel in 2001**

USIMINAS plans to continue operating at full capacity in 4Q01, reaching the production target of 4.7 million tons of crude steel fixed at the outset of the year. With this, the Company should achieve its sales' target of 4 million tons of steel products. The Company has already factored in the weaker domestic market and will be offsetting this with changes in the product mix and through increased exports.

The Company expects demand from some segments of its business to remain strong over the final quarter of 2001, especially those related to large diameter tubes for gas and oil pipelines. In addition, exports of slabs are expected to increase.

USIMINAS could be marginally affected by the risk from the introduction of quotas and surcharges on Brazilian steel exports to the United States under section 201 of the United States Trade Representative (USTR). Exports to the American market have a relatively limited share (about 4%) of the Company's total sales and are restricted largely to market segments where protectionist measures are thought to be unlikely.

*Declarations contained in the communiqué relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, of Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.*

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*Usinas Siderúrgicas de Minas Gerais S/A – USIMINAS is an integrated steel producer, with net sales of R\$2.4 billion in 2000. Located in Ipatinga, in the State of Minas Gerais, it has an annual production of approx. 4.7 million tons of raw steel. USIMINAS is the domestic market leader in flat-rolled steel in the automobile industry, autoparts, agricultural and highway machinery sectors, electrical and electronic equipment segments and line pipe industry.*

## Financial Statements

### Income Statement

Brazilian GAAP (Legislação Societária)

| in million of Reais - R\$                                | 3Q 2001          | 3Q 2000          | 2Q 2001          | Jan-Set 2001     | Jan-Set 2000     | Var.<br>3Q/3Q | Var.<br>3Q/2Q | Var.<br>Y/Y |
|--|------------------|------------------|------------------|------------------|------------------|---------------|---------------|-------------|
| <b>Net Revenues</b>                                      | <b>767,058</b>   | <b>626,479</b>   | <b>747,824</b>   | <b>2,194,465</b> | <b>1,735,944</b> | 22%           | 3%            | 26%         |
| Domestic Market  | 653,157          | 542,680          | 649,254          | 1,875,158        | 1,496,738        | 20%           | 1%            | 25%         |
| Export Market  | 113,901          | 83,799           | 98,570           | 319,307          | 239,206          | 36%           | 16%           | 33%         |
| COGS   | (488,627)        | (378,205)        | (465,203)        | (1,387,000)      | (1,101,453)      | 29%           | 5%            | 26%         |
| <b>Gross Profit</b>                                      | <b>278,431</b>   | <b>248,274</b>   | <b>282,621</b>   | <b>807,465</b>   | <b>634,491</b>   | 12%           | -1%           | 27%         |
| <i>Gross Margin %</i>                                    | <b>36%</b>       | <b>40%</b>       | <b>38%</b>       | <b>37%</b>       | <b>37%</b>       |               |               |             |
| <b>Operating Income (Expenses)</b>                       | <b>(51,374)</b>  | <b>(39,889)</b>  | <b>(34,360)</b>  | <b>(130,346)</b> | <b>(104,272)</b> | 29%           | 50%           | 25%         |
| Selling  | (13,512)         | (9,822)          | (13,119)         | (40,990)         | (30,961)         | 38%           | 3%            | 32%         |
| General and administrative                               | (17,605)         | (15,546)         | (15,067)         | (48,624)         | (45,059)         | 13%           | 17%           | 8%          |
| Others, net  | (20,257)         | (14,521)         | (6,174)          | (40,732)         | (28,252)         | 40%           | 228%          | 44%         |
| <b>Operating Income (Loss) before interest and taxes</b> | <b>227,057</b>   | <b>208,385</b>   | <b>248,261</b>   | <b>677,119</b>   | <b>530,219</b>   | 9%            | -9%           | 28%         |
| <i>Operating Margin %</i>                                | <b>30%</b>       | <b>33%</b>       | <b>33%</b>       | <b>31%</b>       | <b>31%</b>       |               |               |             |
| <b>Financial Result</b>                                  | <b>(220,572)</b> | <b>(136,918)</b> | <b>(174,906)</b> | <b>(615,781)</b> | <b>(350,502)</b> | 61%           | 26%           | 76%         |
| Financial Income   | 221,831          | 23,610           | 79,164           | 391,377          | 48,769           | 840%          | 180%          | 703%        |
| Financial Expenses                                       | (442,403)        | (160,528)        | (254,070)        | (1,007,158)      | (399,271)        | 176%          | 74%           | 152%        |
| Equity Income  | (21,754)         | 17,042           | (32,136)         | (49,729)         | 17,556           | -228%         | -32%          | -383%       |
| <b>Operating Income</b>                                  | <b>(15,269)</b>  | <b>88,509</b>    | <b>41,219</b>    | <b>11,609</b>    | <b>197,273</b>   | -117%         | -137%         | -94%        |
| Non-Operating Income                                     | 3,434            | (14)             | (17,234)         | (8,857)          | (15,995)         | -             | -120%         | -45%        |
| <b>Profit Before Taxes</b>                               | <b>(11,835)</b>  | <b>88,495</b>    | <b>23,985</b>    | <b>2,752</b>     | <b>181,278</b>   | -113%         | -149%         | -98%        |
| Social Contribution                                      | (87)             | (16,276)         | (6,879)          | (6,870)          | (9,899)          | -99%          | -99%          | -31%        |
| Income Tax   | 796              | (10,409)         | (15,611)         | 1,187            | (26,707)         | -108%         | -105%         | -104%       |
| <b>Income (Loss) before taxes and profit sharing</b>     | <b>(11,126)</b>  | <b>61,810</b>    | <b>1,495</b>     | <b>(2,931)</b>   | <b>144,672</b>   | -118%         | -844%         | -102%       |
| Profit sharing   | 0                | 0                | 0                | 0                | (629)            |               |               |             |
| <b>Net income (loss)</b>                                 | <b>(11,126)</b>  | <b>61,810</b>    | <b>1,495</b>     | <b>(2,931)</b>   | <b>144,043</b>   | -118%         | -844%         | -102%       |
| Net income (loss) (per thousand shares)                  | (0.05173)        | 0.28736          | 0.00695          | (0.01363)        | 0.66967          |               |               |             |
| <b>EBITDA</b>  | <b>293,477</b>   | <b>264,588</b>   | <b>306,705</b>   | <b>863,716</b>   | <b>686,664</b>   | 11%           | -4%           | 26%         |
| <i>EBITDA Margin %</i>                                   | <b>38%</b>       | <b>42%</b>       | <b>41%</b>       | <b>39%</b>       | <b>40%</b>       |               |               |             |
| Depreciation   | 56.750           | 56.198           | 57.017           | 169.986          | 156.431          | 1%            | 0%            | 9%          |

## Financial Statements

### Cash Flow

Brazilian GAAP (Corporate Law)

| R\$ thousand   | Jan-Sep 2001     |
|--|------------------|
| <b>Operating Activities</b>                            |                  |
| Operating Income (Loss) before interest and taxes      | 677.119          |
| Depreciation, exhaustion and amortization              | 169.986          |
| Reversion of Long-term provision                       | 16.611           |
| <b>Operating Cash Generation (EBITDA)</b>              | <b>863.716</b>   |
| Increase (Decrease) in Accounts Receivables            | (67.955)         |
| Increase (Decrease) in Inventories                     | (56.715)         |
| Increase (Decrease) in Other Receivables               | (17.535)         |
| Increase (Decrease) in Suppliers                       | 11.861           |
| Increase (Decrease) in Accounts Payable                | 22.153           |
| <b>Cashflow generated from operating activities</b>    | <b>755.525</b>   |
| <b>Financial Activities</b>                            |                  |
| Inflow in Loans and Financing                          | 486.371          |
| Inflow in Bonds (Debentures)                           | 103.149          |
| Inflow in other financing (Eletrobrás)                 | 4.284            |
| Payments of Loans and Financing                        | (932.819)        |
| Payments of Tax Installments                           | (68.257)         |
| Interest paid on Loans and Financing                   | (212.255)        |
| Interest paid on Tax Installments                      | (7.948)          |
| Interest paid on Bonds (Debentures)                    | (47.981)         |
| Payment of Dividends                                   | (99.410)         |
| Net result of Swap Operations                          | 137.679          |
| Other financing activities, net                        | (51.994)         |
| <b>Net funds from financial activities</b>             | <b>(689.181)</b> |
| <b>Investment Activities</b>                           |                  |
| Additions in Investments                               | (1.037)          |
| Additions to Permanent Assets, except deferred charges | (114.417)        |
| Decrease of Permanent Assets                           | 8.934            |
| Non-operating income                                   | 62               |
| <b>Funds used for Investments</b>                      | <b>(106.458)</b> |
| <b>Cash balance variation</b>                          | <b>(40.114)</b>  |
| At the beginning of the period                         | 204.224          |
| At the end of the period                               | 164.110          |



## Financial Statements

### Balance Sheet

Brazilian GAAP (Legislação Societária) - in thousands of Reais

| Assets  | 09/30/01         | 12/31/00         | Liabilities and Shareholders' equity              | 09/30/01         | 12/31/00         |
|---|------------------|------------------|---|------------------|------------------|
| <b>Current Assets</b>                         | <b>1,523,726</b> | <b>1,235,249</b> | <b>Current Liabilities</b>                        | <b>1,469,024</b> | <b>1,351,299</b> |
| Cash and cash equivalents                     | 13,051           | 8,806            | Loans and financing                               | 983,299          | 862,361          |
| Marketable Securities                         | 151,059          | 195,418          | Debentures  | 30,060           | 4,027            |
| Trade accounts receivable                     | 419,979          | 346,113          | Suppliers   | 96,159           | 90,209           |
| Advances to suppliers                         | 18,212           | 13,505           | Taxes and payroll taxes                           | 34,773           | 35,846           |
| Taxes Recoverable                             | 118,125          | 72,225           | Dividends   | 1,735            | 54,806           |
| Other Securities Receivables                  | 22,893           | 18,145           | Provisions  | 66,556           | 30,141           |
| Inventories                                   | 619,882          | 563,167          | Related Companies                                 | 131,680          | 119,535          |
| Other   | 160,525          | 17,870           | Tax Payable in Installments                       | 61,255           | 92,605           |
|   |                  |                  | Others  | 63,507           | 61,769           |
| <b>Long-term receivable</b>                   | <b>1,347,334</b> | <b>1,312,662</b> | <b>Long-term Liabilities</b>                      | <b>3,947,231</b> | <b>3,734,218</b> |
| Deferred income and social contribution taxes | 1,039,241        | 1,049,889        | Loans and financing                               | 2,143,131        | 2,022,952        |
| Related Companies                             | 125,691          | 137,560          | Debentures  | 580,426          | 478,559          |
| Deposits at law                               | 89,462           | 28,620           | Provision for contingent liabilities              | 421,257          | 389,170          |
| Other   | 92,940           | 96,593           | Actuarial liability                               | 525,024          | 525,024          |
|   |                  |                  | Tax payable in installments                       | 185,116          | 219,545          |
|   |                  |                  | Others  | 92,277           | 98,968           |
| <b>Permanent assets</b>                       | <b>5,990,101</b> | <b>6,031,453</b> | <b>Shareholders' equity</b>                       | <b>3,444,906</b> | <b>3,493,847</b> |
| Investments                                   | 1,235,472        | 1,266,486        | Capital   | 1,221,000        | 1,221,000        |
| Convertible Bonds (Debentures Cosipa)         | 892,900          | 892,900          | Capital reserves                                  | 2,107,415        | 2,107,415        |
| Property, plant and equipment                 | 3,861,729        | 3,872,067        | Revaluation reserve                               | 8,264            | 8,970            |
|   |                  |                  | Revenue reserves                                  | 110,452          | 156,462          |
|   |                  |                  | Accumulated loss                                  | (2,225)          | -                |
| <b>Total assets</b>                           | <b>8,861,161</b> | <b>8,579,364</b> | <b>Total liabilities and shareholders' equity</b> | <b>8,861,161</b> | <b>8,579,364</b> |



## Sales Breakdown

### Sales Volume Breakdown

| Thousand tons                        | 3Q 2001           | 3Q 2000         | 2Q 2001           | Jan-Sep 2001      | Jan-Sep 2000      | % 3Q/3Q    | % 3Q/2Q    | % A/A      |
|--------------------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|------------|------------|------------|
| <b>Total Sales</b>                   | <b>1.037</b> 100% | <b>942</b> 100% | <b>1.042</b> 100% | <b>3.041</b> 100% | <b>2.702</b> 100% | <b>10%</b> | <b>0%</b>  | <b>13%</b> |
| Heavy Plates                         | 234 23%           | 194 21%         | 229 22%           | 693 23%           | 492 18%           | 20%        | 2%         | 41%        |
| Hot Coils / Sheets                   | 346 33%           | 363 39%         | 345 33%           | 1.011 33%         | 1.091 40%         | -5%        | 0%         | -7%        |
| Cold Coils / Sheets                  | 197 19%           | 229 24%         | 225 22%           | 653 21%           | 657 24%           | -14%       | -12%       | -1%        |
| Eletrogalvanized Coils               | 57 6%             | 59 6%           | 62 6%             | 172 6%            | 180 7%            | -3%        | -8%        | -4%        |
| Hot Dip Galvanized Coils             | 51 5%             | - 0%            | 33 3%             | 106 3%            | - 0%              | -          | 53%        | -          |
| Processed Products                   | 80 8%             | 85 9%           | 98 9%             | 271 9%            | 249 9%            | -5%        | -18%       | 9%         |
| Slabs                                | 72 7%             | 12 1%           | 50 5%             | 135 4%            | 33 1%             | 503%       | 45%        | 309%       |
| <b>Total Sales - Domestic Market</b> | <b>855</b> 100%   | <b>814</b> 100% | <b>885</b> 100%   | <b>2.531</b> 100% | <b>2.314</b> 100% | <b>5%</b>  | <b>-3%</b> | <b>9%</b>  |
| Heavy Plates                         | 200 23%           | 159 20%         | 192 22%           | 575 23%           | 394 17%           | 26%        | 4%         | 46%        |
| Hot Coils / Sheets                   | 292 34%           | 310 38%         | 300 34%           | 851 34%           | 926 40%           | -6%        | -3%        | -8%        |
| Cold Coils / Sheets                  | 175 20%           | 200 25%         | 197 22%           | 547 22%           | 571 25%           | -13%       | -11%       | -4%        |
| Eletrogalvanized Coils               | 56 7%             | 54 7%           | 61 7%             | 170 7%            | 162 7%            | 4%         | -8%        | 5%         |
| Hot Dip Galvanized Coils             | 49 6%             | - 0%            | 32 4%             | 102 4%            | - 0%              | -          | 53%        | -          |
| Processed Products                   | 74 9%             | 79 10%          | 90 10%            | 252 10%           | 231 10%           | -6%        | -18%       | 9%         |
| Slabs                                | 9 1%              | 12 1%           | 13 1%             | 34 1%             | 30 1%             | -28%       | -33%       | 13%        |
| <b>Total Sales - Domestic Market</b> | <b>182</b> 100%   | <b>128</b> 100% | <b>157</b> 100%   | <b>510</b> 100%   | <b>388</b> 100%   | <b>42%</b> | <b>16%</b> | <b>31%</b> |
| Heavy Plates                         | 34 19%            | 35 27%          | 37 24%            | 118 23%           | 98 77%            | -4%        | -9%        | 20%        |
| Hot Coils / Sheets                   | 54 30%            | 53 41%          | 45 29%            | 160 31%           | 165 129%          | 2%         | 20%        | -3%        |
| Cold Coils / Sheets                  | 22 12%            | 29 23%          | 28 18%            | 106 21%           | 86 67%            | -24%       | -21%       | 23%        |
| Eletrogalvanized Coils               | 1 1%              | 5 4%            | 1 1%              | 2 0%              | 18 14%            | -78%       | 10%        | -89%       |
| Hot Dip Galvanized Coils             | 2 1%              | - 0%            | 1 1%              | 4 1%              | - 0%              | -          | 50%        | -          |
| Processed Products                   | 6 3%              | 6 5%            | 8 5%              | 19 4%             | 18 14%            | 0%         | -25%       | 6%         |
| Slabs                                | 64 35%            | - 0%            | 37 24%            | 101 20%           | 3 2%              | -          | 72%        | -          |

### Sectorial sales

| Thousand tons          | 3Q 2001         | 3Q 2000         | 2Q 2001         | Jan-Sep 2001      | Jan-Sep 2000     | % 3Q/3Q   | % 3T/2T    | % A/A     |
|------------------------|-----------------|-----------------|-----------------|-------------------|------------------|-----------|------------|-----------|
| <b>Domestic Market</b> | <b>855</b> 100% | <b>814</b> 100% | <b>885</b> 100% | <b>2,531</b> 100% | <b>2,314</b> ### | <b>5%</b> | <b>-3%</b> | <b>9%</b> |
| Auto                   | 107 13%         | 95 12%          | 117 13%         | 324 13%           | 297 13%          | 13%       | -9%        | 9%        |
| Autoparts              | 123 14%         | 109 13%         | 127 14%         | 350 14%           | 317 14%          | 13%       | -3%        | 10%       |
| Shipbuilding           | 1 0%            | - 0%            | - 0%            | 3 0%              | - 0%             | -         | -          | -         |
| Electrical Equipment   | 41 5%           | 42 5%           | 43 5%           | 127 5%            | 128 6%           | -2%       | -5%        | -1%       |
| Household Appliance    | 22 3%           | 26 3%           | 26 3%           | 75 3%             | 81 4%            | -15%      | -15%       | -7%       |
| Line Pipes             | 98 11%          | 71 9%           | 77 9%           | 245 10%           | 136 6%           | 38%       | 27%        | 80%       |
| Small Diameter Pipes   | 53 6%           | 65 8%           | 62 7%           | 180 7%            | 177 8%           | -18%      | -15%       | 2%        |
| Packaging              | 13 2%           | 25 3%           | 16 2%           | 44 2%             | 70 3%            | -48%      | -19%       | -37%      |
| Civil Construction     | 83 10%          | 60 7%           | 78 9%           | 227 9%            | 141 6%           | 38%       | 6%         | 61%       |
| Distributors           | 189 22%         | 214 26%         | 211 24%         | 580 23%           | 638 28%          | -12%      | -10%       | -9%       |
| Others                 | 125 15%         | 107 13%         | 128 14%         | 376 15%           | 329 14%          | 17%       | -2%        | 14%       |

## Market Share

### Market Share (\*)

|                        | Accumulated<br>2001 | 2000       | 1999       |
|------------------------|---------------------|------------|------------|
| <b>Domestic Market</b> | <b>38%</b>          | <b>35%</b> | <b>34%</b> |
| Auto                   | 56%                 | 56%        | 64%        |
| Autoparts              | 56%                 | 51%        | 58%        |
| Shipbuilding           | 15%                 | 6%         | 59%        |
| Electrical Equipament  | 52%                 | 52%        | 47%        |
| Household Appliance    | 39%                 | 36%        | 35%        |
| Line Pipes             | 90%                 | 88%        | 85%        |
| Small Diameter Pipes   | 31%                 | 32%        | 26%        |
| Packaging              | 8%                  | 9%         | 8%         |
| Civil Construction     | 32%                 | 24%        | 25%        |
| Distributors           | 29%                 | 30%        | 28%        |

(\*) Defined by USIMINAS, Cosipa and CSN market

Source: USIMINAS

## Financial Indebtedness

### Loans and Financing

| R\$ million                     | 09/30/01<br>Short-term | 09/30/01<br>Long-term | 09/30/01<br>Total  | 12/31/00<br>Total |
|---------------------------------|------------------------|-----------------------|--|-------------------|
| <b>TOTAL DEBT</b>               |                        |                       |  |                   |
| Foreign Currency (94% USdollar) | 800                    | 1,537                 | 2,337  | 2,028             |
| IGP-M                           | 56                     | 353                   | 409  | 421               |
| TJLP                            | 125                    | 241                   | 366  | 427               |
| TR                              | 2                      | 12                    | 14   | 9                 |
| <i>Sub-Total</i>                | <b>983</b>             | <b>2,143</b>          | <b>3,126</b>   | <b>2,885</b>      |
| Debentures                      | 30                     | 580                   | 610  | 483               |
| <i>Sub-Total</i>                | <b>1,013</b>           | <b>2,724</b>          | <b>3,737</b>   | <b>3,368</b>      |
| Taxes payable in installments   | 61                     | 185                   | 246  | 312               |
| <b>TOTAL</b>                    | <b>1,075</b>           | <b>2,909</b>          | <b>3,983</b>   | <b>3,680</b>      |
|                                 |                        |                       | <i>Closing exchange rate (R\$ per US\$ 1.00)</i> <b>2.6713</b> | <b>1.9554</b>     |
|                                 |                        |                       | <b>Debt converted into US\$</b> <b>1,491</b>                   | <b>1,882</b>      |

### Financial Income (Expenses), Net.

| R\$ million                       | 3Q 2001        | 3Q 2000        | 2Q 2001        | Jan-Sep 2001     | Jan-Sep 2000   |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------|
| <b>Interest Income</b>            | <b>221.8</b>   | <b>23.6</b>    | <b>79.2</b>    | <b>391.4</b>     | <b>48.8</b>    |
| Interest on marketable securities | 2.5            | 9.0            | 2.5            | 7.7              | 39.8           |
| Exchange Variation                | 214.3          | 5.0            | 62.4           | 356.3            | (14.6)         |
| Others                            | 5.0            | 9.6            | 14.3           | 27.4             | 23.6           |
| <b>Interest Expenses</b>          | <b>(442.4)</b> | <b>(160.5)</b> | <b>(254.1)</b> | <b>(1,007.2)</b> | <b>(399.3)</b> |
| Interest                          | (79.0)         | (77.1)         | (84.3)         | (265.2)          | (237.2)        |
| Monetary Variation                | (30.3)         | (21.9)         | (19.3)         | (56.0)           | (54.3)         |
| Exchange Variation                | (310.8)        | (36.9)         | (132.6)        | (632.6)          | (46.0)         |
| Others                            | (22.3)         | (24.6)         | (17.9)         | (53.4)           | (61.8)         |
| <b>Net Interest Income</b>        | <b>(220.6)</b> | <b>(136.9)</b> | <b>(174.9)</b> | <b>(615.8)</b>   | <b>(350.5)</b> |