



1Q03

ADVANCED TECHNOLOGY TO MAKE STEEL AND BENEFIT LIVES

Net Revenues grow 62% in 1Q03 and Net Profit reaches R\$ 356 million

Belo Horizonte, May 15, 2003 - Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY), released today its first quarter 2003 results, preliminarily informed on April 11. Financial and operational information of the Company, except where otherwise mentioned, is presented based on consolidated figures in reais, according the existing Corporate Legislation – *Legislação Societária*. All comparisons made in this release refer to the same period in 2002, except where specified differently.

HIGHLIGHTS

Sales and Revenues – Driven by production increases and export expansion, sales volume of the Usiminas System grew 5% and totaled 1.8 million tons in 1Q03. Net revenues totaled R\$ 2.1 billion, 62% above the same period of last year. The favorable performance was the result of positive development of international prices, upgrading of the product mix, as well as dollar-based exchange variations from export revenues.

EBITDA – Cash generation grew 155% and totaled R\$ 889 million in 1Q03, reinforced by good performance of subsidiaries and associated companies. In addition to growth in revenues, productivity increases and efficient operational expense controls collaborated in the expansion of EBITDA margins, which went from 26.7% in 1Q02 to 41.9% in 1Q03.

Net Income – Usiminas recorded net profit of R\$ 356 million in 1Q03. This result is a consequence of good operational performance and of the new production capacity level of the System, 9.2 million tons annually of raw steel, achieved in September 2002. Economy of scale gains and operational efficiency with new equipment helped to raise the net margins of the Company.

Perspectives – In the domestic market, demand conditions registered in the beginning of the year should persist into 2Q03, sustaining sale volume and price levels. With respect to exports, it is important to point out the shipments to China were interrupted, affecting all exporters to the region. For the second half, however, there is expectation of the resumption of steel shipments to China, as soon as the excessive inventory levels have been adjusted in the ports. In the domestic market, macroeconomic conditions may stimulate sales in the hypothesis of a decrease in interest rates and growth in the level of economic activity.

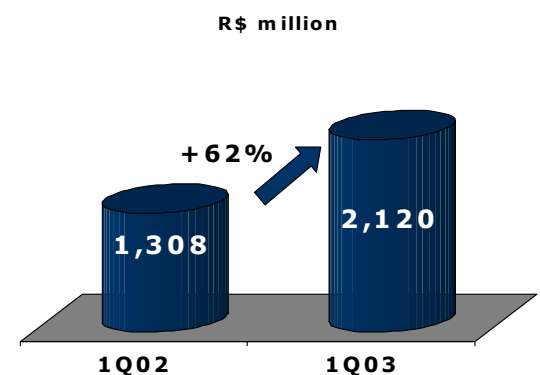
Highlights

R\$ million	1Q 2003	1Q 2002	Chg %
Total Sales Volume (000 t)	1,830	1,736	5
Net Revenues	2,120	1,308	62
Gross Profit	875	339	158
Operating Result (EBIT)^a	758	283	168
Financial Result	(171)	(189)	-10
Net Income	356	31	1048
EBITDA^b	889	349	155
EBITDA (R\$/t)	486	201	142
Total Assets	15,139	14,010	8
Net Debt	8,061	6,914	17
Stockholders' Equity	3,390	3,389	0

(a) Earnings before interest and tax.

(b) Earnings before interest, depreciation and amortization.

Consolidated Net Revenue



IMMEDIATE RELEASE

Contacts:

Breno Júlio de Melo Milton
 bmilton@usiminas.com.br
 Tel: (55 31) 3499-8710

Paulo Esteves
 paulo.esteves@thomsonir.com.br
 Tel: (55 11) 3897-6466

Market, Production and Sales

Brazilian production totals 7.5 million tons in 1Q03

Brazilian raw steel production totaled 7.5 million tons in 1Q03, 6.9% above that recorded in the same period of 2002. Production of flat steel products grew 6.9%, reaching 4.5 million tons, driven by the ramping up of new production lines. Domestic finished flat steel demand was bolstered by exporting industries and grew 1.7% in 1Q03, totaling 2.2 million tons. On the other hand, exports of semi-finished and finished goods were stable and totaled 1.8 million tons.

The Usiminas System produced 2.1 million tons in 1Q03, a growth of 11%, a consequence of the new production capacity at Cosipa.

Usiminas System production grows 11%

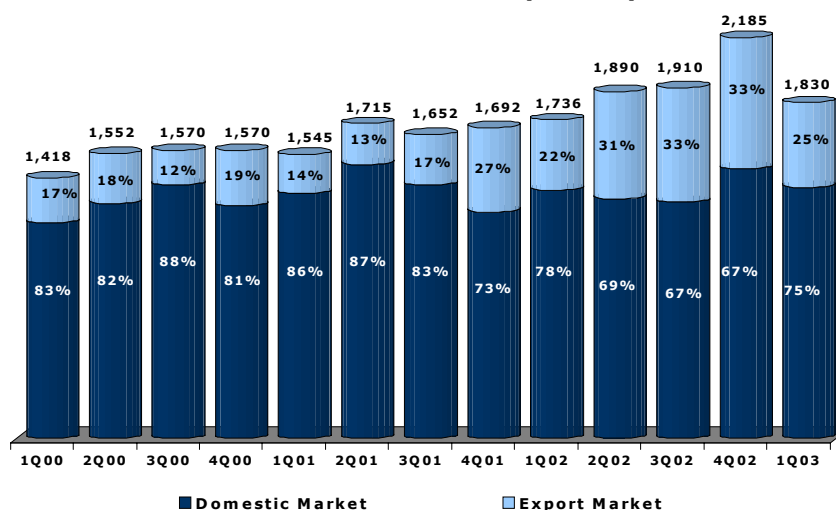
Production (Crude Steel)

Thousand tons	1Q03	1Q02	4Q02	Chg % 1Q/1Q	Chg.% 1Q/4Q	2002	2001	Chg.%
Usiminas	1,130	1,091	1,170	4	-3	4,575	4,620	-1
Cosipa	952	793	1,101	20	-14	3,872	2,460	57
Total	2,082	1,884	2,271	11	-8	8,447	7,080	19

Sales volume grows 5%

Consolidated sales grew 5% in relation to sales in 1Q02, reaching 1.8 million tons. Exports represented 25% of the total in the period. The decrease in sales volume in relation to 4Q02 was the result of strategy adopted by the Company to take maximum advantage of exceptional market conditions at the end of 2002. With favorable international prices and the dollar at its peak at the end of last year, Usiminas anticipated shipments and put off maintenance stoppages in its subsidiary Cosipa until 1Q03.

Consolidated Sales (000 t.)



Product mix advances in galvanized and cold-rolled products

In 1Q03 the Usiminas System continued to improve its product mix. Sales of electrogalvanized and hot dip galvanized products grew 51% and reached 143 thousand tons in the quarter. Cold rolled product sales totaled 479 thousand tons, a growth of 39%.

Usiminas System domestic market share is 61%

The domestic market continued firm in 1Q03, with special mention of the auto industry and agricultural machinery and equipment. After the strong demand pressure seen at the end of the year, steel distributors also took advantage of the first months of 2003 to replenish inventories. Reflecting heated domestic demand, the mix of sales to the domestic market rose in relation to 4Q02 and reached 75%.

Usiminas maintained market domestic share above 60%, in spite of increased supply of flat products from its competitors.

Exports account for 25% of sales

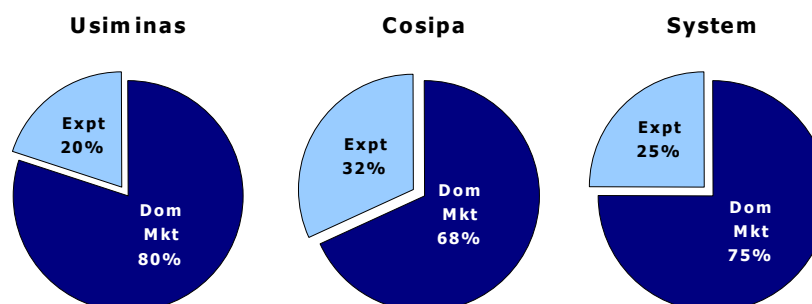
Sales

Thousand tons	1Q03	%	1Q02	%
Usiminas				
Domestic Market	820	80	811	79
Export Market	201	20	218	21
Total	1,020	100	1,029	100
Cosipa				
Domestic Market	548	68	543	77
Export Market	262	32	164	23
Total	809	100	708	100
Consolidado				
Domestic Market	1,367	75	1,354	78
Export Market	463	25	382	22
Total	1,830	100	1,736	100

In the international market, sales remained stable, influenced by demand in Asian markets, especially China.

With expansion already concluded at Cosipa, the Usiminas System has assured its competitive capacity in international markets with high quality products at advantageous costs. Nevertheless, compared to 4Q02, the Company earmarked a larger share of its production to domestic sales in 1Q03, taking advantage of heated demand seen in several industrial segments in Brazil.

Sales Mix - Volume – 1Q03



Net sales grow 62% and reach R\$ 2.1 billion

Net Sales Revenues

Consolidated net sales revenues grew 62% and totaled R\$ 2.1 billion in 1Q03. Average price increased 54%, reaching R\$ 1,158.47/ton, and sales volume grew 5%.

This performance reflected exchange rates and favorable prices, as well as growth in sales volume and product mix improvements, with a greater share of higher value-added products.

Gross profit grows 158% and totals R\$ 875 million

Gross Profit

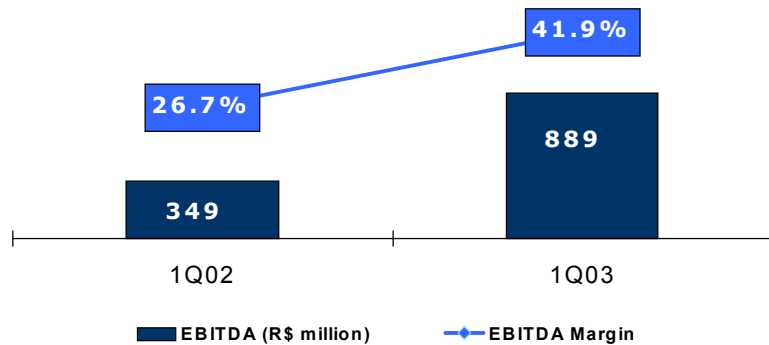
Gross profit was R\$ 875 million in 1Q03, a growth of 158%. Average cost per ton rose 22%, coming to R\$ 680.22. The most significant increases in cost of production were raw materials, such as coal, coke, alloys and flux powders, directly affected by the exchange rate devaluation. In addition to the exchange effect, zinc weighed more heavily on average cost due to the growth in sales of galvanized products.

Gross margin went from 26% to 41%, boosted by gain in economy of scale and by the growing sales of higher valued added products.

Operating Results

Cash generation totals R\$ 889 million in the quarter

Operational profit before financial expenses (EBIT) grew 168% and reached R\$ 758 million. EBIT margin, on the other hand, went from 22% to 26%. Operational cash generation grew 155% and totaled R\$ 889 million in 1Q03.



Consolidated EBITDA margin reaches 42% in 1Q03

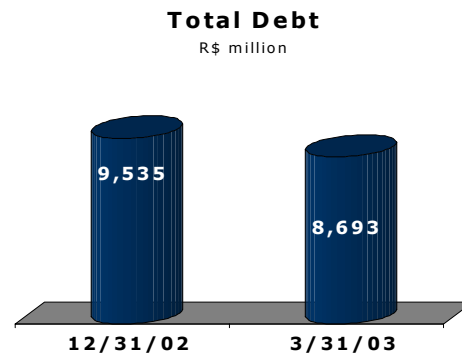
In addition to the growth in sales revenues, productivity increases and efficient control of operating expense contributed to the growth in EBITDA margin, which went from 26.7% in 1Q02 to 41.9% in 1Q03.

Financial Results and Debt

In 1Q03, the Real appreciated by 5% and generated exchange gains of R\$ 79 million (net of hedging operations). This decreased the impact of net financial expense, which totaled R\$ 171 million.

Gross consolidated debt totaled R\$ 8.7 billion at the end of March. Out of this total, 49% made up of export and import financing, 20% refers to BNDES, 5% is domestic debentures and the remainder refers to sundry operations.

Thanks to its expanded cash generation, Usiminas has intensified efforts to reduce debt. Between December, 2002 and March, 2003, the Company reduced total debt by R\$ 842 million.



Usiminas reduces total debt by R\$ 842 million in 1Q03

Net Profit

Usiminas recorded consolidated net profit of R\$ 356 million in 1Q03. This result is a consequence of the good operational performance and the new production capacity of the System, of 9.2 million tons of raw steel annually, achieved in September, 2002. Gains in economy of scale and operational efficiency of new equipment collaborated in raising the net margin of the Company.

Net income reaches R\$ 356 million in 1Q03

**Investments total
R\$ 76 million in
1Q03**

Investments

Investments totaled R\$ 76 million in 1Q03. Resources were earmarked basically for equipment maintenance, considering that the modernization and expansion programs at Usiminas and Cosipa have been concluded, enabling the System to operate at full capacity.

**Market conditions
remain stable in
2Q03**

Outlook

The level of domestic demand and the maintenance of steel exports allowed the Company to sustain volume and prices in 2Q03.

Usiminas is forecasting growth of 4.2% in domestic demand for flat steel this year, around 8.9 million tons.

The continuation of a favorable scenario for the steel industry in the second semester in the domestic market will depend on the development of macroeconomic factors, such as the interest rate and the reduction of inflationary pressures, which will allow for growth of industrial production. In the export markets, besides the resumption of imports by China, recovery in the American economy and the results of the revision of the 201 safeguards in that market will be relevant.

Revenue increase stemming from output expansion, coupled with lower pressure on costs and no need to make major investments will enable the Company to progress towards reducing indebtedness during the course of the year.

Declarations contained in this release 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.

#

Usinas Siderúrgicas de Minas Gerais S/A – USIMINAS is an integrated steel producer, with consolidated net Sales of R\$ 6.6 billion in 2002. The Usiminas System, made up of Usiminas and Cosipa and 15 other companies, has an annual production capacity of 9.2 million tons of raw steel and holds the position of domestic market leader in flat rolled steel in the auto, autoparts, agricultural and highway machinery, electrical and electronic equipment and linepipe industries.

Financial Statements

Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company		
	1Q 2003	1Q 2002	Chg.
Net Revenues	1,222,500	754,562	62
COGS	(710,878)	(553,778)	28
Gross Profit	511,622	200,784	155
<i>Gross Margin %</i>	42%	27%	57
Operating Income (Expenses)	(65,049)	(339)	19088
Selling	(13,097)	(14,030)	-7
General and Administrative	(19,309)	(16,720)	15
Othres, Net	(32,643)	30,411	-207
EBIT	446,573	200,445	123
<i>EBIT Margin %</i>	37%	27%	38
Financial Result	(108,438)	(101,438)	7
Financial Income	(18,565)	11,337	-264
Financial Expenses	(89,873)	(112,775)	-20
Equity Income	151,236	(43,286)	-449
Operating Result	489,371	55,721	778
Non-Operating Income	(9,278)	2,674	-447
Profit Before Taxes	480,093	58,395	722
Social Contribution	(30,991)	(7,994)	288
Income Tax	(87,026)	(24,129)	261
Income before Taxes and Profit Sharing	362,076	26,272	1278
Profit Sharing	0	0	
Net Income	362,076	26,272	1278
Net Income per thousand shares	1.68333	0.12214	
EBITDA	514,733	214,260	140
<i>EBITDA Margin%</i>	42.1%	28.4%	48
Depreciation	59,663	63,199	-6
Provisions	8,497	(49,384)	-117

Financial Statements

Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

R\$ thousand	Consolidated		
	1Q 2003	1Q 2002	Chg.
Net Revenues	2,119,826	1,308,109	62
COGS	(1,244,808)	(968,925)	28
Gross Profit	875,018	339,184	158
<i>Gross Margin %</i>	41%	26%	59
Operating Income (Expenses)	(117,073)	(56,370)	108
Selling	(35,404)	(25,817)	37
General and Administrative	(46,237)	(41,918)	10
Othres, Net	(35,432)	11,365	-412
EBIT	757,945	282,814	168
<i>EBIT Margin %</i>	36%	22%	65
Financial Result	(171,065)	(189,115)	-10
Financial Income	(35,320)	(9,660)	266
Financial Expenses	(135,745)	(179,455)	-24
Equity Income	391	(25,028)	-102
Operating Result	587,271	68,671	755
Non-Operating Income	(11,801)	2,708	-536
Profit Before Taxes	575,470	71,379	706
Social Contribution	(53,861)	(9,542)	464
Income Tax	(152,521)	(28,356)	438
Income before Taxes and Profit Sharing	369,088	33,481	1002
Profit Sharing	0	(2,042)	-100
Minority Interests	(12,900)	(521)	2376
Net Income	356,188	30,918	1052
EBITDA	888,802	349,125	155
<i>EBITDA Margin%</i>	41.9%	26.7%	57
Depreciation	123,286	115,502	7
Provisions	7,571	(49,191)	-115

Financial Statements

Cash Flow

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company		Consolidated	
	1Q 2003	1Q 2002	1Q 2003	1Q 2002
Operating Activities				
Net Income (Loss) in the Period	362,076	26,272	356,188	30,918
Financial Expenses and Monetary Var/Net Exchge Var	82,214	97,250	125,971	179,455
Depreciation, Exhaustion and Amortization	59,663	63,199	123,286	115,502
Investment Write-offs (Decrease in Permanent Assets)	7,642	0	7,066	0
Equity in the Results of Subsidiaries/Associated Companies	(151,236)	43,286	(391)	25,028
Income Tax and Social Contribution	118,017	32,123	206,382	37,898
Reversion of Long-Term Provision	18,307	(46,708)	14,226	(46,515)
Adjustment for Minority Participation	0	0	12,860	521
Total	496,683	215,422	845,588	342,807
Increase/Decrease of Assets				
Increase (Decrease) in Accounts Receivables	(5,104)	(45,468)	183,487	(87,884)
Increase (Decrease) in Inventories	(44,010)	(8,535)	(149,617)	25,246
Increase (Decrease) in Recovery of Taxes	(1,008)	7,658	(6,653)	(59,164)
Increase (Decrease) in Judicial Deposits	6,793	(38)	3,297	(2,439)
Others	(38,580)	33,044	(22,691)	65,042
Total	(81,909)	(13,339)	7,823	(59,199)
Increase (Decrease) of Liabilities				
Increase (Decrease) in Suppliers	11,305	(22,636)	(60,072)	(88,018)
Increase (Decrease) in Accounts Payable	(52,847)	59,474	10,094	56,696
Others	(62,234)	(25,857)	(62,763)	(8,105)
Total	(103,776)	10,981	(112,741)	(39,427)
Cashflow Generated from Operating Activities	310,998	213,064	740,670	244,181
Financial Activities				
Inflow of Loans and Financing	200,155	163,402	952,028	528,166
Payment of Loans, Financing and Debentures	(536,069)	(266,468)	(1,550,648)	(511,463)
Interest Paid on Loans and Financing	(69,189)	(59,067)	(169,904)	(126,817)
Dividends Paid	(3)	0	(919)	(323)
Swap Operations Redemptions	23,445	174	22,741	174
Net Funds from Financial Activities	(381,661)	(161,959)	(746,702)	(110,263)
Investment Activities				
(Additions) in Long-term Investments	0	(5,637)	2,073	(5,637)
(Additions) to Permanent Assets, except Deferred Charges	(50,700)	(14,273)	(96,297)	(85,448)
Decrease of Permanent Assets	0	0	0	0
Funds Used for Investments	(50,700)	(19,910)	(94,224)	(91,085)
Cash Balance Change	(121,363)	31,195	(100,256)	42,833
At the Beginning of the Period	461,692	166,831	731,755	449,909
At the End of the Period	340,329	198,026	631,499	492,742

Financial Statements

Balance Sheet - Assets

Brazilian GAAP (Legislação Societária) - R\$ thousand

Assets	Parent Company		Consolidated	
	31-Mar-03	31-Dec-02	31-Mar-03	31-Dec-02
Current Assets	2,119,823	2,103,290	3,666,274	3,700,748
Cash and Cash Equivalents	340,329	461,692	631,923	731,755
Trade Accounts Receivable	767,542	762,438	1,193,114	1,375,178
Taxes Recoverable	37,938	36,930	101,846	95,193
Financial Instruments	69,632	103,582	73,498	113,226
Inventories	705,750	661,741	1,399,999	1,250,382
Deferred Income Tax & Social Contrb'n	86,161	-	86,161	-
Other Securities Receivables	112,471	76,907	179,733	135,014
Long-Term Receivable	1,585,862	1,794,241	2,069,461	2,394,009
Deferred Income Tax & Social Contrb'n	1,037,327	1,162,529	1,425,788	1,555,217
Related Company Credits	228,166	239,510	24,396	7,499
Deposits at Law	123,030	129,823	186,516	189,814
Financial Instruments	87,355	155,062	200,153	368,054
Others	109,984	107,317	232,608	273,425
Permanent Assets	5,355,535	5,233,422	9,403,143	9,428,066
Investments	1,715,877	1,577,183	63,404	60,246
Property, Plant and Equipment	3,639,658	3,656,239	9,266,315	9,297,978
Deferred	-	-	73,424	69,842
Total Assets	9,061,220	9,130,953	15,138,878	15,522,823

Financial Statements

Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Legislação Societária) - R\$ thousand

Liabilities and Shareholders' Equity	Parent Company		Consolidated	
	31-Mar-03	31-Dec-02	31-Mar-03	31-Dec-02
Current Liabilities	2,110,033	2,277,864	4,839,236	5,038,478
Loans and Financing	1,324,512	1,489,552	3,458,700	3,760,337
Debentures	144,467	133,855	144,467	133,855
Suppliers, Subcontractors and Freight	261,272	243,143	627,019	687,091
Taxes, Charges and Payroll Taxes	68,348	49,630	220,331	130,645
Dividends	328	331	1,099	2,018
Related Companies	164,474	207,842	19,124	33,664
Taxes Payable in Installments	26,182	25,441	27,622	26,843
Salaries and Social Contribution	55,624	57,632	74,229	62,202
Others	64,826	70,438	266,645	201,823
Long-Term Liabilities	3,536,569	3,800,547	6,810,119	7,363,918
Loans and Financing	1,482,474	1,739,963	4,218,787	4,787,586
Debentures	309,665	326,264	309,665	326,264
Provision for Contingencies	436,007	416,972	642,040	630,619
Actuarial Liability	947,207	938,710	1,004,115	995,288
Taxes Payable in Installments	99,503	102,246	103,010	106,013
Others	261,713	276,392	532,502	518,148
Minority Interests	-	-	99,915	87,007
Shareholders' Equity	3,414,618	3,052,542	3,389,608	3,033,420
Capital	1,221,000	1,221,000	1,221,000	1,221,000
Capital Reserves	1,831,542	1,831,542	1,831,542	2,152,667
Revenue (Loss) Reserves	362,076	-	337,066	(340,247)
Total Liabilities and Shareholders' Equity	9,061,220	9,130,953	15,138,878	15,522,823

Sales Breakdown

Sales Volume Breakdown - Consolidated

Thousand tons	1Q 2003		1Q 2002		Chg
TOTAL SALES	1,830	100%	1,736	100%	5%
Heavy Plates	390	21%	390	22%	0%
Hot Coils/Sheets	519	28%	542	31%	-4%
Cold Coils/Sheets	479	26%	345	20%	39%
Eletrogalvanized Coils	50	3%	38	2%	32%
Hot Dip Galvanized Coils	93	5%	57	3%	65%
Processed Products	123	7%	107	6%	15%
Slabs	175	10%	257	15%	-32%
TOTAL SALES - DOMESTIC MARKET	1,367	75%	1,354	78%	1%
Heavy Plates	298	16%	345	20%	-14%
Hot Coils/Sheets	492	27%	488	28%	1%
Cold Coils/Sheets	355	19%	313	18%	13%
Eletrogalvanized Coils	42	2%	37	2%	11%
Hot Dip Galvanized Coils	80	4%	56	3%	43%
Processed Products	81	4%	88	5%	-8%
Slabs	19	1%	26	1%	-27%
TOTAL SALES - EXPORTS	463	25%	382	22%	21%
Heavy Plates	92	5%	45	3%	106%
Hot Coils/Sheets	27	1%	54	3%	-50%
Cold Coils/Sheets	124	7%	31	2%	294%
Eletrogalvanized Coils	9	0%	1	0%	864%
Hot Dip Galvanized Coils	13	1%	1	0%	1988%
Processed Products	42	2%	18	1%	126%
Slabs	156	9%	232	13%	-33%

Sectorial Sales - Consolidated

Thousand Tons	1T 2003		1Q 2002		Chg
Domestic Market	1,367	100%	1,354	100%	0.9%
Auto	117	9%	114	8%	2%
Autoparts	167	12%	141	10%	19%
Shipbuilding	6	0%	11	1%	-43%
Line Pipes	97	7%	118	9%	-18%
Small Diameter Pipes	140	10%	145	11%	-3%
Packaging	12	1%	11	1%	5%
Household Appliance	55	4%	57	4%	-3%
Civil Construction	120	9%	95	7%	27%
Electrical Equipment	40	3%	37	3%	8%
Distributors	413	30%	406	30%	2%
Industrial Equipment	44	3%	36	3%	21%
Others	156	11%	183	14%	-15%

Market Share

Market Share - Usiminas System (*) (% volume)

	1Q 2003(**)	2002(**)	2001(*)	2000(*)
DOMESTIC MARKET	61%	62%	62%	59%
Auto	59%	62%	66%	67%
Autoparts	71%	73%	69%	63%
Shipbuilding	100%	100%	100%	100%
Electrical Equipment	60%	54%	64%	62%
Household Appliance	43%	44%	47%	48%
Line Pipes	100%	100%	100%	100%
Small Diameter Pipes	68%	80%	77%	72%
Packaging	12%	14%	12%	13%
Civil Construction	62%	54%	45%	40%
Distributors	60%	62%	66%	64%

(*) Defined by USIMINAS, Cosipa, and CSN markets.

(**) Defined by USIMINAS, Cosipa, CSN, Acesita and CST (since September), markets.

Source: IBS Information System

Financial Indebtedness

Financial Income (Expenses), Net

R\$ million	3/31/03 Short Term	3/31/03 Long Term	3/31/03 Total	12/31/02 Total	Chg. 2003/2002	
TOTAL DEBT						
Foreign Currency (98,45%)	2,903	3,213	6,116	6,890	-11%	
IGP-M	80	329	409	421	-3%	
TJLP	254	586	840	889	-5%	
Others	222	91	312	348	-10%	
<i>Sub-Total</i>	3,459	4,219	7,677	8,548	-10%	
Debentures	144	310	454	460	-1%	
<i>Sub-Total</i>	3,603	4,528	8,132	9,008	-10%	
Taxes Payable in Installments	28	103	131	133	-2%	
<i>TOTAL</i>	3,631	4,631	8,262	9,141	-10%	
FEMCO	24	407	431	394	9%	
<i>TOTAL</i>	3,655	5,038	8,693	9,535	-9%	
			<i>Closing FX rate</i>	3.3531	3.5333	-5%
			Debt converted into US\$	2,593	2,699	-4%

Financial Income (Expenses), Net

R\$ million	1Q 2003	1Q 2002
Monetary Effects	(77)	(16)
Exchange Variation	295	0
Hedge Income	(216)	(12)
Interest of Loans and Financing	(157)	(121)
Interest of Pre-Export Payment	(10)	(9)
Financial Income	33	4
Other Financial Expenses	(39)	(35)
NET INTEREST INCOME	(171)	(189)