



# USIMINAS

# 4Q03

ADVANCED TECHNOLOGY TO MAKE STEEL AND BENEFIT LIVES

## Net sales revenues grow 31% in 2003 and net income reaches R\$ 1.3 billion

Belo Horizonte, March 4, 2004 – Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY), announced today its fourth quarter and annual results for 2003. The operational and financial information of the Company, except where stated otherwise, are presented based on consolidated figures in reais, in accordance with existing Corporate Law. All comparisons made in this communiqué take into consideration the same period in 2002, unless otherwise stated.

### HIGHLIGHTS

**Sales and Revenues** – Steel product sales volume reached 2,1 million tonnes in 4Q03 and totaled 7.7 million tonnes in 2003. Sales volume remained stable in relation to the previous year, with special mention of improvement in the product mix. This increased revenues at Usiminas. Net sales totaled R\$ 2.4 billion in the quarter and accumulated R\$ 8.7 billion in the year, 31% above that sold last year.

**EBITDA** – EBITDA reached R\$ 763 million in 4Q03, with a total of R\$ 3.1 billion in the year, 26% above that of 2002. Analyzing Q-on-Q, EBITDA margin went from 33% in 3Q03 to 31% in 4Q03, pressured by the cost of the main steelmaking raw materials.

**Net income** – Consolidated net income at Usiminas reached R\$ 359 million in 4Q03. With this result, the Company concluded the 2003 fiscal year with a consolidated net income of R\$ 1.3 billion and reverted the net loss of R\$ 325 million incurred in the previous year, which was directly affected by exchange devaluation of foreign debt.

**Interest on Capital and Dividends** – Usiminas earmarked a total of R\$ 400 million for payment to its shareholders, including dividends of R\$ 45 million, announced on March 4, 2004, referring to fiscal year 2003. The dividend payout ratio was 30%.

**Outlook** – The Brazilian Steel Institute (IBS) forecasts 4% growth in raw steel production in Brazil in 2004, totaling 32.3 million tons. The domestic flat steel market could grow approximately 6%, confirming growth of the Brazilian GDP, expected to be in the range of 3%-4%: the agricultural and transportation industries should maintain the good performance verified in 2003, sustained by the level of activity in agribusiness; the auto industry should reach a 2-million vehicle production mark if the export rate is maintained and domestic sales rebound; and the shipbuilding industry and large-diameter tube segment should also benefit from the execution of new projects. In international markets, Chinese demand and the good performance of the US market should continue to benefit price evolution for steel products, the latter which are also being pressured by surges in the main steelmaking raw materials prices and freight rates.

### Highlights

R\$ million	4Q 2003	4Q 2002	Chg %	2003	2002	Chg %
<b>Total Sales Volume (000 t)</b>	2,119	2,185	-3	7,710	7,722	0
<b>Net Revenues</b>	2,442	2,241	9	8,660	6,634	31
<b>Gross Profit</b>	805	999	-19	3,100	2,356	32
<b>Operating Result (EBIT)<sup>a</sup></b>	680	893	-24	2,564	1,930	33
<b>Financial Result</b>	(383)	(37)	-	(851)	(2,672)	-
<b>Net Income</b>	359	618	-	1,306	(325)	-
<b>EBITDA<sup>b</sup></b>	763	1,020	-25	3,072	2,429	26
<b>EBITDA (R\$/t)</b>	360	467	-23	398	315	26
<b>Total Assets</b>	15,573	15,523	0	15,573	15,523	0
<b>Net Debt</b>	6,744	8,803	-23	6,744	8,803	-23
<b>Stockholders' Equity</b>	3,999	3,033	32	3,999	3,033	32

(a) Earnings before interest, tax and participations.

(b) Earnings before interest, depreciation, amortization and participations.

### IMMEDIATE RELEASE

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## Market, Production and Sales

**Brazilian crude steel production grows 5.2% in 2003**

Brazilian crude steel production grew 5.2% in 2003 and totaled 31.1 million tonnes. Flat steel production totaled 13.2 million tonnes, an increase of 15.8%, while slab production for sale decreased from 6.9 million tonnes in 2002 to 5.4 million tonnes in 2003, a decline of 22%. According to preliminary IBS statistics, 4<sup>th</sup> quarter domestic flat products sales grew 5.8% and reached 2.5 million tonnes, thus reinforcing the trend of recovery noted as of August with improvement in economic conditions in Brazil. The reaction observed in the auto industry and capital goods sector, however, has not yet arrived in sectors related to infrastructure, such as civil construction and large-diameter tubes segments. The international markets remained heated, sustained by the growth in Asian demand for steel products. Exports of flat steel product, excluding slabs, totaled one million tonnes in 4Q03 and 3.4 million tonnes in 2003, an increase of 37.5% in relation to last year.

**Usiminas System produces 8.6 million tonnes of crude steel in 2003**

The Usiminas System produced 2.1 million tonnes of crude steel in 4Q03. The decline of 6% in relation to 4Q02 was due to the stoppage for programmed maintenance of Usiminas' Blast Furnace n°2 between September and December. The revamping took place strictly on schedule and allowed for the return to its programmed production level. In the year, total production was 8.6 million tonnes, a growth of 2% made possible by the production increase at Cosipa.

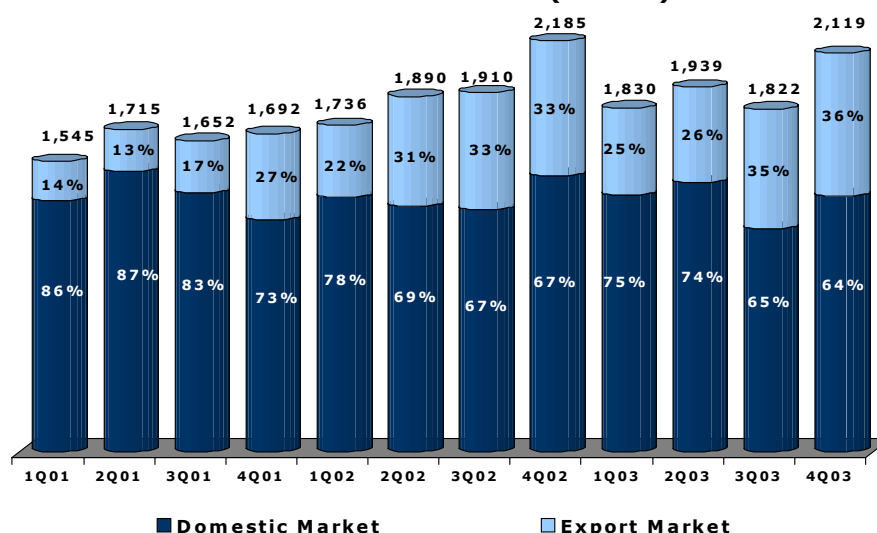
### Production (Crude Steel)

Thousand tons	4Q03	4Q02	3Q03	Chg % 4Q/4Q	Chg.% 4Q/3Q	2003	2002	Chg. %
Usiminas	1,074	1,170	1,157	-8	-7	4,524	4,575	-1
Cosipa	1,064	1,101	1,031	-3	3	4,097	3,873	6
<b>Total</b>	<b>2,138</b>	<b>2,271</b>	<b>2,188</b>	<b>-6</b>	<b>-2</b>	<b>8,621</b>	<b>8,448</b>	<b>2</b>

**Sales volume of steel products totaled 7.7 million tonnes**

Consolidated sales of steel products came to 2.1 million tonnes in the quarter. In the year total sales maintained their level at 7.7 million tonnes, the same achieved in 2002.

### Consolidated Sales (000 t.)



**Mix is improved with a larger share of cold rolled and galvanized products**

Total sales product mix in the last quarter of the year showed an increase in the share of slabs to 18% from the 16% share of 4Q02. In the year there was an improvement in the product sales mix: sales of galvanized and cold rolled products grew 20% and 16%, respectively, while the volume of slabs shipped fell 10%.

Domestic sales of steel products accounted for 1.4 million tonnes in the quarter and totaled 5.3 million tonnes in 2003, a volume close to that sold in 2002. In the year, the automotive and electrical equipment segments had positive performance, counterbalancing the unfavorable performance of the capital goods and large-diameter tube segments.

**Usiminas System is the market leader with 59% share**

The Usiminas System concluded the year with a 59% domestic market share in the flat steel segment. The fall of three percentage points compared to 2002 was explained by the entry of newcomers to the domestic market and also due to the stoppage of Blast Furnace n° 2 at Usiminas for relining.

In the international market, exports, mainly to Asia, of higher value-added products, such as cold rolled and galvanized steel, were once again important factors in 4Q03. Heavy plate shipments also grew, with part of sales destined to the South Korean shipbuilding industry. Over the year, exports grew 2.5% and accumulated 2.4 million tonnes, with significant growth in the share of more highly elaborated products: shipments of galvanized and cold rolled steel increased 58% and 52%, respectively, while sales of slabs declined 13%.

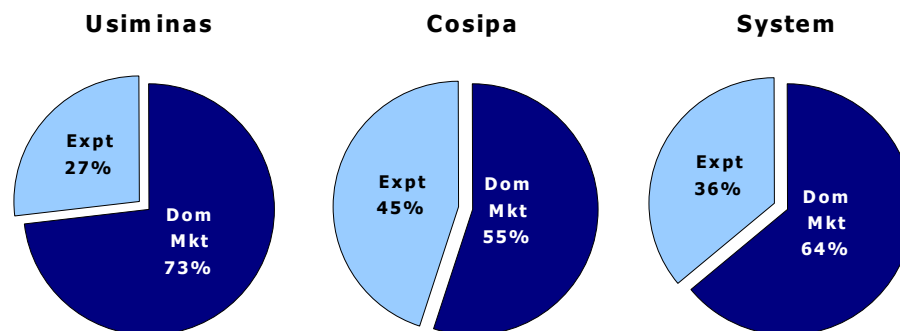
### Sales

Thousand tons	4Q03	%	4Q02	%	2003	%	2002	%
<b>Usiminas</b>								
Domestic Market	801	73	896	80	3,183	79	3,283	79
Export Market	295	27	218	20	861	21	899	21
<b>Total</b>	<b>1,096</b>	<b>100</b>	<b>1,114</b>	<b>100</b>	<b>4,044</b>	<b>100</b>	<b>4,182</b>	<b>100</b>
<b>Cosipa</b>								
Domestic Market	560	55	573	54	2,159	59	2,129	60
Export Market	463	45	498	46	1,507	41	1,411	40
<b>Total</b>	<b>1,023</b>	<b>100</b>	<b>1,071</b>	<b>100</b>	<b>3,666</b>	<b>100</b>	<b>3,540</b>	<b>100</b>
<b>System</b>								
Domestic Market	1,361	64	1,469	67	5,342	69	5,412	70
Export Market	758	36	716	33	2,368	31	2,310	30
<b>Total</b>	<b>2,119</b>	<b>100</b>	<b>2,185</b>	<b>100</b>	<b>7,710</b>	<b>100</b>	<b>7,722</b>	<b>100</b>

**Share of exports reached 36% in 4Q03**

Strong demand for steel in China and international price surges in 4Q03 caused the Usiminas System to increase its exports to 36% of total volume sold. In the year, the domestic/export market ratio came to 69/31, very close to that of the previous year and to the planned targets established by the Company.

### Sales Volume Mix – 4Q03



**Net income grow 31% in the year and reaches R\$ 8.7 billion**

### Net Revenues

Consolidated net revenues reached R\$ 2.4 billion in 4Q03 and R\$ 8.7 billion in the year, growing 31%. The favorable performance was a consequence of the improvement in sales mix and better prices obtained both in the domestic market and exports.

**Gross profit grows 32% and accumulates R\$ 3.1 billion in the year**

### Gross Profit

In 4Q03 gross profit reached R\$ 805 million. In the year, the Company grossed R\$ 3.1 billion, coming to a 32% increase over 2002. Gross margin remained at the 36% level.

Cost of products and services rose basically due to two factors: increases in cost as a result of more elaborated products and the impact of the prices of inputs, especially iron ore and electric power.

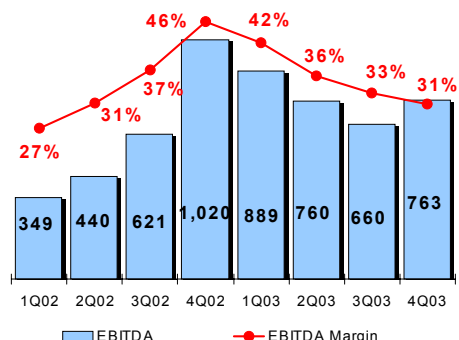
### Operating Profit

Operating profit before finance expenses (EBIT) was R\$ 680 million in 4Q03 and R\$ 2.3 billion in the year, an increase of 33%.

EBITDA, on the other hand, reached R\$ 763 million in 4Q03, totaling R\$ 3.1 billion in 2003, 26% above that obtained in the previous year, resulting in a margin of 35%.

On a quarterly basis, EBITDA margin went from 33% in 3Q03 to 31% in 4Q03, evidencing cost pressure of the main raw materials.

EBITDA/EBITDA Margin

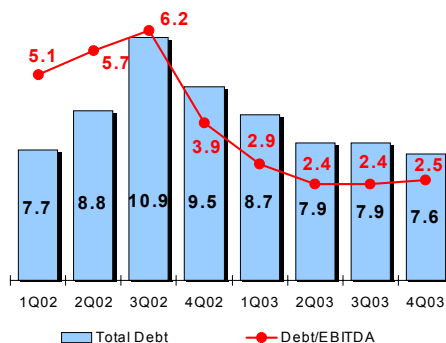


**EBITDA totals R\$ 3.1 billion, with a 35% EBITDA margin in the year**

### Financial Results and Debt

Net consolidated financial expenses fell from R\$ 2.7 billion in 2002 to R\$ 851 million in 2003. The greatest contributing factor to improved financial result was exchange variation, with an appreciation of 18% of the real against the dollar in 2003.

Consolidated Total Debt/EBITDA



Consolidated gross debt fell 20% in 2003 and totaled R\$ 7.6 billion at the end of December. Out of the total 39% originated from import-export financing, 20% referred to BNDES, 12% represented capital market operations and the remaining referred to sundry operations.

Debt profile improved with the extension of maturities and access to new sources of financing. The ratio of total consolidated debt to EBITDA receded from 3.9 times in 2002 to 2.5 times in 2003.

This was a result of growth in operational cash generation and to the priority given to debt reduction.

**Consolidated gross debt declines 20% in 2003**

**Debt/EBITDA ratio fell from 3.9X in 2002 to 2.5X in 2003**

### Net Income

Consolidated net income of Usiminas reached R\$ 359 million in 4Q03. With this result the Company concluded the 2003 fiscal year with a net income of R\$ 1.3 billion. This reverted the net loss of R\$ 325 million of the previous year, which was directly affected by the effect of exchange devaluation on foreign debt.

The favorable performance of the Usiminas System is the result of a long-term business strategy set out a decade ago. Its main points were heavy investments in modernization and technology updating, focus on supplying of the domestic market and the constant search for synergies among the companies of the group.

**Usiminas achieves consolidated net income of 1.3 billion**

**Usiminas  
distributes  
R\$ 400 million  
to shareholders**

**Investments total  
R\$ 475 million in  
the year**

**Economic indicators  
point to a more  
favorable domestic  
scenario in 2004**

**International  
demand continues  
firm, albeit with  
cost pressure**

## Interest on Capital and Dividends

Usiminas earmarked a total of R\$ 400 million for payment to its shareholders, including dividends of R\$ 45 million announced on March 4, 2004, referring to fiscal year 2003. The dividend payout ratio was 30%.

## Investments

Investments totaled R\$ 215 million in 4Q03 and R\$ 475 million in the year. At the Intendente Câmara mill in Ipatinga, the high points were the revamping of Blast Furnace n° 2 and the conclusion of the project to install a top turbine in Blast Furnace n° 3 (that uses off-gas pressure for the production of electric power). In Cubatão investments were concentrated on the conclusion of the revamping of Coke Oven Battery n° 1, the ramp up of the steel shop degassing unit and the beginning of works on Coke Oven Battery n° 2. For 2004 the investment program will focus on projects related to the improvement of the quality of the finished product mix, in addition to maintenance and small-scale repairs.

## Outlook

The Brazilian economy enters 2004 with some economic indicators pointing to a more favorable scenario: inflationary control, increase in commercial balance of payments and perspective for a fall in interest rates.

The Brazilian Steel Institute (IBS) foresees a 4% growth of crude steel production in Brazil, which represents a production of 32.3 million tonnes. Also, IBS forecasts, coming to 16.7 million tonnes. Exports should decrease 5.7%, totaling 12.2 million tonnes in the year.

The domestic market for flat steel will grow approximately 6% in 2004, driven by exports of manufactured goods, the resumption of investments in infrastructure and recovery in the large-diameter tube sector. The agricultural and highway machinery segments should also maintain the favorable performance of last year, due to the level of agribusiness activity. The automotive industry will be benefited by exports and by a possible recovery in domestic sales and should produce approximately two million vehicles. The shipbuilding industry should also present favorable performance with the perspective of new projects.

International demand should also show positive trend with the maintenance of the rate of Chinese deliveries and the suspension of part of the commercial restrictions in place by Section 201 measures in the United States. However, pressure from raw materials costs and freight may affect sales margins, even with higher final prices for steel products.

With respect to its financial objectives, Usiminas will proceed to reduce its consolidated debt. The target for 2004 is to amortize at least US\$ 300 million.

*Declarations contained in the communiqué relative to business perspectives of the Company, operating and financial results and projections, and references to the growth potential 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\$ 8.7 billion in 2003. The Usiminas System is made up mainly of USIMINAS and Cosipa and has an annual capacity of 9.3 million tonnes of raw steel and occupies a position of leadership in the domestic flat steel market in the automobile industry, autoparts, agricultural and highway machinery sectors, electrical and electronic equipment segments and large-diameter pipe industry.*

## Financial Statements

### Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company					
	4Q 2003	4Q 2002	Chg.	2003	2002	Chg.
<b>Net Revenues</b>	<b>1,285,084</b>	<b>1,219,514</b>	5	<b>4,808,759</b>	<b>3,714,079</b>	29
<b>Domestic Market</b>	<b>980,587</b>	<b>950,034</b>		<b>3,878,889</b>	<b>2,984,094</b>	30
<b>Export Market</b>	<b>304,497</b>	<b>269,480</b>		<b>929,870</b>	<b>729,985</b>	27
COGS	(828,910)	(713,988)	16	(2,982,642)	(2,397,659)	24
<b>Gross Profit</b>	<b>456,174</b>	<b>505,526</b>	-10	<b>1,826,117</b>	<b>1,316,420</b>	39
<i>Gross Margin %</i>	<b>35%</b>	<b>41%</b>	<b>-14</b>	<b>38%</b>	<b>35%</b>	<b>7</b>
<b>Operating Income (Expenses)</b>	<b>(110,944)</b>	<b>(64,127)</b>	73	<b>(313,496)</b>	<b>(230,060)</b>	36
Selling	(23,061)	(17,809)	29	(67,159)	(80,766)	-17
General and Administrative	(31,218)	(20,418)	53	(96,058)	(84,223)	14
Othres, Net	(56,665)	(25,900)	119	(150,279)	(65,071)	131
<b>EBIT</b>	<b>345,230</b>	<b>441,399</b>	-22	<b>1,512,621</b>	<b>1,086,360</b>	39
<i>EBIT Margin %</i>	<b>27%</b>	<b>36%</b>	<b>-26</b>	<b>31%</b>	<b>29%</b>	<b>8</b>
<b>Financial Result</b>	<b>(108,337)</b>	<b>(78,258)</b>		<b>(360,748)</b>	<b>(916,508)</b>	
Financial Income	14,055	(23,422)		(34,869)	283,280	
Financial Expenses	(122,392)	(54,836)		(325,879)	(1,199,788)	
Equity Income	155,109	278,593		461,240	(572,694)	
<b>Operating Result</b>	<b>392,002</b>	<b>641,734</b>		<b>1,613,113</b>	<b>(402,842)</b>	
Non-Operating Income	(27,722)	8,403		(23,951)	92,089	
<b>Profit Before Taxes</b>	<b>364,280</b>	<b>650,137</b>		<b>1,589,162</b>	<b>(310,753)</b>	
Income Tax / Social Contribution	21,350	(27,245)		(241,066)	(10,372)	
<b>Income before Taxes and Profit Sharing</b>	<b>385,630</b>	<b>622,892</b>		<b>1,348,096</b>	<b>(321,125)</b>	
Profit Sharing	(27,425)	0		(35,409)	0	
<b>Net Income</b>	<b>358,205</b>	<b>622,892</b>		<b>1,312,687</b>	<b>(321,125)</b>	
Net Income per thousand shares	<b>1.63282</b>	<b>2.89589</b>		<b>5.98369</b>	<b>(1.49294)</b>	
<b>EBITDA</b>	<b>446,049</b>	<b>505,726</b>	-12	<b>1,818,879</b>	<b>1,357,601</b>	34
<i>EBITDA Margin%</i>	<b>34.7%</b>	<b>41.5%</b>	<b>-16</b>	<b>37.8%</b>	<b>36.6%</b>	<b>3</b>
Depreciation	60,548	59,594	2	241,167	249,182	-3
Provisions	41,271	4,733	772	65,091	22,059	195

## Financial Statements

### Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

R\$ thousand	Consolidated					
	4Q 2003	4Q 2002	Chg.	2003	2002	Chg.
<b>Net Revenues</b>	<b>2,442,111</b>	<b>2,240,650</b>	9	<b>8,659,909</b>	<b>6,633,852</b>	31
COGS	(1,636,996)	(1,241,554)	32	(5,559,582)	(4,277,483)	30
<b>Gross Profit</b>	<b>805,115</b>	<b>999,096</b>	-19	<b>3,100,327</b>	<b>2,356,369</b>	32
<i>Gross Margin %</i>	<b>33%</b>	<b>45%</b>	<b>-26</b>	<b>36%</b>	<b>36%</b>	<b>1</b>
<b>Operating Income (Expenses)</b>	<b>(125,070)</b>	<b>(105,606)</b>	18	<b>(536,212)</b>	<b>(426,548)</b>	26
Selling	(59,592)	(38,447)	55	(178,220)	(161,264)	11
General and Administrative	(65,894)	(52,368)	26	(222,389)	(197,884)	12
Othres, Net	416	(14,791)	-103	(135,603)	(67,400)	101
<b>EBIT</b>	<b>680,045</b>	<b>893,490</b>	-24	<b>2,564,115</b>	<b>1,929,821</b>	33
<i>EBIT Margin %</i>	<b>28%</b>	<b>40%</b>	<b>-30</b>	<b>30%</b>	<b>29%</b>	<b>2</b>
<b>Financial Result</b>	<b>(382,584)</b>	<b>(37,266)</b>		<b>(851,445)</b>	<b>(2,671,790)</b>	
Financial Income	41,390	(66,616)		(14,762)	531,877	
Financial Expenses	(423,974)	29,350		(836,683)	(3,203,667)	
Equity Income	112,754	(1,388)		115,711	83,842	
<b>Operating Result</b>	<b>410,215</b>	<b>854,836</b>		<b>1,828,381</b>	<b>(658,127)</b>	
Non-Operating Income	(29,592)	5,708		(33,812)	27,899	
<b>Profit Before Taxes</b>	<b>380,623</b>	<b>860,544</b>		<b>1,794,569</b>	<b>(630,228)</b>	
Income Tax / Social Contribution	9,815	(211,758)		(422,414)	266,510	
<b>Income before Taxes and Profit Sharing</b>	<b>390,438</b>	<b>648,786</b>		<b>1,372,155</b>	<b>(363,718)</b>	
Profit Sharing	(30,521)	(1,519)		(38,587)	(3,769)	
Minority Interests	(1,156)	(28,840)		(27,396)	42,737	
<b>Net Income</b>	<b>358,761</b>	<b>618,427</b>		<b>1,306,172</b>	<b>(324,750)</b>	
Net Income per thousand shares	<b>1.63536</b>	<b>2.87513</b>		<b>5.95399</b>	<b>(1.50980)</b>	
<b>EBITDA</b>	<b>763,219</b>	<b>1,019,608</b>	-25	<b>3,072,426</b>	<b>2,429,357</b>	26
<i>EBITDA Margin%</i>	<b>31.3%</b>	<b>45.5%</b>	<b>-31</b>	<b>35.5%</b>	<b>36.6%</b>	<b>-3</b>
Depreciation	137,928	122,370	13	502,746	476,113	6
Provisions	(54,754)	3,748	-1561	5,565	23,423	-76



## Financial Statements

### Cash Flow

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company		Consolidated	
	2003	2002	2003	2002
<b>Operating Activities</b>				
Net Income (Loss) in the Period	1,312,687	(321,125)	1,306,172	(324,750)
Financial Expenses and Monetary Var/Net Exchge Var	285,960	1,009,110	520,748	2,525,838
Depreciation, Exhaustion and Amortization	241,167	249,182	502,746	476,113
Investment Write-offs (Decrease in Permanent Assets)	57	(90,326)	(411)	(46,005)
Equity in the Results of Subsidiaries/Associated	(461,240)	572,694	(115,711)	(83,842)
Income Tax and Social Contribution	241,066	10,372	422,414	(266,510)
Reversion of Long-Term Provision	77,743	17,409	196,124	83,068
Adjustment for Minority Participation	0	0	27,396	(42,737)
<b>Total</b>	<b>1,701,412</b>	<b>1,447,316</b>	<b>2,863,450</b>	<b>2,321,175</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	(93,316)	(327,599)	(68,619)	(624,773)
Increase (Decrease) in Inventories	(20,852)	(11,611)	(191,464)	(19,149)
Increase (Decrease) in Recovery of Taxes	(81,269)	37,706	(149,266)	27,991
Increase (Decrease) in Judicial Deposits	(467)	(37,927)	(40,692)	(55,194)
Others	(42,668)	29,067	63,744	(47,417)
<b>Total</b>	<b>(377,429)</b>	<b>(310,364)</b>	<b>(525,154)</b>	<b>(718,542)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	19,469	15,084	(7,396)	25,488
Increase (Decrease) in Accounts Payable	(29,788)	60,159	9,674	1,096
Others	31,947	37,696	65,190	72,371
<b>Total</b>	<b>14,076</b>	<b>147,307</b>	<b>119,700</b>	<b>150,966</b>
<b>Cashflow Generated from Operating Activities</b>				
	<b>1,338,059</b>	<b>1,284,259</b>	<b>2,457,996</b>	<b>1,753,599</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	1,193,614	669,743	4,291,963	2,942,100
Payment of Loans, Financing and Debentures	(1,994,316)	(1,330,512)	(5,247,592)	(3,621,968)
Interest Paid on Loans and Financing	(239,116)	(259,069)	(629,115)	(571,650)
Dividends Paid	19,124	33,168	(144,518)	66,531
Swap Operations Redemptions	(93,969)	(51,134)	(97,940)	(51,798)
<b>Net Funds from Financial Activities</b>				
	<b>(1,114,663)</b>	<b>(937,804)</b>	<b>(1,827,202)</b>	<b>(1,236,785)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	(1,489)	131,881	(4,792)	132,136
(Additions) to Permanent Assets, except Deferred Charges	(240,369)	(92,256)	(447,926)	(397,381)
<b>Funds Used for Investments</b>				
	<b>(241,858)</b>	<b>39,625</b>	<b>(452,718)</b>	<b>(265,245)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>				
	<b>(23,927)</b>	<b>839</b>	<b>(93,536)</b>	<b>128,952</b>
<b>Cash Balance Change</b>				
	<b>(42,389)</b>	<b>386,919</b>	<b>84,540</b>	<b>380,521</b>
At the Beginning of the Period	461,692	166,831	731,755	449,909
At the End of the Period	419,303	553,750	816,295	830,430



## Financial Statements

### Balance Sheet - Assets

Brazilian GAAP (Legislação Societária) - R\$ thousand

Assets	Parent Company		Consolidated	
	31-dec-03	31-dec-02	31-dec-03	31-dec-02
<b>Current Assets</b>	<b>2,309,116</b>	<b>2,103,290</b>	<b>4,247,631</b>	<b>3,700,748</b>
Cash and Cash Equivalents	442,733	461,692	843,007	731,755
Trade Accounts Receivable	855,754	762,438	1,443,797	1,375,178
Taxes Recoverable	118,199	36,930	244,459	95,193
Financial Instruments	-	103,582	-	113,226
Inventories	682,592	661,741	1,441,846	1,250,382
Deferred Income Tax & Social Contrb'n	138,857	-	138,857	-
Other Securities Receivables	70,981	76,907	135,665	135,014
<b>Long-Term Receivable</b>	<b>1,425,614</b>	<b>1,794,241</b>	<b>1,820,804</b>	<b>2,394,009</b>
Deferred Income Tax & Social Contrb'n	934,650	1,162,529	1,373,768	1,555,217
Related Company Credits	297,560	239,510	77,501	7,499
Deposits at Law	130,290	129,823	230,506	189,814
Financial Instruments	-	155,062	-	368,054
Others	63,114	107,317	139,029	273,425
<b>Permanent Assets</b>	<b>5,606,873</b>	<b>5,233,422</b>	<b>9,504,377</b>	<b>9,428,066</b>
Investments	1,990,933	1,577,183	179,522	60,246
Property, Plant and Equipment	3,615,940	3,656,239	9,274,440	9,297,978
Deferred	-	-	50,415	69,842
<b>Total Assets</b>	<b>9,341,603</b>	<b>9,130,953</b>	<b>15,572,812</b>	<b>15,522,823</b>

## Financial Statements

### Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Legislação Societária) - R\$ thousand

Liabilities and Shareholders' Equity	Parent Company		Consolidated	
	31-dec-03	31-dec-02	31-dec-03	31-dec-02
<b>Current Liabilities</b>	<b>1,846,094</b>	<b>2,277,864</b>	<b>4,205,279</b>	<b>5,038,478</b>
Loans and Financing	944,008	1,586,910	2,747,421	4,123,269
Debentures	-	133,855	16,761	133,855
Suppliers, Subcontractors and Freight	140,207	120,738	316,763	419,420
Taxes, Charges and Payroll Taxes	77,867	72,380	238,067	130,645
Financial Instruments	27,647	-	90,868	17,593
Related Companies	178,054	207,842	43,338	33,664
FEMCO	-	-	8,891	-
Salaries and Social Contribution	41,367	34,882	50,325	62,202
Taxes Payable in Installments	28,218	25,441	30,003	26,843
Dividends Payable	306,372	331	306,415	2,018
Others	102,354	95,485	356,427	88,969
	-	-	-	-
<b>Long-Term Liabilities</b>	<b>3,470,451</b>	<b>3,800,547</b>	<b>7,253,709</b>	<b>7,363,918</b>
Loans and Financing	1,597,248	1,739,963	4,087,373	4,787,586
Debentures	-	326,264	240,000	326,264
Provision for Contingencies	502,685	416,972	914,315	630,619
Actuarial Liability	967,802	938,710	1,024,539	995,288
Taxes Payable in Installments	91,190	102,246	103,047	106,013
Financial Instruments	54,597	-	284,000	-
FEMCO	-	-	353,067	393,720
Others	256,929	276,392	247,368	124,428
<b>Minority Interests</b>	<b>-</b>	<b>-</b>	<b>114,403</b>	<b>87,007</b>
<b>Shareholders' Equity</b>	<b>4,025,058</b>	<b>3,052,542</b>	<b>3,999,421</b>	<b>3,033,420</b>
Capital	1,280,839	1,221,000	1,280,839	1,221,000
Capital Reserves	1,831,542	1,831,542	1,805,905	1,812,420
Revenue Reserves	912,677	-	912,677	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>9,341,603</b>	<b>9,130,953</b>	<b>15,572,812</b>	<b>15,522,823</b>

## Sales Breakdown

### Sales Volume Breakdown - Consolidated

Thousand tons	4Q 2003	4Q 2002	Chg	2003	2002	Chg
<b>TOTAL SALES</b>	<b>2,119</b> 100%	<b>2,185</b> 100%	<b>-3%</b>	<b>7,710</b> 100%	<b>7,722</b> 100%	<b>0%</b>
Heavy Plates	438 21%	421 19%	4%	1,568 20%	1,522 20%	3%
Hot Coils/Sheets	523 25%	589 27%	-11%	2,070 27%	2,299 30%	-10%
Cold Coils/Sheets	523 25%	535 24%	-2%	1,913 25%	1,642 21%	16%
Eletrogalvanized Coils	66 3%	51 2%	28%	218 3%	194 3%	12%
Hot Dip Galvanized Coils	100 5%	104 5%	-4%	371 5%	296 4%	25%
Processed Products	92 4%	139 6%	-34%	416 5%	484 6%	-14%
Slabs	377 18%	346 16%	9%	1,154 15%	1,285 17%	-10%
<b>TOTAL SALES - DOMESTIC MARKET</b>	<b>1,361</b> 64%	<b>1,469</b> 67%	<b>-7%</b>	<b>5,342</b> 69%	<b>5,412</b> 70%	<b>-1%</b>
Heavy Plates	317 15%	329 15%	-4%	1,164 15%	1,209 16%	-4%
Hot Coils/Sheets	459 22%	523 24%	-12%	1,864 24%	2,014 26%	-7%
Cold Coils/Sheets	357 17%	388 18%	-8%	1,431 19%	1,326 17%	8%
Eletrogalvanized Coils	47 2%	46 2%	1%	172 2%	179 2%	-4%
Hot Dip Galvanized Coils	79 4%	75 3%	5%	315 4%	246 3%	28%
Processed Products	63 3%	86 4%	-27%	279 4%	341 4%	-18%
Slabs	40 2%	22 1%	80%	117 2%	97 1%	20%
<b>TOTAL SALES - EXPORTS</b>	<b>758</b> 36%	<b>716</b> 33%	<b>6%</b>	<b>2,368</b> 31%	<b>2,310</b> 30%	<b>3%</b>
Heavy Plates	121 6%	92 4%	31%	405 5%	313 4%	29%
Hot Coils/Sheets	64 3%	66 3%	-3%	206 3%	285 4%	-28%
Cold Coils/Sheets	166 8%	147 7%	13%	481 6%	316 4%	52%
Eletrogalvanized Coils	19 1%	5 0%	279%	46 1%	15 0%	204%
Hot Dip Galvanized Coils	21 1%	29 1%	-27%	57 1%	50 1%	14%
Processed Products	29 1%	53 2%	-45%	136 2%	143 2%	-5%
Slabs	338 16%	324 15%	4%	1,037 13%	1,188 15%	-13%

### Sectorial Sales - Consolidated

Thousand Tons	4Q 2003	4Q 2002	Chg	2003	2002	Chg
<b>Domestic Market</b>	<b>1,361</b> 100%	<b>1,469</b> 100%	<b>-7.3%</b>	<b>5,342</b> 100%	<b>5,412</b> 100%	<b>-1.3%</b>
Auto	132 10%	109 7%	21%	490 9%	471 9%	4%
Autoparts	154 11%	141 10%	9%	629 12%	589 11%	7%
Shipbuilding	13 1%	9 1%	47%	31 1%	39 1%	-20%
Line Pipes	79 6%	145 10%	-46%	305 6%	458 8%	-33%
Small Diameter Pipes	120 9%	136 9%	-11%	504 9%	545 10%	-7%
Packaging	21 2%	18 1%	17%	61 1%	60 1%	2%
Household Appliance	32 2%	63 4%	-49%	191 4%	224 4%	-15%
Civil Construction	112 8%	146 10%	-23%	476 9%	444 8%	7%
Electrical Equipment	54 4%	39 3%	38%	177 3%	140 3%	27%
Distributors	390 29%	424 29%	-8%	1,572 29%	1,563 29%	1%
Industrial Equipment	38 3%	30 2%	24%	105 2%	118 2%	-11%
Others	216 16%	208 14%	4%	801 15%	763 14%	5%

## Market Share

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

	2003(**)	2002(**)	2001(*)	2000(*)
<b>DOMESTIC MARKET</b>	<b>59%</b>	<b>62%</b>	<b>62%</b>	<b>59%</b>
<b>Auto</b>	<b>60%</b>	<b>62%</b>	<b>66%</b>	<b>67%</b>
<b>Autoparts</b>	<b>68%</b>	<b>73%</b>	<b>69%</b>	<b>63%</b>
<b>Shipbuilding</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Electrical Equipment</b>	<b>58%</b>	<b>54%</b>	<b>64%</b>	<b>62%</b>
<b>Household Appliance</b>	<b>43%</b>	<b>44%</b>	<b>47%</b>	<b>48%</b>
<b>Line Pipes</b>	<b>98%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Small Diameter Pipes</b>	<b>67%</b>	<b>80%</b>	<b>77%</b>	<b>72%</b>
<b>Packaging</b>	<b>13%</b>	<b>14%</b>	<b>12%</b>	<b>13%</b>
<b>Civil Construction</b>	<b>56%</b>	<b>54%</b>	<b>45%</b>	<b>40%</b>
<b>Distributors</b>	<b>56%</b>	<b>62%</b>	<b>66%</b>	<b>64%</b>

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

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

**Source: Information System IBS**

## Financial Indebtedness

### Financial Income (Expenses), Net

R\$ million	31/12/03 Short Term	31/12/03 Long Term	31/12/03 Total	30/09/03 Total	Chg. 4Q03/3Q03
<b>TOTAL DEBT</b>					
Foreign Currency (*)	2,254	3,146	5,401	5,733	-6%
IGP-M	104	288	393	381	3%
TJLP	207	540	747	764	-2%
Others	182	113	295	266	11%
<i>Sub-Total</i>	2,747	4,087	6,835	7,144	-4%
Debentures	17	240	257	172	49%
<i>Sub-Total</i>	2,764	4,327	7,092	7,316	-3%
Taxes Payable in Installments	30	103	133	125	6%
<b>TOTAL</b>	2,794	4,430	7,225	7,441	-3%
FEMCO	9	353	362	466	-22%
<b>TOTAL</b>	2,803	4,783	7,587	7,907	-4%

(\*) 96.1% of total foreign currency is denominated in US dollars

### Financial Income (Expenses), Net

R\$ million	2003	2002
Monetary Effects	(288)	(238)
Exchange Variation	1,042	(2,539)
Hedge Income (Expenses)	(993)	671
Interest of Loans and Financing	(573)	(468)
Interest of Pre-Export Payment	(84)	(143)
Financial Income	140	129
Other Financial Expenses	(94)	(84)
<b>NET INTEREST INCOME</b>	<b>(851)</b>	<b>(2,672)</b>