Usiminas records net profit of R$ 3.2 billion in 2007 and takes another strategic step towards vertical integration

Belo Horizonte, March 27, 2008 - Usinas Siderúrgicas de Minas Gerais S/A - Usiminas (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY; Latibex: XUSI; XUSIO) today releases its fourth quarter and 2007 results (4Q07 and 2007). Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in reais, according to corporate law. All comparisons made in this release take into consideration the same period in 2006, except when stated otherwise.

The year of 2007 was a milestone for Usiminas. We achieved outstanding operating and sales results. Our net revenue totaled R$ 13.8 billion, EBITDA amounted to R$ 5.0 billion and net profit for the year was R$ 3.2 billion, respectively 11%, 15% and 26% higher than in 2006. These are, without a doubt, noteworthy results, a consequence of our strategic planning aimed at the growth and the strengthening of our company.

Another great achievement was the acquisition of the J. Mendes mining group, which will enable us from now on to fully control the entire steel production chain, from the mining of ore up to the processing of products. For the long-term strategy, we have given continuity to Usiminas System's expansion, in compliance with the Vision 2015 plan, with total investments above US$ 9 billion, the largest ever made in the Brazilian steel industry.

Along with the great results we received valuable recognition from Brazil and the world. We can highlight, among other acknowledgements, that in 2007 we formalized our adherence to level 1 of Corporate Governance of the São Paulo Stock Exchange (Bovespa), we became the only steel company in the Americas to be listed in the renowned Dow Jones Sustainability Index. We were also upgraded to the investment grade status by three of the most important rating agencies in the world, besides having been chosen as the best publicly traded company by the Association of Capital Markets Analysts and Professionals (APIMEC).

We are confident and optimistic towards the future. Now, at this new and promising level the Usiminas System will strengthen its upward path, whose dimensions will equal our wishes.

Statement of Rinaldo Campos Soares, CEO

Highlights

R$ million	4Q 2007	4Q 2006	3Q 2007	Chg. 4Q07/4Q06	2007	2006	Chg. 2007/2006
Total Sales Volume (000 t)	1,980	1,992	2,095	-0.6%	7,990	7,945	0.6%
Net Revenues	3,479	3,277	3,630	6.2%	13,825	12,415	11.4%
Gross Profit	1,198	1,171	1,343	2.3%	4,888	4,268	14.5%
Operating Result (EBIT) (a)	1,334	907	1,139	47.0%	4,452	3,560	25.0%
Financial Result	(89)	(45)	13	99.3%	(6)	(332)	
Net Income	970	752	758	28.9%	3,172	2,515	26.1%
EBITDA (b)	1,217	1,186	1,375	2.6%	5,003	4,368	14.5%
EBITDA MARGIM	35.0%	36.2%	37.9%	-1,2 p.p.	36.2%	35.2%	+1,0 p.p.
EBITDA (R$/t)	615	595	656	3.2%	626	550	13.9%
Total Assets	20,699	18,124	18,975	14.2%	20,699	18,124	14.2%
Net Debt	(952)	760	(104)		(952)	760	
Stockholders' Equity	12,474	10,418	12,115	19.7%	12,474	10,418	19.7%

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

Market Data

12/31/2007

Bovespa: USIM3 R$ 83.00 / ação
USIM5 R$ 81.50/ ação

USA/OTC: USNZY US$ 45.70

Latibex: XUSI € 31.26
XUSIO € 32.07

Conference Calls

03/28/2008

Portuguese - 9h00 (NY)

English - 11h00 (NY) / 12h00(Brasília)

Webcast
www.usiminas.com.br/ir

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Further information:

- Market value on 12/31/07: **R$ 27.5 billion**
- Cash position as of 12/31/07: **R$ 4.0 billion**
- Net debt amortization in 2007: **R$ 232 million**
- Investments on fixed assets in 2007: **R$ 1.2 billion**

Economic Analysis and Outlook

Domestic Scenario

"Consumption dynamics and the increase in investments pave the way for a new market expansion"

Brazilian Economy

The year of 2007 was marked by the positive performance of the Brazilian economy, mainly leveraged by an expansion in domestic consumption and an increase of investments. Central Bank data shows that GDP rose 5.4%, a performance above that of the global growth average.

Family consumption power increased due to an expansion in agent population and in income, to interest rate decrease and, in particular, to credit expansion, which grew 27%.

As a result, investments rocketed, backed by a favorable macroeconomic scenario, leading companies to focus their efforts on increasing their production capacity, which can be verified by the surge in demand for new machinery and equipment (domestic and imported) during the year.

In the international scenario, where the spillover effects of the U.S. mortgage crisis on both the U.S. and the global economy took a toll, performance of emerging economies stood out, in particular of China, which in 2007 grew around 11%.

Demand for Flat Rolled Steel

Domestic demand for flat rolled steel in 4Q07 increased 22% over 4Q06, above that recorded in 2007 (+20%), when almost all the sectors posted excellent performance, especially those related to consumption, such as auto and appliances, as well as those linked to investments in infrastructure and capacity expansion (industrial equipment, road and agricultural equipment, large-diameter pipes and civil construction).

In the year as a whole and in line with the economic performance, sales recorded a growth of around 18% over 2006 in all sectors.

The highlight was the auto sector, which in 2007 posted a record production of around 2.97 million vehicles (figures from Brazil's automobile manufacturers' association - Anfavea). Domestic sales of vehicles, which reached 2.46 million units, were up 28% in comparison with 2006.

Another highlight is the growth of the large-diameter pipe sector, due to the development of oil and gas projects. Signs of recovery in the shipping industry, a strong recovery in the agricultural machinery sector and the good performance of the industrial equipment and civil construction sectors also reflect the sharp increase of investments in Brazil.

It is also worth mentioning the good performance of the appliances sector, favored by credit expansion and the increase of employment and income. The table below shows the evolution in 2007 by sector:

DEMAND GROWTH - In thousand tons			
SECTORS	2007	2006	/\ %
AUTOMOBILE	1,384.3	1149.7	20.4
AUTOPARTS	1,813.5	1,527.4	18.7
SHIPBUILDING	50.7	34.2	48.2
HIGHWAY EQUIPMENT	169.3	152.4	11.1
AGRICULTURAL MACHINERY	81.1	45.6	77.9
INDUSTRIAL EQUIPMENT	287.7	235.4	22.2
ELECTRONIC EQUIPMENT	376	374.2	0.5
DOMESTIC APPLIANCES	368.9	324.8	13.6
CIVIL CONSTRUCTION / SHAPES	1178.8	953.4	23.6
REROLLING	294.2	287.1	2.5
SMALL DIAMETER TUBES	1160.4	783.6	48.1
DISTRIBUTION	3,131.8	2,863.4	9.4
LARGE DIAMETER TUBES	516.9	326.8	58.2
OTHER	855.3	843.6	1.4
TOTAL	11,668.9	9,901.6	17.8

Outlook

Expectations for 2008 continue optimistic towards flat steel demand. According to the Brazilian Steel Institute (IBS), demand is expected to see another growth cycle for the third consecutive time, of around 9% to 10%. This growth is based on favorable economic conditions, namely credit expansion, inflation under control, wage increase and the high level of consumer and industry confidence.

International Scenario

"An increase in global demand and the hike in price of raw materials should sustain steel prices at high levels"

The year of 2007 represented a distinct cycle when compared to the two previous years.

In spite of the increase in global steel production and demand, of around 8%, volatility increased in the main consumer blocks.

U.S. demand was feeble during the first half, but managed to recover by the end of the year. European demand continued strong throughout the year as a result of the heating up of its economic activity. Asia, spurred on by the momentum of the Chinese market, recorded a rise in production and demand, however at a lesser pace than that of previous years.

In relation to the emerging market countries, the situation is solid in terms of steel demand, due to a pickup in their economies, such as those of countries that belong to the BRIC block (Brazil, Russia, India and China).

Outlook

The outlook for the global steel industry in 2008 is quite promising, despite the price hikes in the main raw materials.

There are two analyses for the current market behavior: the first, and most likely, is that, despite demand for steel in the U.S. has been affected for a year and a half by the slowdown in the pace of U.S. economic growth, prices have managed to remain high if compared with similar periods (1997 and 2001). Therefore, prices are expected to continue at these high levels throughout the period, offsetting costs increases and upholding the good margins of the sector.

The second is that the higher prices in the first half of the year may drop slightly in the second half due to the escalating U.S. crisis, which may affect economic activity in many countries.

It is only with time that the real impact on the global economy will be able to be effectively felt.

Negotiations for the deliveries for the first quarter and the signs that this will occur also in the second quarter point towards a trend of strong steel price hike, helped by the following factors:

- a harsh winter in China and its impact on energy production, along with the coal transport crisis and the availability of this essential ore, given that it is the base of power consumption of the population;
- the energy crisis in South Africa, which has limited the export of this product (the same is happening in Indonesia);
- coal supply setbacks in Australia caused by floods.

Therefore, the combination of these factors which affect the supply of essential raw materials for the production of steel and the balance between supply and demand lead us to believe that international steel prices will remain at high levels.

Raw Material and Freight

Iron ore

The heated growth in China and India over the past years due to heavy investments in base and infrastructure industries is behind the surge in demand and has strongly pressured prices of raw materials.

Chinese steel mills, which in 2007 were the first to close agreements with the mining companies (and which produced around 489 million tons of steel, over 36% of global production), once again headed the negotiations for 2008, leading to the increase that has already been set for the year.

Coal/Coke

The coal market follows undefined. The trend certainly points to a price hike, possibly the highest in its history in nominal terms. However, the exact figure is not known yet, since negotiations with the Australians and the Japanese have not yet taken place. The logistics difficulties in Australia continue, and have been aggravated by adverse weather conditions (due to the flooding of a series of mines as a result of strong rains in January, which has only added more pressure to a market that is already in turmoil).

As for the coke market, it continues pressured. The issuance of 9.6 million tons of export licenses was not enough to calm down the market, which is operating with high prices mainly due to the uncertainties that surround the Chinese supply. The increase in export tax to 25% from 15% was another factor that triggered this price hike, which clearly shows the government’s interest to restrict exports.

Alloys and Refractories

The supply of alloys, metals and refractory in 4Q07 was normal, and the material facts were the 36% increase in the price of manganese ferroalloys and the 18% drop in the price of zinc, in comparison with 3Q07.

Freight

Ocean freight has dropped due to the beginning of use of new ships and fears of a possible U.S. recession. The volatility and total unpredictability of this market, however, makes an analysis of its future direction very difficult.

Steel Industry – Global and Brazilian Production

Global

According to data from IISI - International Iron and Steel Institute, global crude steel production in 4Q07 reached approximately 335.1 million tons, totaling 1,344.3 million tons in 2007, up 8% over 2006.

Asia accounted for 56% of production and China continued as the largest global producer, accounting for 36%. Chinese production reached around 489 million tons in 2007, up 16% over 2006.

Crude steel production in South America totaled 48.3 million tons in 2007, up 10% over that in 2006, and Brazil accounted for around 70%.

Brazilian

According to preliminary data from the Brazilian Steel Institute - IBS, approximately 8.8 million tons of crude steel were produced in 4Q07, totaling 33.8 million tons in 2007, up 9% over the volume recorded in the same period of 2006. Crude steel production of the Usiminas System accounted for 26% of this total.

Brazilian production of rolled steel (flat and long) reached 25.5 million tons in 2007, up 9% over the same period of 2006.

Usiminas System – Operational and Commercial Performance

Production (Crude Steel)

Thousand tons	4Q 2007	4Q 2006	3Q 2007	Chg. 4Q07/4Q06	Chg. 4Q07/3Q06	2007	2006	Chg. 2007/2006
Ipatinga Mill	1,110	1,173	1,151	-5%	-4%	4,461	4,616	-3%
Cubatão Mill	1,042	1,044	1,070	0%	-3%	4,214	4,154	1%
Total	2,152	2,217	2,221	-3%	-3%	8,675	8,770	-1%

Crude steel production of the Usiminas System reached 2.15 million tons in 4Q07, down 3% over 4Q06. In 2007, production volume reached 8.7 million tons, practically stable compared with 2006, with the Ipatinga and Cubatão mills working steadily throughout the year.

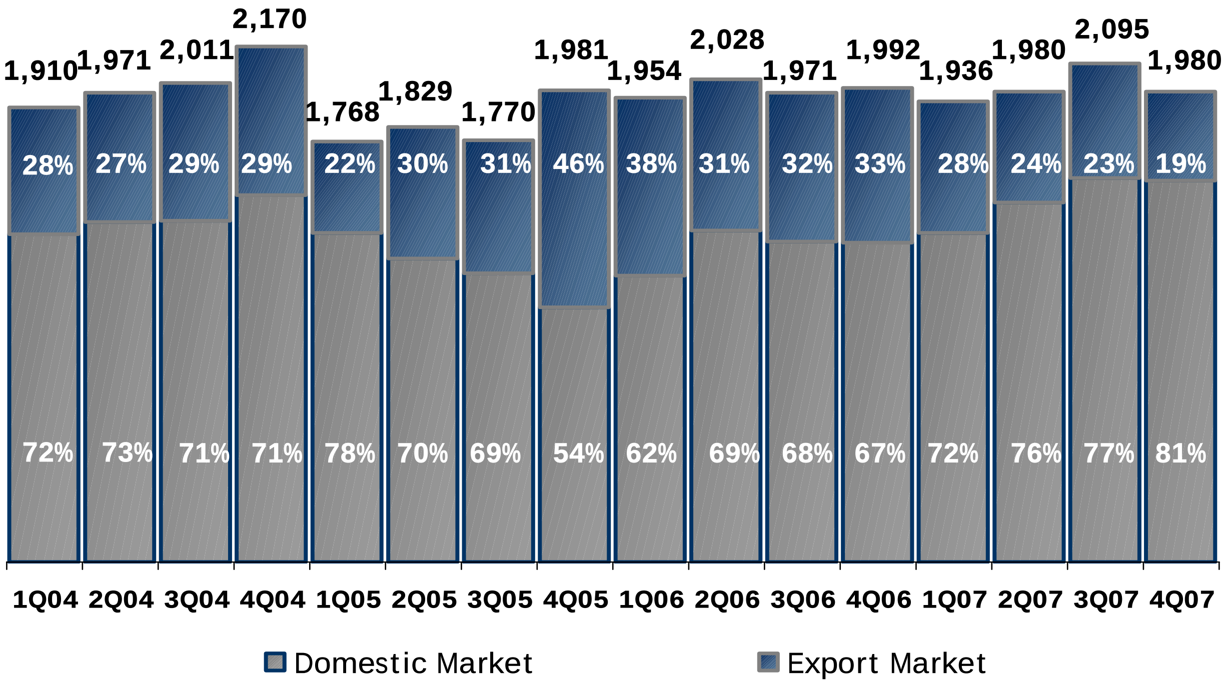
There were several records in production, and sales in 2007, at the same time as efforts to reduce costs and increase revenue of the mills kicked in.

The highlights of the year included:

- Development of new products, such as steel with high hardness levels and the capacity to absorb energy, for production of large-scale equipment and machinery for the oil industry;
- Recertification of the ISO 9001, ISO/TS 16949 and OHSAS 18.001 norms;
- Acquisition of another nine patents issued by the Brazilian Patent Office (INPI);
- Several awards in recognition of product quality.

On 12/31/07, the workforce of the two companies (Usiminas and Cosipa) totaled 13,810 employees.

Consolidated Sales (000 t)



"Steady sales and focus on Domestic Market. Market Share leadership"

Total Sales

Sales volume in 2007 reached 8.0 million tons, up 45 thousand tons over the sales in 2006. The retargeting of sales from the export market to the local market continued to be prioritized in order to keep up with the evolution of domestic demand for steel products. Sales to the local market in 4Q06 totaled 67% of the volume while in 4Q07 this percentage rose to 81%.

In 2007, sales to the domestic market accounted for a larger share than those in 2006 (77% as compared with 67%). As a result, export volumes decreased 29%.

Domestic Market

In 4Q07, sales reached 1.6 million tons, up 19% over 4Q06. Total sales in 2007 amounted to 6.1 million tons, up 16% over the volume sold in 2006.

Hot-rolled products topped the sales increase and grew 30% over 4Q06, followed by cold-rolled products (+21%), electro-galvanized products (+21%) and hot-dipped galvanized products (+11%).

The growth of the heavy plate volume was even higher (+41%) in 2007, due to the excellent performance of the large-diameter pipe, shipping, industrial and road equipment and civil construction sectors. The galvanized and cold rolled products, used in the auto sector (automobile and auto parts), grew 10% as a result of the excellent performance of this sector.

*Market Share***:** The Usiminas System has maintained its leading position as supplier of flat steel to the main domestic market segments and ended the year with a total market share of **52%.**

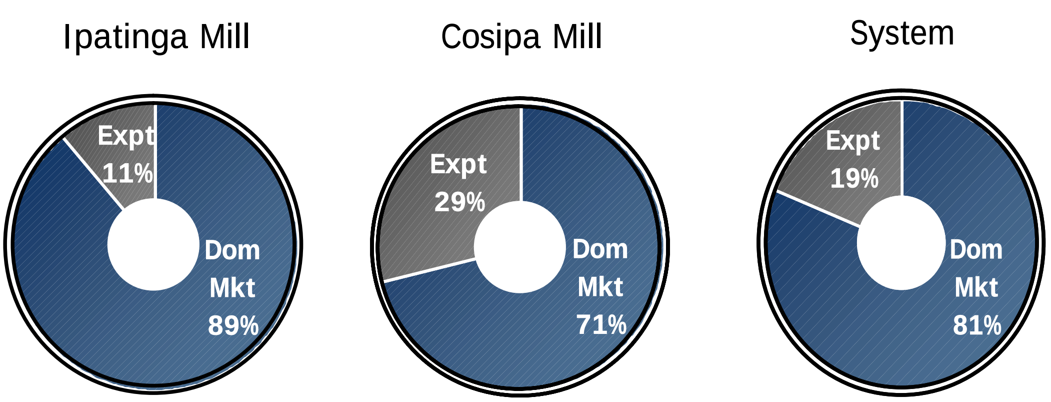
Export Market

Exports totaled 377 thousand tons in 4Q07, down 42% over that in the same period of 2006. Total exports in 2007 amounted to 1.9 million tons, down 29% in comparison with 2006. It is a result of the excellent performance of the local market.

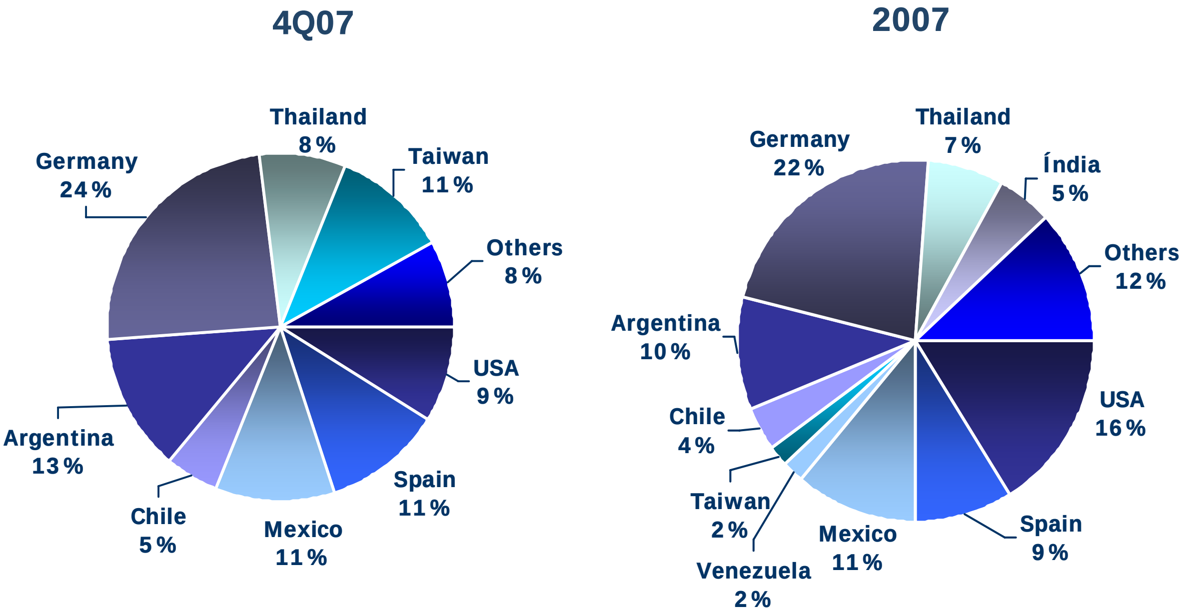
Sales Volume

Thousand tons	4Q 2007		4Q 2006		3Q 2007		Chg. 4Q07/4Q06	2007		2006		Chg. 2007/2006
Ipatinga Mill												
Domestic Market	**955**	89%	**821**	77%	**933**	85%	**16%**	**3,538**	84%	**3,208**	75%	**10%**
Export Market	**116**	11%	**244**	23%	**170**	15%	**-52%**	**662**	16%	**1,077**	25%	**-39%**
Total	**1,071**	100%	**1,065**	100%	**1,103**	100%	**1%**	**4,200**	100%	**4,285**	100%	**-2%**
Cubatão Mill												
Domestic Market	**648**	71%	**523**	56%	**683**	69%	**24%**	**2,575**	68%	**2,080**	57%	**24%**
Export Market	**261**	29%	**404**	44%	**309**	31%	**-35%**	**1,215**	32%	**1,580**	43%	**-23%**
Total	**909**	100%	**927**	100%	**992**	100%	**-2%**	**3,790**	100%	**3,660**	100%	**4%**
System												
Domestic Market	**1,603**	81%	**1,344**	67%	**1,616**	77%	**19%**	**6,113**	77%	**5,288**	67%	**16%**
Export Market	**377**	19%	**648**	33%	**479**	23%	**-42%**	**1,877**	23%	**2,657**	33%	**-29%**
Total	**1,980**	100%	**1,992**	100%	**2,095**	100%	**-1%**	**7,990**	100%	**7,945**	100%	**1%**

Sales Volume Mix – 4Q07



Usiminas System Exports



Economic—Financial Performance

"Consistent results and net profit of R$ 3.2 billion, up 26% over 2006"

Net Revenue

Net revenue in 4Q07 reached R$ 3.5 billion, up 6% over 4Q06. In 2007, net revenue totaled R$ 13.8 billion, up 11% over 2006.

This performance is a result of higher prices, product mix improvement and a larger volume of domestic market sales (positive impact on net revenue of 24% in the year). As a result, revenue from exports fell 27% in comparison with 2006, influenced also by the devaluation of the U.S. dollar against the real at an average of 11.0% in 2007.

Net revenue per ton (related to the sales of the Ipatinga and Cubatão mills) totaled R$ 1,639 in 2007, up 11% over 2006.

Net Revenues Per-Ton (Usiminas + Cosipa)

	4Q07	4Q06	3Q07	2007	2006
Total DOM + EXP	1,666	1,567	1,667	1,639	1,476

Cost of Goods Sold (COGS)

The cost of goods sold (COGS) totaled R$ 2.3 billion in 4Q07, up 8% over 4Q06.

In 2007, COGS totaled R$ 8.9 billion, up approximately 10% over 2006.

These increases stemmed from prices adjustments of raw materials (although offset by foreign exchange gains from the appreciation of the real against the U.S. dollar), a larger volume of construction works and large-scale repairs, labor adjustments, consumption of slabs and heavy plates acquired.

Total per-ton COGS (related to the Ipatinga and Cubatão mills) in 4Q07 was R$1,148/ton and in 2007 was R$ 1,114/t.

Gross Profit

Gross profit in 4Q07 reached R$ 1.2 billion, up 2% over 4Q06. Gross margin decreased to 34% from 36% in 4Q06. Gross profit totaled R$ 4.9 billion in 2007, up 15% over 2006.

The increase in the average selling price per ton enabled a growth of one percentage point in the gross margin, to 35% in 2007 from 34% in 2006.

Operating Profit before financial expenses (EBIT)

Expenses and operating revenues declined quarter on quarter comparison. While in 4Q06 expenses accounted for R$ 264.3 million, in 4Q07 a revenue of R$ 135.4 million was posted. The main change is related to a non-recurring event from the reversal of ICMS and INSS tax contingencies worth R$ 250.0 million and the reclassification of actuarial liabilities from the pension fund to the financial expenses item amounting to R$ 125.0 million.

Expenses and operating profit in 2007 plunged 38% over 2006, to R$ 436.8 million from R$ 707.6 million.

As for the "Expense" variations, those related to **sales** fell 9% due to lower expenses with port fees as a result of the decline in export volume. **SG&A** increased 14% year on year as a result mainly of wage adjustments and new hirings. **Other operating revenues and expenses** amounted to a revenue of R$ 122.5 million in 2007, as compared with an expense of R$ 162.7 million posted in 2006.

This non-recurring variation is due to gains from the reversal of the ICMS and INSS tax contingencies mentioned above and also due to an inventory adjustment of R$ 72.0 million.

Operating profit before financial expenses and interest in 4Q07 amounted to R$ 1.3 billion, up 47% over 2006. Operating margin in 4Q07 reached 38% from 28% in 4Q06.

In 2007, operating profit before financial expenses and interest totaled R$ 4.5 billion, 25% above that of 2006. As a result, the operating margin increased by 3.6 percentage points in the annual comparison, ending the year at 32.3%.

EBITDA

EBITDA (profit before taxes, interest, participations, provisions, depreciation and amortization) in 4Q07 reached R$ 1.2 billion, up approximately 3%, while the EBITDA margin was 35%, one percentage point lower than in 4Q06.

In 2007, the EBITDA totaled R$ 5.0 billion, up 15% over 2006. The EBITDA margin was 36%, one percentage point above the margin of 2006. This improvement was due to higher average prices during the period and an improved sales mix.

Financial Result

Net financial expenses in 4Q07 totaled R$ 89 million and were impacted by the recognition, as of the 2007 fiscal year, of financial charges over the actuarial liabilities of the Usiminas Pension Fund.

This item totaled an expense of R$ 6.3 million, as compared with a significantly higher expense in 2006 of R$ 332 million, basically due to:

- A decrease in swap expenses of R$ 180.0 million.
- Gains from the adjustment of judicial deposits totaling R$ 73.0 million.
- Increase in gains from investments totaling R$ 76.0 million.
- Gains from a decrease in financial charges on debt of R$ 56.0 million.
- Exchange gains of R$ 84.0 million due to the appreciation of the real against the U.S. dollar.

The gains above were partially offset by the recognition of the actuarial debt of R$ 125.0 million related to the Usiminas Pension Fund, as of 4Q07.

Equity Income

Equity income from subsidiaries in 4Q07 totaled R$ 6.7 million, down from the R$ 51.3 million posted in 4Q06. The figure was R$ 9.2 million in 2007, lower than the R$ 150.2 million in 2006. This decrease is largely due to losses from the real appreciation in the Ternium investments. The foreign exchange effects on investments abroad were negative by R$ 252.0 million in 2007 as compared with R$ 101.0 million in 2006.

Non-Operating Revenue and Expenses

Reached R$ 7.1 million in 2007 compared with R$ 45.9 million in 2006, given that the previous year was affected by gains from Eletrobras' shares totaling R$ 29.0 million, besides the R$ 10.0 million related to the conversion of Ternium capital.

Income Tax and Social Contribution Tax

The income/social contribution tax remained stable in 2007 at R$ 1.3 billion.

Net Profit

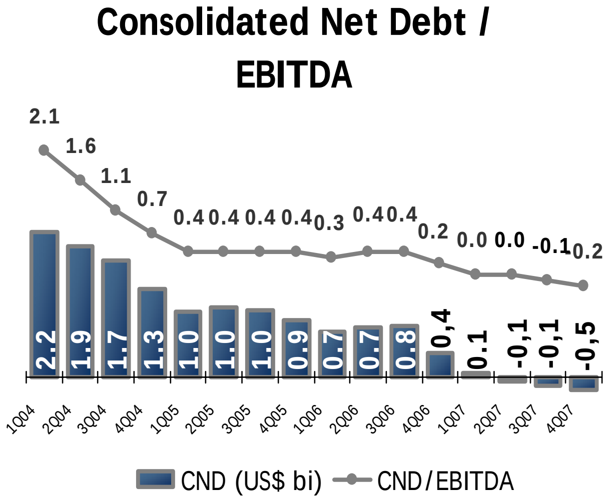
Usiminas posted consolidated net profit in 4Q07 of R$ 970 million, up 29% over 4Q06.

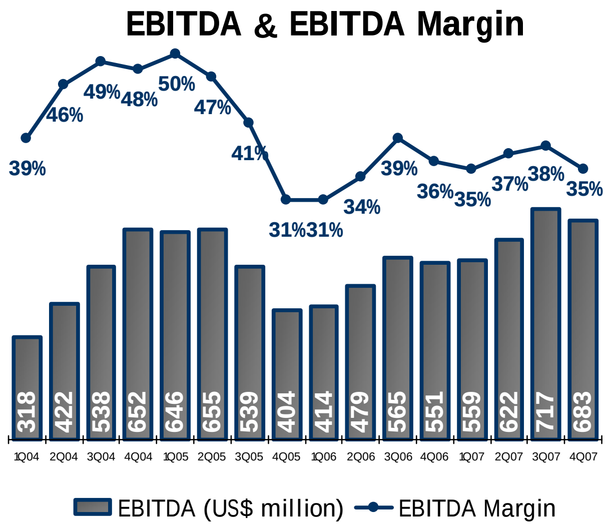
Accumulated net profit was R$ 3.2 billion, up 26% over 2006. Such increase was due to the rise in net revenue, as a result of higher average prices and improved product and destination mix, improved operational and financial efficiency and also due to non-recurring events (reversal of contingencies).

Indebtedness

Total consolidated debt fell to R$ 3 billion on 12/31/07 (US$ 1.7 billion) from R$ 3.5 billion on 12/31/06 (around US$ 1.6 billion). Net debt dropped to a negative R$ 952 million on 12/31/07 from R$ 760 million on 12/31/06.

The debt is comprised of 32% in loans/financing in local currency and 68% denominated in foreign currency. The maturity profile is made up of 20% in the short term and 80% in the long term.





Investments

Investments in fixed assets totaled R$ 1.2 billion in 2007 as compared with R$ 524 million in 2006, up 127% over 2006. The expenses were focused mainly at maintenance, technological updating of equipment and environmental protection.

Capital Markets

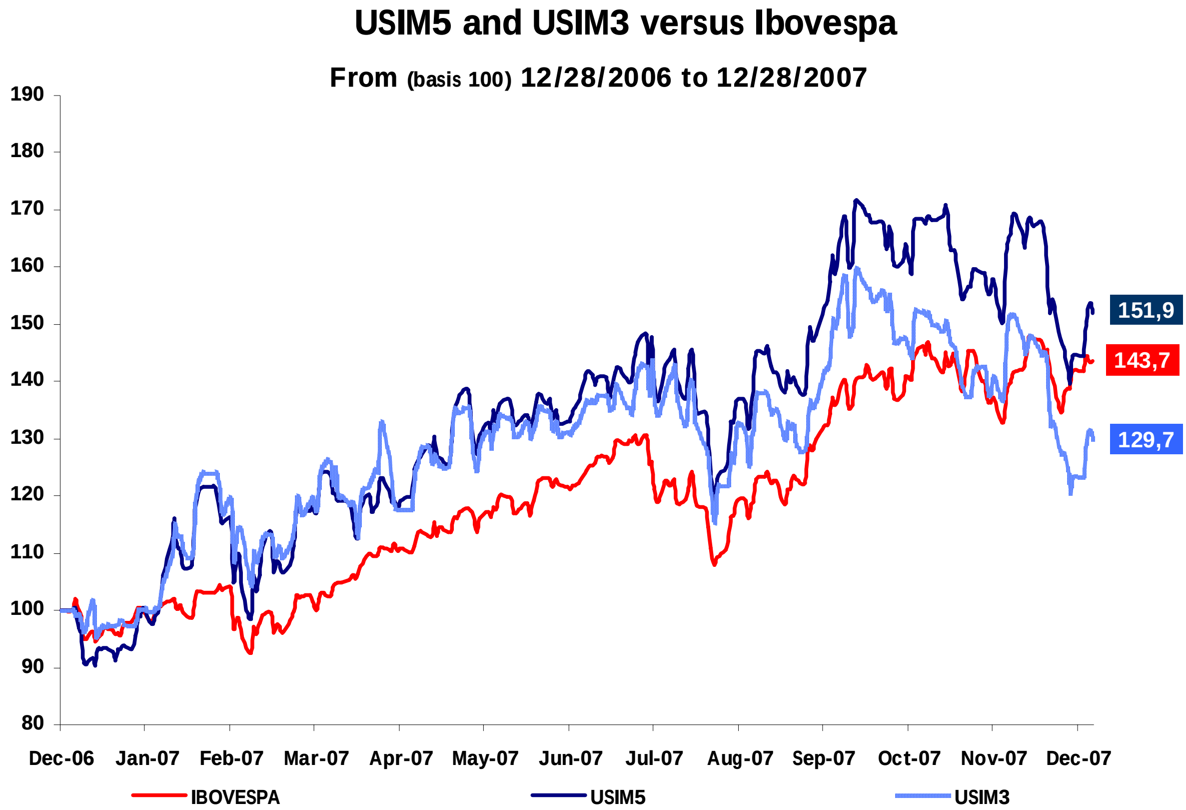
NÍVEL 1 BOVESPA BRASIL | ADR Level I | Latibex | Dow Jones Sustainability Indexes Member 2007/08 | The Global Compact We Support | IBRI 10 ANOS

- **Bovespa Performance - Bovespa Index**

The preferred class "A" shares (USIM5) appreciated 52% in 2007**,** while the common shares (USIM3) appreciated 30%**.** In the same period, the São Paulo Stock Exchange Index (Ibovespa) appreciated 44%.

Usiminas was the fourth company with larger weighting on the Ibovespa.

On 12/31/07, USIM5 shares were quoted at R$ 81.50 and USIM3 shares at R$ 83.00.



- **ADR**

Usiminas PNA shares traded in the U.S. as Level 1 ADRs "USNZY" (Over the Counter) appreciated 82% in 2007 and were at US$ 45.70 on 12/31/07.

- **Latibex**

The shares listed in Latibex (XUSI) were among the most traded (by volume) and appreciated 65%, quoted at € 31.26 on 12/31/07. The XUSIO shares (common) started trading on 05/03/07, and appreciated by 10**%** in 2007, quoted at € 32.07.

- **Debenture Issuance**

Usiminas filed with Brazil's Securities and Exchange Commission (CVM) its 2nd Securities Distribution Program worth up to R$ 2 billion, and approved the 4th debenture issuance (the first within the Program), with the following characteristics:

Total value:	R$ 500 million, single-series
Convertibility:	simple, non convertible into shares
Type:	subordinated
Issuance date:	02/01/08
Maturity date:	5 years as of the issuance date
Remuneration:	interest equivalent to 100% of the accumulated change of the average daily rates of 1-day interbank deposits, calculated by the CETIP, plus a spread of 0.42% per year.
Rating:	Moody's: Aa1.br and S&P: brAA+

- **Bond Issuance**

Usiminas raised proceeds for its expansion plan through a bond issuance carrying the following details:

Issuer:	Usiminas Commercial Ltd.
Guaranteed by:	Usiminas and Cosipa
Rating:	Baa3/BBB-/BBB- (stable/stable/stable)
Value:	US$ 400 million
Settlement:	January 18, 2008
Maturity:	January 18, 2018
Coupon:	7.25%
Yield:	7.375%
Bookrunners:	JPMorgan/UBS

Highlights of 2007

- Fitch Ratings, Standard & Poor's and Moody's, important rating agencies granted Usiminas an Investment Grade status in 2007.
- APIMEC awarded Usiminas as the best "Publicly Traded Company" in 2006.
- Usiminas became the first Brazilian steel company and the third in the world to be listed in the Dow Jones Sustainability Index.
- Usiminas is now part of the Stock Index with Differentiated Corporate Governance (IGC) through its adherence to level 1 of CG of the São Paulo Stock Exchange (Bovespa).
- Usiminas is part of the Shareholder-Friendly ranking under category "Natural Resources", according to a survey made by US publication Institutional Investor with over 115 local and foreign financial institutions.
- Usiminas is the Brazilian company with the highest rate of return for shareholders, according to the Value Creators Report – 2007 ranking drawn up by The Boston Consulting Group.
- In April of 2007, the secondary offering of Usiminas shares owned by Vale and Previ totaled 18,809,159 shares distributed to the public, totaling R$ 2,069,007,490.00. This transaction was acknowledged by U.S. publication Latin Finance through the award "Deals of the year 2007", under category Follow-on Equity Issue.
- In November of 2007, the Company announced a stock dividend comprised of the granting of 1 new bonus share for each group of 2 shares held.
- Usiminas distributed R$1.0 billion to its shareholders in 2007 in the form of Dividends and Interest on Capital.

Material Facts Subsequent to the End of the Year

- **Acquisition of Mining Assets**

On February 02, 2008, Usiminas filed with Brazil's Securities and Exchange Commission and Bovespa a material fact on the acquisition of all shares comprising the capital stock of companies Mineração J.Mendes; SOMISA Siderúrgica Oeste Minas Ltda. and Global Mineração Ltda, which mine iron ore in the "quadrilátero ferrífero" region, in the Minas Gerais state. The down payment totaled US$ 925 million and complementary disbursements will occur depending on studies to be carried out over the next two years to confirm the amount and quality of the reserves.

Usiminas made it clear that these acquisitions are aligned to its long-term strategy, in line with the expansion plan of its mills and its full payment capacity.

Brief description of the operation:

- Location: close to the existing railway lines (MRS – 28 km and FCA – 15 km), with access to the Cubatão (Cosipa) and Sepetiba ports. It is comprised of four mines – Somisa; Global/Camargos; J.Mendes and Pau de Vinho.
- Estimated resources: 2.7 to 3.0 billion tons and estimated reserves of 1.1 to 1.8 billion tons
- Expected useful life: at least 25 years, taking into consideration future expansion.
- Estimated iron content: 46% to 48%
- Production capacity: 6 million tons/year
- Price: down payment of US$ 925 million and payments over the coming two years limited to US$ 975 million, subject to confirmation of reserve size and iron content. The maximum payment is limited to US$ 1.9 billion
- Investment plan: marginal capex of US$ 150 million for production capacity expansion to 13 million tons. The second stage will require another US$ 600 million for a new plant with capacity of 16 million tons, increasing annual production capacity to 29.2 million tons by 2013
- Commercialization plan: The Cubatão mill will be supplied mainly by J.Mendes through MRS. The Usiminas System will fully benefit from hedging against iron ore price fluctuations. Excess production will be sold through contracts/spot market.

- **Extension of the energy supply agreement with CEMIG**

Usiminas extended the power supply contract that it has with Cemig (Companhia Energética de Minas Gerais) until 2014, by mutual agreement with the latter. The agreement, worth about R$ 1.9 billion, guarantees the supply of 308.5 MW and will run from January 01, 2010 to December 31, 2014, providing the energy needed for the operations of the mills and the execution of the Usiminas System's development plan.

- **Interest on Capital and Complementary Dividends**

Usiminas' Board of Directors at a meeting held on March 26, 2008, "ad referendum" of the General Shareholders Meeting, approved a proposal to distribute to the shareholders, pursuant to the Bylaws and the law in effect, on account of the net profit of the fiscal year and as interest on capital, decided at a Board meeting held on November 7, 2007, the amount of **R$ 314.0** million, of which each common share is worth **R$ 0.90958** and each preferred share **R$ 1.00054**. An additional payment as complementary dividends was also approved, amounting to R$ 296.3 million. Each common share will be entitled to R$ 0.85827 and each preferred share to R$ 0.94410, totaling R$ 610.3 million.

The payment date will be 04/09/2008. The shareholders who hold shares on 03/26/2008 will be entitled to the abovementioned benefit.

The shares will be negotiated "ex-dividend" as of 03/27/2008.

A withholding tax of 15% will be deducted from the amount related to interest on capital, in compliance with the legal exceptions.

- **Capital increase and Stock dividend**

The Board of Directors, at a meeting held on 03/26/2008, “ad referendum” of the Extraordinary General Shareholders Meeting , approved (i) a capital increase of USIMINAS amounting to R$ 4,050,000,000.00, through the capitalization of Reserves, with issuance of new shares; (ii) stock dividend in common and preferred shares class “A” and “B” in the proportion to 50% for each share. As a result, the Company’s capital will be increased to R$ 12,150,000,000.00, divided into 506,893,095 shares, being 252,630,342 common shares, 253,388,421 preferred shares class “A” and 874,332 preferred shares class “B”, all of which are book-entry shares, without par value, with the corresponding modification on the Article No. 5 of the Company’s bylaws. As of 04/30/2008, the negotiations of these shares in the stock exchange will be made ex-bonus.

Other Companies of the Usiminas System

Ternium

On 02/26/08, Ternium released its 4Q07 and 2007 earnings results, as per the highlights below:

Summary of Results	4Q07	2007
Chg % Product Shipments - thsd. t	2,802.4	10,529.7
Net Sales - US$ million	2,267.2	8,184.4
Gross Profit - US$ million	539.2	2,388.3
Operating Profit - US$ million	297.2	1,586.4
EBITDA - US$ million	469.0	2,152.3
EBITDA Margin	21%	26%
Net Profit - US$ million	220.6	1,001.2
Net Profit - Share of the Controllers - US$ million	165.6	784.5

Ternium shipments (flat and long steel) totaled 2.8 million tons in 4Q07 and 10.5 million tons in 2007, a growth of 31% and 17%, respectively, in comparison with the same period in 2006. Net revenue increased 43% in 4Q07 over 4Q06, and totaled in 2007 US$ 8.2 billion, up 25% over 2006.

The operating profit of Ternium, without the effects of the consolidation of the Imsa Group as of July 2007, fell 3% due to an increase in the cost of raw materials, services and labor.

Net profit in 4Q07 totaled R$ 220.6 million, up 39% over 4Q06. Net profit in 2007 increased 1% to US$ 1.0 billion. EBITDA in 4Q07 rose 24% and 4% in 2007.

Ternium’s Board of Directors proposed for the General Shareholders’ Meeting to be held on 06/04/08 payment of US$ 100.2 million in dividends, which, if approved, will occur on 06/12/08.

Ternium is one of the largest steel producers in the Americas and offers a large array of products, including flat and long steel products. The company has operational facilities in Mexico (Hylsamex), Argentina (Siderar) and Venezuela (Sidor) and has a wide distribution network.

Usiminas has a 14.25% stake in Ternium’s total capital, in which it is a partner with the Techint Group.

MRS Logística

On 02/26/08, MRS released its 4Q07 and 2007 earnings results, as per the highlights below:

Summary of Results	4Q07	2007
Volume transported - million tons	33.6	126.3
Net Revenues - R$ million	575.8	2,166.6
Operating profit (before Financial Result) - R$ million	236.2	888.0
EBITDA - R$ million	267.7	1,020.6
EBITDA Margin	46.5%	47.1%
Net Income - R$ million	145.0	548.4

Main Highlights:

- Increase of 126.3 million tons in 2007, up 11.5% over 2006;
- Net revenue was 10% higher over 2006 due to record productions as of July;
- Investments of R$ 650 million in 2007.

MRS Logística is a concessionaire that controls, operates and monitors the Southeast Federal Railroad Network. The company operates in the rail transportation market, connecting the states of Rio de Janeiro, Minas Gerais and São Paulo. The region concentrates approximately 65% of Brazil's GDP. It is also home for the largest industrial complexes in the country. Through MRS's network it is also possible to reach the ports of Sepetiba and Santos, the largest in Latin America.

MRS's activities focus on rail transportation of general cargo, such as ores, finished steel products, cement, bauxite, cement, bauxite, agricultural products, green coke and containers with integrated logistics.

Usiminas holds 20% of the voting capital and is part of the Company's control group.

Unigal

In 4Q07, Unigal processed 114.8 thousand tons of products, accumulating at the end of the year 441.0 thousand tons, practically stable from the same periods in 2006. Net revenue (for processing services) totaled R$ 49.0 million in 4Q07 and R$ 204.7 million in 2007, up around 41.6% over 2006.

In the quarter, the EBITDA reached R$ 41.5 million (up 31.7% in relation to 4Q06) and totaled in 2007 R$ 179.9 million, 45.2% higher than the EBITDA of 2006. Net profit in the quarter was respectively R$ 18.1 million and in the year R$ 67.6 million, a growth of 50.8% and 288% in relation to the profit of the same year-ago period.

Unigal's performance in 2007 was another highlight for the Usiminas System due to the fact that it broke records in the production of hot-dipped galvanized steel. Of the total shipped volume, 88% was used by the auto industry, up 11 percentage points over the volume in 2006.

In order to increase even further its offer to the sector and also to enhance the quality of its products, Unigal remodeled its galvanization line, with investments around US$ 25 million.

Unigal, a joint-venture between Usiminas and Nippon Steel, processes cold-rolled coils through hot dipped galvanizing. Usiminas has a 79.3% stake in its capital.

Usiminas Mecânica S/A

Net revenue in 4Q07 reached R$ 242.0 million, amounting to R$ 804.3 million in 2007. Net profit totaled R$ 21.6 million in 4Q07 and R$ 74.2 million in 2007. This significant growth, when compared with the net profit in 2006, of R$ 31.4 million, reflects the company's large project portfolio. The highlights of the projects in 2007 were the following:

- Assembly of equipment for the nickel mine of Mineração Onça Puma Ltda;
- Supply and assembly of process equipment and structures for a new plant of Alumínio de Maranhão - Alumar;
- Manufacturing and assembly of 408 mining wagons for MRS;
- Supply of structures for the steel foundry of Companhia Siderúrgica do Atlântico – CSA;
- Supply of structures for the nickel mine of Anglo América Ltda.

In 2007, the construction of 20 thousand tons of structures and equipment was concluded for the new sintering unit of Gerdau-Açominas in Ouro Branco, in the Minas Gerais state, which at its peak, employed around 1.7 thousand workers.

The development and assembly of the Passagem Bridge in Vitória, in the Espírito Santo state, is underway. The turn-key contract signed with the state government of Espírito Santo will consume 2,000 tons of high-resistance mechanical steel produced by Usiminas.

The company has kept all certifications required for its business management of, including ISO 9001 for Quality, ISO 14001 for Environment, OHSAS 18001 for Safety and Occupational Health and AISC – American Institute of Steel Construction, for the manufacturing of Bridges and Structures. Among the important actions for the integration of systems, the company is adopting the "Policy for Integrated Management." It maintains the Eletronuclear certification for the manufacturing of equipment for nuclear power plants, with expansion for field structures and construction in this sector and it is certified by Petrobras to manufacture the largest variety of equipment for the oil and gas sector.

Founded by Usiminas in 1970, Usiminas Mecânica specializes in the manufacturing of equipment and metallic structures to meet the needs of sectors aimed at steel, mining, paper and pulp, hydroelectric, oil and petrochemical, recovery of parts, reconditioning of rolls and cylinders for heavy industry, custom-made blanks for companies in general, structures for civil construction, metallic profiles, road, rail and/or road/rail bridges and viaducts, besides the execution of electromechanical industrial construction and the supply of complete installations.

The company ended the year with 7.4 thousand employees, 3.4 thousand in the factories and branch offices and 4 thousand in the construction sites.

Usiminas holds 99.9% interest in the capital of Usiminas Mecânica S.A.

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Conference calls: Friday, March 28, 2008

Location, at 9:00 AM (NY).
Dial-in numbers:
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Pincodes: **474** (local) **/** **895** (international)
Audio of the conference call will be transmitted live via Internet, together with a slide presentation on our website:

www.usiminas.com.br

ADR Level I

Declarations contained in this release relative to the business outlook of the Company, forecasts of operating and financial income and references to growth potential constitute mere forecasts and were based on the expectations of Management in relation to future performance. These expectations are highly dependent on market behavior, the economic situation in Brazil, its industry and international markets and, therefore, are subject to change.

Income Statement - Parent Company

Brazilian GAAP

R$ thousand	4Q 2007	4Q 2006	3Q 2007	Chg. 4Q07/4Q06
Net Revenues	**1,898,688**	**1,794,201**	**1,972,367**	**6%**
Domestic Market	1,742,300	1,465,063	1,758,514	19%
Export Market	156,388	329,138	213,853	-52%
COGS	(1,262,306)	(1,158,415)	(1,257,468)	9%
Gross Profit	**636,382**	**635,786**	**714,899**	**0%**
Gross Margin	**34%**	**35%**	**36%**	**-1 p.p.**
Operating Income (Expenses)	**121,837**	**(104,385)**	**(111,771)**	**-217%**
Selling	(29,066)	(25,600)	(25,691)	14%
General and Administrative	(50,659)	(39,317)	(38,913)	29%
Others, Net	201,562	(39,468)	(47,167)	-611%
EBIT	**758,219**	**531,401**	**603,128**	**43%**
EBIT Margin	**40%**	**30%**	**31%**	**+10 p.p.**
Financial Result	(83,144)	(16,057)	9,190	418%
Financial Income	58,369	16,603	33,229	252%
Financial Expenses	(141,513)	(32,660)	(24,039)	333%
Equity Income	390,992	286,433	367,172	37%
Operating Result	**1,066,067**	**801,777**	**979,490**	**33%**
Non-Operating Income	2,570	29,366	(4,571)	-91%
Profit Before Taxes	**1,068,637**	**831,143**	**974,919**	**29%**
Income Tax / Social Contribution	(92,630)	(81,373)	(207,241)	14%
Net Income	**976,007**	**749,770**	**767,678**	30%
Net Margin	**51%**	**42%**	**39%**	**+9 p.p.**
Net Income per thousand shares	**2.96599**	**3.41771**	**3.49935**	**-13%**
EBITDA	**638,705**	**638,523**	**718,319**	**0%**
EBITDA Margin	**33.6%**	**35.6%**	**36.4%**	**-2,0 p.p.**
Depreciation	70,149	67,657	70,027	4%
Provisions	(189,663)	39,465	45,164	-581%

Income Statement - Parent Company

Brazilian GAAP

R$ thousand	2007	2006	Chg. 2007/2006
Net Revenues	**7,403,018**	**6,789,508**	**9%**
Domestic Market	6,515,580	5,500,656	18%
Export Market	887,438	1,288,852	-31%
COGS	(4,765,777)	(4,439,002)	7%
Gross Profit	**2,637,241**	**2,350,506**	**12%**
Gross Margin	**36%**	**35%**	**+1 p.p.**
Operating Income (Expenses)	**(171,049)**	**(329,482)**	**-48%**
Selling	(107,388)	(124,370)	-14%
General and Administrative	(167,305)	(147,307)	14%
Others, Net	103,644	(57,805)	-279%
EBIT	**2,466,192**	**2,021,024**	**22%**
EBIT Margin	**33%**	**30%**	**+3 p.p.**
Financial Result	(4,661)	(111,090)	-96%
Equity Income	1,303,313	61,399	31%
Operating Result	**3,764,844**	**(172,489)**	**29%**
Non-Operating Income	7,762	997,368	-76%
Profit Before Taxes	**3,772,606**	**2,907,302**	**28%**
Income Tax / Social Contribution	(585,189)	(437,998)	34%
Net Income	**3,187,417**	**2,501,964**	**27%**
Net Margin	**43%**	**37%**	**+6 p.p.**
Net Income per thousand shares	**9.6862**	**11.4048**	**-15%**
EBITDA	**2,662,761**	**2,350,969**	**13%**
EBITDA Margin	**36.0%**	**34.6%**	**+1,4 p.p.**
Depreciation	278,883	263,468	6%
Provisions	(82,314)	66,477	-224%

Income Statement - Consolidated

Brazilian GAAP

R$ thousand	4Q 2007	4Q 2006	3Q 2007	Chg. 4Q07/4Q06
Net Revenues	**3,479,188**	**3,276,934**	**3,630,317**	**6%**
Domestic Market	3,011,847	2,401,413	3,036,250	25%
Export Market	467,341	875,521	594,067	-47%
COGS	(2,280,763)	(2,105,494)	(2,287,045)	8%
Gross Profit	**1,198,425**	**1,171,440**	**1,343,272**	**2%**
Gross Margin	**34%**	**36%**	**37%**	**-2 p.p.**
Operating Income (Expenses)	**135,368**	**(264,292)**	**(204,683)**	**-151%**
Selling	(64,852)	(62,523)	(58,640)	4%
General and Administrative	(94,055)	(77,500)	(75,546)	21%
Others, Net	294,275	(124,269)	(70,497)	-337%
EBIT	**1,333,793**	**907,148**	**1,138,589**	**47%**
EBIT Margin	**38%**	**28%**	**31%**	**+10 p.p.**
Financial Result	(89,003)	(44,659)	12,882	99%
Equity Income	6,618	51,365	5,967	-87%
Operating Result	**1,251,408**	**913,854**	**1,157,438**	**37%**
Non-Operating Income	(591)	31,719	(2,619)	-102%
Profit Before Taxes	**1,250,817**	**945,573**	**1,154,819**	**32%**
Income Tax / Social Contribution	(277,263)	(189,282)	(389,623)	46%
Income before Minority Interests	**973,554**	**756,291**	**765,196**	**29%**
Minority Interests	(3,688)	(4,079)	(7,303)	-10%
Net Income	**969,866**	**752,212**	**757,893**	**29%**
Net Margin	**28%**	**23%**	**21%**	**+5 p.p.**
Net Income per thousand shares	**2.94733**	**3.42885**	**3.45474**	**-14%**
EBITDA	**1,216,724**	**1,186,154**	**1,375,084**	**3%**
EBITDA Margin	**35.0%**	**36.2%**	**37.9%**	**-1,2 p.p.**
Depreciation	178,997	171,948	179,062	4%
Provisions	(180,088)	107,058	57,433	-268%

Income Statement - Consolidated

Brazilian GAAP

R$ thousand	2007	2006	Chg. 2007/2006
Net Revenues	**13,824,843**	**12,415,318**	**11%**
Domestic Market	11,455,256	9,171,999	25%
Export Market	2,369,587	3,243,319	-27%
COGS	(8,936,494)	(8,147,672)	10%
Gross Profit	**4,888,349**	**4,267,646**	**15%**
Gross Margin	**35%**	**34%**	**+1 p.p.**
Operating Income (Expenses)	**(436,773)**	**(707,619)**	**-38%**
Selling	(240,115)	(264,125)	-9%
General and Administrative	(319,191)	(280,803)	14%
Others, Net	122,533	(162,691)	-175%
EBIT	**4,451,576**	**3,560,027**	**25%**
EBIT Margin	**32%**	**29%**	**+3 p.p.**
Financial Result	(6,230)	(331,803)	-98%
Equity Income	9,189	150,171	-94%
Operating Result	**4,454,535**	**3,378,395**	**32%**
Non-Operating Income	7,152	45,984	-84%
Profit Before Taxes	**4,461,687**	**3,424,379**	**30%**
Income Tax / Social Contribution	(1,266,611)	(889,040)	42%
Income before Minority Interests	**3,195,076**	**2,535,339**	**26%**
Minority Interests	(23,181)	(19,878)	26%
Net Income	**3,171,895**	**2,515,461**	**26%**
Net Margin	**23%**	**20%**	**+3 p.p.**
Net Income per thousand shares	**9.63907**	**11.69463**	**-18%**
EBITDA	**5,002,850**	**4,368,433**	**15%**
EBITDA Margin	**36.2%**	**35.2%**	**+1,0 p.p.**
Depreciation	711,643	687,784	3%
Provisions	(160,369)	120,622	-137%

Cash Flow

Brazilian GAAP

R$ thousand	Parent Company 4Q 2007	Parent Company 4Q 2006	Consolitaded 4Q 2007	Consolitaded 4Q 2006
Operating Activities				
Net Income (Loss) in the Period	976,007	749,770	969,866	752,212
Financial Expenses and Monetary Var/Net Exchge Var	93,157	33,690	386,230	63,757
Depreciation, Exhaustion and Amortization	70,149	67,657	178,997	172,072
Investment Write-offs (Decrease in Permanent Assets)	1,020	14,502	656	14,316
Equity in the Results of Subsidiaries/Associated Companies	(390,992)	(286,434)	(6,618)	(51,364)
Dividend Income from Subsidiaries	94,060	203,210	(25,057)	925
Income Tax and Social Contribution	20,753	27,828	16,805	50,287
Provisions	(204,310)	(120,862)	(327,505)	(139,149)
Adjustment for Minority Participation	0	0	3,688	4,079
Total	**659,844**	**689,361**	**1,197,062**	**867,135**
Increase/Decrease of Assets				
In Accounts Receivables	(1,712)	(156,522)	9,845	(276,379)
In Inventories	(984)	(53,709)	(64,056)	118,962
In Recovery of Taxes	(4,724)	(1,524)	(8,326)	(6,570)
From Deferred Income Tax & Social Contrb'n	0	0	0	0
In Judicial Deposits	42,100	(65,917)	(113,450)	(74,891)
In Accounts Receivables Affiliated Companies	2,371	(182,071)	0	(27,640)
Others	(24,920)	151,740	(118,010)	392,802
Total	**12,131**	**(308,003)**	**(293,997)**	**126,284**
Increase (Decrease) of Liabilities				
Increase (Decrease) in Suppliers	(54,852)	54,187	107,675	74,974
Amounts Owed to Affiliated Companies	(42,055)	183,312	19,664	173,683
Customers Advances	768	(338)	116,294	51,643
Tax Payable	10,559	(4,608)	(13,626)	1,195
Income Tax and Social Contribution	(20,146)	(20,492)	87,059	(38,242)
Others	4,809	5,613	(109,994)	(193,295)
Total	**(100,917)**	**217,674**	**207,072**	**69,958**
Cashflow Generated from Operating Activities	**571,058**	**599,032**	**1,110,137**	**1,063,377**
Financial Activities				
Inflow of Loans and Financing	28,294	96,662	270,045	225,292
Payment of Loans, Financing and Debentures	(6,340)	(13,342)	(185,876)	(348,527)
Interest paid on Loans, Financ., Debent.and taxes payable in installments	(3,754)	(8,397)	(4,123)	(10,708)
Swap Operation Redemptions	(2,097)	1	(47,990)	(33,531)
Dividends Paid	(224)	42	11,347	3,316
Net Funds from Financial Activities	**15,879**	**74,966**	**43,403**	**(164,158)**
Investment Activities				
(Additions) in Long-term Investments	0	0	0	10,927
(Additions) to Permanent Assets, except Deferred Charges	(25,593)	(64,306)	(292,973)	(156,523)
(Additions) Right off of permanent assets	0	0	0	0
Funds Used for Investments	**(25,593)**	**(64,306)**	**(292,973)**	**(145,596)**
Exchange Variation of Cash and Cash Equivalents	**(8,115)**	**(21,455)**	**(20,671)**	**(33,006)**
Cash Balance Change	**553,229**	**588,237**	**839,896**	**720,617**
At the Beginning of the Period	1,416,872	686,257	3,111,041	2,000,445
At the End of the Period	1,970,101	1,274,494	3,950,937	2,721,062

Cash Flow

Brazilian GAAP

R$ thousand	Parent Company 2007	Parent Company 2006	Consolitaded 2007	Consolitaded 2006
Operating Activities				
Net Income (Loss) in the Period	3,187,417	2,501,964	3,171,895	2,515,461
Financial Expenses and Monetary Var/Net Exchge Var	73,404	70,542	164,728	124,622
Depreciation, Exhaustion and Amortization	278,883	263,468	711,643	687,784
Investment Write-offs (Decrease in Permanent Assets)	4,703	15,024	4,685	14,878
Equity in the Results of Subsidiaries/Associated Companies	(1,303,313)	(997,368)	(9,189)	(150,170)
Dividend Income from Subsidiaries	214,057	203,210	38,931	925
Income Tax and Social Contribution	111,969	148,028	141,422	214,354
Provisions	(209,545)	(86,502)	(274,210)	(121,648)
Adjustment for Minority Participation	0	0	23,181	19,878
Total	**2,357,575**	**2,118,366**	**3,973,086**	**3,306,084**
Increase/Decrease of Assets				
Increase (Decrease) in Accounts Receivables	183,229	(133,156)	117,281	(138,529)
Increase (Decrease) in Inventories	(126,227)	17,229	(150,921)	(10,932)
Increase (Decrease) in Recovery of Taxes	(24,192)	(22,712)	(79,733)	(11,318)
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	0	0	0	0
Increase (Decrease) in Judicial Deposits	(73,554)	(79,614)	(237,647)	(122,121)
Increase (Decrease) in Accounts Receivables Affiliated Companies	7,738	318,539	0	267,140
Others	(56,623)	172,614	(184,443)	271,467
Total	**(89,629)**	**272,900**	**(535,463)**	**255,707**
Increase (Decrease) of Liabilities				
Increase (Decrease) in Suppliers	79,600	105,815	308,752	129,948
Amounts Owed to Affiliated Companies	(217,641)	185,492	(155,770)	170,539
Customers Advances	(113)	(490)	153,689	77,775
Tax Payable	24,505	1,474	45,084	13,752
Income Tax and Social Contribution	103,714	(177,389)	251,649	(248,207)
Others	39,273	(21,014)	27,260	(157,533)
Total	**29,338**	**93,888**	**630,664**	**(13,726)**
Cashflow Generated from Operating Activities	**2,297,284**	**2,485,154**	**4,068,287**	**3,548,065**
Financial Activities				
Inflow of Loans and Financing	218,918	100,625	740,794	1,183,182
Payment of Loans, Financing and Debentures	(260,964)	(355,207)	(972,463)	(1,343,467)
Interest paid on Loans, Financ., Debent.and taxes payable in installments	(19,525)	(31,496)	(20,763)	(35,124)
Swap Operation Redemptions	(2,097)	(313,981)	(283,309)	(811,275)
Dividends Paid	(999,216)	(887,658)	(999,216)	(903,158)
Net Funds from Financial Activities	**(1,062,884)**	**(1,487,717)**	**(1,534,957)**	**(1,909,842)**
Investment Activities				
(Additions) in Long-term Investments	0	(527,320)	0	(262,029)
(Additions) to Permanent Assets, except Deferred Charges	(495,792)	(257,790)	(1,193,478)	(524,244)
(Additions) Right off of permanent assets	0	0	0	0
Funds Used for Investments	**(495,792)**	**(785,110)**	**(1,193,478)**	**(786,273)**
Exchange Variation of Cash and Cash Equivalents	**(43,001)**	**(19,752)**	**(109,977)**	**(61,542)**
Cash Balance Change	**695,607**	**192,575**	**1,229,875**	**790,408**
At the Beginning of the Period	1,274,494	1,081,919	2,721,062	1,930,654
At the End of the Period	1,970,101	1,274,494	3,950,937	2,721,062

Balance Sheet - Assets

Brazilian GAAP - R$ thousand

Assets	Parent Company 31-dec-07	Parent Company 31-dec-06	Consolidated 31-dec-07	Consolidated 31-dec-06
Current Assets	**4,712,786**	**3,873,112**	**8,962,928**	**7,582,233**
Cash and Cash Equivalents	1,970,101	1,274,494	3,950,937	2,721,062
Trade Accounts Receivable	825,391	1,008,620	1,678,775	1,796,055
Taxes Recoverable	60,297	36,105	178,587	98,853
Inventories	1,374,475	1,248,248	2,693,714	2,542,793
Deferred Income Tax & Social Contrb'n	41,135	155,541	81,564	256,836
Other Securities Receivables	441,387	150,104	379,351	166,634
Long-Term Receivable	**575,039**	**540,494**	**1,020,565**	**855,201**
Deferred Income Tax & Social Contrb'n	347,336	347,336	613,578	540,972
Deposits at Law	158,767	85,213	229,741	147,592
Taxes Recoverable	34,305	16,147	107,424	40,572
Others	34,631	91,798	69,822	126,065
Permanent Assets	**10,800,225**	**9,761,535**	**10,715,256**	**10,259,583**
Investments	7,174,346	6,348,829	1,683,259	1,762,748
Property, Plant and Equipment	3,625,879	3,412,706	9,011,407	8,471,965
Deferred	-	-	20,590	24,870
Total Assets	**16,088,050**	**14,175,141**	**20,698,749**	**18,697,017**

Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP - R$ thousand

Liabilities and Shareholders' Equity	Parent Company 31-dec-07	Parent Company 31-dec-06	Consolidated 31-dec-07	Consolidated 31-dec-06
Current Liabilities	**1,805,877**	**1,647,754**	**3,700,854**	**3,175,786**
Loans and Financing and Taxes Payable in Installments	174,599	290,382	588,829	760,903
Suppliers, Subcontractors and Freight	329,899	250,299	833,796	525,044
Taxes, Charges and Payroll Taxes	305,381	193,943	641,037	388,658
Related Companies	89,489	252,108	76,928	228,747
Financial Instruments	2,808	7,185	128,563	246,907
Actuarial Liability	70,115	-	77,569	9,124
Dividends Payable	619,508	503,129	601,374	508,709
Others	214,078	150,708	752,758	507,694
Long-Term Liabilities	**1,750,425**	**2,067,461**	**4,456,927**	**5,005,160**
Loans and Financing and Taxes Payable in Installments	610,180	628,555	2,133,725	2,446,796
Related Companies	5,206	60,228	5,206	9,157
Provision for Contingencies	220,934	400,564	651,871	775,484
Actuarial Liability - Caixa	853,258	899,904	1,210,006	1,250,432
Deferred Income Tax & Social Contrb'n	59,515	64,845	260,342	254,652
Actuarial Liability - Femco	1,332	10,533	189,582	258,843
Others	-	2,832	6,195	9,796
Minority Interests	**-**	**-**	**114,078**	**98,040**
Shareholders' Equity	**12,531,748**	**10,459,926**	**12,426,890**	**10,418,031**
Capital	8,100,000	5,400,000	8,100,000	5,400,000
Reserves	1,244,331	2,557,962	1,227,978	2,502,570
Revenues from Fiscal Year	3,187,417	2,501,964	3,098,912	2,515,461
Total Liabilities and Shareholders' Equity	**16,088,050**	**14,175,141**	**20,698,749**	**18,697,017**

Sales Volume Breakdown - Consolidated

Thousand tons	4Q 2007		4Q 2006		3Q 2007		Chg. 4Q07/4Q06	2007		2006		Chg. 2007/2006
TOTAL SALES	**1,980**	**100%**	**1,992**	**100%**	**2,095**	**100%**	**-1%**	**7,990**	**100%**	**7,945**	**100%**	**1%**
Heavy Plates	**486**	25%	**472**	24%	**478**	23%	**3%**	**1,914**	24%	**1,744**	22%	**10%**
Hot Coils/Sheets	**624**	32%	**507**	25%	**598**	29%	**23%**	**2,296**	29%	**2,173**	27%	**6%**
Cold Coils/Sheets	**464**	23%	**513**	26%	**527**	25%	**-10%**	**2,049**	26%	**2,015**	25%	**2%**
Electrogalvanized Coils	**70**	4%	**61**	3%	**68**	3%	**15%**	**268**	3%	**241**	3%	**11%**
Hot Dip Galvanized Coils	**99**	5%	**102**	5%	**91**	4%	**-3%**	**390**	5%	**406**	5%	**-4%**
Processed Products	**65**	3%	**77**	4%	**81**	4%	**-16%**	**286**	4%	**315**	4%	**-9%**
Slabs	**172**	9%	**260**	13%	**252**	12%	**-34%**	**787**	10%	**1,051**	13%	**-25%**
DOMESTIC MARKET	**1,603**	**81%**	**1,344**	**67%**	**1,616**	**77%**	**19%**	**6,113**	**77%**	**5,288**	**67%**	**16%**
Heavy Plates	**342**	17%	**331**	17%	**409**	20%	**3%**	**1,522**	19%	**1,077**	14%	**41%**
Hot Coils/Sheets	**589**	28%	**453**	23%	**551**	23%	**30%**	**2,079**	28%	**1,912**	24%	**9%**
Cold Coils/Sheets	**427**	22%	**353**	18%	**418**	20%	**21%**	**1,585**	20%	**1,438**	18%	**10%**
Electrogalvanized Coils	**57**	3%	**47**	2%	**57**	3%	**21%**	**218**	3%	**195**	2%	**12%**
Hot Dip Galvanized Coils	**91**	5%	**82**	4%	**88**	4%	**11%**	**360**	5%	**328**	4%	**10%**
Processed Products	**44**	2%	**42**	2%	**50**	2%	**5%**	**180**	2%	**176**	2%	**2%**
Slabs	**53**	3%	**36**	2%	**43**	2%	**47%**	**169**	2%	**162**	2%	**4%**
EXPORTS	**377**	**19%**	**648**	**33%**	**479**	**23%**	**-42%**	**1,877**	**23%**	**2,657**	**33%**	**-29%**
Heavy Plates	**144**	5%	**141**	7%	**69**	3%	**2%**	**392**	5%	**667**	8%	**-41%**
Hot Coils/Sheets	**35**	2%	**54**	3%	**47**	2%	**-35%**	**217**	3%	**261**	3%	**-17%**
Cold Coils/Sheets	**37**	2%	**160**	8%	**109**	5%	**-77%**	**464**	6%	**577**	7%	**-20%**
Electrogalvanized Coils	**13**	1%	**14**	1%	**11**	1%	**-7%**	**50**	1%	**46**	1%	**9%**
Hot Dip Galvanized Coils	**8**	0%	**20**	1%	**3**	0%	**0%**	**30**	0%	**78**	1%	**0%**
Processed Products	**21**	1%	**35**	2%	**31**	1%	**-40%**	**106**	1%	**139**	2%	**-24%**
Slabs	**119**	11%	**224**	11%	**209**	10%	**-47%**	**618**	11%	**889**	11%	**-30%**

Net Revenues per tonne - USIMINAS + COSIPA

R$ / t.	4Q 07	3Q 07	2Q 07	1Q 06	4Q 06	3Q 06	2Q 06	1Q 05
Total	**1,666**	**1,667**	**1,628**	**1,593**	**1,567**	**1,537**	**1,419**	**1,379**
Heavy Plates	**1,887**	**2,017**	**1,942**	**1,888**	**1,823**	**1,644**	**1,591**	**1,645**
Hot Coils/Sheets	**1,455**	**1,467**	**1,361**	**1,347**	**1,354**	**1,356**	**1,294**	**1,239**
Cold Coils/Sheets	**1,720**	**1,679**	**1,593**	**1,557**	**1,601**	**1,633**	**1,550**	**1,485**
Electrogalvanized Coils	**2,076**	**2,104**	**2,072**	**2,068**	**2,004**	**2,089**	**1,987**	**1,943**
Hot Dip Galvanized Coils	**2,161**	**2,210**	**2,120**	**2,106**	**2,044**	**2,069**	**1,934**	**1,861**
Processed Products	**1,972**	**1,933**	**1,834**	**1,939**	**1,876**	**1,996**	**1,812**	**1,766**
Slabs	**774**	**798**	**780**	**829**	**851**	**955**	**656**	**692**

Sectorial Sales - Consolidated

Thousand tonnes	4Q 07		4Q 06		3Q 07		Chg. 4Q07/4Q06
Domestic Market	**1,603**	**100%**	**1,344**	**100%**	**1,615**	**100%**	**19%**
Auto	**217**	14%	**168**	12%	**208**	13%	**29%**
Autoparts	**278**	17%	**225**	17%	**320**	20%	**24%**
Shipbuilding	**9**	1%	**14**	1%	**17**	1%	**-33%**
Line Pipes	**98**	6%	**106**	8%	**109**	7%	**-8%**
Small Diameter Pipes	**126**	8%	**112**	8%	**103**	6%	**13%**
Packaging	**28**	2%	**20**	2%	**24**	1%	**38%**
Household Appliances	**33**	2%	**31**	2%	**32**	2%	**4%**
Civil Construction	**93**	6%	**76**	6%	**89**	6%	**23%**
Electrical Equipment	**74**	5%	**54**	4%	**71**	4%	**35%**
Distributors	**372**	22%	**301**	22%	**358**	22%	**24%**
Industrial Equipment	**68**	4%	**67**	5%	**75**	5%	**2%**
Others	**207**	13%	**170**	13%	**209**	13%	**22%**

Market Share - Usiminas System (*)

(% volume)

	2007 (*)	2006 (*)	2005 (*)	2004 (*)	2003 (*)
DOMESTIC MARKET	**52%**	**52%**	**53%**	**55%**	**60%**
Auto	**59%**	59%	59%	55%	62%
Autoparts	**61%**	62%	59%	62%	67%
Shipbuilding	**100%**	100%	100%	100%	100%
Electrical Equipment	**73%**	65%	66%	63%	58%
Household Appliances	**35%**	38%	33%	36%	44%
Line Pipes	**88%**	98%	94%	98%	95%
Small Diameter Pipes	**39%**	54%	54%	60%	68%
Packaging	**14%**	13%	14%	15%	16%
Civil Construction	**35%**	40%	44%	48%	58%
Distributors	**44%**	42%	44%	51%	59%

(*) Defined by USIMINAS, Cosipa, CSN and Arcelor Mittal markets.
Source: IBS

Loans and Financing by Index - Consolidated

R$ million	31-dec-07 Short Term	Long Term	TOTAL	31-dec-06 TOTAL	Chg. Dec06/Dec07
Foreign Currency (*)	457,131	1,567,863	**2,024,994**	2,555,308	-21%
IGP-M	0	0	**0**	116,553	-100%
TJLP	87,103	435,494	**522,597**	373,043	40%
Others	19,683	8,616	**28,299**	14,202	99%
Sub-Total	**563,917**	**2,011,973**	**2,575,890**	**3,059,106**	-16%
Debentures	0	0	**0**	0	0%
Sub-Total	563,917	2,011,973	**2,575,890**	3,059,106	-16%
Taxes Payable in Installments	24,912	121,752	**146,664**	148,593	-1%
TOTAL	**588,829**	**2,133,725**	**2,722,554**	**3,207,699**	-15%
FEMCO	1,530	275,217	**276,747**	273,417	1%
TOTAL DEBT	**590,359**	**2,408,942**	**2,999,301**	**3,481,116**	-14%
Cash and Cash Equivalents			**3,950,937**	**2,721,062**	45%
NET DEBT			**(951,636)**	**760,054**	-225%

(*) 93,9462536679121% of total foreign currency is denominated in US dollars

Financial Income - Consolidated

R$ million	4Q 2007	4Q 2006	3Q 2007	Chg. 4Q07/4Q06	2007	2006	Chg. 2007/2006
Monetary Effects	(17,428)	(17,024)	(9,055)	2%	(71,664)	(55,208)	30%
Exchange Variation	60,443	42,704	45,866	42%	262,126	179,678	46%
Hedge Income (Expenses)	(14,936)	(33,568)	(14,877)	-56%	(95,704)	(276,371)	-65%
Interest on Loans, Financing, ACC's and Pre-Payment	(63,545)	(68,493)	(49,426)	-7%	(225,196)	(281,369)	-20%
Financial Income	111,587	63,298	81,806	76%	384,179	247,526	55%
Other Financial Expenses	(165,124)	(31,576)	(41,432)	423%	(259,971)	(146,059)	78%
NET INTEREST INCOME	**(89,003)**	**(44,659)**	**12,882**	**99%**	**(6,230)**	**(331,803)**	**-98%**