

SISTEMA
USIMINAS



WEBCAST | Fourth Quarter 2007 Earnings

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Disclaimer

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

CONSOLIDATED RESULTS

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.

ECONOMY OVERVIEW - 2007

BRAZIL

Positive performance of the Brazilian economy - GDP increased 5.4%

Consumption power increase



- income expansion
- interest rate reduction
- credit expansion

WORLD

US: Spillover effects of mortgage crisis on economy.
Uncertainty may contaminate other sectors.

Performance of emerging economies was a highlight.
China and India will continue leveraging world economic growth.

DEMAND FOR FLAT STEEL IN 2007

BRAZIL

Demand growth of 18%, highlighting:

Auto sector: → record vehicle production (2.97 million - Anfavea data).

Large-diameter Pipes → continuation of oil and gas sector projects.

Appliances → favored by expansion in credit and income.

Shipping, Machines and Industrial and Civil Construction Equipment → investment increase.

“Consumption dynamics and investment increase pave way for further demand expansion”

WORLD

US → recovery at the end of 2007.

Europe → economic activity favors demand - Euro appreciation

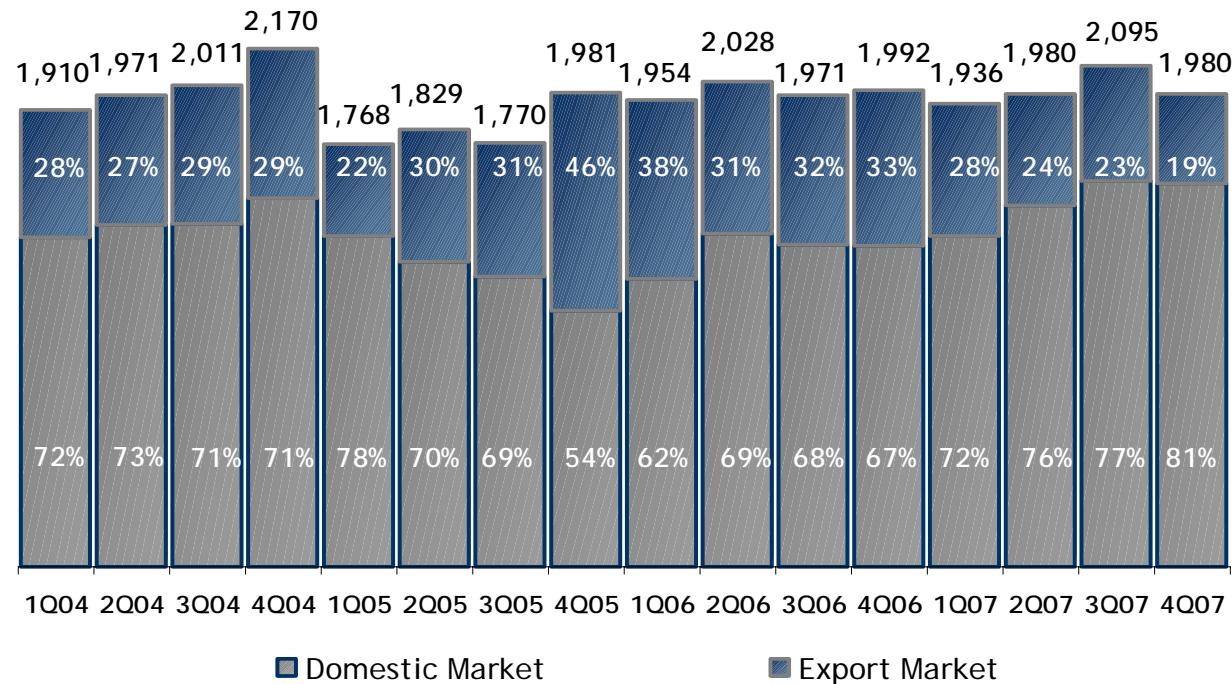
China → rising production and demand, although at lower pace

BRIC block → strong demand from emerging countries

“Global demand and increase in raw material prices to sustain prices at high levels for all of the steel products”

CONSOLIDATED SALES

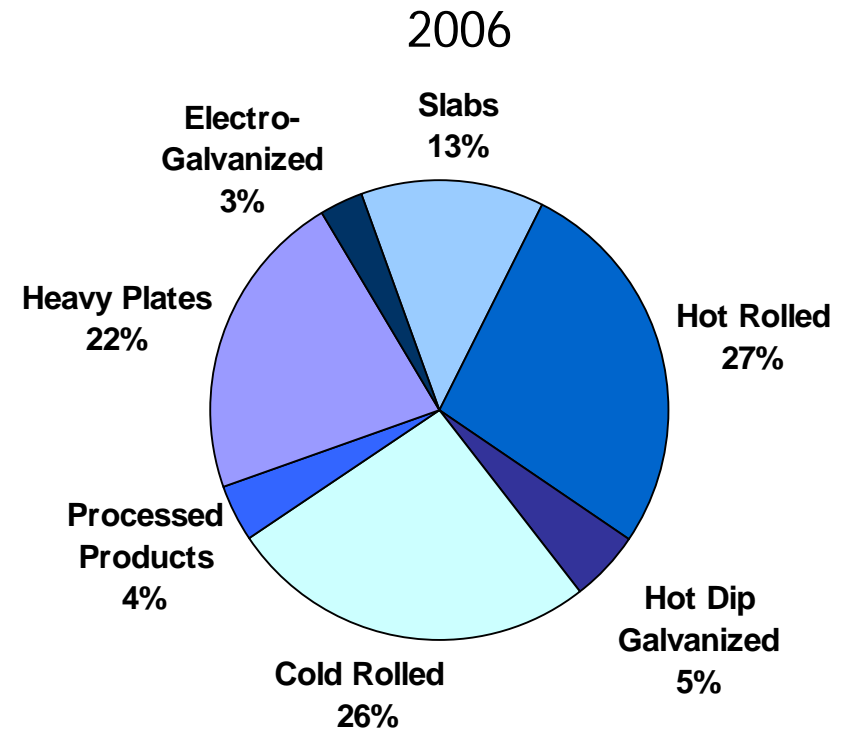
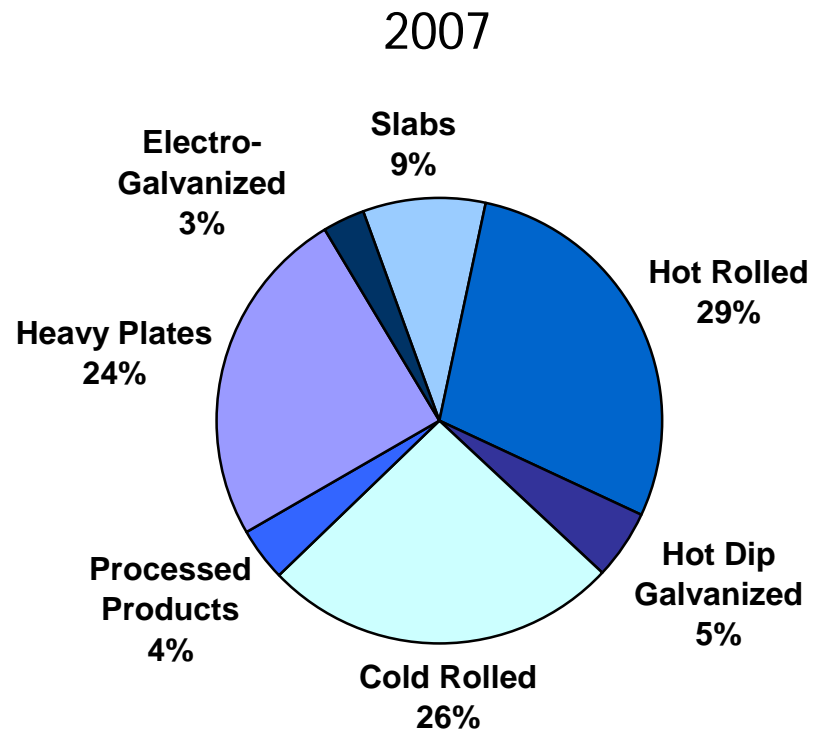
Consolidated Sales (000 t)



- In 4Q07: 1.98 MMt, stable from 4Q06.
- Domestic sales: up 19% from 4Q06.
- Exports: down 42% from 4Q06.
- 2007: 8.0 MMt, up 1% from 2006.
Larger volume to domestic market (+16%).

“Stable sales and focus on domestic market. Market share of 52% was maintained.”

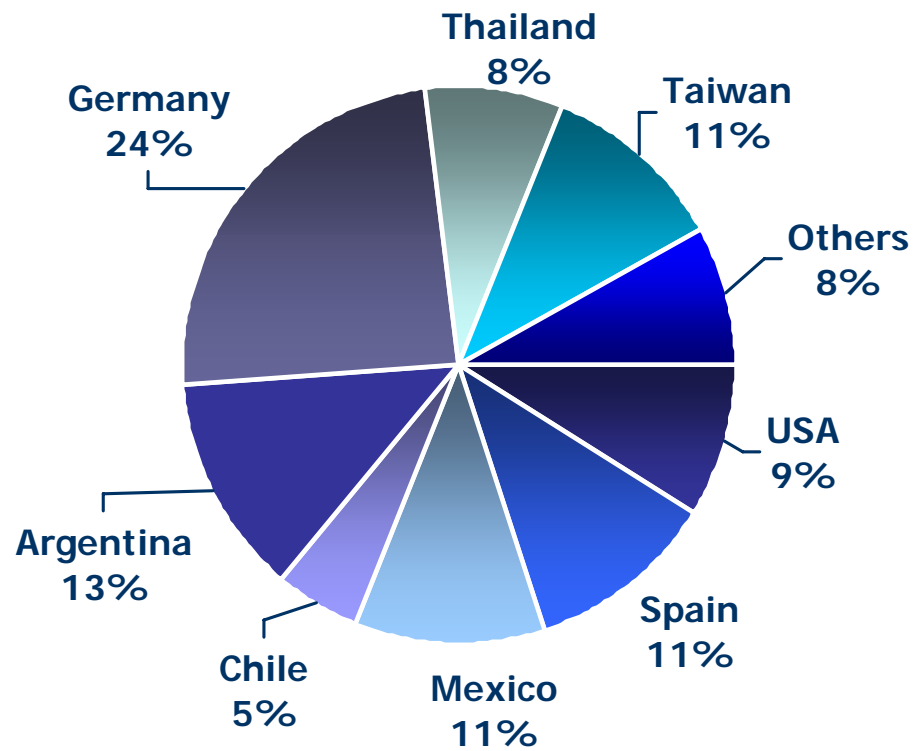
SALES MIX BY PRODUCT



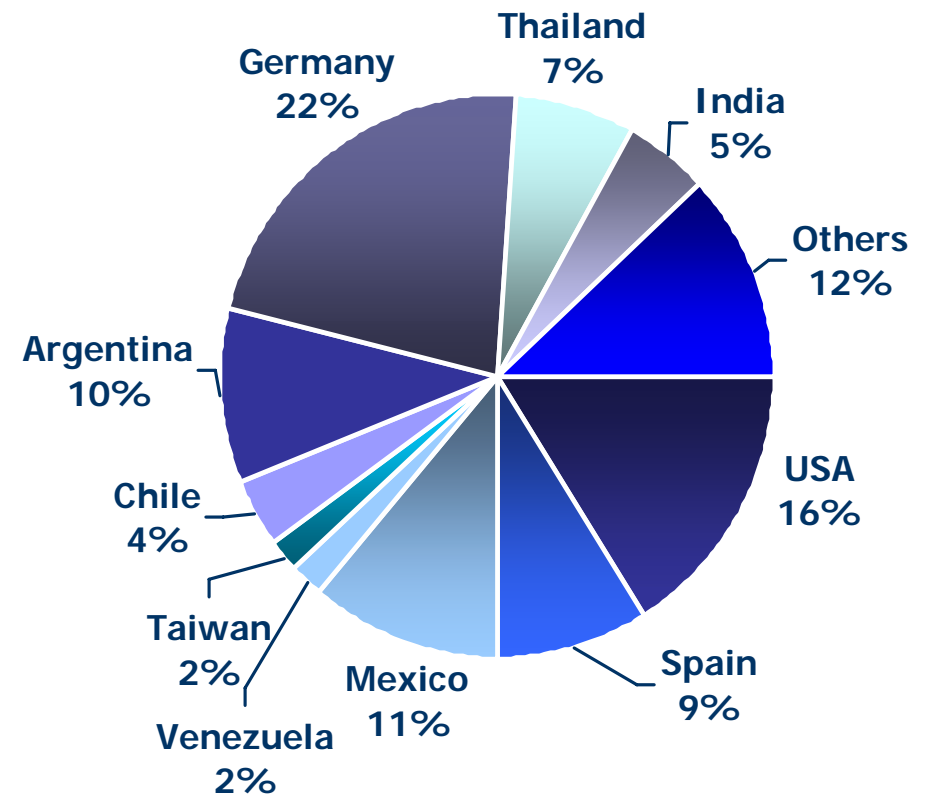
"Improvement in product mix"

EXPORTS

4Q07

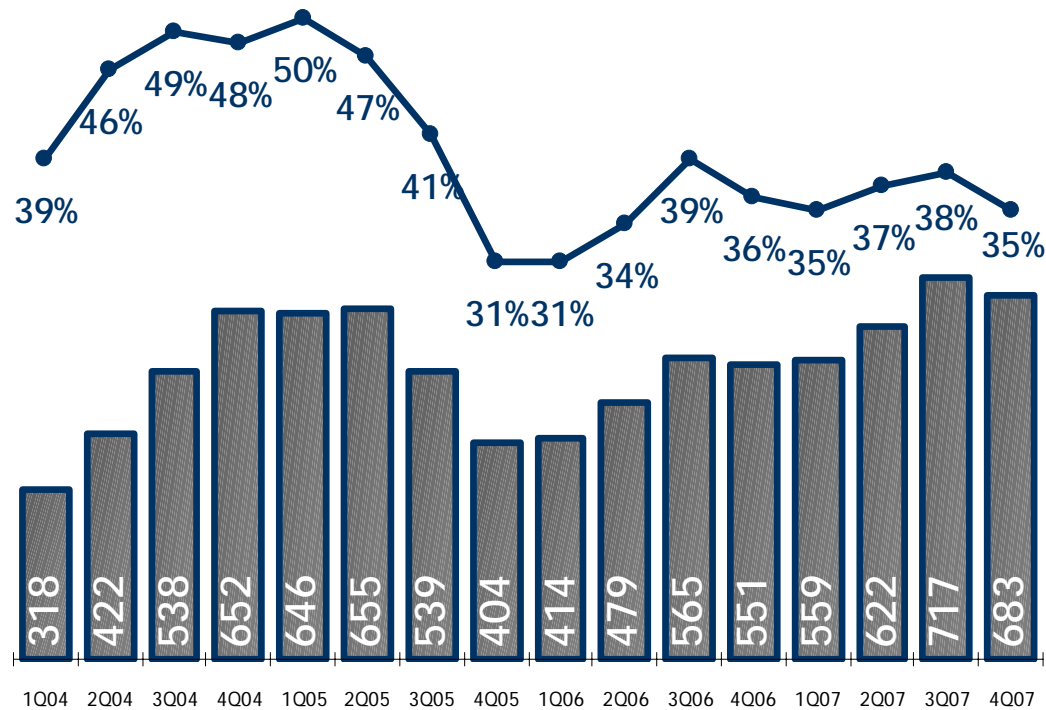


2007



CONSOLIDATED EBITDA

EBITDA & EBITDA Margin

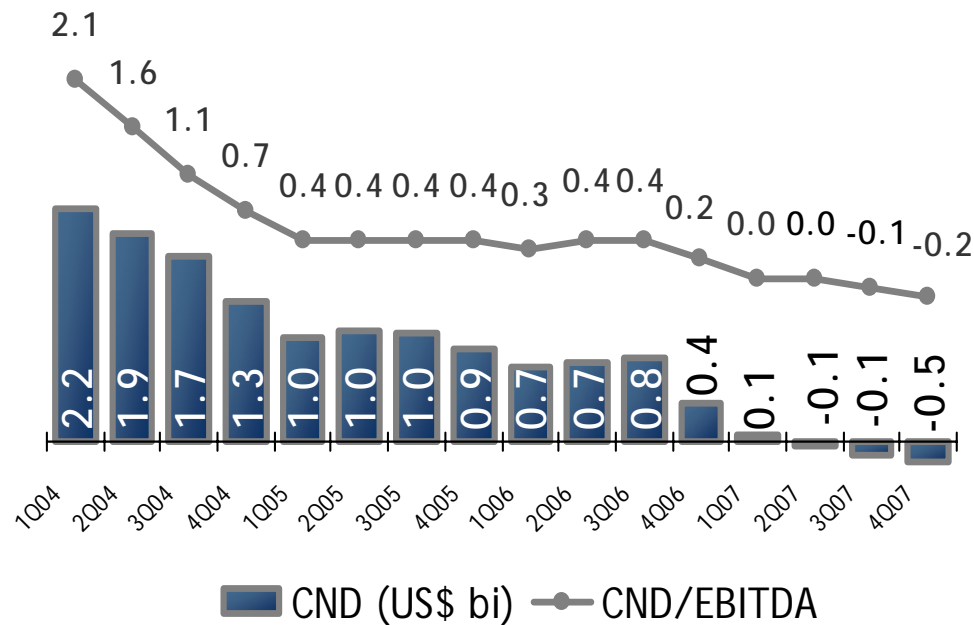


- EBITDA totaled R\$ 1.2 billion (US\$ 683 million) in 4Q07, up 3% from 4Q06.
- EBITDA in 2007 amounted to R\$ 5.0 billion (US\$ 2.6 billion), up 15% from 2006.
- EBITDA margin of 35% in 4Q07 and 36% in 2007, up 1 p.p. from 2006.

■ EBITDA (US\$ million) —●— EBITDA Margin

CONSOLIDATED NET DEBT

Consolidated Net Debt / EBITDA



- Debt profile:

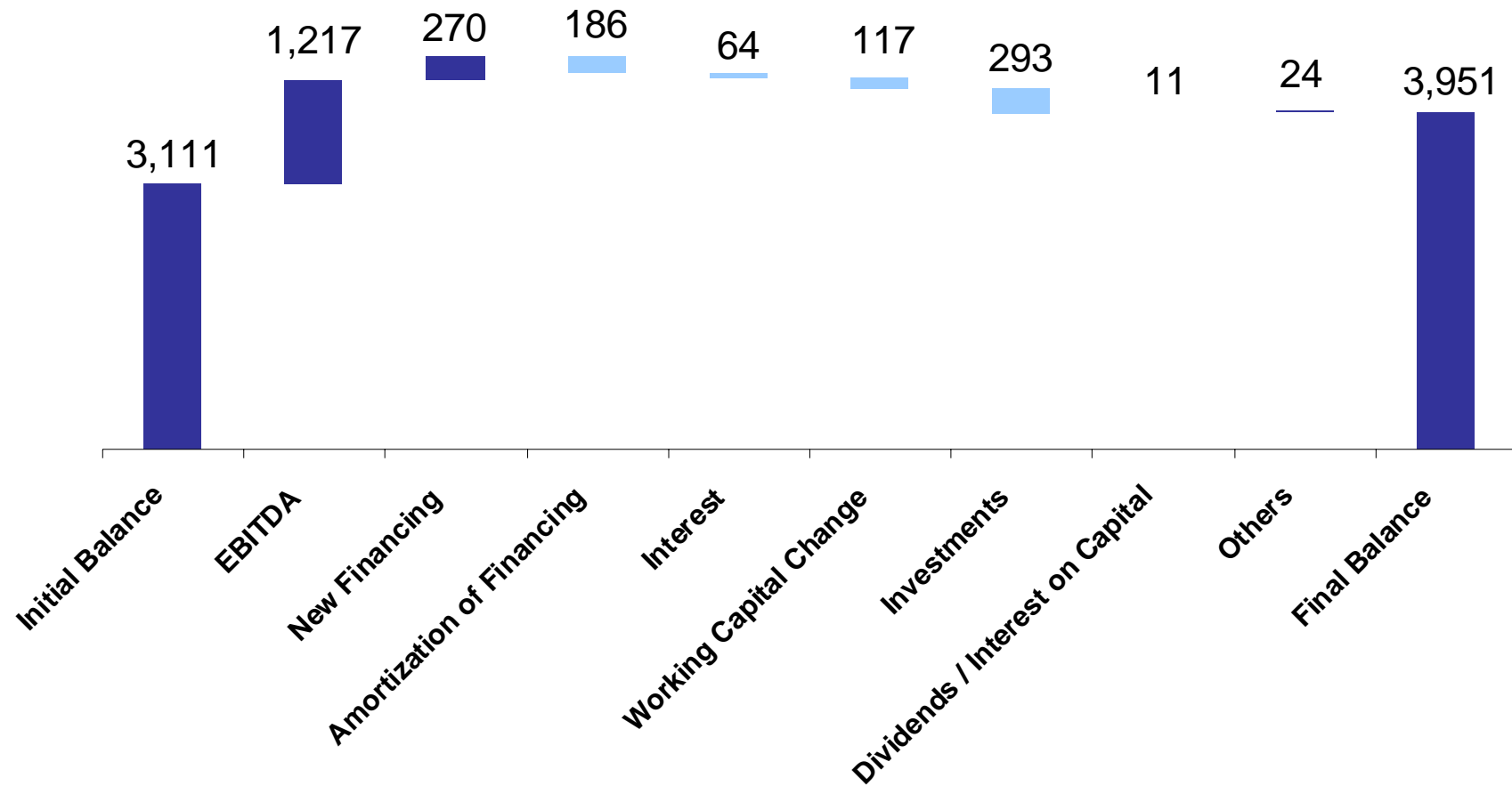
20% due in short term
80% due in long term

- Debt by currency:

Local: 32%
Foreign: 68%

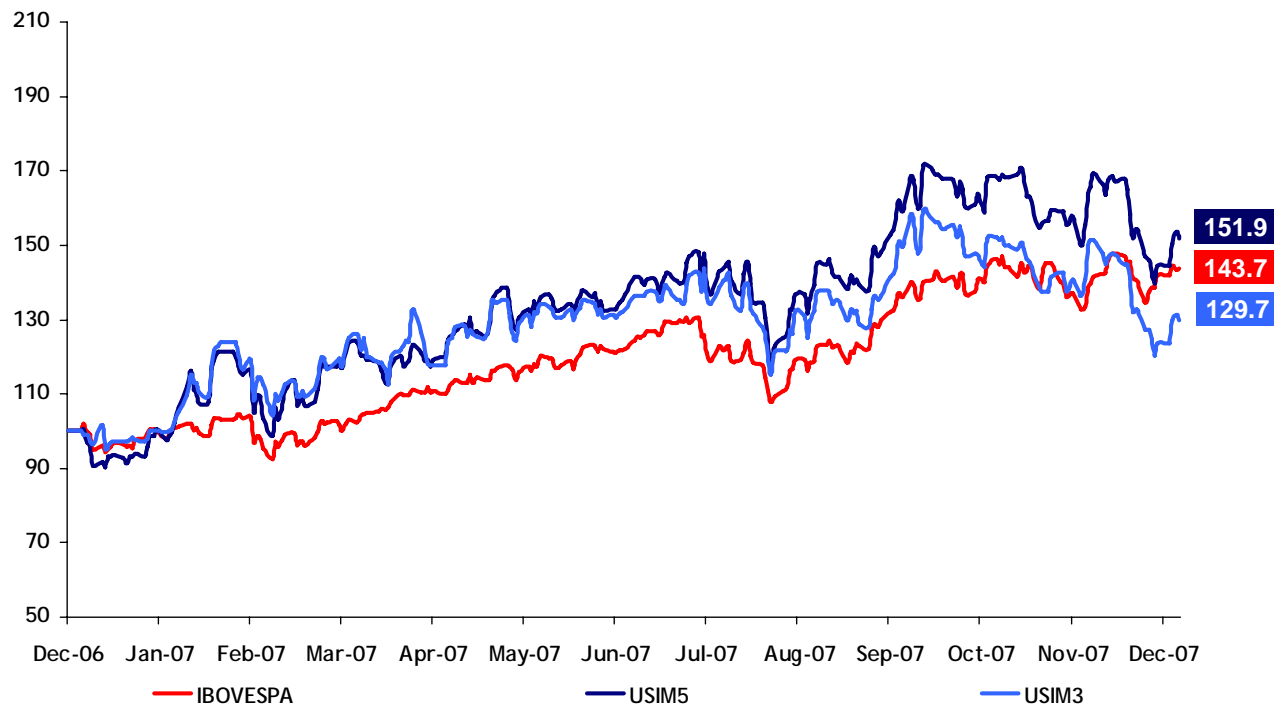
“New funding arranged for the Investment Plan and consequent leverage increase”

4Q07 CONSOLIDATED CASH FLOW Brazilian GAAP - R\$ million



STOCK PERFORMANCE

USIM5 and USIM3 vs Ibovespa
From 12/28/2006 to 12/28/2007



**ADR
Level I**



- PNA and ON shares rose 52% and 30% in 2007, respectively, while the Bovespa Index appreciated 44% in the same period.
- PNA shares continues the 4th most traded on the Bovespa.
- One of the most traded shares (by volume) on Latibex.

OUTLOOK FOR STEEL INDUSTRY

Brazil

IBS estimates demand growth - between 9% and 10%

World

Favorable, despite increase in main raw material prices.

Difficulties in supply of raw materials and unbalanced supply/demand point towards upward trend in steel prices

Usiminas

Sales of 8.0 million tons in 2008.

- Sales mix: 80% domestic market and 20% export market.
- Market leader.
- Price adjustment in domestic market to compensate increase in raw material costs.
- Strengthening in investments - estimate of US\$ 1.25 billion in 2008.
- Investments in J. Mendes mine.

OTHER HIGHLIGHTS

- Announcement of acquisition of mining assets - J.Mendes.
- Extension of energy supply contract with CEMIG until 2014.
- Contract signing with Mitsubishi Corporation for supply of new hot-strip mill for the Cubatão plant, worth US\$ 1 billion.
- Distribution of interest on equity and complementary dividends of R\$ 610.3 million. Total amount distributed - R\$ 1.1 billion - representing pay-out of 35%.
- Capital increase with stock dividend - 50% for each existing share.

For further information: Investor Relations

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