



Net income reaches R\$ 887 million with strong cash generation

Belo Horizonte, August 11, 2004 - Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY) announced today its second quarter 2004 results. Operational and financial information of the Company, except where otherwise indicated, is presented based on consolidated data in Brazilian *reais* in accordance with Corporate Law. All comparisons made in this release take into consideration the same period in 2003, except when specified differently.

HIGHLIGHTS

Sales and Revenues

Within a context of favorable demand in both domestic and foreign markets, Usiminas System sales volume reached 2 million tonnes in 2Q04 and accumulated 3.9 million tonnes in the first half of 2004, a 3% increase over 1H03. With better prices, net sales revenues grew 31% in 2Q04 and 21% in 1H04, totaling R\$ 5.1 billion in the period.

EBITDA

EBITDA totaled R\$ 1.3 billion in 2Q04 and R\$ 2.2 billion in 1H04, a 34% growth. EBITDA margin reached 46% in 2H04 against 39% registered in 1Q04. The figure was positively affected by an increase in average price and higher sales volume, which compensated raw materials cost increases.

Debt

Strong cash generation in the first half enabled Usiminas to lower total consolidated debt by R\$ 873 million, practically meeting its reduction goal for the year. The net consolidated debt/EBITDA rate decreased from 2.0x in 1Q04 to 1.7x in 2Q04, evidencing the Company's focus on strengthening its financial position.

Net Income

Consolidated net income grew 13% and reached R\$ 528 million in 2Q04. In the first half, consolidated net income totaled R\$ 887 million, an 8% growth. The positive performance was the result of the Company's good operational and sales performance, the favorable situation in the steel industry, as well as its good financial management in a period when adverse exchange variations occurred.

Outlook

The outlook for the industry in the coming months indicates maintenance of favorable conditions for direct and indirect exports, reinforced by heated foreign demand and by a competitive exchange rate. Based on the performance in 2Q04 and the trends for the coming months, we estimate an expansion of approximately 8% in domestic market flat-rolled steel demand in 2004, in keeping with the IBS (Brazilian Steel Institute).

Highlights

| R\$ million | 2Q 2004 | 2Q 2003 | 1Q 2004 | % Chg. 2Q/2Q | 1H 2004 | 1H 2003 | %Chg. |
|-----------------------------|---------|---------|---------|-----------------|---------|---------|-------|
| Total Sales Volume (000 t.) | 1,971 | 1,939 | 1,910 | 2 | 3,881 | 3,769 | 3 |
| Net Revenues | 2,771 | 2,114 | 2,365 | 31 | 5,136 | 4,234 | 21 |
| Gross Profit | 1,316 | 762 | 936 | 73 | 2,252 | 1,637 | 38 |
| EBIT ^a | 1,142 | 629 | 781 | 82 | 1,924 | 1,387 | 39 |
| Financial Result | (339) | 60 | (253) | - | (592) | (111) | - |
| Net Income | 528 | 468 | 358 | 13 | 887 | 824 | 8 |
| EBITDA ^b | 1,285 | 761 | 921 | 69 | 2,206 | 1,649 | 34 |
| EBITDA (R\$/t) | 652 | 392 | 482 | 66 | 569 | 438 | 30 |
| Total Assets | 15,976 | 14,859 | 15,799 | 8 | 15,976 | 14,859 | 8 |
| Net Debt | 6,052 | 7,367 | 6,330 | -18 | 6,052 | 7,367 | -18 |
| Stockholders' Equity | 4,886 | 3,858 | 4,358 | 27 | 4,886 | 3,858 | 27 |

(a) Earnings before interest, tax and participations.

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

FOR IMMEDIATE RELEASE

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Market, Production and Sales

Brazilian crude steel production reached 8.2 million tonnes in 2Q04 and totaled 16.2 million tonnes in the first half, 5.5% above that of 1H03. Flat-rolled production during the first half of 2004 increased 11.2%

Domestic flat steel demand totaled 4.8 million tonnes in 1H04, 5.3% greater than the same period in 2003. Export-oriented companies accounted for a large part of the improved performance, raising the demand for value-added products, such as galvanized and cold rolled steel products.

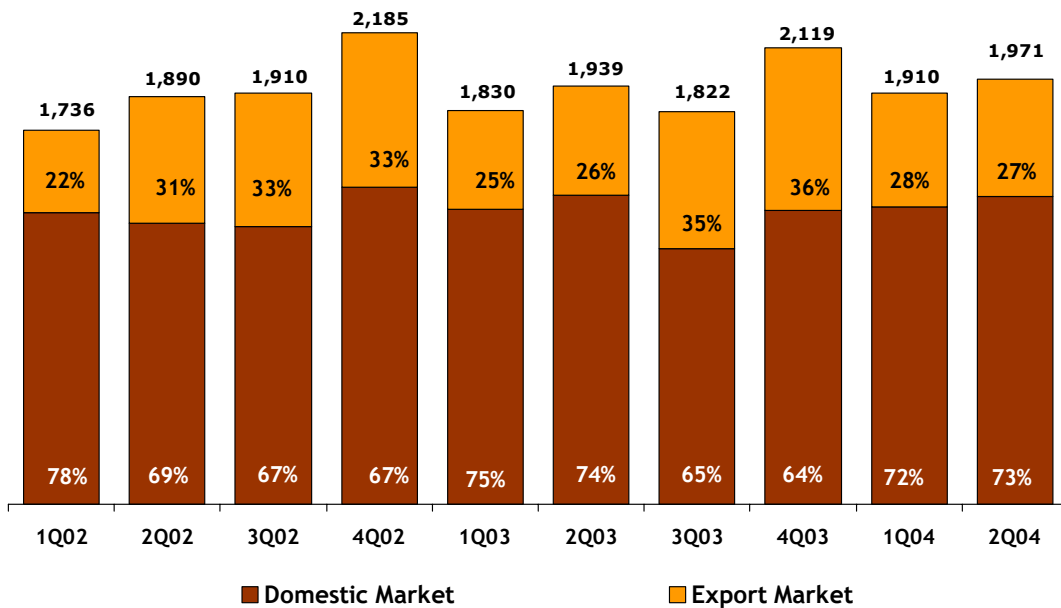
Brazilian flat rolled exports reached 1.1 million tonnes in 2Q04, with a total of 1.9 million tonnes in the half. Attractive conditions in the international market (high demand and prices) motivated the 31.3% growth in flat rolled shipments between 1H03 and 1H04.

The Usiminas System processed 2.2 million tonnes of crude steel in 2Q04, maintaining the production of its mills at full capacity. Accumulated first half production grew 3% at 4.4 million tonnes of crude steel.

Production (Crude Steel)

| Thousand tonnes | 2Q04 | 2Q03 | 1Q04 | % Chg. 2Q/2Q | % Chg. 2Q/1Q | 1H 2004 | 1H 2003 | %Chg. |
|-----------------|-------|-------|-------|-----------------|-----------------|---------|---------|-------|
| Usiminas | 1,183 | 1,165 | 1,165 | 2 | 2 | 2,348 | 2,295 | 2 |
| Cosipa | 1,037 | 1,050 | 1,059 | -1 | -2 | 2,096 | 2,002 | 5 |
| Total | 2,220 | 2,215 | 2,224 | 0 | 0 | 4,444 | 4,297 | 3 |

Consolidated Sales (000 t.)



Galvanized products and heavy plates are highlights in the first half

Good performance in the auto and electrical equipment segments stimulated sales of galvanized products and the shipbuilding segment demanded more heavy plate. Electrogalvanized shipments totaled 128 thousand tonnes in 1H04, 25% above that in 1H03. On the other hand, sales of heavy plate totaled 851 thousand tonnes, an increase of 11% over 1H03.



In line with its strategic planning, parent company Usiminas raised its ratio of sales in the domestic market from 81% in 1Q04 to 84% in 2Q04, guaranteeing supply to its domestic customers. On the other hand, subsidiary Cosipa intensified exports, taking advantage of favorable international market conditions. In terms of the System, the level of 1.4 million tonnes earmarked for the domestic market was maintained, accounting for 73% of consolidated sales volume.

Flat rolled domestic market share for the Usiminas System in 1H04 was 56%, which maintained its leadership in the main product segments.

The System's exports grew 7% in 2Q04 and reached 542 thousand tonnes. Accumulated export shipments in the first half totaled 1.1 million tonnes, an 11% growth. Sales mix for export improved with a greater share of heavy plate, electrogalvanized and hot dip galvanized products and a decrease in slab shipments.

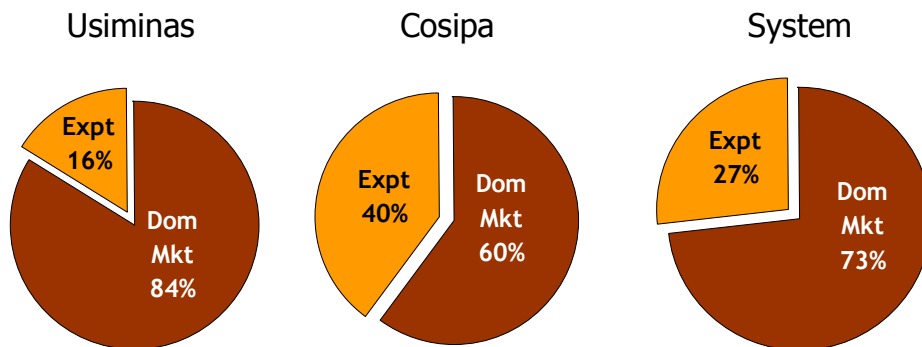
Sales Volume

| Thousand tonnes | 2Q04 | % | 2Q03 | % | 1Q04 | % | Chg. 2Q/2Q | 1H04 | % | 1H03 |
|-----------------|--------------|------------|--------------|------------|--------------|------------|------------|--------------|------------|--------------|
| Usiminas | | | | | | | | | | |
| Domestic Market | 864 | 84 | 846 | 84 | 833 | 81 | 2% | 1,697 | 82 | 1,666 |
| Export Market | 167 | 16 | 157 | 16 | 198 | 19 | 6% | 366 | 18 | 358 |
| Total | 1,031 | 100 | 1,004 | 100 | 1,031 | 100 | 3% | 2,063 | 100 | 2,024 |
| Cosipa | | | | | | | | | | |
| Domestic Market | 565 | 60 | 584 | 63 | 546 | 62 | -3% | 1,111 | 61 | 1,132 |
| Export Market | 374 | 40 | 350 | 37 | 333 | 38 | 7% | 707 | 39 | 613 |
| Total | 939 | 100 | 934 | 100 | 879 | 100 | 1% | 1,818 | 100 | 1,745 |
| System | | | | | | | | | | |
| Domestic Market | 1,429 | 73 | 1,431 | 74 | 1,379 | 72 | 0% | 2,808 | 72 | 2,798 |
| Export Market | 542 | 27 | 507 | 26 | 531 | 28 | 7% | 1,073 | 28 | 971 |
| Total | 1,971 | 100 | 1,938 | 100 | 1,910 | 100 | 2% | 3,881 | 100 | 3,769 |

Exports accounted for 27% of sales volume in 2Q04

Sales destined for export accounted for 27% of total sales volume of the Usiminas System in 2Q04 and 28% of the total in 1H04. Geographic distribution of sales showed a decrease in sales to China, re-directing products to other markets, such as the USA, which is returning to its traditional volume levels.

Sales Volume Mix - 2Q04





Net Revenues

Consolidated net revenues grew 31% and reached R\$ 2.8 billion in 2Q04. In the first half, growth was 21%, totaling R\$ 5.1 billion. Net per-tonne revenues grew from R\$ 1,123 in 1H03 to R\$ 1,323 in 1H04, an increase of 18%.

Favorable revenue performance was a consequence of positive factors, both domestically and abroad. The strong increase in international prices and the appreciation of the dollar against the *real* in 2Q04 expanded revenues in *reals* for exports. On the domestic market, firm industrial demand from export-oriented industries and agribusiness allowed for the reduction of the lag between domestic and export prices.

Gross Profit

Gross profit reached R\$ 1.3 billion in 2Q04 and totaled R\$ 2.3 billion in 1H04, growing 73% and 38%, over the respective periods in the previous year.

Gross margin jumped to 47% in 2Q04 from 36% in 2Q03, reflecting the good sales performance, in spite of increases in costs of raw materials in 2Q04. Average per-tonne cost increased 8% going from R\$ 689 in 1H03 to R\$ 743 in 1H04.

Operating Profit

Sales expenses increased 67% in the quarter as a consequence of the increase in exports. EBIT reached R\$ 1.1 billion in 2Q04 and R\$ 1.9 billion in the first half. EBIT margin went from 33% in 1H03 to 37% in 1H04.

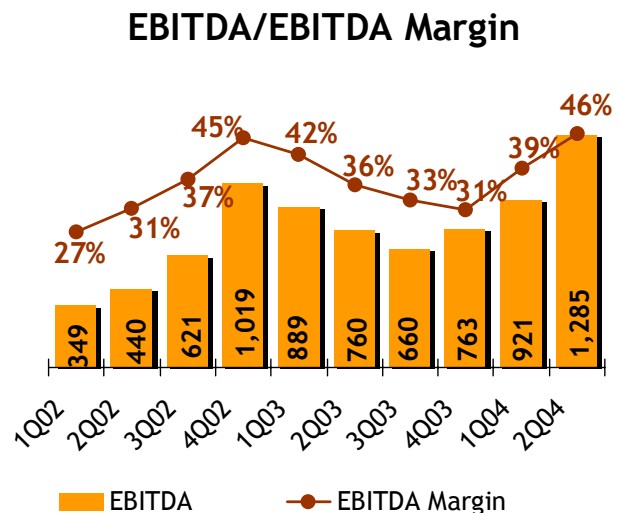
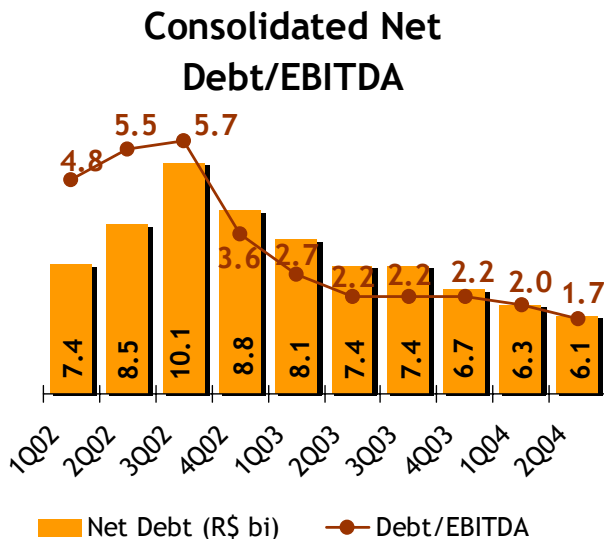
EBITDA reached a record high of R\$ 1.3 billion in 2Q04, 69% above that achieved in the same period of the previous year. EBITDA margin was 46%, also a record high, as can be seen in the graph below.

In 2Q04 EBITDA and EBITDA margin were records highs

Financial Results and Debt

Net financial expenses went from R\$ 111 million in 1H03 to R\$ 592 million in 1H04. The difference is basically explained by exchange variations in both periods. In 1H03, the *real* appreciated by 19%, approximately R\$ 350 million. On the other hand, in 1H04, the dollar appreciated by 8%, resulting in negative net variations of R\$ 267 million.

Effective debt reduction of the Company in 1H04 was R\$ 873 million, with amortization of R\$ 2.2 billion and takedowns of R\$ 1.4 billion. This practically achieved the annual goal in 2004.



The net consolidated debt to EBITDA ratio went from 2.0x in 1Q04 to 1.7x in 2Q04.



Net Income

Consolidated net income reached R\$ 528 million in 2Q04. In the half, consolidated net income totaled R\$ 887 million, an 8% growth. The positive performance was the result of the Company's good operational and sales performance, the favorable situation in the steel industry and also its good financial management in a period when adverse exchange variations occurred.

Investments

Funds earmarked for investment in the Usiminas System totaled R\$ 86 million in 2Q04 and R\$ 127 million in the half. Outlays of approximately R\$ 300 million are forecast for the second half, continuing its production improvement projects, maintenance and small equipment repairs in both mills.

Outlook

The outlook for the industry in the coming months indicates maintenance of favorable conditions for direct and indirect exports, reinforced by heated foreign demand and by a competitive exchange rate. Domestic steel demand should continue to be driven by export-oriented sectors and the continued recovery of the level of industrial activity in Brazil.

The industrial sector, which grew 7.7% in the first half of 2004 according to IBGE (Brazilian Geography and Statistics Institute), has been showing confidence in its sustainable expansion. The automotive segment, for example, expects to produce up to 2.1 million vehicles in 2004, breaking the historic record set in 1997. This volume, in fact, surpasses ANFAVEA's (the Brazilian Association of Automobile Manufacturers) initial production forecasts of 1.9 million vehicles per year.

Based on the performance in 2Q04 and the trends for the coming months, we estimate an expansion of approximately 8% in domestic market flat-rolled steel demand in 2004, according to the IBS (Brazilian Steel Institute).

Conference Call: Friday, August 13, 2004

Local, at 9:30 AM (Brasília time).

Telephones for connection
Brazil: (11) 4613-0500
Abroad: (55 11) 4613-4520

International, at 11:00 AM (Brasília time).

Telephones for connection:
US: (1 800) 860-2442
Brazil: (11) 4613-0502
Other countries: (1 412) 858-4600

Pin numbers: **655** (local)
 792 (international)

The conference call audio and slides will be transmitted live on the Internet at website: www.usiminas.com.br

Declarations contained in this release relative to the business outlook of the Company, forecasts of operational and financial results 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.

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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.

Attachment 1 - Financial Statements

Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

| R\$ thousand | 2Q 2004 | 2Q 2003 | 1Q 2004 | %Chg. 2Q/2Q |
|---|-----------------|-----------------|-----------------|-------------------|
| Net Revenues | 1,501,566 | 1,198,462 | 1,306,787 | 25 |
| Domestic Market | 1,224,659 | 1,025,303 | 1,081,993 | 19 |
| Export Market | 276,907 | 173,159 | 224,794 | 60 |
| COGS | (805,177) | (750,878) | (734,025) | 7 |
| Gross Profit | 696,389 | 447,584 | 572,762 | 56 |
| <i>% Gross Margin</i> | 46% | 37% | 44% | + 9 p.p. |
| Operating Income (Expenses) | (78,507) | (67,928) | (64,039) | 16 |
| Selling | (28,449) | (13,608) | (20,645) | 109 |
| General and Administrative | (28,548) | (23,698) | (21,630) | 20 |
| Other, Net | (21,510) | (30,622) | (21,764) | -30 |
| EBIT | 617,882 | 379,656 | 508,723 | 63 |
| <i>% EBIT Margin</i> | 41% | 32% | 39% | + 9 p.p. |
| Financial Result | (92,039) | (14,551) | (81,964) | |
| Financial Income | 58,651 | (59,526) | 21,280 | |
| Financial Expenses | (150,690) | 44,975 | (103,244) | |
| Equity Income | 196,931 | 198,348 | 80,327 | |
| Operating Profit | 722,774 | 563,453 | 507,086 | |
| Non-Operating Income | (1,895) | 2,385 | (4,810) | |
| Pre-tax Profit | 720,879 | 565,838 | 502,276 | |
| Income Tax / Social Contribution | (185,330) | (92,457) | (132,393) | |
| Income before Taxes and Profit Sharing | 535,549 | 473,381 | 369,883 | |
| Profit Sharing | - | - | (4,592) | |
| Net Income | 535,549 | 473,381 | 365,291 | 13 |
| Net Income per thousand shares | 2.44122 | 2.20080 | 1.66512 | |
| EBITDA | 680,687 | 448,504 | 570,762 | 52 |
| <i>% EBITDA Margin</i> | 45.3% | 37.4% | 43.7% | + 7,9 p.p. |
| Depreciation | 62,804 | 60,735 | 62,039 | 3 |
| Provisions | - | 8,113 | - | - |

Attachment 2 - Financial Statements

Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

| R\$ thousand | 1H 2004 | 1H 2003 | % Chg. |
|---|------------------|------------------|-------------------|
| Net Revenues | 2,808,353 | 2,420,962 | 16 |
| Domestic Market | 2,306,652 | 2,006,068 | 15 |
| Export Market | 501,701 | 414,894 | 21 |
| COGS | (1,539,202) | (1,461,756) | 5 |
| Gross Profit | 1,269,151 | 959,206 | 32 |
| <i>% Gross Margin</i> | 45% | 40% | + 5 p.p. |
| Operating Income (Expenses) | (142,546) | (132,977) | 7 |
| Selling | (49,094) | (26,705) | 84 |
| General and Administrative | (50,178) | (43,007) | 17 |
| Other, Net | (43,274) | (63,265) | -32 |
| EBIT | 1,126,605 | 826,229 | 36 |
| <i>% EBIT Margin</i> | 40% | 34% | + 6 p.p. |
| Financial Result | (174,003) | (122,989) | |
| Financial Income | 79,931 | (78,091) | |
| Financial Expenses | (253,934) | (44,898) | |
| Equity Income | 277,258 | 349,584 | |
| Operating Profit | 1,229,860 | 1,052,824 | |
| Non-Operating Income | (6,705) | (6,893) | |
| Pre-tax Profit | 1,223,155 | 1,045,931 | |
| Income Tax / Social Contribution | (317,723) | (210,474) | |
| Income before Taxes and Profit Sharing | 905,432 | 835,457 | |
| Profit Sharing | (4,592) | 0 | |
| Net Income | 900,840 | 835,457 | 8 |
| Net Income per thousand shares | 4.10634 | 3.88412 | |
| EBITDA | 1,251,449 | 963,237 | 30 |
| <i>% EBITDA Margin</i> | 44.6% | 39.8% | + 4,8 p.p. |
| Depreciation | 124,843 | 120,398 | 4 |
| Provisions | - | 16,610 | - |

Attachment 3 - Financial Statements

Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

| R\$ thousand | 2Q 2004 | 2Q 2003 | 1Q 2004 | % Chg. 2Q/2Q |
|---|------------------|------------------|------------------|--------------------|
| Net Revenues | 2,771,470 | 2,114,396 | 2,364,710 | 31 |
| Domestic Market | 1,889,132 | 1,643,558 | 1,781,386 | 15 |
| Export Market | 882,338 | 470,838 | 583,324 | 87 |
| COGS | (1,455,646) | (1,352,401) | (1,428,815) | 8 |
| Gross Profit | 1,315,824 | 761,995 | 935,895 | 73 |
| <i>% Gross Margin</i> | 47% | 36% | 40% | + 11 p.p. |
| Operating Income (Expenses) | (173,509) | (133,420) | (154,468) | 30 |
| Selling | (64,799) | (38,833) | (53,017) | 67 |
| General and Administrative | (59,706) | (58,329) | (53,531) | 2 |
| Other, Net | (49,004) | (36,258) | (47,920) | 35 |
| EBIT | 1,142,315 | 628,575 | 781,427 | 82 |
| <i>% EBIT Margin</i> | 41% | 30% | 33% | + 11 p.p. |
| Financial Result | (338,556) | 60,478 | (253,433) | |
| Financial Income | 120,107 | (126,155) | 45,388 | |
| Financial Expenses | (458,663) | 186,633 | (298,821) | |
| Equity Income | 7,101 | 2,421 | 13,908 | |
| Operating Profit | 810,860 | 691,474 | 541,902 | |
| Non-Operating Income | (4,721) | (1,068) | (7,388) | |
| Pre-tax Profit | 806,139 | 690,406 | 534,514 | |
| Income Tax / Social Contribution | (264,626) | (206,943) | (164,645) | |
| Income before Taxes and Profit Sharing | 541,513 | 483,463 | 369,869 | |
| Profit Sharing | 0 | 0 | (4,592) | |
| Minority Interests | (13,231) | (15,474) | (6,857) | |
| Net Income | 528,282 | 467,989 | 358,420 | 13 |
| Net Income per thousand shares | 2.40809 | 2.17573 | 1.63380 | |
| EBITDA | 1,285,187 | 760,449 | 921,083 | 69 |
| <i>% EBITDA Margin</i> | 46.4% | 36.0% | 39.0% | + 10,4 p.p. |
| Depreciation | 136,851 | 119,417 | 135,070 | 15 |
| Provisions | 6,021 | 9,896 | 4,586 | -39 |

Attachment 4 - Financial Statements

Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

| R\$ thousand | 1H 2004 | 1H 2003 | % Chg. |
|---|------------------|------------------|-------------------|
| Net Revenues | 5,136,180 | 4,234,222 | 21 |
| Domestic Market | 3,670,518 | 3,237,241 | 13 |
| Export Market | 1,465,662 | 996,981 | 47 |
| COGS | (2,884,461) | (2,597,209) | 11 |
| Gross Profit | 2,251,719 | 1,637,013 | 38 |
| <i>% Gross Margin</i> | 44% | 39% | + 5 p.p. |
| Operating Income (Expenses) | (327,977) | (250,493) | 31 |
| Selling | (117,816) | (74,237) | 59 |
| General and Administrative | (113,237) | (104,566) | 8 |
| Other, Net | (96,924) | (71,690) | 35 |
| EBIT | 1,923,742 | 1,386,520 | 39 |
| <i>% EBIT Margin</i> | 37% | 33% | + 4 p.p. |
| Financial Result | (591,989) | (110,587) | |
| Financial Income | 165,495 | (161,475) | |
| Financial Expenses | (757,484) | 50,888 | |
| Equity Income | 21,009 | 2,812 | |
| Operating Profit | 1,352,762 | 1,278,745 | |
| Non-Operating Income | (12,109) | (12,869) | |
| Pre-tax Profit | 1,340,653 | 1,265,876 | |
| Income Tax / Social Contribution | (429,271) | (413,325) | |
| Income before Taxes and Profit Sharing | 911,382 | 852,551 | |
| Profit Sharing | (4,592) | (34) | |
| Minority Interests | (20,088) | (28,374) | |
| Net Income | 886,702 | 824,143 | 8 |
| Net Income per thousand shares | 4.04190 | 3.83152 | |
| EBITDA | 2,206,270 | 1,649,251 | 34 |
| <i>% EBITDA Margin</i> | 43.0% | 39.0% | + 4,0 p.p. |
| Depreciation | 271,921 | 242,703 | 12 |
| Provisions | 10,607 | 17,467 | -39 |

Attachment 5 - Financial Statements

Cash Flow

Brazilian GAAP (Legislação Societária)

| R\$ thousand | Parent Company | | | |
|--|------------------|------------------|--------------------|------------------|
| | 1Q 2004 | 1Q 2003 | 1H 2004 | 1H 2003 |
| Operating Activities | | | | |
| Net Income (Loss) in the Period | 535,549 | 473,381 | 900,840 | 835,457 |
| Financial Expenses and Monetary Var/Net Exchge Var | 112,667 | (52,122) | 200,283 | 42,589 |
| Depreciation, Exhaustion and Amortization | 62,804 | 60,735 | 124,843 | 120,398 |
| Investment Write-offs (Decrease in Permanent Assets) | 0 | 128 | 5 | 7,770 |
| Equity in the Results of Subsidiaries/Associated Companies | (196,931) | (198,349) | (277,258) | (349,585) |
| Income Tax and Social Contribution | 185,330 | 92,457 | 317,723 | 210,474 |
| Provisions | 2,977 | (18,428) | 42,961 | (121) |
| Adjustment for Minority Participation | 0 | 0 | 0 | 0 |
| Total | 702,396 | 357,802 | 1,309,397 | 866,982 |
| Increase/Decrease of Assets | | | | |
| Increase (Decrease) in Accounts Receivables | 167,724 | 7,147 | 171,838 | 2,043 |
| Increase (Decrease) in Inventories | (137,411) | (16,116) | (116,003) | (60,126) |
| Increase (Decrease) in Recovery of Taxes | 20,972 | (213) | 87,211 | (1,221) |
| Increase (Decrease) in Judicial Deposits | (10,949) | (939) | (28,484) | 5,854 |
| Others | (62,635) | (476) | (69,689) | (39,056) |
| Total | 12,958 | (67,958) | 80,590 | (149,867) |
| Increase (Decrease) of Liabilities | | | | |
| Increase (Decrease) in Suppliers | (10,970) | 8,104 | (27,371) | 19,409 |
| Increase (Decrease) in Accounts Payable | 20,200 | (25,649) | (5,252) | (69,017) |
| | 4,646 | (7,850) | 3,376 | (20,464) |
| | 7,064 | (12,737) | 8,933 | (17,802) |
| Others | (8,520) | 15,559 | (123,872) | (38,475) |
| Total | 12,420 | (22,573) | (144,186) | (126,349) |
| Cashflow Generated from Operating Activities | 727,774 | 267,271 | 1,245,801 | 590,766 |
| Financial Activities | | | | |
| Inflow of Loans and Financing | 13,196 | 171,000 | 19,327 | 371,155 |
| Payment of Loans, Financing and Debentures | (394,685) | (410,853) | (687,274) | (946,922) |
| Interest Paid on Loans, Financing and Debentures | (35,375) | (39,185) | (71,609) | (103,843) |
| Interest Paid on Taxes Payable in Installments | (11,615) | (4,128) | (20,612) | (8,659) |
| Swap Operation Redemptions | (9,771) | 2,489 | (21,754) | 25,934 |
| Dividends Paid | (2,923) | (39) | (305,130) | (42) |
| Net Funds from Financial Activities | (441,173) | (280,716) | (1,087,052) | (662,377) |
| Investment Activities | | | | |
| (Additions) in Long-term Investments | 0 | (757) | 0 | (757) |
| (Additions) to Permanent Assets, except Deferred Charges | (33,317) | (42,625) | (44,185) | (93,325) |
| Right off of Permanent Assets | 3,617 | 0 | 3,617 | 0 |
| Funds Used for Investments | (29,700) | (43,382) | (40,568) | (94,082) |
| Exchange Variation of Cash and Cash Equivalents | 4,263 | 4,962 | 5,875 | (7,535) |
| Cash Balance Change | 261,164 | (51,865) | 124,056 | (173,228) |
| At the Beginning of the Period | 305,625 | 340,329 | 442,733 | 461,692 |
| At the End of the Period | 566,789 | 288,464 | 566,789 | 288,464 |

Attachment 6 - Financial Statements

Cash Flow

Brazilian GAAP (Legislação Societária)

| R\$ thousand | Consolidated | | | |
|--|------------------|------------------|--------------------|--------------------|
| | 1Q 2004 | 1Q 2003 | 1H 2004 | 1H 2003 |
| Operating Activities | | | | |
| Net Income (Loss) in the Period | 528,282 | 467,955 | 886,702 | 824,143 |
| Financial Expenses and Monetary Var/Net Exchange Var | 325,794 | (177,696) | 580,470 | (22,646) |
| Depreciation, Exhaustion and Amortization | 136,853 | 124,683 | 271,923 | 247,969 |
| Investment Write-offs (Decrease in Permanent Assets) | 194 | 448 | 287 | 7,514 |
| Equity in the Results of Subsidiaries/Associated Companies | (7,101) | (2,421) | (21,009) | (2,812) |
| Income Tax and Social Contribution | 323 | 0 | 429,271 | 413,325 |
| Provisions | 264,626 | 206,943 | 87,827 | (6,113) |
| Adjustment for Minority Participation | (3,769) | (20,339) | 20,088 | 28,374 |
| Total | 13,231 | 15,514 | 2,256,244 | 1,489,754 |
| Increase/Decrease of Assets | | | | |
| Increase (Decrease) in Accounts Receivables | (94,888) | (66,125) | (115,263) | 117,362 |
| Increase (Decrease) in Inventories | (275,548) | (50,999) | (269,641) | (200,616) |
| Increase (Decrease) in Recovery of Taxes | (28,018) | (49,102) | 44,313 | (55,755) |
| Increase (Decrease) in Judicial Deposits | 35,257 | (57,361) | (32,832) | (12,953) |
| Others | (7,570) | (16,250) | 59,031 | (19,259) |
| Total | 51,710 | 3,432 | (278,675) | (228,582) |
| Increase (Decrease) of Liabilities | | | | |
| Increase (Decrease) in Suppliers | 16,281 | 192,266 | 25,256 | 132,194 |
| Increase (Decrease) in Accounts Payable | 4,256 | (85,976) | 24,243 | (100,516) |
| | 39,413 | (43,576) | 83,871 | (46,729) |
| | 7,417 | (7,833) | 9,619 | (22,234) |
| Others | (43,552) | (18,134) | (178,383) | (38,709) |
| Total | 23,815 | 36,747 | (35,394) | (75,994) |
| Cashflow Generated from Operating Activities | 963,191 | 415,429 | 1,942,175 | 1,185,178 |
| Financial Activities | | | | |
| Inflow of Loans and Financing | 198,420 | 1,322,271 | 1,365,180 | 2,274,299 |
| Payment of Loans, Financing and Debentures | (1,015,208) | (1,442,889) | (2,238,489) | (2,993,537) |
| Interest Paid on Loans, Financing and Debentures | (128,138) | (139,810) | (292,174) | (303,966) |
| Interest Paid on Taxes Payable in Installments | (22,506) | (3,551) | (31,973) | (9,299) |
| Swap Operation Redemptions | (27,453) | (60,468) | (54,994) | (37,727) |
| Dividends Paid | (2,923) | 877 | (305,130) | (42) |
| Net Funds from Financial Activities | (997,808) | (323,570) | (1,557,580) | (1,070,272) |
| Investment Activities | | | | |
| (Additions) in Long-term Investments | (1,624) | (86,026) | (1,624) | (83,953) |
| (Additions) to Permanent Assets, except Deferred Charges | (86,126) | (25,752) | (126,439) | (122,049) |
| Right off of Permanent Assets | 5,577 | 0 | 5,577 | 0 |
| Funds Used for Investments | (82,173) | (111,778) | (122,486) | (206,002) |
| Exchange Variation of Cash and Cash Equivalents | 35,201 | (50,350) | 39,143 | (79,429) |
| Cash Balance Change | (81,589) | (70,269) | 301,252 | (170,525) |
| At the Beginning of the Period | 1,225,848 | 631,499 | 843,006 | 731,755 |
| At the End of the Period | 1,144,259 | 561,230 | 1,144,258 | 561,230 |

Attachment 7 - Financial Statements

Balance Sheet - Assets

Brazilian GAAP (Legislação Societária) - R\$ thousand

| Assets | Parent Company | | Consolidated | |
|---------------------------------------|------------------|------------------|-------------------|-------------------|
| | 30-Jun-04 | 31-Dec-03 | 30-Jun-04 | 31-Dec-03 |
| Current Assets | 2,243,249 | 2,309,116 | 4,840,301 | 4,247,631 |
| Cash and Cash Equivalents | 566,789 | 442,733 | 1,144,258 | 843,007 |
| Trade Accounts Receivable | 683,916 | 855,754 | 1,559,060 | 1,443,797 |
| Taxes Recoverable | 30,988 | 118,199 | 203,130 | 244,459 |
| Inventories | 798,595 | 682,592 | 1,711,487 | 1,441,846 |
| Deferred Income Tax & Social Contrb'n | 103,140 | 138,857 | 103,140 | 138,857 |
| Other Securities Receivables | 59,821 | 70,981 | 119,226 | 135,665 |
| Long-Term Receivables | 1,475,782 | 1,425,614 | 1,738,388 | 1,820,804 |
| Deferred Income Tax & Social Contrb'n | 866,097 | 934,650 | 1,264,234 | 1,373,768 |
| Receivables from Related Companies | 395,712 | 297,560 | 89,528 | 77,501 |
| Judicial Deposits | 158,774 | 130,290 | 263,338 | 230,506 |
| Other | 55,199 | 63,114 | 121,288 | 139,029 |
| Permanent Assets | 5,784,704 | 5,606,873 | 9,397,023 | 9,504,377 |
| Investments | 2,253,039 | 1,990,933 | 205,723 | 179,522 |
| Property, Plant and Equipment | 3,531,665 | 3,615,940 | 9,142,358 | 9,274,440 |
| Deferred Charges | - | - | 48,942 | 50,415 |
| Total Assets | 9,503,735 | 9,341,603 | 15,975,712 | 15,572,812 |

Attachment 8 - Financial Statements

Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Legislação Societária) - R\$ thousand

| Liabilities and Shareholders' Equity | Parent Company | | Consolidated | |
|---|------------------|------------------|-------------------|-------------------|
| | 30-Jun-04 | 31-Dec-03 | 30-Jun-04 | 31-Dec-03 |
| Current Liabilities | 1,279,891 | 1,846,094 | 3,242,872 | 4,205,279 |
| Loans and Financing, Deb. and Taxes Payable in Installments | 740,373 | 972,226 | 1,862,394 | 2,794,185 |
| Suppliers and Contractors - Local | 118,060 | 140,207 | 348,452 | 316,763 |
| Taxes, Charges and Payroll Taxes | 229,705 | 77,867 | 506,953 | 238,067 |
| Financial Instruments | 1,472 | 27,647 | 42,835 | 90,868 |
| Related Companies | 83,460 | 178,054 | 67,581 | 43,338 |
| FEMCO | - | - | 7,202 | 8,891 |
| Salaries and Social Charges | 51,277 | 41,667 | 63,671 | 50,325 |
| Dividends Payable | 1,242 | 306,372 | 1,285 | 306,415 |
| Other | 54,302 | 102,054 | 342,499 | 356,427 |
| | - | - | - | - |
| Long-Term Liabilities | 3,297,946 | 3,470,451 | 7,712,224 | 7,253,708 |
| Loans and Financing, Deb. and Taxes Payable in Installments | 1,445,035 | 1,688,438 | 4,956,462 | 4,430,420 |
| Provision for Contingencies | 569,985 | 502,685 | 993,219 | 914,315 |
| Actuarial Liability | 968,676 | 967,802 | 1,025,413 | 1,024,539 |
| Financial Instruments | 29,767 | 54,597 | 202,107 | 284,000 |
| FEMCO | - | - | 364,249 | 353,067 |
| Other | 284,483 | 256,929 | 170,774 | 247,367 |
| Minority Interests | - | - | 134,493 | 114,404 |
| Shareholders' Equity | 4,925,898 | 4,025,058 | 4,886,123 | 3,999,421 |
| Capital | 1,280,839 | 1,280,839 | 1,280,839 | 1,280,839 |
| Reserves | 2,744,219 | 1,431,532 | 2,718,582 | 1,412,410 |
| Revenues from Fiscal Year | 900,840 | 1,312,687 | 886,702 | 1,306,172 |
| Total Liabilities and Shareholders' Equity | 9,503,735 | 9,341,603 | 15,975,712 | 15,572,812 |

Attachment 9 - Quarterly Sales Breakdown

Sales Volume Breakdown - Consolidated

| Thousand tons | 2Q 2004 | | 2Q 2003 | | 1Q 2004 | | Chg. 2Q/2Q |
|--------------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|
| TOTAL SALES | 1,971 | 100% | 1,939 | 100% | 1,910 | 100% | 2% |
| Heavy Plates | 425 | 22% | 375 | 19% | 426 | 22% | 13% |
| Hot Coils/Sheets | 531 | 27% | 551 | 28% | 538 | 28% | -4% |
| Cold Coils/Sheets | 505 | 26% | 484 | 25% | 470 | 25% | 4% |
| Electrogalvanized Coils | 63 | 3% | 52 | 3% | 65 | 3% | 20% |
| Hot Dip Galvanized Coils | 104 | 5% | 93 | 5% | 73 | 4% | 12% |
| Processed Products | 101 | 5% | 99 | 5% | 107 | 6% | 1% |
| Slabs | 243 | 12% | 285 | 15% | 230 | 12% | -15% |
| TOTAL SALES - DOMESTIC MARKET | 1,429 | 73% | 1,431 | 74% | 1,379 | 72% | 0% |
| Heavy Plates | 285 | 14% | 300 | 15% | 301 | 16% | -5% |
| Hot Coils/Sheets | 494 | 25% | 507 | 26% | 490 | 26% | -2% |
| Cold Coils/Sheets | 383 | 19% | 402 | 21% | 371 | 19% | -5% |
| Electrogalvanized Coils | 54 | 3% | 45 | 2% | 48 | 3% | 20% |
| Hot Dip Galvanized Coils | 78 | 4% | 81 | 4% | 64 | 3% | -4% |
| Processed Products | 64 | 3% | 65 | 3% | 65 | 3% | -1% |
| Slabs | 71 | 4% | 31 | 2% | 39 | 2% | 130% |
| TOTAL SALES - EXPORTS | 542 | 27% | 509 | 26% | 531 | 28% | 7% |
| Heavy Plates | 140 | 7% | 75 | 4% | 125 | 7% | 87% |
| Hot Coils/Sheets | 37 | 2% | 44 | 2% | 47 | 2% | -17% |
| Cold Coils/Sheets | 122 | 6% | 82 | 4% | 99 | 5% | 49% |
| Electrogalvanized Coils | 8 | 0% | 7 | 0% | 17 | 1% | 20% |
| Hot Dip Galvanized Coils | 26 | 1% | 12 | 1% | 9 | 0% | 115% |
| Processed Products | 36 | 2% | 34 | 2% | 42 | 2% | 6% |
| Slabs | 172 | 9% | 254 | 13% | 191 | 10% | -32% |

Sectorial Sales - Consolidated

| Thousand Tons | 2Q 2004 | | 2Q 2003 | | 1Q 2004 | | Chg. 2Q/2Q |
|------------------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|
| Domestic Market | 1,429 | 100% | 1,431 | 100% | 1,379 | 100% | 0% |
| Auto | 151 | 11% | 114 | 8% | 144 | 10% | 32% |
| Autoparts | 177 | 12% | 166 | 12% | 176 | 13% | 6% |
| Shipbuilding | 18 | 1% | 7 | 0% | 30 | 2% | 151% |
| Line Pipes | 80 | 6% | 89 | 6% | 70 | 5% | -10% |
| Small Diameter Pipes | 119 | 8% | 130 | 9% | 119 | 9% | -8% |
| Packaging | 24 | 2% | 26 | 2% | 25 | 2% | -7% |
| Household Appliances | 29 | 2% | 31 | 2% | 29 | 2% | -8% |
| Civil Construction | 107 | 8% | 118 | 8% | 128 | 9% | -9% |
| Electrical Equipment | 57 | 4% | 52 | 4% | 54 | 4% | 11% |
| Distributors | 366 | 26% | 431 | 30% | 386 | 28% | -15% |
| Industrial Equipment | 38 | 3% | 51 | 4% | 52 | 4% | -24% |
| Others | 263 | 18% | 218 | 15% | 167 | 12% | 21% |

Attachment 10 - Accumulated Sales Breakdown

Sales Volume Breakdown - Consolidated

| Thousand tons | 1H 2004 | | 1H 2003 | | Chg. |
|--------------------------------------|--------------|-------------|--------------|-------------|------------|
| TOTAL SALES | 3,881 | 100% | 3,769 | 100% | 3% |
| Heavy Plates | 851 | 22% | 764 | 20% | 11% |
| Hot Coils/Sheets | 1,069 | 28% | 1,069 | 28% | 0% |
| Cold Coils/Sheets | 975 | 25% | 963 | 26% | 1% |
| Electrogalvanized Coils | 128 | 3% | 103 | 3% | 25% |
| Hot Dip Galvanized Coils | 177 | 5% | 188 | 5% | -6% |
| Processed Products | 208 | 5% | 224 | 6% | -7% |
| Slabs | 473 | 12% | 460 | 12% | 3% |
| TOTAL SALES - DOMESTIC MARKET | 2,808 | 72% | 2,798 | 74% | 0% |
| Heavy Plates | 586 | 15% | 597 | 16% | -2% |
| Hot Coils/Sheets | 984 | 25% | 998 | 26% | -1% |
| Cold Coils/Sheets | 754 | 19% | 757 | 20% | 0% |
| Electrogalvanized Coils | 103 | 3% | 87 | 2% | 18% |
| Hot Dip Galvanized Coils | 142 | 4% | 162 | 4% | -12% |
| Processed Products | 129 | 3% | 148 | 4% | -13% |
| Slabs | 111 | 3% | 49 | 1% | 126% |
| TOTAL SALES - EXPORTS | 1,073 | 28% | 971 | 26% | 11% |
| Heavy Plates | 265 | 7% | 167 | 4% | 59% |
| Hot Coils/Sheets | 84 | 2% | 71 | 2% | 19% |
| Cold Coils/Sheets | 222 | 6% | 206 | 5% | 8% |
| Electrogalvanized Coils | 25 | 1% | 16 | 0% | 64% |
| Hot Dip Galvanized Coils | 35 | 1% | 26 | 1% | 36% |
| Processed Products | 79 | 2% | 76 | 2% | 4% |
| Slabs | 363 | 9% | 411 | 11% | -12% |

Sectorial Sales - Consolidated

| Thousand Tons | 1H 2004 | | 1H 2003 | | Chg. |
|------------------------|--------------|-------------|--------------|-------------|-----------|
| Domestic Market | 2,808 | 100% | 2,798 | 100% | 0% |
| Auto | 294 | 10% | 230 | 8% | 28% |
| Autoparts | 353 | 13% | 334 | 12% | 6% |
| Shipbuilding | 48 | 2% | 7 | 0% | 581% |
| Line Pipes | 149 | 5% | 186 | 7% | -20% |
| Small Diameter Pipes | 238 | 8% | 271 | 10% | -12% |
| Packaging | 49 | 2% | 46 | 2% | 7% |
| Household Appliances | 58 | 2% | 60 | 2% | -4% |
| Civil Construction | 203 | 7% | 238 | 9% | -15% |
| Electrical Equipment | 111 | 4% | 99 | 4% | 12% |
| Distributors | 752 | 27% | 843 | 30% | -11% |
| Industrial Equipment | 90 | 3% | 95 | 3% | -5% |
| Others | 463 | 16% | 389 | 14% | 19% |

Attachment 11 - Market Share

Market Share - Usiminas System (*)

(% volume)

| | 1H 2004(**) | 2003(**) | 2002(**) | 2001(*) | 2000(*) |
|------------------------|-------------|------------|------------|------------|------------|
| DOMESTIC MARKET | 56% | 59% | 62% | 62% | 59% |
| Auto | 58% | 60% | 62% | 66% | 67% |
| Autoparts | 63% | 68% | 73% | 69% | 63% |
| Shipbuilding | 100% | 100% | 100% | 100% | 100% |
| Electrical Equipment | 62% | 58% | 54% | 64% | 62% |
| Household Appliances | 37% | 43% | 44% | 47% | 48% |
| Line Pipes | 97% | 98% | 100% | 100% | 100% |
| Small Diameter Pipes | 62% | 67% | 80% | 77% | 72% |
| Packaging | 15% | 13% | 14% | 12% | 13% |
| Civil Construction | 48% | 56% | 54% | 45% | 40% |
| Distributors | 51% | 56% | 62% | 66% | 64% |

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

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

Source: IBS Information System

Attachment 12 - Financial Indebtedness

Financial Income (Expenses), Net

| R\$ million | 6/30/04 Short Term | 6/30/04 Long Term | 6/30/04 Total | 3/31/04 Total | Chg. 2Q04/1Q04 |
|-------------------------------|-----------------------|----------------------|------------------|------------------|-------------------|
| TOTAL DEBT | | | | | |
| Foreign Currency (*) | 1,455 | 3,749 | 5,204 | 5,574 | -7% |
| IGP-M | 110 | 257 | 367 | 347 | 6% |
| TJLP | 224 | 468 | 692 | 726 | -5% |
| Others | 45 | 77 | 122 | 172 | -29% |
| Sub-Total | 1,835 | 4,551 | 6,386 | 6,819 | -6% |
| Debentures | 14 | 240 | 254 | 244 | 4% |
| Sub-Total | 1,849 | 4,791 | 6,640 | 7,063 | -6% |
| Taxes Payable in Installments | 20 | 165 | 185 | 126 | 47% |
| TOTAL | 1,869 | 4,956 | 6,825 | 7,189 | -5% |
| FEMCO | 7 | 364 | 371 | 367 | 1% |
| TOTAL | 1,876 | 5,321 | 7,197 | 7,556 | -5% |

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

Financial Income (Expenses), Net

| R\$ million | 2Q 2004 | 2Q 2003 |
|---|--------------|-----------|
| Monetary Effects | (58) | (56) |
| Exchange Variation | (314) | 785 |
| Hedge Income (Expenses) | 127 | (514) |
| Interest on Loans, Financing, ACC's and Pre-Payment | (129) | (158) |
| Financial Income | 63 | 33 |
| Other Financial Expenses | (27) | (31) |
| NET INTEREST INCOME | (339) | 60 |