



EBITDA is R\$ 908 million and Net Income is R\$ 345 million in 1Q06.

Rising demand and prices in domestic and international markets indicate positive outlook for the year.

"After an excellent year in 2004 and celebrating a 2005 with no less expressive results, we have arrived at the beginning of the year with markets still coming into balance between supply and demand, inventory levels and prices. Even in the face of constant challenges, the first quarter 2006 results produced operational cash generation measured by EBITDA of R\$ 908 million and net income of R\$ 345 million. We are confident in our planning. We have already observed a recovery in domestic market growth in the first quarter through significant expansion of the main segments. The numbers point to the beginning of a reversal trend after continuous declines over the last four quarters. In the external markets, our optimism is reinforced by rising demand in the main trading blocks, confirming the expectation of continuity in growth of the international economy and in inter-country transactions, which will allow us to affirm that expectations for the year are quite positive. We are firmly carrying out our investment plans, which will even further consolidate our domestic market leadership. Also, as we have always affirmed, we continue to be alert for opportunities that will strengthen the Usiminas System which may arise." declaration of Rinaldo Campos Soares – Chief Executive Officer.

Highlights

R\$ million	1Q 2006	1Q 2005	4Q 2005	Chg. 1Q06/1Q05
Total Sales Volume (000 t)	1,954	1,768	1,981	11%
Net Revenues	2,958	3,470	2,969	-15%
Gross Profit	888	1,739	912	-49%
Operating Result (EBIT) a	741	1,569	743	-53%
Financial Result	(118)	(161)	(162)	-26%
Net Income	345	1,001	1,325	-66%
EBITDA b	908	1,730	910	-48%
EBITDA (R\$/t)	465	979	459	-53%
Total Assets	17,817	17,510	18,195	2%
Net Debt	1,497	2,591	2,012	-42%
Stockholders' Equity	9,097	6,951	8,753	31%

(a) Earnings before interest, tax and participations.

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

1Q06

Belo Horizonte, May 9, 2006 – A Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY; Latibex: XUSI) announced today its first quarter 2006 results (1Q06). The operational and financial information of the Company, except where indicated to the contrary, are presented based on consolidated figures in reais according to Brazilian law. All comparisons made in this release take into consideration the same period of 2005 (1Q05), except when specified differently.



**ADR
Level I**

3/31/2006

Closing Quotes

USIM3	R\$ 83.87 / ação
USIM5	R\$ 80.25 / ação
USNZY	US\$ 37.00 (1 ADR = 1 ação)
XUSI	€ 29,93

Market Capitalization - Bovespa

R\$	18.1 billion
US\$	8.3 billion

INVESTOR RELATIONS

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The Usiminas System in 1Q06

- Production: 2.1 million tonnes of crude steel
- Sales: 1.9 million tonnes of products, with 62% in domestic and 38% in export markets
- Gross Operating Profit of **R\$ 3.9 billion**, being:
 - . **R\$ 3.0 billion** in the Domestic Market (77%)
 - . **R\$ 0.9 billion** in the Export Market (23%)
- Net Revenues of **R\$ 3.0 billion**.
- Gross Profit of **R\$ 888 million**
- Net Profit of **R\$ 345 million**
- EBITDA de **R\$ 908 million**
- EBITDA Margin: **31%**
- Debt Reduction of **US\$ 165 million**
- Net Worth: **R\$ 9.1 billion**
- Cash and Securities: **R\$ 1.9 billion**
- Market Cap - 3/31/06: **R\$ 18.1 billion (US\$8.3 billion)**

Highlights

- Plants are operating at a normal rate.
- GM, Fiat and Honda recognize Usiminas product quality.
- Usiminas is domestic market leader with 51% market share.
- Investment Plan follows the established schedule.
- International demand is growing.
- Domestic demand moves upward in 1Q06 and indicates trend reversal.
- Pricing improvement for steel is forecast as of 2nd quarter.
- Usiminas shares significantly appreciated in the quarter in all stock markets.



Outlook

International Scenario

Demand is growing in the international trade blocks, confirming expectation of continuity in the growth of economy and trade in the main countries.

After the expected inventory adjustments occurred in the fourth quarter of 2005, forecast was for a reversal of the declining price curve in international prices and gradual price recovery and stability over 2006.

This expectation was confirmed, mainly in the **United States**, in spite of fears of a flood of imports, which would compromise price recovery there, especially due to the difference existing between prices in the Chinese and American markets. An increase in imports did occur, albeit at a lower than expected level, and price levels were not affected. Domestic mills were able to implement price increases for the first and second quarters due to the strong pace of the economy.

The **European Union** also showed recovery in both inventory levels and economic growth, although less intensively than verified in the Nafta and Asian regions. Price recovery is nevertheless in full course, with the market paying more for imports as local mills are able to push through price increases.

In **Asia**, led by **China**, are less clear. Recently, we observed two import peaks in imports due to low inventories and high demand, followed by two dips in demand because of excess inventories and consequent rapid price declines. After having ended 2005 with a declining market and at the end of the New Year festivities, the market is once again active, with economic growth above the government goals, low steel inventories and prices again on the rise, on the heels of the government's desire to close obsolete steel mills.

Maintenance of the growth trend in important regions, such as Russia, Eastern Europe and South America, allied to extraordinary events, such as blast furnace accidents in the period, contributed to prices above expectations at the end of 2005.

Price increases for steel products can also be explained by increases in the prices of scrap, pig iron, zinc and other alloys. In this manner, prices for the second quarter are increasing and the expectation is for pricing strength in the third quarter, leveling off thereafter with stable demand, possibly with production costs continuing to exercise pressure.

Main flat steel export prices in 2Q06

FOB Base Prices (w/o extras)	US\$/tonne
Slab	400 - 450
Heavy Plate	600
Hot Rolled Coil	500 - 520
Cold Rolled Coil	620 - 650
Galvanized Coil	800 - 850 (*)

(*) influenced by the cost of zinc, which went from a level of US\$ 1,300/t to US\$ 2,700/t

Domestic Scenario

In spite of turbulence provoked by the change of command in the government's economic leadership, the country showed itself to be more mature and less susceptible to changes that could generate mistrust by the market and instability in the economy. Within the context of a probable scenario of maintenance of exchange rate stability and significant trade surpluses, entry of new foreign investment, inflation under control and declining country risk, economic activity continues on a positive path.



Additionally, the expectation of reduction in interest rates, greater availability of credit and increase in income and investments are factors that point to a positive economic performance in 2006. In the first quarter, the market for steel products expanded significantly in the main industries, growing 11.4% compared to 4Q05, as shown below:

Industrial Segment Demand

Industry	Variation %
Automotive	15.1
Agricultural/Highway Eqmt.	39.0
Industrial	26.2
Electronics	14.1
Home Appliances	12.6
Civil Construction/shapes	3.3
Distribution	13.2
Large-diameter pipes	85.9
Total	11.4

The figures point to the beginning of a market recovery, after continuous declines over all four quarters in 2005. Even taking into account the ever-present risks, such as economic turbulence in the Brazilian economy provoked by political disputes and significant increases in petroleum prices and increases in international interest rates and slowdown in the global economy, our expectation is that demand will grow with market consolidation.

Sector Analysis Highlights

Automotive Industry (automobile and auto parts): ANFAVEA predicts 4.5% increase in vehicle production in 2006. Consequently, the industry should maintain growing demand in function of the excellent performance of domestic sales and a vigorous export program. In 1Q06, sales grew 13.6% compared to the same period in 2005, being that reduced interest rates and longer financing payment terms are contributing to sales performance.

Civil Construction: The industry should show the effects of incentives already given to the sector, in addition to activities that will come because of the increase in infrastructure investment.

Distribution: The highlight is for inventory levels, the lowest over the last three years. Distribution segment purchases in March have already signaled recovery, which should occur over the coming months.

Raw Materials

In the iron ore market, strong demand continues and Chinese imports remain at a high level. In 2006, the transoceanic market should record a 10% increase in volume, which represents 70 million more tonnes than in 2005. With renewed confidence in the steel industry, it would not be any surprise if Chinese demand for iron ore set new import records. Preliminary data in March indicates imports of 29.5 million tonnes, 2 million tonnes above the previous record in November 2005. Suppliers are preparing another round of price increases stimulated by favorable market conditions. However, price negotiations have not yet been concluded, because the Chinese have fought against a long-term price arrangement. The negotiations are already the second most protracted in history.

In relation to coal, 2006/07 negotiations have been more favorable for the purchasing side. Most of the steel mills around the world are overstocked, which has delayed the negotiation process. There are indications of price reductions between 10% and 40%, depending on the type of coal. That is, whereas, in the past, price lists were established, in 2006, a price-quality relationship will be reinstated.

Alloy, metals and refractories supply trade was normal in 1Q06. The fact that deserved greatest attention was the average price increase of aluminum and zinc on the London Metals Exchange (6% and 17%, respectively) in 1Q06 over 4Q05. This mainly occurred by virtue of the entry of China in the international market due to energy rationing that affected the country (since the production processes of aluminum and zinc are energy intensive), in addition to speculation on the Exchange.



Steel Industry - Production and Demand

World

According to data from IISI - International Iron and Steel Institute - world steel production in 1Q06 was 284.1 million tonnes of crude steel, 5% above that in the same period in 2005.

China continues to be one of the main steel producers in the world, corresponding to 32.4% of total world production.

Brazil

Production:

According to data from IBS, in 1Q06 7.2 million tonnes of crude steel were produced, a decrease of 9.5% in relation to 2005. Usiminas accounted for 29.2% of the total. Steel production (flat and long) reached 5.4 million tonnes, 4.1% lower than in 1Q05.

In 1Q06, Brazilian production represented 68% of South American production and around 50% of Latin American production.

Demand:

The flat steel market ended 1Q06 with demand 16% lower than in the same period of 2005. However, it is worthwhile to recall that the market at that time was heated and had continuous declines over the entire year of 2005.

Compared to 4Q05, flat steel demand in 1Q06 grew 11.4%, recovering market in practically all segments. The automotive industry is one of the highlights, having maintained strength in the beginning of the year as it did the last quarter. Flat steel demand in 2006 should be positively impacted by domestic market activity, differently than in the last two years, when exports played a key role in the formation of domestic demand. We expect positive behavior in the domestic appliance, civil construction and distribution segments.

Usiminas System - Production and Sales

Production (Crude Steel)

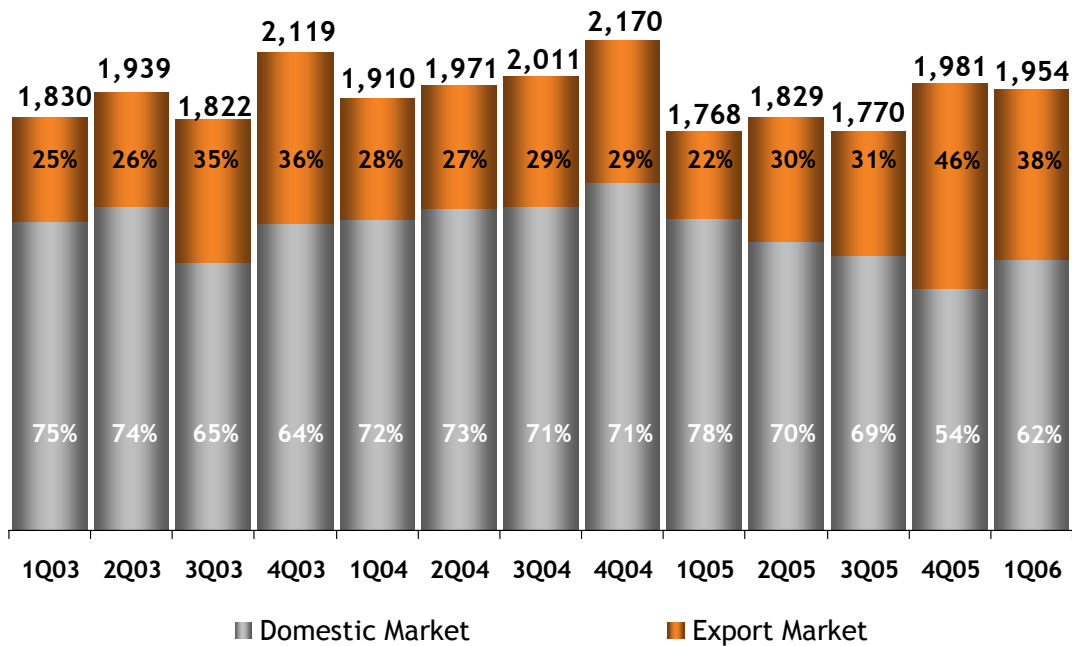
Thousand tons	1Q 2006	1Q 2005	4Q 2005	Chg. 1Q06/1Q05	Chg. 1Q06/4Q05
Usiminas	1,110	1,135	1,131	-2%	-2%
Cosipa	992	1,032	1,023	-4%	-3%
Total	2,102	2,167	2,154	-3%	-2%

The Ipatinga and Cubatão production facilities operated normally, within production planning. In 1Q06, crude steel production in both mills totaled 2.1 million tonnes. Semi-finished and finished steel production was 1.9 million tonnes. The mills continued their cost reduction campaigns and productivity and process improvement programs. A highlight at the Cubatão plant is the recertification of the JIS seal (Japanese Industrial Standard), which will permit exports of products to Japan for use in civil construction, attesting to the quality of the steel fabricated in compliance to strict Japanese standards.

On 3/31/06, the effective workforce at the two companies was 13,654 people.



Consolidated Sales (000 t)



In 1Q06 total sales were 1.9 million tonnes, with 62% earmarked for the domestic market and 38% for export. The volume was 11% above that sold in 1Q05 (in line with 4Q05 volume) and occurred due to a 95% increase in exports, since domestic demand retracted in the period.

- Domestic Market

In 1Q06, sales reached 1.2 million tonnes (62% of total Sales), a retraction of 13% compared to 1Q05, following a market decline of around 16% between the two periods. It is worthwhile to mention that 1Q05 was a record quarter. Reduction in volume occurred in all product lines except in Hot Dip Galvanized products, reflecting the strong performance in the automotive industry.

Market Share: the Usiminas System has a strategic commitment to the domestic market customers and maintained its market leadership with a market share of 51% at the end of the quarter (see related chart in attachments).

- Export Market

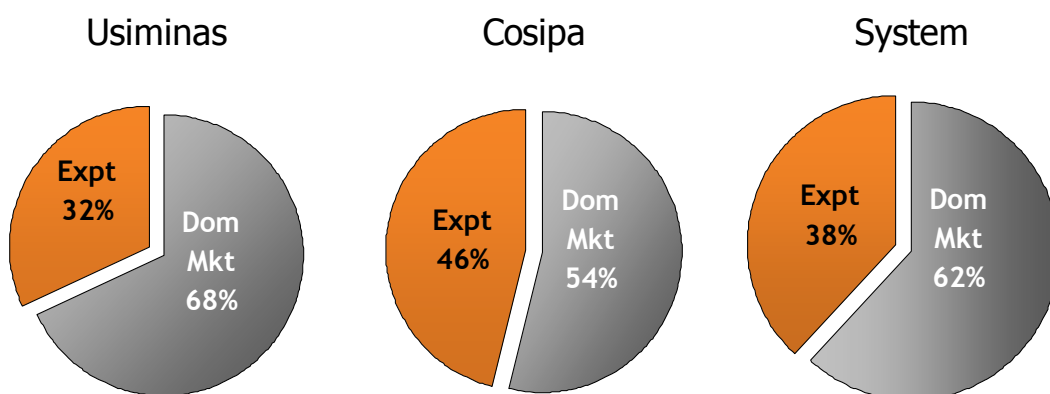
Exports of the Usiminas System grew 95% compared to 1Q05, increasing in all product lines. Export sales were 752 thousand tonnes, 38% of total sales. The five largest markets were the United States, Mexico, Canada, Germany and Chile, accounting for 70% of export volume of the Usiminas System.



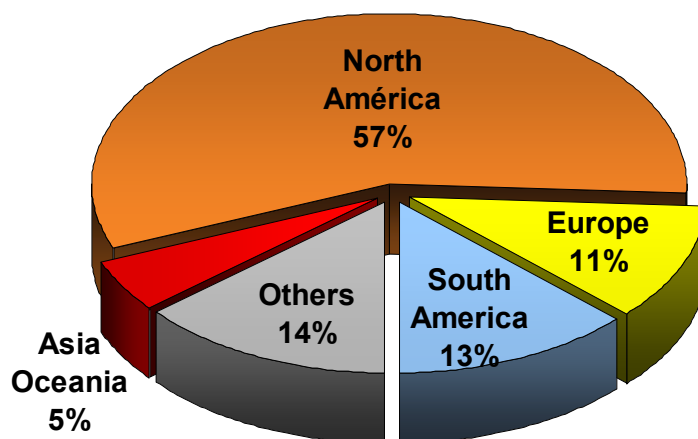
Sales Volume

Thousand tons	1Q 2006		1Q 2005		4Q 2005		Chg. 1Q06/1Q05
Usiminas							
Domestic Market	724	68%	846	88%	628	64%	-14%
Export Market	339	32%	113	12%	347	36%	200%
Total	1,063	100%	959	100%	975	100%	11%
Cosipa							
Domestic Market	478	54%	537	66%	443	44%	-11%
Export Market	413	46%	272	34%	563	56%	52%
Total	891	100%	809	100%	1,006	100%	10%
System							
Domestic Market	1,202	62%	1,383	78%	1,071	54%	-13%
Export Market	752	38%	385	22%	910	46%	95%
Total	1,954	100%	1,768	100%	1,981	100%	11%

Sales Volume Mix - 1Q06



Export Destination 1Q06



Main Exports of the Usiminas System - 1st Quarter 2006

Country	1,000 tonnes	%
USA	193.9	25.8
Mexico	139.6	18.6
Canada	95.2	12.7
Germany	55.1	7.3
Chile	47.5	6.3
South Korea	38.6	5.1
Spain	30.1	4.0
Argentina	28.8	3.8
Colombia	20.3	2.7
Other	102.9	13.7
Total	752.0	100.0

Economic and Financial Performance

Net Revenues

In 1Q06, net revenues were R\$ 3.0 billion, 15% below those in the same period of 2005. Even with sales volume 11% greater than in 1Q05, the fall in revenues occurred due to weak flat steel demand in the domestic market, a poorer product mix, decrease in the price of products in the international market associated to the appreciation of the real and consequent fall in export revenues. Nevertheless, compared to 4Q05, revenues remained practically at the same level as before.

In 1Q06, total net per-tonne revenues (domestic and export markets) of Usiminas/Cosipa reached R\$ 1,379/tonne, practically the same level as in 4Q05.

COGS and Gross Profit

Cost of goods sold (COGS) in 1Q06 was R\$ 2.1 billion pressured mainly by increases in the cost of raw materials and depreciation, compared to COGS in 1Q05. In the relation to the previous quarter, cost maintained the same level (only 0.6% higher). Cost of Goods Sold per tonne (Usiminas and Cosipa) in 1Q06 was R\$ 989.75.

Gross profit in 1Q06 reached R4 888 million and gross margin was 30%.

Operating Profit Before Finance Expenses (EBIT) and EBITDA

Comparison to 1Q05 indicates that there were greater sales expenses due to greater export volume. SG&A remained stable. Other operating expenses decreased due to adjustment in actuarial tables of the complementary pension programs. Analysis in relation to 4Q05 indicates increase in sales expenses due to greater port expenses. SG&A fell as did other operating expenses due to adjustments in actuarial debt.

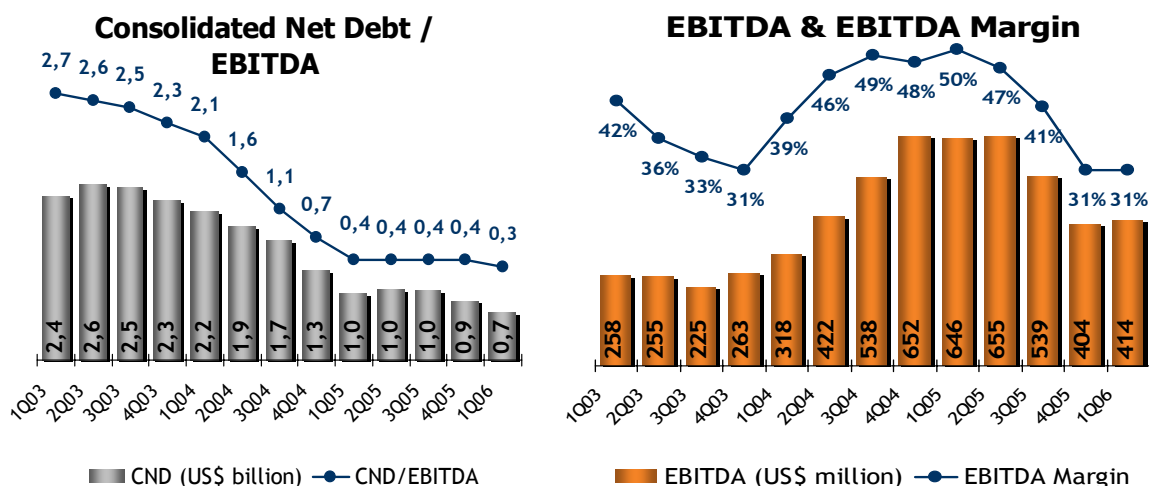
Operating profit before finance expenses (EBIT) reached R\$ 741.3 million and EBIT margin was 25% in the period. EBITDA came to R\$ 908.0 million maintaining a margin of 31%, the same as in the last quarter of 2005.



Financial Result and Indebtedness

In 1Q06, net finance expense (including monetary and exchange rate variations) was R\$ 118.3 million, approximately R\$ 43 million less (26%) than expense accounted for in 1Q05 and also 27% lower when compared to 4Q05. The reduction was primarily due to exchange rate gains and dollar-denominated debt of controlled companies (mainly Cosipa) and a reduction of 24% (8% in relation to 4Q05) of interest expenses on loans and financing as a consequence of debt amortization, compensating the increased expense in swap operations caused by the real's appreciation.

Total consolidated debt went from R\$ 3.9 billion on 12/31/05 to R\$ 3.3 billion on 3/31/06. Considering cash and securities on hand, net indebtedness went from R\$ 2.0 billion to R\$ 1.5 billion, equivalent to US\$ 0.7 billion - 31% in local currency and 69% in foreign currency. The Net debt/EBITDA ratio decreased from 0.4X on 3/31/05 to 0.3X on 3/31/06. Effective amortization in the quarter was US\$ 165 million.



Net Income

Usiminas accounted for a net consolidated income of R\$ 345 million in 1Q06 with a net margin of 12%. The quarterly results are in line with planning. More importantly, the outlook for the year points toward margin improvement in the 2nd quarter of this year.

Investments

Investment volume totaled R\$ 111 million, practically the same amount invested in the same period of 2005. The funds were destined for maintenance, technology updating and environmental protection of the Usiminas System plants, following the schedule established by Management.



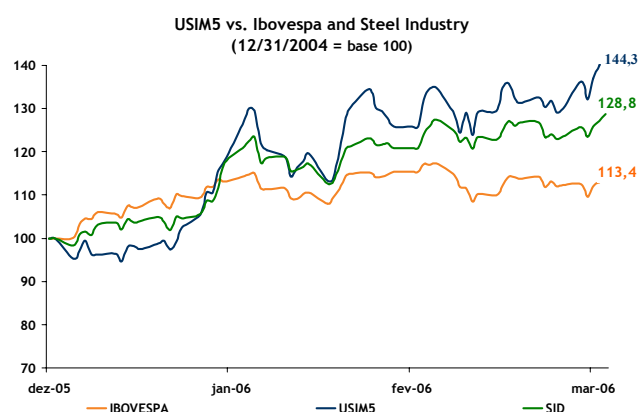
Capital Market

• Performance on the Bovespa - Ibovespa Index

Usiminas shares underwent significant appreciation in the period. Preferred class “A” shares (USIM5) - the most liquid - appreciated 44.3%, approximately 16 percentage points above the performance of other shares in the steel industry listed on the Stock Market and 31 percentage points above the appreciation of the IBOVESPA stock index. Ordinary shares (USIM3) appreciated even more: 63.5%. On 3/31/06, preferred (PN) class “A” shares were quoted at R\$ 80.25 and ordinary (ON) shares were R\$ 83.27. Trade volume in the period (considering ON and PN) was R\$ 4.9 billion. The Company continued to be recommended for investment among companies in the industry according to market consensus on its prospective performance.

Trading Summary Table for Usiminas Shares - 1Q06

Stock, ADR or Index	Number of Trades	Share Traded (000 shares)	Volume Traded 000 \$	Appreciation %	Closing Quotation 03/31/06
USIM3 (ON)	1,528	125	191,633	67.2%	R\$ 83.87
USIM5 (PNA)	82,185	56,471	4,641,083	47.7%	R\$ 80.25
USNZY (ADR)	33	2,228	73,848	57.4%	US\$ 37.00
XUSI (Latibex)	25	513	12,653	50.4%	€ 29,93
IBOVESPA	5,058,523	28,947	146,429,179	13.4%	37,952



Usiminas maintained fourth place among companies of greatest weight on the IBOVESPA, occupying a position of note with a participation of 5.59% in the Theoretical Ibovespa Index (in December). As the main index in the São Paulo Stock Exchange, the Ibovespa is used by the entire market as basis for decision making.

• ADR Performance in the United States

In 1Q06, Usiminas shares traded in the United States as ADR Level 1 in the OTC (Over the Counter) market appreciated 57.4% in dollars. The “USNZY” ticker was quoted at US\$ 37.00 on 3/31/06.

• Performance on the Latibex (Madrid Stock Exchange)

Listed on the Latibex since 7/05/05, Usiminas shares have already reached 3rd place among the most traded shares, and in 1Q06, they appreciated 50.4% in Euros. The “XUSI” ticker was quoted at € 29.93 on 3/31/06.

• Shareholder Composition

The Companies registered capital is R\$ 5.4 billion, divided into 225,285,820 shares - 112,280,152 ordinary shares and 112,589,841 preferred class A shares and 415,827 preferred class B shares (convertible into Class A preferred shares, with greater liquidity). Out of the adjusted net income of the fiscal year, a minimum parcel is destined to remunerate shareholders. The holders of preferred shares receive 10% more dividends than the holders of ordinary shares.



Other Participating Companies of the Usiminas System (non-consolidated information)

Ternium

On 4/28/06, Ternium announced its 1Q06 results, where the following are highlighted:

Main Results	1Q06	4Q05
Products shipped - thsd t	2,247.9	2,146.3
Net Revenues - US\$ million	1,528.9	1,467.8
Gross Profit - US\$ million	541.7	560.6
Operating Profit - US\$ million	392.5	367.0
EBITDA - US\$ million	500.5	489.7
EBITDA Margin	33%	33%
Net Income - US\$ million	194.5	168.7

- 4Q05 was the first period when operations were consolidated to include Hylsamex operations.
- Performance in 1Q06 reflects the continued presence of the Company in steel market where it concentrates its businesses. Revenues increased in the quarter compared to the previous quarter of 2005 as a result of the record levels of production of Mexican subsidiary Hylsamex, supported by high shipment levels. EBITDA of US\$ 500.5 million presented growth of 2% in relations to 4Q05, and margin remained stable at 33%. The increase in the cost of sales was compensated by reduction in SG&A. At the end of 1Q06, net income accounted for was US\$ 194.5 million, 15.2% above profit achieved in 4Q05.

Ternium is one of the largest steel producers in the Americas, offering a wide variety of products among flat and long steel. The company has operating facilities in Mexico (Hylsamex), in Argentina (Siderar) and Venezuela (Sidor) and has a vast distribution network.

Usiminas participates in Ternium together with the Techint group with a 14.25% capital share.

Unigal

Unigal is a joint venture between Usiminas and Nippon Steel. The Company processes cold rolled coils through the hot dip galvanizing process. In 1Q06, 110.2 thousand tonnes were processed, 5.5% above the volume shipped in 1Q05. Net revenue in 1Q06 was R\$ 40.2 million, a decline of 23% in relation to 1Q05.

EBITDA reached R\$ 32.5 million. Unigal registered a loss in 1Q06 of R\$ 4.8 million, mainly due to the high cost of zinc (a raw material used in the production process) and to hedge expense.

Usiminas has 79.3% of Unigal's capital.

MRS Logística

In 1Q06, MRS had net revenue of R\$ 411.5 million and EBITDA of R\$ 185.6 million, with a margin of 45%. Net income in the period was R\$ 98.4 million.

MRS Logística is a concessionaire that controls, operates and monitors the Southeastern Federal Railway Network. The company operates in the rail cargo market, interconnecting the states of Rio de Janeiro, Minas Gerais and São Paulo. In the region, it concentrates approximately 65% of Brazil's GDP, where the country's main industrial complexes are installed. It is also possible to reach the ports of Sepetiba and Santos (the largest in Latin America) through the rail line.

The focus of MRS' business activities is in rail transportation of general cargo, such as ores, finished steel products, cement, bauxite, agricultural products, green coke and containers and integrated logistics.



Usiminas has 20% of the voting capital and participation in the control group of the company.

The main results are summarized below:

Main Results	1Q06	4Q05
Volume shipped - million t	25.0	27.8
Gross Revenue - R\$ million	478.1	540.3
Net Revenue - R\$ million	411.5	464.8
Operating Profit (before financial results) - R\$ million	154.9	182.8
EBITDA - R\$ million	185.6	211.2
EBITDA Margin	45%	45%
Net Income - R\$ million	98.4	105.4

Usiminas Mecânica

In spite of the good outlook for 2006, the Company incurred a loss of R\$ 9.6 million due to a seasonal slowdown of activities occurred at the end of 2005 and beginning of 2006.

The capital goods and services company has a diversified, long-term portfolio. Highlights are: equipment and assembly of CSN's blast furnace, equipment and assembly of Alunorte expansion and conclusion of the structures of petroleum platform modules, revamping of the Bronx-Whitestone bridge in New York and port cranes.

Usiminas has 99.9% of Usiminas Mecânica's capital.

Events Subsequent to the End of the Quarter

• General and Extraordinary Shareholders' Meeting on 4/10/06

On 4/10/06, the ordinary and extraordinary shareholders' meetings were held, when the following business was approved: In the Ordinary General Meeting, approval of management's report for fiscal year 2005; destination of net income; establishment of annual global funds for remuneration of the administration and election of members of the Board of Directors. In the Extraordinary General Meeting, capital increase, without increase in the number of shares; updating of the number of preferred class "A" and "B" shares; alteration of the "caput" of article 5th of the corporate bylaws to record the determinations above; creation of another position of Director to meet the commercial restructuring of the Company with separation of domestic and export operations and change of article 23 of the corporate bylaws making the functioning of the fiscal council permanent.

▪ Extraordinary Shareholders' Meeting of the Board of Directors on 4/11/06

On 4/11/06, the Board of Directors of Usiminas met in extraordinary session for the purpose of electing the executive board of the Company with term until April 2008, being thus defined:

Chief Executive Officer: Rinaldo Campos Soares

Director of Development: Gabriel Márcio Janot Pacheco

Domestic Sales Director : Idalino Coelho Ferreira

Export Sales Director: Renato Vallerini Júnior

Industrial Director: Omar Silva Júnior

Finance and Investor Relations Director: Paulo Penido Pinto Marques

Director of Special Relations: Hiroyuki Nakagawa



▪ Dividend Payment on 4/12/06

Approved by the Board of Directors in its meeting of 3/08 and confirmed by the general shareholders' meeting on 4/10, Usiminas undertook to pay complementary dividends on 4/12/06 in the amount of R\$ 305.7 million. With this disbursement, the total amount distributed to shareholders of dividends and interest on equity relative to fiscal year 2005 came to R\$ 1.1 billion, corresponding to a payout ratio of 30%.

Other Highlights

• General Motors and Fiat Brasil recognize Usiminas among their best suppliers

General Motors Corp. awarded Usiminas with its "Global Supplier of the Year" award in a ceremony held at its Automotive Engineering Center in Warren, Michigan.

Usiminas was one of two steel companies in the world to receive the GM "Global Supplier of the Year" award. GM is world leader in the auto manufacturing and is the third largest customer of Usiminas in the industry. In Brazil, Usiminas has practically a 60% market share in the auto industry and sells on average 10 thousand tonnes per month to GM, mainly galvanized steel.

Usiminas also celebrates national recognition from Fiat, which has just conceded the steel mill the Qualitas Award - on the Path to Excellence award. As a supplier of flat steel, the leading company of the Usiminas System was awarded in three categories: "Quality", "Ecology and the Environment" and "Social Responsibility". Usiminas also received the "Fidelity 30 years" medal on completion of 30 years of supply to Fiat, since the start-up of operations of the auto maker in Brazil. Second largest customer of Usiminas and first in the auto industry, Fiat purchases on average 18 thousand tonnes of steel per month.

• Honda - Distinguished Company

On 3/29/06, at the 8th Honda Suppliers Meeting, Usiminas was presented with the "Distinguished Company" award, given to suppliers who have stood out in quality and service in 2005.



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ADR's - Depository Bank: The Bank of New York

Visit the Investor Relations Site: www.usiminas.com.br

Conference Call: Wednesday, May 10

Local, 10:00 AM (Brasília)..

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Internacional, às 12:00 horas (Brasília).

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Other Countries: (1 412) 858-4600

Pin number: 178 (local) / 939 (international)

The conference call will be transmitted via the Internet, along with a slide presentation at
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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.



Income Statement - Parent Company

Brazilian GAAP (Corporate Law)

R\$ thousand	1Q 2006	1Q 2005	4Q 2005	Chg. 1Q06/1Q05
Net Revenues	1,607,694	1,903,164	1,575,741	-16%
Domestic Market	1,213,164	1,669,226	1,157,444	-27%
Export Market	394,530	233,938	418,297	69%
COGS	(1,071,346)	(887,560)	(992,282)	21%
Gross Profit	536,348	1,015,604	583,459	-47%
Gross Margin	33%	53%	37%	-20 p.p.
Operating Income (Expenses)	(93,143)	(78,913)	(24,477)	18%
Selling	(37,026)	(22,126)	(23,658)	67%
General and Administrative	(32,323)	(27,463)	(37,638)	18%
Others, Net	(23,794)	(29,324)	36,819	-19%
EBIT	443,205	936,691	558,982	-53%
EBIT Margin	28%	49%	35%	-21 p.p.
Financial Result	(58,354)	(29,708)	(35,059)	96%
Financial Income	(10,216)	56,545	86,747	-118%
Financial Expenses	(48,138)	(86,253)	(121,806)	-44%
Equity Income	70,912	493,028	784,082	-86%
Operating Result	455,763	1,400,011	1,308,005	-67%
Non-Operating Income	1,245	2,225	894	-44%
Profit Before Taxes	457,008	1,402,236	1,308,899	-67%
Income Tax / Social Contribution	(131,143)	(375,153)	7,710	-65%
Net Income	325,865	1,027,083	1,316,609	-68%
Net Margin	20%	54%	84%	-34 p.p.
Net Income per thousand shares	1.48541	4.68180	6.00157	-68%
EBITDA	525,210	1,000,113	576,077	-47%
EBITDA Margin	32.7%	52.6%	36.6%	-19,9 p.p.



Income Statement - Consolidated

Brazilian GAAP (Corporate Law)

R\$ thousand	1Q 2006	1Q 2005	4Q 2005	Chg. 1Q06/1Q05
Net Revenues	2,957,602	3,469,999	2,968,559	-15%
Domestic Market	2,131,823	2,800,406	2,018,852	-24%
Export Market	825,779	669,593	949,707	23%
COGS	(2,069,201)	(1,730,786)	(2,056,276)	20%
Gross Profit	888,401	1,739,213	912,283	-49%
Gross Margin %	30%	50%	31%	-20 p.p.
Operating Income (Expenses)	(147,146)	(169,936)	(169,545)	-13%
Selling	(69,972)	(55,469)	(57,998)	26%
General and Administrative	(60,468)	(59,285)	(74,689)	2%
Others, Net	(16,706)	(55,182)	(36,858)	-70%
EBIT	741,255	1,569,277	742,738	-53%
EBIT Margin %	25%	45%	25%	-20 p.p.
Financial Result	(118,331)	(160,778)	(161,640)	-26%
Financial Income	(20,521)	77,279	75,624	-127%
Financial Expenses	(97,810)	(238,057)	(237,264)	-59%
Equity Income	(58,561)	148,567	706,455	-139%
Operating Result	564,363	1,557,066	1,287,553	-64%
Non-Operating Income	11,290	1,466	(40,677)	670%
Profit Before Taxes	575,653	1,558,532	1,246,876	-63%
Income Tax / Social Contribution	(226,027)	(544,902)	86,373	-59%
Income before Taxes	349,626	1,013,630	1,333,249	-66%
Minority Interests	(5,013)	(12,277)	(8,668)	-59%
Net Income	344,613	1,001,353	1,324,581	-66%
Net Margin	12%	29%	45%	-17 p.p.
Net Income per thousand shares	1.57087	4.56452	6.03790	-66%
EBITDA	908,039	1,730,029	909,975	-48%
EBITDA Margin %	30.7%	49.9%	30.7%	-19,2 p.p.



Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Parent Company		Consolidated	
	1Q 2006	1Q 2005	1Q 2006	1Q 2005
Operating Activities				
Net Income (Loss) in the Period	325.865	1.027.083	344.613	1.001.318
Financial Expenses and Monetary Var/Net Exchge Var	(111.822)	73.478	(99.693)	193.404
Depreciation, Exhaustion and Amortization	65.189	63.422	170.821	139.847
Investment Write-offs (Decrease in Permanent Assets)	153	9.227	137	9.443
Equity in the Results of Subsidiaries/Associated Companies	(70.913)	(493.028)	58.561	(149.238)
Dividend Income from Subsidiaries	0	0	5.013	9.242
Income Tax and Social Contribution	131.143	375.153	226.027	543.263
Provisions	3.741	5.582	(18.122)	23.701
Adjustment for Minority Participation	0	0	0	0
Total	343.356	1.060.917	687.357	1.770.980
Increase/Decrease of Assets				
Increase (Decrease) in Accounts Receivables	(8.382)	61.024	64.807	235.104
Increase (Decrease) in Inventories	120.136	(139.348)	115.081	(260.499)
Increase (Decrease) in Recovery of Taxes	(10.928)	(5.565)	(4.960)	(16.913)
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	18.968	114.090	28.189	161.943
Increase (Decrease) in Judicial Deposits	1.782	(135)	(4.575)	(5.128)
Others	27.526	19.216	256.352	78.625
Total	149.102	49.282	454.894	193.132
Increase (Decrease) of Liabilities				
Increase (Decrease) in Suppliers	(2.232)	65.072	(53.778)	26.914
Amounts Owed to Affiliated Companies	1.440	46.475	(7.680)	68.767
Customers Advances	3.467	(848)	44.196	32.224
Tax Payable	(6.106)	13.054	17.193	2.873
Income Tax and Social Contribution	(256.555)	(319.416)	(451.805)	(410.788)
Others	(1.978)	(66.982)	104.511	4.188
Total	(261.964)	(262.645)	(347.363)	(275.822)
Cashflow Generated from Operating Activities	230.494	847.554	794.888	1.688.290
Financial Activities				
Inflow of Loans and Financing	711	0	40.846	113.279
Payment of Loans, Financing and Debentures	(132.799)	(326.845)	(361.660)	(652.030)
Interest paid on Loans, Financ., Debent.and taxes payable in installments	(33.128)	(39.179)	(97.806)	(116.900)
Swap Operation Redemptions	(105.003)	(15.830)	(152.484)	(78.145)
Dividends Paid	(6.850)	(6.943)	(6.850)	(37.206)
Net Funds from Financial Activities	(277.069)	(388.797)	(577.954)	(771.002)
Investment Activities				
(Additions) in Long-term Investments	0	(287.791)	(262.029)	(365.925)
(Additions) to Permanent Assets, except Deferred Charges	(47.956)	(100.224)	(111.336)	(125.511)
(Additions) Right off of permanent assets	0	0	0	0
Funds Used for Investments	(47.956)	(388.015)	(373.365)	(491.436)
Exchange Variation of Cash and Cash Equivalents	139.194	1.078	112.534	(2.613)
Cash Balance Change	44.663	71.820	(43.897)	423.239
At the Beginning of the Period	1.081.919	1.398.139	1.930.654	1.910.586
At the End of the Period	1.126.582	1.469.959	1.886.757	2.333.825



Balance Sheet - Assets

Brazilian GAAP (Corporate Law) - R\$ thousand

Assets	Parent Company		Consolidated	
	31-mar-06	31-dec-05	31-mar-06	31-dec-05
Current Assets	3,641,743	3,719,421	6,379,672	6,640,126
Cash and Cash Equivalents	1,126,582	1,081,919	1,886,757	1,930,654
Trade Accounts Receivable	883,846	875,464	1,617,879	1,682,139
Taxes Recoverable	24,321	13,393	92,495	87,535
Inventories	1,145,341	1,265,477	2,416,780	2,531,861
Deferred Income Tax & Social Contrb'n	165,444	184,412	209,591	243,617
Other Securities Receivables	296,209	298,756	156,170	164,320
Long-Term Receivable	1,061,060	1,090,700	1,284,108	1,549,137
Deferred Income Tax & Social Contrb'n	491,550	491,550	830,503	824,666
Related Company Credits	311,413	327,405	1,936	267,140
Deposits at Law	172,836	174,618	308,518	303,943
Taxes Recoverable	33,518	42,074	55,283	63,989
Others	51,743	55,053	87,868	89,399
Permanent Assets	8,514,286	8,460,759	10,152,874	10,005,995
Investments	5,098,947	5,028,034	1,564,350	1,356,091
Property, Plant and Equipment	3,415,339	3,432,725	8,560,813	8,621,736
Deferred	-	-	27,711	28,168
Total Assets	13,217,089	13,270,880	17,816,654	18,195,258



Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Corporate Law) - R\$ thousand

Liabilities and Shareholders' Equity	Parent Company		Consolidated	
	31-mar-06	31-dec-05	31-mar-06	31-dec-05
Current Liabilities	1,845,422	2,111,496	3,677,712	3,940,371
Loans and Financing and Taxes Payable in Installments	480,704	543,092	1,045,398	1,182,990
Suppliers, Subcontractors and Freight	142,252	144,484	341,318	395,096
Taxes, Charges and Payroll Taxes	254,554	386,736	454,773	676,851
Related Companies	68,056	66,616	50,528	58,208
Financial Instruments	201,022	271,587	758,161	675,817
FEMCO	-	-	9,674	10,607
Dividends Payable	539,537	540,544	545,947	546,955
Others	159,297	158,437	471,913	393,847
Long-Term Liabilities	2,237,840	2,351,422	4,952,857	5,418,178
Loans and Financing and Taxes Payable in Installments	585,325	724,773	2,044,241	2,436,823
Related Companies	58,433	57,658	12,778	14,062
Provision for Contingencies	593,798	579,083	1,071,595	1,058,218
Actuarial Liability	901,946	899,990	984,267	980,086
Financial Instruments	13,044	-	269,620	336,736
FEMCO	-	-	284,210	312,153
Others	85,294	89,918	286,146	280,100
Minority Interests	-	-	88,902	84,139
Shareholders' Equity	9,133,827	8,807,962	9,097,183	8,752,570
Capital	2,400,000	2,400,000	2,400,000	2,400,000
Reserves	6,407,962	2,494,671	6,352,570	2,434,141
Revenues from Fiscal Year	325,865	3,913,291	344,613	3,918,429
Total Liabilities and Shareholders' Equity	13,217,089	13,270,880	17,816,654	18,195,258



Companhia Siderúrgica Paulista - COSIPA
Income Statement - Consolidated
Brazilian GAAP (Corporate Law)

R\$ thousand	1Q 06	1Q 05	4Q 05	Chg. 1Q06/1Q05
Net Revenues	1,113,086	1,357,653	1,206,587	-18%
Domestic Market	734,744	972,306	720,053	-24%
Export Market	378,342	385,347	486,534	-2%
COGS	(862,620)	(715,693)	(956,463)	21%
Gross Profit	250,466	641,960	250,124	-61%
Gross Margin	23%	47%	21%	-24 p.p.
Operating Income (Expenses)	(13,948)	(57,157)	(69,535)	-76%
Selling	(16,052)	(18,114)	(16,773)	-11%
General and Administrative	(11,176)	(14,192)	(12,004)	-21%
Others, Net	13,280	(24,851)	(40,758)	-153%
EBIT	236,518	584,803	180,589	-60%
EBIT Margin	21%	43%	15%	-22 p.p.
Financial Result	(34,216)	(124,630)	(130,099)	-73%
Operating Result	202,302	460,173	50,490	-56%
Non-Operating Income	(465)	(759)	(40,111)	-39%
Profit Before Taxes	201,837	459,414	10,379	-56%
Income Tax / Social Contribution	(67,234)	(159,582)	6,377	-58%
Minority Interests	(989)	(3,063)	(839)	-68%
Net Income	133,614	296,769	15,917	-55%
EBITDA	307,054	669,626	302,830	-54%
EBITDA Margin	27.6%	49.3%	25.1%	-21 p.p.



Companhia Siderúrgica Paulista - COSIPA

Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Consolidated	
	1Q 06	1Q 05
Operating Activities		
Net Income (Loss) in the Period	133,614	296,769
Financial Expenses and Monetary Var/Net Exchge Var	20,087	113,671
Depreciation, Exhaustion and Amortization	93,043	64,546
Investment Write-offs (Decrease in Permanent Assets)		220
Dividend Income from Subsidiaries	1	
Income Tax and Social Contribution	67,234	159,582
Provisions	(22,136)	16,826
Others adjustments	989	3,063
Adjustment for Minority Participation		(1)
Total	292,832	654,676
Increase/Decrease of Assets		
Increase (Decrease) in Accounts Receivables	118,255	154,612
Increase (Decrease) in Inventories	(9,627)	(75,268)
Increase (Decrease) in Recovery of Taxes	(311)	(1,024)
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	2,786	33,734
Increase (Decrease) in Judicial Deposits	(7,128)	(4,365)
Others	2,041	57,590
Total	106,016	165,279
Increase (Decrease) of Liabilities		
Increase (Decrease) in Suppliers	(32,996)	(14,638)
Amounts Owed to Affiliated Companies	(570)	
Tax Payable	(139,093)	(105,256)
Income Tax and Social Contribution	(4,536)	
Others	13,038	17,985
Total	(164,157)	(101,909)
Cashflow Generated from Operating Activities	234,691	718,046
Financial Activities		
Inflow of Loans and Financing	17,411	3,631
Payment of Loans, Financing and Debentures	(203,080)	(244,280)
Interest paid on Loans, Financ., Debent.and tax installments	(56,005)	(69,738)
Swap Operation Redemptions	(47,129)	(50,784)
Dividends Paid		(15,734)
Others	(10,507)	(10,622)
Net Funds from Financial Activities	(299,310)	(387,527)
Investment Activities		
(Additions) to Permanent Assets, except Deferred Charges	(54,842)	(21,515)
Funds Used for Investments	(54,842)	(21,515)
Exchange Variation of Cash and Cash Equivalentts	(10,706)	(4,555)
Cash Balance Change	(130,167)	304,449
At the Beginning of the Period	587,566	333,387
At the End of the Period	457,399	637,836



Companhia Siderúrgica Paulista - COSIPA
Balance Sheet - Assets

Brazilian GAAP (Corporate Law) - R\$ thousand

Assets	Consolidated	
	31-Mar-06	31-Dec-05
Current Assets	2,098,800	2,349,188
Cash and Cash Equivalents	457,399	587,566
Trade Accounts Receivable	468,494	586,749
Taxes Recoverable	15,629	17,978
Inventories	1,049,806	1,040,179
Deferred Income Tax & Social Contrb'n	38,890	51,986
Other Securities Receivables	68,582	64,730
Long-Term Receivable	384,992	366,490
Deferred Income Tax & Social Contrb'n	228,015	219,353
Deposits at Law	104,729	96,929
Taxes Recoverable	21,138	21,264
Others	31,110	28,944
Permanent Assets	4,586,177	4,626,838
Investments	132	131
Property, Plant and Equipment	4,559,821	4,600,125
Deferred	26,224	26,582
Total Assets	7,069,969	7,342,516



Companhia Siderúrgica Paulista - COSIPA
Balance Sheet - Liabilities and Shareholders' Equity
 Brazilian GAAP (Corporate Law) - R\$ thousand

Liabilities and Shareholders' Equity	31-Mar-06	31-Dec-05
Current Liabilities	1,804,583	1,864,879
Loans and Financing and Taxes Payable in Installments	591,613	688,995
Suppliers, Subcontractors and Freight	201,157	236,526
Taxes Payable in Installments	55,154	33,569
Income Tax and Social Contribution	94,298	202,338
Salaries	67,450	61,862
Financial Instruments	514,164	367,103
Actuarial Liability	9,674	10,605
Dividends Payable	205,467	205,467
Others	65,606	58,414
Long-Term Liabilities	2,397,066	2,743,920
Loans and Financing and Taxes Payable in Installments	1,341,259	1,576,109
Provision for Contingencies	404,213	402,445
Actuarial Liability	311,818	337,536
Financial Instruments	127,652	225,478
Deferred Income Tax & Social Contrb'n	158,162	147,431
Others	53,962	54,921
Minority Interests	30,174	29,185
Shareholders' Equity	2,838,146	2,704,532
Capital	1,763,814	1,763,814
Reserves	940,718	940,718
Revenues from Fiscal Year	133,614	-
Total Liabilities and Shareholders' Equity	7,069,969	7,342,516



Sales Volume Breakdown - Consolidated

Thousand tons	1Q 2006		1Q 2005		4Q 2005		Chg. 1Q06/1Q05
TOTAL SALES	1,954	100%	1,768	100%	1,981	100%	11%
Heavy Plates	365	19%	376	21%	303	15%	-3%
Hot Coils/Sheets	540	28%	511	29%	429	22%	6%
Cold Coils/Sheets	521	27%	454	26%	597	30%	15%
Electrogalvanized Coils	61	3%	73	4%	51	3%	-16%
Hot Dip Galvanized Coils	105	5%	73	4%	88	4%	44%
Processed Products	83	4%	63	4%	69	3%	32%
Slabs	279	14%	218	12%	444	23%	28%
TOTAL SALES - DOMESTIC MARKET	1,202	62%	1,383	78%	1,071	54%	-13%
Heavy Plates	211	11%	305	17%	190	10%	-31%
Hot Coils/Sheets	434	23%	486	28%	341	17%	-11%
Cold Coils/Sheets	349	18%	395	22%	353	18%	-12%
Electrogalvanized Coils	44	2%	51	3%	42	2%	-14%
Hot Dip Galvanized Coils	77	4%	73	4%	75	4%	5%
Processed Products	43	2%	40	2%	43	2%	8%
Slabs	44	2%	33	2%	27	1%	33%
TOTAL SALES - EXPORTS	752	38%	385	22%	910	46%	95%
Heavy Plates	154	8%	71	5%	113	7%	117%
Hot Coils/Sheets	106	5%	25	1%	88	4%	324%
Cold Coils/Sheets	172	9%	59	3%	244	12%	192%
Electrogalvanized Coils	17	1%	22	1%	9	0%	-23%
Hot Dip Galvanized Coils	28	1%	-	0%	13	1%	0%
Processed Products	40	2%	23	1%	26	1%	74%
Slabs	235	12%	185	11%	417	21%	27%

Net Revenues per tonne - USIMINAS + COSIPA

R\$ / t.					
	1Q 06	4Q 05	3Q 05	2Q 05	1Q 05
Total	1,379	1,396	1,635	1,800	1,836
Heavy Plates	1,645	1,807	2,009	2,031	2,034
Hot Coils/Sheets	1,239	1,340	1,445	1,673	1,654
Cold Coils/Sheets	1,485	1,512	1,610	1,834	1,922
Electrogalvanized Coils	1,943	2,052	2,191	2,253	2,291
Hot Dip Galvanized Coils	1,861	2,095	2,094	2,195	2,289
Processed Products	1,766	1,982	2,078	2,296	2,342
Slabs	692	644	803	1,052	1,081



Sectorial Sales - Consolidated

Thousand tonnes	1Q 06		1Q 05		4Q 05		Chg. 1Q06/1Q05
Domestic Market	1,202	100%	1,384	100%	1,071	100%	-13%
Auto	153	13%	162	12%	143	13%	-5%
Autoparts	223	19%	208	15%	190	18%	7%
Shipbuilding	4	0%	23	2%	11	1%	-82%
Line Pipes	71	6%	104	8%	39	4%	-32%
Small Diameter Pipes	92	8%	97	7%	95	9%	-6%
Packaging	21	2%	28	2%	29	3%	-24%
Household Appliances	29	2%	25	2%	22	2%	15%
Civil Construction	108	9%	105	8%	65	6%	2%
Electrical Equipment	59	5%	64	5%	55	5%	-8%
Distributors	273	23%	334	23%	248	23%	-18%
Industrial Equipment	41	3%	39	3%	32	3%	4%
Others	129	10%	195	13%	142	13%	-34%

Market Share - Usiminas System (*)

(% volume)

	1Q06 (*)	2005 (*)	2004 (*)	2003 (*)
DOMESTIC MARKET	51%	53%	55%	60%
Auto	57%	59%	55%	62%
Autoparts	63%	59%	62%	67%
Shipbuilding	100%	100%	100%	100%
Electrical Equipment	64%	66%	63%	58%
Household Appliances	38%	33%	36%	44%
Line Pipes	96%	94%	98%	95%
Small Diameter Pipes	49%	54%	60%	68%
Packaging	14%	14%	15%	16%
Civil Construction	41%	44%	48%	58%
Distributors	43%	44%	51%	59%

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

Source: Information System - IBS



Loans and Financing by Index - Consolidated

R\$ million	31-mar-06			31-dec-05	Chg. mar06/dec05
	Short Term	Long Term	TOTAL	TOTAL	
TOTAL DEBT					
Foreign Currency (*)	671,633	1,675,707	2,347,340	2,757,591	-15%
IGP-M	110,832	55,694	166,526	223,758	-26%
TJLP	215,471	140,187	355,658	404,768	-12%
Others	18,746	29,289	48,035	57,685	-17%
Sub-Total	1,016,682	1,900,877	2,917,559	3,443,802	-15%
Taxes Payable in Installments	28,716	143,364	172,080	176,011	-2%
TOTAL	1,045,398	2,044,241	3,089,639	3,619,813	-15%
FEMCO	9,674	284,210	293,884	322,760	-9%
TOTAL DEBT	1,055,072	2,328,451	3,383,523	3,942,573	-14%
Cash and Cash Equivalents			1,886,757	1,930,654	-2%
NET DEBT			1,496,766	2,011,919	-26%

(*) 99.2% of total foreign currency is denominated in US dollars

Financial Income - Consolidated

R\$ million	1Q 2006	1Q 2005	4Q 2005	Chg. 1Q06/1Q05
Monetary Effects	(39,333)	(29,180)	(28,219)	35%
Exchange Variation	110,964	(21,841)	(59,568)	-608%
Hedge Income (Expenses)	(167,402)	(63,281)	(25,786)	165%
Interest on Loans, Financing, ACC's and Pre-Payment	(70,604)	(93,435)	(76,977)	-24%
Financial Income	78,972	82,906	76,542	-5%
Other Financial Expenses	(30,928)	(35,947)	(47,632)	-14%
NET INTEREST INCOME	(118,331)	(160,778)	(161,640)	-26%

