

## Usiminas System posts Net Profit of R\$1.8 billion and EBITDA of R\$ 3.2 billion through September.

"The Brazilian economy's performance has, for the most part, been sustained by domestic consumption, and this trend should be the main GDP growth driver. Exports, on the other hand, have maintained their dynamic pace in spite of the loss of competitive strength due to an unfavorable exchange rate and increase in imports, which have directly affected the industrial activity level, growing far less in the last few years than its potential.

This panorama has a direct impact on several flat steel consumer segments. It is expected that an increase in the level of investments materializes in the coming four years of this federal government administration, favored by a continuous reduction in interest rates within a lower-risk environment.

In such economic context, the Usiminas System arrives in the third quarter of 2006 showing consistent results within its planning for the period. Nine-month net profit of R\$ 1.8 billion, operating cash generation measured by EBITDA of R\$ 3.2 billion, maintenance of leadership in the domestic market and other operating efficiency indicators assured us of the company's strategic direction.

With confidence, we keep on implementing our investment program in order to gain scale, maintaining the mills technologically updated, reducing production cost and increasing the quality of our products even further.

We have just announced a new Usiminas shareholders' agreement, constituted by traditional members, which reaffirms our interest in investing with a long-term vision, in strengthening the Company and in its strategic position in the current global steel industry.

The steel industry is making great strides into a new era, in which only competitive, sustainable companies will achieve success. Once again, we reaffirm that the Usiminas System is prepared to reap opportunities."

**Rinaldo Campos Soares - CEO**

### 3Q06

Belo Horizonte, November 08, 2006 – Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY; Latibex: XUSI) releases today its third quarter results for the 2006 fiscal year (3Q06). Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in reais, according to corporate law. All comparisons made in this release take into consideration the same period in 2005 (3Q05), except when stated otherwise.

### 09/29/2006

USIM3 R\$ 74.00 / share  
 USIM5 R\$ 65.00 / share  
 USNZY US\$ 29.78 (1 ADR = 1 share)  
 XUSI € 24.04

**Bovespa Market Capitalization**  
 R\$ 14.6 billion - US\$ 6.7 billion

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ADR  
 Level I



### Highlights

R\$ million	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05	9M 2006	9M 2005	Chg. 9M06/9M05
Total Sales Volume (000 t)	1,971	1,769	2,028	11%	5,953	5,367	11%
Net Revenues	3,127	3,126	3,053	0%	9,138	10,072	-9%
Gross Profit	1,195	1,221	1,013	-2%	3,096	4,503	-31%
Operating Result (EBIT) a	1,022	1,098	890	-7%	2,653	4,017	-34%
Financial Result	(91)	(171)	(78)	-47%	(287)	(505)	-43%
Net Income	715	782	704	-9%	1,763	2,594	-32%
EBITDA b	1,228	1,265	1,046	-3%	3,182	4,615	-31%
EBITDA Margin	39.3%	40.5%	34.3%	-1,2 p.p.	34.8%	45.8%	-11,0 p.p.
EBITDA (R\$/t)	623	715	516	-13%	535	860	-38%
Total Assets	18,124	17,367	18,066	4%	18,124	17,367	4%
Net Debt	1,669	2,243	1,603	-26%	1,669	2,243	-26%
Stockholders' Equity	10,166	7,994	9,451	27%	10,166	7,994	27%

(a) Earnings before interest, tax and participations.

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



## Other Highlights

- Cash Balance on Sept. 29, 2006: R\$ 2.0 billion.
- Market Cap on Sept. 29, 2006: R\$ 14.6 billion (US\$ 6.7 billion).
- Usiminas announces new Shareholders' Agreement.
- New BNDES credit line for investment financing of the Usiminas System of up to R\$900 million.
- Usiparts invests R\$ 46 million in expansion.
- New Investments in Research and Development.
- State Environmental Agency authorizes Coke Oven Plant Nr. 3.
- Usiminas receives awards.

## Economic and Market Outlook

### International Scenario:

In the third quarter, the international market reached its peak in the year in terms of demand and prices, with the exception of China, which, although with demand compatible with its growth, presented distinct prices from international levels, motivated by factors such as:

- consumer seasonality - lower industrial activity in the summer season;
- delay in the closing of mills considered inefficient and obsolete, according to announcements by the Chinese government;
- greater increase in production capacity.

As a consequence, domestic prices in China were lower than prices in Western countries, which was the main cause for that country's exports to have been more aggressive. In the period, the following average price levels were recorded in the international market: Slabs: US\$ 540.00/t; Heavy Plate: US\$ 700.00/t; Hot-rolled Coil: US\$ 650.00/t; Cold-rolled Coil: US\$ 700.00/t and Galvanized Coil: US\$ 900.00 - 950.00/t.

Parallel to this scenario, the effects of local actions by some countries, especially the United States, began to be felt elsewhere, such as the initiatives for containing inflationary effects due to vigorous economic growth. Successive interest rate increases in the United States followed in a more modest manner by the European Union began to be reflected in market behavior, such as in the building and industrial sectors, which are heavy steel users.

### 4<sup>th</sup> Quarter

The fourth quarter is still giving off signals of adjustment for the following reasons:

- Domestic US prices set off consumer alarms, especially for service centers, which perceived that, at that level, could trigger a price decline because of saturation and by the attractiveness of greater supply. In other words, they would be careful to avoid inventory accumulation at peak prices, which would mean losses.
- greater supply by local mills due to higher prices;
- inventories at ideal historic levels;
- greater import volumes attracted by higher prices, especially large tonnage brought from China.



These occurrences initially influenced the NAFTA region, gradually extending to the rest of the American continent and European markets. In Asia, the influence of China and its export level determined greater pricing pressure.

The quarter may be referred to as a period of price adjustments, bringing prices from an extremely high level to a more realistic one in terms of production and demand, with more stable pricing behavior. For the period, prices are within the following levels:

### Export Market Price Expectation for Flat Rolled Steel in the 4th Quarter

FOB Base Prices (w/o extras)	US\$/ton
Slabs	480 - 500 (*)
Heavy Plate	650 - 700
Hot Rolled	500 - 520
Cold Rolled	580 - 600
Galvanized	800 - 850

(\*) Sales to Western countries. For Asia, prices are CFR

Usiminas System exports should conclude the year with expansion of approximately 12%, with greater share of heavy plate sales, whose sales in the export market should double compared with 2005. It is also expected that exports will represent approximately 33% of the Company's total sales.

New declines in prices are not expected because present production costs do not leave mills room for new revenue and margin reductions. Greater domestic demand in China is also expected, with some price recovery, which should diminish attractiveness of new exports. It can also be noted that the effective reduction in the export credit premium in the Chinese market is now a reality and should be considered by Chinese exporters in their evaluation of export sales from this moment on.

### Outlook

For 2007, the world's main economy, the US, should reduce its growth rate, with impacts on the global economy, reflecting the maintenance of a more restrictive monetary policy, the behavior of the U.S. dollar against other currencies and energy cost increases due to higher oil prices. On the other hand, continued growth in China is also expected (in spite of government efforts to avoid overheating of the economy) and also in India, which should compensate lower growth in the US.

It is also expected that the international flat steel market will be seeing price stability with little variation, conditioned on an international scenario without great surprises.

### Domestic Market Outlook:

The increase in domestic demand, mainly driven by greater credit availability and by extension of maturities for financing, has assured the performance of the Brazilian economy this year.

In 2006, investments have fallen short of the needs of the country due to still high interest rates, excessive tax burden and delays in the implementation of Private-Public Partnerships.

Exports have maintained their dynamic pace, in spite of the appreciation of the Real. However, imports have grown at higher rates than exports, affecting industrial production performance in the country, which grew only 2.8% up to August.

The general panorama of the Brazilian economy has impacted several consumer segments for flat steel, which have presented quite different behavior, as we can see below:



## Demand: Quarterly analysis

Flat steel demand in the domestic market in 3Q06 grew 18% compared with the same period of 2005, with highlight for performance in the civil construction/shapes segment (+38%), distribution (+33%), autoparts (+31%), highway equipment (+27%) and electronics (+21%). Contrary to what was seen last year when demand declined, in 2006 we have seen growing domestic demand compared with consolidated figures in 2005.

Comparing domestic demand in 3Q06 with that in 2Q06, we observe stability, which indicates easing in the pace of economic expansion. Such fact can be confirmed by industrial production indicators in the country.

Only the industrial and the civil construction industries stood out in 3Q06. They posted a 19% and a 10% growth, respectively, confirming IBGE figures that point to better capital goods production performance among all categories of industrial products in the last few months.

## Demand: 9M06 X 9M05 analysis

Domestic flat steel demand in the January - September 2006 period posted an increase of 3% compared with the year-ago period, reversing a situation which prevailed up until the first half of the year, when domestic demand was still lower than in 2005.

The industries that have stood out are mainly those benefiting from increased consumption, led by higher credit availability and declining interest rates. Among such industries are autoparts (following the increase in vehicle production), electrical/electronic equipment and domestic appliances.

It is also worth mentioning those industries whose demand is related to investments, such as highway equipment and industrial goods, which have shown growing demand in 2006.

The industries that have recorded weak performance are agricultural machinery and tractors, reflecting difficulties in the agriculture segment, as well as large diameter pipes, which posted lower demand in 2006 due to delays in the implementation of some pipeline projects by Petrobras.

Demand by Sector - thousand t.						
Industry	3Q06	3Q05	Chg%	9M06	9M05	Chg%
Automobile	296.2	303.0	(2)	865.7	870.3	(1)
Autoparts	400.5	305.0	31	1,171.3	970.0	21
Shipbuilding	11.5	15.6	(26)	20.6	50.1	(59)
Highway Eqpmt	39.2	31.0	26	116.4	93.8	24
Agricultural/Tractors	9.9	13.6	(27)	34.0	50.4	(33)
Industrial	69.4	34.6	101	168.5	111.4	51
Electronic	98.1	80.8	21	293.9	269.4	9
White Goods	82.9	67.0	24	241.9	210.9	15
Civil Construction/Shapes	257.6	186.9	38	695.5	717.8	(3)
Rerolling	73.2	78.1	(6)	219.2	261.4	(16)
Small Diameter Tubes	201.5	173.8	16	581.4	530.6	10
Distribution	743.9	558.5	33	2,140.3	2,002.1	7
Large Diameter Tubes	72.3	121.8	(41)	221.1	353.5	(37)
Other	223.8	217.7	3	635.3	713.3	(11)
<b>TOTAL</b>	<b>2,580.0</b>	<b>2,187.4</b>	<b>18</b>	<b>7,405.1</b>	<b>7,205.0</b>	<b>3</b>



## Outlook

Outlook for the remainder of the year points to an increase of around 8% in domestic demand, according to the Brazilian Iron and Steel Institute (IBS) figures, reversing the 9% decline last year.

Of the business areas the Company serves, the best performance should be in the automotive industry (carmakers & autoparts), which should set a new production record in 2006, with around 2.7 million vehicles, according to ANFAVEA estimates.

Segments related to oil and gas (large diameter pipes and shipbuilding) should conclude the year with lower-than-expected performance due to changes in the schedules of the projects, which have been postponed.

The distribution segment, which accounts for around 30% of demand, should follow the average behavior of the market, after a period of inventory level adjustment.

The Usiminas System expects to conclude 2006 with total sales of approximately 8.0 million tonnes, which will mean a growth of around 10% compared with that of 2005, considering that the growth forecast for sales to the domestic market (67% of total sales) is approximately 9%, slightly higher than the domestic demand growth forecast by IBS.

For 2007, total flat rolled steel demand growth is forecast at approximately 8%. Domestic market behavior should be influenced by the following factors:

- Maintenance of high credit volume, interest rate reductions and stabilized inflation will enable a positive performance of the durable goods sector, with impact on the automotive industry, white goods and electronic equipment;
- Increase in investments in the industries of oil, gas, mining, highways and steel, with positive effects on the segments of large diameter pipes, industrial equipment, highway equipment, shipbuilding and civil construction;
- The distribution segment will begin the year with more balanced inventory levels, which will enable the steel industry to benefit from demand growth in several industrial sectors supplied by the distribution network.

Demand behavior by product indicates that growth will mainly be leveraged by recovery in the volume of **Heavy Plates** due to the recovery of gas pipelines orders and ship orders from Transpetro.

The **Hot Strip** and **Cold Strip** lines will benefit from demand in the semi-finished goods segments (sub-segment of retailing, manufacturers seamed and small diameter tubes, welded profiles and rerolling), an important market that follows the performance of the industrial sector.

Demand for **Galvanized** products could be affected by retraction of automotive industry exports.

## Raw Materials

**Iron Ore:** The supply of iron ore has occurred normally, and technical discussions with suppliers are underway about the evolution of the quality of the available ores for supply in the coming years, taking into consideration the start-up of new mines.

**Coal and Coke:** In 3Q06, the Usiminas System started receiving and partially consuming coal bought for contract year 2006, already reflecting recent annual negotiations. Our mills are being supplied within our plans, as a consequence of the current moment of stabilization the international coal market is experiencing. The outlook for an increase in the global demand of coal is maintained, and in 4Q06 the first concrete indicators of this movement should begin to appear in the market. However, as in 2006, it is expected that the negotiation process will be prolonged.

As for the coke market, there has been a slight retraction in FOB prices in the Chinese market over the quarter and, in the opposite direction, an increase in ocean freight.

**Alloys:** The supply of alloys, metals and refractories in 3Q06 also occurred normally. The highlight was the increase in the average price of nickel of 40% over 2Q06 and maintenance in the price of zinc at the same level as in 2Q06, which are negotiated on the London Metals Exchange.



## Steel Industry - Global and Brazilian Production

### Global

Global crude steel production amounted to 903.4 million tonnes through Sept. 06, up 9% from the same period in 2005, according to preliminary data from the International Iron and Steel Institute (IISI).

China alone accounted for 34% of global crude steel production, totaling 308.4 million tonnes in the January-September period, up 18% from the same period in 2005.

Some of the more significant production increases in the January - September period occurred in the United States (9%), India (14%) and the C.I.S. countries (7%).

### Brazilian

According to preliminary data from the Brazilian Iron and Steel Institute (IBS), 22.8 million tonnes of crude steel were produced in the first nine months of the year, down 4% compared with the same period in 2005. Usiminas accounted for 29% of the total. Production of rolled steel (flat and long) reached 17.5 million tonnes through Sept. 2006, up 4% above production in the previous year.

Crude steel production in Latin America (Jan to Aug) totaled 41.2 million tonnes, a decline of 2% compared to the same period in 2005, while Brazilian production accounted for around 50% of the total.

## Usiminas System Production and Sales

### Production (Crude Steel)

Thousand tons	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05	Chg. 3Q06/2Q06	9M 2006	9M 2005	Chg. 9M06/9M05
Usiminas	1,165	1,132	1,168	3%	0%	3,443	3,428	0%
Cosipa	1,097	1,015	1,021	8%	7%	3,110	3,089	1%
Total	2,262	2,147	2,189	5%	3%	6,553	6,517	1%

In 3Q06, crude steel production in the two mills totaled 2.3 million tonnes and, in the first nine months, amounted to 6.6 million tonnes, slightly above that produced in the same period in 2005. Rolled steel production in the quarter totaled 2.1 million tonnes and in the nine months, amounted to 5.9 million tonnes, up 1% over the year-ago period.

The workforce of the two Companies was comprised of 13,709 employees on 09/30/06.

### Other Relevant Production Facts

**At the Ipatinga Plant**, the highlight is maintenance of certifications after audits by DNV and Inmetro in September 2006, and by the Shipbuilding Accreditation Agencies during the year, for the Management Systems (ISO 9001:2000 - Quality, ISO TS 16949:2002 - Quality in the Automotive Industry, ISO 14001 - Environment and OHSAS 18001:1999 - Safety and Occupational Health) and Product Quality of Usiminas.

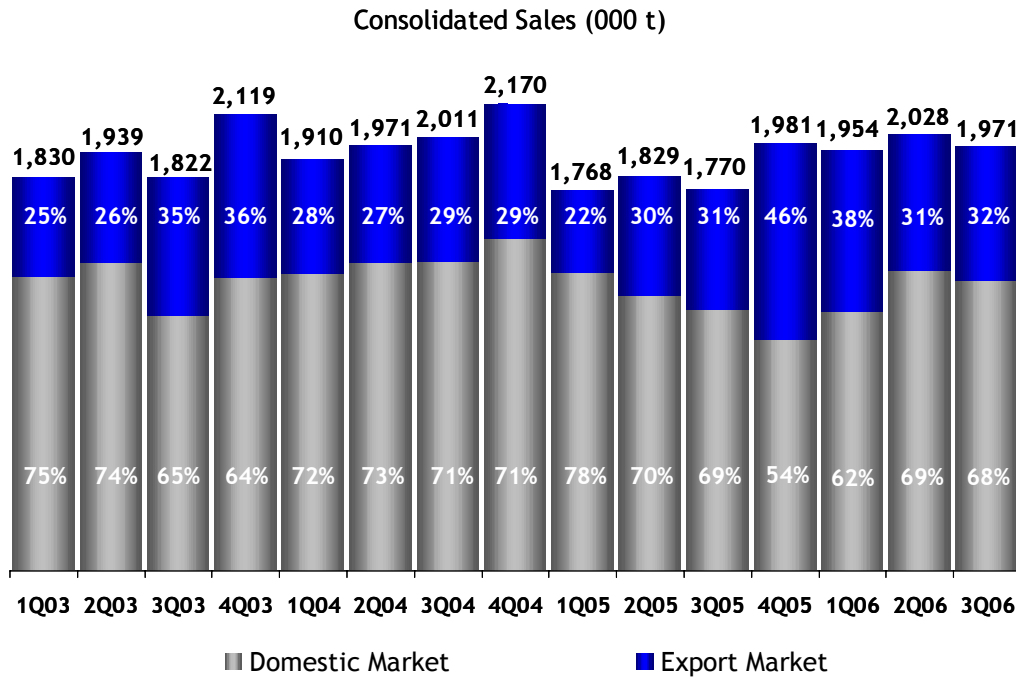
The level of customer satisfaction, which represents the main global quality indicator, increased by 5% in 2006 compared to 2005.

**At the Cubatão Plant**, the highlight is for the DNV recommendation for recertification according to Norms ISO 9001/2000 and ISO TS 16949 in August 2006.



Both Usiminas and Cosipa also received the TUV Nord - Germany recommendation for accreditation by the CE Brand, which enables exports of material for use in civil construction and pressure vessels to the European market. Without this accreditation, the Companies would not be able to export to the EU.

The industrial plants continued to adopt measures to achieve production cost savings (value creation agenda), and savings in the production processes are already in place.



Total sales volume in 3Q06 was 2.0 million tonnes, of which 68% to the domestic market and 32% for exports, with 11% growth over the same period in the previous year. Compared with 2Q06, volume sold recorded a slight decrease (-3%). Accumulated sales through September 2006 were 6.0 million tonnes, up 11% over 9M05, with a highlight for a 35% increase in exports.

#### ◆ Domestic Market

In 3Q06, sales reached 1.3 million tonnes, up 11% from 3Q05. Demand grew in almost all market segments, mainly in civil construction, distribution, autoparts, highway equipment, electronics and shipbuilding, which provided a positive performance. Sales volume in this market amounted to 3.9 million tonnes (66% of total volume) in the first nine months, around 2% above the first nine months of 2005.

**Market Share:** The Usiminas System maintained its leadership position in the domestic market, with a market share of 52% at the end of the nine-month period and is the main supplier of important consumer segments, with highlights for **agricultural machinery/tractors, highway machinery, industrial equipment, large diameter pipe and ship plate**, where it is practically the sole supplier. In the demanding automotive segment, the Usiminas System has maintained a share **above 60%** of demand for flat steel, as well as in the electronic equipment segment. Highlight is for increases in the share in the autoparts and domestic appliance segments in the period, which grew 3 and 4 percentage points, respectively.

#### ◆ Export Market

In 3Q06, exports totaled 625 thousand tonnes, representing a growth of 13% compared with 3Q05. In the nine-month period, shipped volume totaled 2.0 million tonnes, 35% above the volume shipped in the first nine months of 2005. Heavy plate exports, hot-dipped galvanized and hot-rolled coils were the most exported items, and increased 167%, 123% and 49%, respectively.

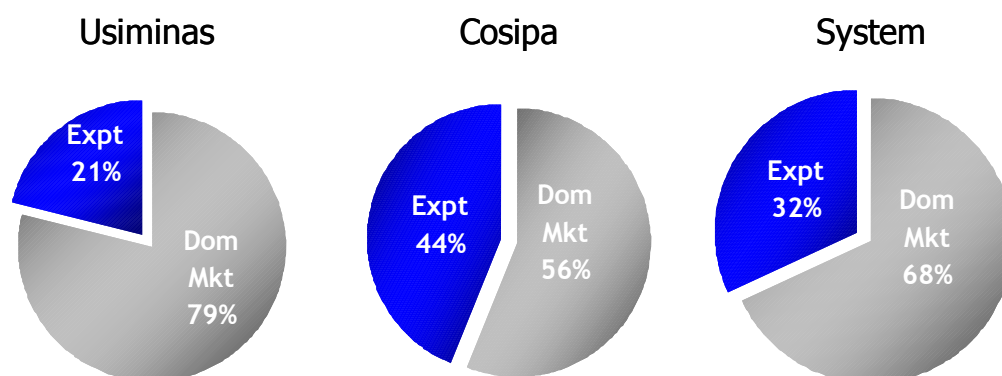
Compared to shipments in 2Q06, exports in 3Q06 remained practically at the same level.



## Sales Volume

Thousand tons	3Q 2006		3Q 2005		2Q 2006		Chg. 3Q06/3Q05	9M 2006		9M 2005		Chg. 9M06/9M05
<b>Usiminas</b>												
Domestic Market	830	79%	726	78%	831	75%	14%	2,386	74%	2,318	82%	3%
Export Market	219	21%	199	22%	277	25%	10%	834	26%	525	18%	59%
<b>Total</b>	<b>1,049</b>	<b>100%</b>	<b>925</b>	<b>100%</b>	<b>1,108</b>	<b>100%</b>	<b>13%</b>	<b>3,220</b>	<b>100%</b>	<b>2,843</b>	<b>100%</b>	<b>13%</b>
<b>Cosipa</b>												
Domestic Market	516	56%	490	58%	566	62%	5%	1,558	57%	1,557	62%	0%
Export Market	406	44%	354	42%	354	38%	15%	1,175	43%	967	38%	22%
<b>Total</b>	<b>922</b>	<b>100%</b>	<b>844</b>	<b>100%</b>	<b>920</b>	<b>100%</b>	<b>9%</b>	<b>2,733</b>	<b>100%</b>	<b>2,524</b>	<b>100%</b>	<b>8%</b>
<b>System</b>												
Domestic Market	1,346	68%	1,216	69%	1,397	69%	11%	3,944	66%	3,875	72%	2%
Export Market	625	32%	553	31%	631	31%	13%	2,009	34%	1,492	28%	35%
<b>Total</b>	<b>1,971</b>	<b>100%</b>	<b>1,769</b>	<b>100%</b>	<b>2,028</b>	<b>100%</b>	<b>11%</b>	<b>5,953</b>	<b>100%</b>	<b>5,367</b>	<b>100%</b>	<b>11%</b>

## Sales Volume Mix - 3Q06



## EXPORTS MARKETS - MAIN COUNTRIES

Through Sept/06

	COUNTRIES	TONNES	PARTICIPATION (%)
1	USA	421,030	21.0
2	Mexico	274,875	13.7
3	Germany	223,323	11.1
4	Canada	158,738	7.9
5	Thailand	119,184	5.9
6	India	115,306	5.7
7	Argentina	102,270	5.1
8	Spain	99,288	4.9
9	Chile	92,996	4.6
10	Colombia	62,934	3.1
	Other	338,309	16.8
	<b>TOTAL</b>	<b>2,008,253</b>	<b>100.0</b>



## Economic and Financial Performance

### Net Revenue

In 3Q06, net revenue totaled R\$ 3.1 billion and was 2% above that in 2Q06 due to improved prices in the period. In the first nine months of 2006, net revenue totaled R\$ 9.1 billion, down 9% that in the year-ago period. The decline, despite the higher sales volume (586 thousand tonnes), resulted from lower average prices and the negative effects of exchange rate appreciation of the Brazilian real over the US dollar (deteriorating export revenue).

### COGS

In 3Q06, cost of goods sold (COGS) totaled R\$ 1.9 billion, down 5% from 2Q06, basically due to lower sales volume.

Total Cost of Goods Sold per tonne (Usiminas and Cosipa) in the quarter was stable from 2Q06, at R\$ 975/tonne.

Through September 2006, COGS totaled R\$ 6.0 billion, up 8% from 9M05 due to higher sales volume. Raw materials, the main item in Variable Costs, accounted for approximately 50% of cost of production in 9M06 and remained stable.

### Gross Profit

Gross profit in 3Q06 was R\$ 1.2 billion, up 18% from that in 2Q06. Gross margin rose to 38% in 3Q06 from 33% in 2Q06, due to the reasons mentioned above. In the first nine months of 2006, gross profit of R\$ 3.1 billion and gross margin of 34% declined in comparison with the same period last year.

In the industrial area, a cost savings program is currently in the implementation stage, with a view to improve margins and value generation.

### Operating Profit before Financial Expense (EBIT)

Operating expenses and revenue in 3Q06 grew 41% in comparison with 2Q06, due to the accrual in the previous quarter of a non-recurring gain regarding the reversion of provision for fiscal contingencies.

In 9M06, the amount for operating expense and revenue declined 9% over 9M05. The main variations were: Sales Expense: 16% above due basically to higher spending with distribution costs of greater export volume and payment of demurrage; SG&A: increase of 11% basically due to effects of labor cost adjustments; Other Operating Expenses/Revenues: reduction in expenses of 70% due to recognition of net gains (non-recurring) of R\$ 52 million with the reversion of provision related to fiscal contingencies PIS/CONFINS and by a reduction in actuarial expenses.

Operating profit before financial expenses grew 15% in 3Q06 from 2Q06 and totaled R\$ 1.0 billion, while operating margin rose to 33% from 29% in 3Q06.

In the first nine months of 2006, operating profit amounted to R\$ 2.7 billion, down 34% from 9M05, due to the reasons mentioned above. Operating margin declined to 29% in 9M06 from 40% in 9M05.

### EBITDA

In 3Q06, Ebitda totaled R\$ 1.2 billion, up 17% from 2Q06. Ebitda margin rose to 39% in 3Q06 from 34% in 2Q06.

Ebitda through September 2006 was R\$ 3.2 billion, down 31% from the same period in 2005. Ebitda margin was 35%, a decline of 11 percentage points for the reasons already explained.

## Financial Result

Net financial expenses in 3Q06 totaled R\$ 91 million, a 17% increase from 2Q06, mainly due to exchange rate and monetary effects on debt.

Net financial expenses and revenues declined by R\$ 217 million in 9M06, or 43%, from 9M05, basically due to the reduction in indebtedness and, as a consequence, reduction in financial expenses over debt, associated to the decline in exchange losses and swap transactions.

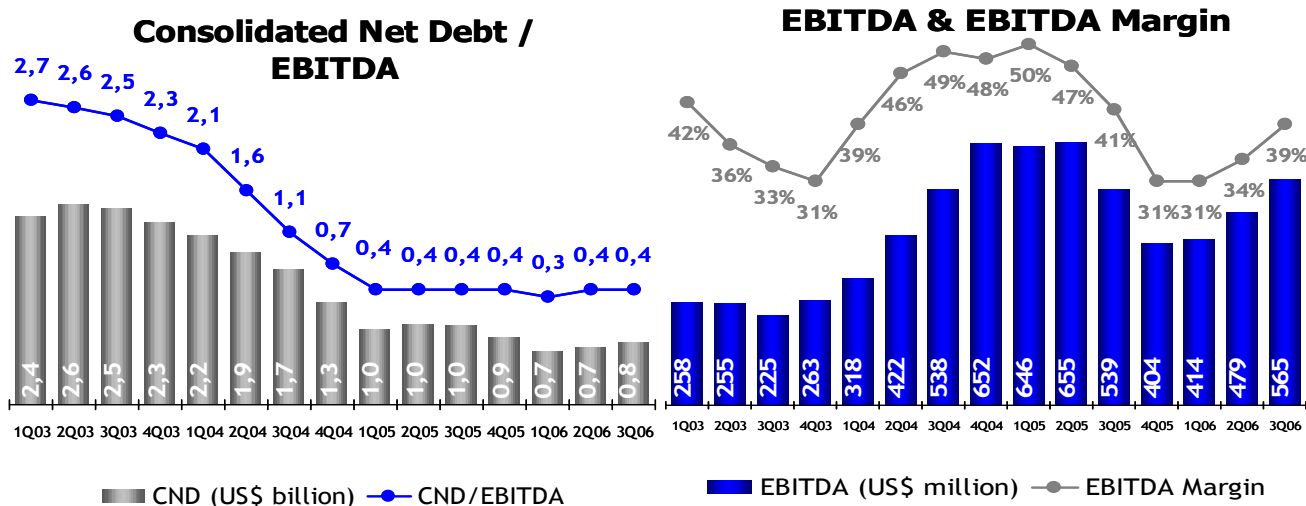
## Equity Income in Controlled Companies

In the 3Q06 consolidated results, equity income in controlled companies increased to R\$ 109 million in 3Q06 from R\$ 48 million in 2Q06, with highlights to Ternium and MRS, which contributed R\$ 95 million and R\$ 20 million, respectively.

## Indebtedness

Total consolidated debt increased from R\$ 3.6 billion on June 30, 2006 to R\$ 3.7 billion on Sept. 30, 2006, of which 24% in local currency and 76% in foreign currency. Considering cash and applications, net debt at the end of September 06 was R\$ 1.7 billion, equivalent to US\$ 0.8 billion.

Short-term debt accounted for 26% and long-term debt for 74%, which is considered by the Company an adequate debt profile. The net debt/EBITDA ratio, which in 2Q06 was 0.4X, remained at this level at the end of 3Q06. Effective debt amortization in 9M06 was R\$ 37 million (considering amortizations minus new loans).



## Income Tax and Social Contribution

In 3Q06, Income Tax and Social Contribution was in line with Taxable Income. It is worth mentioning that 2Q06 was affected by provisioning Interest on Equity Capital, which was effectively paid out in September 2006. The amount totaled R\$ 350 million.

## Net Profit

Net consolidated profit in 3Q06 totaled R\$ 715 million, up 2% (or R\$ 11 million) from that in 2Q06. The items which most contributed to this result were the increase in revenues, cost reduction and equity income. Through September 2006, net profit was R\$ 1.8 billion, with a net margin of 19%, while margin in 1H06 was 17%.



## Investments

Through September 2006, total investments in fixed assets were R\$ 365 million, with expenditures mainly in maintenance, technology updating of equipment and environmental protection of the mills of the Usiminas System.

The projects that are part of the new investment cycle of the Usiminas System were within the established schedules and focus on quality improvement of products, mix improvement, expansion and cost reduction.

## Capital Markets

### • Performance at Bovespa - Bovespa Index

In the quarter, preferred "A" shares (USIM5) - the most liquid of Usiminas shares - fell 16%, while the São Paulo Stock Exchange Index (Ibovespa) fell 0.5%. The ordinary shares (USIM3) declined 13% in a period marked by high volatility.



In the period 01/01/06 to 09/29/06, USIM5 rose 17%, while IBOVESPA had a smaller increase, of 9%.

On 09/29/06, USIM5 was at R\$ 65.00 and USIM3 was at R\$ 74.00. Trading volume in the period (considering voting and preferred shares) was R\$ 4.9 billion. The Company continues to be recommended by financial institutions as an investment option among companies in the steel industry, as per market consensus prepared by Thomson/First Call with respect to its prospective performance.

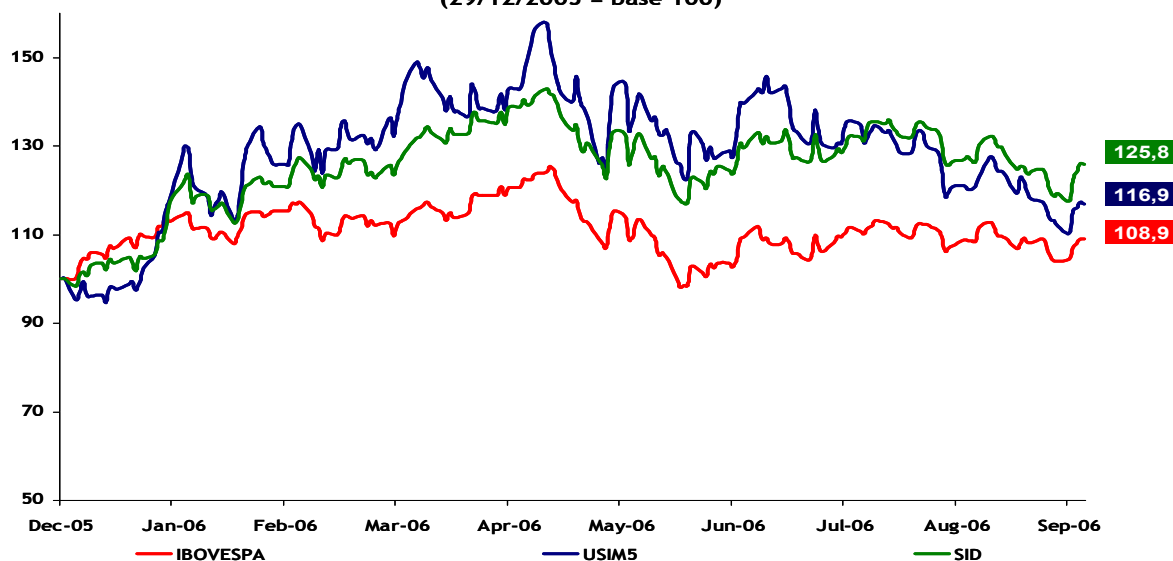
Usiminas ranks fifth among companies with greatest weighting on the IBOVESPA, with a share of 4.5% in the theoretical portfolio of the Ibovespa in the Sept.-Dec.06 period. The main index of the São Paulo Stock Exchange, the Ibovespa is used by the entire market as a basis for decision-making.

Trading Summary Table for Usiminas Shares - 3Q06

Stock, ADR or Index	Number of Trades (daily avg)	Share Traded (000 shares)	Volume Traded 000 \$	Appreciation %	Closing Quotation 09/29/06
USIM3 (ON)	25	1,516	122,243	-12.9%	R\$ 74.00
USIM5 (PNA)	1,497	67,285	4,744,574	-16.3%	R\$ 65.00
USNZY (ADR)	11	890	9,546	-16.7%	US\$ 29.78
XUSI (Latibex)	24	596	14,427	-15.3%	€ 24.04
<b>IBOVESPA</b>	<b>44,090</b>	<b>927,587,930</b>	<b>108,935,778</b>	<b>-0.5%</b>	<b>36,449</b>

USIM5 vs Ibovespa and Steel Industry

(29/12/2005 = base 100)



- **ADR Performance USA**

Usiminas shares traded in the United States, as Level 1 ADR “USNZY” OTC were at US\$ 29.78 on Sept. 29, 2006.

- **Performance in Latibex - Madrid**

Listed on the Latibex since 07/05/05, Usiminas shares “XUSI” keeps third among the most traded shares and were at EUR 24.04 on Sept. 29, 2006.

On 11/16/06, several companies, including Usiminas, will meet in Madrid to take part in the “Brazil Afternoon in Latibex”, an event promoted by the Brazilian Investor Relations Institute (IBRI) together with the Madrid Stock Exchange and the Brazilian Embassy in Spain. The aim is to bring Brazilian companies closer to their potential investors.

- **Participation in analyst and investor meetings**

Up until the end of the current fiscal year, Usiminas will be present at meetings organized by the Capital Markets Professional Association (APIMEC) in Minas Gerais, São Paulo, Rio de Janeiro and other locations in the country, thus reaching the main regions where the Company has shareholders. The aim is to even further strengthen the relationship with this public.

- **Shareholder Composition**

As of 9/29/06, the Company’s Equity was R\$ 5.4 billion divided into 225,285,820 shares - 112,280,152 ordinary shares, 112,596,337 preferred class A shares and 409,331 preferred class B shares (convertible into class A shares). Of the adjusted net income of the fiscal year, a minimum legal share (25%) is destined for remuneration of the shareholders. Holders of preferred shares receive dividends 10% greater than those of ordinary shares.

- **Material Fact subsequent to closing of the quarter**

On 11/06/06, Usiminas announced the signing of a New Shareholders’ Agreement valid for 15 years in substitution of the previous agreement. Signatories of the new Agreement are members of the Original Agreement, Companhia Vale do Rio Doce (CVRD) and Nippon Steel Corporation (NSC). NSC already took part in the referred control group through Nippon Usiminas Co. Ltd. and CVRD already had a stake in the Company, although it not signatory to the Original Agreement. Shareholders Selenium Holdings S/A (Bradesco) and Johannes Sleumer withdrew from the Usiminas control group.

A total of 71,700,091 ordinary shares are tied to the New Agreement, corresponding to 63.86% of Usiminas ordinary shares, distributing the shareholders among 3 groups and 1 shareholder without group, following the proportion described below:

## Usiminas - New Control Group

Shareholder	Number of Tied Shares	% of Total Tied Shares	% of Total Ordinary Shares
Nippon	24,215,509	33.77%	21.57%
NSC	1,917,211	2.67%	1.71%
MC Development	1,346,405	1.88%	1.20%
Metal One	168,722	0.24%	0.15%
Carlos Loureiro	109,229	0.15%	0.10%
<b>Grupo Nippon</b>	<b>27,757,076</b>	<b>38.71%</b>	<b>24.72%</b>
Votorantim	12,982,292	18.11%	11.56%
Camargo Corrêa	12,982,292	18.11%	11.56%
<b>Grupo V/C</b>	<b>25,964,584</b>	<b>36.21%</b>	<b>23.12%</b>
Caixa dos Empregados da Usiminas (CEU)	11,369,823	15.86%	10.13%
<b>Grupo CEU</b>	<b>11,369,823</b>	<b>15.86%</b>	<b>10.13%</b>
CVRD (sem grupo)	6,608,608	9.22%	5.89%
<b>Total</b>	<b>71,700,091</b>	<b>100.00%</b>	<b>63.86%</b>



## Other Highlights

- **Usiminas steel used in manufacturing of the new GM car**

Participation of Usiminas in the supply of steel to the Brazilian automotive industry surpassed 60%, and the new GM car, the Prisma, is one of the reasons for this increase. The novelty was introduced during the São Paulo Auto Show and will increase the supply of Usiminas steel by 38% to the GM factory in Gravataí, RS. For GM alone, Usiminas will supply 10 thousand tonnes of steel per month.

- **State Environmental Council authorizes Coke Oven Nr 3**

The State Environmental and Sustainable Development Agency, through its State Environmental Policy Council (COPAM), granted the Installation License for Coke Oven Nr 3 to Usiminas.

Forecast to begin operations in 2009, the new equipment will produce 750 thousand tonnes of coke annually, which will allow the company to reach self-sufficiency in the production of this input. Coke Oven Nr 3, budgeted at US\$ 250 million, will protect the Usiminas System against price oscillations of coke in the international market.

- **New BNDES credit line for investments in the Usiminas System**

BNDES approved the concession of a rotating credit line of up to R\$ 900 million for investments of the Usiminas System, of which up to R\$ 400 million will be for investments in Usiminas and up to R\$ 500 million for Cosipa, for financial support for the implementation, expansion and modernization of fixed assets; acquisition of machinery and equipment; engineering studies and projects; implementation of Quality, Research and Development projects and others; working capital associated exclusively to investments; social investment and environmental projects and programs.

- **New Investments in Research and Development**

As a way to sustain its new investment cycle, mainly referring to growing demand for higher value-added products, Usiminas will invest in research. Over R\$ 20 million will be invested in a modernization program of its Research and Development Center. The project includes the acquisition of equipment not yet available at the Center as well as replacement of obsolete equipment, consolidating its position as the main research institution in the Latin American steel industry.

Since its implementation, Usiminas has regularly invested in R&D activities, which reflects its innovative posture.

- **Usiparts invests R\$ 46 million in expansion**

Usiparts S/A Sistemas Automotivos, a company of the Usiminas System, will invest R\$ 46 million in an expansion project of its plant, located in Pouso Alegre, south of Minas Gerais. With strong presence in the production of stamped parts and welded assemblies, in addition to being a leader in the manufacturing of complete cabins in steel and aluminum for the Brazilian automobile industry, the company will install a new stamping line using the most updated international technology available. The facilities will begin operations in 2007. A purchase contract will be signed with Schuler Presses.

## Usiminas System receives awards:

- **500 Best Companies Guide Award of the IstoÉ Dinheiro magazine**

Usiminas was recognized by the 500 Best Companies Guide of the IstoÉ Dinheiro magazine as the first company in the Innovation Management category among the 500 largest companies in Brazil.

Usiparts, a company of the Usiminas System, was also recognized by the magazine as the Best Brazilian Company in the autoparts segment.



- **Social Report Award**

The Usiminas System was the winner of the Social Report Award in the large company category - industry. The ceremony was held at the São Paulo Stock Exchange.

- **Gazeta Mercantil Award**

Rio Negro, a company of the Usiminas System with activities in steel distribution and service centers, received the 2006 Annual Award from the Gazeta Mercantil newspaper for best company in the wholesale market in Brazil.

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

### Ternium

On 11/06/06, *Ternium* released its 3Q06 results. Below are the operating and financial highlights:

Summary of Results	3Q06	9M06
Volume transported - million tons	2,228.4	6,889.2
Gross Revenues - R\$ million	1,743.5	4,981.4
Net Revenues - R\$ million	661.1	1,833.8
Operating profit (before Financial Result) - R\$ million	508.2	1,377.4
EBITDA - R\$ million	614.9	1,697.6
EBITDA Margin	35%	34%
Net Income - R\$ million	354.0	837.7
Equity Holders of the Company	257.4	655.0

Ternium results continued to show improvements in 3Q06. Revenues increased 2% compared with 2Q06 as a result of improved prices in spite of lower sales volume. Stable costs in the quarter resulted in increased EBITDA margin.

The main markets in South and Central America continued to deliver good performance during the third quarter, while shipments to North America were lower in comparison with 2Q06, due to a slower pace in economic growth, increase in imports and as a result of the de-stocking process in the distribution segment in Mexico and the United States. Prices of steel products increased in 3Q06 in all markets in which Ternium operates.

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

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

### Unigal

In 3Q06, 108.3 thousand tonnes were processed. Through September 2006, a total of 325.8 thousand tonnes was accumulated, up 5% and 6%, respectively, over the same periods in 2005.

Net revenue in 3Q06 was R\$ 36 million, (R\$ 111.6 million through Sept/06), a decrease of 25% in comparison with 3Q05 (27% lower over the year-ago period).

EBITDA reached R\$ 30.0 million in the quarter and R\$ 92.4 million in 9M06. Net profit totaled R\$ 3.7 million in the quarter and R\$ 5.4 million in 9M06.

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



## MRS Logística

On 10/31/06, MRS released its 3Q06 results. See the summary below:

Summary of Results	3Q06	9M06
Volume transported - million tons	30.9	83.8
Gross Revenues - R\$ million	643.3	1,670.3
Net Revenues - R\$ million	556.5	1,441.9
Operating profit (before Financial Result) - R\$ million	294.0	642.5
EBITDA - R\$ million	325.4	735.9
EBITDA Margin	58%	51%
Net Income - R\$ million	178.0	390.9

The main increases in cargo hauled in 3Q06, which were 11% higher than in 2Q06, were: Iron Ore for export, coal and coke, steel products, cement, bauxite and agricultural products.

Over the same period in the previous year, net revenues grew 17% in 3Q06 and 15% through September/06, while net Profit was up 55% over 3Q05 and up 28% over 9M05.

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

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

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

## Usiminas Mecânica

The Company posted a net profit of R\$ 8.2 million in 3Q06 and of R\$ 11.9 million in 9M06. The figure is 27% lower when compared with the same period in the previous year. However, the outlook is for improvement in view of activity recovery in 2Q06.

Usiminas holds 99.9% of Usiminas Mecânica's capital.

## Highlights:

### Blanking Facility

Usiminas Mecânica began construction in October of a blanking and stamping facility at the Cosipa plant in Cubatão. The aim is to process steel produced by the São Paulo steel plant to attend industrial sectors, mainly the shipbuilding segment, a market in which the Usiminas System holds 100% of steel supply.

### Continuous Casting Machine

Austrian company Vöest Alpine, one of the largest industrial equipment manufacturers in the world and winner of the tender offer to revamp the no. 3 continuous caster at Cosipa, sub-contracted Usiminas Mecânica to perform assembly and supply of metallic structures to the equipment at the Cubatão plant. The no. 3 caster is responsible for the production of slabs and will increase its supply of higher grades to sectors that require them, such as the auto industry and large-diameter pipe segments.



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Visit the Investor Relations page: [www.usiminas.com.br/ri](http://www.usiminas.com.br/ri)

#### Conference Call: Friday, September 10, 2006

**Local, 10:00 AM (Brasília).**  
Telephones for connection:  
Brazil: (11) 4688-6301  
Abroad: +(55 11) 4688-6301

**International, 12:00 PM (Brasília).**  
Telephones for connection:  
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Brazil: (11) 4613-6301  
Other countries: (1 412) 858-4600

Pincode: **152** (local) / **918** (international)

Audio of the conference call will be transmitted live via Internet, together with a slide presentation on our website: [www.usiminas.com.br](http://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.*





## Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

R\$ thousand	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05
<b>Net Revenues</b>	<b>1,710,994</b>	<b>1,652,944</b>	<b>1,676,619</b>	<b>4%</b>
Domestic Market	1,434,711	1,404,468	1,387,718	2%
Export Market	276,283	248,476	288,901	11%
COGS	(1,103,592)	(960,957)	(1,105,649)	15%
<b>Gross Profit</b>	<b>607,402</b>	<b>691,987</b>	<b>570,970</b>	<b>-12%</b>
<b>Gross Margin</b>	<b>35%</b>	<b>42%</b>	<b>34%</b>	<b>-7 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(83,134)</b>	<b>(72,401)</b>	<b>(48,820)</b>	<b>15%</b>
Selling	(29,283)	(21,600)	(32,461)	36%
General and Administrative	(35,209)	(30,440)	(40,458)	16%
Others, Net	(18,642)	(20,361)	24,099	-8%
<b>EBIT</b>	<b>524,268</b>	<b>619,586</b>	<b>522,150</b>	<b>-15%</b>
<b>EBIT Margin</b>	<b>31%</b>	<b>37%</b>	<b>31%</b>	<b>-6 p.p.</b>
<b>Financial Result</b>	<b>(12,318)</b>	<b>(46,233)</b>	<b>(24,361)</b>	<b>-73%</b>
Financial Income	29,812	12,396	25,200	140%
Financial Expenses	(42,130)	(58,629)	(49,561)	-28%
Equity Income	377,951	250,204	262,071	51%
<b>Operating Result</b>	<b>889,901</b>	<b>823,557</b>	<b>759,860</b>	<b>8%</b>
Non-Operating Income	995	(841)	1,055	-218%
<b>Profit Before Taxes</b>	<b>890,896</b>	<b>822,716</b>	<b>760,915</b>	<b>8%</b>
Income Tax / Social Contribution	(173,996)	(57,808)	(51,486)	201%
Income before Taxes and Profit Sharing	716,900	764,908	709,429	-6%
<b>Net Income</b>	<b>716,900</b>	<b>764,908</b>	<b>709,429</b>	<b>-6%</b>
<b>Net Margin</b>	<b>42%</b>	<b>46%</b>	<b>42%</b>	<b>-4 p.p.</b>
Net Income per thousand shares	3.26788	3.48672	3.23383	-6%
<b>EBITDA</b>	<b>620,479</b>	<b>702,301</b>	<b>566,757</b>	<b>-12%</b>
<b>EBITDA Margin</b>	<b>36.3%</b>	<b>42.5%</b>	<b>33.8%</b>	<b>-6,2 p.p.</b>
Depreciation	65,361	65,532	65,261	0%
Provisions	30,850	17,183	(20,654)	80%



## Income Statement - Parent Company

Brazilian GAAP (Legislação Societária)

R\$ thousand	9M 2006	9M 2005	Chg. 9M06/9M05
<b>Net Revenues</b>	4,995,307	5,380,467	-7%
Domestic Market	4,035,593	4,584,536	-12%
Export Market	959,714	795,931	21%
COGS	(3,280,587)	(2,862,902)	15%
<b>Gross Profit</b>	1,714,720	2,517,565	-32%
<b>Gross Margin</b>	34%	47%	-13 p.p.
<b>Operating Income (Expenses)</b>	(225,097)	(233,839)	-4%
Selling	(98,770)	(71,552)	38%
General and Administrative	(107,990)	(92,498)	17%
Others, Net	(18,337)	(69,789)	-74%
<b>EBIT</b>	1,489,623	2,283,726	-35%
<b>EBIT Margin</b>	30%	42%	-12 p.p.
<b>Financial Result</b>	(95,033)	(165,168)	-42%
Financial Income	44,796	43,027	4%
Financial Expenses	(139,829)	(208,195)	-33%
<b>Equity Income</b>	710,934	1,103,971	-36%
<b>Operating Result</b>	2,105,524	3,222,529	-35%
Non-Operating Income	3,295	2,097	57%
<b>Profit Before Taxes</b>	2,108,819	3,224,626	-35%
Income Tax / Social Contribution	(356,625)	(627,944)	-43%
<b>Net Income</b>	1,752,194	2,596,682	-33%
<b>Net Margin</b>	35%	48%	-13 p.p.
Net Income per thousand shares	7.98711	11.83659	-33%
<b>EBITDA</b>	1,712,446	2,535,228	-32%
<b>EBITDA Margin</b>	34.3%	47.1%	-12,8 p.p.
Depreciation	195,811	193,281	1%
Provisions	27,012	58,221	-54%



## Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

R\$ thousand	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05
<b>Net Revenues</b>	<b>3,127,387</b>	<b>3,125,994</b>	<b>3,053,395</b>	0%
Domestic Market	2,304,161	2,409,012	2,334,602	-4%
Export Market	823,226	716,982	718,793	15%
COGS	(1,932,667)	(1,905,278)	(2,040,310)	1%
<b>Gross Profit</b>	<b>1,194,720</b>	<b>1,220,716</b>	<b>1,013,085</b>	-2%
<b>Gross Margin %</b>	<b>38%</b>	<b>39%</b>	<b>33%</b>	<b>-1 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(173,153)</b>	<b>(122,928)</b>	<b>(123,028)</b>	41%
Selling	(65,671)	(59,392)	(65,959)	11%
General and Administrative	(68,662)	(60,574)	(74,173)	13%
Others, Net	(38,820)	(2,962)	17,104	1211%
<b>EBIT</b>	<b>1,021,567</b>	<b>1,097,788</b>	<b>890,057</b>	-7%
<b>EBIT Margin %</b>	<b>33%</b>	<b>35%</b>	<b>29%</b>	<b>-2 p.p.</b>
<b>Financial Result</b>	<b>(91,148)</b>	<b>(170,576)</b>	<b>(77,665)</b>	-47%
Financial Income	60,949	(4,715)	69,388	-1393%
Financial Expenses	(152,097)	(165,861)	(147,053)	-8%
Equity Income	109,211	41,178	48,156	165%
<b>Operating Result</b>	<b>1,039,630</b>	<b>968,390</b>	<b>860,548</b>	7%
Non-Operating Income	2,287	(2,507)	688	-191%
<b>Profit Before Taxes</b>	<b>1,041,917</b>	<b>965,883</b>	<b>861,236</b>	8%
Income Tax / Social Contribution	(321,666)	(181,457)	(152,065)	77%
<b>Income before Taxes</b>	<b>720,251</b>	<b>784,426</b>	<b>709,171</b>	-8%
Minority Interests	(5,664)	(2,350)	(5,122)	141%
<b>Net Income</b>	<b>714,587</b>	<b>782,076</b>	<b>704,049</b>	-9%
<b>Net Margin</b>	<b>23%</b>	<b>25%</b>	<b>23%</b>	<b>-2 p.p.</b>
Net Income per thousand shares	3.25734	3.56498	3.20930	-9%
<b>EBITDA</b>	<b>1,227,767</b>	<b>1,265,389</b>	<b>1,046,473</b>	-3%
<b>EBITDA Margin %</b>	<b>39.3%</b>	<b>40.5%</b>	<b>34.3%</b>	<b>-1,2 p.p.</b>
Depreciation	172,999	171,115	171,999	1%
Provisions	33,201	(3,514)	(15,583)	-1045%



## Income Statement - Consolidated

Brazilian GAAP (Legislação Societária)

R\$ thousand	9M 2006	9M 2005	Chg. 9M06/9M05
<b>Net Revenues</b>	<b>9,138,384</b>	<b>10,072,167</b>	-9%
Domestic Market	6,770,586	7,797,241	-13%
Export Market	2,367,798	2,274,926	4%
COGS	(6,042,178)	(5,569,089)	8%
<b>Gross Profit</b>	<b>3,096,206</b>	<b>4,503,078</b>	-31%
<b>Gross Margin</b>	<b>34%</b>	<b>45%</b>	<b>-11 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(443,327)</b>	<b>(486,294)</b>	-9%
Selling	(201,602)	(173,312)	16%
General and Administrative	(203,303)	(183,914)	11%
Others, Net	(38,422)	(129,068)	-70%
<b>EBIT</b>	<b>2,652,879</b>	<b>4,016,784</b>	-34%
<b>EBIT Margin</b>	<b>29%</b>	<b>40%</b>	<b>-11 p.p.</b>
<b>Financial Result</b>	<b>(287,144)</b>	<b>(504,557)</b>	-43%
Financial Income	125,687	(38,597)	-426%
Financial Expenses	(412,831)	(465,960)	-11%
<b>Equity Income</b>	<b>98,806</b>	<b>216,509</b>	-54%
<b>Operating Result</b>	<b>2,464,541</b>	<b>3,728,736</b>	-34%
Non-Operating Income	14,265	(372)	-3935%
<b>Profit Before Taxes</b>	<b>2,478,806</b>	<b>3,728,364</b>	-34%
Income Tax / Social Contribution	(699,758)	(1,119,845)	-38%
<b>Income before Taxes and Profit Sharing</b>	<b>1,779,048</b>	<b>2,608,519</b>	-32%
Profit Sharing	(15,799)	(14,671)	8%
<b>Net Income</b>	<b>1,763,249</b>	<b>2,593,848</b>	-32%
<b>Net Margin</b>	<b>19%</b>	<b>26%</b>	<b>-7 p.p.</b>
Net Income per thousand shares	8.03751	12.05906	-33%
<b>EBITDA</b>	<b>3,182,279</b>	<b>4,615,194</b>	-31%
<b>EBITDA Margin</b>	<b>34.8%</b>	<b>45.8%</b>	<b>-11,0 p.p.</b>
Depreciation	515,836	508,883	1%
Provisions	13,564	89,527	-85%



## Cash Flow

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company		Consolidated	
	3Q 2006	3Q 2005	3Q 2006	3Q 2005
<b>Operating Activities</b>				
Net Income (Loss) in the Period	716,900	764,908	714,587	782,076
Financial Expenses and Monetary Var/Net Exchge Var	23,564	52,195	114,540	107,860
Depreciation, Exhaustion and Amortization	65,361	65,532	172,875	171,114
Investment Write-offs (Decrease in Permanent Assets)	407	14,978	411	15,014
Equity in the Results of Subsidiaries/Associated Companies	(377,951)	(250,204)	(109,211)	(41,178)
Dividend Income from Subsidiaries	0	0	5,664	2,350
Income Tax and Social Contribution	173,996	57,808	321,667	181,457
Provisions	90,017	(48,238)	96,324	(65,280)
Adjustment for Minority Participation	0	0	0	0
<b>Total</b>	<b>692,294</b>	<b>656,979</b>	<b>1,316,857</b>	<b>1,153,413</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	3,972	128,491	108,182	97,978
Increase (Decrease) in Inventories	(43,703)	(158,956)	(200,785)	(155,899)
Increase (Decrease) in Recovery of Taxes	41	4,455	9,252	7,018
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	62,327	30,175	83,806	57,471
Increase (Decrease) in Judicial Deposits	(5,996)	(1,897)	(10,533)	(10,334)
Increase (Decrease) in Accounts Receivables Affiliated Companies	(53,750)	(202,751)	13,560	(145,708)
Others	2,050	19,962	(128,829)	(88,025)
<b>Total</b>	<b>(35,059)</b>	<b>(180,521)</b>	<b>(125,347)</b>	<b>(237,499)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	3,149	(26,306)	48,324	(67,662)
Amounts Owed to Affiliated Companies	(35,635)	(21,153)	(12,755)	(11,266)
Customers Advances	(8,485)	12,969	(88,399)	35,361
Tax Payable	(4,819)	(19,063)	(33,376)	(24,939)
Income Tax and Social Contribution	(121,513)	(194,004)	(237,996)	(124,110)
Others	9,155	108,890	(50,348)	(55,603)
<b>Total</b>	<b>(158,148)</b>	<b>(138,667)</b>	<b>(374,550)</b>	<b>(248,219)</b>
<b>Cashflow Generated from Operating Activities</b>	<b>499,087</b>	<b>337,791</b>	<b>816,960</b>	<b>667,695</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	1,737	234,576	412,166	355,675
Payment of Loans, Financing and Debentures	(174,920)	(146,822)	(390,494)	(363,956)
Interest paid on Loans, Financ., Debent.and taxes payable in installments	(22,353)	(31,207)	(77,761)	(109,160)
Swap Operation Redemptions	(54,599)	0	(314,214)	(37,229)
Dividends Paid	(350,953)	(549,323)	(356,210)	(533,742)
<b>Net Funds from Financial Activities</b>	<b>(601,088)</b>	<b>(492,776)</b>	<b>(726,513)</b>	<b>(688,412)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	0	0	0	95,956
(Additions) to Permanent Assets, except Deferred Charges	(73,998)	(35,618)	(134,117)	(95,247)
(Additions) Right off of permanent assets	0	0	0	0
<b>Funds Used for Investments</b>	<b>(73,998)</b>	<b>(35,618)</b>	<b>(134,117)</b>	<b>709</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>627</b>	<b>3,191</b>	<b>2,139</b>	<b>(18,183)</b>
<b>Cash Balance Change</b>	<b>(175,372)</b>	<b>(187,412)</b>	<b>(41,531)</b>	<b>(38,191)</b>
At the Beginning of the Period	861,629	1,070,760	2,041,976	1,832,752
At the End of the Period	686,257	883,348	2,000,445	1,794,561



## Cash Flow

Brazilian GAAP (Legislação Societária)

R\$ thousand	Parent Company		Consolidated	
	9M 2006	9M 2005	9M 2006	9M 2005
<b>Operating Activities</b>				
Net Income (Loss) in the Period	1,752,194	2,596,682	1,763,249	2,593,848
Financial Expenses and Monetary Var/Net Exchange Var	89,370	174,437	281,299	296,959
Depreciation, Exhaustion and Amortization	195,811	193,281	515,712	508,882
Investment Write-offs (Decrease in Permanent Assets)	522	28,624	562	29,088
Equity in the Results of Subsidiaries/Associated Companies	(710,934)	(1,103,971)	(98,806)	(216,509)
Dividend Income from Subsidiaries	0	0	15,799	14,671
Income Tax and Social Contribution	356,625	627,944	699,759	1,119,845
Provisions	34,360	(68,396)	17,501	(24,325)
Adjustment for Minority Participation	0	0	0	1,723
<b>Total</b>	<b>1,717,948</b>	<b>2,448,601</b>	<b>3,195,075</b>	<b>4,324,182</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	23,366	137,424	137,850	278,162
Increase (Decrease) in Inventories	70,938	(423,119)	(129,894)	(824,135)
Increase (Decrease) in Recovery of Taxes	(21,188)	2,666	(4,748)	68,729
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	56,393	200,592	112,131	309,397
Increase (Decrease) in Judicial Deposits	(13,697)	(8,852)	(47,230)	(27,622)
Increase (Decrease) in Accounts Receivables Affiliated Companies	500,610	(175,907)	294,780	(172,831)
Others	20,874	149,519	(121,335)	73,089
<b>Total</b>	<b>637,296</b>	<b>(117,677)</b>	<b>241,554</b>	<b>(295,211)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	51,628	139,209	54,974	124,357
Amounts Owed to Affiliated Companies	2,180	30,264	(3,144)	30,570
Customers Advances	(152)	9,589	26,132	34,724
Tax Payable	6,082	(56,700)	12,557	(97,752)
Income Tax and Social Contribution	(449,715)	(607,251)	(857,788)	(709,556)
Others	(26,627)	(113,152)	22,322	(221,199)
<b>Total</b>	<b>(416,604)</b>	<b>(598,041)</b>	<b>(744,947)</b>	<b>(838,856)</b>
<b>Cashflow Generated from Operating Activities</b>	<b>1,938,640</b>	<b>1,732,883</b>	<b>2,691,682</b>	<b>3,190,115</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	3,963	234,576	957,890	562,301
Payment of Loans, Financing and Debentures	(341,865)	(521,601)	(994,940)	(1,354,323)
Interest paid on Loans, Financ., Debent.and taxes payable in installments	(75,617)	(83,984)	(244,850)	(302,796)
Swap Operation Redemptions	(313,982)	(28,468)	(777,744)	(115,234)
Dividends Paid	(887,700)	(1,342,051)	(906,474)	(1,356,667)
<b>Net Funds from Financial Activities</b>	<b>(1,615,201)</b>	<b>(1,741,528)</b>	<b>(1,966,118)</b>	<b>(2,566,719)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	(527,320)	(295,624)	(262,029)	(295,616)
(Additions) to Permanent Assets, except Deferred Charges	(193,484)	(227,401)	(365,208)	(350,371)
(Additions) Right off of permanent assets	0	0	0	0
<b>Funds Used for Investments</b>	<b>(720,804)</b>	<b>(523,025)</b>	<b>(627,237)</b>	<b>(645,987)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>1,703</b>	<b>4,241</b>	<b>(28,536)</b>	<b>(85,022)</b>
<b>Cash Balance Change</b>	<b>(395,662)</b>	<b>(527,429)</b>	<b>69,791</b>	<b>(107,613)</b>
At the Beginning of the Period	1,081,919	1,398,139	1,930,654	1,902,174
At the End of the Period	686,257	870,710	2,000,445	1,794,561



## Balance Sheet - Assets

Brazilian GAAP (Legislação Societária) - R\$ thousand

Assets	Parent Company		Consolidated	
	30-sept-06	31-dec-05	30-sept-06	31-dec-05
<b>Current Assets</b>	<b>3,009,607</b>	<b>3,719,421</b>	<b>6,681,156</b>	<b>6,640,126</b>
Cash and Cash Equivalents	686,257	1,081,919	2,000,445	1,930,654
Trade Accounts Receivable	852,098	875,464	1,637,277	1,682,139
Taxes Recoverable	34,581	13,393	92,283	87,535
Inventories	1,194,539	1,265,477	2,661,755	2,531,861
Deferred Income Tax & Social Contrb'n	128,019	184,412	133,074	243,617
Other Securities Receivables	114,113	298,756	156,322	164,320
<b>Long-Term Receivable</b>	<b>675,664</b>	<b>1,090,700</b>	<b>1,215,863</b>	<b>1,549,137</b>
Deferred Income Tax & Social Contrb'n	402,537	491,550	734,065	824,666
Related Company Credits	11,604	327,405	57	267,140
Deposits at Law	188,315	174,618	351,173	303,943
Taxes Recoverable	19,717	42,074	41,068	63,989
Others	53,491	55,053	89,500	89,399
<b>Permanent Assets</b>	<b>9,596,125</b>	<b>8,460,759</b>	<b>10,227,196</b>	<b>10,005,995</b>
Investments	6,166,249	5,028,034	1,714,237	1,356,091
Property, Plant and Equipment	3,429,876	3,432,725	8,486,700	8,621,736
Deferred	-	-	26,259	28,168
<b>Total Assets</b>	<b>13,281,396</b>	<b>13,270,880</b>	<b>18,124,215</b>	<b>18,195,258</b>



## Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Legislação Societária) - R\$ thousand

Liabilities and Shareholders' Equity	Parent Company		Consolidated	
	30-sept-06	31-dec-05	30-sept-06	31-dec-05
<b>Current Liabilities</b>	<b>925,129</b>	<b>2,111,496</b>	<b>2,585,091</b>	<b>3,940,371</b>
Loans and Financing and Taxes Payable in Installments	294,292	543,092	944,730	1,182,990
Suppliers, Subcontractors and Freight	196,112	144,484	457,611	395,096
Taxes, Charges and Payroll Taxes	212,365	386,736	429,878	676,851
Related Companies	68,796	66,616	47,523	58,208
Financial Instruments	4,186	271,587	233,568	675,817
FEMCO	-	-	4,462	10,607
Dividends Payable	3,229	540,544	5,116	546,955
Others	146,149	158,437	462,203	393,847
<b>Long-Term Liabilities</b>	<b>2,146,111</b>	<b>2,351,422</b>	<b>5,275,343</b>	<b>5,418,178</b>
Loans and Financing and Taxes Payable in Installments	552,013	724,773	2,430,980	2,436,823
Related Companies	59,728	57,658	10,164	14,062
Provision for Contingencies	555,898	579,083	1,032,106	1,058,218
Actuarial Liability	896,267	899,990	983,042	980,086
Financial Instruments	9,001	-	249,708	336,736
FEMCO	-	-	289,485	312,153
Others	73,204	89,918	279,858	280,100
<b>Minority Interests</b>	<b>-</b>	<b>-</b>	<b>97,962</b>	<b>84,139</b>
<b>Shareholders' Equity</b>	<b>10,210,156</b>	<b>8,807,962</b>	<b>10,165,819</b>	<b>8,752,570</b>
Capital	5,400,000	2,400,000	5,400,000	2,400,000
Reserves	3,057,962	2,494,671	3,002,570	2,434,141
Revenues from Fiscal Year	1,752,194	3,913,291	1,763,249	3,918,429
<b>Total Liabilities and Shareholders' Equity</b>	<b>13,281,396</b>	<b>13,270,880</b>	<b>18,124,215</b>	<b>18,195,258</b>





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

R\$ thousand	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05
<b>Net Revenues</b>	<b>1,381,511</b>	<b>1,261,065</b>	<b>1,234,902</b>	<b>10%</b>
Domestic Market	862,083	858,400	880,383	0%
Export Market	519,428	402,665	354,519	29%
COGS	(872,746)	(828,560)	(875,836)	5%
<b>Gross Profit</b>	<b>508,765</b>	<b>432,505</b>	<b>359,066</b>	<b>18%</b>
<b>Gross Margin</b>	<b>37%</b>	<b>34%</b>	<b>29%</b>	<b>+3 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(57,315)</b>	<b>(19,582)</b>	<b>(37,988)</b>	<b>193%</b>
Selling	(19,429)	(21,844)	(15,931)	-11%
General and Administrative	(16,492)	(14,834)	(15,073)	11%
Others, Net	(21,394)	17,096	(6,984)	-225%
<b>EBIT</b>	<b>451,450</b>	<b>412,923</b>	<b>321,078</b>	<b>9%</b>
<b>EBIT Margin</b>	<b>33%</b>	<b>33%</b>	<b>26%</b>	<b>0 p.p.</b>
Financial Result	(74,651)	(96,719)	(46,999)	-23%
Operating Result	376,799	316,204	274,079	19%
Non-Operating Income	(481)	(2,654)	(490)	-82%
<b>Profit Before Taxes</b>	<b>376,318</b>	<b>313,550</b>	<b>273,589</b>	<b>20%</b>
Income Tax / Social Contribution	(132,942)	(107,918)	(91,220)	23%
Minority Interests	(1,804)	(902)	(1,672)	100%
<b>Net Income</b>	<b>241,572</b>	<b>204,730</b>	<b>180,697</b>	<b>18%</b>
<b>EBITDA</b>	<b>548,520</b>	<b>477,824</b>	<b>416,824</b>	<b>15%</b>
<b>EBITDA Margin</b>	<b>40%</b>	<b>38%</b>	<b>34%</b>	<b>+2 p.p.</b>

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

R\$ thousand	9M 2006	9M 2005	Chg. 9M06/9M05
<b>Net Revenues</b>	<b>3,729,499</b>	<b>4,088,630</b>	<b>-9%</b>
Domestic Market	2,477,211	2,794,924	-11%
Export Market	1,252,288	1,293,706	-3%
COGS	(2,611,202)	(2,392,969)	9%
<b>Gross Profit</b>	<b>1,118,297</b>	<b>1,695,661</b>	<b>-34%</b>
<b>Gross Margin</b>	<b>30%</b>	<b>41%</b>	<b>-11 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(109,251)</b>	<b>(153,875)</b>	<b>-29%</b>
Selling	(51,412)	(54,928)	-6%
General and Administrative	(42,741)	(43,861)	-3%
Others, Net	(15,098)	(55,086)	-73%
<b>EBIT</b>	<b>1,009,046</b>	<b>1,541,786</b>	<b>-35%</b>
<b>EBIT Margin</b>	<b>27%</b>	<b>38%</b>	<b>-11 p.p.</b>
Financial Result	(155,866)	(250,595)	-38%
Operating Result	853,180	1,291,191	-34%
Non-Operating Income	(1,436)	(3,899)	-63%
<b>Profit Before Taxes</b>	<b>851,744</b>	<b>1,287,292</b>	<b>-34%</b>
Income Tax / Social Contribution	(291,396)	(443,083)	-34%
Minority Interests	(4,465)	(5,331)	-16%
<b>Net Income</b>	<b>555,883</b>	<b>838,878</b>	<b>-34%</b>
<b>EBITDA</b>	<b>1,272,398</b>	<b>1,845,603</b>	<b>-31%</b>
<b>EBITDA Margin</b>	<b>34%</b>	<b>45%</b>	<b>-11 p.p.</b>



## Companhia Siderúrgica Paulista - COSIPA

### Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Consolidated		Consolidated	
	3Q 06	3Q 05	9M 2006	9M 2005
<b>Operating Activities</b>				
Net Income (Loss) in the Period	241,572	204,730	555,883	838,878
Financial Expenses and Monetary Var/Net Exchge Var	99,161	87,352	178,571	185,233
Depreciation, Exhaustion and Amortization	94,579	93,443	281,217	279,576
Investment Write-offs (Decrease in Permanent Assets)	103	1	136	230
Dividend Income from Subsidiaries	0	0	0	0
Income Tax and Social Contribution	132,942	107,919	291,396	443,083
Provisions	6,036	(42,983)	(8,865)	15,522
Others adjustments	1,804	902	4,465	5,332
Adjustment for Minority Participation	0	888	0	888
<b>Total</b>	<b>576,197</b>	<b>452,252</b>	<b>1,302,803</b>	<b>1,768,742</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	(124,097)	19,207	(41,788)	196,917
Increase (Decrease) in Inventories	(134,031)	(22,225)	(177,010)	(343,146)
Increase (Decrease) in Recovery of Taxes	(1,382)	(321)	(4,302)	27,612
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	0	0	0	0
Increase (Decrease) in Judicial Deposits	(1,842)	(5,848)	(29,313)	(14,727)
Others	(1,519)	17,687	17,934	46,466
<b>Total</b>	<b>(262,871)</b>	<b>8,500</b>	<b>(234,479)</b>	<b>(86,878)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	30,626	(37,505)	40,364	24,663
Amounts Owed to Affiliated Companies	0	1,156	(570)	1,156
Tax Payable	(24,601)	(5,313)	5,782	(25,936)
Income Tax and Social Contribution	(78,922)	(69,811)	(293,238)	(252,909)
Others	7,770	3,714	(2,669)	(55,712)
<b>Total</b>	<b>(65,127)</b>	<b>(107,759)</b>	<b>(250,331)</b>	<b>(308,738)</b>
<b>Cashflow Generated from Operating Activities</b>	<b>248,199</b>	<b>352,993</b>	<b>817,993</b>	<b>1,373,126</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	365,557	107,444	847,683	127,266
Payment of Loans, Financing and Debentures	(165,122)	(181,445)	(519,579)	(611,753)
Interest paid on Loans, Financ., Debent.and tax installments	(60,531)	(71,821)	(156,763)	(200,158)
Swap Operation Redemptions	(259,470)	(24,676)	(442,021)	(75,444)
Dividends Paid	(543)	(3)	(2,020)	(133,814)
Others	0	0	0	0
<b>Net Funds from Financial Activities</b>	<b>(120,109)</b>	<b>(170,501)</b>	<b>(272,700)</b>	<b>(893,903)</b>
<b>Investment Activities</b>				
(Additions) to Permanent Assets, except Deferred Charges	(47,494)	(49,793)	(139,200)	(112,057)
<b>Funds Used for Investments</b>	<b>(47,494)</b>	<b>(49,793)</b>	<b>(139,200)</b>	<b>(112,057)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>(16)</b>	<b>(11,980)</b>	<b>(15,898)</b>	<b>(57,469)</b>
<b>Cash Balance Change</b>	<b>80,580</b>	<b>120,719</b>	<b>390,195</b>	<b>309,697</b>
At the Beginning of the Period	897,181	522,365	587,566	333,387
At the End of the Period	977,761	643,084	977,761	643,084



## Companhia Siderúrgica Paulista - COSIPA

### Balance Sheet - Assets

Brazilian GAAP (Corporate Law) - R\$ thousand

Assets	Consolidated	
	30-sept-06	31-dec-05
<b>Current Assets</b>	<b>2,851,187</b>	<b>2,349,188</b>
Cash and Cash Equivalents	977,761	587,566
Trade Accounts Receivable	580,199	586,749
Taxes Recoverable	15,015	17,978
Inventories	1,217,189	1,040,179
Deferred Income Tax & Social Contrb'n	3,071	51,986
Other Securities Receivables	57,952	64,730
<b>Long-Term Receivable</b>	<b>404,207</b>	<b>366,490</b>
Deferred Income Tax & Social Contrb'n	223,462	219,353
Deposits at Law	128,981	96,929
Taxes Recoverable	20,785	21,264
Others	30,979	28,944
<b>Permanent Assets</b>	<b>4,498,064</b>	<b>4,626,838</b>
Investments	132	131
Property, Plant and Equipment	4,473,027	4,600,125
Deferred	24,905	26,582
<b>Total Assets</b>	<b>7,753,458</b>	<b>7,342,516</b>



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

Liabilities and Shareholders' Equity	Consolidated	
	30-sept-06	31-dec-05
<b>Current Liabilities</b>	<b>1,354,341</b>	<b>1,864,879</b>
Loans and Financing and Taxes Payable in Installments	552,961	688,995
Suppliers, Subcontractors and Freight	246,152	236,526
Taxes Payable in Installments	39,257	33,569
Income Tax and Social Contribution	135,337	202,338
Salaries	77,998	61,862
Financial Instruments	181,469	367,103
Actuarial Liability	4,462	10,605
Dividends Payable	45,049	205,467
Others	71,656	58,414
<b>Long-Term Liabilities</b>	<b>2,928,058</b>	<b>2,743,920</b>
Loans and Financing and Taxes Payable in Installments	1,907,523	1,576,109
Provision for Contingencies	408,685	402,445
Actuarial Liability	321,547	337,536
Financial Instruments	120,923	225,478
Deferred Income Tax & Social Contrb'n	164,600	147,431
Others	4,780	54,921
<b>Minority Interests</b>	<b>31,644</b>	<b>29,185</b>
<b>Shareholders' Equity</b>	<b>3,439,415</b>	<b>2,704,532</b>
Capital	2,037,814	1,763,814
Reserves	940,718	940,718
Revenues from Fiscal Year	460,883	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,753,458</b>	<b>7,342,516</b>



## Sales Volume Breakdown - Consolidated

Thousand tons	3Q 2006		3Q 2005		2Q 2006		Chg. 3Q06/3Q05	9M 2006		9M 2005		Chg. 9M06/9M05
<b>TOTAL SALES</b>	<b>1,971</b>	<b>100%</b>	<b>1,769</b>	<b>100%</b>	<b>2,028</b>	<b>100%</b>	<b>11%</b>	<b>5,953</b>	<b>100%</b>	<b>5,367</b>	<b>100%</b>	<b>11%</b>
Heavy Plates	464	23%	363	21%	443	22%	28%	1,272	22%	1,163	22%	9%
Hot Coils/Sheets	551	28%	443	25%	576	28%	24%	1,665	28%	1,388	26%	20%
Cold Coils/Sheets	473	24%	533	30%	505	25%	-11%	1,501	25%	1,466	27%	2%
Electrogalvanized Coils	57	3%	56	3%	63	3%	2%	180	3%	184	3%	-2%
Hot Dip Galvanized Coils	92	5%	94	5%	107	5%	-2%	305	5%	248	5%	23%
Processed Products	79	4%	72	4%	77	4%	10%	238	4%	217	4%	10%
Slabs	255	13%	208	12%	257	13%	23%	792	13%	701	13%	13%
<b>DOMESTIC MARKET</b>	<b>1,346</b>	<b>68%</b>	<b>1,216</b>	<b>69%</b>	<b>1,397</b>	<b>69%</b>	<b>11%</b>	<b>3,944</b>	<b>66%</b>	<b>3,875</b>	<b>72%</b>	<b>2%</b>
Heavy Plates	274	14%	307	17%	262	13%	-11%	746	13%	966	18%	-23%
Hot Coils/Sheets	498	25%	363	22%	528	26%	37%	1,459	25%	1,250	23%	17%
Cold Coils/Sheets	352	18%	341	19%	382	19%	3%	1,084	18%	1,070	20%	1%
Electrogalvanized Coils	50	3%	50	3%	54	3%	0%	148	2%	147	3%	1%
Hot Dip Galvanized Coils	83	4%	79	4%	86	4%	5%	247	4%	222	4%	11%
Processed Products	49	2%	44	2%	43	2%	11%	134	2%	129	2%	4%
Slabs	40	2%	32	2%	42	2%	25%	126	2%	91	2%	38%
<b>EXPORTS</b>	<b>625</b>	<b>32%</b>	<b>553</b>	<b>31%</b>	<b>631</b>	<b>31%</b>	<b>13%</b>	<b>2,009</b>	<b>34%</b>	<b>1,492</b>	<b>28%</b>	<b>35%</b>
Heavy Plates	190	10%	56	3%	181	9%	239%	526	9%	197	4%	167%
Hot Coils/Sheets	53	3%	80	4%	48	2%	-34%	206	3%	138	3%	49%
Cold Coils/Sheets	121	6%	192	11%	123	6%	-37%	417	7%	396	7%	5%
Electrogalvanized Coils	7	0%	6	0%	9	0%	17%	32	1%	37	1%	-14%
Hot Dip Galvanized Coils	9	0%	15	1%	21	1%	0%	58	1%	26	0%	0%
Processed Products	30	2%	28	2%	34	2%	7%	104	2%	88	2%	18%
Slabs	215	11%	176	10%	215	11%	22%	666	11%	610	11%	9%

## Net Revenues per tonne - USIMINAS + COSIPA

R\$ / t.							
	3Q 06	2Q 06	1Q 06	4Q 05	3Q 05	2Q 05	1Q 05
<b>Total</b>	<b>1,537</b>	<b>1,419</b>	<b>1,379</b>	<b>1,396</b>	<b>1,635</b>	<b>1,800</b>	<b>1,836</b>
Heavy Plates	1,644	1,591	1,645	1,807	2,009	2,031	2,034
Hot Coils/Sheets	1,356	1,294	1,239	1,340	1,445	1,673	1,654
Cold Coils/Sheets	1,633	1,550	1,485	1,512	1,610	1,834	1,922
Electrogalvanized Coils	2,089	1,987	1,943	2,052	2,191	2,253	2,291
Hot Dip Galvanized Coils	2,069	1,934	1,861	2,095	2,094	2,195	2,289
Processed Products	1,996	1,812	1,766	1,982	2,078	2,296	2,342
Slabs	955	656	692	644	803	1,052	1,081



## Sectorial Sales - Consolidated

Thousand tonnes	3Q 06		3Q 05		2Q 06		Chg. 3Q06/3Q05
<b>Domestic Market</b>	<b>1,346</b>	<b>100%</b>	<b>1,216</b>	<b>100%</b>	<b>1,396</b>	<b>100%</b>	<b>11%</b>
Auto	179	13%	182	15%	179	13%	-2%
Autoparts	245	18%	187	15%	255	18%	31%
Shipbuilding	12	1%	15	1%	5	0%	-23%
Line Pipes	72	5%	118	10%	71	5%	-39%
Small Diameter Pipes	114	8%	97	8%	107	8%	18%
Packaging	24	2%	27	2%	22	2%	-13%
Household Appliances	28	2%	23	2%	34	2%	23%
Civil Construction	81	6%	67	6%	128	9%	20%
Electrical Equipment	62	5%	56	5%	67	5%	11%
Distributors	299	22%	246	20%	338	24%	22%
Industrial Equipment	69	5%	34	3%	58	4%	104%
Others	161	13%	164	13%	132	10%	-2%

## Market Share - Usiminas System (\*)

(% volume)

	9M06 (*)	2005 (*)	2004 (*)	2003 (*)
<b>DOMESTIC MARKET</b>	<b>52%</b>	<b>53%</b>	<b>55%</b>	<b>60%</b>
Auto	59%	59%	55%	62%
Autoparts	62%	59%	62%	67%
Shipbuilding	100%	100%	100%	100%
Electrical Equipment	64%	66%	63%	58%
Household Appliances	38%	33%	36%	44%
Line Pipes	97%	94%	98%	95%
Small Diameter Pipes	54%	54%	60%	68%
Packaging	13%	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	30-sept-06		TOTAL	31-dec-05	Chg. sep06/dec05
	Short Term	Long Term		TOTAL	
<b>TOTAL DEBT</b>					
Foreign Currency (*)	605,463	2,175,733	2,781,196	2,757,591	1%
IGP-M	112,956	0	112,956	223,758	-50%
TJLP	181,293	99,792	281,085	404,768	-31%
Others	20,146	22,311	42,457	57,685	-26%
<b>Sub-Total</b>	<b>919,858</b>	<b>2,297,836</b>	<b>3,217,694</b>	<b>3,443,802</b>	<b>-7%</b>
Debentures	0	0	0	0	0%
<b>Sub-Total</b>	<b>919,858</b>	<b>2,297,836</b>	<b>3,217,694</b>	<b>3,443,802</b>	<b>-7%</b>
Taxes Payable in Installments	24,872	133,144	158,016	176,011	-10%
<b>TOTAL</b>	<b>944,730</b>	<b>2,430,980</b>	<b>3,375,710</b>	<b>3,619,813</b>	<b>-7%</b>
FEMCO	4,462	289,485	293,947	322,760	-9%
<b>TOTAL DEBT</b>	<b>949,192</b>	<b>2,720,465</b>	<b>3,669,657</b>	<b>3,942,573</b>	<b>-7%</b>
Cash and Cash Equivalents			2,000,445	1,930,654	4%
<b>NET DEBT</b>			<b>1,669,212</b>	<b>2,011,919</b>	<b>-17%</b>

(\* 93.1% of total foreign currency is denominated in US dollars)

## Financial Income - Consolidated

R\$ million	3Q 2006	3Q 2005	2Q 2006	Chg. 3Q06/3Q05	9M 2006	9M 2005	Chg. 9M06/9M05
	Monetary Effects	(25,933)	(34,723)	(13,296)	-25%	(57,553)	(89,041)
Exchange Variation	4,444	96,005	41,475	-95%	135,874	315,548	-57%
Hedge Income (Expenses)	(34,370)	(188,861)	(41,031)	-82%	(242,803)	(569,890)	-57%
Interest on Loans, Financing, ACC's and Pre-Payment	(76,098)	(72,752)	(66,174)	5%	(212,876)	(255,463)	-17%
Financial Income	67,599	68,136	56,852	-1%	203,423	209,817	-3%
Other Financial Expenses	(26,790)	(38,381)	(55,491)	-30%	(113,209)	(115,528)	-2%
<b>NET INTEREST INCOME</b>	<b>(91,148)</b>	<b>(170,576)</b>	<b>(77,665)</b>	<b>-47%</b>	<b>(287,144)</b>	<b>(504,557)</b>	<b>-43%</b>

