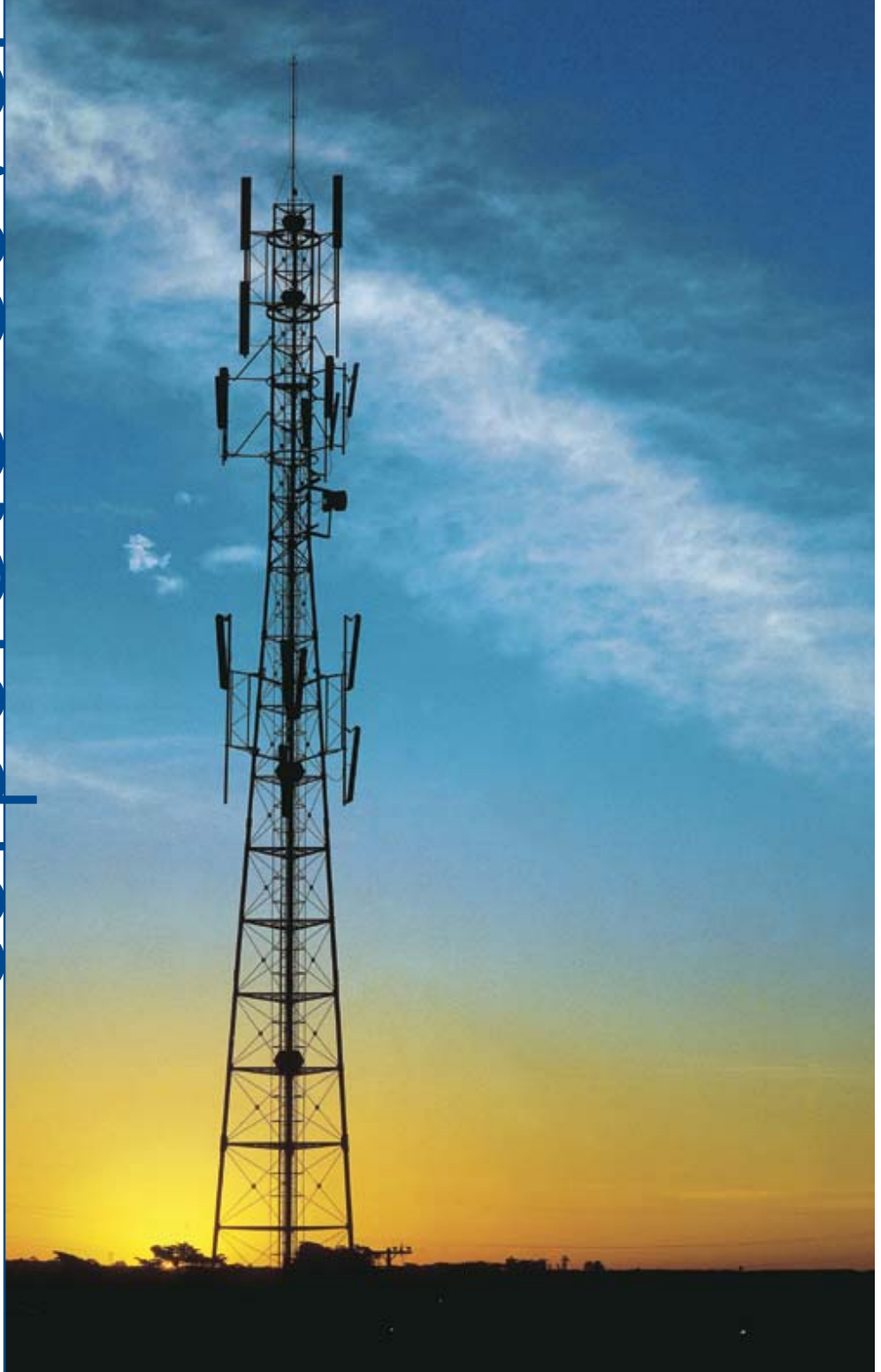


Corporate Governance

Management model in line with current best practices

Structure using bars and profiles



- The Gerdau Group implemented a new corporate governance structure in 2002, to broaden management efficiency, increase transparency and guarantee the succession process without losing accumulated experience.

- The new model, established within current best practices, consists of a Board of Directors, an Executive Committee, a Strategy Committee and Excellence Committees.

- The Board of Directors is composed of eight members and performs the fundamental role of approving decisions regarding strategy, risk policies and growth. Under the restructuring process, three independent members are now part of the Group's decision making process.

- The Executive Committee carries out the daily management of the business and is the link between the Board of Directors and the five steel-making operations, defined in terms of product line and/or geographical location: Long Steel Products (Brazil); Specialty Steels (Brazil); Açominas (Brazil); North America (Canada and the United States); South America (Argentina, Chile and Uruguay).

- Each of its seven members – president and vice-presidents – is also responsible for one or more of the principal processes that operate throughout the Group's businesses, including Finances, Accounting, Human Resources, Corporate Communications, Legal and Strategic Planning. The members work together to seek greater synergy, and individually with the focus on each business and process that is essential to maximize results.

- The Strategy Committee was created to provide operational support, and consists of members of the Executive Committee and the executives responsible for the main operations. Its role is to analyze the Group's current situation and growth opportunities, as well as to define a long term business focus.

- Decision making was also optimized through the creation of Excellence Committees, which provide support for processes, and a forum for debate and for the exchange of know-how.

- The listed companies in Brazil, the holding company Metalúrgica Gerdau S.A. and the operating company Gerdau S.A., have independent Boards of Auditors with the participation of minority shareholders. The role of these boards of auditors is to monitor the actions of the directors and control accounting operations. Each board has three members, who are elected each year at the shareholders' meeting in April.

- Throughout more than 100 years, the administration of the business has been carried out according to rigorous professional criteria, following principles of economic value generation and returns to its shareholders above the cost of capital. Under this policy, the Gerdau Group has a team qualified to seek growing levels of performance in all areas, oriented by ethical guidelines with clear parameters for interaction with shareholders, customers, suppliers, employees, competitors, communities and the environment.

