

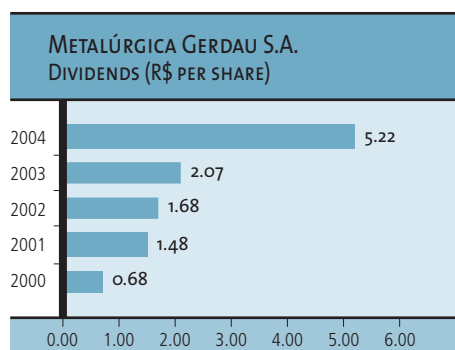
Highlights

THE MOST IMPORTANT EVENTS OF 2004

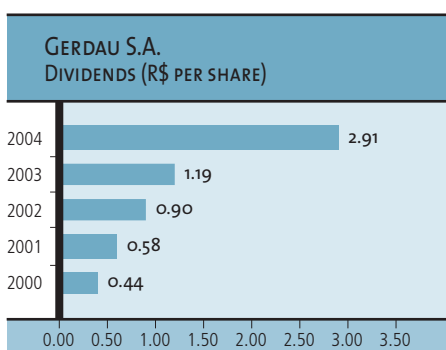
- Net income reaches R\$ 3.3 billion, a growth of 165.8%, and gross revenues reach R\$ 23.4 billion, 48.3% higher than in 2003.
- In the United States, the acquisition of North Star Steel assets in late 2004 consolidates the strategy of increasing the geographic reach of sales into the U.S. Midwest. The US\$ 308 million deal encompasses four long steel producing mills, two scrap collection and processing units, three wire rod processing facilities and a producer of grinding balls for the mining industry.
- The expansion in South America is also noteworthy, with the establishment of a strategic alliance in Colombia in December, when the Group signed an agreement to acquire 59.8% of the assets of Grupo Diaco, with an annual output capacity of 460,000 metric tons of steel.
- The highlight in Brazil is the construction of two new mills and the expansion of the Ouro Branco unit, in the state of Minas Gerais. The investment program in Brazil may reach US\$ 2.4 billion by 2007. The new industrial facility in the state of São Paulo and the new specialty

Consolidated Numbers

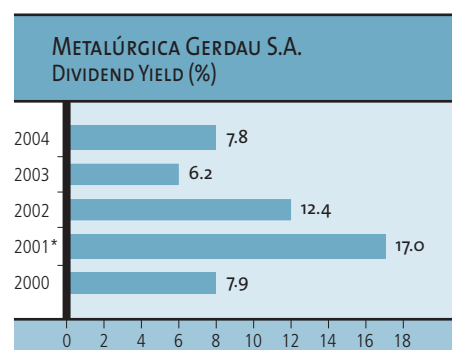
ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE



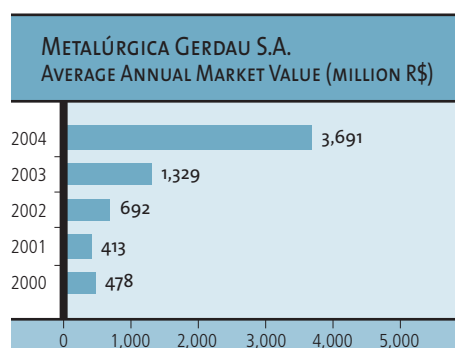
Amounts are adjusted to payments and calculated based on the current number of outstanding shares.
Dividends paid on preferred shares.



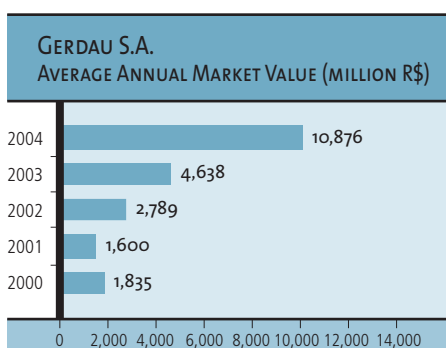
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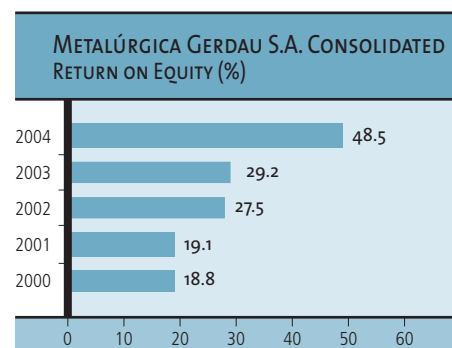
* Supplementary, non-recurring dividend.
Dividend yield is the ratio between the dividend paid per share and the share price on the last day of the year.



Market value is calculated as share price multiplied by the number of shares outstanding in the period.



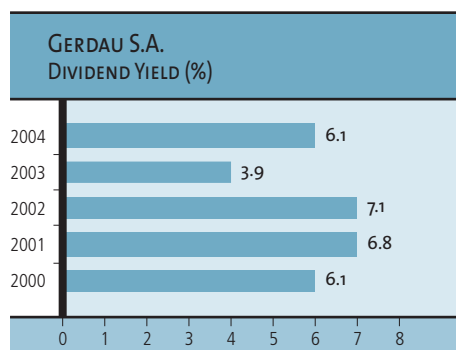
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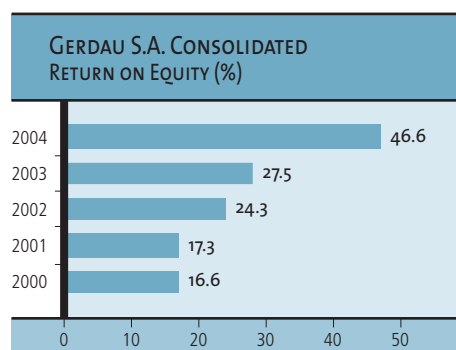
Return on equity (ROE) is the ratio between consolidated net income and consolidated equity.

steel facility in the state of Rio de Janeiro focus on the Brazilian market, whereas the Ouro Branco unit supplies the international market.

- The environmental management policy gains momentum with US\$ 25 million invested in the upgrade of air, water and soil protection technologies.
- The two publicly traded companies in Brazil – Metalúrgica Gerdau S.A. and Gerdau S.A. – distribute R\$ 433.9 million (+152.1%) and R\$ 858.8 million (+144.5%), respectively, to shareholders in 2004. In addition, Gerdau Ameristeel, responsible for North American operations, begins paying dividends in the beginning of 2005, for an initial distribution of R\$ 16.2 million.
- Social projects in the fields of formal education, scientific research, the arts, entrepreneurship, volunteer work, total quality, health, sports and community services receive investments of R\$ 36.5 million.



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Return on equity (ROE) is the ratio between consolidated net income and consolidated equity.

SOCIAL RESPONSIBILITY (MILLION R\$)	2004	2003
TOTAL INVESTMENT IN SOCIAL PROJECTS	36.5	22.5
FORMAL EDUCATION	4.4	2.8
EDUCATION FOR ENTREPRENEURSHIP	3.8	1.9
EDUCATION FOR SCIENTIFIC RESEARCH	1.5	1.4
EDUCATION FOR TOTAL QUALITY	2.3	2.6
EDUCATION FOR VOLUNTEER WORK	0.4	0.2
THE ARTS	18.7	10.9
HEALTH	3.0	1.1
SPORTS	1.0	0.8
COMMUNITY ACTION	0.6	0.1
OTHER	0.8	0.7

ENVIRONMENTAL MANAGEMENT	2004	2003
REUSE OF INDUSTRIAL WATER (% OF TOTAL CONSUMPTION)	96.7	96.0
EMISSION OF GREENHOUSE GASSES (KG OF CO ₂ PER METRIC TON OF STEEL PRODUCED)	550	N.A.*
USE OF BY-PRODUCTS INTERNALLY OR IN OTHER SECTORS OF THE ECONOMY (% OF TOTAL VOLUME GENERATED)	66.0	N.A.*

*Not available.

EXCHANGE RATE

YEAR	R\$	=US\$
2004	2.6544	1.00
2003	2.8892	1.00
2002	3.5333	1.00