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GerdaU expands operations in Colombia

The GerdaU Group signed the US\$ 59 million purchase and sales contract for the acquisition of a 50.9% shareholding in Cleary Holdings Corp, the controlling company of a metallurgical coke production plant and of the cokable coal reserves in Colombia. The agreement is subject to approval by the Colombian market regulating bodies. The coke, produced from coal, is used as one of the raw materials in the steel making process in integrated mills that operate blast furnaces.

The unit has an annual installed capacity of 1 million tons of metallurgical coke, and the reserves, according to preliminary estimates, total 20 million tons of cokable coal. The entire coke production is intended for export, principally to the United States, Peru, Canada and Brazil. Around 1,300 people work for the company, including employees and service providers.

International expansion and an increased demand in Brazil raise GerdaU Group turnover to R\$ 34.2 billion

GerdaU Group's international expansion, plus the 15.5% increase of sales in Brazil, raised consolidated gross turnover to R\$ 34.2 billion in 2007, which represents a growth of 18.5% in relation to the previous year. During the financial year, the GerdaU Group made acquisitions in countries where it already operates - United States and Spain - and in new markets: Mexico, Venezuela, The Dominican Republic and India. On the 2007 balance sheet, however, Macsteel (United States), Corsa (Mexico) and the Kalyani GerdaU joint venture (India) had still not been consolidated.

Of the total of R\$ 34.2 billion gross turnover, the Brazilian units were responsible for 47%, the industrial plants in the United States and Canada contributed 33.3%, the units in Latin America (except Brazil) totaled 10.6% and Spain represented 9.1% of the amount. Revenue from operations abroad, added to exports from Brazil, reached 60% of the total gross turnover.



In the same period, consolidated net profit reached R\$ 4.3 billion and remains in line with the value registered for the previous year. However, excluding non-recurring items, net profit grew 11.9% in relation to the previous financial year, reaching R\$ 4.5 billion.

"The first year under the management of the new corporate governance was marked by continued positive operational performance and by the expansion which broadened the Gerdau Group growth platform in the international steel mill scenario. We are going to continue with a growth strategy with profitability and maintaining high standards of competitiveness. In this context, the recent increase in our iron ore reserves stands out, which could be responsible for 80% of the supply of this raw material to Gerdau Group units in Brazil in 2010. As well as this, our investment plan forecasts, for the next three years, US\$ 6.4 billion in the expansion and technological updating of the industrial plants", states President (CEO), André Gerdau Johannpeter.

Gerdau Ameristeel expands Jacksonville mill



Gerdau Ameristeel, the Gerdau Group unit in the United States and Canada, announced the start of planning of a project for expansion of its Jacksonville steel mill, based in Baldwin, Florida. This expansion will add approximately 400,000 tons to the Gerdau Ameristeel Jacksonville rolling mill, matching the recent expansion in capacity of the steel mill, which is more than 1 million tons.

The forecast is that expansion work at the unit will be finished by 2010. The main products produced by the Jacksonville mill will continue to be rebar and wire rods.

The expansion will add approximately 400,000 tons to the Gerdau Ameristeel Jacksonville rolling mill

Gerdau will invest US\$ 6.4 billion by 2010

Over the next three years, the Gerdau Group will invest US\$ 6.4 billion in the technological updating and expansion of its units. Of this total, US\$ 4.4 billion will be for operations in Brazil, US\$ 785 million for Canada and the United States, US\$ 859 million for the other countries in Latin America and US\$ 295 million for Spain.

With this, the installed steel capacity of the Gerdau Group will grow 13.9%, to 28.3 million tons. The rolled product production capacity will also be increased, reaching 24.8 million tons (+18.5%), of which 9.4 million tons will be based in Brazil (+38.5%) and the other 15.4 million tons, abroad (+8.9%).

There are also programmed investments of US\$ 500 million in the joint ventures in India, Mexico and The Dominican Republic.

Wire Fencing Worker Project qualifies more than 500 rural workers in 2007

The Wire Fencing Worker Project, developed by the Gerdau Group in Brazil, attracted 575 rural producers, self-employed fencing workers, farm workers, technicians and students in 2007. The course about putting up fences was promoted at large agricultural and cattle raising sector fairs such as Expointer, in Esteio (in the state of Rio Grande do Sul), and Agrishow, in Ribeirão Preto (in the state of Sao Paulo). The project is a practical course that prepares participants for the sizing and erection of conventional and electric fences in the most economical and lasting way.



In taking technical information to the man in the field, the initiative stands out for its potential for social transformation. The Wire Fencing Worker Project forms part of the activities of the Friends of the Field Club, a communication channel between the Gerdau Group and the rural producer.

The participants are prepared for fence sizing and erection

Reserves of Gerdau Group iron ore in Brazil reach 1.8 billion tons

Recent prospecting studies have pointed to the existence of 1.8 billion tons of iron ore in the Gerdau Group reserves in Minas Gerais, which are located in Miguel Burnier, Várzea do Lopes, Gongo Soco and Dom Bosco.

The current Gerdau Group consumption of iron ore in Brazil is approximately 9.4 million tons per year. The reserves could therefore supply its increasing raw material needs. In 2008, around 30% of the ore consumed by the Gerdau Açominas steel mill will be supplied by its own reserves; a percentage which should reach 45% by the end of 2009. In 2010, the mines could be responsible for 80% of the ore used by Gerdau units in Brazil. The greater future utilization of the mines' capacity will be decided according to the market situation and the new industrial expansion investments, principally at Gerdau Açominas.

Apart from the US\$ 90 million in investments already made in the mining area, a further US\$ 120 million is programmed between 2008 and 2010, including the treatment plant in Varzea do Lopes and the logistical structure for raw material flow. With this, the Gerdau Group will have a more competitive cost equation in the face of the world market.

The Gerdau Group begins work on the installation of the Federal District Prefabrebar



Gerdau Armafer will supply made to measure pre-fabricated rebar in accordance with each project demand

The Gerdau Group has already begun work on the three thousand square meter work site that will house the Federal District Prefabrebar. The company received the permit for the construction and the installation license on a 21,000 m² plot, located on the JK Industrial Estate, in the satellite town of Santa Maria (Federal District). The work will be completed in the first half of 2008. The investment is US\$ 2 million.

The new unit will create 60 direct and 180 indirect jobs and supply made-to-measure pre-fabricated rebar for constructors in the Federal District region, in accordance with each project demand and in the quantity necessary. This dispenses with the manual preparation of frameworks on the building site, providing greater safety, productivity, quality, speed of execution and economy.

The steel to be used in the unit will be produced in the Gerdau Group's steel mill located in Rio de Janeiro (Gerdau Cosigua) and in Minas Gerais (Gerdau Divinópolis). This is the Gerdau Group's 27th fabricated rebar steel unit in Brazil and joins the 49 plants with the same activity in the United States and the 12 in Argentina, Chile, Colombia and Uruguay - in total, the Gerdau Group has 87 fabricated rebar steel units.

Gerdau Cearense receives awards for quality in its environmental management

At the end of 2007, Gerdau Cearense received three awards in the areas of quality and the environment. As well as maintaining ISO 14.001 certification, which is conferred to companies that stand out in the management of environmental aspects, the Gerdau Group unit in Ceara was decorated with two important awards: Environmental and Social Responsibility and Return On Environment World (ROE) awards.

The Environmental and Social Responsibility Award was an honor from the Metallurgical, Mechanical and Electrical Material Industries Union of the state of Ceara (SIMEC) for the continual improvement of the unit in relation to its care of the environment. The Return On Environment World (ROE) was delivered by GE Water & Process Technologies, a unit of the General Electric Company, for clients who demonstrate concern in reducing the environmental impacts resulting from their activities.



Gerdau Group representative received the award in Fortaleza (in the state of Ceara)

These awards are the result of the work of the Gerdau Cearense team and of the Gerdau Group commitment to its environmental policies. In 2007, the unit saved R\$ 1.6 million through reduction projects in the use of natural resources, such as electrical energy, natural gas, alloys, refractory bricks and graphite.

Active Library Program encourages young people in Brazil to read

Created in 2007 by the Gerdau Institute, the Active Library Program reached its objective of stimulating the reading habit in young people and optimizing the use of libraries donated by the Gerdau Group. Through this initiative, employees were trained to carry out, together with educators, incentive activities to give value to reading with the support of books donated by the organization. Furthermore, the action sought to develop volunteers from the Group's employees, an activity driven by the Institute. The Active Library Program today counts on the participation of 21 volunteers.

Since 2002, the Gerdau Group has donated libraries to public schools and institutions, giving the students and community organizations access to important classics of Brazilian and international literature. During this period, more than 600,000 books have been distributed to the communities.

The Gerdau Group Pro-Childhood Fund collects more than R\$ 3 million in 2007



The House of Sao Vicente de Paulo is one of the 174 organizations which received the support of Pro-Childhood Fundo of Gerdau Professionals in 2007

The Pro-Childhood Fund of Gerdau Professionals, which encouraged the donations of part of the income tax to social projects, collected more than R\$ 3 million in 2007. The project is coordinated by the Gerdau Institute. The total value was destined for the 174 assistance groups in Brazil aimed at helping children and teenagers in at-risk situations, chemical dependents and those with special needs. With this action, more than 46,000 children and teenagers were helped.

In accordance with legislation of the Child and Adolescent Statute, individuals can allocate up to 6% of tax due and companies, 1%. With the objective of disseminating the use of the fund for corporate bodies and other companies, 71 lectures were given to 22,000 people in 2007. Among the partner companies of this program are the state federations of Rio Grande do Sul, Bahia, Parana and Sao Paulo, the Federation of Commercial Associations and Services of Rio

Grande do Sul (Federasul), the government of Ceara, the council of Sao Paulo and Santa Casa de Porto Alegre.

