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GERDAU SA
Form 20-F
June 30, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR (G)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002

Commission file number 1-14878

GERDAU S.A.
(Exact Name of Registrant as Specified in its Charter)

Federative Republic of Brazil
(Jurisdiction of Incorporation or Organization)

N/A
(Translation of Registrant's name into English)

Av. Farrapos 1811
Porto Alegre, Rio Grande Do Sul - Brazil CEP 90220-005
(Address of principal executive offices) (Zip code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class ----- | Name of Each Exchange in Which Registered ----- |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Preferred Shares, no par value per share, each represented by American Depositary Shares | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation
pursuant to Section 15(d) of the Act:

None

The total number of issued shares of each class of stock of GERDAU S.A. as
of December 31, 2002 was:

39,590,941,783 Common Shares, no par value per share
74,527,528,780 Preferred Shares, no par value per share

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or such shorter period that the Registrant
was required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes ☒ No

Indicate by check mark which financial statement item the Registrant has
elected to follow Item 17 Item 18 ☒ .

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INTRODUCTION

Unless otherwise indicated, all references herein (i) to the "Company" or to "Gerdau" are references to Gerdau S.A., a corporation organized under the laws of the Federative Republic of Brazil ("Brazil") and its consolidated subsidiaries, (ii) to "Gerdau non-consolidated" are references to the Brazilian operations of the Company except Acominas which are carried out directly by Gerdau S.A. and numerical and financial information for Gerdau non-consolidated refers exclusively to Gerdau S.A. on a non-consolidated basis and, (iii) to "Preferred Shares" and "Common Shares" refer to the Company's authorized and outstanding preferred stock and common stock, designated as acoes preferenciais and acoes ordinarias, respectively, each without par value. All references

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herein to the "real," "reais" or "R\$" are to the Brazilian real, the official currency of Brazil. All references to (i) "U.S. dollars," "dollars" or "U.S.\$" are to United States dollars, (ii) "Canadian dollars" or "Cdn\$" are to Canadian dollars (iii) "billions" are to thousands of millions, (iii) "km" are to kilometers, and (iv) "tons" denote metric tons. All references herein related to the subsidiary companies in North America correspond to the new legal names of these companies after the merger with Co-Steel and subsequent change in names: Ameristeel Corp. has been renamed to Gerdau AmeriSteel US Inc. ("AmeriSteel"), Courtice Steel Inc. has been renamed to Gerdau AmeriSteel Cambridge Inc. ("Cambridge") and Gerdau MRM Steel Inc. is now named Gerdau AmeriSteel MRM Special Section Inc.

The Company has prepared the consolidated financial statements included herein in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). The investments in Sipar Aceros S.A. in Argentina (a 38% investment) and those of Gallatin Steel Co. in the United States, where Gerdau Ameristeel holds 50% of the total capital, are not consolidated but accounted for under the equity method of accounting in such consolidated financial statements.

Unless otherwise indicated, all information in this Annual Information Form is given as at December 31st, 2002. Subsequent developments are discussed in Item 8 - Significant changes.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this annual report with respect to the Company's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the Company's future performance. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumption's and beliefs in light of the information currently available to it. The Company cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of the Company to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company disclaims any such obligation. Risks and uncertainties that might affect the Company include, but are not limited to, (i) general economic conditions in the Company's markets, particularly levels of spending; (ii) exchange rates, particularly between the real and the U.S. dollar, and other currencies in which the Company makes significant sales or in which its assets and liabilities are denominated; and (iii) the outcome of contingencies.

GLOSSARY

A\$ or Argentinean pesos
Acominas

Currency of Argentina - Pesos
Aco Minas Gerais S.A. - Acominas

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| | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------|
| ADR | American Depositary Receipt |
| AmeriSteel | Gerdau AmeriSteel US Inc. |
| ANEEL | National electric power agency (Agencia Nacional Energia Eletrica) |
| Armafer | Fabrication shop in Brazil - Armafer Servicos de Construcao Ltda. |
| BACEN | Brazilian Central Bank (Banco Central do Brasil) |
| Banco Gerdau | Banco Gerdau S.A. - Financial institution controlled by Metalurgica Gerdau S.A. |
| BCCH | Chilean Central Bank |
| BNDES | National bank for social and economic developoment (Banco Nacional Desenvolvimento Economico e Social) |
| Bovespa | Sao Paulo Stock Exchange (Bolsa de Valores de Sao Paulo) |
| Bovespa Fix | Debenture trading system of Bovespa |
| Brazilian Corporate Law | Law number 6,404/76 and complements |
| Brazilian GAAP | Accounting Practices Adopted in Brazil |
| CADE | Administrative Council for Economic Defense (Conselho Administrativo de Defesa Economica) |
| Canadian Dollar | Canadian Currency |
| CBLC | Bovespa's clearing house (Companhia Brasileira de Liquidacao e Custodia) |
| Cd\$ | Canadian Currency - Canadian dollar |
| CDI | Interbank deposit rates (Certificado de Deposito Interbancario) |
| Central Bank | Brazilian Central Bank (Banco Central do Brasil) |
| Clps\$ or Chilean pesos | Currency of Chile - Pesos |
| CIF | Cost, Insurance and Freight |
| CMR | Reference Basket of Currencies in Chile |
| COFINS | Tax for Social Security Financing (Contribuicao para o Financiamento da Seguridade Social) |
| Comercial Gerdau | Gerdau's retail arm in Brazil. Comercial Gerdau Ltda. - Merged into Gerdau S.A. |
| Common shares | Ordinary shares with voting right. |
| Cosinor | Companhia Siderurgica do Nordeste. Merged into by Metalurgica Gerdau S.A. |
| CPMF | Provisional Contribution on Financial Activities (Contribuicao Provisoria sobre Movimentacao Financeira) |
| CSN | Companhia Siderurgica Nacional |
| CST | Companhia Siderurgica de Tubarao |
| CVM | Brazilian Securities Commission (Comissao de Valores Mobiliarios) |
| DFESA | Dona Francisca Energetica S.A. |
| Dollar | US Currency |
| DRI plant | Able to produce sponge iron to be used in its crude steel production using iron ore and charcoal as its main raw materials |
| EAF | Electric Arc Furnace |
| Eletrobras | State-owned utility holding company. Brazilian Electricity Company (Centrais Eletricas Brasileiras S.A. - Eletrobras) |
| FINSOCIAL | Social Investment fund (Fundo de Investimento Social) |
| FOB | Free on board |

| | |
|----------------------------------------|--------------------------------------------------------------------------------------------|
| FUNRURAL | Rural Workers' Assistance Fund (Contribuicao ao Fundo de Assistencia ao Trabalhador Rural) |
| GDP | Gross Domestic Product |
| Gerdau Aconorte | Siderurgica Aconorte S.A.- Merged into Gerdau S.A. |
| Gerdau Acos Finos Piratini | Gerdau Acos Finos Piratini S.A. - Merged into Gerdau S.A. |
| Gerdau AmeriSteel | Gerdau AmeriSteel Corporation. |
| Gerdau AmeriSteel Cambridge | Gerdau AmeriSteel Cambridge Inc. (former Gerdau Courtice Steel Inc.) |
| Gerdau AmeriSteel MRM Special Sections | Gerdau AmeriSteel MRM Special Sections Inc. (former Gerdau MRM Steel Inc.) |

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| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Gerdau AmeriSteel Perth Amboy | Gerdau AmeriSteel Perth Amboy Inc. |
| Gerdau AmeriSteel Sayreville | Gerdau AmeriSteel Sayreville Inc. |
| Gerdau AZA | Gerdau Aza S.A. |
| Gerdau Cosigua | Companhia Siderurgica da Guanabara - Cosigua (today Gerdau S.A.) |
| Gerdau Laia | Gerdau Laia S.A |
| Gerdau Metalicos | Unit of Gerdau S.A responsible for steel scrap purchasing |
| Gerdau Previdencia Privada | Gerdau S.A. pension plan administrator |
| Gerdau Usiba | Usina Siderurgica da Bahia S.A. - Merged into Gerdau S.A. |
| IBS | Brazilian Steel Institute (Instituto Brasileiro de Siderurgia) |
| ICMS | State Value Added Tax on Sales and Services (Imposto sobre Circulacao de Mercadorias e Servicos) |
| IGP-M | General Market Price Index (Indice Geral de Precos de Mercado - IGP-M) |
| IISI | International Iron and Steel Institute |
| IMF | International Monetary Fund |
| INDAC | INDAC - Industria Comercio e Administracao S.A. - Holding company that controls Metalurgica Gerdau S.A. |
| INPC | National Index for Consumer Prices (Indice Nacional de Precos ao Consumidor - INPC) |
| INSS | National Institute of Social Security (INSS). Social security contributions levied on employees payroll (Contribuicoes Previdenciarias) |
| IPCA | National Extended Consumer Price Index (Indice Nacional de precos Consumidor Amplo - IPCA) |
| IRPJ | Corporate Income Tax (Imposto de Renda Pessoa Juridica - IRPJ) |
| Latibex | Segment of Madrid Stock Exchange listing Latin American companies |
| MAE | A private non-profit institution, created under ANEEL |