

**FOR IMMEDIATE DISCLOSURE** - Belo Horizonte, May 13, 2010. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (BM&FBOVESPA: USIM3, USIM5, USIM6; OTC: USNZY; Latibex: XUSI; XUSIO) today releases its first quarter 2010 results (1Q10). Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in Brazilian Real, according to corporate law. All comparisons made in this release take into consideration the same period in 2009, except when stated otherwise.

## Net Profit totals R\$ 309 million and EBITDA reaches R\$ 717 million. EBITDA margin evolves to 24%.

### Highlights

R\$ million	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
Crude Steel Production (000t)	1,820	1,026	1,843	77%	-1%
Sales Volume (000 t)	1,615	1,048	1,703	54%	-5%
Net Revenues	3,043	2,670	2,984	14%	2%
Net Income (Loss)	309	(112)	633	-	-51%
EBITDA (a)	717	332	663	116%	8%
EBITDA Margin	23.5%	12.4%	22.2%	11,1 p.p.	1,3 p.p.
Investments	757	233	704	225%	8%
Cash Position	2,571	3,315	3,083	-22%	-17%

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

- Steel product sales grew 54% over those of 1Q09 and hit 1.6 million tons.
- Net Revenue of R\$ 3.0 billion grew 14% over that of 1Q09.
- EBITDA reached R\$ 717 million in 1Q10, representing an increment of 116% in comparison with 1Q09.
- EBITDA margin was 11 percentage points higher than in 1Q09.
- Net profit of 1Q10 was of R\$ 309 million, compared with a loss of R\$ 112 million registered in 1Q09.
- Cash position in 03/31/10: R\$ 2.6 billion.
- Net Debt/EBITDA index in 03/31/10: 1.7x.
- R\$ 757 million were invested in 1Q10, 225% higher than the investments in 1Q09.
- Appreciation of 25% of ordinary shares and 23% of preferred shares in the quarter, against an appreciation of 3% of IBOVESPA.
- The Company's market capitalization, of R\$ 31 billion, grew 107% in comparison with that of 1Q09.

### Market Data - 03/31/10

**Market Capitalization: R\$ 30.9 billion**  
**BM&F BOVESPA: USIM5 R\$ 60.92/share**  
**USIM3 R\$ 62.34/share**  
**EUA/OTC: USNZY US\$ 33.75 /ADR**  
**Latibex: XUSI € 25.08**  
**XUSIO € 25.76**

### Interactive Index

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## **Initial Considerations**

*The results achieved by the sector's companies in the past quarters reflect the continuity of the economy's recovery process sustained mainly by the domestic market. In Brazil, the first three months of 2010 showed a strong recovery in the flat steel market due to accelerated investments and an increase in consumption by the population. According to the World Steel Association, the steel sector worldwide, after having been hit by the global crisis of 2009, has been showing signs of improvement in its indicators, through a systematic growth in the usage rate of global installed capacity and a continuous production increase by most of the largest global producers.*

*Within this context, Usiminas begins the year of 2010 registering in the first quarter a net revenue of R\$ 3.0 billion, a net profit of R\$ 309 million and a cash flow measured by EBITDA of R\$ 717 million, results which are substantially more significant than those registered in the same period last year.*

*Notwithstanding the very positive outlook for 2010, rising raw material costs represent a threat to companies since this significantly impacts results and causes negative reflexes on the capacity of the companies to invest. This situation will force the companies to seek adjustment alternatives via the recovering of margins and the ongoing search to cut costs. On the other hand, the current favorable environment tends to facilitate this process, given the heated demand for steel worldwide.*

*In order to give continuity to the Company's transformation and renovation process the Board of Directors has appointed the former Chairman of the Board – Wilson Brumer – to take on the CEO position. Israel Vainboim was appointed as Chairman of the Board of Directors.*

*In this new stage, in addition to continuing its ongoing investment agenda and diversifying businesses, always working in perfect harmony with the assumptions established by the Board of Directors, the Company aims at strengthening even further the relationship with its clients, in anticipation of the market's future needs and keeping an open channel for dialogue with its shareholders, suppliers, collaborators and with the communities where Usiminas is present, always with the primary objective of adding value to the Company.*

## **Consolidated Results**

### **Economic and Financial Performance**

#### **Net Revenue**

Revenue increased 14% in 1Q10 in comparison with 1Q09, reaching R\$ 3.0 billion due to the greater volume sold, which offset the decrease in average market prices.

In comparison with the revenue of 4Q09, there was a 2% increase, due mainly to better average prices (effect of exchange rate depreciation on export revenue) and the better product mix in the period.

### Net Revenues

	1Q10	1Q09	4Q09
<b>DM</b>	<b>82%</b>	<b>83%</b>	<b>83%</b>
<b>EM</b>	<b>18%</b>	<b>17%</b>	<b>17%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Cost of Goods Sold (COGS)

The cost of goods sold totaled R\$ 2.4 billion in 1Q10, against R\$ 2.1 billion in 1Q09. The 13% increase in COGS in the quarter stemmed mostly from the greater volume sold. Gross margin of 22.5% in 1Q10 surpassed that of the same period last year as a result of better prices obtained in the acquisition of raw materials.

When compared to 4Q09, COGS were higher by 2% due to the increase in cost of products acquired for resale and other costs, such as energy.

It is worth pointing out that COGS registered in 1Q10 already included a provision for iron ore price readjustments, retroactive to January/2010 in the amount of approximately R\$70 million.

The Company's gross margin evolved as follows:

### Gross Margin

1Q10	1Q09	4Q09
<b>22.5%</b>	<b>22.1%</b>	<b>22.3%</b>

### Operating Expenses and Revenue

Operating expenses in 1Q10, as compared with 1Q09, registered a decrease of R\$ 302 million, since 1Q09 was impacted by the recognition of R\$ 265 million related to idleness costs on production equipments (shutdown of three blast furnaces).

In comparison with 4Q09, operating expenses increased by R\$ 173 million due mostly to the reversal of legal contingencies and actuarial surplus gains of the Pension Fund registered in 4Q09.

The Company's operating margin evolved as follows:

### EBIT Margin

1Q10	1Q09	4Q09
<b>16.3%</b>	<b>3.7%</b>	<b>21.9%</b>

### EBITDA

EBITDA rose 116% in 1Q10 when compared to 1Q09, reaching R\$ 717 million, due mainly to the greater volume sold.

In the comparison with the EBITDA of 4Q09, the 8% increase was due to better prices in the period. The margins are shown in the table below:

**EBITDA Margin**

1Q10	1Q09	4Q09
23.5%	12.4%	22.2%

**Financial Result**

Net financial expenses grew around R\$ 30 million due to the effects of exchange rate depreciation of the Brazilian Real in relation to the US Dollar amounting to 2.3% in 2010, against an appreciation of the Brazilian Real of around 1% in 1Q09.

When comparing to 4Q09, the financial revenue in that period was due to exchange gains from the 2% appreciation of the Brazilian Real and from swap operations gains.

**Financial Income - Consolidated**

R\$ million	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
Exchange Effects	(75.300)	42.878	75.141	-	-
Exchange Variation	(61.217)	35.265	70.031	-	-
Hedge Income (Expenses)	(14.083)	7.613	5.110	-	-
Swap Operations Market Cap. (Law 11,638)	17.218	(71.019)	45.449	-	-62%
Financial Income	64.310	118.657	97.552	-46%	-34%
Financial Expenses	(121.333)	(149.827)	(109.000)	-19%	11%
Monetary Effects	(10.157)	(36.262)	(15.640)	-72%	-35%
<b>NET INTEREST INCOME</b>	<b>(125.262)</b>	<b>(95.573)</b>	<b>93.502</b>	<b>31%</b>	<b>-</b>

**Equity Interest in Controlled and Affiliated Companies**

Revenue reached R\$ 54 million in 1Q10 due mainly to Ternium's gain of R\$ 39 million, while in 1Q09 there was an expense of R\$ 90 million due to Ternium's loss of R\$ 124 million.

In the comparison with 4Q09, the result obtained from equity interest in controlled and affiliated companies dropped 36% due to a greater gain in that quarter, arising from the results obtained by MRS and Soluções Usiminas.

**Net Income**

Net income in 1Q10 totaled R\$ 309 million, against a loss of R\$ 112 million in 1Q09, due to the greater volume sold.

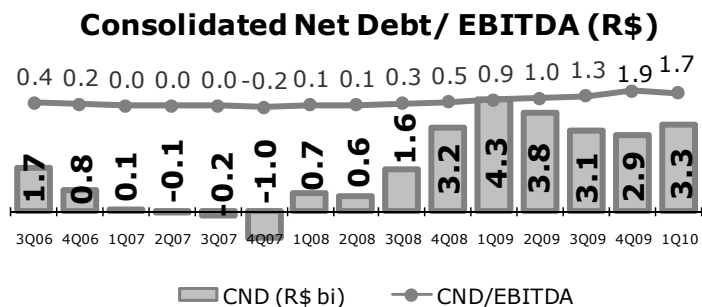
In the comparison with 4Q09, net income was lower by R\$ 324 million, or 51%, as a result of exchange losses and lower gains from tax contingencies registered in 1Q10.

**Indebtedness**

Total gross debt on 03/31/10 summed R\$ 5.8 billion, against a debt of around R\$ 6.0 billion on 12/31/09. In turn, net debt ended the quarter at R\$ 3.3 billion, against R\$ 2.9 billion on 12/31/09.

At the end of the quarter, the debt breakdown in currency was as follows: 63% in foreign currency and 37% in local currency.

03/31/10	
Cash Position - R\$ billion	2.6
Total Debt/ EBITDA Ratio	3.1
Net Debt/ EBITDA Ratio	1.7

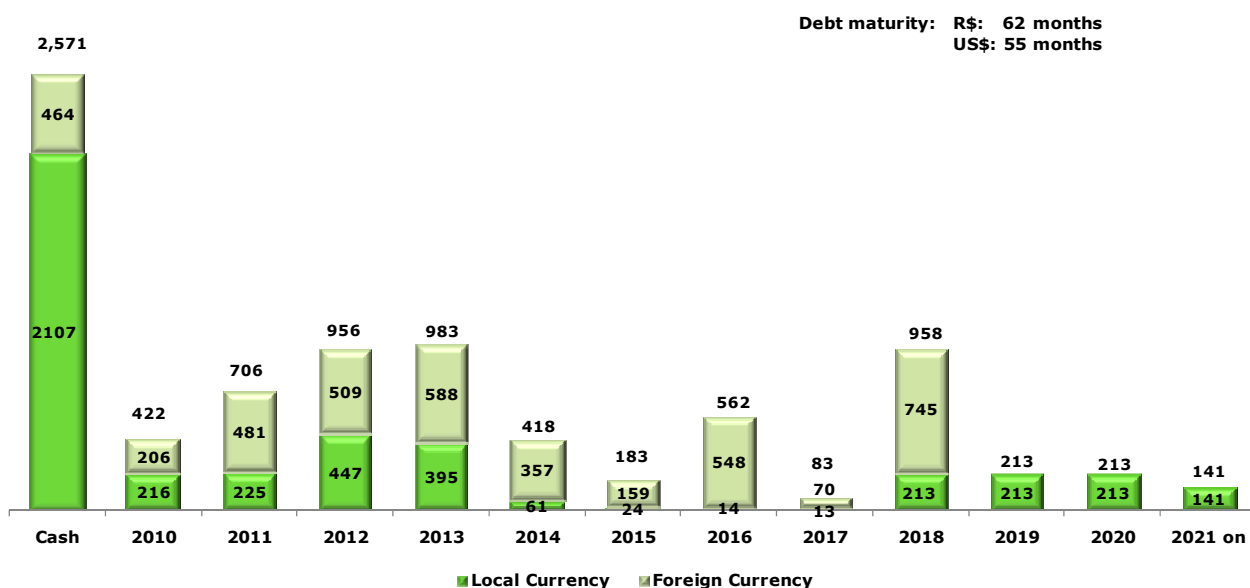


### Loans and Financing by Index - Consolidated

R\$ thousand	31-mar-10			%	31-dec-09	Chg. mar10/dec09
	Short Term	Long Term	TOTAL		TOTAL	
<b>Foreign Currency (*)</b>	<b>348,631</b>	<b>3,314,098</b>	<b>3,662,729</b>	<b>63%</b>	<b>3,511,445</b>	<b>4%</b>
TJLP	152,244	430,678	582,922	-	601,696	-3%
Debentures	20,230	1,100,000	1,120,230	-	1,118,669	0%
Taxes Payable in Installments	73,855	71,083	144,938	-	155,946	-7%
FEMCO	7,133	254,219	261,352	-	259,768	1%
Others	19,512	46,717	66,229	-	305,995	-78%
<b>Local Currency</b>	<b>272,974</b>	<b>1,902,697</b>	<b>2,175,671</b>	<b>37%</b>	<b>2,442,074</b>	<b>-11%</b>
<b>TOTAL DEBT</b>	<b>621,605</b>	<b>5,216,795</b>	<b>5,838,400</b>	-	<b>5,953,519</b>	<b>-2%</b>
CASH AND CASH EQUIVALENTS	-	-	2,570,600	-	3,083,047	-17%
<b>NET DEBT</b>	-	-	<b>3,267,800</b>	-	<b>2,870,472</b>	<b>14%</b>

(\*) 98% of total foreign currency is denominated in US dollars

### Maturity Profile



## Strategy

Preparing itself for the future, Usiminas has modernized its processes and has carried out a vast reorganization process to maintain leadership in the production of flat steels in Latin America and has, in addition, invested in new businesses and vertically structured its industrial processes to offer higher value-added products.

Based on new values, the Company has consolidated the grouping of its business areas into four Business Units: Mining and Logistics, Steel, Steel Processing and Capital Goods.

Based on the above, the Company established its strategy, comprised of five guidelines, denominated Avenues:

- Expansion of local capacity;
- Upstream Integration;
- Downstream Integration;
- Expansion of product and service portfolio;
- Internationalization.

Usiminas brand was renovated to bring modernity and uniqueness to the Company’s image and, at the same time, a new organizational structure was built, which converged to Usiminas’ seven values: People, Consistency, Technique, Meticulousness, Openness, Sustainability and Results.

In order to better understand the lines that guide Usiminas’ strategy, the image of a three-sided cube was created – Strategic Avenues, Business Units, Company’s Values – to be present in all areas of the Company.





## Business Units Performance

Inter- and intra-Company transactions are assessed in market value and conditions.

### Usiminas Consolidated

#### Mining & Logistics

#### Steel

#### Steel Processing

#### Capital Goods

**Mining Assets  
MRS\***

**Ipatinga Mill  
Cubatão Mill  
Ternium\***

**Unigal  
Soluções Usiminas  
Automotiva Usiminas**

**Usiminas Mecânica**

#### Income Statement per Business Units - 1Q10 - Non Audited

R\$ million	Mining & Logistics		Steel		Steel Processing		Capital Goods		Adjustments		Consolidated	
	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09	1Q10	4Q09
Net Revenues	158	108	2.821	2.766	597	560	291	292	(825)	(743)	3.042	2.983
Domestic Market	116	108	2.340	2.291	586	541	291	292	(825)	(743)	2.508	2.489
Export Market	42	0	481	475	11	19	0	0	0	0	534	494
COGS	(66)	(47)	(2.329)	(2.305)	(490)	(464)	(247)	(235)	773	733	(2.359)	(2.318)
Gross Profit	92	61	492	461	107	96	44	57	(52)	(10)	683	665
Operating Income (Expenses)	(18)	(21)	(126)	61	(22)	(35)	(21)	(19)	0	0	(187)	(14)
EBIT	74	40	366	522	85	61	23	38	(52)	(10)	496	651
<b>EBITDA</b>	<b>81</b>	<b>47</b>	<b>558</b>	<b>504</b>	<b>99</b>	<b>79</b>	<b>31</b>	<b>43</b>	<b>(52)</b>	<b>(10)</b>	<b>717</b>	<b>663</b>
<b>EBITDA Margin</b>	<b>51%</b>	<b>44%</b>	<b>20%</b>	<b>18%</b>	<b>17%</b>	<b>14%</b>	<b>11%</b>	<b>15%</b>	-	-	<b>24%</b>	<b>22%</b>

\* Results accounted through equity income.

## MINING & LOGISTICS

In March 2010, an all-time record was reached: 535 thousand tons of ore were produced. In 1Q10, iron ore production grew 30% in comparison with that in 1Q09. In relation to 4Q09, production continued practically the same. The use of its own ore in the Ipatinga and Cubatão mills has grown: the transfer of products to the mills grew 10% in comparison with 1Q09.

In 1Q10, two shipments, totaling 317 thousand tons of ore, were exported to Asia.



## Investments/Outlook

The mining unit, with the purpose of increasing its contribution in the Group's consolidated results, is working on a project to optimize the three existing plants and building a new iron ore fines processing plant. This investment will enable a gradual production increase, which is expected to reach 12 million tons by 2013.

The target for 2010 is to reach a production of 7.0 million tons.

Total sales and transfers to the Ipatinga and Cubatão mills are shown in the table below:

### Iron Ore

Thousand tons	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
<b>Production</b>	<b>1.509</b>	<b>1.158</b>	<b>1.559</b>	<b>30%</b>	<b>-3%</b>
Sales	320	169	9	89%	3456%
Transferred to Mills	1.372	1.227	1.433	12%	-4%
<b>Total - Sales + Transferences to Mills</b>	<b>1.692</b>	<b>1.396</b>	<b>1.442</b>	<b>21%</b>	<b>17%</b>

- Logistics – Participation in MRS**

In 2009, MRS transported 128.9 million tons of cargo in general, among which, iron ore, coal/coke, steel products, cement and others.

In 2009, Net Revenue reached R\$ 2.3 billion and net income was of R\$ 605.7 million, generating an EBITDA of R\$ 1.3 billion.

MRS Logística is a concessionaire that controls, operates and monitors the Southeast Federal Railroad Network. The company operates in the railway transport market, connecting the states of Rio de Janeiro, Minas Gerais and São Paulo and its core business is the railway transport of cargo in general, such as ores, finished steel products, cement, bauxite, agricultural products, green coke and containers with integrated logistics.

Usiminas, Vale, MBR, Gerdau and CSN are the controlling shareholders of MRS. Usiminas holds 20% of the voting capital and is part of the Company's control group.

## STEEL

### Scenario and Outlook

#### Usiminas' markets

In 2009, all of Usiminas' markets shrank and the reflexes are still being felt. These retractions occurred mainly in the capital goods sector, mostly affected by the convergence of two factors:

- A decrease in investments;
- A drop in exports (aggravated by the appreciation of the Brazilian Real in relation to the US dollar).

These factors continue to prevail, and since this recovery process is slow, important sectors for Usiminas, such as large-diameter pipes, used by the oil and gas, mining extraction and naval sectors, have cut back significantly on their orders, above all those for heavy plates, of which Usiminas is the only producer in Latin America. This phenomenon also occurred at an international level, since the economic crisis hit other economies even harder.





### Exports - Main Markets – 1Q10

Country	Thousand Tons	Share %
Chile	48	11%
Thailand	47	11%
Colombia	43	10%
Spain	32	7%
USA	28	6%
Argentina	27	6%
Taiwan	24	5%
Italy	22	5%
Others	173	32%
<b>Total</b>	<b>442</b>	<b>100%</b>

### Sectorial Sales Breakdown - Consolidated

Thousand tons	1Q10		1Q09		4Q09		Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
<b>Domestic Market</b>	<b>1.173</b>	<b>100%</b>	<b>781</b>	<b>100%</b>	<b>1.209</b>	<b>100%</b>	<b>50%</b>	<b>-3%</b>
Automotive	406	35%	276	35%	408	34%	47%	0%
Industrial	230	20%	159	20%	252	21%	45%	-9%
Distribution	537	46%	346	44%	549	45%	55%	-2%

### Net Revenues per Ton

R\$ / t.	1Q10	4Q09	3Q09	2Q09	1Q09	4Q08	3Q08	2Q08	1Q08
Heavy Plates	1,575	1,712	1,570	1,860	2,475	2,993	2,486	2,112	1,892
Hot Coils/Sheets	1,569	1,472	1,477	1,707	1,991	2,202	1,951	1,622	1,447
Cold Coils/Sheets	1,740	1,671	1,539	1,862	2,058	2,391	2,151	1,836	1,676
Electroalvanized Coils	2,387	2,208	2,093	2,286	2,558	2,552	2,399	2,237	2,068
Hot Dip Galvanized Coils	2,483	2,440	2,253	2,344	2,572	2,817	2,525	2,328	2,245
Processed Products	2,393	2,413	2,250	1,647	2,314	2,557	2,224	1,958	1,913
Slabs	727	790	649	700	938	1,551	1,444	902	850
<b>Total</b>	<b>1,660</b>	<b>1,623</b>	<b>1,493</b>	<b>1,781</b>	<b>2,124</b>	<b>2,416</b>	<b>2,138</b>	<b>1,910</b>	<b>1,649</b>

### Sales Volume Breakdown - Consolidated

Thousand tons	1Q10		1Q09		4Q09		Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
<b>TOTAL SALES</b>	<b>1,615</b>	<b>100%</b>	<b>1,048</b>	<b>100%</b>	<b>1,703</b>	<b>100%</b>	<b>54%</b>	<b>-5%</b>
Heavy Plates	323	20%	245	23%	332	20%	32%	-3%
Hot Coils/Sheets	512	32%	310	30%	519	30%	65%	-1%
Cold Coils/Sheets	482	30%	269	26%	501	29%	79%	-4%
Electrogalvanized Coils	53	3%	31	3%	65	4%	71%	-18%
Hot Dip Galvanized Coils	99	6%	85	8%	102	6%	16%	-3%
Processed Products	32	2%	35	3%	42	2%	-9%	-24%
Slabs	114	7%	73	7%	142	9%	56%	-20%
<b>DOMESTIC MARKET</b>	<b>1,173</b>	<b>73%</b>	<b>780</b>	<b>74%</b>	<b>1,209</b>	<b>71%</b>	<b>50%</b>	<b>-3%</b>
Heavy Plates	166	10%	122	12%	207	12%	36%	-20%
Hot Coils/Sheets	428	27%	287	27%	424	25%	49%	1%
Cold Coils/Sheets	396	25%	208	20%	370	22%	90%	7%
Electrogalvanized Coils	47	3%	28	3%	53	3%	68%	-11%
Hot Dip Galvanized Coils	85	5%	74	7%	94	5%	15%	-10%
Processed Products	23	1%	26	2%	32	2%	-12%	-28%
Slabs	28	2%	35	3%	29	2%	-20%	-3%
<b>EXPORTS</b>	<b>442</b>	<b>27%</b>	<b>268</b>	<b>26%</b>	<b>494</b>	<b>29%</b>	<b>65%</b>	<b>-11%</b>
Heavy Plates	157	10%	123	12%	124	7%	28%	27%
Hot Coils/Sheets	84	5%	22	2%	95	5%	282%	-12%
Cold Coils/Sheets	86	5%	62	6%	130	8%	39%	-34%
Electrogalvanized Coils	6	0%	3	0%	12	1%	100%	-50%
Hot Dip Galvanized Coils	13	1%	11	1%	8	0%	18%	63%
Processed Products	9	1%	9	1%	10	1%	0%	-10%
Slabs	87	5%	38	4%	115	7%	129%	-24%

### Production

According to data from the Brazilian Steel Institute (IABr), Brazilian crude steel production in 1Q10 reached 8.0 million tons, up 59% in relation to the same period of the previous year and slightly lower (1%) than that registered in 4Q09. Apparent local consumption of steel products totaled 6.3 million tons in the quarter, 73% above that of 1Q09.

Good results of 1Q10 confirm the optimistic outlook of the Brazilian steel industry. IABr's production forecast in 2010 is around 33 million tons, up 25% over that reached in 2009. In relation to sales, the projection is a growth of around 26%.

### Ipatinga and Cubatão Mills

The production units of the Ipatinga and Cubatão mills continued stable in relation to 4Q09.

The production volume of crude and rolled steel in 1Q10 continued practically the same as that of 4Q09, dropping slightly by 1%, reaching the volume of 1.8 million tons.

## Production (Crude Steel)

Thousand tons	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
Ipatinga Mill	960	493	858	95%	12%
Cubatão Mill	860	533	985	61%	-13%
<b>Total</b>	<b>1.820</b>	<b>1.026</b>	<b>1.843</b>	<b>77%</b>	<b>-1%</b>

## Capital Expenditure Program (Capex)

Investments on fixed assets in 1Q10 summed R\$ 757 million. The current situation of the main investment projects is detailed below:

Investments	Goal	Status	Project Capex	Total Executed up to March/2010
New Coke Facility #3 (Ipatinga)	Production of 750 thousand tons/year.	Equipments manufacture concluded. Construction works in progress. Start-up: 2Q/2010.	R\$ 707 million	R\$ 580 million
Heavy-Plate Rolling Mill (Ipatinga)	Accelerated Heavy Plate Cooling Technology - meeting the requirements of the pre-salt exploitation projects	Accelerated Heavy Plate Cooling equipments under construction. Start-up: 3Q/2010.	R\$ 1.050 billion	R\$ 338 million
	Production increase to 1,350 thousand tons/year (addition of 450 th. tons/year)	Start-up: 4Q/2012.		
New HDG Line (Ipatinga)	Production of 550 thousand tons/year of hot dipped galvanized products.	Construction and assembling works in progress. Construction work for the structure of the building by Usiminas Mecânica. Assembling works of the line: March 2010. Start-up: 1Q/2011.	R\$ 914 million	R\$ 157 million
New Hot Strip Mill #2 (Cubatão)	Production of 2.3 million tons/year (phase 1).	Skinpass Mill: Equipments contracted and in the project detailing stage. Construction and assembling works in progress. Construction work for the structure of the building by Usiminas Mecânica. Start-up: 2Q/2011.	R\$ 2.530 billion	R\$ 731 million

## Participation in Ternium

Ternium is one of the largest steel producers in the Americas and offers a wide array of products, including flat and long steel products. In 1Q10, Ternium registered the following results: 1.9 million tons sold; net revenue of US\$ 1.7 billion; net income of US\$ 245 million and EBITDA of US\$ 385 million, generating an EBITDA margin of 23%. The Company has operating facilities in Mexico, (Hylsa and IMSA), in Argentina (Siderar) and in the US (Ternium USA) and has a wide distribution network.

Usiminas holds 14.25% of Ternium's total capital, of which it is partner along with the Techint group. Ternium's results are registered in Usiminas balance sheet with a delay of one quarter.

## STEEL PROCESSING

- **Unigal**

The construction work for Unigal's new hot-dipped galvanizing line continue within schedule and the expansion, estimated to be concluded in the 1<sup>st</sup> quarter of 2011, will boost current production capacity by 550 thousand tons of coils per year and should generate 750 direct jobs and 2,100 workers at the peak of the construction work.

Galvanized steel is used mainly by the auto, household appliances and civil construction industries.

Unigal is a joint-venture between Usiminas (with a 70% share) and Nippon Steel (with a 30% share) aimed at processing hot-dip galvanized coils.

- **Soluções Usiminas**

Soluções Usiminas, the Group's newest Company, operates in the Distribution, Services and Pipe markets in the country, offering higher value-added products to its clients. With the capacity to produce more than 2 million tons of processed steel a year, its 14 industrial units, strategically located in the States of Rio Grande do Sul, São Paulo, Minas Gerais, Espírito Santo and Pernambuco, supplies the automobiles, auto parts, civil construction, distribution, electronic products, machinery and equipment, household appliances and other segments.

Usiminas, therefore, increases its presence in the many steel consumer sectors by expanding its product and service portfolio enabling a better understanding of clients needs and obtaining efficiency gains.

According to data from the National Steel Distributors Institute (INDA), Soluções Usiminas in 1Q10 reached first place in the institute's ranking, which shows the Company's leadership in the local steel distribution.

**Investments:** The expansion project of the Taubaté plant in São Paulo state (4<sup>th</sup> Phase) is in progress and the press blank line is in the manufacturing phase. The startup of the construction work for the building is scheduled for June 2010 and the beginning of plant's operation is scheduled for April 2011. The target is to increase capacity by 70 thousand tons (25% of current capacity) for the supply of blanks to the auto industry.

- **Automotiva Usiminas**

The Automotiva unit stands out in the production of complete sets and cabs painted in their final color and is divided into the following process sectors:

- Product development engineering;
- Partnerships with toolmakers;
- Stamping development and production;
- Development and production of welded subsets;
- Complete Paintwork – *e-coat* (KTL), surfacer and enamel;
- Final assembly of vehicles' finishing items ;
- Logistic integration.

Some of the main automakers in the country are among its clients such as Ford, Mitsubishi, Scania, Volkswagen, Iveco/Fiat, Mercedes-Benz and others.



Within Usiminas' reorientation and growth process, the target is to reach sales of R\$ 1.0 billion in 2014. In addition to following the operational growth of its current clients, it plans to offer new services, adding value to the mills' steel, transforming plates into products such as truck, bus and light vehicle cabs and components, and small parts for light vehicles, produced by its unit in Pouso Alegre, Minas Gerais state.

**Investments:**

- Investments in the new painting line, doubling current capacity;
- Construction of a new warehouse and restructuring of the industrial park (project Ford);
- New projects in negotiation with clients:
  - Mitsubishi: Movable parts for the new TR4
  - Scania: High Roof
  - Volkswagen: Various projects
  - Iveco: Doors for Daily
  - International: Global Eagle (NC2)
  - General Motors: Various projects

**Company's dynamics, turned to the Trucks' market, which represents 65% of AU's gross revenue:**

- Maintain sector's incentives until the end of 2010, mainly due to BNDES' concession of credits;
- Economic indicators demonstrating growth, mainly in the Auto, Mining, Construction, Agriculture, Logistic and Transport sectors;
- Growth in the production of trucks, that shall grow 11% in 2010, based on December/2009;
- Other sales leverage: Growth Acceleration Program (PAC), infrastructure for the World Cup and Olympics.

**Main Clients' Growth Dynamics:**

- Ford: new cab for Ford Truck, initiating production in 2011;
- Scania: expected growth of stamping for current truck cabs for the year's second half;
- Mitsubishi (light commercial): forecast for production rise in the upcoming years;
- International: return of the heavy truck 9800 and a new project for 2012 (NC2 Joint Venture between Navistar and Caterpillar);
- Mercedes Benz: strong expectation of growth for the second half of 2010.

## CAPITAL GOODS

**Usiminas Mecânica S.A.**

Usiminas Mecânica, the Group's capital goods arm, is the largest capital goods company in the country.

The company acts in the following business areas:

- Structures and Metal Bridges.
- Industrial Equipments.



- Industrial Assembly.
- Blanks and Stamping.
- Funding, Forgery and Railcars.
- Steel EPC (Engineering Procurement Construction) Unit.
- Oil and Gas EPC Unit.

Among the several markets in which the company is present, current focus is aimed at the following segments:

- Shipbuilding, Oil and Gas: advance in implementing its strategy in providing the Offshore market with the supply of naval blocks of small port for Platform Supply Boat and Tugs, acquiring know-how for even greater projects.
- Steel and Mining: seek integrated solutions and key turn projects with the Steel EPC Unit. Already has in its portfolio the Vacuum Degassing System of the Ipatinga Mill.
- Infrastructure: renowned in this segment, it will perform in the World Cup 2014 and Olympics 2016 sporting events, through works in stadiums, footbridges, viaducts, buildings, parking lots, airports and shopping malls.
- Electric energy: capable of offering equipments for Hydroelectric Plants and SHP's, from the project up to the commissioning, it has in its portfolio projects for the Madeira River Complex and will seek new enterprises such as the Belo Monte.

The main ongoing contracts of the company are within established deadlines with clients, as follows:

- Production of the Towers of Refinaria do Nordeste (RNEST).
- Production of metal structures for the Vallourec & Sumitomo Steelworks building in Jeceaba.
- Production of metal structures for the new hot strip mill (HSM) of Usiminas/Cubatão.
- Electromechanical assembly of Usiminas' projects: Coke number 3 in Ipatinga (in its conclusion phase) – Unigal in Ipatinga – New HSM in Cubatão.

The company was invited by Petrobras and is participating in the competition for the supply of platforms P58 and P62, with proposals submission scheduled for 05/31/2010, and is in negotiation to supply ship blocks for eight hulls FPSO. Petrobras recently signed and intention letter with Engevix for this project.

The company is also participating in several negotiations to build – in metal structures – the host stadiums for the 2014 World Cup.

The opportunities arising from the pre salt activities, the heavy investments in the shipbuilding and infrastructure sectors will be and extraordinary leverage for Usiminas Mecânica's businesses.

### **Investments:**

- Funding and forgery: in an expansion and modernization process, expected to be concluded by the 4<sup>th</sup> quarter of 2011.

Installed capacity: will reach 60 thousand tons per year.



- Manual and mechanized molding line: in the bidding stage. The construction work is scheduled to start in June/2010

**Potential Markets:** (estimated values)

- Oil and gas: US\$ 50 billion by 2015.
- Shipbuilding – for the upcoming years:
  - Blanks, panels and naval blocks: around US\$ 240 billion
  - Drilling rigs: US\$ 23 billion
  - Platforms: US\$ 12 billion
- Steel: US\$ 18 billion by 2014.
- Electric Energy: US\$ 40 billion by 2016.

**World Cup - Outlook:**

- Roofing for the stadiums;
- Parking lots;
- Metal structures for shopping malls, hotels, hospitals and expansion of airports;
- Bridges, viaducts, footbridges, subways.

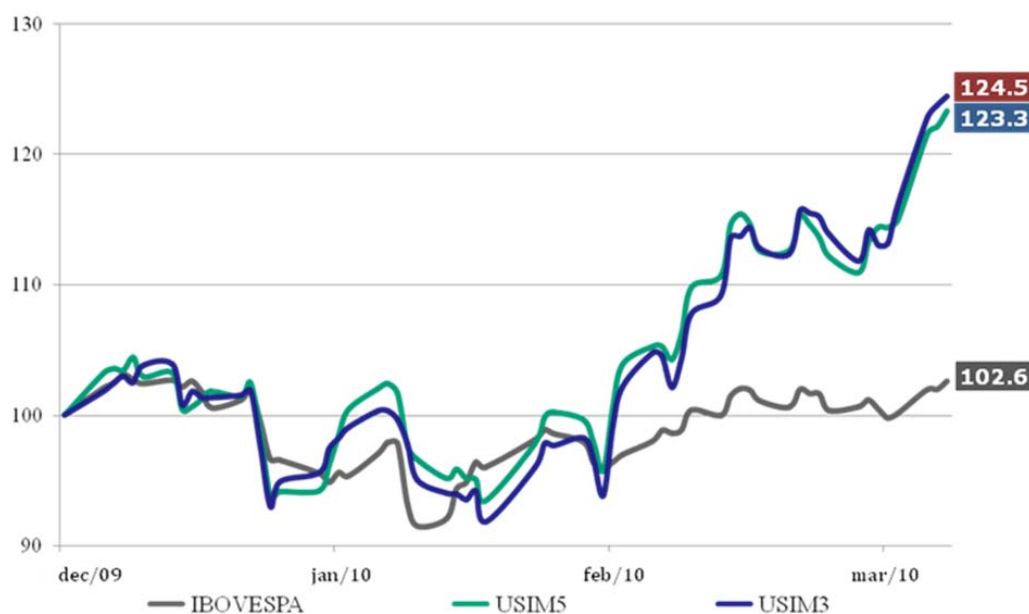
**Capital Markets**

**Performance in BM&F BOVESPA**

Usiminas' common stock (USIM3) ended the quarter quoted at R\$ 62.34 per share and the preferred stock (USIM5) quoted at R\$ 60.92 per share, with an appreciation in the quarter of respectively 24.5% and 23.3%. In the same period, Ibovespa appreciated 2.6%. On 03/31/10, Usiminas' market value was of R\$ 30.9 billion.

**USIM5 and USIM3 versus Ibovespa**

From (basis 100) 12/30/2009 to 03/31/2010





### Performance Summary - BM&FBOVESPA (USIM5)

	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09	Chg. 1Q10/4Q09
<b>Number of Trades</b>	<b>321.398</b>	<b>301.202</b>	<b>312.450</b>	<b>7%</b>	<b>3%</b>
<i>Daily Average</i>	<i>5.357</i>	<i>5.020</i>	<i>5.208</i>	<b>7%</b>	<b>3%</b>
<b>Traded - thousand shares</b>	<b>152.400</b>	<b>203.576</b>	<b>158.743</b>	<b>-25%</b>	<b>-4%</b>
<i>Daily Average</i>	<i>2.540</i>	<i>3.393</i>	<i>2.646</i>	<b>-25%</b>	<b>-4%</b>
<b>Financial Volume - R\$ million</b>	<b>7.851</b>	<b>5.629</b>	<b>7.845</b>	<b>39%</b>	<b>0%</b>
<i>Daily Average</i>	<i>131</i>	<i>94</i>	<i>131</i>	<b>39%</b>	<b>0%</b>
<b>Maximum</b>	<b>60,92</b>	<b>32,75</b>	<b>54,60</b>	<b>86%</b>	<b>12%</b>
<b>Minimum</b>	<b>46,15</b>	<b>22,70</b>	<b>44,39</b>	<b>103%</b>	<b>4%</b>
<b>Closing</b>	<b>60,92</b>	<b>29,50</b>	<b>49,39</b>	<b>107%</b>	<b>23%</b>
<b>Number of Shares</b>	<b>506.893</b>	<b>506.893</b>	<b>506.893</b>	<b>0%</b>	<b>0%</b>
<b>Market Capitalization - R\$ million</b>	<b>30.880</b>	<b>14.953</b>	<b>25.035</b>	<b>107%</b>	<b>23%</b>

## Foreign Exchanges

### NYSE – New York

The common and preferred stock of Usiminas' are traded in the United States as Level 1 in the OTC market. On 03/31/10 the "USNZY" share (preferred – type A), of higher liquidity, was quoted at US\$ 33.75, and registered an appreciation in the quarter of 16.3%.

### Latibex – Madri

On 03/31/10, the XUSI shares (preferred) ended the quarter quoted at €25.08 and appreciated 27.0%. The XUSIO shares (common) ended quoted at € 25.76, with an appreciation of 29.8%.

## Highlights of the Quarter

- **Equity Interest in Codeme and Metform**

Usiminas' new target market gained strength in 2009: steel construction. Usiminas' proposal is to develop this market, given the great potential of growth in Brazil and, as such, in February 2010, the Company took the strategic decision to expand its share in the civil construction sector by acquiring a stake in Codeme Engenharia S.A. and in Metform S.A. representing 30.8% of the capital stock.

According to this construction technology, the concrete structure will be replaced by steel structures, which generates a series of economic and social-environmental advantages, such as, shorter execution time, rationalization of materials and labor, guarantee of quality and other benefits.

### Other highlights:

- Usiminas enters into an agreement with the Alberto Luiz Coimbra Institute (Coppe) of the Federal University of Rio de Janeiro related to a scientific and technological cooperation agreement to supply the exploration of the pre-salt oil.



- The Ipatinga and Cubatão mills have integrated quality management processes and a unified ISO 9001 certification for both mills, granted by Det Norske Veritas (DNV).
- Usiminas innovates by organizing the first international auction for the purchase of metallurgic coal, through its supplier gateway, generating savings in relation to the average market price.
- Usiminas and partner construction companies enter into an agreement with the Caixa Econômica Federal bank and with the City Government of Volta Redonda in Rio de Janeiro state for the construction of the first steel structure buildings of the "My Home, My Life" (*Minha Casa, Minha Vida*) Program.

## Relevant Subsequent Events

### Ordinary Shareholders' Meeting and Board of Directors Meeting

On 04/30/2010, the Ordinary Shareholders' Meeting was held to deliberate over several matters, among which the election of the members of the Board of Directors, effective and alternate, for the 2010/2012 period and the election of the Statutory Audit Committee members, effective and alternate, with a mandate that extends until the Ordinary Shareholders' Meeting in 2011. The matters set forth in the notice were approved and the following were elected:

As members of the Board of Directors (effective members):

- Albano Chagas Vieira
- Aloísio Macario Ferreira de Souza
- Francisco Caprino Neto
- Fumihiko Wada
- Israel Vainboim (Chairman)
- Luiz Anibal de Lima Fernandes
- Rita Rebelo Horta de Assis Fonseca
- Rômél Erwin de Souza
- Toru Obata

As members of the Statutory Audit Committee (effective members):

- Marco Antônio Bersani
- Adalgiso Fragoso de Faria
- Carlos Roberto Nassif Campolina
- Masato Ninomya

### Board of Directors Meeting

At an extraordinary meeting held on 04/30/2010, Usiminas' Board of Directors elected the Executive Officers with a mandate that extends to April 30, 2012:

- Wilson Nélio Brumer — CEO
- Omar Silva Júnior — Industrial Director Vice-President
- Ronald Seckelmann — Finance, Investor Relations and Information Technology Director Vice-President
- Sergio Leite de Andrade — Business Director Vice-President
- Takashi Hirao —of Special Affairs Director Vice-President

**For further information:**

<b>INVESTOR RELATIONS DEPARTMENT</b>		
Bruno Seno Fusaro	<a href="mailto:bruno.fusaro@usiminas.com">bruno.fusaro@usiminas.com</a>	(55 31) 3499.8772
Gilson Rodrigues Bentes	<a href="mailto:gilson.bentes@usiminas.com">gilson.bentes@usiminas.com</a>	(55 31) 3499.8617
Luciana Valadares dos Santos	<a href="mailto:luciana.santos@usiminas.com">luciana.santos@usiminas.com</a>	(55 31) 3499.8619
Paula Corgosinho Nogueira	<a href="mailto:paula.nogueira@usiminas.com">paula.nogueira@usiminas.com</a>	(55 31) 3499.8056
Diogo Dias Gonçalves	<a href="mailto:diogo.goncalves@usiminas.com">diogo.goncalves@usiminas.com</a>	(55 31) 3499.8710



**Financial Investor Relations Brasil**  
Lígia Montagnani - Consultant  
Tel.: (55 11) 3897-6405  
[ligia.montagnani@firb.com](mailto:ligia.montagnani@firb.com)

**Banco Custodiante das Ações**  
Shareholders' Department  
Tel.: 00X11 - 3684-9495

**ADRs - Depository Bank**

**Visit our Investor Relations page: [www.usiminas.com/ri](http://www.usiminas.com/ri)  
or by mobile phone: [m.usiminas.com/ri](http://m.usiminas.com/ri)**

<b>1Q10 Conference Call - Date 05/13/2010</b>	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 11:30 a.m. Dial-in Numbers: Brazil: (55 11) 4688.6361	New York time: at 10:30 a.m. Dial-in Numbers: USA: (1 888) 700.0802
Other Countries: (1 786) 924.6977	
Audio replay available at (55 11) 4688.6312	
Pincode for replay: 46613 - portuguese	Pincode for replay: 46614 - english
Audio of the conference call will be transmitted live via Internet	
<b>See slide presentation on our website: <a href="http://www.usiminas.com/ri">www.usiminas.com/ri</a></b>	

*Statements contained in this release, relative to the business outlook of the Company, forecasts of operating and financial income and references to growth prospects are mere forecasts and were based on the expectations of Management in relation to future performance. These expectations are highly dependent on market conduct, the economic situation in Brazil, its industry and international markets and, therefore, are subject to change.*

## Balance Sheet - Assets - Consolidated

Brazilian GAAP - R\$ thousand

Assets	31-Mar-10	31-dec-09
<b>Current Assets</b>	<b>9,282,370</b>	<b>9,328,742</b>
Cash and Cash Equivalents	2,570,600	3,083,047
Trade Accounts Receivable	2,123,829	1,793,143
Taxes Recoverable	441,832	434,756
Inventories	3,719,681	3,637,203
Deferred Income Tax & Social Contrb'n	119,355	94,154
Other Securities Receivables	307,073	286,439
<b>Long-Term Receivable</b>	<b>1,438,455</b>	<b>1,412,999</b>
Deferred Income Tax & Social Contrb'n	600,773	580,908
Deposits at Law	323,289	315,038
Accounts Receiv. Affiliated Companies	7,064	7,344
Taxes Recoverable	275,542	271,373
Others	231,787	238,336
<b>Permanent Assets</b>	<b>15,766,644</b>	<b>15,005,592</b>
Investments	1,920,665	1,726,934
Property, Plant and Equipment	12,121,874	11,561,652
Intangible	1,724,105	1,717,006
<b>Total Assets</b>	<b>26,487,469</b>	<b>25,747,333</b>

## Balance Sheet - Liabilities and Shareholders' Equity - Consolidated

Brazilian GAAP - R\$ thousand

Liabilities and Shareholders' Equity	31-Mar-10	31-dec-09
<b>Current Liabilities</b>	<b>3,479,187</b>	<b>3,237,817</b>
Loans and Financing and Taxes Payable in Installments	614,472	823,361
Suppliers, Subcontractors and Freight	986,027	815,286
Taxes, Charges and Payroll Taxes	349,899	254,223
Related Companies	88,887	54,776
Financial Instruments	73,186	66,029
Actuarial Liability	96,133	96,161
Dividends Payable	348,518	383,119
Customers Advances	359,466	197,545
Others	562,599	547,317
<b>Long-Term Liabilities</b>	<b>7,061,351</b>	<b>6,935,312</b>
Loans and Financing and Taxes Payable in Installments	4,962,576	4,870,390
Actuarial Liability	1,173,605	1,162,793
Provision for Contingencies	369,672	373,709
Deferred Income Tax & Social Contrb'n	128,487	128,302
Financial Instruments	216,460	247,264
Environmental protection provision	92,834	90,482
Others	117,717	62,372
<b>Minority Interests</b>	<b>368,947</b>	<b>355,406</b>
<b>Shareholders' Equity</b>	<b>15,577,984</b>	<b>15,218,798</b>
Capital	12,150,000	12,150,000
Reserves & Revenues from Fiscal Year	3,427,984	3,068,798
<b>Total Liabilities and Shareholders' Equity</b>	<b>26,487,469</b>	<b>25,747,333</b>

## Income Statement - Consolidated

Brazilian GAAP

R\$ thousand	1Q10	1Q09	4Q09	Chg. 1Q10/1Q09
<b>Net Revenues</b>	<b>3,042,799</b>	<b>2,670,276</b>	<b>2,984,419</b>	14%
Domestic Market	2,508,448	2,215,691	2,489,758	13%
Export Market	534,351	454,585	494,661	18%
COGS	(2,358,672)	(2,081,272)	(2,317,804)	13%
<b>Gross Profit</b>	<b>684,127</b>	<b>589,004</b>	<b>666,615</b>	16%
<b>Gross Margin</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>+ 0 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(188,504)</b>	<b>(490,966)</b>	<b>(15,168)</b>	-62%
Selling	(76,177)	(68,650)	(78,619)	11%
General and Administrative	(123,460)	(100,051)	(123,529)	23%
Others, Net	11,133	(322,265)	186,980	-
<b>EBIT</b>	<b>495,623</b>	<b>98,038</b>	<b>651,447</b>	406%
<b>EBIT Margin</b>	<b>16%</b>	<b>4%</b>	<b>22%</b>	<b>+ 13 p.p.</b>
<b>Financial Result</b>	<b>(125,262)</b>	<b>(95,573)</b>	<b>93,502</b>	-
Financial Income	74,152	113,171	76,044	-34%
Financial Expenses	(199,414)	(208,744)	17,458	-
Equity Income	53,588	(89,793)	84,914	-160%
<b>Operating Profit (Loss)</b>	<b>423,949</b>	<b>(87,328)</b>	<b>829,863</b>	-585%
Income Tax / Social Contribution	(105,484)	(28,358)	(194,674)	-
<b>Income before Minority Interests</b>	<b>318,465</b>	<b>(115,686)</b>	<b>635,189</b>	-375%
Minority Interests	(9,880)	3,810	(2,239)	-
<b>Net Income</b>	<b>308,585</b>	<b>(111,876)</b>	<b>632,950</b>	-376%
<b>Net Margin</b>	<b>10%</b>	<b>-4%</b>	<b>21%</b>	<b>+ 14 p.p.</b>
<b>Net Income (Loss) per thousand shares</b>	<b>0.62517</b>	<b>(0.22665)</b>	<b>1.28231</b>	-376%
<b>EBITDA</b>	<b>716,538</b>	<b>332,158</b>	<b>662,884</b>	116%
<b>EBITDA Margin</b>	<b>24%</b>	<b>12%</b>	<b>22%</b>	<b>+ 11 p.p.</b>
Depreciation and amortization	215,835	208,773	207,047	3%
Provisions	5,080	25,347	(195,610)	-80%



**Cash Flow - Consolidated**  
Brazilian GAAP

R\$ thousand	1Q10	1Q09
<b>Operating Activities Cash Flow</b>		
Net Income (Loss) in the Period	308.585	(111.876)
Financial Expenses and Monetary Var. / Net Exchge Var.	66.765	43.107
Interest Expenses	69.941	115.512
Depreciation and Amortization	215.835	208.773
Write-offs (Decrease in Permanent Assets and Deferred Charges)	3.589	45.408
Equity in the Results of Subsidiaries/Associated Companies	(53.587)	89.793
Income Tax and Social Contribution	(50.044)	(41.941)
Provisions	45.117	(14.978)
Adjustment for Minority Participation	9.880	(3.810)
<b>Total</b>	<b>616.081</b>	<b>329.988</b>
<b>Increase/Decrease of Assets</b>		
Securities	(68.554)	(54.693)
In Accounts Receivables	(330.686)	(67.626)
In Inventories	(82.478)	303.963
In Recovery of Taxes	(8.804)	(120.267)
In Judicial Deposits	(9.530)	1.946
In Accounts Receiv. Affiliated Companies	280	408
Others	1.402	8.942
<b>Total</b>	<b>(498.370)</b>	<b>72.673</b>
<b>Increase (Decrease) of Liabilities</b>		
Suppliers, contractors and freights	170.741	(290.291)
Amounts Owed to Affiliated Companies	1.711	(13.902)
Customers Advances	161.921	(6.831)
Tax Payable	90.923	45.585
Income Tax and Social Contribution	3.731	(380.546)
Interest Paid	(125.177)	(136.599)
Actuarial Liability payments	(36.857)	-
Others	9.497	(84.014)
<b>Total</b>	<b>276.490</b>	<b>(866.598)</b>
<b>Net Cash Generated from Operating Activities</b>	<b>394.201</b>	<b>(463.937)</b>
<b>Investments activities cash flow</b>		
(Additions) Right off of investments	(32.527)	20.482
(Additions) to Permanent Assets	(757.151)	(233.449)
Additions to Intangible	(2.071)	3.290
Capitalized Interest	-	-
Zamproga Acquisition	-	(69.336)
Dividends Received	666	13.895
<b>Net Cash Employed on Investments Activities</b>	<b>(791.083)</b>	<b>(265.118)</b>
<b>Financial Activities Cash Flow</b>		
Inflow of Loans, Financing and Debentures	242.731	755.243
Payment of Loans, Financ., Debent. & Taxes Payable in Installments	(370.039)	(639.731)
Interest Paid on Loans, Financing and Debentures	(11.589)	(2.595)
Swap Operations Redemptions	(10.621)	(89.009)
Dividends and Interest on Capital	(34.601)	(42.255)
<b>Net Cash Generated from (Employed on) Financial Activities</b>	<b>(184.119)</b>	<b>(18.347)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) of Cash and Cash Equivalents</b>	<b>(581.001)</b>	<b>(747.402)</b>
Cash and Cash Equivalents at the Beginning of the Period	3.083.047	4.008.004
Securities	68.554	54.693
Cash and Cash Equivalents at the End of The Period	2.570.600	3.315.295