1H09

September, 2009

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Agenda

- Current Status
- Business Strategy
- Usiminas and the Distribution Sector
- Investment Plan
- “Reinventing” Project

Current Status

The largest flat steel producer in Latin America and the 38th steel producer in the world

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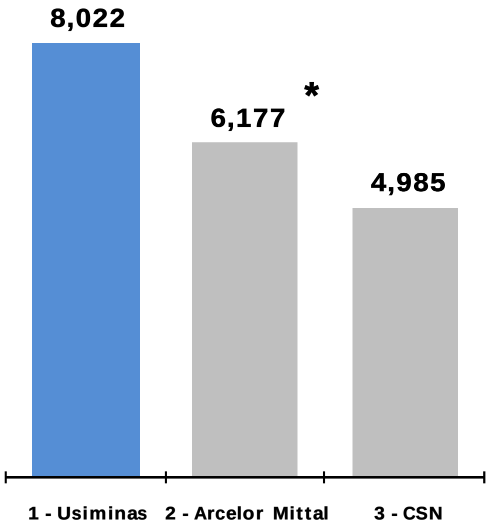
Demand and Consumption

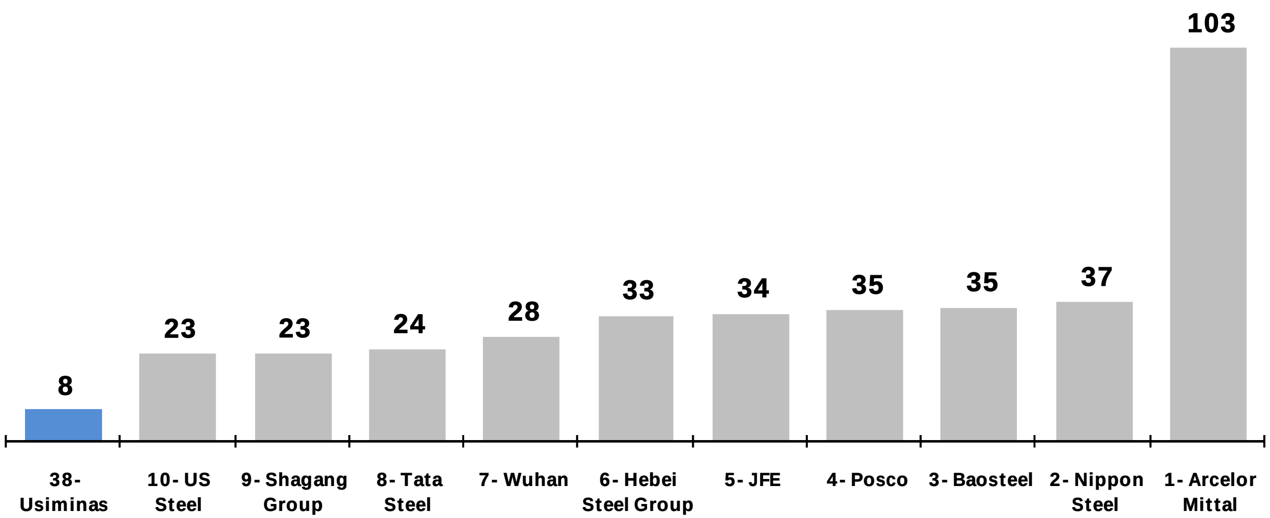
Top Brazilian Steel Producers – 2008 *

Crude steel production – 33.7 million t



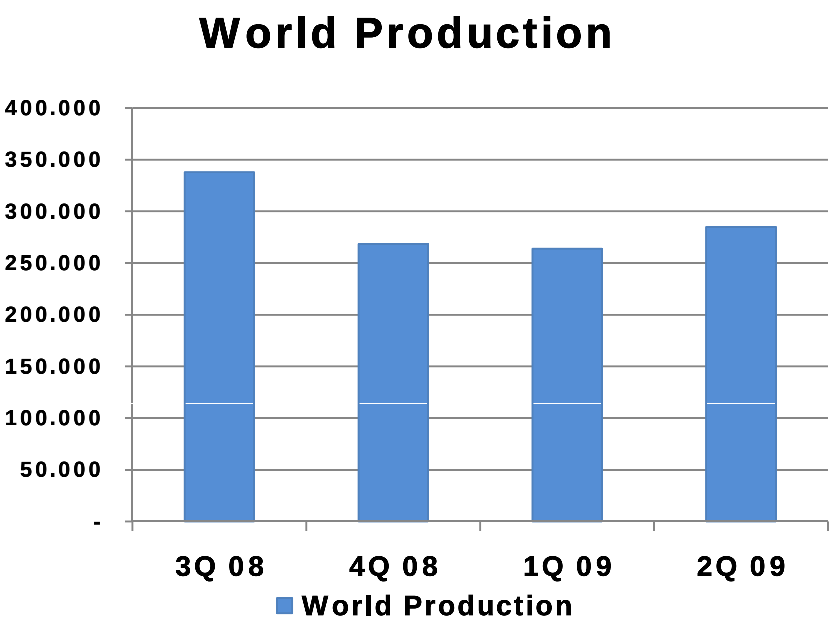
Major Producers - 2008

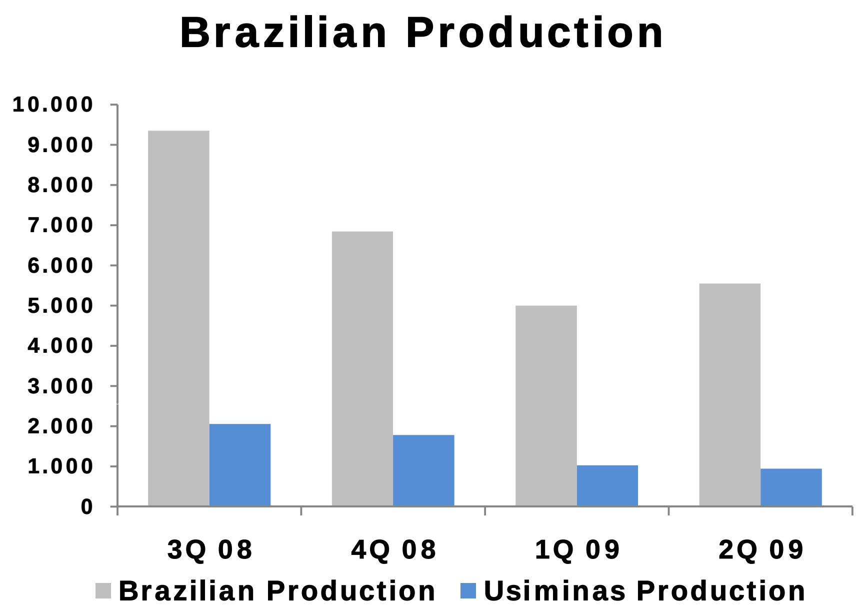
Steel production- million t



Source: IBS - Informe Estatístico Preliminar – January/2009 and Metal Bulletin – 2009
* Flat steel production

1S09 was a challenging period for the Brazilian and World steel producers



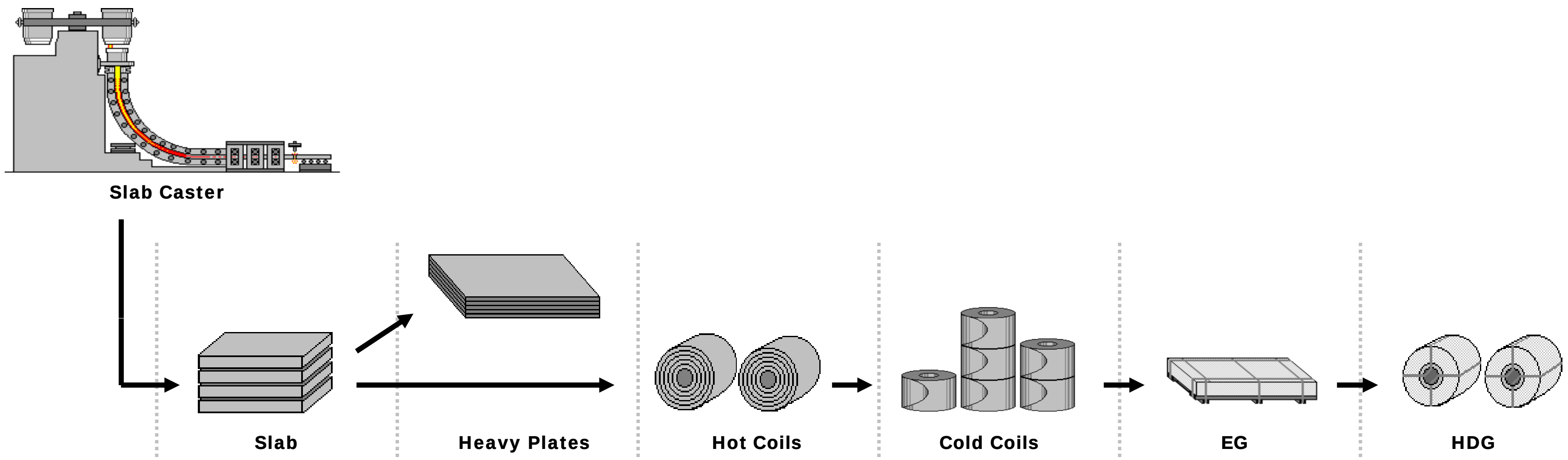


- World production should decrease 20% compared to 2008. (WSA)
- Domestic production should decrease between 20% and 25% compared to 2008. (IBS – Brazilian Steel Institute)
- However there are signs of recovery in the world and Brazilian steel production for 2H09.

In spite of its competitiveness, Usiminas was also affected

- Close to major markets
- Iron Ore Mine
- 2 ports
- Railroad (MRS)
- Technology

Usiminas has a full range of flat steel products



Ipatinga Plant	5,000 kt	1,000 kt	3,550 kt	2,500 kt	360 kt	480 kt
Cubatão Plant	4,500 kt	1,000 kt	2,100 kt	1,200 kt	-	-

Sales prioritizing domestic market and high value added niches

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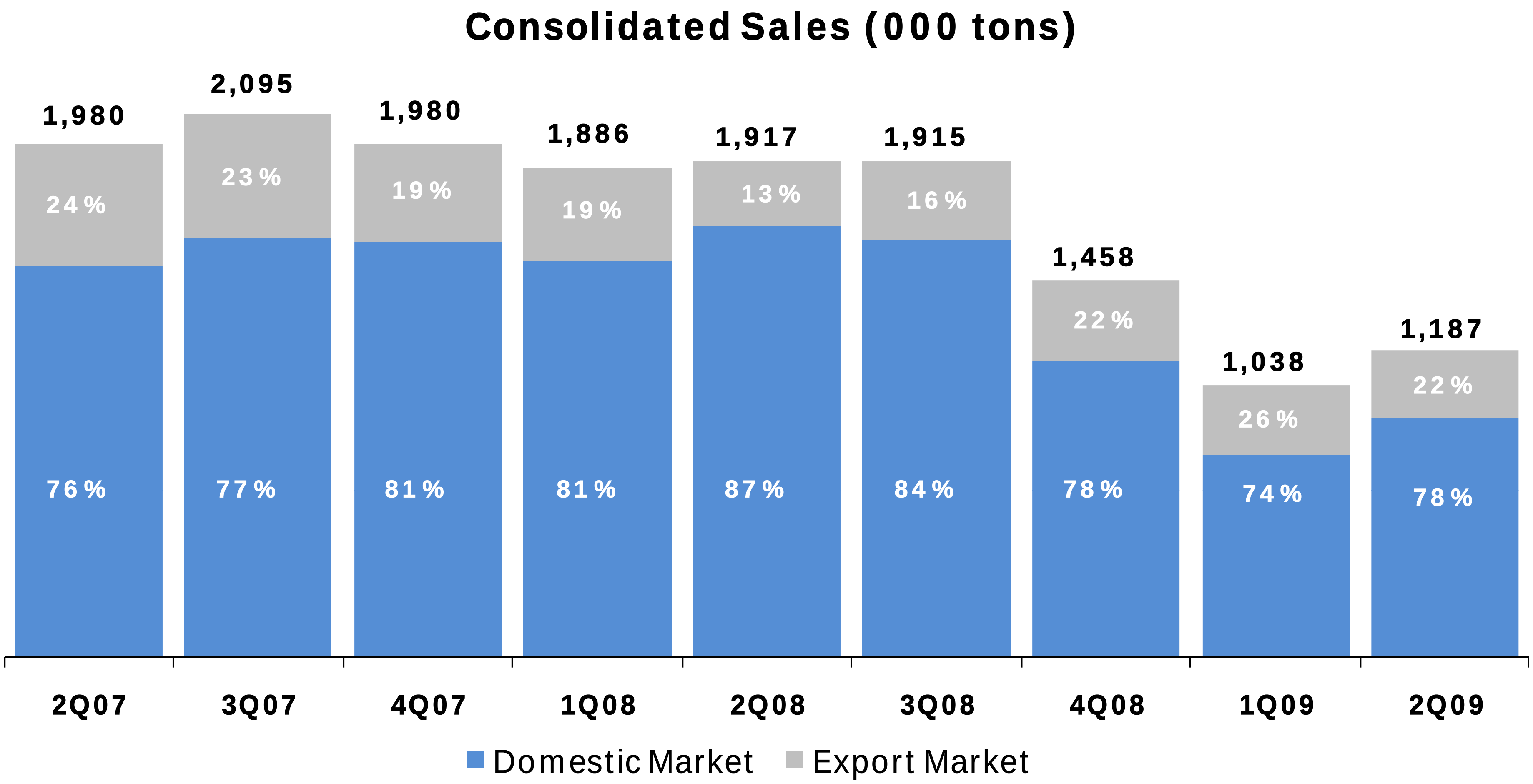

Sales prioritizing domestic market and high value added niches

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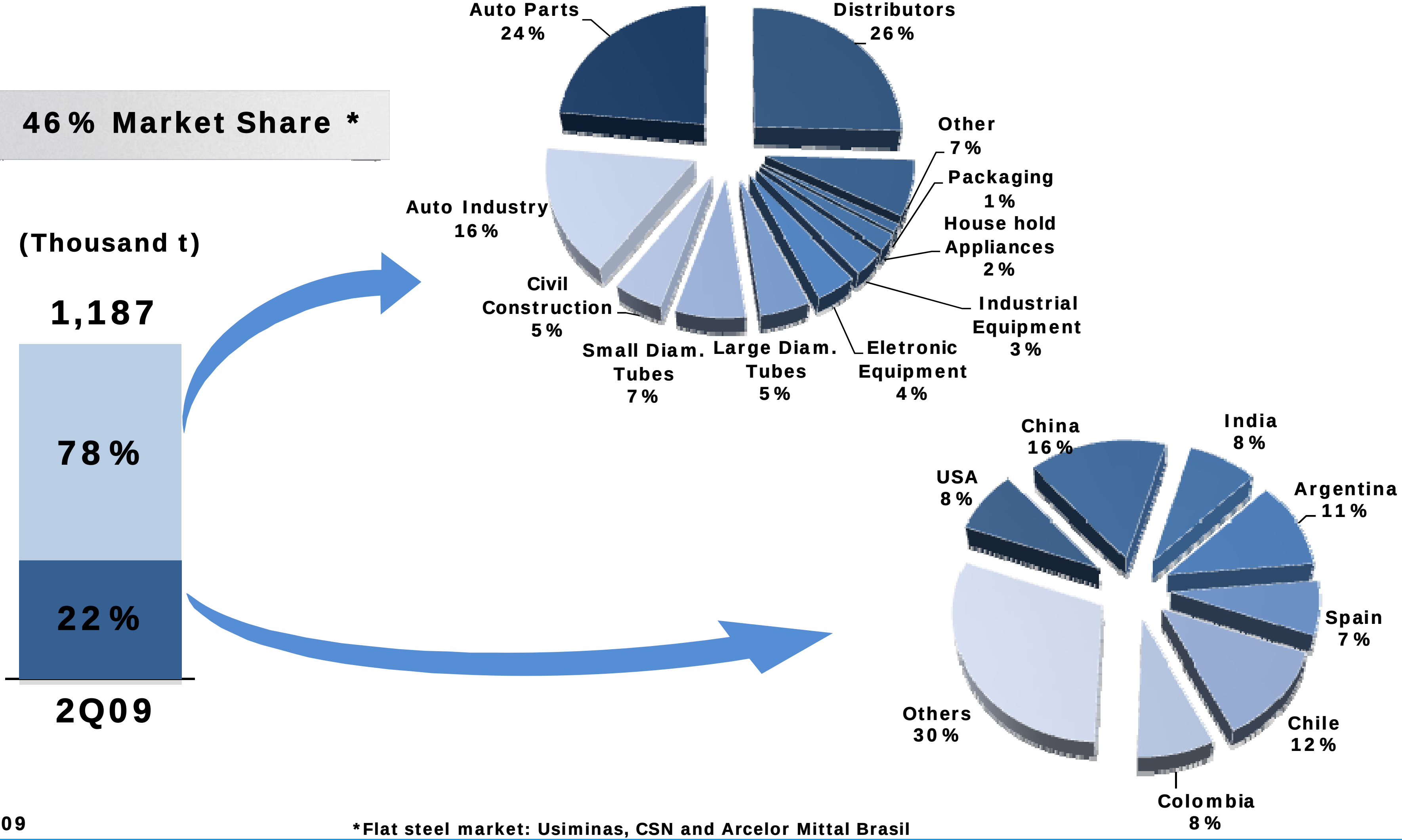
46% Market Share *



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*Flat steel market: Usiminas, CSN and Arcelor Mittal Brasil

2Q09 Results

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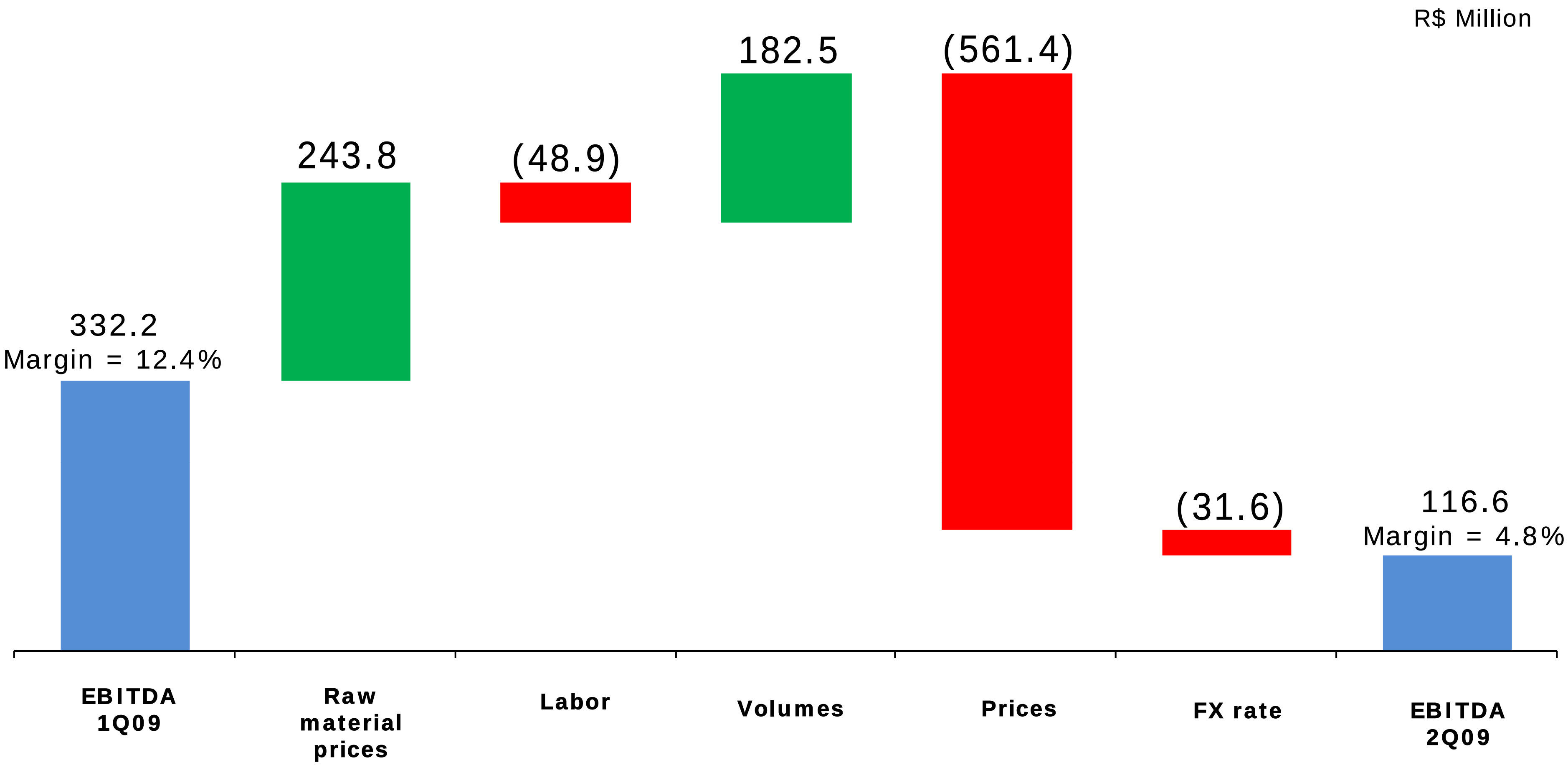
Highlights

R$ million	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08	1H 2009	1H 2008	Chg. 1H09/1H08
Total Sales Volume (000 t)	1,187	1,917	1,038	-38%	2,225	3,803	-41%
Net Revenues	2,412	3,973	2,670	-39%	5,082	7,526	-32%
Gross Profit	409	1,455	589	-72%	998	2,688	-63%
Operating Result (EBIT) (a)	4	1,193	98	-100%	102	2,179	-95%
Financial Result	562	204	(96)	175%	467	240	95%
Net Income (Loss)	369	988	(112)	-63%	257	1,700	-85%
EBITDA (b)	117	1,423	332	-92%	449	2,665	-83%
EBITDA Margin	4.8%	35.8%	12.4%	- 31,0 p.p.	8.8%	35.4%	- 26,6 p.p.
EBITDA (R$/t)	98	742	317	-87%	202	616	-67%
Total Assets	24,999	24,415	26,939	2%	24,999	24,415	2%
Net Debt	3,777	552	4,299	584%	3,777	552	584%
Stockholders' Equity	14,748	13,598	14,717	8%	14,748	13,598	8%

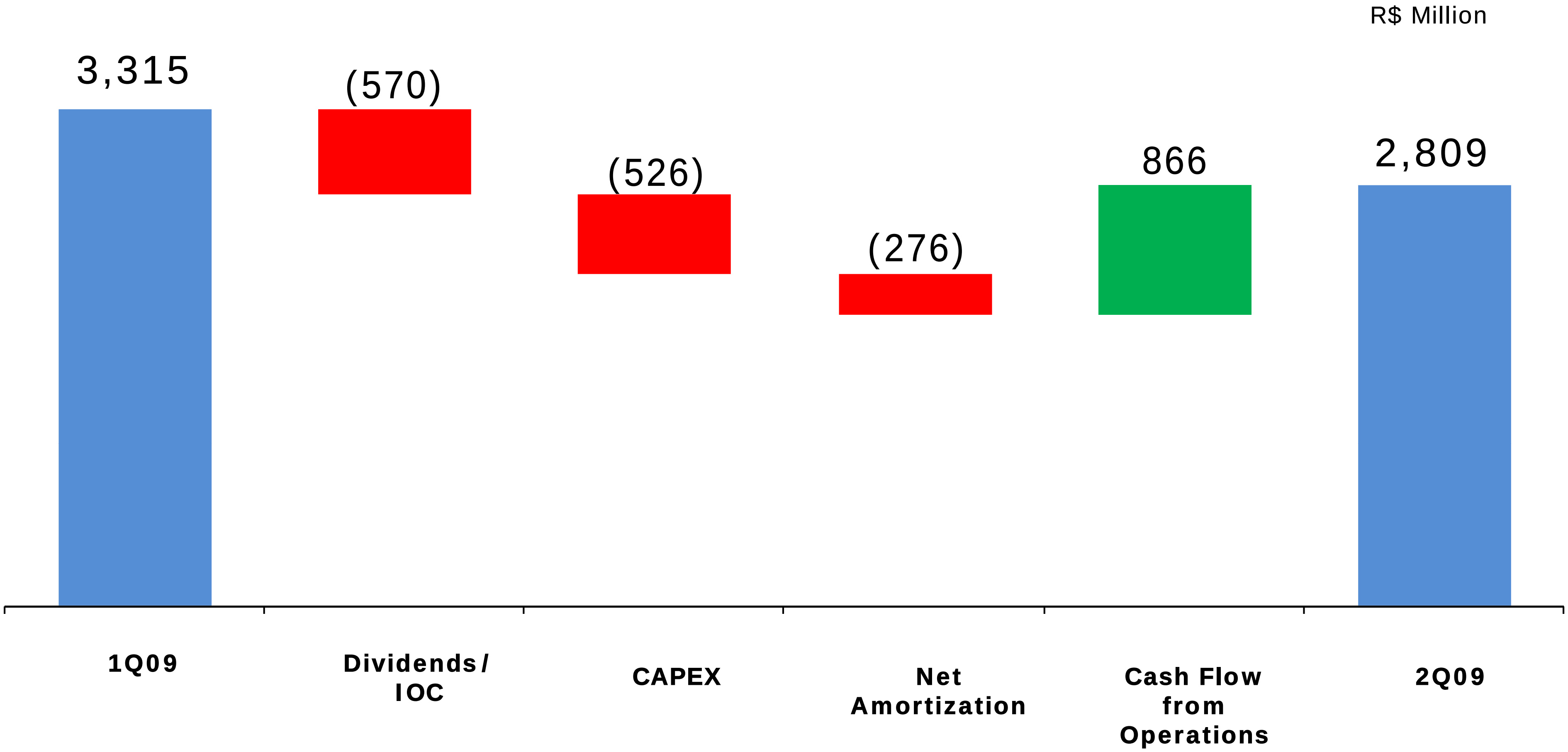
(a) Earnings before interest, tax and participations.

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

Adverse results in 2Q09 led to a poor EBITDA



However the maintenance of sound financial and cash position was a main goal



Important adjustments were made

✓ Inventory

R$ Million	1Q09 (A)	2Q09 (B)	(B-A)
In process / Finished products	2,381	2,165	(216)
Raw materials	1,311	1,176	(135)
Others	1,226	885	(341)
Total	**4,918**	**4,226**	**(692)**

FUTURE

Target: EBITDA and Profitability

Important adjustments were made

✓ Labor force

- Labor force reduction of 16%.
- Non recurring cost of R$79 million.

FUTURE

Target: EBITDA and Profitability

And the “Productivity and Action Project” will continue to generate important savings

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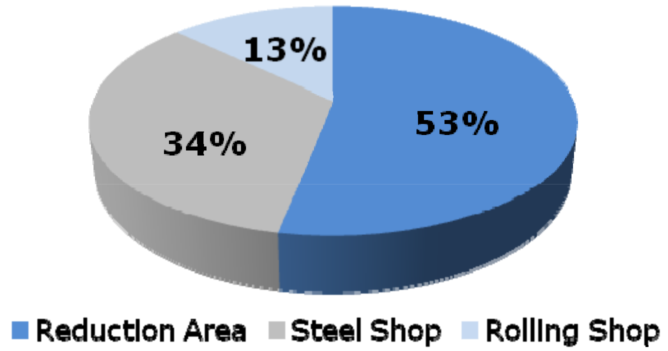
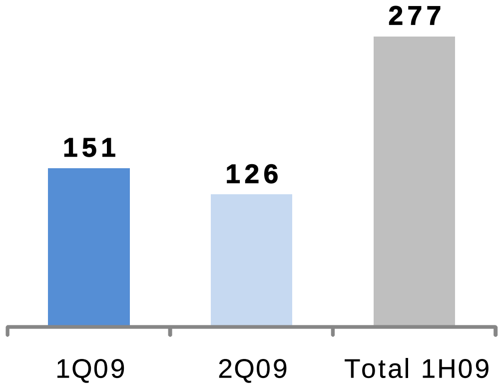
✓ **Produtivity and Action Project**

Estimated Impacts – R$1.4 billion



Savings during 1H09
R$ million



✓ **Supply Project**

Potential savings of R$ 1 billion over 2.5 years . In 2009 savings may reach R$ 120 million.

✓ **Working capital release**

Inventory decrease of R$ 692 million in 2Q09. Savings target: R$1 billion at the end of 3Q09.

Allowing the company to maintain its debt profile and cash position on a safe harbor

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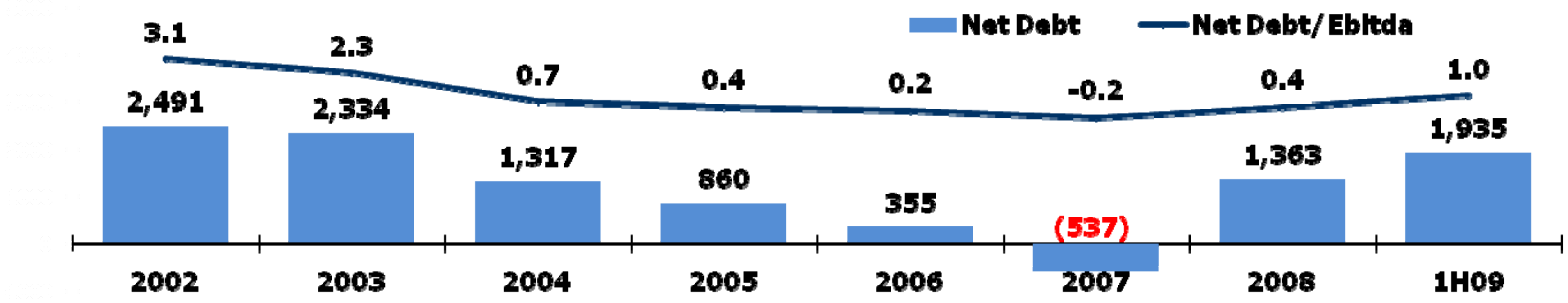
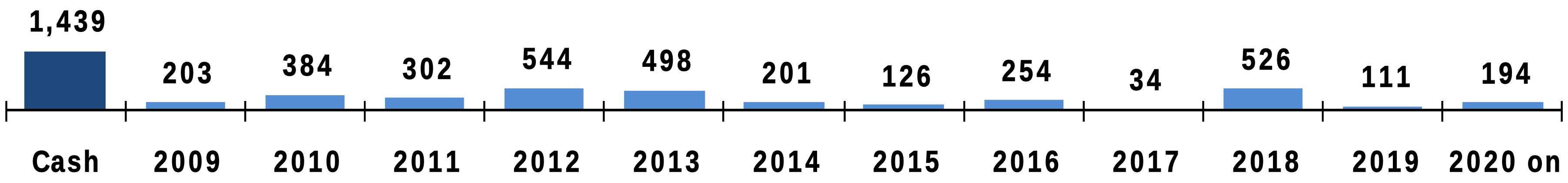
US$ Million





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Note: Principal Values

Business Strategy

Business Strategy

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Upstream Integration
Protection against transfer of margin in the value chain
Keep competitiveness of production costs

Expansion of Domestic Capacity
Take advantage of domestic market growth, capturing a premium for the logistics gains
Capture competitiveness from access to local competitive raw material and labor

Downstream Integration
Assure presence in growing markets
Integrate and create value in new market niches

Expansion of Products Portfolio
Assure maximum potential of value creation
Reduce dependence of few product lines
Assure presence in growing markets

Internationalization
Assure access to markets outside Brazil
Accelerate growth
Diversify and keep close to sector leaders

Business Units

- Future format of Business Units results:

Usiminas Consolidated			
Mining & Logistics	**Steel**	**Steel Processing**	**Capital Goods**
Mining Assets	Ipatinga Mill	Unigal	Usiminas Mecânica
MRS	Cubatão Mill	Soluções Usiminas *	
	Ternium	Automotiva Usiminas	

* Under structuring and will concentrate Rio Negro, Fasal, Dufer e Zamprogna

Usiminas and the Distribution Sector

The Distribution Sector is changing its profile

Distribution → Distribution + Service Centers + Steel Processing

Consolidation

Steel Industry adopting model of downstream integration through distribution

Size, potential of growth and margin

Commercial synergies

Operational Synergies

In March/09 Usiminas acquired Zamprogna, the largest independent distributor in Brazil

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Financial Figures (2008)

Sales volume:	**288 thousand t**
Net revenues:	**R$ 822 million**

Production and Supply

Tubes

Service Center

Processed Products

Location

Investment Plan

Capex for 2009 is expected to reach R$ 2.3 Billion

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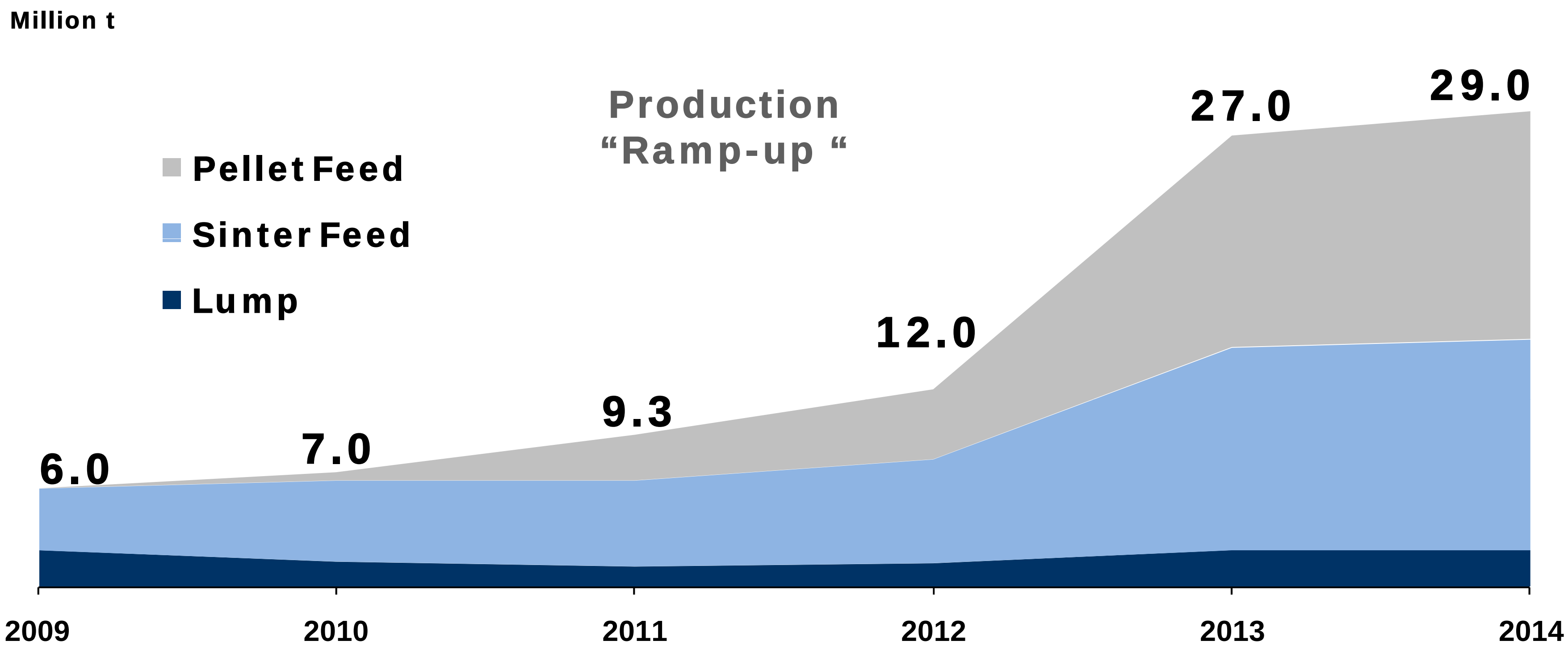
Investments

Investments	Goal	Project Capex	Total executed up to June/2009
New Coke Facility (nº3)	750 thousand ton	R$ 707 million	R$ 402 million
New Thermoelectric Power Plant	60 MW	R$ 238 million	R$ 229 million
Expansion of Heavy-Plate Rolling Mill	350 thousand ton	R$ 1.050 billion	R$ 52 million
New HDG Line	550 thousand ton	R$ 914 million	R$ 92 million
Hot Strip Mill no. 2	2.3 / 4.8 million ton	R$ 2.530 billion	R$ 342 million

Investments in Steel to meet demand of high value added products

Investments in Mining aiming increase of production and competitiveness



“Reinventing Project”

Despite its leadership position, Usiminas aims to become more dynamic, stronger, modern and efficient

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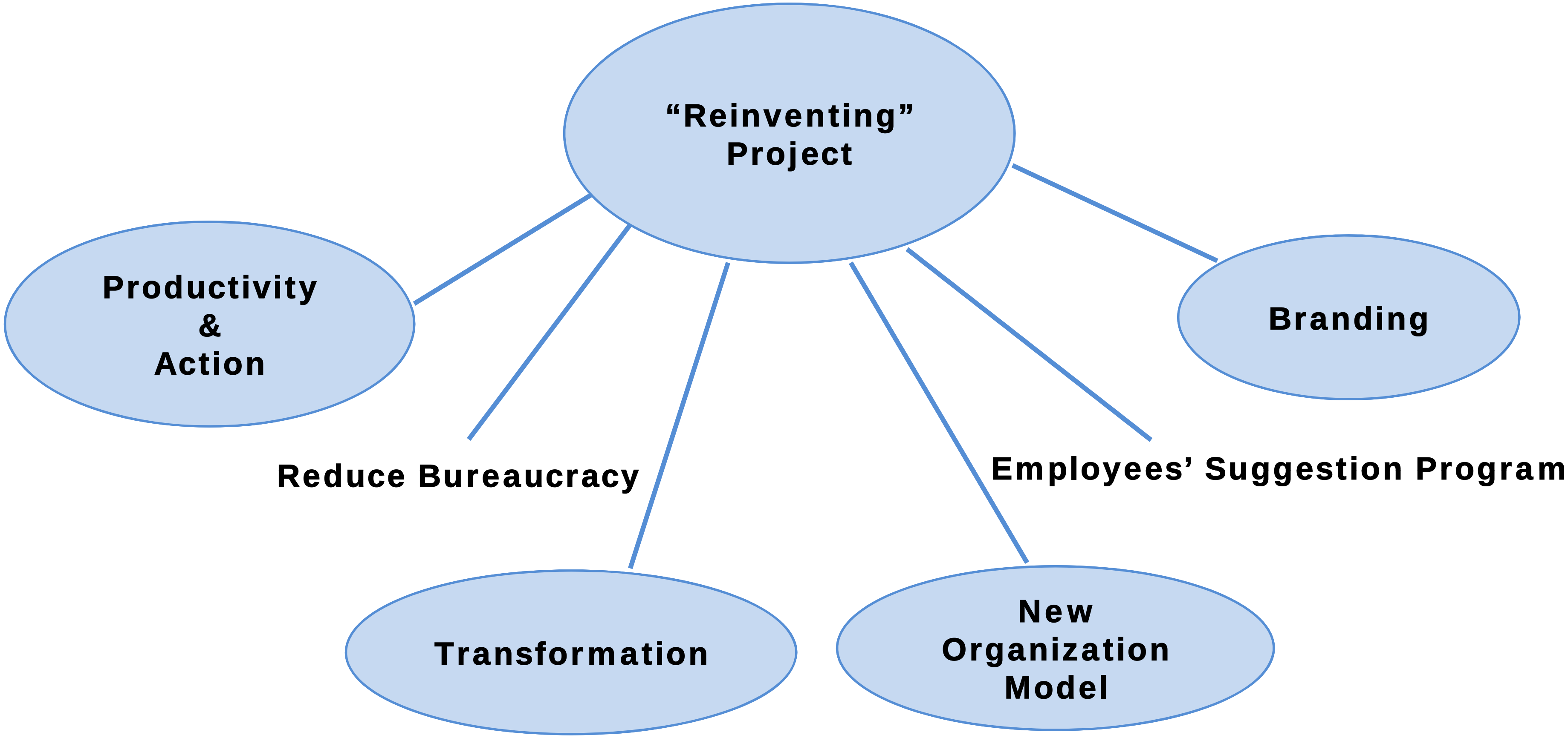

"Reinventing Project"

1. Productivity & Action

- Change in focus due to economic scenario:
- Debottleneck of production process → Variable cost reduction (Potential: R$ 1.4 billion)
- Inventory management → Raw material and products:
  2Q09; R$ 692 million
  Target; R$ 1 billion at the end of 3Q09
- Supply project – Potential savings of R$ 1 billion (2.5 years)
  2009: R$ 120 million (target)

2. Transformation

- Integrated Sales, Production and Logistics
- New relationship standards

“Reinventing Project”

3. New Organization Model

- New matrix structure, by business nature
- Usiminas Executive Committee (COMEX)/decentralization
- Multi-segment committees / internal synergies

4. Branding

- Revision of corporate identity
- Revision of the brands’ strategic positioning
- Alignment with the new organizational paradigms

Other fronts

Reduce Bureaucracy

- Simplification of internal procedures
- Dynamic decision making process

Employees' Suggestion Program

- 12,400 ideas in the 1st season
- 5,500 ideas in the 2nd season

Board of Directors Decisions

- Suspend the new “Santana do Paraíso” mill project. It should be resumed as soon as the market fundamentals confirm the recovery of sustainable demand.
- R$ 215 million new capex in Ipatinga mill: Secondary metallurgy of Steel Shop #2 aiming to increase supply of value added steel products to the oil and gas, and auto sectors.
- Interest on Capital payment in the amount of R$ 89.9 million.

Declarations relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, of Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.

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