

9M09

October, 2009

USIMINAS 

Agenda

- **Current Status**
- **Business Strategy**
- **Investment Plan**
- **“Reinventing” Project**

Current Status

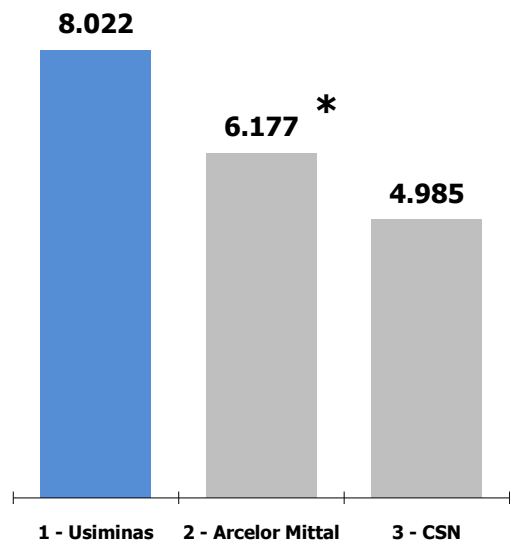


The largest flat steel producer in Latin America and the 38th steel producer in the world

Demand and Consumption

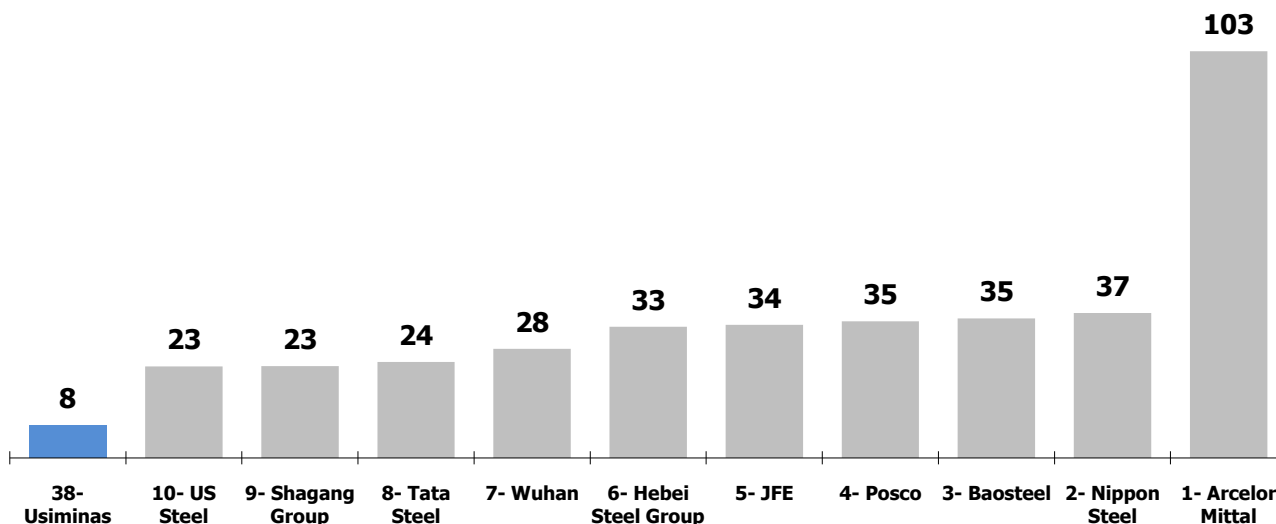
Top Brazilian Steel Producers – 2008 *

Crude steel production – 33.7 million t



Major Producers - 2008

Steel production- million t

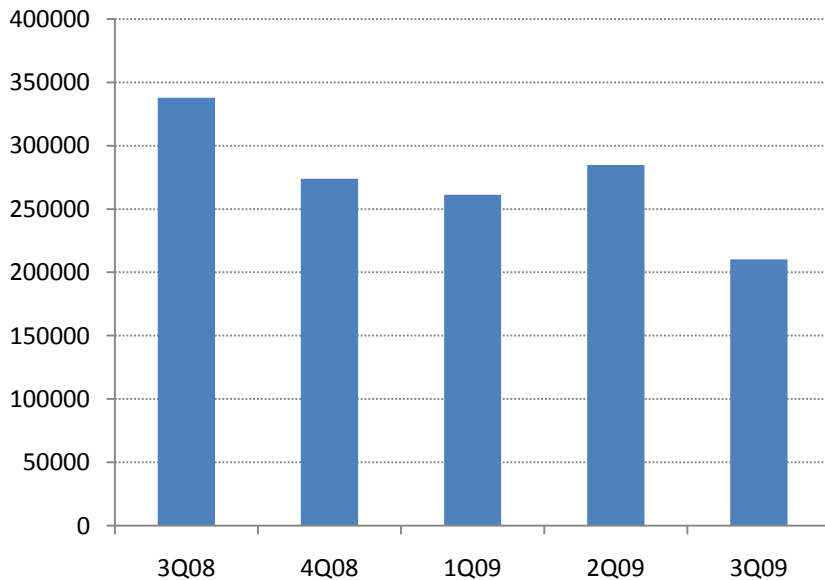


Source: IBS - Informe Estatístico Preliminar – January/2009 and Metal Bulletin – 2009

* Flat steel production

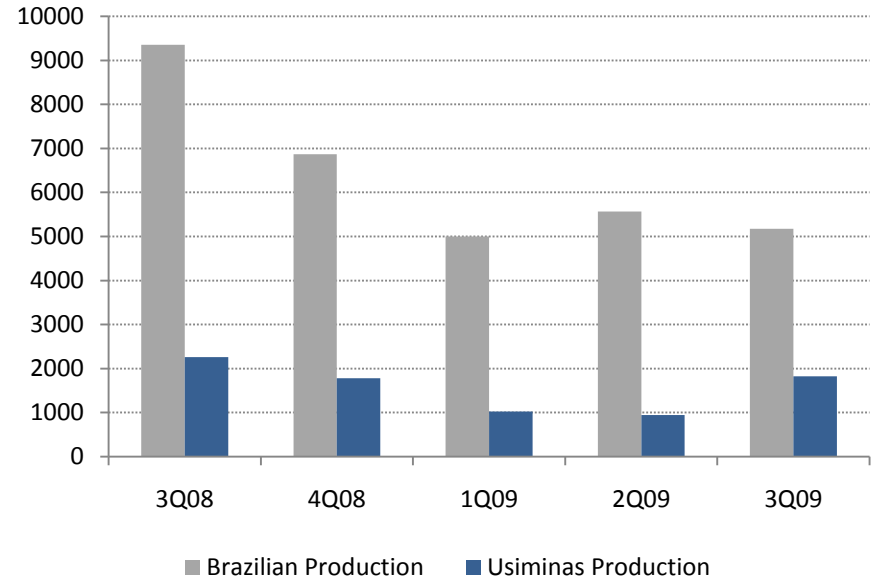
9M09 were challenging months for the Brazilian and World steel producers

World Production



Source: WorldSteel

Brazilian Production



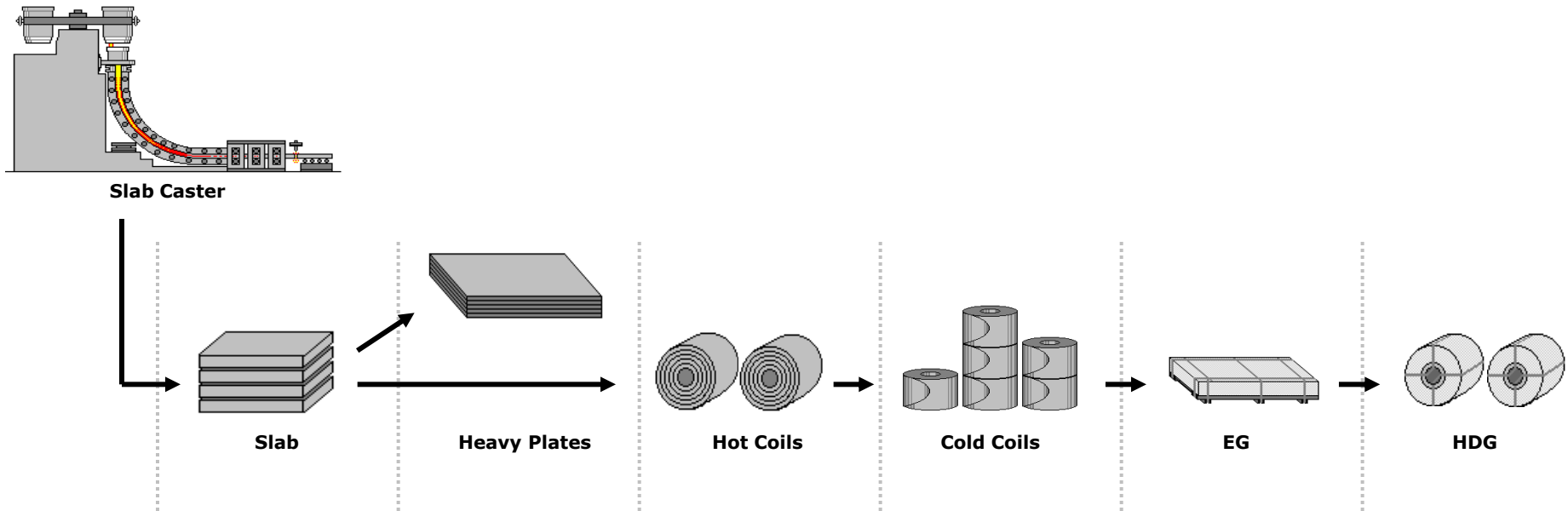
Source: WorldSteel, company

- Local demand in 2009 will be lower than previous years.
- Usiminas gradually increases its production rhythm in 2H09.
- Outlook with exploitation of pre-salt mines and sports events in Brazil should enhance investments.

In spite of its competitiveness, Usiminas was also affected



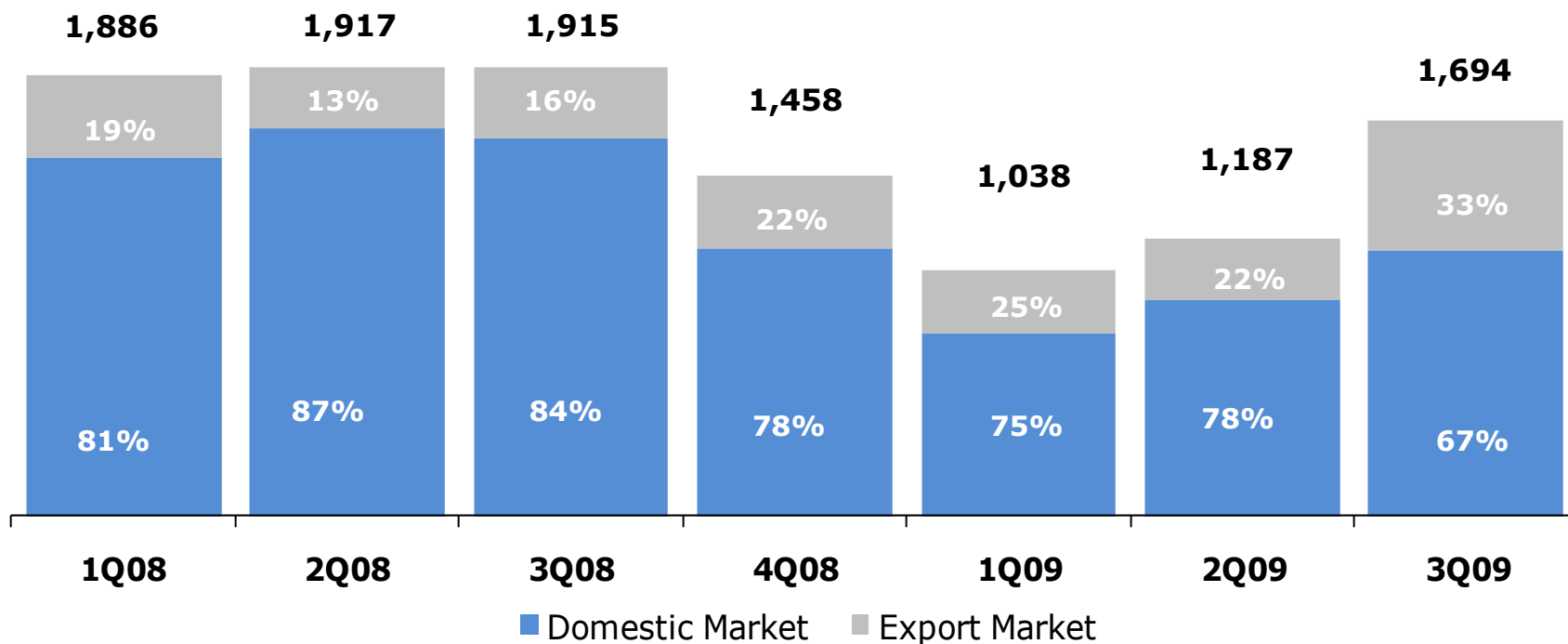
Usiminas has a full range of flat steel products



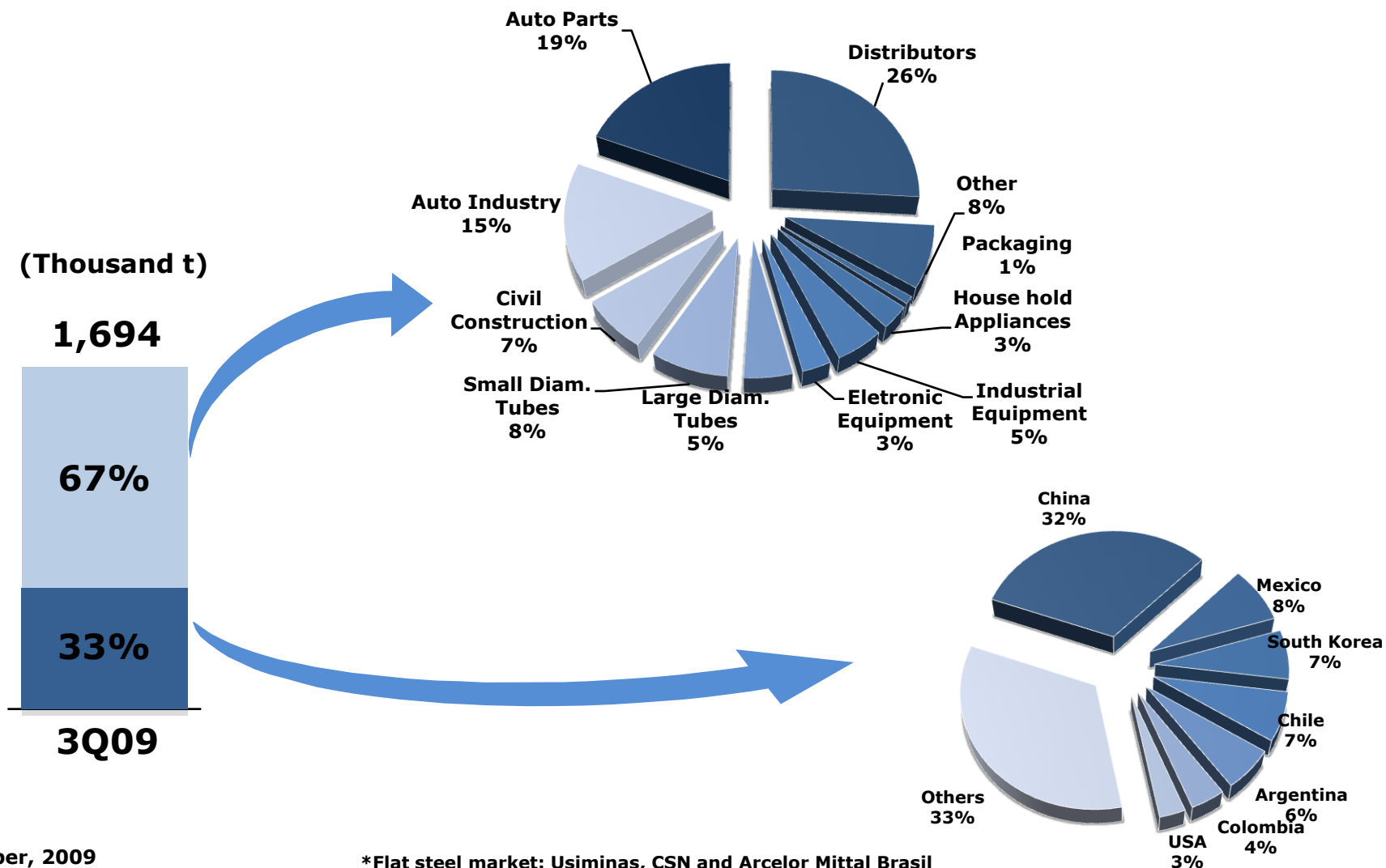
Ipatinga Plant	5,000 kt	1,000 kt	3,550 kt	2,500 kt	360 kt	480 kt
Cubatão Plant	4,500 kt	1,000 kt	2,100 kt	1,200 kt	-	-

Sales prioritizing domestic market and high value added niches

Consolidated Sales (000 tons)



Sales prioritizing domestic market and high value added niches



September, 2009

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

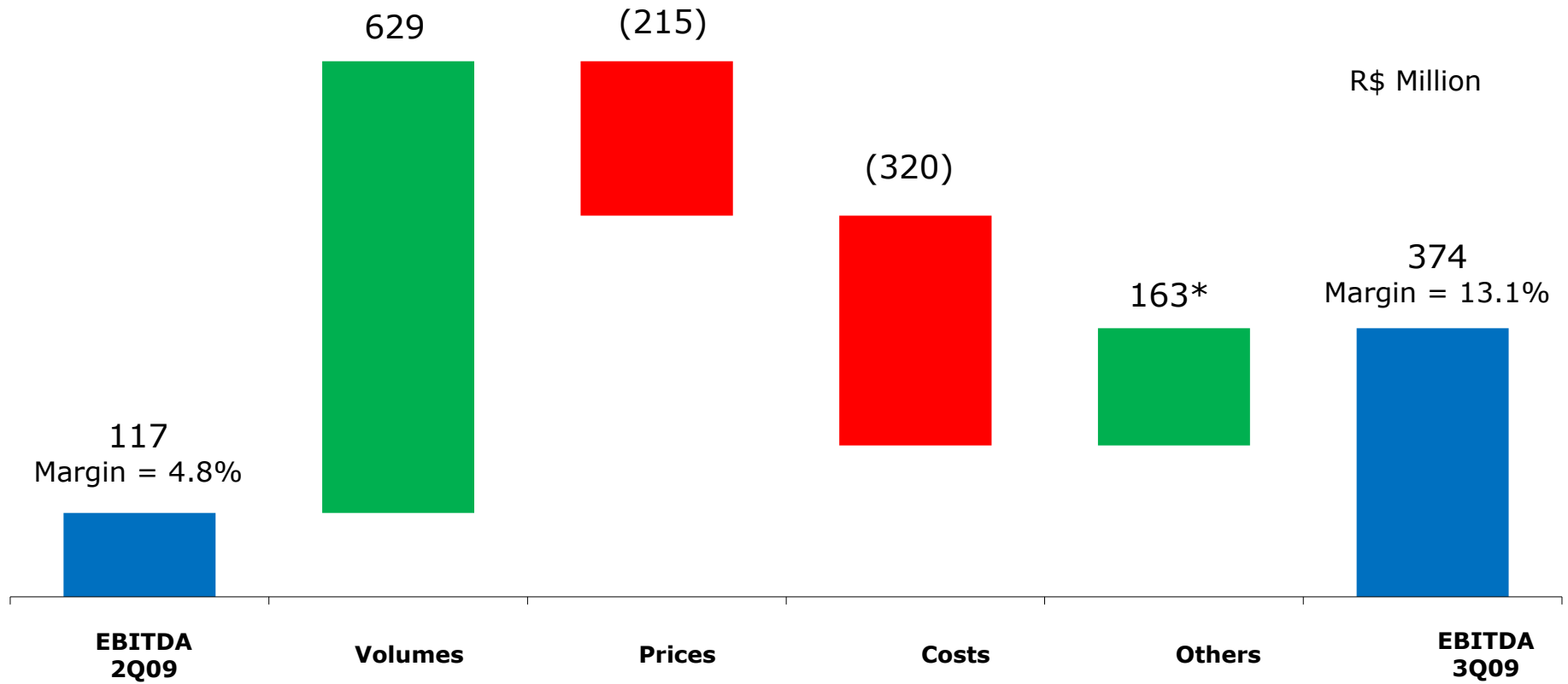
3Q09 Results

Highlights

R\$ million	3Q09	3Q08	2Q09	Chg. 3Q09/3Q08	9M09	9M08	Chg. 9M09/9M08
Production Crude Steel (000t)	1.824	2.056	944	-11%	3.794	6.243	-39%
Total Sales Volume (000 t)	1.694	1.915	1.187	-12%	3.919	5.718	-31%
Net Revenues	2.858	4.451	2.412	-36%	7.940	11.978	-34%
Net Income (Loss)	454	588	369	-23%	711	2.288	-69%
EBITDA (a)	374	1.923	117	-81%	823	4.588	-82%
EBITDA Margin	13,1%	43,2%	4,8%	-30.1 p.p.	10,4%	38,3%	-27.9 p.p.
Investments	571	792	525	-28%	1.387	1.778	-22%
Cash Position	2.998	4.098	2.809	-27%	2.998	4.098	-27%

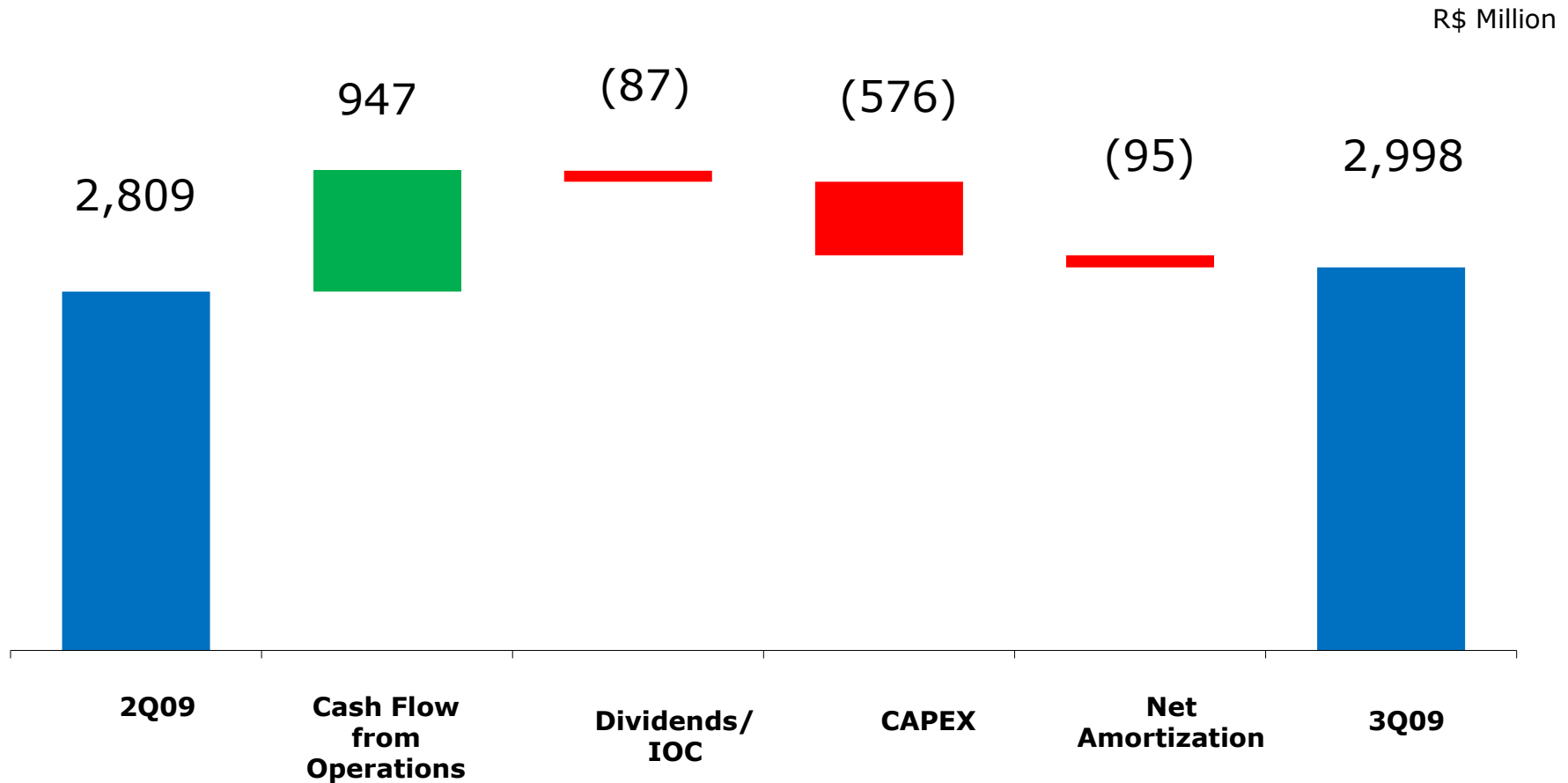
(a) Earnings before interest, taxes, depreciation, amortization and participations.

Recovery of EBITDA



* Stocks' inventory, Products acquired for resale, Byproducts consumed/generated, Storeroom and Others.

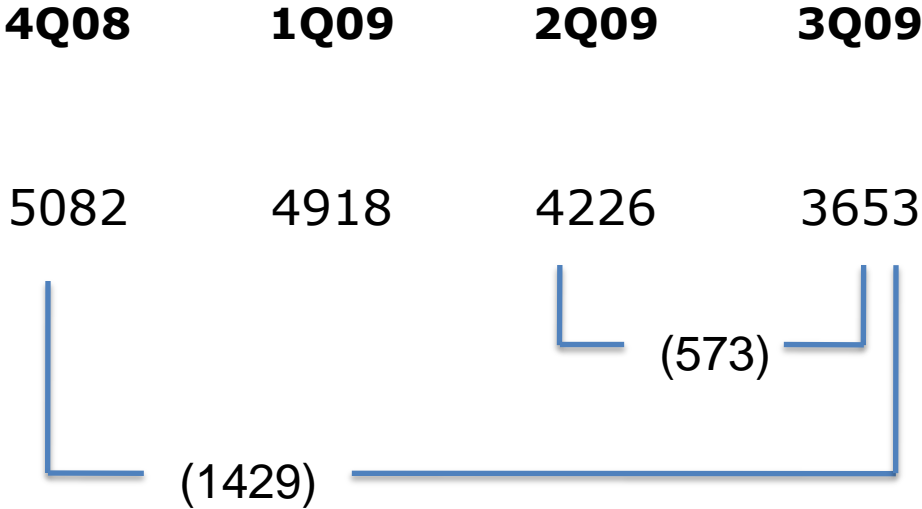
Maintenance of sound financial and cash position remains as a main goal



Usiminas exceeds goal of decreasing inventories announced in 2Q09



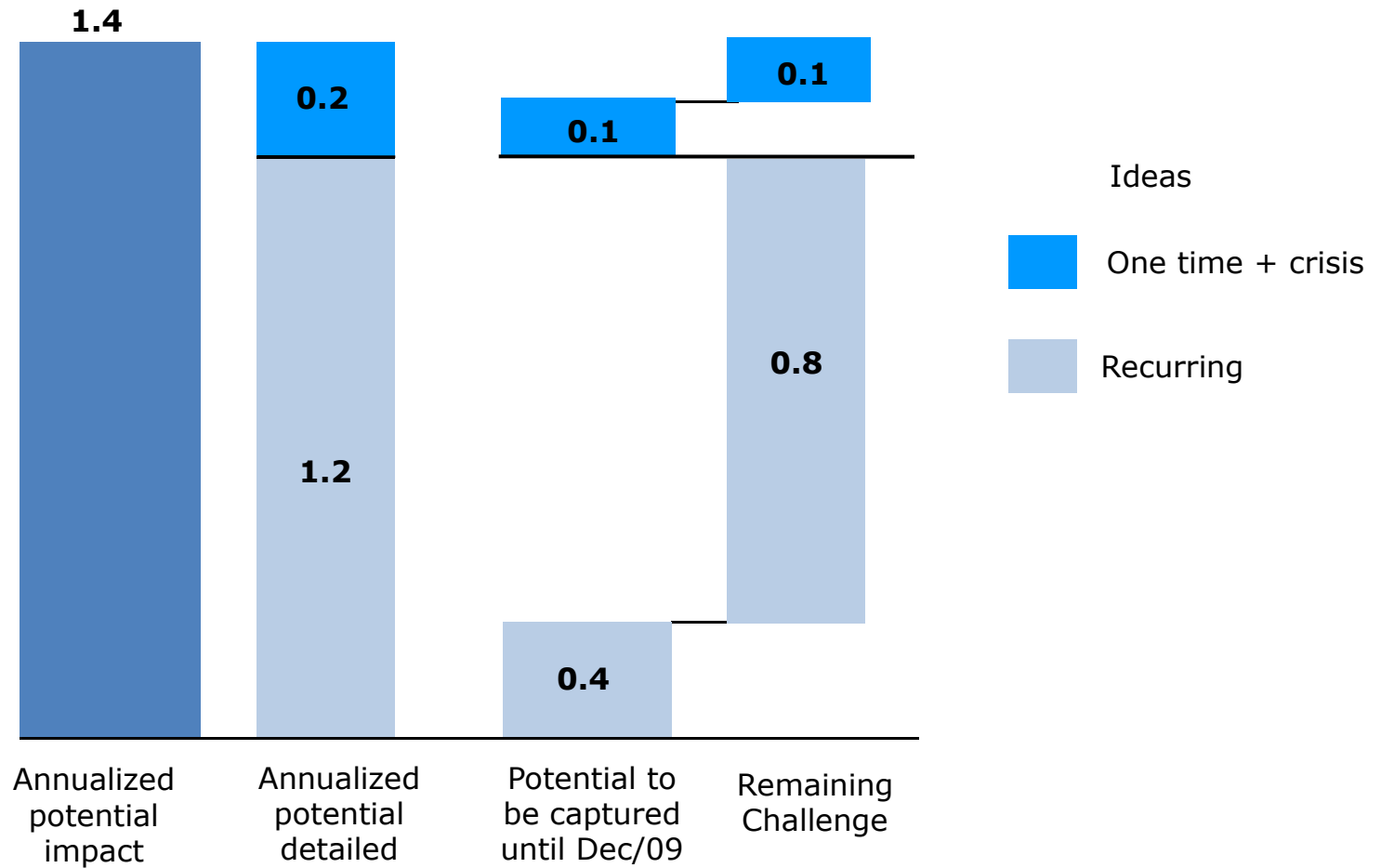
R\$ million



"Productivity and Action Project" impact

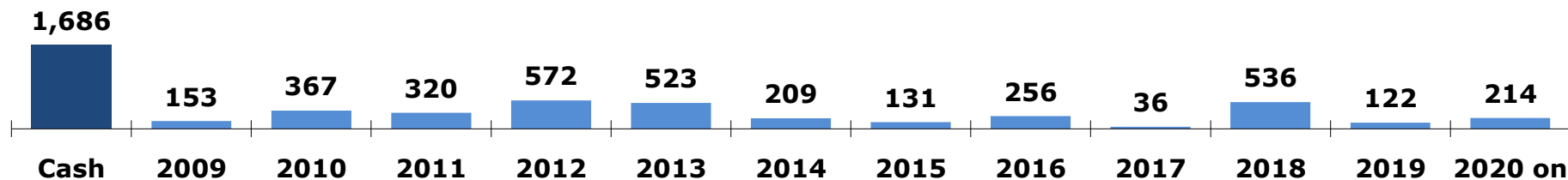
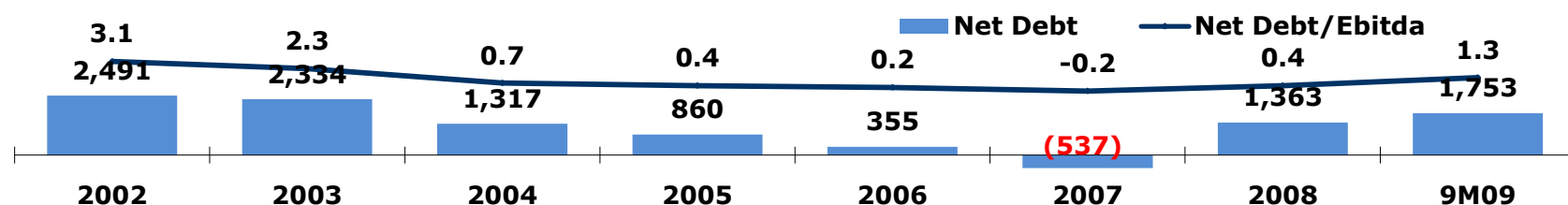
Actions to recover profitability

R\$ billion



The company maintains its debt profile and cash position on a safe harbor

US\$ Million



September, 2009

Note: Principal Values

Business Strategy





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

Starting to report by Business Units

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

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

Net Revenues per Business Units - 9M09 - Non Audited

(including total transfers in market conditions)

R\$ millions	Mining & Logistics	Steel	Steel Processing	Capital Goods	Adjustments	Consolidated
Net Revenues	299	6,934	1,557	661	(1,511)	7,939
Domestic Market	299	5,689	1,488	641	(1,511)	6,606
Export Market	0	1,245	69	20	0	1,333

Investment Plan



Main Investments

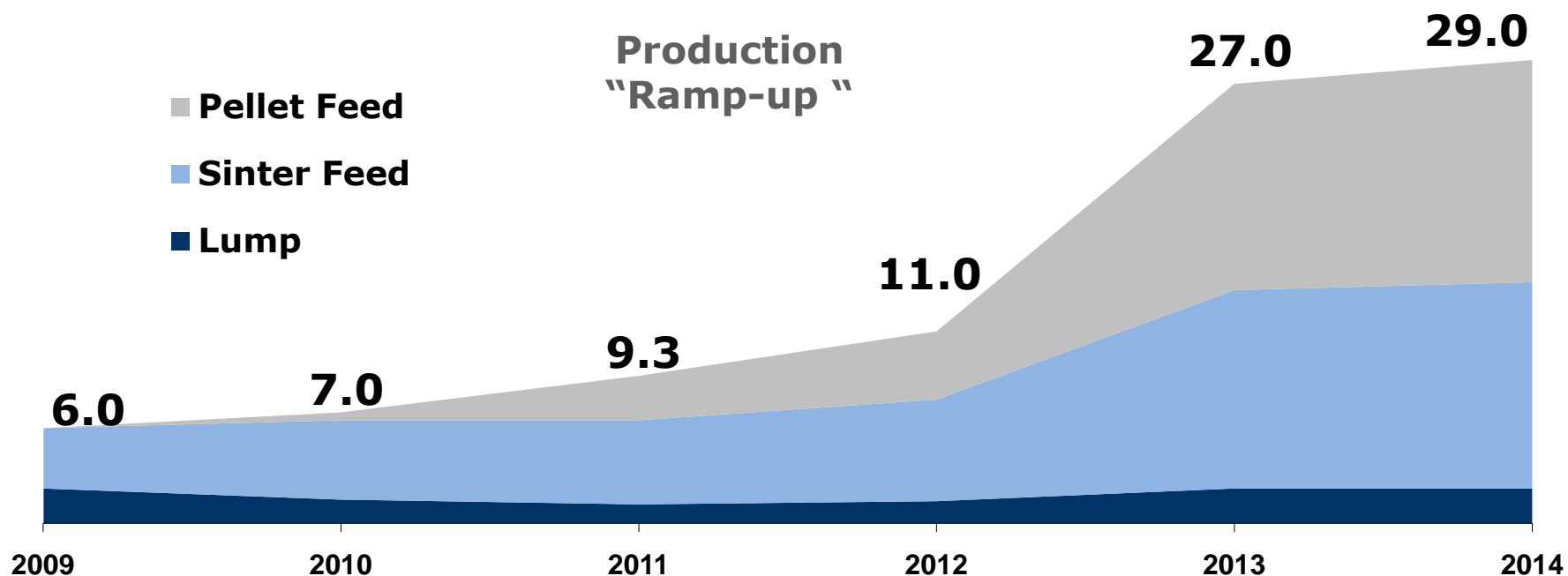
Investments	Goal	Project Capex	Total executed up to September/2009
New Coke Facility (#3)	750 thousand ton	R\$ 707 million	R\$ 444 million
New Thermolectric Power Plant	60 MW	R\$ 238 million	R\$ 235 million
Expansion of Heavy-Plate Rolling Mill	Increase to 1,350 thousand ton	R\$ 1.050 billion	R\$ 222 million
New HDG Line	550 thousand ton	R\$ 914 million	R\$ 111 million
Hot Strip Mill #2	Increase to 2.3 - 4.8 million ton	R\$ 2.530 billion	R\$ 553 million



Investments in Steel to meet demand of high value added products

Investments in Mining aiming increase of production and competitiveness

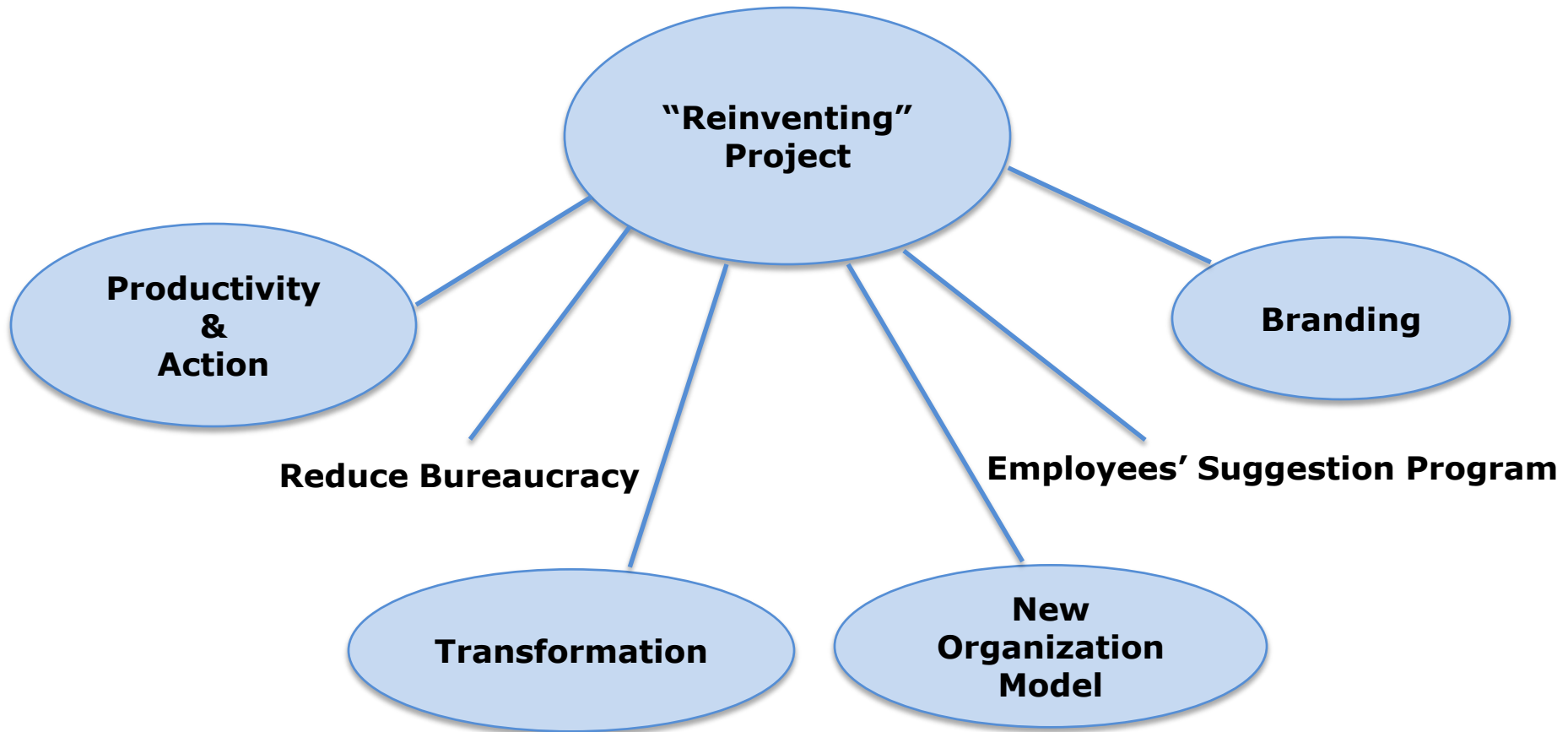
Million t



“Reinventing Project”



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



“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: 3Q09; R\$ 573 million
9M09; R\$ 1.4 billion
- 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
- 3rd season begins

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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