(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Financial statements in accordance with accounting practices adopted in Brazil and in accordance with IFRS at December 31, 2011

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

We have audited the accompanying parent company financial statements of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Parent Company"), which comprise the balance sheet as at December 31, 2011 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility
for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's Judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

PricewaterhouseCoopers, Rua dos Inconfidentes 1190 - 9º, Belo Horizonte, Minas Gerais, Brasil 30140-120, Caixa Postal 289
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Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS as at December 31, 2011, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS and its subsidiaries as at December 31, 2011, and the consolidated financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and accounting practices adopted in Brazil.

Emphasis of matter

As disclosed in Note 3 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS, these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in the subsidiaries, associates and jointly-controlled entities based on equity accounting, whereas IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Other matters

Supplementary information – statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2011, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material aspects, in relation to the financial statements taken as a whole.

Belo Horizonte, March 06, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" MG

Carlos Augusto da Silva
Contador CRC 1SP197007/O-2 "S" MG

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Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Balance Sheets

In R$thousands (A free translation of the original in Portuguese)

	Note	Parent Company 12/31/2011	Parent Company 12/31/2010	Consolidated 12/31/2011	Consolidated 12/31/2010
Assets					
Current assets					
Cash and cash equivalents	9	363,586	1,526,767	2,901,312	4,145,779
Marketable securities	10	124,396	237,134	2,289,383	397,787
Trade receivables	11	783,520	1,332,014	1,254,435	1,735,127
Inventories	12	4,263,673	4,165,982	5,058,876	4,898,311
Taxes recoverable	13	646,160	696,774	799,635	823,271
Dividends receivable	27	61,952	56,324	13,587	
Derivative financial instruments	6	10,560	4,476	29,464	24,294
Advances to suppliers		18,396	28,199	71,758	70,065
Other receivables		143,753	93,749	198,495	175,942
Total current assets		6,415,996	8,141,419	12,616,945	12,270,576
Non-current assets					
Long-term receivables					
Deferred income tax and social contribution	14	676,592	283,446	797,146	398,223
Receivables from related companies	38	57,113	55,693	5,710	5,960
Judicial deposits	15	448,653	420,393	486,327	443,879
Derivative financial instruments	6	431,772	356,899	435,972	356,899
Taxes recoverable	13	123,381	161,628	154,737	174,970
Other receivables		55,672	55,765	60,100	56,202
		1,793,183	1,333,824	1,939,992	1,436,133
Investments in subsidiaries, jointly-controlled entities and associates	16	8,100,465	7,098,606	428,382	2,061,186
Property, plant and equipment	17	13,786,171	12,615,069	15,921,154	14,275,006
Intangible assets	19	142,735	145,854	2,453,952	1,741,850
Total non-current assets		23,822,554	21,193,353	20,743,480	19,514,175
Total assets		30,238,550	29,334,772	33,360,425	31,784,751

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance Sheets

In R$thousands **(continued)**

	Note	Parent Company 12/31/2011	Parent Company 12/31/2010	Consolidated 12/31/2011	Consolidated 12/31/2010
Liabilities and equity					
Liabilities					
Current liabilities					
Suppliers, contractors and freight		1,270,212	1,174,054	1,462,373	1,288,109
Loans and financing	20	829,615	842,784	865,097	790,560
Debentures	21	274,419	22,416	274,419	22,416
Advances from customers		12,189	17,752	202,978	180,728
Payables to related companies	38	428,592	332,025	92,815	72,621
Salaries and social charges		200,423	176,155	301,950	287,209
Taxes payable	22	83,402	80,013	126,202	130,441
Taxes payable in installments	23	57,169	55,402	61,169	57,555
Income tax and social contribution payable	14			197,636	178,593
Dividends and interest on capital payable	27	57,171	145,175	69,704	159,819
Derivative financial instruments	6	43,589	73,027	43,589	73,027
Acquisition of Mineração Ouro Negro S.A.	37			156,193	
Other payables		148,226	110,987	238,048	255,937
Total current liabilities		3,405,007	3,029,790	4,092,173	3,497,015
Non-current liabilities					
Loans and financing	20	7,582,780	6,495,538	7,373,126	6,404,124
Debentures	21	250,000	500,000	250,000	500,000
Payables to related companies	38	43,085	41,899	6,750	41,899
Taxes payable in installments	23	22,050	63,007	38,637	70,538
Provision for contingencies	24	150,500	277,471	204,255	314,954
Provision for environmental restoration	25	57,354	79,978	108,260	134,910
Post-retirement benefits	26	1,277,473	1,301,940	1,277,473	1,301,940
Derivative financial instruments	6	23,990	22,249	547,250	437,195
Deferred income tax and social contribution	14			17,880	
Acquisition of Mineração Ouro Negro S.A.	37			312,385	
Other payables		142,518	90,301	118,031	52,739
Total non-current liabilities		9,549,750	8,872,383	10,254,047	9,258,299
Total liabilities		12,954,757	11,902,173	14,346,220	12,755,314
Equity	27				
Share capital		12,150,000	12,150,000	12,150,000	12,150,000
Revenue reserves		4,490,822	4,316,992	4,490,822	4,316,992
Other reserves		642,971	965,607	642,971	965,607
Equity attributed to the owners of the Parent Company		17,283,793	17,432,599	17,283,793	17,432,599
Non-controlling interests				1,730,412	1,596,838
Total equity		17,283,793	17,432,599	19,014,205	19,029,437
Total liabilities and equity		30,238,550	29,334,772	33,360,425	31,784,751

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Income Statements

In R$thousands unless otherwise stated (A free translation of the original in Portuguese)

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Continued operations					
Revenue	30	10,517,522	11,424,351	11,901,959	12,962,395
Cost of sales		(10,445,265)	(9,803,002)	(10,607,791)	(10,431,539)
Gross profit		72,257	1,621,349	1,294,168	2,530,856
Operating income (expenses)					
Selling expenses	33	(264,876)	(241,408)	(458,568)	(374,254)
General and administrative expenses	33	(291,175)	(337,527)	(510,319)	(527,222)
Other operating income (expenses), net	33	303,902	308,834	300,571	273,083
Investors share of profits of subsidiaries, jointly-controlled entities and associates	**16**	889,861	314,544		
		637,712	44,443	(668,316)	(628,393)
Operating profit		709,969	1.665.792	625.852	1.902.463
Finance income (costs)	34	(599,574)	8,678	(50,015)	13,227
Investors share of profits of associates	**16**			66,967	57,980
Profit before income tax and social contribution		110,395	1,674,470	642,804	1,973,670
Income tax and social contribution	14				
Current		7,924	(231,684)	(340,583)	(492,654)
Deferred		239,677	(48,851)	226,831	(75,271)
		247,601	(280,535)	(113,752)	(567,925)
Profit from continued operations		357,996	1,393,935	529,052	1,405,745
Profit(loss) from discontinued operations	42	(124,919)	177,905	(124,919)	177,905
Profit for the year		233,077	1,571,840	404,133	1,583,650
Profit attributable to:					
Owners of the Parent Company		233,077	1,571,840	233,077	1,571,840
Non-controlling interests				171,056	11,810
Basic and diluted earnings per common shares	35	R$ 0.23	R$ 1.52	R$ 0.23	R$ 1.52
Basic and diluted earnings per preferred share	35	R$ 0.25	R$ 1.67	R$ 0.25	R$ 1.67

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Comprehensive Income

In R$thousands (A free translation of the original in Portuguese)

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Profit for the year		233,077	1,571,840	404,133	1,583,650
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	26	(154,174)	(187,551)	(154,174)	(187,551)
Exchange gains (losses) on foreign associates located and other transactions	16	161,624	(48,512)	161,624	(48,512)
Cash flow hedge in the Parent Company	6	(143,735)		(143,735)	
Cash flow hedge in associates		5,778	2,566	5,778	2,566
Total of other components of comprehensive income		(130,507)	(233,497)	(130,507)	(233,497)
Total comprehensive income for the year		102,570	1,338,343	273,626	1,350,153
Attributable to					
Owners of the Parent Company		102,570	1,338,343	102,570	1,338,343
Non-controlling interests				171,056	11,810

Items in the statement of comprehensive income are presented net of taxes. The tax effects of each statement of comprehensive income component are presented in Note 14.

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Changes in Equity

In R$thousands (A free translation of the original in Portuguese)

		Attributable to owners of the Parent Company										
			Capital reserves		Revenue reserves							
	Note	Share capital	Premium on share subscription	Treasury shares	Legal reserve	Investments and working capital reserve	Carrying value adjustments	Dividends to be appropriated	Retained earnings	Total	Non-controlling interests	Total equity
At December 31, 2009		12,150,000	105,295	(105,295)	609,342	2,705,686	149,534	72,367	(41,277)	15,645,652	355,406	16,001,058
Comprehensive income for the year												
Profit for the year									1,571,840	1,571,840	11,810	1,583,650
Actuarial losses on benefit plans	26								(187,551)	(187,551)		(187,551)
Exchange gains (losses) on investments in foreign associates							(48,512)			(48,512)		(48,512)
Cash flow hedge in associate							2,566			2,566		2,566
Total comprehensive income for the year							(45,946)		1,384,289	1,338,343	11,810	1,350,153
Allocation of profit for the year	27											
Interest on own capital								176,833	(550,144)	(373,311)		(373,311)
Dividends								(72,367)		(72,367)	(14,415)	(86,782)
Transfer to reserves					78,592	923,372	(185,362)		(816,602)			
Realization of IAS 29 adjustments on fixed assets							(22,680)		22,680			
Changes in investment interests without loss or acquisition of control							893,228			893,228	1,244,037	2,137,265
Unclaimed dividends									1,054	1,054		1,054
At December 31, 2010		12,150,000	105,295	(105,295)	687,934	3,629,058	788,774	176,833		17,432,599	1,596,838	19,029,437

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Changes in Equity

In R$thousands **(continued)**

		Attributable to owners of the Parent Company											
			Capital reserves			Revenue reserves							
	Note	Share capital	Premium on share subscription	Treasury shares	Stock options granted	Legal reserve	Investments and working capital reserve	Carrying value adjustments	Dividends to be appropriated	Retained earnings	Total	Non-controlling interests	Total equity
At December 31, 2010		12,150,000	105,295	(105,295)		687,934	3,629,058	788,774	176,833		17,432,599	1,596,838	19,029,437
Comprehensive income for the year													
Profit for the year										233,077	233,077	171,056	404,133
Actuarial loss on benefit plans	26							(154,174)			(154,174)		(154,174)
Exchange gains (losses) on investments in foreign associates and other transactions								161,624			161,624		161,624
Cash flow hedge in associates								5,778			5,778		5,778
Cash flow hedge in the Parent Company	6							(143,735)			(143,735)		(143,735)
Total comprehensive income for the year								(130,507)		233,077	102,570	171,056	273,626
Capital increase												12,619	12,619
Allocation of profit for the year	27												
Mandatory minimum dividend and interest on own capital 2011										(55,356)	(55,356)		(55,356)
Dividends and interest on own capital									(176,833)		(176,833)		(176,833)
Dividend and interest on own capital to be appropriated									26,221	(26,221)			
Dividends												(50,101)	(50,101)
Stock option plan	41				2,274						2,274		2,274
Transfer to reserves						11,653	162,177			(173,830)			
Realization of IAS 29 adjustments on fixed assets								(21,821)		21,821			
Changes in investment interests without loss or acquisition of control								(21,970)			(21,970)		(21,970)
Unclaimed dividends										509	509		509
At December 31, 2011		12,150,000	105,295	(105,295)	2,274	699,587	3,791,235	614,476	26,221		17,283,793	1,730,412	19,014,205

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Cash Flows

In R$thousands (A free translation of the original in Portuguese)

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash flows from operating activities					
Profit for the year		233,077	1,571,840	404,133	1,583,650
Adjustments to reconcile profit to cash from operating activities					
Indexation charges and foreign exchange gains/losses, net		244,162	(97,822)	232,058	(108,757)
Interest expenses		507,314	408,627	536,140	437,760
Depreciation ,amortization and depletion		752,082	741,278	856,888	822,858
Losses/(gains) on sale of property, plant and equipment	33	(49,403)	43,905	(64,112)	56,427
Result on sale of discontinued operations		124,919	(177,905)	124,919	(177,905)
Investor's share of profits of subsidiaries, jointly-controlled entities and associates	16	(889.861)	(314.544)	(66,967)	(57,980)
Income tax and social contribution	14	(247,601)	280,535	113,752	567,925
Changes in provisions		(127,519)	(32,791)	(148,096)	(123,054)
Actuarial losses/(gains)	26	(89,666)	(80,168)	(89,666)	(80,168)
Stock options plan		2,274		2,274	
(Increase) decrease in assets					
Marketable securities	10	112,738	605,622	(1,891,596)	587,064
Trade receivables	11	536,807	154,420	480,692	32,392
Inventories	12	(197,121)	(1,182,674)	(241,990)	(1,261,108)
Taxes recoverable	13	99,192	(225,106)	12,059	(289,671)
Receivables from related companies	38	(1,420)	934	250	1,384
Judicial deposits		(26,622)	(23,674)	(34,299)	(33,003)
Other		(103,214)	(57,068)	(27,549)	(13,555)
Increase (decrease) in liabilities					
Suppliers, contractors and freight		245,421	471,099	379,637	472,823
Advances from customers		(5,563)	(2,036)	22,250	(16,817)
Payables to related companies		72,917	150,084	(14,955)	(37,456)
Taxes payable	22	3,389	(19,060)	(4,239)	58
Income tax and social contribution payable		(2,407)	(262,598)	(210,504)	(345,856)
Interest paid		(514,885)	(427,616)	(549,599)	(465,919)
Actuarial liability paid		(167,207)	(147,005)	(167,207)	(147,005)
Other		(83,465)	(118,378)	(124,904)	(56,527)
Net cash provided by (used in) operating activities		428,338	1,259,899	(470,631)	1,347,760
Cash flows from investing activities					
Amount received on disposal (acquisition) of investments		35,953		1,656,740	
Amount paid on the acquisition of subsidiaries and jointly-controlled entities		(1,175)	(47,178)	(154,312)	(32,400)
Purchases of property, plant and equipment	17	(1,844,287)	(2,649,229)	(2,490,138)	(3,191,808)
Proceeds from sale of property, plant and equipment		29,000	1,634	85,100	2,840
Purchases of intangible assets	19	(40,221)	(595)	(45,436)	(15,596)
Dividends received		164,321	54,207	26,197	59,031
Net cash used in investing activities		(1,656,409)	(2,641,161)	(921,849)	(3,177,933)

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Cash Flows

In R$thousands **(continued)**

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash flows from financing activities					
New loans, financing and debentures	20	1,442,850	3,471,928	1,497,120	3,684,823
Repayment of loans and financing	20	(955,401)	(1,184,201)	(940,230)	(1,282,478)
Proceeds from issue of shares				42,063	2,137,265
Taxes paid in installments	22	(31,860)	(45,359)	(34,335)	(46,734)
Settlement of swap transactions	6	(63,877)	(45,917)	(37,571)	(18,920)
Dividends and interest on capital paid	27	(319,684)	(610,161)	(371,896)	(595,558)
Net cash provided by financing activities		72,028	1,586,290	155,151	3,878,398
Foreign exchange gains (losses) on cash and cash equivalents		(7,138)	(642)	(7,138)	(642)
Net increase (decrease) in cash and cash equivalents		(1,163,181)	204,386	(1,244,467)	2,047,583
Cash and cash equivalents at beginning of year	9	1,526,767	1,322,381	4,145,779	2,098,196
Cash and cash equivalents at end of year	9	363,586	1,526,767	2,901,312	4,145,779
Net increase (decrease) in cash and cash equivalents		(1,163,181)	204,386	(1,244,467)	2,047,583

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of value added

In R$thousands (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	Years ended		Years ended	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Revenue				
Gross sales and services	14,057,428	15,296,836	15,823,731	16,992,062
Changes in doubtful debt allowances	(66,698)	11,536	(72,160)	9,829
Other revenue	29,541	40,316	30,691	44,714
	14,020,271	15,348,688	15,782,262	17,046,605
Inputs acquired from third parties				
Cost of sales and services	(12,260,749)	(10,607,817)	(12,102,723)	(10,488,544)
Materials, energy, outsourced services and others	(487,797)	(537,742)	(828,636)	(776,718)
Impairment of assets				(5,387)
	(12,748,546)	(11,145,559)	(12,931,359)	(11,270,649)
Gross value added	1,271,725	4,203,129	2,850,903	5,775,956
Depreciation, amortization and depletion	(752,082)	(741,278)	(856,888)	(822,858)
Net value added generated	519,643	3,461,851	1,994,015	4,953,098
Value added received through transfer				
Investor's share of profits of subsidiaries, jointly-controlled entities and associates	889,861	492,449	66,967	235,885
Finance income	300,475	354,795	625,943	415,216
Rentals and royalties				
Actuarial gains	89,666	80,168	89,666	80,168
Foreign exchange gains (losses), net		46,307	54,313	189,266
	1,280,002	973,719	836,889	920,535
Value added to distribute	1,799,645	4,435,570	2,830,904	5,873,633

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of value added

In R$thousands **(continued)**

	Parent Company				Consolidated			
	Years ended				Years ended			
	12/31/2011		12/31/2010		12/31/2011		12/31/2010	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Personnel and payroll charges								
Salaries and social charges	668,772	37.16	617,966	13.93	1,477,156	52.18	1,313,021	22.36
Government Severance Indemnity Fund for Employees (FGTS)	91,592	5.09	67,721	1.53	143,479	5.07	115,781	1.97
Management fees	29,612	1.65	23,403	0.53	29,612	1.05	23,403	0.40
Profit sharing	69,468	3.86	33,264	0.75	108,660	3.84	59,975	1.02
Post-employment plans	27,709	1.54	19,756	0.44	39,196	1.38	20,567	0.35
	887,153	49.30	762,110	17.18	1,798,103	63.52	1,532,747	26.10
Taxes and contributions								
Federal *	47,847	2.66	784,767	17.69	388,906	13.74	1,156,818	19.70
State	(436,770)	(24.27)	891,278	20.09	(688,687)	(24.33)	958,388	16.32
Municipal	33,759	1.88	26,918	0.61	54,993	1.94	37,676	0.64
Tax incentives	9,611	0.53	6,233	0.14	18,266	0.65	8,272	0.14
	(345,553)	(19.20)	1,709,196	38.53	(226,522)	(8.00)	2,161,154	36.80
Remuneration of third party capital								
Interest	572,412	31.81	424,733	9.58	628,597	22.20	472,942	8.05
Rentals							4,827	0.08
Foreign exchange variations, net	304,682	16.93						
Other	(58,622)	(3.26)	(32,309)	(0.73)	20,097	0.71	118,313	2.01
	818,472	45.48	392,424	8.85	648,694	22.91	596,082	10.14
Remuneration of own capital								
Interest on capital	81,577	4.53	550,144	12.40	81,577	2.88	550,144	9.37
Retained earnings	357,996	19.89	1,021,696	23.04	357,996	12.65	1,021,696	17.39
Non-controlling interests in retained earnings					171,056	6.04	11,810	0.20
	439,573	24.42	1,571,840	35.44	610,629	21.57	1,583,650	26.96
Value added distributed	1,799,645	100.00	4,435,570	100.00	2,830,904	100.00	5,873,633	100.00

* Social security contributions are classified under Federal taxes and contributions.

The consolidated statements of value added is not part of the consolidated financial statements according to IFRS.

The accompanying notes are an integral part of these financial statements.

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS ("Usiminas" or the "Company"), headquartered in Belo Horizonte, State of Minas Gerais, operates in the steel industry and related activities. The Company produces flat rolled carbon steel at the Intendente Câmara plant in Ipatinga, State of Minas Gerais, and the José Bonifácio de Andrada e Silva plant in Cubatão, State of São Paulo, for the Brazilian domestic and foreign markets.

The Company, through its subsidiaries, jointly-controlled entities and associates (collectively "Usiminas companies"), has several service and distribution centers in Brazil, in addition to the Cubatão and Praia Mole ports located in the states of São Paulo and Espírito Santo, respectively, as strategic ports for shipping of its production.

The Company's shares are listed for trading on the stock exchange in São Paulo (BM&FBovespa) under the symbol USIM3.

As described in Note 43.2, Ternium S.A ("Ternium"), executed an agreement to purchase the interests of the companies group Votorantim and Camargo Corrêa Cimentos S.A. in USIMINAS, in addition to part of the shares held by Caixa dos Empregados da Usiminas ("CAIXA"), in the amount totaling 139.7 million shares, or 27.7% of the Company's voting capital. After the approval of the transaction, the controlling group of USIMINAS comprises Nippon (46.1%), Ternium and Tenaris (43.3%) and CAIXA (10.6%). The completion of the transactions and, as a consequence, the effectiveness of the New Shareholders' Agreement occurred on January 16, 2012, according to a Material Fact notice disclosed to the market on January 17, 2012..

The Company, aiming to expand its business, holds direct or indirect investments in subsidiaries, jointly-controlled entities and associates, whose main activities are summarized below:

(a) Subsidiaries

Automotiva Usiminas S.A. ("Automotiva Usiminas") – Located in Pouso Alegre, State of Minas Gerais, manufactures and sells steel stamped parts.

Cosipa Commercial Ltd. ("Cosipa Commercial") – Located in the Cayman Islands, was established in April 2006 to raise funds in the foreign market.

Cosipa Overseas Ltd. ("Cosipa Overseas") – Located in the Cayman Islands, established in February 1994 to optimize the Company's foreign trade operations, facilitate the purchase of imported raw materials, export of steel products, besides being one of the ways to raise funds in the foreign market to finance the Company's investments.

Mineração Usiminas S.A. (“Mineração Usiminas” or “MUSA”) - Headquartered in Belo Horizonte, State of Minas Gerais, MUSA is a partnership between the Company and the Sumitomo Group, with the main purpose of extracting and processing pellet-feed, sinter-feed and lump iron ore. Most of production, extracted from mines located in the iron quadrilateral of the State, is consumed in the Company's steel plants. MUSA holds a 50% of interest in the jointly-controlled entity Modal Terminal de Granéis Ltda. (“Modal”), headquartered in Itaúna, Minas Gerais, whose purpose is the operation of road and railway cargo terminals, storage and handling of ore and steel products and road cargo transportation. It also holds a 22.22% interest in the associate Terminal de Cargas Sarzedo Ltda. (“Terminal Sarzedo”), headquartered in Sarzedo, Minas Gerais, the main activities of which are the storage of cargo, operation of road terminal, warehousing, in addition to related services. Furthermore, it fully controls Usiminas Participações e Logística S.A. (“UPL”) headquartered in São Paulo city, whose sole purpose is to directly hold shares and other securities issued by MRS Logística S.A. In 2011, MUSA acquired an interest in Mineração Ouro Negro S.A. (“Mineração Ouro Negro”), as described in Note 16 (e) (iv).

Rios Unidos Logística e Transporte de Aço Ltda. (“Rios Unidos”) – Established in Guarulhos, State of São Paulo, with the main activity of rendering road cargo transportation services.

Soluções em Aço Usiminas S.A. (“Soluções Usiminas”) – Located in Belo Horizonte, State of Minas Gerais, with 14 industrial units strategically located throughout Brazil, whose main purpose is to develop steel product solutions and operate as a distribution center. Soluções Usiminas supplies the market with distinctive higher value added products, particularly to small and medium-sized customers.

Usiminas Commercial Ltd. (“Usiminas Commercial”) – Established in 2006, with the purpose of raising foreign funding for the Company.

Usiminas Europa A/S (“Usiminas Europa”) - Located in Copenhagen, Denmark, was established in 2005 to hold the Company's investments in the subsidiaries Usiminas Galvanized Steel ApS (“Usiminas Galvanized “) and Usiminas Eletrogalvanized Steel ApS (“Usiminas Eletrogalvanized”), whose main activity is, to foster the sales to foreign customers, respectively, of galvanized steel and electro galvanized steel produced by the Company.

Usiminas International Ltd. (“Usiminas International”) - Located in Luxembourg, established in 2001 to hold the Company's investments in Usiminas Portugal Serviços de Consultoria Ltd. (“Usiminas Portugal”) based in Madeira Island, which in turn holds the Company investments abroad.

Usiminas Mecânica S.A. (“Usiminas Mecânica”) - Located in Ipatinga, State of Minas Gerais, whose purpose is to manufacture equipment and installations used in the following industries: steel production, oil and gas, petrochemical, hydroelectric, mining, railroad transport, cement, pulp and paper, parts recovery, rolls, heavy industry cylinders, plate stamping and cutting for serial auto parts, stationary buckets and environmental control.

(b) Jointly-controlled entities

Fasal Trading Corporation ("Fasal Trading") – Located in Coral Gables, State of Florida, USA, incorporated in 2001 as an exclusive trading Company for the steel products of the Usiminas Group abroad, serving Latin America, Central America, Europe and other markets.

Unigal Usiminas Ltda ("Unigal") - Located in Belo Horizonte, State of Minas Gerais, incorporated in 1998 as a joint venture between the Company and the Nippon Steel Corporation to transform cold-rolled coils into galvanized coils via hot dipping, mainly for the automotive industry. Unigal's plant is located in Ipatinga, State of Minas Gerais, and has an installed capacity for the galvanization of 480 thousand metric tons of steel per year.

Usiroll – Usiminas Court Tecnologia em Acabamento Superficial Ltda. ("Usiroll") - Located in Ipatinga, State of Minas Gerais, renders services, especially for rectification of cylinders and reels.

(c) Investments in associates

Codeme Engenharia S.A. ("Codeme")- Headquartered in Betim, State of Minas Gerais, manufactures and assembles iron constructions, mainly industrial buildings, commercial warehouses and multiple-floor buildings. Codeme has plants in Betim, State of Minas Gerais, and Taubaté, State of São Paulo.

Metform S.A. ("Metform") - Headquartered in Betim, State of Minas Gerais, manufactures iron tiles, steel decks and galvanized accessories with or without painting. Metform has plants in Betim, State of Minas Gerais, and Taubaté, State of São Paulo.

MRS Logística S.A. ("MRS") - Located in Rio de Janeiro, State of Rio de Janeiro, MRS provides railroad transport and logistics services in the southeastern region of Brazil. The Company's interest in MRS represents a strategic investment for optimizing the supply of raw materials and transport of finished products and third party cargo, mainly related to the operation of the Company's marine terminals.

2 Approval of the Financial Statements

The issue of these financial statements was authorized by the Company's Board of Directors on March 6, 2012.

3 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently adopted in the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

Those areas that require a higher degree of judgment or complexity, or application of assumptions and estimates which are significant to the financial statements, are disclosed in Note 4.

(a) Individual financial statements – Parent company

The individual financial statements of Usiminas presented as "Parent or Parent Company" have been prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee ("CPC") and are disclosed together with the consolidated financial statements.

(b) Consolidated financial statements – Consolidated

The consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the statements issued by CPC, and in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

In the parent company financial statements, subsidiaries and associates are recorded on the equity accounting method. The same adjustments are made in the parent company and consolidated financial statements to reach the same amounts of profit or loss and equity attributable to the shareholders of the parent company. In the case of Usiminas, the accounting practices adopted in Brazil applicable to the parent company financial statements differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries and associates based on the equity accounting method, while these would be measured at cost or fair value in accordance with IFRS.

3.2 Consolidation

The following accounting policies have been applied to the preparation of the consolidated financial statements:

(a) Subsidiaries

Subsidiaries are all entities over which Usiminas companies have the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Usiminas companies control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Usiminas companies. They are deconsolidated from the date when control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Usiminas companies. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. The costs directly attributable to the acquisition are recorded in the income statement as they are incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Usiminas companies recognize any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The measurement of the non-controlling interests to be recognized is determined for each acquisition.

The excess of the consideration transferred, plus the acquisition-date fair value of any previous equity interest in the acquire, over the fair value of the Usiminas companies' share of the identifiable net assets acquired is recorded as goodwill. For acquisitions in which Usiminas companies attribute fair value to non-controlling interests, the determination of goodwill also includes the value of any non-controlling interest in the acquiree, and the goodwill is determined considering the participations of the Usiminas companies and non-controlling interests. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between consolidated companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Jointly-controlled entities and associates

Associates are all entities over which the Company has significant influence through the participation in decisions relating to their financial and operating policies, but has not control or joint control over these policies. Jointly-controlled entities are all those over which the Company shares control with one or more parties. In the parent company financial statements, investments in associates and jointly-controlled entities are accounted for using the equity method and are initially recognized at cost. In the consolidated financial statements, the jointly-controlled entities are consolidated proportionally to the Company's investment. Usiminas companies' investment in associates and jointly-controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 3.13 about the impairment of non-financial assets, including goodwill.

Usiminas companies' share of the profit or loss of associates and jointly-controlled entities is recognized in the income statement and their share of reserve movements is recognized in the Usiminas companies reserves. When the Usiminas companies' share of losses in an associate or jointly-controlled entity equals or exceeds the carrying amount of the investment, including any other receivables, Usiminas companies do not recognize further losses, unless they have incurred obligations or made payments on behalf of the associate or jointly-controlled entity.

Unrealized gains on transactions between Usiminas companies and their associates and jointly-controlled entities are eliminated to the extent of their interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates and jointly-controlled entities are altered, when necessary, to ensure consistency with the policies adopted by Usiminas companies.

If the investment in an associate is reduced, but significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income will be reclassified to the income statement, when appropriate.

Dilution gains and losses arising on investments in associates are recognized in the income statement.

The fiscal year of the associates and jointly-controlled entities is the same as that of Usiminas. The accounting policies are standardized among the consolidated companies and are consistent with those used in the prior year. However, for the associates (direct and indirect) described below, the Company used, for purposes of equity accounting, in accordance with CPC18 and IAS 28, financial statements prepared for dates other than December 31, 2011.

In R$ thousands unless otherwise stated

Associates	Financial statements reporting dates for equity accounting purposes
Codeme	November 30, 2011
Fasal Trading	November 30, 2011
Metform	November 30, 2011
Terminal Sarzedo	November 30, 2011

(c) Non-controlling interests and transactions

The Usiminas companies treat transactions with non-controlling interests as transactions with owners of the assets of Usiminas companies. For the purchase of non-controlling interests, the difference between any consideration paid and the acquired share of the net assets carrying value of the subsidiary is recorded in equity. Gains or losses on disposals of shares to non-controlling shareholders are also recorded in equity in the account "Carrying value adjustments".

When Usiminas companies cease to hold control, any retained interest in the entity is remeasured to fair value, and the change in the carrying amount is recognized in the income statement. Fair value is the initial amount for the subsequent accounting of retained interest in an associated company, a jointly-controlled entity or a financial asset. Furthermore, any amounts previously recognized in other comprehensive income relating to that entity are accounted for as if Usiminas companies had sold directly related assets or liabilities and the amounts previously recognized in other comprehensive income are reclassified to the income statement.

3.3 Segment information

Operating segments are organized in a manner consistent with the internal reports provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board and the Board of Directors - Controlling Group that takes the Usiminas companies' strategic decisions.

3.4 Foreign currency translation

(a) Functional and reporting currency

The financial statements of each subsidiary and jointly-controlled entity included in the Company's consolidated financial statements and those used as the basis for applying the equity accounting method are prepared using the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The parent company consolidated financial statements are presented in Brazilian reais (R$), which is the Company's and Usiminas and companies' functional and reporting currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the income statement, except when deferred in equity, as cash flow hedge operations.

Foreign exchange gains and losses that relate to assets and liabilities are presented in the income statement within "Finance income (costs)".

3.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value.

Other financial investments, although being readily convertible into cash, were classified as marketable securities because they are invested abroad and are subject to foreign exchange risk.

3.6 Financial assets

3.6.1 Classification

The Usiminas companies classify their financial assets in the following categories: at fair value through profit and loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets measured at fair value through profit or loss

These are financial assets held for active and frequent trading. A financial asset is classified in the category if it was acquired primarily to sell in the short term. Assets in this category are classified as current assets.

Derivatives are also classified as held for trading unless they have been designated as hedging instruments.

(b) Loans and receivables

These comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. Loans and receivables of Usiminas companies comprise cash and cash equivalents, except for certain short-term investments, trade receivables, receivables from related companies and other receivables.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of them within 12 months of the balance sheet date.

At December 31, 2011 and 2010, the Company had no assets classified as available for sale.

3.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Usiminas companies commit to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Usiminas companies have transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the ”Financial assets at fair value through profit or loss” category are presented in the income statement within ‘Other (losses)/gains – net” in the period they occur.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Usiminas companies establish fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

3.6.3 Offsetting financial instruments

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.6.4 Impairment of financial instruments

(a) Assets carried at amortized cost

Usiminas companies assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria used to determine if there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the debtor will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical purposes, Usiminas companies may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

3.7 Derivative financial instruments and hedging activities

(a) Derivative instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method used to recognize the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument for the purposes of hedge accounting. If hedge accounting is adopted, the method depends on the nature of the item to be hedged.

Trading derivatives are classified as a current asset or liability.

(b) Hedging activities

Usiminas companies adopt hedge accounting and designate the foreign exchange variation of certain liabilities as a hedge of exchange risk linked to a highly probable forecast export transaction (cash flow hedge).

Usiminas companies document, at the beginning of the operation, the relationship between the hedge instruments and hedged items, as well as the objectives of risk management and the strategy for entering into various hedge transactions. Usiminas companies also document their assessment, both at the beginning of the hedge and on an ongoing basis, that the financial instruments used in the hedge transactions are highly effective in offsetting variations in the cash flows of hedged items.

The changes in hedge amounts classified in the account “Cash flow hedge reserve” in equity are detailed in Note 6.

(c) Cash flow hedges

The effective portion of changes in the fair value of financial liabilities that are designated and qualified as cash flow hedges is recognized in equity within “Cash flow hedge reserve”. The gain or loss relating to the ineffective portion is immediately recognized in the income statement within “Hedge accounting exchange variation adjustment”, in the caption “Finance income (costs)”.

Amounts accumulated in equity are reclassified to the income statement in the periods the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of financial liabilities that hedge the exchange risk related to highly probable future exports is recognized in the income statement within “Sales of products – foreign market” (in the line “Recognition - hedge accounting”). The gain or loss relating to the ineffective portion is immediately recognized in the income statement within “Hedge accounting exchange variation adjustment”, in the caption “Finance income (costs)”.

When a hedging instrument expires or is settled in advance, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within “Hedge accounting exchange variation adjustment”, in the caption “Finance income (costs)”.

3.8 Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of Usiminas companies' business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. In practice, trade receivables are usually recognized at invoice value, adjusted for an impairment provision, if necessary.

3.9 Inventories

Inventories are stated at average purchase or production cost, lower than net realizable value or replacement cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Imports in transit are stated at the accumulated cost of each import.

The cost of finished goods and work in progress comprises the costs of raw materials, direct labor, other direct costs, and the related direct production expenses, determined based on the installed operational capacity.

3.10 Judicial deposits

Judicial deposits are amounts deposited in court in bank accounts linked to the judicial proceeding to ensure the payment of future potential liability. Accordingly, these accounts may be used only in accordance with court orders.

Deposits are updated in accordance with specific rules of each court and, as they represent a guarantee for disputes in course, can be redeemed by the prevailing party. Therefore, if the Company receives an unfavorable decision, the amounts deposited in court will be used to decrease the corresponding liability amount; if the Company has a favorable decision, the deposits can be withdrawn.

3.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the purchase consideration over the net fair value amount of assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries and jointly-controlled entities is included in "Intangible assets". If the acquisition results in negative goodwill, the amount is recognized in the income statement for the period, at the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, segregated according to operating segment.

(b) Mineral rights

Mineral rights are initially recorded at fair value on purchase and subsequently presented net of depletion.

Mineral rights from business combinations are recognized at fair value considering the allocation of assets acquired and liabilities assumed.

Mineral rights are amortized in accordance with mine depletion estimates.

(c) Software

Software licenses purchased are capitalized and amortized over their estimated useful lives at the rates mentioned in Note 19.

Development costs that are directly attributable to the design and testing of identifiable and unique software products, controlled by Usiminas companies, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sale;
- management intends to complete the software product and use or sell it;
- there is the ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads.

Development expenditures that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

Software development expenditures recognized as assets are amortized using the straight-line method over their useful lives at the rates mentioned in Note 19.

3.12 Property, plant and equipment

Property, plant and equipment are recorded at cost of acquisition, formation or construction, less depreciation and, when applicable, impairment losses. Depending on the type of asset and the acquisition date, cost refers to the historical cost of acquisition or to the historical cost adjusted for inflation, under the provisions of CPC 37 and IAS 29, when Brazil qualified as a hyperinflationary economy. For IFRS purposes, the Brazilian economy was considered hyperinflationary up to 1997.

Upon replacement, the main components of certain items of property, plant and equipment are recorded as individual and separate assets and depreciated considering the specific economic useful life of each component. The replaced component is written off. Repair and maintenance costs incurred to restore or maintain the original performance standards are expensed during the period in which they occur.

Usiminas companies recognize monthly, as part of the acquisition cost of the property, plant and equipment in progress, interest and, when applicable, foreign exchange variations incurred on loans and financing considering the following capitalization criteria: (a) the capitalization period extends through the period the property, plant and equipment item is under construction and the capitalization of interest ceases when the asset is made available for use; (b) interest is capitalized considering the weighted average rate of loans existing on the capitalization date; (c) the capitalized foreign exchange variation corresponds to that considered as the annual interest rate adjustment (interest component); (d) interest and exchange variation capitalized monthly do not exceed the interest and exchange variation expenses calculated in the period of capitalization; and (e) capitalized interest and exchange variation are depreciated based on the same criteria and useful life determined for the property, plant and equipment item to which they refer.

In R$ thousands unless otherwise stated

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

		Years
	2011	**2010**
Buildings	24	25
Facilities	14	15
Machinery and equipment	18	15
Vehicles	7	8
Furniture, fittings and equipment	8	8
Data processing equipment	3	3
Tools, instruments and implements	8	8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other operating income (expenses), net” in the income statement.

3.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets with defined useful lives are reviewed to identify evidence of impairment at the balance sheet date and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of impairment, the assets are tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were subject to impairment losses are reviewed for possible reversal of the impairment at each reporting date.

3.14 Suppliers, contractors and freight

Payables to suppliers and contractors and for freight are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due in one year or less. Otherwise, they are presented as non-current liabilities.

Payables to suppliers and contractors and for freight do not include financial charges and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if applicable.

3.15 Loans and financing and debentures

(a) Recognition and measurement

Loans and financing and debentures (non-convertible into shares) are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Usiminas companies have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(b) Cost of loans

The costs of loans attributed to acquisition, construction or production of an asset which, necessarily, requires a substantial period of time to make ready for use or sale are capitalized as part of the cost of these assets. Other costs of loans are recognized as an expense in the period in which they occur. Costs of loans comprise interest and other costs incurred by the Company relating to borrowings.

3.16 Provisions for contingencies

Provisions for contingencies related to labor, tax and civil judicial or administrative proceedings are recognized when there is a legal or informal present obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.17 Provision for environmental restoration

The provision for environmental restoration, when related to the construction or acquisition of an asset, is recorded as part of the cost of that asset and takes into consideration management's estimates regarding future expenditures discounted to present value. The increase in the provision due to passage of time is recognized as interest expense.

3.18 Current and deferred income tax and social contribution

The tax expense for the period comprises current and deferred income tax. Income taxes are recognized in the income statement, except to the extent that they relate to items recognized directly in equity. In this case the tax is also recognized in equity or in comprehensive income.

Corporate income tax is calculated based on pre-tax income, adjusted to taxable income by additions and exclusions required by Brazilian tax legislation. Social contribution, a Brazilian federal tax on income, is calculated at the current rate on pre-tax income adjusted under the terms of current tax legislation. Deferred income tax and social contribution are calculated on income tax and social contribution losses and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution liabilities are fully recognized until the corresponding asset is realized. The currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Current income tax and social contribution are presented net, by taxable entity, in liabilities, when there are amounts to be paid, or in assets when the amounts prepaid exceed the total amount due at the reporting date.

The recognition of tax assets is supported by a study of the expectation of future taxable profits, prepared and based on internal assumptions and future economic scenarios that, therefore, are subject to change. This study was reviewed by the statutory Audit Committee and approved by the Board of Directors.

Deferred tax assets and liabilities are presented net in the balance sheet when there is the legal right and intention of offsetting them for the calculation of current taxes, in general related to the same legal entity and same tax authority.

3.19 Employee benefits

(a) Supplementary pension plan

The Company and certain subsidiaries participate in private retirement plans, managed by supplementary private pension entities, to provide their employees with pension and other post-employment benefits.

The liability recognized in the balance sheet in respect of the defined benefit retirement plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, with adjustments for (i) actuarial gains or losses, (ii) the asset ceiling, and (iii) the minimum funding requirements. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future cash outflows using market interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Debts contracted for minimum funding requirements are taken into consideration to determine an additional liability for future contributions that will not be recoverable.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The costs of past services are immediately recognized in the income statement, unless the changes in the retirement plan are subject to the employee continuing to work for the Company, for a specific period of time (period in which the right is acquired). In this case, the costs of past services are amortized on the straight-line basis during the period in which the right was acquired.

For the defined contribution plan (Cosiprev), the Company pays contributions to a supplementary private pension entity on compulsory, contractual or voluntary bases. Except for the portion related to the disability and death benefits, for which an actuarial calculation is made by an independent actuary, the Company has no further obligations for additional payments. The contributions are recognized as an expense when they become due.

(b) Post-retirement health plan

Post-retirement health plan benefits were offered to the employees who retired from the merged company Companhia Siderúrgica Paulista - Cosipa up to April 30, 2002. An active employee was entitled to this benefit if they worked until retirement. The expected costs of these benefits were accrued over the period of employment using an accounting methodology similar to that used for defined benefit retirement plans. These obligations are valued annually by independent actuaries.

(c) Profit sharing

Usiminas companies provide for profit sharing based on the achievement of operating and financial targets agreed with their employees. These amounts are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

(d) Share based compensation

The Company has a share based compensation plan, to be settled with preferred shares held in treasury, which permits members of management and other executives indicated by the Board of Directors to acquire its shares. The fair value of the employees' services, received in exchange for the granting of options, is recognized as an expense. The total amount to be recognized is determined through the reference to the fair value of the options granted, excluding the impact arising from any non-market conditions of acquisition of rights based on the service and performance (for example, profitability, sales increase targets and permanence in the employment for a specific period of time). The non-market conditions of acquisition of rights are included in the assumptions on the number of options which should be exercised. Once the conditions established in the plan are met, the total amount of expense is recognized during the period in which the rights are acquired.

At the balance sheet date, the Company revises its estimates of number of options which should be exercised based on the non-market conditions of acquisition of rights. The impact of the review of the initial estimates, if any, is recognized in the income statement, with a corresponding increase in equity.

When the options are exercised, the amounts received, net of any transaction cost directly attributable, are credited to the share capital (nominal value).

The social charges payable relating to the granting of shares options are considered an integral part of the grant, and the payment is treated as a transaction settled in cash.

3.20 Leases

Leases of property, plant and equipment items in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. These finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease installment paid is allocated, part to liabilities and part to financial charges, so that a constant rate on the outstanding debt is obtained. The corresponding liabilities, net of financial charges, are included in loans and financing segregated between current and non-current based on the payment term. The interest expenses are recognized in the income statement during the lease period, to provide a periodical constant rate of interest on the outstanding balance of liabilities for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of all incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.21 Share capital

Common and preferred shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are stated in equity as a deduction of the amount obtained, net of taxes

Where any Usiminas company purchases the Company's share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's shareholders until the shares are canceled or reissued.

No new shares were issued and/or any Company’s shares purchased by Usiminas companies in the years ended December 31, 2011 and 2010.

3.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the activities of Usiminas companies. Revenue is stated net of value-added tax, returns, rebates and discounts and after eliminating sales between Usiminas companies.

Usiminas companies recognize revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the entity, and (iii) when specific criteria have been met for each of the activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Usiminas companies base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of products

Usiminas companies manufacture and sell several products and raw materials, such as flat steels, iron ore and steel stamped parts for the automotive industry, and products for the civil construction and capital asset industries.

Sales revenue is recognized when the significant risks and benefits of ownership of products are transferred to the customer. The Company's criterion of revenue recognition, therefore, is the date on which the product is delivered to the customer.

(b) Sales of services

Usiminas companies render services relating to transfer of technology in steel metallurgy, project management and service rendering in the civil construction and capital asset industries, road transportation of flat steels, galvanization of steel via hot dipping and graining and chrome plating of cylinders.

Revenue from services rendered is recognized based on the stage of execution of the services at the balance sheet date.

(c) Revenue from orders in progress

Revenue from orders in progress is recognized under the percentage of completion (POC) method. The revenue is calculated and recorded based on the application, to the updated sales price, of the percentage of costs incurred in relation to the updated total budgeted cost, adjusted by a provision for recognition of losses on orders in progress, when applicable. Amounts billed in excess of the physical completion of each project are recognized as billed services to be provided, in current liabilities.

The differences between the actual final cost and the total budgeted cost, updated and periodically reviewed, have been kept within parameters considered reasonable by management. Contracts to order contain equipment manufacture guarantee clauses after the entry into service for variable periods; any costs incurred are charged directly to the income statement.

Revenue from orders in progress is exclusively part of the operations of the subsidiary Usiminas Mecânica, which also sells services. Revenues of Usiminas Mecânica comprise the amounts presented in Note 30.1 under Capital Assets.

(d) Interest income

Interest income is recognized on the accrual basis considering the contractual term and using the effective interest method.

3.23 Distribution of dividends and interest on own capital

Distribution of dividends and interest on own capital to the owners of the Company is recognized as a liability in the Company's financial statements at year-end based on the bylaws. Amounts above the minimum mandatory limit established by Law are only recognized when approved by the shareholders.

The tax benefit of interest on own capital is recognized in the income statement.

3.24 New accounting standards, amendments and interpretations that are not yet effective

The following new standards, amendments and interpretations of standards were issued by IASB but are not effective for 2011. The early adoption of these standards, although incentivized by IASB, has not been adopted in Brazil, by the Accounting Pronouncement Committee (CPC).

. IAS 19 - "Benefits to Employees", amended in June 2011. The main impacts of the amendments are: (i) elimination of the corridor approach, (ii) immediate recognition of actuarial gains and losses in the income statement, (iii) immediate recognition of costs of past services in the income statement, and (iv) replacement of the cost of interest and expected return on the plan assets by an amount of net interest, calculated through the application of the discount rate to the asset (liability) of net defined benefit. No impacts are expected on Usiminas companies financial statements. The standard is applicable as from January 1, 2013.

. IFRS 9 - " Financial Instruments". Introduces new requirements for classifying and measuring financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and replaces parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and measured at amortized cost. The determination is made at the initial recognition. The classification basis depends on the entity's business model and on the contractual characteristics of financial instrument cash flows. As regards financial liabilities, the standard maintains most of the requirements established by IAS 39. The main change is that, in the cases in which the option for fair value is adopted for financial liabilities, the portion of change in the fair value due to the credit risk of the entity itself is recorded in other comprehensive income and not in the income statement, except when resulting in an accounting mismatch. Usiminas companies are assessing the total impact of IFRS 9. The standard is applicable as from January 1, 2015.

. IFRS 10 - "Consolidated Financial Statements". The standard is based on already existing principles, identifying the concept of control as the predominant factor to determine whether an entity should or should not be included in the consolidated financial statements of the parent company. The standard provides additional guidelines for the determination of control. The Company is assessing the total impact of IFRS 10.The standard is applicable as from January 1, 2013.

. IFRS 11 - "Joint arrangements", issued in May 2011. The standard sets forth a more realistic reflection of joint arrangements by focusing on the rights and obligations of the agreement instead of its legal form. There are two types of joint arrangements: (i) joint operations – when an operator has rights on the assets and contractual obligations and as a consequence, will record its portion of assets, liabilities, income and expenses; and (ii) shared control – when an operator has rights on the contract net assets and records the investment on the equity method. The method of proportional consolidation will no longer be permitted for jointly-controlled entities. The Company is assessing the impact on the financial statements. The standard is applicable as from January 1, 2013.

. IFRS 12 - "Disclosure of interests in other entities". The standard deals with the disclosure requirements for all types of interest in other entities, including joint arrangements, associations, specific purpose entities and other off-book interests. The Company is still assessing the total impact of IFRS 12. The standard is applicable as from January 1, 2013.

. IFRS 13 - "Measurement of fair value", issued in May 2011. The purpose of IFRS 13 is to improve consistency and reduce the complexity of the measurement at fair value, providing a more accurate definition and one single source of measurement of fair value and the disclosure requirements under IFRS. The requirements, which are aligned between IFRS and US GAAP, do not extend the use of accounting at fair value, but provide guidelines on its application when such use is already required or permitted by other IFRS or US GAAP standards. The Company is still assessing the total impact of IFRS 13.The standard is applicable as from January 1, 2013.

There are no other IFRS standards or IFRIC interpretations which are not yet effective that might impact significantly Usiminas companies.

There are no new pronouncements or interpretations of CPC/IFRS effective since January 1, 2011 which significantly impact the financial statements of Usiminas companies.

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

Usiminas companies make estimates concerning the future, based on assumptions. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Estimated impairment of goodwill

Usiminas companies test annually whether goodwill has undergone any impairment in accordance with the accounting policies stated in Note 3.13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 19).

In 2011, an impairment loss of R$5,552 (December 31, 2010 – R$5,387) was recorded relative to the goodwill allocated to UGC Modal.

(b) Income tax and social contribution

Usiminas companies are subject to income taxes in all countries in which they operate. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. Usiminas companies also recognize provisions on account of situations in which it is likely that additional amounts of taxes are due. When the final result of these issues differs from the amounts initially estimated and recorded, these differences affect the current and deferred tax assets and liabilities in the period in which the definite amount is determined.

Usiminas companies recognize deferred tax assets and liabilities based on the differences between the carrying amount presented in the financial statements and the tax basis of assets and liabilities using the current rates. Usiminas companies review, on a regular basis, the recoverability of deferred tax assets considering the historical profit generated and the estimated future taxable income, based on technical feasibility studies.

(c) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined through valuation techniques. Usiminas companies use their judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The sensitivity analyses presented for the financial instruments considers probable changes based on market indices and stress factors of 25% and 50% when compared to the probable scenario (Note 5.4).

(d) Revenue recognition

The subsidiary Usiminas Mecânica utilizes the percentage-of-completion (POC) method to account for orders in progress sold at fixed prices. The use of the POC method requires estimation of the services performed up to the balance sheet date as a proportion of the total services to be performed.

(e) Retirement benefit plans

The present value of the retirement obligations depends on various factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirements include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

Usiminas companies determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. Usiminas companies consider the interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation in determining the appropriate discount rate.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

The Company and certain subsidiaries recognize a liability relating to the debt assumed to cover insufficiency of pension plan reserves.

(f) Provisions for contingencies

Usiminas companies are parties to various judicial and administrative proceedings (Note 24). Provisions are recorded for all contingencies relating to litigation that represent probable losses. The probability of loss is assessed based on available evidence, which includes the opinions of internal and external legal consultants. Management believes that these contingency provisions and disclosures are appropriately presented in the financial statements.

(g) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on the straight-line method over the assets' useful lives (Note 17). The useful lives are estimated based on appraisals of Usiminas companies´ engineers and external consultants, and are reviewed on a regular basis. Management believes that the useful lives of property, plant and equipment items are correctly evaluated and presented in the financial statements.

4.2 Critical judgments in the application of the Company's accounting policies

(a) Segregation of interest and monetary variation related to local borrowings

The Company reassessed the manner of interpreting and accounting for interest and monetary restatement of contracts indexed to CDI, and segregated the Amplified Consumer Price Index (IPCA) for loans and financing indexed to the Interbank Deposit Certificate (CDI). The portion related to IPCA was segregated from interest on loans and financing and classified as “Monetary effects” in the Group of “Finance costs” within “Finance income (costs)”.

Management believes that this segregation is properly presented in the financial statements.

5 Financial Risk Management

5.1 Financial risk factors

The activities of Usiminas companies expose them to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, commodity price risk and steel price risk), credit risk, and liquidity risk. The companies' overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on their financial performance. Usiminas companies use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the corporate finance department under policies approved by the Finance Committee and Board of Directors. This team identifies, evaluates and hedges financial risks in close co-operation with other units, such as the operating units, procurement and planning. The Board of Directors provides written standards and policies for overall risk management, including foreign exchange risk, interest rate risk and credit risk, through the use of derivative financial instruments and non-derivative financial instruments, and investment of cash.

(a) Policy for utilization of financial instruments

The financial instruments of Usiminas companies are recorded in balance sheet accounts at December 31, 2011 and 2010. Usiminas companies adopt a responsible policy for the management of their financial assets and liabilities, systematically monitored by the Finance Committee and Board of Directors. The purpose of this policy is to: (i) maintain the desired liquidity, (ii) define the concentration level of operations, and (iii) control the level of exposure to financial market risks. Usiminas companies enter into derivative transactions solely to protect their financial assets and liabilities and to reduce the volatility of cash flows, monitoring foreign exchange exposure, a possible mismatch between currencies, commodity price and other aspects.

Usiminas companies do not have financial instrument contracts subject to margin calls.

(b) Financial risk management policy

Usiminas companies manage their financial risks as a basis for their growth strategy and healthy cash flows. The purpose is to reduce the volatility of cash flows through the management of foreign exchange rates, interest rates and market conditions. The financial risk management is implemented by means of internal procedures, which establish risk management strategies and equity protection policies, allowing for the execution of hedge transactions, and through decisions of the Finance Committee, created on June 10, 2009, which meets periodically. Usiminas companies do not carry out speculative transactions. Internal controls monitor, on a consolidated basis, the finance income (costs) and impacts on cash flows. The main parameters used in management of these risks are: exchange rates, interest rates, raw material prices and product prices. Derivative transactions are carried out with highly-rated financial institutions, which are continuously monitored, evaluating limits and exposures to credit risk of counterparties.

(c) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits and financial investments with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables.

The sales policy is based on the credit standards established by management, which seek to mitigate potential problems arising from customer defaults. Additionally, a Credit Committee, formed of experts from the finance and sales areas, evaluates and monitors customer risk. The objectives are achieved by a detailed credit analysis and selection of customers based on their payment capacity, debt ratios and analysis of balance sheets and through accounts receivable diversification (risk spread).

The Company also has a provision for impairment of trade receivables of R$107,868 at December 31, 2011 (December 31, 2010 - R$51,233), equivalent to 12.1% of the outstanding accounts receivable at that date (December 31, 2010 - 3.8%). At the consolidated level, this provision amounts to R$126,149 at December 31, 2011 (December 31, 2010 - R$71,156), equivalent to 9.2% of the outstanding accounts receivable at that date (December 31, 2010 – 3.9%).

As to financial and other investments, the Usiminas companies' policy is to operate with highly-rated financial institutions. Only securities and notes of entities rated by the international rating agencies as "A-" or higher are accepted. No financial institution holds, alone, more than 20% of the total financial and other investments of Usiminas companies.

(d) Liquidity risk

The Company adopts a responsible policy for the management of its financial assets and liabilities, systematically monitored by the Finance Committee and Board of Directors. The resources are managed through operating strategies, with the purpose of ensuring liquidity, profitability and security.

The policy involves a detailed analysis of the counterparties´ financial statements, net equity and rating, to assist the Company in maintaining its desired liquidity, define the concentration level of operations, and control the level of exposure to financial market risks as well as to dilute liquidity risk.

In R$ thousands unless otherwise stated

Cash flow forecasting is based on the budget approved by the Board of Directors and subsequent updates. This forecasting takes into consideration, besides all the operating plans, the financing plans required to support the expected investments and the maturity schedules of debt, besides monitoring the compliance with covenants and internal leverage goals. The Treasury Department monitors the forecasts of the Company's direct cash flow daily to ensure it has sufficient cash to cover operational and investment needs and to meet its obligations. The Company also has credit lines contracted to increase and strengthen its liquidity position.

Cash held by Usiminas companies is managed by the Central Finance department, which invests in time deposits (CBDs), and repurchase transactions, choosing instruments with appropriate maturities and with sufficient liquidity. At December 31, 2011, the Company had short-term funds amounting to R$363,586 (December 31, 2010 – R$1,526,767) and marketable securities totaling R$124,396 (December 31, 2010 - R$237,134). At the consolidated level, short-term funds totaled R$2,901,312 (December 31, 2010 - R$4,145,779) and marketable securities amounted to R$2,289,383 (December 31, 2010 - R$397,787).

The table below analyzes Usiminas companies' main non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their maturities are essential for an understanding of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

				Parent Company
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2011				
Suppliers, contractors and freight	1,270,212			
Loans and financing	1,261,522	1,749,961	4,302,578	1,103,932
Debentures	293,260	263,789		
Finance lease liabilities	4,036	835		
Derivative financial instruments	(42,161)	(21,831)	138,392	302,310
At December 31, 2010				
Suppliers, contractors and freight	1,174,054			
Loans and financing	956,491	2,415,269	3,026,236	755,335
Debentures	53,831	554,393		
Finance lease liabilities	6,886	2,820		
Derivative financial instruments	57,037	39,187	51,364	(415,627)

In R$ thousands unless otherwise stated

				Consolidated
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2011				
Suppliers, contractors and freight	1,462,373			
Loans and financing	1,347,108	1,823,264	4,453,421	1,162,083
Debentures	293,260	263,789		
Bonds	85,348	85,348	615,731	831,917
Finance lease liabilities	7,549	1,232		
Derivative financial instruments	(42,128)	(19,238)	138,138	302,310
At December 31, 2010				
Suppliers, contractors and freight	1,288,109			
Loans and financing	1,036,752	2,505,028	3,149,521	813,981
Debentures	53,831	554,393		
Bonds	75,812	152,018	553,066	738,960
Finance lease liabilities	14,772	5,416		
Derivative financial instruments	37,219	20,047	4,697	65,127

Since the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the balance sheet for suppliers, contractors and freight, loans, debentures, derivative financial instruments and other obligations.

Of the amounts presented in the column "Less than 1 year" referring to loans and financing at December 31, 2011, the Company expects to repay R$268,247 in the first quarter of 2012.

(e) Market risk

(i) Foreign exchange risk

Usiminas companies operate internationally and are exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to the US dollar and, to a lesser extent, the yen and euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations.

According to the financial policy, derivative transactions are intended to reduce costs, decrease the cash flow volatility, mitigate foreign exchange volatility risks and avoid currency mismatches.

In R$ thousands unless otherwise stated

As a preventive measure and to mitigate the effects of foreign currency volatility, management has contracted swaps and non-deliverable forwards (NDFs), as well as holding foreign currency - denominated assets, as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Foreign currency assets				
Cash and cash equivalents	85,588	152,897	107,213	175,166
Marketable securities	124,396	202,011	2,289,383	362,664
Trade receivables and current accounts related parties	231,694	340,234	244,855	306,438
Guarantee deposits				86,589
Advances to suppliers	87,860	419,698	87,860	438,458
Derivative financial instruments (i)	374,753	266,099	(125,403)	(129,029)
Investments (ii)	2,207,535	1,835,738		1,648,672
	3,111,826	3,216,677	2,603,908	2,888,958
Foreign currency liabilities				
Loans and financing	(4,547,737)	(4,333,611)	(4,248,216)	(4,052,973)
Suppliers, contractors and freight	(606,751)	(303,800)	(617,061)	(313,918)
Advances from customers	(2,998)	(2,998)	(4,805)	(6,327)
Other payables	(5,172)	(52,719)	(543,965)	(265)
	(5,162,658)	(4,693,128)	(5,414,047)	(4,373,483)
Net exposure	(2,050, 832)	(1,476,451)	(2,810, 139)	(1,484,525)

(i) Net result of swap transactions The Company's swaps contracted in Brazil are registered at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). Foreign transactions are supported by contracts with the International Swaps and Derivatives Association, Inc. (ISDA).

(ii) In the Consolidated, at December 31, 2010, refers to the investment in Ternium S.A. (“Ternium”) (Note 16 (e) (i)).

In R$ thousands unless otherwise stated

Together with the net exposure of assets and liabilities at December 31, 2011 as shown above, it is also important to consider the net balance between the export and import accounts forecast for 2012. Approximately 18% of the net revenue (unaudited) of Usiminas companies arises from foreign sales. Accordingly, the Company has a natural hedge resulting from a consistent revenue stream which represented US$707,488 thousand (R$1,327,106) (unaudited) in 2011.

The loans and financing and debentures are denominated in the following currencies:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Real	4,389,077	3,527,127	4,514,426	3,664,127
Euro	35,564	40,680	35,564	40,680
U.S. dollar	2,890,357	2,925,294	4,209,729	4,009,827
Yen	1,621,816	1,367,637	2,923	2,466
Total loans, financing and debentures	8,936,814	7,860,738	8,762,642	7,717,100

The sensitivity to exchange rate volatility is presented in Note 5.4(b).

(ii) Cash flow or fair value risk related to interest rates

The Usiminas companies have no significant interest-earning assets.

Their interest rate risk arises from loans and financing. Borrowings obtained at floating rates expose Usiminas companies to cash flows interest rate risk. Borrowings obtained at fixed rates expose Usiminas companies to fair value interest rate risk.

According to the financial policy, derivative transactions are intended to mitigate the risk by replacing floating rates with fixed rates, or substitute interest rates based on international indices with interest rates based on local currency indices, following the directives of the Finance Committee.

At December 31, 2011 and 2010, the borrowings of Usiminas companies at floating rates were denominated in reais, US dollar, yen and euro.

In R$ thousands unless otherwise stated

The interest rates for loans and financing recorded in current and non-current liabilities are as follows:

	Parent Company				Consolidated			
	12/31/2011	%	12/31/2010	%	12/31/2011	%	12/31/2010	%
Loans and financing								
Fixed interest	1,686,101	19	1,571,456	20	1,282,411	14	1,245,006	16
Long-term Interest Rate (TJLP)	1,057,603	12	486,839	6	1,120,181	13	568,126	7
London Interbank Offered Rate (LIBOR)	2,798,469	31	2,808,178	36	2,966,956	34	2,868,025	37
Interbank Deposit Certificates (CDI)	2,789,071	31	2,354,733	30	2,823,255	32	2,392,371	31
Other	81,151	1	117,116	1	45,420	1	121,156	2
	8,412,395	94	7,338,322	93	8,238,223	94	7,194,684	93
Debentures								
Interbank Deposit Certificates (CDI)	524,419	6	522,416	7	524,419	6	522,416	7
	8,936,814	100	7,860,738	100	8,762,642	100	7,717,100	100

The Company has derivative financial instruments for the management of risks related to volatility in interest rates of loans and financing denominated in foreign currency and, in some cases, local currency. This includes locking in the London Interbank Offered Rate (LIBOR) in certain circumstances, with the purpose of hedging against such risks. Overseas, loans and financing are supported by contracts with the International Swaps and Derivatives Association, Inc (ISDA). When operations are contracted locally, they are supported by CGD contracts.

(iii) Commodity price risk

This risk arises from the possibility of fluctuations in the price of raw materials and inputs used in the steel production process, which are considered as commodities. Non-deliverable Forward (NDF) transactions are contracted to provide economic protection for the Company's exports and imports.

5.2 Capital management

The objectives of Usiminas companies when managing capital are to safeguard the ability to continue as going concerns in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may review its policy on dividends paid to stockholders, return capital to stockholders or, also, issue new shares or sell assets to reduce, for example, debt.

In R$ thousands unless otherwise stated

Consistent with others in the industry, Usiminas companies monitor capital on the basis of the financial leverage ratio. This ratio is calculated as net debt divided by EBITDA. Net debt corresponds to total loans and financing, payables to Fundação Cosipa de Seguridade Social -(FEMCO) and taxes payable in installments (including 'current and non-current transactions' as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities.

In 2011, Usiminas companies' strategy, which was unchanged from 2010, was to maintain a financial leverage ratio close to 2.5x and a "BBB-" credit rating.

	12/31/2011	12/31/2010
Total loans, financing, debentures, FEMCO and taxes payable in installments	9,117,254	8,107,275
Less: cash and cash equivalents and marketable securities	(5,190,695)	(4,543,566)
Net debt	3,926,559	3,563,709
EBITDA (Note 29)	1,263,692	2,650,215
Net debt/EBITDA	3.11	1.34

In addition, we show below the calculation of the financial leverage ratio considering the net debt as a percentage of total capital. The total capital is calculated through the sum of equity, as stated in the consolidated balance sheet, with the net debt.

	12/31/2011	12/31/2010
Total loans, financing, debentures, FEMCO and taxes payable in installments	9,117,254	8,107,275
Less: cash and cash equivalents and marketable securities	(5,190,695)	(4,543,566)
Net debt	3,926,559	3,563,709
Total equity	19,014,205	19,029,437
Total capital	22,940,764	22,593,146
Financial leverage ratio	17%	16%

5.3 Fair value estimates

Due to its short-term maturity, the balance of trade receivable, less provision for impairment, approximates fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Usiminas companies for similar financial instruments.

For swap and NDF transactions, receivables and payables are calculated by the Company in an independent manner using a mark-to-market methodology based on rates practiced in the market and consistent with those disclosed by the Brazilian Futures and Commodities Exchange (BM&F), Broadcast and Bloomberg. If there are no trades for the Company's portfolio maturities, the interpolation methodology is used to calculate the rates related to specific terms. In both cases, the present value of cash flows is calculated. The difference between the amounts payable and receivable is the fair value of the transaction.

(a) Financial instruments measured at fair value in the balance sheet

Usiminas companies adopt CPC 40 and IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the assets and liabilities of Usiminas companies that are measured at fair value at December 31, 2011 and 2010:

In R$ thousands unless otherwise stated

(b) Parent Company

			12/31/2011
	Level 1	Level 2	Total balance
Assets			
Financial assets at fair value through profit or loss			
- Derivative financial instruments		442,332	442,332
Cash and cash equivalents			
- CDBs	248,619		248,619
Total assets	248,619	442,332	690,951
Liabilities			
Financial liabilities at fair value through profit or loss			
- Derivative financial instruments		67,579	67,579
Total liabilities		67,579	67,579

			12/31/2010
	Level 1	Level 2	Total balance
Assets			
Financial assets at fair value through profit or loss			
- Derivative financial instruments		361,375	361,375
Cash and cash equivalents			
- CDBs	1,344,008		1,344,008
Total assets	1,344,008	361,375	1,705,383
Liabilities			
Financial liabilities at fair value through profit or loss			
- Derivative financial instruments		95,276	95,276
Total liabilities		95,276	95,276

In R$ thousands unless otherwise stated

(c) Consolidated

			12/31/2011
	Level 1	Level 2	Total balance
Assets			
Financial assets at fair value through profit or loss			
- Derivative financial instruments		465,436	465,436
Cash and cash equivalents			
- CDBs	2,721,957		2,721,957
Total assets	2,721,957	465,436	3,187,393
Liabilities			
Financial liabilities at fair value through profit or loss			
- Derivative financial instruments		590,839	590,839
Total liabilities		590,839	590,839

			12/31/2010
	Level 1	Level 2	Total balance
Assets			
Financial assets at fair value through profit or loss			
- Derivative financial instruments		381,193	381,193
Cash and cash equivalents			
- CDBs	3,916,342		3,916,342
Total assets	3,916,342	381,193	4,297,535
Liabilities			
Financial liabilities at fair value through profit or loss			
- Derivative financial instruments		510,222	510,222
Total liabilities		510,222	510,222

In R$ thousands unless otherwise stated

The fair value of financial instruments traded in active markets (such as securities held-for-trading and available-for-sale) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by Usiminas companies is the current bid price. These instruments are included in Level 1, and mainly comprises investments classified as held-for-trading.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation methodologies maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. At December 31, 2011 and 2010 Usiminas companies had no financial instruments whose value was measured by Level 3 methodologies.

Specific techniques used to value financial instruments include:

- Quoted market prices or quotes of financial institutions or brokers for similar instruments.
- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(d) Fair value of loans and financing

The carrying amount of loans and financing, except for transactions in the capital market, approximates their fair value. For capital market transactions, such as debentures and bonds, the fair value reflects the value traded in the market. The difference between the carrying amount and market value is calculated in accordance with the rates disclosed in the websites of the Futures and Commodities Exchange (BM&F), Broadcast and Bloomberg and is summarized as follows:

				Parent Company
		12/31/2011		12/31/2010
	Carrying amount	Market value	Carrying amount	Market value
Bank loans - foreign currency	2,925,921	2,925,921	2,965,974	2,965,974
Bank loans - domestic currency	3,864,658	3,864,658	3,004,711	3,004,711
Debentures	524,419	524,642	522,416	522,416
Bonds	1,621,816	1,621,816	1,367,637	1,367,637
	8,936,814	8,937,037	7,860,738	7,860,738

In R$ thousands unless otherwise stated

				Consolidated
		12/31/2011		12/31/2010
	Carrying amount	Market value	Carrying amount	Market value
Bank loans - foreign currency	3,096,796	3,096,796	3,030,211	3,030,211
Bank loans - domestic currency	3,990,007	3,990,007	3,141,711	3,141,711
Debentures	524,419	524,642	522,416	522,416
Bonds	1,151,420	1,133,824	1,022,762	1,017,164
	8,762,642	8,745,269	7,717,100	7,711,502

At December 31, 2011 and 2010 the market values of loans and financing do not differ significantly from their carrying amounts, since they were contracted and are recorded based on market rates and conditions for transactions of similar nature, risk and term.

(e) Other financial assets and liabilities

The fair values of other financial assets and liabilities do not significantly differ from their carrying amounts, inasmuch as they were negotiated and are recorded at market rates and conditions for transactions of similar nature, risk and term.

5.4 Sensitivity analysis

The sensitivity analysis for derivative financial instruments is based on the quotations available in the financial market, provided by financial institutions and financial information providers (Broadcast, Bloomberg, BM & F), for the calculation of the future amounts of swap transactions and NDFs to show the scenario considered as “probable” by management. Additionally, scenarios II and III were stressed based on factors of 25% and 50% from the base risk level deemed as probable by management.

In R$ thousands unless otherwise stated

(a) Exchange rate and interest rate risk

(i) Parent Company

				Gain(Loss) 12/31/2011
Transaction	**Risk**	**Probable Scenario I**	**Scenario II**	**Scenario III**
Swap	Increase in CDI	(12,066)	(15,667)	(19,222)
Swap	Decrease in LIBOR	(5,565)	(6,268)	(6,972)
Swap	Decrease in LIBOR	(23,958)	(26,480)	(29,002)
Swap	Decrease in zinc	(1,403)	(3,206)	(5,009)
Swap	Increase in CDI	3,169	(9,602)	(22,454)
Swap	Decrease in LIBOR	(10,764)	(13,229)	(15,694)
NDF	Increase in US$	(814)	(37,914)	(75,015)

				Gain(Loss) 12/31/2010
Transaction	**Risk**	**Probable Scenario I**	**Scenario II**	**Scenario III**
Swap	Increase in CDI	(135,576)	(160,368)	(185,708)
Swap	Decrease in LIBOR	(12,870)	(14,676)	(16,482)
Swap	Decrease in LIBOR	(25,574)	(31,187)	(36,800)
Swap	Baixa do Alumínio	4,119	(9,976)	(24,071)
Swap	Decrease in zinc	127	67	6
Swap	Decrease in copper	284	(325)	(933)
Swap	Decrease in zinc	1,668	(2,824)	(7,316)
Swap	Increase in CDI	10,396	(11,440)	(33,911)
Swap	Decrease in LIBOR	1,418	(4,949)	(11,316)
Swap	Increase in CDI	(2,112)	(2,650)	(3,178)

In R$ thousands unless otherwise stated

(ii) Consolidated

				12/31/2011
				Gain(Loss)
Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
Swap	Increase in CDI	(12,066)	(15,667)	(19,222)
Swap	Decrease in LIBOR	(5,565)	(6,268)	(6,972)
Swap	Decrease in LIBOR	(23,958)	(26,480)	(29,002)
Swap	Decrease in zinc	(1,403)	(3,206)	(5,009)
Swap	Increase in CDI	3,169	(9,602)	(22,454)
Swap	Decrease in LIBOR	(10,764)	(13,229)	(15,694)
NDF	Increase in US$	(814)	(37,914)	(75,015)
Swap	Increase in CDI	4,371	3,946	3,526

				12/31/2010
				Gain(Loss)
Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
Swap	Increase in CDI	(135,576)	(160,368)	(185,708)
Swap	Decrease in LIBOR	(12,870)	(14,676)	(16,482)
Swap	Decrease in LIBOR	(25,574)	(31,187)	(36,800)
Swap	Baixa do Alumínio	4,119	(9,976)	(24,071)
Swap	Decrease in zinc	127	67	6
Swap	Decrease in copper	284	(325)	(933)
Swap	Decrease in zinc	1,668	(2,824)	(7,316)
Swap	Increase in CDI	10,396	(11,440)	(33,911)
Swap	Decrease in LIBOR	1,418	(4,949)	(11,316)
Swap	Increase in CDI	(2,112)	(2,650)	(3,178)

In R$ thousands unless otherwise stated

(b) Sensitivity analysis of loans and financing

(i) Parent Company

Table of Sensitivity Analysis of Loans and Financing — **12/31/2011**

	Probable Scenario I	Probable Scenario II	Probable Scenario III
Dólar	1.8758	2.3448	2.8137
EUR	2.4342	3.0428	3.6513
JPY	0.0243	0.0304	0.0365

Transaction	Risk		Probable Scenario I	Probable Scenario II	Probable Scenario III
Loans ans financial linked to US$	Aprecciation of USD	2.890.357	2,890,357	3,612,946	4,335,536
Loans ans financial linked to EUR	Aprecciation of EUR	35.564	35,564	44,455	53,346
Loans ans financial linked to JPY	Aprecciation of JPY	1.621.816	1,621,816	2,027,270	2,432,724

Table of Sensitivity Analysis of Loans and Financing — **12/31/2010**

	Probable Scenario I	Probable Scenario II	Probable Scenario III
Dólar	1.6662	2.0828	2.4993
EUR	2.2280	2.7850	3.3420
JPY	0.0205	0.0256	0.0308

Transaction	Risk		Probable Scenario I	Probable Scenario II	Probable Scenario III
Loans ans financial linked to US$	Aprecciation of USD	2,925,294	2,925,294	3,656,618	4,387,941
Loans ans financial linked toEUR	Aprecciation of EUR	40,680	40,680	50,850	61,020
Loans ans financial linked toJPY	Aprecciation of JPY	1,367,637	1,367,637	1,709,546	2,051,456

(ii) Consolidated

Table of Sensitivity Analysis of Loans and Financing — **12/31/2011**

	Probable Scenario I	Probable Scenario II	Probable Scenario III
Dólar	1.8758	2.3448	2.8137
EUR	2.4342	3.0428	3.6513
JPY	0.0243	0.0304	0.0365

Transaction	Risk		Probable Scenario I	Probable Scenario II	Probable Scenario III
Loans ans financial linked to US$	Aprecciation of USD	4,209,729	4,209,729	5,262,161	6,314,594
Loans ans financial linked to EUR	Aprecciation of EUR	35,564	35,564	44,455	53,346
Loans ans financial linked to JPY	Aprecciation of JPY	2,923	2,923	3,654	4,385

Table of Sensitivity Analysis of Loans and Financing — **12/31/2010**

	Probable Scenario I	Probable Scenario II	Probable Scenario III
Dólar	1.6662	2.0828	2.4993
EUR	2.228	2.7850	3.3420
JPY	0.0205	0.0256	0.0308

Transaction	Risk		Probable Scenario I	Probable Scenario II	Probable Scenario III
Loans ans financial linked to US$	Aprecciation of USD	4,209,729	4,209,729	5,012,284	6,014,741
Loans ans financial linked to EUR	Aprecciation of EUR	40,680	40,680	50,850	61,020
Loans ans financial linked to JPY	Aprecciation of JPY	2,466	2,466	3,083	3,699

Considering a foreign exchange variation of 5% against the real, the impact on loans and financing would be R$277,387 (December 31, 2010 – R$217,197) in the Company and R$212,411 (December 31, 2010 – R$175,572) in the Consolidated.

The net balance of trade receivables, marketable securities and trade payables in foreign currency are not material, and therefore do not represent significant risks arising from foreign exchange volatility.

6 Derivative Financial Instruments

Usiminas companies enter into swap and Non-deliverable Forward (NDF) transactions with the objective of hedging against and managing risks inherent to volatility of foreign currencies, interest rates, prices and others. These transactions aim at mitigating exposure to foreign exchange risks and abrupt changes in the prices of commodities (aluminum, nickel, copper and zinc). Usiminas companies do not hold financial instruments mainly for speculative purposes. The Company's policy is not to settle its transactions prior to their respective original due dates or prepay its derivative financial instruments.

In R$ thousands unless otherwise stated

The transactions with derivative financial instruments may be summarized as follows:

(a) Parent Company

	Maturity month/year	INDEX		NOTIONAL VALUE (contracted value - Notional)				FAIR VALUE (MARKET) -BOOK				Gain (loss) in the
		12/31/2011		12/31/2011		12/31/2010		12/31/2011		12/31/2010		12/31/2011
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Posição ativa	Asset position	Liability position
EXCHANGE RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	US dollar at 2.3784 + libor	100% CDI	US$ 70,000	US$ 70,000	US$ 70,000	US$ 70,000	6.737	(12.816)	11.427	(40.671)	11.225
Pre-pagamento Citibank	07/10 to 03/15	US dollar at 2.0261 + libor	US dollar at 2.0261 + 4.23%	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	555.126	(580.281)	42.248	(65.588)	(14.414)
Pre-pagamento HSBC	09/10 to 13/03	US dollar at 2.0261 + libor	US dollar at 2.0261 +3.3375%	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	483.124	(489.146)	16.690	(28.959)	(3.008)
Banco do Brasil S.A	04/10 to 03/13	Pre fixed rate 11.48% p.a.	98% CDI	R$ 300,00	R$ 300,00	R$ 300,00	R$ 300,00	367.894	(357.599)	314.851	(320.154)	15.597
MERRIL LYNCH	09/10 to 09/16	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	168.468	(176.610)	23.331	(24.610)	(9.861)
ABN AMRO	01/08 to 01/18	Yen to 0.0163307	US dollar at 1.7536	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1.191.394	(934.863)	1.064.486	(853.396)	33.550
ABN AMRO	06/13/2016	Yen to 0.019887	US dollar at 2.2672	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	615.282	(457.413)	547.608	(422.423)	25.822
								3.388.025	(3.008.728)	2.020.641	(1.755.801)	58.911
							Accounting balance (net asset position liability position)		379.297		264.840	58.911
											Result from settled transactions	(289)
											Result for the period - Financial expenses	58.622
HEDGING OF PRODUCT PRICE - NDF												
HSBC Bank	15/02/2012	US dollar at 1.8445	PTAX de Venda	USD 9.189	USD 9.189			64.360	(66.100)			(1.739)
HSBC Bank	17/01/2012	US dollar at 1.841	PTAX de Venda	USD 24.920	USD 24.920			6.255	(6.361)			(106)
Goldman Sacks	17/01/2012	US dollar at 1.843	PTAX de Venda	USD 3.410	USD 3.410			15.258	(15.536)			(278)
MERRIL LYNCH	15/02/2012	US dollar at 1.843	PTAX de Venda	USD 35.378	USD 35.378			25.565	(26.138)			(573)
MERRIL LYNCH	15/03/2012	US dollar at 1.8609	PTAX de Venda	USD 14.191	USD 14.191			25.873	(26.502)			(628)
Citibank	15/03/2012	US dollar at 1.9382	PTAX de Venda	USD 4.368	USD 4.368			8.295	(8.029)			265
								145.606	(148.666)	-	-	(3.059)
							Accounting balance (net asset position liability position)		(3.060)		-	(3.059)
											Result from settled transactions	(818)
											Result for the period - Operating Income (Expenses)	(3.877)
HEDGING OF PRODUCT PRICE - COMMODITIES												
SANTANDER SA (ALUMINIUM)	02/02/2011					USD 2.445	USD 2.271			4.076	(3.784)	
SANTANDER SA (ALUMINIUM)	02/03/2011					USD 2.450	USD 2.276			4.084	(3.792)	
SANTANDER SA (ALUMINIUM)	04/04/2011					USD 2.447	USD 2.285			4.079	(3.807)	
SANTANDER SA (ALUMINIUM)	03/05/2011					USD 2.461	USD 2.293			4.102	(3.821)	
SANTANDER SA (ALUMINIUM)	02/06/2011					USD 2.465	USD 2.298			4.108	(3.829)	
SANTANDER SA (ALUMINIUM)	04/07/2011					USD 2.469	USD 2.305			4.115	(3.841)	
SANTANDER SA (ALUMINIUM)	02/08/2011					USD 2.474	USD 2.313			4.122	(3.853)	
SANTANDER SA (ALUMINIUM)	02/09/2011					USD 2.479	USD 2.319			4.129	(3.864)	
SANTANDER SA (ALUMINIUM)	04/10/2011					USD 2.484	USD 2.323			4.136	(3.871)	
VOTORANTIM S.A. (ALUMÍNIO)	03/11/2011					USD 2.488	USD 2.330			4.142	(3.882)	
SANTANDER SA (ALUMINIUM)	02/12/2011					USD 2.492	USD 2.335			4.149	(3.891)	
SANTANDER SA (ALUMINIUM)	03/01/2012					USD 2.505	USD 2.339			4.172	(3.897)	
SANTANDER SA (COPPER)	02/03/2011					USD 206	USD 207			342	(345)	
Citibank (COPPER)	04/04/2011					USD 99	USD 99			164	(166)	
SANTANDER SA (COPPER)	02/06/2011					USD 205	USD 207			342	(344)	
Citibank (COPPER)	02/08/2011					USD 98	USD 99			163	(165)	
Citibank (COPPER)	02/09/2011					USD 98	USD 99			163	(165)	
SANTANDER SA (COPPER)	04/10/2011					USD 204	USD 205			339	(342)	
Citibank (COPPER)	03/11/2011					USD 97	USD 98			162	(164)	
Citibank (COPPER)	02/12/2011					USD 97	USD 99			162	(164)	
Citibank (COPPER)	04/01/2012					USD 97	USD 98			162	(161)	
SANTANDER SA (ZINC)	02/02/2011					USD 831	USD 754			1.385	(1.256)	
Citibank (ZINC)	02/03/2011					USD 845	USD 755			1.410	(1.258)	
SANTANDER SA (ZINC)	04/04/2011					USD 839	USD 758			1.399	(1.263)	
SANTANDER SA (ZINC)	03/05/2011					USD 842	USD 763			1.403	(1.271)	
Citibank (ZINC)	02/06/2011					USD 844	USD 765			1.406	(1.275)	
Citibank (ZINC)	05/07/2011					USD 846	USD 769			1.410	(1.281)	
SANTANDER SA (ZINC)	02/08/2011					USD 848	USD 771			1.413	(1.284)	
SANTANDER SA (ZINC)	02/09/2011					USD 850	USD 772			1.415	(1.287)	
Citibank (ZINC)	04/10/2011					USD 851	USD 775			1.417	(1.291)	
SANTANDER SA (ZINC)	03/11/2011					USD 852	USD 776			1.418	(1.293)	
SANTANDER SA (ZINC)	02/12/2011					USD 852	USD 773			1.418	(1.289)	
Citibank (ZINCO)	04/01/2012					USD 852	USD 777			1.419	(1.295)	
SANTANDER SA (ZINC)	02/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1.387	USD 1.387			1.879	(2.602)			(723)
Citibank (ZINC)	02/03/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1.412	USD 1.412			1.926	(2.649)			(724)
Barclays (ZINC)	02/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			273	(277)			(5)
Barclays (ZINC)	02/03/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			274	(277)			(4)
Barclays (ZINC)	03/04/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			275	(277)			(2)
Barclays (ZINC)	03/05/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			276	(280)			(4)
Barclays (ZINC)	04/06/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			276	(280)			(3)
Barclays (ZINC)	03/07/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			277	(280)			(2)
Barclays (ZINC)	02/08/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			278	(283)			(4)
Barclays (ZINC)	04/09/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			279	(283)			(3)
Barclays (ZINC)	02/10/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			280	(283)			(2)
Barclays (ZINC)	05/11/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			281	(284)			(3)
Barclays (ZINC)	04/12/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			282	(284)			(2)
Barclays (ZINC)	03/01/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			283	(284)			(2)
MERRILL LYNCH (COAL)	23/03/2011					USD 21.779	R$ 37.485			36.142	(37.485)	
MERRILL LYNCH (COAL)	15/04/2011					USD 5.504	R$ 9.473			9.173	(9.473)	
MERRILL LYNCH (COAL)	24/03/2011					USD 6.544	R$ 11.254			10.858	(11.254)	
MERRILL LYNCH (COAL)	28/03/2011					USD 7.070	R$ 12.158			11.724	(12.158)	
HSBC (COAL)	11/04/2011					USD 11.766	R$ 20.086			19.617	(20.086)	
MERRILL LYNCH (COAL)	12/04/2011					USD 8.695	R$ 14.842			14.495	(14.842)	
MERRILL LYNCH (COAL)	14/04/2011					USD 7.693	R$ 13.132			12.823	(13.132)	
SANTANDER SA (NICKEL)	08/10 a 02/11					US$ 140	US$ 130			238	(216)	
TOTAL								7.139	(8.623)	183.396	(182.137)	(1.483)
							Accounting balance (net asset position liability position)		(1.484)		1.259	(1.483)
											Result from settled transactions	(8.487)
											Result for the period - Cost of Sales	(9.970)
							Accounting balance (net asset position liability position)		**374.753**		**266.099**	**54.369**
											Result from settled transactions	**(9.594)**
											Result for the period - Financial expenses	**44.775**

In R$ thousands unless otherwise stated

(b) Consolidated

	Maturity month/year	INDEX		NOTIONAL VALUE (contracted value - Notional)				FAIR VALUE (MARKET) -BOOK				Gain (loss) in the
		12/31/2011		12/31/2011		12/31/2010		12/31/2011		12/31/2010		12/31/2011
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Posição ativa	Asset position	Liability position
EXCHANGE RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	US dollar at 2.3784 + libor	100% CDI	US$ 70,000	US$ 70,000	US$ 70,000	US$ 70,000	6.737	(12.816)	11.427	(40.671)	11.225
Pre-pagamento Citibank	07/10 to 03/15	US dollar at 2.0261 + libor	US dollar at 2.0261 + 4.23%	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	555.126	(580.281)	42.248	(65.588)	(14.414)
Pre-pagamento HSBC	09/10 to 13/03	US dollar at 2.0261 + libor	US dollar at 2.0261 +3.3375%	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	483.124	(489.146)	16.690	(28.959)	(3.008)
Banco do Brasil S.A	04/10 to 03/13	Pre fixed rate 11.48% p.a.	98% CDI	R$ 300,00	R$ 300,00	R$ 300,00	R$ 300,00	367.894	(357.599)	314.851	(320.154)	15.597
MERRIL LYNCH	09/10 to 09/16	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	168.468	(176.610)	23.331	(24.610)	(9.861)
ABN AMRO	01/08 to 01/18	Yen to 0.0163307	US dollar at 1.7536	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1.191.394	(934.863)	1.064.486	(853.396)	33.550
ABN AMRO	06/13/2016	Yen to 0.019887	US dollar at 2.2672	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	615.282	(457.413)	547.608	(422.423)	25.822
ABN AMRO	01/08 to 01/18	US$	JPY	US$ 400,000	JPY 42,952,000	US$ 400,000	JPY 42,952,000	1.028.656	(1.352.657)	893.783	(1.148.744)	(53.211)
ABN AMRO	06/13/2016	0.0825	0.04275	US$ 200,000	JPY 22,800,000	US$ 200,000	JPY 22,800,000	492.767	(673.122)	440.850	(581.017)	(29.708)
Itaú BBA	06/23/2014	US$	2.775% + 25% IR p.a.	R$ 30.000	R$ 30.000			36.126	(31.926)			4.200
								4.945.574	(5.066.433)	3.355.274	(3.485.562)	(19.808)
Accounting balance (net asset position liability position)									(120.859)		(130.288)	(19.808)
Result from settled transactions												(289)
Result for the period - Financial expenses												(20.097)
HEDGING OF PRODUCT PRICE - NDF												
HSBC Bank	12/15/2011	US dollar at 1.8445	Sale PTAX	USD 9.189	USD 9.189			64.360	(66.100)			(1.739)
HSBC Bank	12/29/2011	US dollar at 1.841	Sale PTAX	USD 24.920	USD 24.920			6.255	(6.361)			(106)
Goldman Sacks	01/17/2012	US dollar at 1.843	Sale PTAX	USD 3.410	USD 3.410			15.258	(15.536)			(278)
MERRIL LYNCH	02/15/2012	US dollar at 1.843	Sale PTAX	USD 35.378	USD 35.378			25.565	(26.138)			(573)
MERRIL LYNCH	03/15/2012	US dollar at 1.8609	Sale PTAX	USD 14.191	USD 14.191			25.873	(26.502)			(628)
Citibank	03/15/2012	US dollar at 1.9382	Sale PTAX	USD 4.368	USD 4.368			8.295	(8.029)			265
								145.606	(148.666)	-	-	(3.059)
Accounting balance (net asset position liability position)									(3.060)		-	(3.059)
Result from settled transactions												(818)
Result for the period - Operating Income (Expenses)												(3.877)
HEDGING OF PRODUCT PRICE - COMMODITIES												
SANTANDER SA (ALUMINIUM)	02/02/2011					USD 2.445	USD 2.271			4.076	(3.784)	
SANTANDER SA (ALUMINIUM)	03/02/2011					USD 2.450	USD 2.276			4.084	(3.792)	
SANTANDER SA (ALUMINIUM)	04/04/2011					USD 2.447	USD 2.285			4.079	(3.807)	
SANTANDER SA (ALUMINIUM)	05/03/2011					USD 2.461	USD 2.293			4.102	(3.821)	
SANTANDER SA (ALUMINIUM)	06/02/2011					USD 2.465	USD 2.298			4.108	(3.829)	
SANTANDER SA (ALUMINIUM)	04/07/2011					USD 2.469	USD 2.305			4.115	(3.841)	
SANTANDER SA (ALUMINIUM)	08/02/2011					USD 2.474	USD 2.313			4.122	(3.853)	
SANTANDER SA (ALUMINIUM)	09/02/2011					USD 2.479	USD 2.319			4.129	(3.864)	
SANTANDER SA (ALUMINIUM)	10/04/2011					USD 2.484	USD 2.323			4.136	(3.871)	
VOTORANTIM S.A. (ALUMÍNIO)	11/03/2011					USD 2.488	USD 2.330			4.142	(3.882)	
SANTANDER SA (ALUMINIUM)	12/02/2011					USD 2.492	USD 2.335			4.149	(3.891)	
SANTANDER SA (ALUMINIUM)	01/03/2012					USD 2.505	USD 2.339			4.172	(3.897)	
SANTANDER SA (COPPER)	03/02/2011					USD 206	USD 207			342	(345)	
Citibank (COPPER)	04/04/2011					USD 99	USD 99			164	(166)	
SANTANDER SA (COPPER)	06/02/2011					USD 205	USD 207			342	(344)	
Citibank (COPPER)	08/02/2011					USD 98	USD 99			163	(165)	
Citibank (COPPER)	09/02/2011					USD 98	USD 99			163	(165)	
SANTANDER SA (COPPER)	10/04/2011					USD 204	USD 205			339	(342)	
Citibank (COPPER)	11/03/2011					USD 97	USD 98			162	(164)	
Citibank (COPPER)	12/02/2011					USD 97	USD 99			162	(164)	
Citibank (COPPER)	01/04/2012					USD 97	USD 98			162	(161)	
SANTANDER SA (ZINC)	02/02/2011					USD 831	USD 754			1.385	(1.256)	
Citibank (ZINC)	03/02/2011					USD 845	USD 755			1.410	(1.258)	
SANTANDER SA (ZINC)	04/04/2011					USD 839	USD 758			1.399	(1.263)	
SANTANDER SA (ZINC)	05/03/2011					USD 842	USD 763			1.403	(1.271)	
Citibank (ZINC)	06/02/2011					USD 844	USD 765			1.406	(1.275)	
Citibank (ZINC)	07/05/2011					USD 846	USD 769			1.410	(1.281)	
SANTANDER SA (ZINC)	08/02/2011					USD 848	USD 771			1.413	(1.284)	
SANTANDER SA (ZINC)	09/02/2011					USD 850	USD 772			1.415	(1.287)	
Citibank (ZINC)	10/04/2011					USD 851	USD 775			1.417	(1.291)	
SANTANDER SA (ZINC)	11/03/2011					USD 852	USD 776			1.418	(1.293)	
SANTANDER SA (ZINC)	12/02/2011					USD 852	USD 773			1.418	(1.289)	
Citibank (ZINCO)	01/04/2012					USD 852	USD 777			1.419	(1.295)	
SANTANDER SA (ZINC)	02/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1.387	USD 1.387			1.879	(2.602)			(723)
Citibank (ZINC)	03/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1.412	USD 1.412			1.926	(2.649)			(724)
Barclays (ZINC)	02/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			273	(277)			(5)
Barclays (ZINC)	03/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			274	(277)			(4)
Barclays (ZINC)	04/03/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 148	USD 148			275	(277)			(2)
Barclays (ZINC)	05/03/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			276	(280)			(4)
Barclays (ZINC)	06/04/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			276	(280)			(3)
Barclays (ZINC)	07/03/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 149	USD 149			277	(280)			(2)
Barclays (ZINC)	08/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			278	(283)			(4)
Barclays (ZINC)	09/04/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			279	(283)			(3)
Barclays (ZINC)	10/02/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			280	(283)			(2)
Barclays (ZINC)	11/05/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			281	(284)			(3)
Barclays (ZINC)	12/04/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			282	(284)			(2)
Barclays (ZINC)	01/03/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 151	USD 151			283	(284)			(2)
MERRILL LYNCH (COAL)	03/23/2011					USD 21.779	R$ 37.485			36.142	(37.485)	
MERRILL LYNCH (COAL)	04/15/2011					USD 5.504	R$ 9.473			9.173	(9.473)	
MERRILL LYNCH (COAL)	03/24/2011					USD 6.544	R$ 11.254			10.858	(11.254)	
MERRILL LYNCH (COAL)	03/28/2011					USD 7.070	R$ 12.158			11.724	(12.158)	
HSBC (COAL)	04/11/2011					USD 11.766	R$ 20.086			19.617	(20.086)	
MERRILL LYNCH (COAL)	04/12/2011					USD 8.695	R$ 14.842			14.495	(14.842)	
MERRILL LYNCH (COAL)	04/14/2011					USD 7.693	R$ 13.132			12.823	(13.132)	
SANTANDER SA (NICKEL)	10/08 to 11/02					US$ 140	US$ 130			238	(216)	
TOTAL								7.139	(8.623)	183.396	(182.137)	(1.483)
Accounting balance (net asset position liability position)									(1.484)		1.259	(1.483)
Result from settled transactions												(8.487)
Result for the period - Cost of Sales												(9.970)
Accounting balance (net asset position liability position)									**(125.403)**		**(129.029)**	**(24.350)**
Result from settled transactions												**(9.594)**
Result for the period - Financial expenses												**(33.944)**

In R$ thousands unless otherwise stated

The amounts of the derivative financial instruments are as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Current assets	10,560	4,476	29,464	24,294
Non-current assets	431,772	356,899	435,972	356,899
Current liabilities	(43,589)	(73,027)	(43,589)	(73,027)
Non-current liabilities	(23,990)	(22,249)	(547,250)	(437,195)
	374,753	266,099	(125,403)	(129,029)

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Income statement				
Cost of sales	(9,970)	1,385	(9,970)	1,385
Other operating income (expenses), net	(3,877)	1,091	(3,877)	1,091
Finance income (costs)	58,622	90,797	(20,097)	(57,891)
	44,775	93,273	(33,944)	(55,415)

(c) Hedge activities – cash flow hedge (hedge accounting*)*

On August 1, 2011, the Company designated some export prepayments as hedges against part of the foreign exchange risk arising from highly probable future transactions (exports). The adoption of hedge accounting is consistent with management's strategy of risk management in order to reduce the impacts of foreign exchange volatility in the financial statements arising from the accounting mismatch generated by future transactions not yet recognized in books.

The application of hedge accounting involves the recognition of the net effect in the income statement of gains and losses arising from the changes in the fair value of the hedge instrument and of the hedged item, at the same time.

We present below the export prepayment transactions designated as hedges:

	Parent Company and Consolidated			
	12/31/2011			
	Nominal value US$ thousands	**Interest rate**	**Maturity**	**Principal balance**
BNP Paribas	7,273	Libor + 1.25% p.a.	2012	13,643
Club Deal (Mizuho, Tokio Mitsubishi, West LB)	60,000	Libor + 0.65% p.a.	2012 a 2013	112,548
Credit Suisse	50,000	Libor + 4% p.a.	2014	93,790
Bawag PSK	7,215	Libor + 2.317% p.a.	2012	13,534
Syndicate (HSBC)	557,143	Libor + 1,1% to 1.35% p.a.	2012 a 2015	1,045,089
	681,631			1,278,604
In current liabilities				493,692
In non-current liabilities				784,912

The recognition of hedge accounting in equity is as follows:

	Parent Company and Consolidated
	12/31/2011
Amount recognized in equity	(229,714)
Amount transferred from equity to export revenue	11,933
Taxes on deferred profit (34%)	74,046
Balance of hedge accounting in equity	(143,735)

At December 31, 2011, the Company conducted retrospective and prospective effectiveness tests in conformity with IAS 39/CPC 38. Those tests showed 100% of effectiveness for the export prepayment transactions defined as hedge instruments, as well as for the exports defined as hedged items.

In R$ thousands unless otherwise stated

7 Financial Instruments by Category

(a) Parent Company

	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
December 31, 2011			
Cash and cash equivalents	114,967	248,619	363,586
Marketable securities	124,396		124,396
Trade receivables	783,520		783,520
Financial instruments - swap		442,332	442,332
Other receivables (excluding prepayments)	144,456		144,456
	1,167,339	690,951	1,858,290

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
December 31, 2011			
Loans, financing and debentures		8,933,731	8,933,731
Finance lease liabilities		3,083	3,083
Financial instruments - swap	67,579		67,579
Suppliers, contractors and freight		1,270,212	1,270,212
	67,579	10,207,026	10,274,605

In R$ thousands unless otherwise stated

	Loans and receivables	Assets at fair value through profit or loss	Held to maturity	Total
Assets				
December 31, 2010				
Cash and cash equivalents	182,759	1,344,008		1,526,767
Marketable securities	202,011		35,123	237,134
Financial instruments - swap		361,375		361,375
Trade receivables	1,332,014			1,332,014
Other receivables (excluding prepayments)	149,514			149,514
	1,866,298	1,705,383	35,123	3,606,804

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
December 31, 2010			
Loans, financing and debentures		7,851,027	7,851,027
Finance lease liabilities		9,711	9,711
Financial instruments - swap	95,276		95,276
Suppliers, contractors and freight		1,174,054	1,174,054
	95,276	9,034,792	9,130,068

In R$ thousands unless otherwise stated

(b) Consolidated

	Loans and receivables	Assets at fair value through profit or loss	Total
Assets			
December 31, 2011			
Cash and cash equivalents	179,355	2,721,957	2,901,312
Marketable securities	2,289,383		2,289,383
Financial instruments - swap	1,254,435		1,254,435
Trade receivables		465,436	465,436
Other receivables (excluding prepayments)	304,881		304,881
	4,028,054	3,187,393	7,215,447

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
December 31, 2011			
Loans, financing and debentures		8,755,998	8,755,998
Finance lease liabilities		6,644	6,644
Financial instruments - swap	590,839		590,839
Suppliers, contractors and freight		1,462,373	1,462,373
	590,839	10,225,015	10,815,854

In R$ thousands unless otherwise stated

	Loans and receivables	Assets at fair value through profit or loss	Held to maturity	Total
Assets				
December 31, 2010				
Cash and cash equivalents	229,437	3,916,342		4,145,779
Marketable securities	362,664		35,123	397,787
Financial instruments - swap		381,193		381,193
Trade receivables	1,735,127			1,735,127
Other receivables (excluding prepayments)	231,009			231,009
	2,558,237	4,297,535	35,123	6,890,895

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities			
December 31, 2010			
Loans, financing and debentures		7,700,783	7,700,783
Finance lease liabilities		16,317	16,317
Financial instruments - swap	510,222		510,222
Suppliers, contractors and freight		1,288,109	1,288,109
	510,222	9,005,209	9,515,431

In R$ thousands unless otherwise stated

8 Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired is evaluated by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Trade receivables				
Counterparties with external credit rating				
AAA to AA	12,960	84,170	12,960	220,072
BBB to B	37,051	189,052	126,704	189,052
	50,011	273,222	139,664	409,124
Counterparties without external credit rating				
Group 1	10,205	3,462	39,660	3,462
Group 2	593,408	1,035,647	733,419	1,302,858
Group 3	129,896	19,683	341,692	19,683
	733,509	1,058,792	1,114,771	1,326,003
	783,520	1,332,014	1,254,435	1,735,127

- Group 1 - new customers/related parties (less than 6 months).
- Group 2 - existing customers/related parties (more than 6 months) with no defaults in the past, or default of up to 90 days.
- Group 3 - existing customers/related parties (more than 6 months) with past defaults of more than 90 days. All defaults were fully recovered.

In R$ thousands unless otherwise stated

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Current accounts and short term bank deposits				
AAA	317,076	684,875	2,388,257	2,270,585
AA+	8,347	579,022	427,509	1,163,688
AA		67,739		131,478
AA-	18,386		65,291	43,482
A+	19,727	13,528	19,743	213,987
A-		181,559		314,208
Other	50	44	512	8,351
	363,586	1,526,767	2,901,312	4,145,779

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Marketable securities				
Loans and receivables				
AAA	99,809	202,011	1,758,212	335,917
AA	24,587		271,426	9,997
A			14,642	
A+			245,103	16,750
	124,396	202,011	2,289,383	362,664
Held to maturity				
A-		17,575		17,575
BB		17,548		17,548
		35,123		35,123
	124,396	237,134	2,289,383	397,787

In R$ thousands unless otherwise stated

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Derivative financial assets				
AAA	442,332	359,810	465,436	379,628
AA+		260		260
Other		1,305		1,305
	442,332	361,375	465,436	381,193

The ratings derived from external classifications were obtained from the ratings agencies Standard & Poor's, Moody's and Fitch.

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans to related parties is overdue or impaired.

9 Cash and Cash Equivalents

Cash and cash equivalents include the following financial assets:

						Parent Company
			12/31/2011			12/31/2010
	Loans and receivables	Fair value through profit or loss	Total	Loans and receivables	Fair value through profit or loss	Total
Bank current accounts	29,379		29,379	29,862		29,862
Foreign bank current accounts	12,223		12,223	2,678		2,678
Bank deposit certificates – CDBs		248,619	248,619		1,344,008	1,344,008
Foreign financial investments	73,365		73,365	150,219		150,219
	114,967	248,619	363,586	182,759	1,344,008	1,526,767

						Consolidated
			12/31/2011			12/31/2010
	Loans and receivables	Fair value through profit or loss	Total	Loans and receivables	Fair value through profit or loss	Total
Bank current accounts	72,142		72,142	54,271		54,271
Foreign bank current accounts	33,846		33,846	20,891		20,891
Bank deposit certificates – CDBs		2,721,957	2,721,957		3,916,342	3,916,342
Foreign financial investments	73,367		73,367	154,275		154,275
	179,355	2,721,957	2,901,312	229,437	3,916,342	4,145,779

In R$ thousands unless otherwise stated

Financial investments in bank deposit certificates have immediate liquidity and earn interest of between 90% and 106 % of the CDI rate.

The fair value of CDBs is based on the CDI percentage. The CDI rates are obtained from the Clearing House for the Custody and Financial Settlement of Securities (CETIP).

Usiminas companies do not have overdraft accounts.

10 Marketable Securities

Marketable securities include the following financial assets:

					Parent Company
		12/31/2011			12/31/2010
	Loans and receivables	Total	Held to maturity	Loans and receivables	Total
Financial investments abroad	124,396	124,396		202,011	202,011
Bank deposit certificates (CDBs)			35,123		35,123
	124,396	124,396	35,123	202,011	237,134

					Consolidated
		12/31/2011			12/31/2010
	Loans and receivables	Total	Held to maturity	Loans and receivables	Total
Financial investments abroad	2,289,383	2,289,383		362,664	362,664
Bank deposit certificates (CDBs)			35,123		35,123
	2,289,383	2,289,383	35,123	362,664	397,787

Yields from the financial investments in bank deposit certificates are between 90% and 106 % of the Interbank Deposit Certificate (CDI) interest rate. Financial investments overseas are remunerated at fixed interest rates plus foreign exchange gains/losses.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

None of these financial assets is either past due or impaired.

In R$ thousands unless otherwise stated

11 Trade Receivables

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Brazilian customers	517,997	857,925	1,124,237	1,492,515
Foreign customers	144,948	199,487	238,468	296,603
Provision for losses on trade receivables	(107,868)	(51,233)	(126,149)	(71,156)
Trade receivables, net	555,077	1,006,179	1,236,556	1,717,962
Receivables from related parties	228,443	325,835	17,879	17,165
	783,520	1,332,014	1,254,435	1,735,127

The accounts receivable do not include financing elements and are initially evaluated and recorded at fair value.

At December 31, 2011 trade receivables in the amounts of R$165,614 in the Parent Company and R$315,450 in the Consolidated were overdue, but not impaired (December 31, 2010 – R$407,634 and R$685,173, respectively).These accounts refer to various independent clients who have no recent history of default.

At December 31, 2011 trade receivables in the amounts of R$107,868 in the Parent Company and R$126,149 in the Consolidated were impaired and provided (December 31, 2010 – R$51,233 and R$71,156, respectively).

At December 31, 2011 and 2010 the aging analysis of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Not yet due	617,906	924,380	938,985	1,049,954
Past due:				
Up to 30 days	119,378	197,381	174,694	300,859
Between 31 and 60 days	5,997	15,462	54,723	70,553
Between 61 and 90 days	10,209	4,869	16,933	65,436
Between 91 and 180 days	28,494	15,054	47,580	53,913
Over 181 days	109,404	226,101	147,669	265,568
(-) Provision for losses on trade receivables	(107,868)	(51,233)	(126,149)	(71,156)
	783,520	1,332,014	1,254,435	1,735,127

In R$ thousands unless otherwise stated

The accounts receivable are denominated in the following currencies:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Real	552,136	1,003,141	1,009,890	1,438,524
U.S. Dollar	227,664	255,676	240,825	203,301
Euro	3,720	69,883	3,720	89,988
Other currencies		3,314		3,314
	783,520	1,332,014	1,254,435	1,735,127

The changes in the provision for losses on trade receivables are as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Opening balance at January 1	(51,233)	(62,769)	(71,156)	(81,484)
Change in the provision for losses on trade receivables	(56,635)	11,536	(54,993)	10,328
Closing balance at December 31	(107,868)	(51,233)	(126,149)	(71,156)

The increases and decreases in the provision for impaired receivables were included in “Other operating income (expenses), net” in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the financial statements date is the carrying value of each class of receivable mentioned previously. Usiminas companies do not have any receivables pledged as collateral.

12 Inventories

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Finished goods	1,143,730	1,444,002	1,463,147	1,684,163
Work in progress	1,706,518	1,099,710	1,752,084	1,152,323
Raw materials	514,088	538,583	857,639	907,861
Supplies and spare parts	729,966	738,177	807,774	811,903
Imports in transit	108,890	248,815	109,184	248,977
Other	60,481	96,695	69,048	93,084
	4,263,673	4,165,982	5,058,876	4,898,311

In R$ thousands unless otherwise stated

At December 31, 2011, the Company has a provision of R$30,516 (December 31, 2010 - R$62,377) related to the decrease in market value and obsolescence of inventory items. At the consolidated level, this provision totaled R$43,481(December 31, 2010 - R$82,415).

At December 31, 2011 the decrease in the inventory provision had a positive effect on cost of products sold in the income statement of R$31,861 (December 31, 2010 – expense of R$9,653). At the consolidated level, this effect totaled R$38,934 (December 31, 2010 – expense of R$4,966).

At December 31, 2011, the Company had inventories in the amount of R$17,463 (December 31, 2010 - R$17,338) pledged as collateral in lawsuits.

13 Taxes Recoverable

	Parent Company			
		12/31/2011		12/31/2010
	Current	Non-current	Current	Non-current
Prepayments of income tax	86,926		133,565	
Prepayments of social contribution	70,040		60,136	
Social Integration Program (PIS)	67,331	2,480	53,071	6,928
Social Contribution on Revenues (COFINS)	305,338	11,425	292,955	31,917
Value-added Tax on Sales and Services (ICMS)	110,464	95,165	142,313	108,697
Excise Tax (IPI)	3,933		1,972	
Other	2,128	14,311	12,762	14,086
	646,160	123,381	696,774	161,628

	Consolidated			
		12/31/2011		12/31/2010
	Current	Non-current	Current	Non-current
Prepayments of income tax	117,529		156,384	
Prepayments of social contribution	79,506		67,044	
Social Integration Program (PIS)	80,049	2,929	57,208	7,485
Social Contribution on Revenues (COFINS)	321,261	13,495	312,067	34,482
Value-added Tax on Sales and Services (ICMS)	156,618	123,847	169,751	118,674
Excise Tax (IPI)	22,190		40,044	
Other	22,482	14,466	20,773	14,329
	799,635	154,737	823,271	174,970

In R$ thousands unless otherwise stated

14 Income tax and social contribution

(a) Income tax (IRPJ) and social contribution (CSLL) expenses

The effective income tax and the social contribution expenses in the income statement differ from the amounts which would be obtained using the statutory income tax and social contribution nominal rates applicable to profit before taxation, at the parent company and consolidated levels, as follows:

	Parent Company	
	12/31/2011	12/31/2010
Profit before income tax and social contribution	110,395	1,674,470
Statutory rates of tax	34%	34%
IRPJ and CSLL at statutory rates	(37,534)	(569,320)
Adjustments to determine the effective IRPJ and CSLL expense:		
Investor's share of profits of subsidiaries and associates (25% and 9%)	302,553	106,945
Interest on own capital (25% and 9%)	27,739	187,049
Permanent deductions (additions) (25% and 9%)	(30,999)	(9,733)
Tax incentive		10,437
Adjustments to prior year tax return	(14,158)	(18,505)
Other		12,592
IRPJ and CSLL	247,601	(280,535)
Current	7,924	(231,684)
Deferred	239,677	(48,851)
IRPJ and CSLL expenses	247,601	(280,535)

In R$ thousands unless otherwise stated

	Consolidated	
	12/31/2011	**12/31/2010**
Profit before income tax and social contribution	642.804	1.973.670
Statutory rates of tax	34%	34%
IRPJ and CSLL at statutory rates	(218.553)	(671.048)
Adjustments to determine the effective IRPJ and CSLL expense:		
Investor's share of profits of subsidiaries and associates (25% and 9%)	22.769	19.713
Interest on own capital (25% and 9%)	27.739	187.049
Permanent deductions (additions) (25% and 9%)	(34.955)	(102.529)
Tax incentive	6.622	14.607
Non-taxable results of foreign subsidiary	91.604	(11.402)
Adjustments to prior year tax return	(11.554)	(20.228)
Other	2.576	15.913
IRPJ and CSLL	(113.752)	(567.925)
Current	(340.583)	(492.654)
Deferred	226.831	(75.271)
IRPJ and CSLL expenses	(113.752)	(567.925)

The differences between the tax basis of assets and liabilities and the amounts recorded under IFRS and CPC were recognized as temporary differences for the purposes of accounting for deferred taxes, against expenses (or income) in the income statement.

There are no current tax items taken directly to equity in these financial statements.

In R$ thousands unless otherwise stated

(b) Deferred income tax and social contribution

The balances and changes in deferred tax assets and liabilities, at statutory rates, are as follows:

(i) Parent Company

	12/31/2010	Comprehensive income	Income statement	12/31/2011
Assets				
Income tax and social contribution				
Tax losses			715,429	715,429
Temporary differences				
Actuarial liabilities	338,910		2,439	341,349
Contingent liabilities	138,421		(72,725)	65,696
Interest on own capital	48,208		(20,472)	27,736
Provision for environmental restoration	16,041		(16,041)	
Allowance for doubtful accounts			19,248	19,248
Provision for taxes payable in installments	56,478		(56,478)	
Unrealized profit in inventories	25,808		(20,784)	5,024
Other	29,709		(16,685)	13,024
Total assets	653,575		533,931	1,187,506
Liabilities				
Income tax and social contribution				
Deferred foreign exchange variation	84,422		70,799	155,221
Accelerated tax depreciation	44,125		(4,604)	39,521
Actuarial adjustments		(79,423)	79,423	
Hedge accounting		(74,046)	74,046	
Tax rate depreciation			228,341	228,341
Temporary difference on adjustments under Law 11.638	122,272		(142,585)	(20,313)
Property plant and equipment adjustment	119,310		(11,166)	108,144
Total liabilities	370,129	(153,469)	294,254	510,914
Total net	283,446	153,469	239,677	676,592

In R$ thousands unless otherwise stated

	12/31/2009	Comprehensive income	Income statement	12/31/2010
Assets				
Income tax and social contribution				
Tax losses	11,078		(11,078)	
Temporary differences				
Actuarial liability	322,196		16,714	338,910
Contingent liabilities	84,895		53,526	138,421
Allowance for doubtful accounts	14,597		(14,597)	
Interest on own capital			48,208	48,208
Provision for environmental restoration			16,041	16,041
Provision for taxes payable in installments	56,478			56,478
Unrealized profit in inventories	21,267	(21,267)	25,808	25,808
Actuarial adjustments	1,128	(1,128)		
Other	21,421	26,381	(18,093)	29,709
Total assets	533,060	3,986	116,529	653,575
Liabilities				
Income tax and social contribution				
Deferred foreign exchange variation	40,289		44,133	84,422
Accelerated tax depreciation	48,679		(4,554)	44,125
Actuarial adjustments		(94,666)	94,666	
Temporary differences on adjustments under Law 11638	79,579		42,693	122,272
Property plant and equipment adjustment	130,868		(11,558)	119,310
Total liabilities	299,415	(94,666)	165,380	370,129
Total net	233,645	98,652	(48,851)	283,446

In R$ thousands unless otherwise stated

(ii) Consolidated

	12/31/2010	Other comprehensive income	Income statement	12/31/2011
Assets				
Income tax and social contribution				
Tax losses	18,742		741,758	760,500
Temporary differences				
Actuarial liability	356,737		1,941	358,678
Contingent liabilities	161,731		(78,202)	83,529
Allowance for doubtful accounts	1,273		19,476	20,749
Interest on own capital	48,208		(20,472)	27,736
Provision for environmental liability	16,041		(16,041)	
Provision for taxes payable in installments	56,478		(56,478)	
Unrealized profit in inventories	25,808		(20,784)	5,024
Temporary difference on adjustments under Law 11.638	24,517		(21,514)	3,003
Other	64,303	743	(3,110)	61,936
Total assets	773,838	743	546,574	1,321,155
Liabilities				
Income tax and social contribution				
Deferred foreign exchange variation	88,823		68,805	157,628
Actuarial liability		(79,423)	79,423	
Accelerated tax depreciation	44,125		(4,604)	39,521
Hedge accounting		(74,046)	74,046	
Tax rate depreciation			254,092	254,092
Temporary differences on adjustments under Law 11638	122,272		(142,585)	(20,313)
Deferral of loss on swap contracts			1,428	1,428
Monetary restatement of judicial deposits			407	407
Property plant and equipment adjustment	120,395		(11,269)	109,126
Total liabilities	375,615	(153,469)	319,743	541,889
Total net	398,223	154,212	226,831	779,266
Total non-current assets	398,223	154,212	244,711	797,146
Total non-current liabilities			(17,880)	(17,880)
Total net	398,223	154,212	226,831	779,266

In R$ thousands unless otherwise stated

	12/31/2009	Acquisition of companies	Income statement	Other comprehensive income	12/31/2010
Assets					
Income tax and social contribution					
Tax losses	44,542	289	(26,089)		18,742
Temporary differences					
Actuarial liability	339,343		17,394		356,737
Contingent liabilities	109,909	458	51,364		161,731
Allowance for doubtful accounts	16,852	5	(15,584)		1,273
Interest on own capital			48,208		48,208
Deferral of loss on swap contracts	34		(34)		
Provision for environmental restoration			16,041		16,041
Provision for taxes payable in installments	56,478				56,478
Unrealized profit in inventories	21,267		25,808	(21,267)	25,808
Actuarial adjustments	1,128			(1,128)	
Temporary differences on adjustments under Law 11638	24,841		(324)		24,517
Other	61,796	139	(22,974)	25,342	64,303
Total assets	676,190	891	93,810	2,947	773,838
Liabilities					
Income tax and social contribution					
Deferred foreign exchange variation	40,289		48,534		88,823
Actuarial liability			94,666	(94,666)	
Accelerated tax depreciation	48,679		(4,554)		44,125
Temporary differences on adjustments under Law 11638	80,487		42,118	(333)	122,272
Property plant and equipment adjustment	132,078		(11,683)		120,395
Total liabilities	301,533		169,081	(94,999)	375,615
Total net	374,657	891	(75,271)	97,946	398,223

In R$ thousands unless otherwise stated

As of December 31, 2011, according to projections approved by the Board of Directors, the long-term deferred income tax and social contribution assets are expected to be realized in the following years:

	Parent Company	
	12/31/2011	**12/31/2010**
2011		50,516
2012		61,650
2013		61,650
2014	148,438	61,650
2015	148,438	61,650
2016	148,438	61,650
2017 to 2021	742,192	294,809
	1,187,506	653,575

	Consolidated	
	12/31/2011	**12/31/2010**
2011		96,384
2012	23,406	79,415
2013	18,252	79,192
2014	167,215	78,551
2015	202,476	70,755
2016	153,970	65,596
2017 to 2021	755,836	303,945
	1,321,155	773,838

Since the taxable bases of income tax and social contribution are subject not only to taxable profits to be generated, but also non-taxable income, non-deductible expenses, tax incentives and other effects, there is no direct correlation between the future accounting profit of the Company and the taxable income.

Accordingly, the projected utilization of tax credits should not be construed as the only indication of the future profitability of Usiminas companies.

In R$ thousands unless otherwise stated

(c) Income tax and social contribution in current liabilities

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Income tax				
Current expense	(5,204)	(170,466)	(248,507)	(384,474)
Prepayments and offsets in the period (*)	5,204	170,466	87,900	227,675
			(160,607)	(156,799)
Social contribution				
Current expense	(2,720)	(61,812)	(89,144)	(108,774)
Prepayments and offsets in the period (*)	2,720	61,812	52,115	86,980
			(37,029)	(21,794)
Total IRPJ and CSLL payable			(197,636)	(178,593)

(*) Prepayments exceeding the current IRPJ and CSLL expense are recorded as taxes recoverable (Note 13).

15 Judicial Deposits

	Parent Company					
	12/31/2011			12/31/2010		
	Judicial deposits	Contingencies/ Taxes payable in installments	Net	Judicial deposits	Contingencies/ Taxes payable in installments	Net
Excise Tax (IPI)	232,318	(105,192)	127,126	209,125	(100,079)	109,046
Value-added Tax on Sales and Services (ICMS)	16,370		16,370	15,225		15,225
IRPJ and CSLL	167,457	(73,161)	94,296	168,401	(94,740)	73,661
National Institute of Social Security (INSS)	142,569	(13,904)	128,665	167,714	(7,264)	160,450
Economic Domain Intervention Contribution (CIDE)	26,252	(22,250)	4,002	24,409	(24,409)	
Social Integration Program (PIS)				4,834		4,834
Labor	113,755	(83,461)	30,294	80,238	(62,576)	17,662
Civil	31,521	(7,810)	23,711	25,678	(8,131)	17,547
Other	24,189		24,189	32,183	(10,215)	21,968
	754,431	(305,778)	448,653	727,807	(307,414)	420,393

In R$ thousands unless otherwise stated

						Consolidated
			12/31/2011			12/31/2010
	Judicial deposits	Contingencies/ Taxes payable in installments	Net	Judicial deposits	Contingencies/ Taxes payable in installments	Net
Excise Tax (IPI)	232,318	(105,192)	127,126	209,125	(100,079)	109,046
Value-added Tax on Sales and Services (ICMS)	16,370		16,370	15,225		15,225
IRPJ and CSLL	181,038	(83,057)	97,981	184,522	(107,178)	77,344
National Institute of Social Security (INSS)	142,598	(13,932)	128,666	167,742	(7,292)	160,450
Economic Domain Intervention Contribution (CIDE)	32,271	(28,269)	4,002	29,208	(29,208)	
Social Contribution on Revenues (COFINS)	18,001	(11,873)	6,128	17,475	(17,475)	
Social Integration Program (PIS)	2,379	(2,216)	163	8,402	(3,568)	4,834
Labor	131,818	(92,283)	39,535	90,293	(68,775)	21,518
Civil	48,479	(7,810)	40,669	40,235	(8,131)	32,104
Other	26,365	(678)	25,687	35,086	(11,728)	23,358
	831,637	(345,310)	486,327	797,313	(353,434)	443,879

The changes in judicial deposits for the years ended December 31, 2011 and 2010 are as follows:

		Parent Company		Consolidated
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Opening balance before offsetting provisions for contingencies	727,807	674,020	797,313	742,126
Additions	28,429	16,560	34,468	24,253
Interest/indexation	55,374	32,647	62,293	35,068
Reversals	(57,179)	(25,533)	(62,462)	(26,598)
Disassociation of Musa		(14,451)		
Other		44,564	25	22,464
	754,431	727,807	831,637	797,313
Deposits linked to provisions for contingencies (Note 24) and tax installments (Note 23)	(305,778)	(307,414)	(345,310)	(353,434)
Closing balance	448,653	420,393	486,327	443,879

In R$ thousands unless otherwise stated

16 Investments

(a) Changes in investments

(i) Parent Company

	12/31/2010	Additions (disposals/ merger)	Investor's share of results of subsidiaries and associates	Translation adjustments	Interest on own capital and dividends	Other	12/31/2011
Subsidiaries							
Automotiva Usiminas	100,269		18,120		(4,303)	1,354	115,440
Cosipa Overseas	14,178		3,401				17,579
Mineração Usiminas	2,885,532		426,334		(113,599)	29,444	3,227,711
Rios Unidos	11,432		(1,226)				10,206
Soluções Usiminas	729,401		(25,803)			53,016	756,614
Usiminas Europa	1,626,208	54,528	108,912	173,328			1,962,976
Usiminas International	186,868		30,494				217,362
Usiminas Mecânica	656,442		70,920		(30,597)	6,756	703,521
UPL	38,622		9,603		(2,281)		45,944
Goodwill in subsidiaries	11,593	119,208					130,801
	6,260,545	173,736	640,755	173,328	(150,780)	90,570	7,188,154
Jointly-controlled entities							
Fasal Trading	8,484		331	1,135	(333)		9,617
Unigal	673,728		98,501		(17,500)		754,729
Usirol	5,306		642				5,948
Goodwill in jointly-controlled entities	3,968	(3,968)					
	691,486	(3,968)	99,474	1,135	(17,833)		770,294
Associates							
Codeme	37,785		505				38,290
Metform	16,291		2,551		(1,002)		17,840
MRS		1,175	5,583		(335)		6,423
Usifast Logística Industrial S.A.	10,706	(10,944)	238				
Goodwill in associates	81,793	(2,329)					79,464
	146,575	(12,098)	8,877		(1,337)		142,017
	7,098,606	157,670	749,106	174,463	(169,950)	90,570	8,100,465

The equity income presented in the income and cash flows statements of the parent company is net of the amount of R$ 124,919 related to the equity of Usiminas Europe in the results of Ternium which was reclassified to "Profit (loss) from discontinued operations" for comparison purposes (Note 42) and includes the amount of R$ 15,836 related to losses in connection with the capital deficiency of a subsidiary.

In R$ thousands unless otherwise stated

(ii) Consolidated

	12/31/2010	Additions (disposals/ merger)	Investor's share of results of subsidiaries and associates	Interest on own capital and dividends	Other	12/31/2011
Codeme	37,785		505			38,290
Metform	16,291		2,551	(1,001)		17,841
MRS	234,410	1,175	62,638	(35,826)		262,397
Ternium	1,373,675	(1,373,675)				
Terminal Sarzedo	4,233		2,103	(2,955)		3,381
Usifast Logística Industrial S.A.	10,706	(10,944)	238			
Other	3,466	(3,466)	(1,068)		4,252	3,184
Goodwill	380,620	(277,331)				103,289
Total	2,061,186	(1,664,241)	66,967	(39,782)	4,252	428,382

(b) Financial information of associates

The Company's participation in the equity and results of the main associates at December 31, 2011 is as follows:

	Country of incorporation	Assets	Liabilities	Equity	Net revenue	Profit	% interest held
Codeme	Brazil	436,288	309,408	126,880	172,770	169	30.76
Metform	Brazil	92,251	28,195	64,056	63,503	7,787	30.76
MRS *	Brazil	5,705,908	3,406,938	2,298,970	2,862,372	523,051	11.41

* Direct interest of 0.28% and indirect interest through MUSA of 11.13%.

The participation in profits was calculated after income tax and social contribution and after non-controlling interests in associates.

The voting capital in associates corresponds to the same percentage as total share capital, except for MRS, where the percentage of the voting capital is 15.2%. USIMINAS participates in the control group and has significant influence, which classifies this investment as an associate.

The Company used the balance sheets as of November 30, 2011 to calculate the equity in the results of the associates Codeme and Metform.

In R$ thousands unless otherwise stated

(c) Companies included in the consolidated financial statements

The consolidated financial statements as at and for the years ended December 31, 2011 and 2010 include those of the parent company and of the following direct subsidiaries:

	Percentage ownership	
	12/31/2011	12/31/2010
Automotiva Usiminas	100	100
Cosipa Commercial	100	100
Cosipa Overseas	100	100
Fasal Trading	50	50
Mineração Usiminas	70	70
Rios Unidos	100	100
Soluções Usiminas	68.88	68.88
Unigal	70	70
Usiminas Commercial	100	100
Usiminas Europa	100	100
Usiminas International	100	100
Usiminas Mecânica	99.99	99.99
Usiroll	50	50
UPL	16.70	

(d) Jointly-controlled entities

At December 31, 2011 and 2010, the consolidated financial statements include the following jointly-controlled entities:

	Percentage ownership			
	12/31/2011		12/31/2010	
	Direct	Indirect	Direct	Indirect
Fasal Trading	50		50	
Modal		35		35
Unigal	70		70	
Usiroll	50		50	

Unigal is a joint venture between Usiminas and the Nippon Steel Corporation. Control of Unigal is shared by the partners in accordance with a shareholders' agreement.

In R$ thousands unless otherwise stated

At December 31, 2011, the following two contracts signed by Unigal and Usiminas are in effect:

- A contract relating to galvanization services via hot dipping rendered by Unigal to the Company. The contract does not have a defined amount, since the service is calculated on a monthly basis and varies according to the volume of galvanized products sold, excluding costs of inputs, materials, services and utilities, among other adjustments. At December 31, 2011, this contract totaled R$376,339 (December 31, 2010 – R$396,687);

- A contract relating to rectification services of cylinders and reels rendered by the Company to the jointly-controlled entity Unigal. This contract is effective until July 2012 and its base annual amount is approximately R$800.

The condensed financial information of the jointly-controlled entities are stated below on a consolidated basis.

(i) Condensed balance sheets

			12/31/2011			12/31/2010
	Fasal Trading	Unigal	Usiroll	Fasal Trading	Unigal	Usiroll
Assets						
Current assets	19,904	210,818	3,341	19,633	179,384	5,132
Non-current assets						
Long-term receivables		10,495	13		18,490	7
Investment						
Property, plant and equipment		1,165,419	23,713		1,078,689	11,425
Intangible assets		1,387	3		1,409	3
Total assets	19,904	1,388,119	27,070	19,633	1,277,972	16,567
Equity and liabilities						
Current liabilities	671	69,223	754	2,666	67,315	955
Non-current liabilities		240,713	14,421		248,189	5,000
Equity	19,233	1,078,183	11,895	16,967	962,468	10,612
Total equity and liabilities	19,904	1,388,119	27,070	19,633	1,277,972	16,567

(ii) Condensed income statement

			12/31/2011			12/31/2010
	Fasal Trading	Unigal	Usiroll	Fasal Trading	Unigal	Usiroll
Net sales and services	116,212	279,736	5,270	173,263	290,031	4,763
Cost of sales and services	(113,903)	(45,586)	(3,259)	(166,714)	(40,382)	(2,711)
Operating income (expenses)	(1,323)	(21,942)	(521)	(2,153)	5,731	(189)
Provision for Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL)	(324)	(71,488)	(207)	(1,591)	(86,631)	(181)
Profit for the year	662	140,720	1,283	2,805	168,749	1,682

(e) Other significant information on investments

(i) Mineração Usiminas

In 2010, the Company initiated a corporate restructuring process in order to transfer assets and liabilities related to mining activities to its subsidiary Mineração Usiminas.

Below we describe the main operations related to this corporate restructuring.

- Mineração Usiminas started its operations on August 1, 2010. The capital was paid up by Usiminas through the transfer of assets and liabilities related to the mining activity in the total of R$1,588,138.

- On November 1, 2010, a capital increase in Mineração Usiminas of R$70,982 was approved through transfer of Investments held by Usiminas in Terminal Sarzedo and Modal Terminal.

Also on November 1, 2010, a new capital increase in Mineração Usiminas of R$184,241 was approved through transfer of Usiminas' investment in UPL.

On December 28, 2010, Summit Empreendimentos Minerais Ltda., a company of the Sumitomo Corporation group, subscribed capital in Mineração Usiminas in the amount of R$ 2,137,265, increasing its capital in R$790,016. The difference of R$1,347,249 in the subscription of these shares was allocated to capital reserve. The effect of this contribution, in the amount of R$ 893,228, related to the participation of Usiminas, was recognized in equity, within "Changes in investment interests without loss or acquisition of control", in the caption "Carrying value adjustments". As a result of this increase, Usiminas changed its participation to 70% of the total share capital of Mineração Usiminas. In addition, Summit Empreendimentos Minerais Ltda. is committed to carry out a new share subscription of a variable amount in local currency equivalent to up to US$ 674,000 thousand, to be allocated to the capital reserve of Mineração Usiminas, which will be totally or partially paid if the definitive contracts are signed and certain conditions are met.
In 2011, Summit Empreendimentos Minerals Ltd. made a capital contribution in the amount of R$42,063 without changing the equity participation of these companies. The effect of this contribution, in the amount of R$ 29,444, related to the participation of Usiminas, was recognized in equity as "Changes in investment interests without loss or acquisition of control" under the heading "Carrying value adjustments".

Additionally, Usiminas signed a final and supplementary agreement concerning the acquisition of Mineração J Mendes Ltda., Somisa – Siderúrgica do Oeste de Minas Gerais Ltda. and Global Mineração Ltda. as previously agreed in the original contract and disclosed in a Material Fact notice, dated February 2, 2008 in the amount of US$ 100,691 thousand. The effect of this agreement was recognized (i) as a mining right in intangible assets proportionally to the interest in Mineração Usiminas in the amount of R$ 119,996 and (ii) in the equity as "Changes in investment interests without loss or acquisition of control" under the heading "Carrying value adjustments" in the amount of R$ 51,414.

(ii) Ternium

On February 21, 2011, the public offering of 21,628,728 American Depositary Shares ("ADSs") representing "Ternium" shares (NYSE: TX) held by the subsidiary Usiminas Europa A/S ("Usiminas Europa") was completed, and the overallotment option was fully exercised by the offering underwriters. In addition to the public offering, Ternium and Techint Holdings S.àr.l ("Techint"), the controlling shareholder of Ternium, acquired 41,666,666 and 27,777,780 shares issued by Ternium, respectively, held by Usiminas Europa. Accordingly, the operations totaled US$ 1,028,634,213.60,of which US$ 778,634,208.00 came from the public offering and US$ 250,000,005.60 from the transaction with Ternium and Techint.

With the completion of the public offering and the sales transaction of Ternium shares, Usiminas no longer holds any shareholding position in that company.

The sale was characterized as a discontinued operation in accordance with CPC 31 and IFRS 5. For purposes of comparison, the equity in the results of Ternium in 2010 was reclassified to "Profit (loss) from discontinued operations" in the income and cash flows statements (Note 42).

(iii) Usifast Logística industrial S.A.

On March 16, 2011, the Company sold its interest of 25% in Usifast Logística Industrial S.A. This transaction amounted to R$35,953.

(iv) Usiminas Galvanized and Usiminas Electrogalvanized

On March 31, 2011, the *trading companies* Usiminas Galvanized and Usiminas Electrogalvanized, located in Copenhagen, Denmark, were incorporated.

The main activity of these companies is, respectively, to foster the sales to foreign customers of galvanized and electrogalvanized steel produced by the Company. Both companies are wholly-owned subsidiaries of Usiminas Europa A/S (Denmark).

(v) Mineração Ouro Negro

On November 25, 2011, the subsidiary Mineração Usiminas acquired 1,214 thousand common shares of the company Mineração Ouro Negro, representing the totality of its share capital.

The recognized amounts of identifiable net assets acquired were fully allocated as described in Note 37.

Mineração Ouro Negro is a privately held company, located in the city of Itaúna, State of Minas Gerais, whose main corporate purpose is the exploration and sale of iron ore.

In R$ thousands unless otherwise stated

17 Property, plant and equipment

		Parent Company					
		12/31/2011			12/31/2010		
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
In operation							
Buildings	4	1,477,306	(1,122,663)	354,643	1,476,678	(1,099,842)	376,836
Machinery and equipment	5	14,295,096	(7,248,792)	7,046,304	13,556,841	(6,659,844)	6,896,997
Facilities	7	1,236,971	(506,066)	730,905	1,185,774	(415,984)	769,790
Furniture and fittings	13	41,393	(22,365)	19,028	40,937	(20,130)	20,807
Data processing equipment	40	137,153	(122,287)	14,866	150,527	(132,929)	17,598
Vehicles	13	36,662	(27,048)	9,614	36,454	(25,285)	11,169
Tools and instruments	13	174,403	(106,819)	67,584	170,417	(95,283)	75,134
Other		522	(399)	123	522	(391)	131
		17,399,506	(9,156,439)	8,243,067	16,618,150	(8,449,688)	8,168,462
Land		572,332		572,332	567,040		567,040
Total in operation		17,971,838	(9,156,439)	8,815,399	17,185,190	(8,449,688)	8,735,502
Under construction							
Construction in progress		4,018,845		4,018,845	2,041,708		2,041,708
Assets in progress		42,694		42,694	9,089		9,089
Imports in transit		274,238		274,238	1,457,515		1,457,515
Advances to suppliers		72,523		72,523	66,680		66,680
Advances to suppliers – related companies		1,355		1,355	12,197		12,197
Capitalized interest and foreign exchange variation		197,263		197,263	68,414		68,414
Other		363,854		363,854	223,964		223,964
Total under construction		4,970,772		4,970,772	3,879,567		3,879,567
		22,942,610	(9,156,439)	13,786,171	21,064,757	(8,449,688)	12,615,069

In R$ thousands unless otherwise stated

							Consolidated
				12/31/2011			12/31/2010
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
In operation							
Buildings	4	1,841,630	(1,241,782)	599,848	1,796,289	(1,212,940)	583,349
Machinery and equipment	5	15,956,738	(7,768,748)	8,187,990	14,581,164	(7,133,879)	7,447,285
Facilities	7	1,333,330	(548,431)	784,899	1,269,906	(453,803)	816,103
Furniture and fittings	13	59,528	(32,357)	27,171	57,306	(29,439)	27,867
Data processing equipment	40	160,738	(139,719)	21,019	174,017	(149,284)	24,733
Vehicles	13	96,303	(57,555)	38,748	90,363	(46,141)	44,222
Tools and instruments	13	189,144	(111,355)	77,789	182,092	(98,670)	83,422
Other		42,755	(938)	41,817	43,169	(550)	42,619
		19,680,166	(9,900,885)	9,779,281	18,194,306	(9,124,706)	9,069,600
Land		710,521		710,521	674,785		674,785
Total in operation		20,390,687	(9,900,885)	10,489,802	18,869,091	(9,124,706)	9,744,385
Under construction							
Construction in progress		4,327,391		4,327,391	2,366,829		2,366,829
Assets in progress		120,836		120,836	286,949		286,949
Imports in transit		277,585		277,585	1,457,907		1,457,907
Advances to suppliers		144,423		144,423	126,558		126,558
Capitalized interest and foreign exchange variation		197,263		197,263	68.414		68,414
Other		363,854		363,854	223,964		223,964
Total under construction		5,431,352		5,431,352	4,530,621		4,530,621
		25,822,039	(9,900,885)	15,921,154	23,399,712	(9,124,706)	14,275,006

In R$ thousands unless otherwise stated

Changes in property, plant and equipment are as follows:

								Parent Company
	Buildings	Machinery and equipment	Facilities	Land	PP&E under construction	Tools and instruments	Other	Total
At December 31, 2009	397,206	6,404,671	631,209	555,883	2,747,768	76,967	107,308	10,921,012
Additions	8	5,271	280	42,050	2,598,244	231	3,145	2,649,229
Disposals		(1,524)	(21)		(42,067)	(23)	(267)	(43,902)
Depreciation	(25,003)	(598,654)	(62,599)			(11,259)	(23,928)	(721,443)
Capitalized interest and foreign exchange variation					26,367			26,367
Acquisition/merger/spin-off	(5,103)	(35,395)	(7,128)	(30,893)	(26,540)	(956)	(61,181)	(167,196)
Transfers	6,848	1,122,628	208,049		(1,372,266)	10,174	24,567	
Transfers to intangible assets					(21,014)			(21,014)
Other	2,880				(30,925)		61	(27,984)
At December 31, 2010	376,836	6,896,997	769,790	567,040	3,879,567	75,134	49,705	12,615,069
Additions	2	12,746	139	1,705	1,827,334		2,361	1,844,287
Disposals		(96)	(16)	(8)	(2,500)	(7)		(2,627)
Depreciation	(22,812)	(618,632)	(67,111)			(12,692)	(18,599)	(739,846)
Capitalized interest and foreign exchange variation					145,209			145,209
Advances write-off					(149,264)			(149,264)
Transfers	617	755,289	28,103	3,595	(802,915)	5,149	10,162	
Transfers to intangible assets					(8,082)			(8,082)
Other					81,423		2	81,425
At December 31, 2011	354,643	7,046,304	730,905	572,332	4,970,772	67,584	43,631	13,786,171

In R$ thousands unless otherwise stated

								Consolidated
	Buildings	Machinery and equipment	Facilities	Land	PP&E under construction	Tools and instruments	Other	Total
At December 31, 2009	608,391	6,936,619	667,644	630,618	2,884,083	80,454	142,309	11,950,118
Additions	3,650	27,914	3,366	44,269	3,101,971	3,275	7,363	3,191,808
Disposals	(530)	(5,969)	(21)	(106)	(42,276)	(27)	(1,858)	(50,787)
Depreciation	(34,939)	(642,077)	(68,102)			(11,999)	(34,181)	(791,298)
Capitalized interest					28,601			28,601
Capitalized monetary and foreign exchange variation					(40)			(40)
Advances write-off					(4,045)			(4,045)
Transfers	3,898	1,130,844	213,216	2	(1,385,762)	11,719	26,083	
Transfers to intangible assets					(21,168)			(21,168)
Other	2,879	(46)		2	(30,743)		(275)	(28,183)
At December 31, 2010	583,349	7,447,285	816,103	674,785	4,530,621	83,422	139,441	14,275,006
Additions	43,222	584,821	173	30,880	1,819,522	766	10,754	2,490,138
Disposals	(11,772)	(1,017)	(1,263)	(14,084)	(2,998)	(12)	(1,302)	(32,448)
Depreciation	(33,465)	(668,854)	(73,369)			(13,861)	(33,716)	(823,265)
Capitalized interest and foreign exchange variation		1,067			145,209			146,276
Advances write-off					(205,373)			(205,373)
Transfers	17,790	824,642	43,255	18,525	(924,945)	7,474	13,259	
Transfers to intangible assets					(11,020)			(11,020)
Other	724	46		415	80,336		319	81,840
At December 31, 2011	599,848	8,187,990	784,899	710,521	5,431,352	77,789	128,755	15,921,154

For the year ended December 31, 2011, purchases of property, plant and equipment totaling R$2,490,138 relate mainly to hot strip rolling (R$1,448,102), stripping plant No. 3 (R$162,944), Continuous on-Line Control (CLC) (R$152,865) and galvanization No. 2 of the subsidiary Unigal (R$129,152).

During the year ended December 31, 2011, depreciation in the parent company was recognized in "Cost of sales", "Selling expenses" and "General and administrative expenses" in the amounts of R$733,987, R$3,556 and R$2,303 (December 31, 2010 - R$713,161, R$4,490 and R$3,792), respectively. At the consolidated level, for the same period, depreciation was recognized in "Cost of sales", "Selling expenses" and "General and administrative expenses" in the amounts of R$809,007, R$4,204 and R$10,054 (December 31, 2010 - R$771,417, R$4,924 and R$14,957), respectively.

Certain items have been given in guarantee of loans and financing (Note 20(f)).

In R$ thousands unless otherwise stated

Vehicles, IT equipment and machines and equipment include the following amounts related to finance leases in which Usiminas companies are lessees:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cost – capitalized finance leases	39,469	39,261	47,864	48,122
Accumulated depreciation	(34,079)	(29,026)	(37,243)	(33,004)
	5,390	10,235	10,621	15,118

Construction in progress relates to projects for improvement in the production process to maintain the installed capacity of the plants and for environmental preservation. The construction of the hot rolling equipment should be completed by 2012.

18 Impairment of non-financial assets

At December 31, 2011 the Company evaluated its cash generating units and identified that the recoverable value of the assets, which is the higher of the value in use or net fair value less selling expenses, exceeds the carrying amount, and, therefore, there is no need for an impairment provision.

For the cash generating units with goodwill, the Company carried out an impairment analysis, as described below.

(a) Impairment tests for goodwill

Goodwill is allocated to cash-generating units (CGUs) identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Mining			52,203	60,089
Steel metallurgy	200,641	200,641	200,641	475,638
Steel transformation			59,166	60,554
	200,641	200,641	312,010	596,281

The recoverable amount of a CGU has been determined based on the higher of the value in use and net fair value less selling expenses. The calculations of the value in use are based on pre-tax cash flow projections, in turn based on financial budgets approved by management covering a five-year period.

In R$ thousands unless otherwise stated

The key assumptions used for value-in-use calculations at December 31, 2011 are as follows:

	Parent Company	
	12/31/2011	**12/31/2010**
Gross margin **(1)**	13.0%	16.1%
Growth rate **(2)**	31.8%	10.1%
Discount rate **(3)**	10.35%	WACC

						Consolidated
			12/31/2011			**12/31/2010**
	Mining	**Steel metallurgy**	**Steel transformation**	**Mining**	**Steel metallurgy**	**Steel transformation**
Gross margin **(1)**	61.4%	14.9%	11.7%	52.4%	16.1%	18.6%
Growth rate **(2)**	19.0%	30.6%	47.3%	29.4%	10.1%	26.0%
Discount rate **(3)**	10.35%	10.35%	10.35%	WACC	WACC	WACC

(1) Gross margin, average of the budgeted period of five years.
(2) Average growth rate of the operating cash generation for the budgeted period of five years.
(3) In line with the WACC practiced in the market

These assumptions have been used for the analysis of each CGU within the operating segments.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used correspond to the cost of the Company's capital and reflect specific risks relating to the relevant operating segments.

In 2011, an impairment expense related to the goodwill, in the amount of R$5,552 (2010 – R$5,387) was recognized relative to CGU Modal, which is part of the mining operating segment. This amount was recorded in the caption “Other operating income (expenses), net”.

In R$ thousands unless otherwise stated

19 Intangible Assets

				Parent Company
	Mineral rights (i)	Goodwill	Software acquired	Total
Net book value at December 31, 2009	1,444,600	110,638	24,137	1,579,375
Additions	69		821	890
Transfers from property, plant and equipment			21,014	21,014
Disassociation of Musa (ii)	(1,435,295)			(1,435,295)
Amortization	(9,374)		(10,461)	(19,835)
Other		(295)		(295)
At December 31, 2010		110,343	35,511	145,854
Total cost	1,467,384	153,692	145,252	1,766,328
Accumulated amortization	(1,467,384)	(43,349)	(109,741)	(1,620,474)
Net book value at December 31, 2010		110,343	35,511	145,854
Additions			1,035	1,035
Transfers from property, plant and equipment			8,082	8,082
Amortization			(12,236)	(12,236)
At December 31, 2011		110,343	32,392	142,735
Total cost		153,692	154,369	308,061
Accumulated amortization		(43,349)	(121,977)	(165,326)
Net book value at December 31, 2011		110,343	32,392	142,735
Annual amortization rates - %			20	

(i) Mineral rights are amortized in accordance with mine depletion.
(ii) Disassociation of Musa refers to the corporate restructuring described in Note 16 (e) (i).

In R$ thousands unless otherwise stated

					Consolidated
	Mineral rights (i)	Goodwill	Software acquired	Other	Total
Net book value at December 31, 2009	1,444,600	202,423	46,471	44,001	1,737,495
Additions	69	10,835	4,692		15,596
Impairment		(5,387)			(5,387)
Write-offs				(7,221)	(7,221)
Transfers from property, plant and equipment			21,168		21,168
Amortization	(15,531)		(15,893)	(136)	(31,560)
Other		11,759	(88)	88	11,759
At December 31, 2010	1,429,138	219,630	56,350	36,732	1,741,850
Total cost	1,467,384	262,980	207,180	38,007	1,975,551
Accumulated amortization	(38,246)	(43,350)	(150,830)	(1,275)	(233,701)
Net book value at December 31, 2010	1,429,138	219,630	56,350	36,732	1,741,850
Additions	747,297		6,250		753,547
Impairment		(5,552)			(5,552)
Write-offs			(24)	(9,101)	(9,125)
Transfers from property, plant and equipment			11,020		11,020
Amortization	(14,697)		(18792)	(134)	(33,623)
Other	654	(5,356)	(94)	631	(4,165)
At December 31, 2011	2,162,392	208,722	54,710	28,128	2,453,952
Total cost	2,215,335	252,072	224,332	29,537	2,721,276
Accumulated amortization	(52,943)	(43,350)	(169,622)	(1,409)	(267,324)
Net book value at December 31, 2011	2,162,392	208,722	54,710	28,128	2,453,952
Annual amortization rates - %			20		

(i) Mineral rights are amortized in accordance with mine depletion.

In 2011, the additions to intangible assets refer mainly to mineral rights arising from the acquisition of Mineração Ouro Negro in the amount of R$628,127 (Note 37).

In R$ thousands unless otherwise stated

During the year ended December 31, 2011, amortization in the parent company was recognized in "Cost of sales ", "Selling expenses" and "General and administrative expenses" in the amounts of R$7,185, R$4,878 and R$173 (December 31, 2010 - R$16,456, R$3,366, R$13), respectively. At the consolidated level, in the same period, amortization was recognized in "Cost of sales ", "Selling expenses" and "General and administrative expenses" in the amounts of R$23,782, R$4,908 and R$4,933 (December 31, 2010 - R$24,228, R$3,374 and R$3,958), respectively.

Goodwill arising from the difference between the amounts paid to acquire investments in subsidiaries and the net fair value of assets and liabilities (goodwill based on expected future profitability) is classified as intangible assets in the consolidated financial statements.

20 Loans and Financing

(a) Parent Company

(i) Local currency

				12/31/2011		12/31/2010	
	Currency/ index	Maturity of principal	Annual interest rate (%)	Current	Non-current	Current	Non-current
BNDES	URTJLP	2013	TJLP + 2.50% to 3,% p.a.	23,882	50,733	23,970	37,594
BNDES	URTJLP	2012 to 2015	TJLP + 1.36% to 2.9% p.a.	108,222	65,571	108,049	209,952
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	73,168	210,663	21,359	82,316
BNDES	URTJLP	2018	TJLP + 1.88% and 2.88% p.a.	2,828	474,705		
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	73	45,735		
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	22	2,000		
FINAME	URTJLP	2012 to 2014	TJLP + 1.0% to 1.3% p.a.	1,274	749	1,582	2,017
FINAME	R$	2011 to 2020	4.5% to 10.9% p.a.	18,073	8,626	12,119	568
Banco do Brasil	R$	2013, 2015 and 2018	11.464% p.a. 98% CDI and 108.15% CDI	85,988	2,700,000	45,022	2,300,000
HP Financial – Leasing	R$	2011 to 2013	3.21% p.a. + 100% CDI	2,381	320	5,105	2,639
BNDES/ EXIM	R$	2011	7.0% p.a.			150,452	
Other				382		1,698	269
Commissions and other costs				(2,562)	(8,175)		
				313,731	3,550,927	369,356	2,635,355

In R$ thousands unless otherwise stated

(ii) Foreign currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2011 Current	12/31/2011 Non-current	12/31/2010 Current	12/31/2010 Non-current
BNDES	US$	2013 to 2018	Currency basket (US$) + 1.76% to 2.40% p.a.	15,444	41,771	13,418	30,880
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	2,290	1,330	2,041	3,207
BNDES	US$	2016 to 2018	Currency basket (US$) + 1.76% to 1.88%p.a.	33,079	101,012	13,077	54,493
BNDES	US$	2018 to 2010	Currency basket (US$) + 1.88%p.a	294	70,374		
Nippon Usiminas	US$	2014 and 2017	Libor + 0.83% and 1.23% p.a.	65,917	289,408	58,775	314,197
JBIC/Nippon Usiminas	US$	2013 and 2016	Libor + 1.475% and 2.35% p.a.	27,098	90,588	24,581	103,461
JBIC	US$	2018	Libor + 0.546% and 0.885% p.a.	3,928	1,031,690	2,887	833,880
Credit Suisse –Export prepayment	US$	2014	Libor + 4% p.a.	38,963	56,274	35,166	83,310
Eurobonds	JPY	2018	4.1165% p.a.	22,106	1,044,163	18,641	880,517
Syndicated export prepayment	US$	2011 to 2015	Libor + 1.1% to 1.35% p.a.	376,767	672,365	75,434	928,311
Syndicated export prepayment – escrow account				(168,120)		(10,319)	
Commercial Paper	US$	2011	Libor + 0.5% p.a.			91,783	
Eurobonds	JPY	2016	4.275% p.a.	1,279	554,268	1,079	467,400
KFW	US$	2012	Libor + 0.75% p.a.	4,921		8,689	4,243
KFW	EUR	2015	3.59% p.a.	9,200	26,364	8,509	32,171
Bawag PSK - Export prepayment	US$	2012	Libor + 2.317% p.a.	13,680		24,489	12,022
BNP –Export prepayment	US$	2011 to 2012	Libor+ 1.25% p.a.	13,715		12,245	12,119
Club Deal - Export prepayment	US$	2011 to 2013	Libor + 0.65% p.a.	56,882	56,273	51,045	99,972

In R$ thousands unless otherwise stated

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2011 Current	12/31/2011 Non-current	12/31/2010 Current	12/31/2010 Non-current
Safra – Export prepayment	US$	2010 and 2011	Libor + 2.65% and 2.75% p.a.			41,888	
Commissions and other costs				(1,559)	(4,027)		
				515,884	4,031,853	473,428	3,860,183
Local currency				313,731	3,550,927	369,356	2,635,355
				829,615	7,582,780	842,784	6,495,538

(b) Consolidated

(i) Local currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2011 Current	12/31/2011 Non-current	12/31/2010 Current	12/31/2010 Non-current
BNDES	URTJLP	2013	TJLP + 2.50% to 3.00% p.a.	23,882	50,733	23,970	37,594
BNDES	URTJLP	2012 to 2015	TJLP + 1.36% to 2.90% p.a.	108,222	65,571	108,049	209,952
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	73,168	210,663	21,359	82,316
BNDES	URTJLP	2018	TJLP + 1.88% and 2.88% p.a.	2,828	474,705		
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	73	45,735		
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	22	2,000		
BNDES	URTJLP	2011	TJLP + 1.6% to 3.5% p.a.			2,088	
BDMG	URTJLP	2014	TJLP+ 6% p.a.	15,608	23,846	20,713	35,583
FINAME	URTJLP	2012 to 2014	TJLP + 1.0% to 1.3% p.a.	1,274	749	1,582	2,017
FINAME	R$	2011 to 2020	4.5% to 10.9% p.a.	18,073	8,626	12,119	568
FINAME	URTJLP	2011 to 2012	TJLP+ 1.0% to 4% p.a.	192		471	191
Banco do Brasil	R$	2013, 2015 and 2018	11.464% p.a.. 98% CDI+ 108.15% CDI	85,988	2,700,000	45,022	2,300,000
BNDES/EXIM	R$	2011	7% p.a.			150,452	
Other				16,642	72,144	20,908	66,757
Commissions and other costs				(2,562)	(8,175)		
				343,410	3,646,597	406,733	2,734,978

In R$ thousands unless otherwise stated

(ii) Foreign currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2011 Current	12/31/2011 Non-current	12/31/2010 Current	12/31/2010 Non-current
BNDES	US$	2013 to 2015	Currency basket (US$) + 1.76% to 2.40% p.a.	15,444	41,771	13,418	30,880
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	2,290	1,330	2,041	3,207
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	33,079	101,012	13,077	54,493
BNDES	US$	2018 to 2020	Currency basket (US$) + 1.88%p.a	294	70,374		
Nippon Usiminas	US$	2014 and 2017	Libor + 0.83% and 1.23% p.a.	65,917	289,408	58,775	314,197
JBIC/ Nippon Usiminas	US$	2013 and 2016	Libor + 1.475% and 2.35% p.a.	27,098	90,588	24,581	103,461
JBIC	US$	2018	Libor + 0.546% and 0.885% p.a.	3,928	1,031,690	2,887	833,880
JBIC	US$	2018	Libor + 1.2225% and 0.65% p.a.	26,362	144,412	11,768	151,624
Credit Suisse -Export prepayment	US$	2014	Libor + 4% p.a.	38,963	56,274	35,166	83,310
KFW	US$	2012	Libor + 0.75% p.a.	4,921		8,689	4,243
KFW	EUR	2015	3.59% p.a.	9,200	26,364	8,509	32,171
Bawag PSK - Export prepayment	US$	2012	Libor + 2.317% p.a.	13,680		24,489	12,022
Bawag PSK - Export prepayment - *Escrow Account*				(13,680)		(24,489)	
BNP –Export prepayment	US$	2011 to 2012	Libor+ 1.25% p.a.	13,715		12,245	12,119
Banco Itaú Export prepayment	US$	2012	Libor + 1.45% p.a.	4,101		3,642	3,635
Club Deal - Export prepayment	US$	2011 to 2013	Libor + 0.65% p.a.	56,882	56,273	51,045	99,972
Club Deal - Export prepayment *Escrow Account*				(31,529)			
UBS Eurobonds	US$	2016	8.25%	1,461	375,160	1,298	333,240
UBS Eurobonds	US$	2018	7.25%	24,479	750,320	21,744	666,480
Syndicated export prepayment	US$	2011 to 2015	Libor + 1.1% to 1.35% p.a.	376,767	672,365	75,434	928,311

In R$ thousands unless otherwise stated

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2011 Current	12/31/2011 Non-current	12/31/2010 Current	12/31/2010 Non-current
Syndicated export prepayment -*Escrow Account*				(175,413)		(10,319)	
Safra – Export prepayment	US$	2011	Libor + 2.75% p.a.			41,888	
Other				25,287	23,215	7,939	1,901
Commissions and other costs				(1,559)	(4,027)		
				521,687	3,726,529	383,827	3,669,146
Local currency				343,410	3,646,597	406,733	2,734,978
				865,097	7,373,126	790,560	6,404,124

Long-term amounts by maturity year are as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
2012		715,791		764,445
2013	1,256,233	1,071,083	1,320,176	1,119,058
2014	1,435,119	1,192,486	1,488,628	1,233,171
2015	1,292,884	1,052,769	1,336,216	1,088,496
2016	1,526,073	876,165	1,389,745	777,725
2017	523,998	367,611	564,514	401,262
2018 to 2020	1,548,473	1,219,633	1,273,847	1,019,967
	7,582,780	6,495,538	7,373,126	6,404,124

In R$ thousands unless otherwise stated

(c) Changes in loans and financing

The changes in loans and financing for the years ended December 31, 2011 and 2010 are as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Opening balance	7,338,322	4,496,358	7,194,684	4,419,136
New loans and financing	1,442,850	3,471,928	1,497,120	3,684,823
Financial charges provisioned	481,897	324,952	511,790	353,770
Indexation and foreign exchange variation	557,685	(37,141)	462,560	(199,825)
Payment of charges	(436,635)	(317,949)	(471,349)	(356,253)
Payment of principal	(955,401)	(584,201)	(940,230)	(682,478)
Capital increase in Mineração Usiminas		(15,625)		
Other	(16,323)		(16,352)	(24,489)
Closing balance	8,412,395	7,338,322	8,238,223	7,194,684

(d) Other significant information on loans and financing

(i) Revolving credit facility

On July 28, 2011, the Board of Directors approved the *Revolving Credit Facility*, in the amount of US$750 million. The transaction was completed on September 22, 2011 and the credit facility may be used for a period of up to 5 years. The transaction is in Club Deal format and involves the participation of five banks, each one of which made US$150 million available.

(ii) Borrowings – National Social and Economic Development Bank – BNDES

On October 28, 2011, the Board of Directors approved the Company's participation, as beneficiary, in the Financing Agreement with the BNDES, in the amount of R$318,500.

(iii) Revolving credit facility – BNDES

On October 28, 2011, the Board of Directors approved the Company's participation, as beneficiary, in the Revolving Credit agreement with the BNDES, in the amount of R$2,018,597.

In R$ thousands unless otherwise stated

(e) Covenants

The Company has loans and financing subject to certain covenants which require compliance with restrictive clauses based on certain financial ratios, as follows:

- Consolidated Interest Coverage Ratio - ability of paying interest on loans and financing in relation to EBITDA;
- Total Debt to EBITDA and Net Debt to EBITDA - ability of paying debt in relation to EBITDA;
- Total Capitalization Ratio - ratio between own capital and third party capital;
- Liquidity Ratio - ability to pay short-term liabilities;
- Capitalization Level - ratio between Net Equity and Total Assets;
- Collections History - ratio between payment of principal and interest on ACC (advances on exchange contracts) debt and export prepayments and net export revenues.

The ratios are calculated on a consolidated basis. The failure to comply with any of these covenants could trigger an acceleration of the maturity of the non-current obligations to local and foreign creditors.

At December 31, 2011, the Company failed to comply with the contractual obligation of loans and financing (financial ratio of covenants), related to the ratio of total Debt to Ebitda for certain contracts. This fact was communicated to the creditors and a waiver was requested, which was successfully obtained on December 16, 2011. These ratios were duly complied with at December 31, 2010.

(f) Guarantees of loans and financing

At December 31, 2011, loans and financing are substantially guaranteed by property, plant and equipment items, of which the carrying amount is R$3,564,960 (December 31, 2010 - R$2,280,276) in the parent company and R$4,421,997 (December 31, 2010 - R$2,293,893) in the consolidated.

(g) Undrawn borrowing facilities

Usiminas companies have the following undrawn borrowing facilities:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Floating rate				
Expiring beyond one year	4,125,717	681,632	4,131,766	682,466
	4,125,717	681,632	4,131,766	682,466

At December 31, 2011, Usiminas companies do not have any undrawn fixed rate borrowing facilities.

(h) Loan and financing indexed to the CDI

At December 31, 2011, the Company segregated the Amplified Consumer Price Index(IPCA) for the loans and financing whose contracted index is the Interbank Deposit Certificate (CDI). The portion relative to the IPCA was segregated from interest on loans and financing and included in the line of “Monetary effects” in the group of “Finance costs”, within “Finance income (costs)”. For comparison purposes, at December 31, 2010, the amounts of monetary variation have also been reclassified.

(i) Finance leases

The Company has finance lease obligations that are effectively guaranteed since the leased asset is subject to repossession by the lessor in the event of default.

At December 31, 2011, finance lease transactions totaled R$3,083 (December 31, 2010 - R$9,711). At the consolidated level, these transactions totaled R$6,644 (December 31, 2010 - R$16,317).

(j) Fair value and segregation of loans and financing by currency

The carrying amounts and fair value of loans and financing, as well as the segregation of the carrying amounts by currency, are detailed in Note 5.3(d).

21 Debentures

On February 1, 2008, the Company made a public placement of 5,000 simple non-convertible subordinated debentures, which was its Fourth Public Issue of Debentures and the first issue under the Second Program of Offering of Debentures. These debentures, in the total amount of R$500,000, have a final maturity on February 1, 2013, and 50% of the principal falls due on February 1, 2012. They bear interest at 100% of the CDI interest rate plus 0.42% per year, payable every six months as from the issue date.

On December 29, 2008, the Company placed its Fifth Public Issue of Debentures, represented by non-convertible, unsecured debentures, in one sole non-preferred debenture series, single and indivisible lot. The issue, comprised of a single debenture of R$600,000, will be paid in three equal annual installments, with final maturity on December 29, 2020. The debenture will earn interest, paid half-yearly as from the date of issue, at the daily average interest rate of Interbank Deposits (100% of CDI), plus a spread of 0.50% per annum. On December 23, 2010, the Company made early redemption of these debentures, which totaled R$652,719.

At December 31, 2011, accrued interest in the amount of R$24,419 had been recorded on the debentures in current liabilities (December 31, 2010 – R$22,416).

In R$ thousands unless otherwise stated

22 Taxes Payable

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Value-added Tax on Sales and Services (ICMS)	34,693	36,259	50,645	52,325
Excise Tax (IPI)	27,070	22,359	28,178	23,538
Withholding Income Tax (IRRF)	11,541	11,247	15,664	14,671
Services Tax (ISS)	4,027	5,168	9,787	9,653
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	4,586	3,734	14,306	23,869
Other	1,485	1,246	7,622	6,385
	83,402	80,013	126,202	130,441

23 Taxes Payable in Installments

	Parent Company			
	12/31/2011		12/31/2010	
	Current	Non-current	Current	Non-current
National Institute of Social Security (INSS)	35,569	15,958	33,043	58,330
Excise Tax (IPI)	8,296		7,539	
Income tax and social contribution	58		58	
Refis – Law 11.941/09	11,511	5,077	13,092	2,025
Other	1,735	1,015	1,670	2,652
	57,169	22,050	55,402	63,007

	Consolidated			
	12/31/2011		12/31/2010	
	Current	Non-current	Current	Non-current
National Institute of Social Security (INSS)	35,577	15,958	33,314	58,330
Excise Tax (IPI)	8,296		7,539	
Income tax and social contribution	58		1,940	7,531
Refis – Law 11.941/09	15,503	21,664	13,092	2,025
Other	1,735	1,015	1,670	2,652
	61,169	38,637	57,555	70,538

In R$ thousands unless otherwise stated

The taxes payable in installments are subject to interest of 1% per month and are payable in 12 to 240 months, being guaranteed by assets with a book value of R$34,555 at December 31, 2011 (December 31, 2010 - R$33,221).

Changes in the balance of taxes payable in installments are as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Opening balance	283,982	255,919	293,666	264,430
Additions	27,367	57,089	37,128	58,806
Interest provisioned	14,351	1,640	14,351	2,471
Payment of interest	(21,681)	(5,009)	(21,681)	(5,009)
Payment of principal	(31,860)	(45,359)	(34,335)	(46,734)
Other		19,702	3,617	19,702
	272,159	283,982	292,746	293,666
Opening balance of judicial deposits offset	(165,573)	(108,484)	(165,573)	(108,484)
(-) Offset of judicial deposits	(27,367)	(57,089)	(27,367)	(57,089)
Closing balance of judicial deposits offset	(192,940)	(165,573)	(192,940)	(165,573)
	79,219	118,409	99,806	128,093

Long-term amounts mature as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
2012		47,334		49,216
2013	22,050	15,673	26,042	17,558
2014			3,482	1,882
2015			927	1,882
2016			927	
2017 to 2029			7,259	
	22,050	63,007	38,637	70,538

Tax Amnesty and Refinancing Program (REFIS)

In June 2011 the Brazilian Federal Revenue reopened the period for inclusion of new debts in the Payment in Installments Program of Law 11.941/2009, and as a result the Company included debts in the amount of R$27,367, restated monthly by the Selic interest rate.

In R$ thousands unless otherwise stated

24 Provision for Contingencies

	Parent Company					
	12/31/2011			12/31/2010		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
IR and CSLL	16,070	(16,070)		128,137	(37,650)	90,487
INSS	41,852	(5,498)	36,354	41,646		41,646
CIDE				24,409	(24,409)	
Labor	131,919	(83,461)	48,458	123,541	(62,576)	60,965
Civil	73,497	(7,809)	65,688	66,482	(8,131)	58,351
Other				35,097	(9,075)	26,022
	263,338	(112,838)	150,500	419,312	(141,841)	277,471

	Consolidated					
	12/31/2011			12/31/2010		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
ICMS	3,583		3,583			
IR and CSLL	32,961	(25,966)	6,995	151,046	(50,088)	100,958
INSS	63,892	(5,526)	58,366	41,674	(28)	41,646
CIDE	6,019	(6,019)		29,208	(29,208)	
COFINS	12,335	(11,873)	462	29,760	(17,475)	12,285
PIS	2,216	(2,216)		6,241	(3,568)	2,673
Labor	159,000	(92,284)	66,716	140,366	(68,775)	71,591
Civil	75,916	(7,809)	68,107	66,482	(8,131)	58,351
Other	703	(677)	26	38,038	(10,588)	27,450
	356,625	(152,370)	204,255	502,815	(187,861)	314,954

At December 31, 2011, Usiminas companies have judicial deposits recorded in non-current assets, for which no provisions were recorded (Note 15).

In R$ thousands unless otherwise stated

The changes in the provision for contingencies in the years ended December 31, 2011 and 2010 are as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Opening balance before offsetting judicial deposits	419,312	597,476	502,815	693,166
Additions	54,694	34,654	67,878	37,334
Interest/indexation	39,597	31,948	43,899	34,970
Payments/reductions	(64,500)	(28,670)	(64,500)	(28,670)
Reversals	(185,765)	(216,096)	(225,173)	(222,720)
Other			31,706	(11,265)
	263,338	419,312	356,625	502,815
Offset of judicial deposits	(112,838)	(141,841)	(152,370)	(187,861)
Closing balance	150,500	277,471	204,255	314,954

In R$ thousands unless otherwise stated

(c) Probable loss contingencies

The provisions for contingencies were recorded to cover probable losses on administrative and judicial litigation relating to tax, labor and civil issues, in amounts deemed sufficient by management, based on the advice and evaluation of internal and external legal counsel. The most significant cases at December 31, 2011 are summarized below:

(i) Contingencies of the Parent Company

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Lawsuit challenging the payment of social contribution on debts with suspended enforceability and on donations to and sponsorship of cultural projects.	Lawsuit with change of expectation from probable loss to possible loss.		22,166
Lawsuit seeking to avoid the prepayment of income tax levied on the profit from exports at the rate of 30%.	Lawsuit with change of expectation from probable loss to remote loss.		3,923
Lawsuit challenging the payment of income tax on inflationary profit related to price-level restatement with respect to the difference between the variation of IPC and BTNF in 1990 and the approval of the offset of amounts paid in 1993.	Lawsuit with change of expectation from probable loss to remote loss.		86,493
Tax assessment related to social security contributions levied on the Special Bonus and the Salary Bonus established in the collective labor agreement.	Lawsuit with change of expectation from probable loss to remote loss.		19,137
Lawsuit to avoid the payment of arrears interest calculated based on the Daily Referential Rate (TRD) levied on the full payment of the social contribution included in the payment in installments program.	Debt settled in January 2011.		22,508
Lawsuit challenging the payment of the Economic Domain Intervention Contribution (CIDE) on remittances abroad of royalties for transfer of technology.	Lawsuit included in the amnesty of Law 11.941/09.		24,409
Lawsuit filed to avoid the prepayment of income tax on profit from exports at the rate of 18%.	Process suspended awaiting judgment of the leading case.	16,070	15,484
Tax assessment relating to the social contribution on additional financing of the special pension benefits granted, arising from labor disability due to environmental risks.	Awaiting judgment in the second administrative phase.	36,355	35,026
Lawsuit seeking to avoid the payment of SAT social security contributions on the amounts paid monthly to independent workers.	Lawsuit with change of expectation from remote loss to probable loss. Lawsuit included in the amnesty of Law 11.941/09. Awaiting the approval of the request by the tax authorities.	5,497	

In R$ thousands unless otherwise stated

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Labor claims concerning indemnity for moral damages, transportation vouchers, salary adjustments, health hazard and danger exposure allowances, overtime, commuting time, meal vouchers and shared quotas of adhesion to the Voluntary Termination Program (PDV), among others.	The lawsuits are pending judgment by the Labor Court.	6,408	4,857
Labor claims concerning several labor-related amounts (overtime, transportation voucher, salary adjustments, health hazard and danger exposure allowances, commuting time, meal vouchers, indemnifications).	The lawsuits are pending judgment by the Labor Court at various court levels.	103,027	106,270
Labor claims concerning indemnity for moral damages resulting from occupational accident/disease and other labor-related matters (risk, health hazard and danger exposure allowances, overtime, etc.).	The lawsuits are pending judgment by the Labor Court at various court levels.	8,096	7,113
Claims for indemnities for material (pension, fixed medical expenses etc.) and moral damages due to exposure to benzene gas during working hours.	Awaiting judgment.	22,534	32,364
Confidential arbitration procedure involving Usiminas and MRS Logística S.A., in course before the Conciliation, Mediation and Arbitration Chamber of São Paulo and Federação das Indústrias do Estado de São Paulo (CIESP/FIESP).	In September 2011, initial arguments presented by the parties.	19,694	
Other		45,657	39,562
		263,338	419,312

In R$ thousands unless otherwise stated

(ii) Contingencies of Soluções Usiminas

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Discussion about the interpretation of Law 9718/98, related to the increase, in the calculation bases of the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).	Awaiting judgment.	14,210	14,289
Discussion about the deduction of Social Contribution on Net Income in the calculation basis of Corporate Income Tax.	Awaiting judgment.	16,891	22,909
Labor claims filed by employees concerning disputes about the amount of indemnities paid on dismissals.	Awaiting judgment.	7,016	4,311
Other		3,663	2,969
		41,780	44,478

(iii) Contingencies of Unigal

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Economic Domain Intervention Contribution (CIDE) charged on remittances abroad for payment of transfer of technology.	Awaiting judgment of the appeal filed by UNIGAL	6,019	4,799
Social Contribution on Revenues (COFINS) - foreign exchange variation - calendar years: 1999, 2001 and 2002.	Lawsuit with change of expectation from probable loss to remote loss,		17,526
Social Integration Program (PIS) – Foreign exchange variation - Periods of 1999, 2001 and 2002.	Lawsuit with change of expectation from probable loss to remote loss,		3,845
Other		465	14
		6,484	26,184

	12/31/2011	12/31/2010
Contingencies of the Parent Company	263,338	419,312
Contingencies of Soluções Usiminas S.A.	41,780	44,478
Contingencies of Unigal Ltda.	6,484	26,184
Contingencies of other companies	45,023	12,841
Total consolidated	356,625	502,815

In R$ thousands unless otherwise stated

(b) Possible loss contingencies

In addition, the parent company and some of its subsidiaries are also parties to lawsuits which involve risk of loss classified as possible by management, based on the evaluation of its legal counsel, for which no provisions have been recorded. Among these lawsuits, the following are the most significant:

(i) Contingencies of the Parent Company

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Lawsuit filed to avoid the payment of social security contributions levied on profit sharing paid to employees in the period from 1995 to 1998.	Lawsuit with change of expectation from possible loss to remote loss.		64,305
Lawsuit challenging the payment of social contribution on debts with suspended enforceability and on donations to and sponsorship of cultural projects	Awaiting judgment at the trial court level. Lawsuit with change of expectation from probable loss to possible loss	23,794	
Lawsuit that challenges the non-approval of the offset of federal taxes payable with income tax credits determined after the review of the Taxable Income Control Register (LALUR).	Awaiting judgment at the trial court level.	80,292	72,309
Process challenging the failure of the tax authorities to approve offsets of income tax credits.	Awaiting judgment at the administrative level.	32,339	29,124
Tax collection proceedings claiming the reversal of ICMS credits recorded by Usiminas due to the fact that the classification of materials was different from the classification adopted by the tax authorities.	Four tax foreclosure actions were filed. Regarding one of them, Usiminas had a favorable decision. The other cases are pending judgment at the trial court level.	42,267	44,303
Lawsuits claiming the annulment of three tax assessment notices requiring the payment of ICMS on the exports of products considered semi-finished by the tax authorities (before Constitutional Amendment 42/03).	Three lawsuits were filed. One of them awaits judgment of the appeal at the second court level. The other cases are pending judgment at the trial court level.	728,973	656,496
Tax assessment for alleged non-payment of ICMS, arising from the lack of proof of certain transactions destined for the Manaus Free-Trade Zone.	One of the lawsuits was concluded at the administrative level and the debt was registered as executable. The other is awaiting judgment at the administrative level.	42,140	37,950
Tax collection proceeding to reverse the ICMS credit arising from use and consumption materials (refractories and other).	Two tax foreclosure actions were filed. Regarding one of them, Usiminas had an unfavorable decision and awaits the judgment of its appeal. The other is pending judgment at the trial court level.	468,104	421,563
Tax collection proceeding to reverse the ICMS credit used by Usiminas arising from purchases of transportation services.	Awaiting judgment at the trial court level.	42,637	38,398

In R$ thousands unless otherwise stated

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Lawsuit related to the change in the calculation of the charge for PIS, which previously considered the calculation basis as that of the sixth prior month, with no indexation charges, rather than the current month.	Awaiting judgment at the trial court level.	9,126	8,219
Lawsuit already judged, in connection with which the Company's request to withdraw from the case to adhere to the tax installment program under Law 11941/09 was denied.	Awaiting judgment at the second court level.	63,263	56,973
Lawsuit challenging the payment of social security contribution levied on the group life insurance and the Worker's Meal Program (PAT).	Awaiting judgment at the second court level.	8,289	7,465
Tax assessment requiring the payment of income tax and social contribution on earnings of the subsidiary Usiminas International at the balance sheet date of the change of domicile from the British Virgin Islands to Luxemburg.	Awaiting judgment at the second administrative level.	147,450	132,790
Tax assessment requiring the payment of ICMS on transactions performed by Usiminas with the specific purpose of exportation, understanding that these were not eligible for the benefit, since the receiving companies are not included in SECEX.	Lawsuit ended at administrative level. Awaiting registration as executable debt.	26,515	14,153
Tax assessment requiring the payment of ICMS on goods shipped abroad, without the effective supporting export documentation.	Two tax foreclosure actions were filed. Awaiting judgment at the trial court level.	466,021	
Denial of request to offset IPI, PIS and COFINS debts with credits arising from overpayment of social contribution.	Awaiting judgment at the second administrative level.	25,731	
Denial of request for approval of offsetting social contribution debts with credits arising from overpayment of that tax.	Awaiting judgment at the second administrative level.	14,080	
Tax assessment notice requiring the reversal of ICMS credits related to the acquisition of materials classified by the tax authorities as of use and consumption.	Awaiting judgment at the second administrative level.	18,385	
Labor claims concerning several labor-related amounts (overtime, transportation voucher, salary adjustments, health hazard and danger exposure allowances, commuting time, meal vouchers, indemnifications, fine of 40% of FGTS).	Awaiting judgment by the Labor Court at various court levels.	123,215	194,841
Labor claims concerning indemnity for moral damages, transportation vouchers, salary adjustments, health hazard, risk and danger exposure allowances, overtime, meal vouchers and shared quotas of adhesion to the Voluntary Termination Program (PDV).	Awaiting judgment by the Labor Court at various court levels.	13,960	17,324

In R$ thousands unless otherwise stated

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Claims by ex-employees and outsourced workers of the Ipatinga plant for various labor related amounts (overtime, transportation voucher, salary adjustments, health hazard and danger exposure allowances, commuting time, meal vouchers, indemnifications, requests related to pension plan) and administrative lawsuits arising from labor assessment notices.	Awaiting judgment by the Labor Court at various court levels.	67,145	6,871
Lawsuit to annul an administrative decision of the Administrative Council for Economic Defense (CADE), which fined Usiminas for alleged violations.	In December 2011 Usiminas filed special and extraordinary appeals. Awaiting judgment.	50,606	48,524
Lawsuit to annul an administrative decision of CADE, which fined COSIPA for alleged violations.	In December 2011 Usiminas filed special and extraordinary appeals. Awaiting judgment.	41,129	39,325
Fine imposed by the National Superintendence of Suppliers and Prices (SUNAB), due to alleged sale by Cosipa of products at prices higher than those permitted and not in compliance with specifications of this agency.	In September 2011, the parties presented initial arguments.	14,022	11,896
Other		151,869	71,405
		2,701,352	1,974,234

(ii) Contingencies of Usiminas Mecânica

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Administrative proceeding related to the assessment to pay the ICMS difference due to the issue of invoices without ICMS separately disclosed.	The assessment was refuted and is currently awaiting ruling by the pertinent Tax Court.	15,655	13,973
Lawsuit claiming the recognition of exemption of PIS/COFINS and IPI on transactions contracted by third parties which benefit from the exemption named “Reporto”.	The lawsuit has no definite decision at the trial court.	2,382	2,126
Administrative proceeding alleging that the company had realized, prior to the correct period, the credit balance of inflationary profit arising from the price-level restatement of the financial statements for 1990.	Awaiting judgment.	26,244	23,424
Lawsuit claiming reimbursement of alleged direct and indirect losses arising from discrepancies in manufacturing and delivery terms.	Awaiting judgment.	268,289	237,160
Public lawsuit related to the construction of Ponte Juscelino Kubitschek in Brasília, claiming reimbursement to the state of amounts added through Amendment to the Sub-contract agreement.	Awaiting judgment.	240,428	
Other		27,529	
		580,527	276,683

In R$ thousands unless otherwise stated

(iii) Contingencies by Unigal

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Non-payment of Tax on Services (ISS) allegedly due on galvanization services	Awaiting judgment at the trial court level.	41,683	37,538
		41,683	37,538

(iv) Contingencies by Soluções Usiminas

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Discussion about the compensation of Social Integration Program (PIS) with Social Contribution on Revenues (COFINS) included in the installment program of Law 11.941/09.	Assessment was contested.	11,593	
Discussion about the offset of Contribution on Revenues (COFINS) against FINSOCIAL.	Assessment was contested.	10,239	
Discussion about the offset of Social Integration Program (PIS) with Social Contribution on Revenues (COFINS)	Assessment was contested.	10,597	
Labor claims filed by employees concerning disputes about the amount of indemnities paid on dismissals.	Assessment was contested.	17,483	
Other – Tax and civil		53,202	
		103,114	

	12/31/2011	12/31/2010
Contingencies of the Parent Company	2,701,352	1,974,234
Contingencies of Usiminas Mecânica S.A.	580,527	276,683
Contingencies of Unigal Ltda.	41,683	37,538
Contingencies of Soluções Usiminas	103,114	
Contingencies of other companies	3,715	
Total Consolidated	3,430,391	2,288,455

In R$ thousands unless otherwise stated

(d) Contingent assets

The following are contingent assets of the Company and its jointly-controlled entity Unigal relating to lawsuits for which final and unappealable decisions have not been issued and, therefore, which have not been recognized in the financial statements:

(i) Contingent assets of the Parent Company

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Lawsuit filed by the Company to receive the full amount paid to Eletrobrás as compulsory loan, according to criteria established in applicable legislation at the time the loan was made.	Awaiting judgment at the second court level.	586,803	528,461
Lawsuit filed by Cosipa to receive the full amount paid to Eletrobrás as compulsory loan, according to criteria established in applicable legislation at the time the loan was made.	Awaiting judgment at court of appeals.	654,346	589,288
Lawsuit in which the Company challenges the restriction on the right to credit PIS and COFINS on machinery, equipment and other assets added to property, plant and equipment, acquired before 4/30/2004.	Awaiting judgment at the second court level.	133,104	119,870
Other		57,120	99,521
		1,431,373	1,337,140

(ii) Contingencies assets of Unigal

Description	Position	12/31/2011 Balance	12/31/2010 Balance
Lawsuit claiming the reimbursement of the amount deposited in order to suspend the enforceability of an assessment notice, considering the State amnesty.	The judgment of the lawsuit at the judicial level is in progress at the 4th specialized court of Belo Horizonte.	7,845	7,065
		7,845	7,065

	12/31/2011	12/31/2010
Contingent assets of the parent company	1,431,373	1,337,140
Contingent assets of Unigal	7,845	7,065
Total consolidated	1,439,218	1,344,205

In R$ thousands unless otherwise stated

25 Provision for environmental restoration

The Company has a provision for environmental restoration as shown below:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Decontamination of Sepetiba Bay	57,354	79,978	57,354	79,978
Restoration of areas under exploration			50,906	54,932
	57,354	79,978	108,260	134,910

The expenditures for environmental restoration were recorded as part of the costs of the respective assets and as provisions that will support such expenses. The amounts recorded are based on management´s estimates regarding future expenditures discounted to present value. The estimates of expenditures are reviewed periodically and adjusted whenever necessary.

These are management's best estimates considering the studies for the restoration of degraded areas and those under exploration.

26 Retirement Benefit Obligations

The amounts and information on retirement benefit obligations are as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Balance sheet obligations for:		
Retirement benefits	1,223,587	1,253,430
Post-employment healthcare benefits	53,886	48,510
	1,277,473	1,301,940

In R$ thousands unless otherwise stated

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Income (expenses) recognized in the income statement for (Note 32):		
Retirement benefits	91,940	85,099
Changes to the Benefits Plan (alteration of Usiprev regulations)	2,787	
Post-employment healthcare benefits	(5,061)	(4,931)
	89,666	80,168
Actuarial gains(losses) recognized directly in other comprehensive income	(277,354)	(488,378)
Actuarial gains/losses) of the debt recognized directly in other comprehensive income – CPC 33 and IFRIC 14	(81,607)	(37,766)
(Increase)/decrease in asset ceiling in other comprehensive income – paragraph 58 CPC 33 and IAS 19	204,787	338,593
	(154,174)	(187,551)
Cumulative actuarial losses recognized in other comprehensive income	(341,725)	(392,946)

26.1 Supplementary retirement plans

In August 1972, the Company established the Caixa dos Empregados da Usiminas (CAIXA), a civil not-for-profit private supplementary pension plan entity.

In August 1975, the merged company Cosipa established the Fundação Cosipa de Seguridade Social (FEMCO), a not-for-profit private supplementary pension plan entity.

The main purpose of these entities, in conformity with applicable legislation, is to manage and execute pension benefit plans.

(a) Caixa dos Empregados da Usiminas ("CAIXA")

CAIXA manages two benefit plans: the original plan, which is currently closed to new participants, named Benefit Plan 1 (PB1), and the current plan, which was implemented on August 1, 1998, named Benefit Plan 2 (USIPREV). The main characteristics of these benefit plans are the following:

- Benefit Plan 1 - PB1

This is a defined benefit plan which has not accepted new enrollments since November 1996.

The plan offers the following benefits converted into life annuity: retirement due to years of service, disability and age, special retirement and deferred proportional benefit. In addition, the participants are entitled to receive benefits relating to redemption, portability, funeral assistance, assistance for long-term care and sickness allowance.

- Benefit Plan 2 - USIPREV

This is a variable contribution plan which has accepted enrollments since August 1998 of employees of sponsor companies.

During accumulation phase USIPREV's participants define the monthly contribution to their reserve Upon retirement, the participant may opt to receive a monthly income of between 0.5% and 1.5% of the account balance, or a monthly income for a defined period of between 60 and 360 months. The "Founder Participants" – enrolled in the plan up to April 13, 2011, also may opt to convert the account balance into a monthly income for life. In this case, during the phase of receipt of the benefit, the USIPREV plan will have the characteristic of a Defined Benefit plan (BD).

The benefits provided by this plan comprise: programmed retirement, retirement due to disability, portability, deferred proportional benefit, sickness allowance, and survivor pension upon death - either before or after retirement.

CAIXA's actuarial reserves are calculated by an independent actuary engaged by the Company and represent the obligation assumed for vested and unvested benefits granted to participants and their beneficiaries.

(b) Fundação Cosipa de Seguridade Social (FEMCO)

FEMCO manages two benefit plans: the Defined Benefit Plan (PBD), which is currently closed to new participants; and the Mixed Pension Benefit Plan (COSIPREV).

The main characteristics of these benefit plans are the following:

- Defined Benefit Plan - PBD

This is a defined benefit plan which has not accepted new enrollments since December 2000.

The plan offers the following types of benefits converted into life annuity: retirement due to years of service, disability and age, special retirement and deferred proportional benefit.

In addition, the participants are entitled to receive benefits relating to redemption, portability, funeral assistance, birth assistance and sickness allowance.

FEMCO's actuarial reserves are calculated by an independent actuary engaged by the Company and represent the obligation assumed for vested and unvested benefits granted to participants and their beneficiaries.

- COSIPREV

This is a defined contribution plan which has not accepted new enrollments since April 30, 2009.

The plan offers the following retirement benefits: programmed retirement, retirement due to disability and deferred proportional benefit.

In addition, the participants are entitled to receive benefits relating to redemption, portability, funeral assistance, birth assistance and sickness allowance.

26.2 Debts for minimum funding requirements

Debts are contracted by the Company as minimum funding requirements for payment of contributions with the purpose of covering the existing shortfall in relation to the services already received, as defined by CPC 33 and IFRIC 14.

Since any possible surplus is not recoverable, the debts are recognized as an additional liability in the calculation of net actuarial liability.

At December 31, 2011, the debt of the Company to CAIXA was R$963,701 (December 31, 2010 – R$941,348) and FEMCO was R$254,806 (December 31, 2010 – R$262,082).

The general characteristics of debts included in the actuarial calculations, prepared in accordance with CPC 33, IAS 19 and IFRIC14, are described below.

(a) Debt with CAIXA

Usiminas companies of PB1 have paid regular monthly and extraordinary contributions necessary to cover a deficit calculated in December 1994. This deficit is being paid by Usiminas companies during a nineteen-year period, since 2002, at an interest rate of 6% per annum and updated monthly by the General Market Price Index (IGP-M).

(b) Debt with FEMCO

The debt balance with FEMCO is calculated at each year-end, based on the actuarial valuation of provisions for vested and unvested benefits. During the following year the debt is adjusted by the monthly surplus or deficit calculated by FEMCO and the payment of installments due in the period. The debt balance is expected to be paid in 216 installments, which correspond to the monthly installments based on the "Price Table", with interest equivalent to 6% per annum and updated monthly by the National Consumer Price Index (INPC).

The debt with FEMCO is collateralized by fixed assets totaling R$543,995 as at December 31, 2011 (December 31, 2010 – R$613,785).

In R$ thousands unless otherwise stated

26.3 Actuarial calculation

The amounts based on the actuarial report recorded in the balance sheet are the following:

	Parent Company and Consolidated 12/31/2011				
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Defined benefit obligation	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)
Fair value of the plan assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940
	2,717	(173,698)	16,585	3,474	(150,922)
Unrecognized past service			(24,454)		(24,454)
Benefit asset (asset ceiling)	(2,717)			(685)	(3,402)
Additional minimum liability	(963,701)	(81,108)			(1,044,809)
	(963,701)	(254,806)	(7,869)	2,789	(1,223,587)

The sponsors of USIPREV are jointly and severally responsible for the obligations related to the coverage of benefits provided by CAIXA to the participants and respective beneficiaries of this Plan.

COSIPREV has a Benefits Fund, formed by resources from the balances of participants' accounts not used in the concession of benefits and which, based on the plan regulation, may be used in the future to meet the costs of this plan. At December 31, 2011, the portion of the Benefits Fund attributed to Usiminas Companies is R$2,789

	Parent Company and Consolidated 12/31/2010				
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Defined benefit obligation	(2,733,973)	(1,277,514)	(1,027,882)	(2,357)	(5,041,726)
Fair value of the plan assets	2,898,196	1,079,270	1,042,620	3,058	5,023,144
	164,223	(198,244)	14,738	701	(18,582)
Benefit asset (asset ceiling)	(164,223)		(14,738)	(701)	(179,662)
Additional minimum liability	(991,348)	(63,838)			(1,055,186)
	(991,348)	(262,082)			(1,253,430)

In R$ thousands unless otherwise stated

The change in the defined benefit obligation during the years presented is as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Opening balance	(5,041,726)	(4,452,947)
Current service cost	(6,786)	(5,612)
Interest cost	(568,051)	(500,658)
Benefits paid	390,028	356,024
Change in the Benefits Plan	27,241	
Actuarial (losses)/gains	(253,568)	(438,533)
	(5,452,862)	(5,041,726)

The change in the fair value of plan assets during the years presented is as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Opening balance	5,023,144	4,930,261
Expected return on plan assets	666,565	591,100
Actual contributions during the year	165,036	156,372
Benefits paid	(390,028)	(356,024)
Actuarial (losses)/gains	(162,777)	(298,565)
	5,301,940	5,023,144

The amounts recognized in the income statement are as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Current service cost	(6,786)	(5,612)
Interest cost	(568,051)	(500,658)
Expected return on plan assets	666,565	591,100
Change in the Benefits Plan (alteration of Usiprev regulations)	2,787	
Other	212	269
	94,727	85,099

The charges above were recognized in "Other operating expenses (income), net" in the income statement (Note 33(b)).

The actual return on plan assets was R$503,778 (December 31, 2010 - R$292,535).

Expected contributions to post-employment benefit plans for 2012 total R$170,743.

In R$ thousands unless otherwise stated

Actuarial assumptions

	Percentage			
	12/31/2011		12/31/2010	
	CAIXA	FEMCO	CAIXA	FEMCO
Discount rate	10.35% p.a.	10.35% p.a.	10.77% p.a.	10.77% p.a.
Inflation rate	4.50% p.a.	4.50% p.a.	4.50% p.a.	4.50% p.a.
Expected return on plan assets – PB1 and PBD	12.84% p.a.	12.07% p.a.	13.00% p.a.	11.95% p.a.
Expected return on plan assets – USIPREV and COSIPREV	11.59% p.a.	12.03% p.a.	10.94% p.a.	12.40% p.a.
Future salary increases	7.64% p.a.	7.64% p.a.	7.64% p.a.	7.64% p.a.
Future increases in Government Social Security benefits	4.50% p.a.	4.50% p.a.	4.50% p.a.	4.50% p.a.

Assumptions regarding mortality are based on actuarial advice, in accordance with published statistics and experience. Mortality assumptions for 2011 and 2010 are based on the mortality table. AT 2000. For December 31, 2011 and 2010, the disability mortality table used was AT – 1949 male.

26.4. Experience adjustments

The effects of experience adjustments in the year are as follows:

	December 31, 2011						
	PB1	PBD	USIPREV	COSIPREV	Pension plan Total	Health plan	TOTAL
Present value of the defined benefit obligation	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)	(53,886)	(5,506,748)
Fair value of the plan assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940		5,301,940
Deficit (surplus) of the plan	2,717	(173,698)	16,585	3,474	(150,922)	(53,886)	(204,808)
Experience adjustments to the plan obligations	50,302	10,932	15,659	473	77,366	2,981	80,347
Experience adjustments to the plan assets	(225,892)	69,649	(9,389)	114	(165,518)		(165,518)

26.5 Post-retirement healthcare plan

FEMCO also has an integrated healthcare system for retirees, as follows:

- Healthcare Plan, for small expenses, such as medical appointments and routine examinations;
- Healthcare Fund - COSaúde, for hospitalization and/or surgery costs, as well as other high-cost and outpatient procedures.

In R$ thousands unless otherwise stated

Under the Healthcare Plan, the Company provides a subsidy to retirees, pensioners and dependents, varying from 20% to 40% of medical costs, in accordance with the total benefit (INSS plus FEMCO). The retiree should be enrolled in the COSaúde to participate in the Healthcare Plan. The Healthcare Fund - COSaúde, in turn, is a self-managed system fully prepaid by the participant.

This plan is closed for new adhesions since April 2002.

In addition to the assumptions set out above, the main actuarial assumption is a long-term increase in healthcare costs of 8.68% p.a. in the years ended December 31, 2011 and 2010.

The amounts recognized in the balance sheet, according to the actuarial report, were determined as follows:

	12/31/2011	12/31/2010
Present value of actuarial obligation	(53,886)	(48,510)

The change in the defined benefit obligation is as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Opening balance	(48,510)	(44,778)
Interest cost	(5,061)	(4,931)
Benefits paid	3,586	4,110
Actuarial gains / (losses)	(3,901)	(2,911)
Closing balance	(53,886)	(48,510)

The amounts recognized in the income statement are as follows:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Interest cost	(5,061)	(4,931)

The charges above were recognized in "Other operating expenses (income), net" in the income statement (Note 33 (b)).

The effect of a 1% movement in the assumed healthcare cost trend rate is as follows:

	2011	
	Increase	Decrease
Effect on the total interest cost	513	(418)
Effect on the defined benefit obligation	4,953	(4,039)

In R$ thousands unless otherwise stated

26.6 Retirement plan assets

Retirement plan assets are comprised as follows:

	12/31/2011		12/31/2010	
	Amount	Percentage	Amount	Percentage
Shares	877,474	17	1,149,152	23
Federal government securities	1,835,805	35	1,712,211	34
Financial investments with financial institutions – fixed income	1,805,986	34	1,498,154	30
Financial investments with financial institutions – variable income	142,302	2	131,121	3
Real estate investments	455,625	9	295,340	5
Other	184,748	3	237,166	5
	5,301,940	100	5,023,144	100

Retirement plan assets include 51,164,642 common shares of the Company, with a fair value of R$877,474 (December 31, 2010 - R$51,164,642 common shares of the Company with a fair value of R$1,092,365).

The expected return on plan assets is determined based on market expectations, at the evaluation date, of the return on investments for the whole period up to final settlement of the actuarial liabilities. We adopted a return on investments estimated in accordance with the long-term nature of the benefits plans, taking into consideration the composition of the fund's investments at the evaluation date and the estimated returns on each type of asset.

In R$ thousands unless otherwise stated

27 Equity

(a) Share capital

At December 31, 2011and 2010, the Company's share capital amounts to R$12,150,000, comprising 1,013,786,190 shares as follows:

	Common	Class A Preferred	Class B Preferred	Total
At December 31, 2010				
Total shares	505,260,684	508,438,832	86,674	1,013,786,190
Total treasury shares	(2,526,654)	(24,060,356)		(26,587,010)
Total shares net of treasury shares	502,734,030	484,378,476	86,674	987,199,180
Conversion of shares		880	(880)	
At December 31, 2011				
Total shares	505,260,684	508,439,712	85,794	1,013,786,190
Total treasury shares	(2,526,654)	(24,060,356)		(26,587,010)
Total shares net of treasury shares	502,734,030	484,379,356	85,794	987,199,180

Each common share entitles its holder to one vote at General Shareholders' Meetings. Preferred shares have no vote but are entitled to (i) receive dividends 10% higher than the dividends attributed to common shares (ii) receive all the bonuses voted in General Meetings, under the same conditions as common shares; (iii) priority in the reimbursement of capital, with no right to premium, in the event the Company is wound up; (iv) right to vote at meetings if the Company does not pay preferred dividends during three consecutive years.

The preferred shares cannot be converted into common shares.

Holders of Class B preferred shares have priority in the reimbursement of capital, with no right to premium, in the event the Company in wound up. Holders of Class A preferred shares will be entitled to the same priority, however, only after complying with the priority of the Class B preferred shares. Class B preferred shares can be converted into Class A preferred shares at any time, at the sole discretion of the shareholder.

All shareholders are entitled to a minimum dividend of 25% of the profit for the year, as calculated in accordance with Brazilian corporate legislation.

(b) Reserves

- Premium on share subscription - established during the merger process, in accordance with article 14, sole paragraph of Law 6404/76. This reserve may be used to absorb losses which exceed retained earnings and revenue reserves, for redemption, reimbursement or purchase of shares, redemption of founders' shares, capital increase and payment of dividends on preferred shares, when applicable (Article 200 of Law 6404/76).

- Treasury shares - the Company held in treasury 2,526,654 common shares and 24,060,356 Class A preferred shares at December 31, 2011 and 2010.

- Legal reserve - credited annually with 5% of profit for the year up to the maximum of 20% of capital.

Reserve for investments and working capital – at December 31, 2011 the balance of R$3,791,235 (December 31, 2010 – R$3,629,058), comprises:

(i) Appropriation of 50% of profit for the year, after transfer to the legal reserve, as determined in the Company's bylaws. The reserve for investments and working capital cannot exceed 95% of capital and its balance can be used to absorb losses, the distribution of dividends, redemptions, reimbursement or purchase of shares or to increase capital. At December 31, 2011, the total amount appropriated to this reserve was R$110,711 (December 31, 2010 - R$746,625).

(ii) The appropriation of the amount of R$51,466 (December 31, 2010 - R$176,747), under the terms of Article 196 of Law 6404/76, based on the capital budget approved at the Board of Directors' Meeting held on March 6, 2012.

(c) Carrying value adjustments

The carrying value adjustments refer mainly to:

(i) Translation adjustment on foreign investments: corresponds to exchange variance on investments in Fasal Trading and Ternium, whose functional currency is the U.S. dollar (US$). The participation in Ternium was sold on February 21, 2011 (Note 16 (e) (ii)). The credit balance of this reserve totaled R$1,030 at December 31, 2011 (December 31, 2010 debit balance of R$245,121).

(ii) Result of capital transactions: this is the result of changes in investment interests without loss or acquisition of control. On December 31, 2011, the credit balance on this account of R$ 871,258 (December 31, 2010 - R$893,228) relates to the corporate restructuring of Mineração Usiminas (Note 16 (e) (i)).

(iii) Actuarial gains and losses: represents the actuarial gains and losses calculated in accordance with CPC 33 and IAS 19 (Note 27). On December 31, 2011, the outstanding balance on this account amounted to R$341,725 (December 31, 2010 - R$187,551).

(iv) Price-level restatement of fixed assets: represents the application of IAS 29/CPC 37 for the period in which the Brazilian economy was hyperinflationary. Such price-level restatement is realized based on the useful life of fixed assets and transferred to retained earnings. On December 31, 2011, the credit balance on this account amounted to R$ 211,887 (December 31, 2010 - R$233,708).

In R$ thousands unless otherwise stated

(v) Cash flow hedge reserve: substantially corresponds to the hedging transactions described in Note 6 (c). At December 31, 2011, the outstanding balance on this reserve totaled R$143,735 (December 31, 2010 - R$5,778).

(d) Dividends and interest on own capital

Distribution of dividends and interest on own capital was calculated as follows:

	12/31/2011	12/31/2010
Profit for the year *	233,077	1,571,840
Appropriation to legal reserve (5%)	(11,653)	(78,592)
Calculation basis of dividends	221,424	1,493,248
Interest on own capital payable	**81,577**	
Per common shares	R$0.078769	
Per preferred shares	R$0.086646	
Interim interest on own capital paid		**230,182**
Per common shares		R$0.222260
Per preferred shares		R$0.244485
Supplementary interest on own capital payable		**178,174**
Per common shares		R$0.172041
Per preferred shares		R$0.189246
Supplementary interest on own capital payable		**141,788**
Per common shares		R$0.136908
Per preferred shares		R$0.150599
Total	**81,577**	**550,144**
Percentage on the basis of calculation of dividends relative to profit for the year	35%	35%

* Profit of the parent company, in accordance with the accounting practices adopted in Brazil.

In R$ thousands unless otherwise stated

In 2011, the Company's management approved the distribution of interest on own capital amounting to R$81,577, representing 35% of the profit for 2011, based on the profit determined in accordance with the accounting practices adopted in Brazil (2010 - R$550,144, representing 35%).

Dividends and interest on own capital recognized in the year are as follows:

Nature	R$/Common shares	R$/Preferred shares	12/31/2011	12/31/2010
Interest on own capital payable	R$0.078769	R$0.086646	55,356	
Interest on own capital *	R$0.136908	R$0.150599	176,833	
Interest on own capital paid	R$0.22226	R$0.244485		230,182
Interest on own capital payable	R$0.172041	R$0.189246		143,129
Dividends paid	R$0.13975	R$0.15373		72,367
Total of available dividends			232,189	445,678

* Supplementary interest on own capital on the results for 2010, approved in 2011.

Changes in dividends and interest on own capital payable are as follows:

Nature	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Dividends payable at the beginning of the year	145,175	310,711	159,819	310,752
Dividends referring to prior year profits	176,833		176,833	
Payment of dividends and interest on own capital	(319,684)	(537,794)	(371,896)	(523,191)
Interim interest on own capital		72,367		72,367
Payment of interim interest on own capital		(72,367)		(72,367)
Interest on own capital and dividends declared	55,356	373,312	105,457	373,312
Unclaimed dividends	(509)	(1,054)	(509)	(1,054)
Total dividends payable at the end of the year	57,171	145,175	69,704	159,819

In 2010, management declared interim dividends and interest on own capital in compliance with Law 9249/95, which were imputed to the dividends to be distributed, for all legal effects. In 2011, no interim dividends or interest on own capital were distributed.

In R$ thousands unless otherwise stated

The interest on own capital, of R$81,577, was recorded as a finance cost for tax purposes. In compliance with CVM Deliberation No. 207/1996, it was reversed from the same income statement account and, therefore, has no effect on profit for the year, except for the tax effects which are recognized as a reduction of the income tax and social contribution expense for the year. The Company's bylaws determine the payment of a minimum mandatory dividend of 25% of profit for the year, adjusted in accordance with Brazilian corporate legislation. In 2011 and 2010, the Company declared dividends and interest on capital, equivalent to 35% of profit for the year .

Dividends not claimed within three years are forfeited and reversed in favor of the Company.

(e) Retained earnings

Changes in retained earnings are as follows:

At December 31, 2009	(41,877)
Profit for the year	1,571,840
Actuarial adjustments	(187,551)
Minimum dividend and interest on own capital - 2010	(550,144)
Transfer to legal reserve	(78,592)
Transfer to investment and working capital reserve	(923,372)
Transfer to carrying value adjustments	185,362
Realization of IAS 29 adjustment to fixed assets	22,680
Unclaimed dividends	1,054
At December 31, 2010	
Profit for the year	233,077
Minimum dividend and interest on own capital - 2011	(55,356)
Dividends to be appropriated	(26,221)
Transfer to legal reserve	(11,653)
Transfer to investment and working capital reserve	(162,177)
Realization of IAS 29 adjustment to fixed assets	21,821
Unclaimed dividends	509
At December 31, 2011	

28 Segment Information

Management has determined the Usiminas companies’ operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors analyzes the business by segment of products sold.

The revenue generated by the operating segments reported arises mainly from the manufacture and sale of steel products and related services.

In R$ thousands unless otherwise stated

28.1 Information on profit (loss), assets and liabilities by reportable segment

							12/31/2011
	Mining and Logistics	**Steel Metallurgy**	**Steel Transformation**	**Capital Assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Revenue	974,253	10,421,067	2,148,859	1,418,709	14,962,888	(3,060,929)	11,901,959
Cost of sales	(270,272)	(10,230,829)	(1,976,996)	(1,234,875)	(13,712,972)	3,105,181	(10,607,791)
Gross profit	703,981	190,238	171,863	183,834	1,249,916	44,252	1,294,168
Operating income/ (expenses)	(138,308)	(244,156)	(192,382)	(99,067)	(673,913)	5,597	(668,316)
Selling expenses	(62,398)	(264,977)	(108,870)	(22,323)	(458,568)		(458,568)
General and administrative expenses	(40,629)	(305,412)	(102,722)	(69,742)	(518,505)	8,186	(510,319)
Other income and (expenses)	(35,281)	326,233	19,210	(7,002)	303,160	(2,589)	300,571
Operating profit (loss)	565,673	(53,918)	(20,519)	84,767	576,003	49,849	625,852
Depreciation, amortization and depletion	27,941	765,421	42,014	21,512	856,888		856,888
Other additions/ deductions	10,052	(248,176)	19,047	5,626	(213,451)	(5,597)	(219,048)
EBITDA	603,666	463,327	40,542	111,905	1,219,440	44,252	1,263,692
EBITDA margin	62.0%	4.4%	1.9%	7.9%	8.1%		10.6%
Assets	5,829,008	35,169,901	1,637,917	1,228,523	43,865,349	(10,504,924)	33,360,425
Total assets includes:							
Investments in associates (except goodwill)	259,355	62,554		3,184	325,093		325,093
Additions to non-current assets (other than financial instruments and deferred tax assets)	993,169	2,131,654	79,077	72,209	3,276,109	4,442	3,280,551
Current and non-current liabilities	942,877	14,954,780	396,402	522,376	16,816,435	(2,470,215)	14,346,220

In R$ thousands unless otherwise stated

							12/31/2010
	Mining and Logistics	**Steel Metallurgy**	**Steel Transformation**	**Capital Assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Revenue	959,787	11,496,110	2,433,063	1,447,313	16,336,273	(3,373,878)	12,962,395
Cost of sales	(288,011)	(10,047,953)	(2,189,638)	(1,260,056)	(13,785,658)	3,354,119	(10,431,539)
Gross profit	671,776	1,448,157	243,425	187,257	2,550,615	(19,759)	2,530,856
Operating income/ (expenses)	(89,200)	(229,516)	(202,933)	(106,744)	(628,393)		(628,393)
Selling expenses	(60,691)	(195,479)	(97,128)	(20,956)	(374,254)		(374,254)
General and administrative expenses	(19,772)	(342,069)	(95,588)	(69,793)	(527,222)		(527,222)
Other income and (expenses)	(8,737)	308,032	(10,217)	(15,995)	273,083		273,083
Operating profit	582,576	1,218,641	40,492	80,513	1,922,222	(19,759)	1,902,463
Depreciation, amortization and depletion	28,668	734,398	39,507	20,285	822,858		822,858
Other additions/ deductions	26,948	(134,265)	21,636	10,575	(75,106)		(75,106)
EBITDA	638,192	1,818,774	101,635	111,373	2,669,974	(19,759)	2,650,215
EBITDA margin	66.5%	15.8%	4.2%	7.7%			20.5%
Assets	4,646,068	33,679,057	1,693,752	1,182,080	41,200,957	(9,416,206)	31,784,751
Total assets includes:							
Investments in associates (except goodwill)	238,644	1,438,458		3,464	1,680,566		1,680,566
Additions to non-current assets (other than financial instruments and deferred tax assets)	295,450	5,099,180	61,160	30,620	5,486,410	(2,125,153)	3,361,257
Current and non-current liabilities	286,312	13,792,155	426,608	516,255	15,021,330	(2,266,016)	12,755,314

Sales between segments are carried out at arm's length.

Management assesses the performance of the operating segments based on adjusted EBITDA (unaudited) (Note 29).

There are no individually significant customers representing more than 10% of revenues. Over 95% of the revenues originate from sale of goods and services.

In R$ thousands unless otherwise stated

28.2 Reconciliation of assets, liabilities and revenues of reportable segments

(a) Reconciliation of assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segment assets are reconciled to total assets as follows:

	12/31/2011	12/31/2010
Assets of reportable segments	43,865,349	41,200,957
Elimination of inter-segment assets	(10,504,924)	(9,416,206)
Total assets	33,360,425	31,784,751

Eliminations of inter-segment assets refer to intercompany balances.

(b) Reconciliation of liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segment liabilities are reconciled to total liabilities as follows:

	12/31/2011	12/31/2010
Liabilities of reportable segments	16,816,435	15,021,330
Elimination of inter-segment liabilities	(2,470,215)	(2,266,016)
Total liabilities	14,346,220	12,755,314

Eliminations of inter-segment assets refer to intercompany balances.

In R$ thousands unless otherwise stated

(c) Other significant items

Analysis of revenue by category	12/31/2011	12/31/2010
Gross domestic market sales	14,458,127	15,115,763
Gross foreign market sales	1,646,320	2,120,089
Deductions from gross revenues, mainly sales taxes	(4,202,488)	(4,273,457)
Net domestic market sales	10,345,344	11,021,569
Net foreign market sales	1,556,615	1,940,826

29 Statement of Adjusted EBITDA (Unaudited)

Adjusted EBITDA is not an accounting measure in accordance with IFRS, and does not represent the cash flows of the periods presented. Accordingly, it should not be used as an alternative measurement to profit, as an indicator of the Company's operating performance, or as an alternative for cash flows as a liquidity source.

Management's definition of adjusted EBITDA is not necessarily comparable with the definition of adjusted EBITDA of other companies.

The EBITDA - profit before taxes and equity in the results of subsidiaries, jointly-controlled entities and associates, plus depreciation, amortization and depletion and additions and deductions comprised mainly of the results of operations that are not part of the Company's production cycle, as well as non-recurring events - was calculated as follows:

		Parent Company		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
	Operating profit before income tax and social contribution	110,395	1,674,470	642,804	1,973,670
(+/-)	Investor's shares of the results of subisidiaries, jointly-controlled entities and associates	(889,861)	(314,544)	(66,967)	(57,980)
(+)	Finance results	599,574	(8,678)	50,015	(13,227)
(+)	Depreciation, amortization and depletion	752,082	741,278	856,888	822,858
(+/-)	Other additions/deductions	(226,505)	(134,909)	(219,048)	(75,106)
	EBITDA	345,685	1,957,617	1,263,692	2,650,215
	EBITDA/Net Revenue (Margin %)	3.3%	17.1%	10.6%	20.5%

In R$ thousands unless otherwise stated

30 Revenue

The reconciliation of gross revenue to net revenue is as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Sales of products				
Domestic market	12,694,998	13,399,256	14,037,934	14,613,150
Foreign market	1,410,849	1,997,884	1,638,389	2,107,784
	14,105,847	15,397,140	15,676,323	16,720,934
Sales of services	116,622	119,401	428,124	514,918
	14,222,469	15,516,541	16,104,447	17,235,852
Deductions from gross revenues	(3,704,947)	(4,092,190)	(4,202,488)	(4,273,457)
Net revenue	10,517,522	11,424,351	11,901,959	12,962,395

31 Expenses by Nature

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Depreciation and amortization	(752,082)	(741,278)	(856,888)	(822,858)
Employee benefit expenses	(959,548)	(840,515)	(2,028,692)	(1,740,317)
Raw materials and consumables	(7,194,422)	(7,411,278)	(6,056,961)	(7,040,030)
Distribution cost	(81,138)	(110,807)	(168,625)	(161,810)
Third-party services	(1,246,486)	(1,495,395)	(1,461,960)	(1,397,935)
Contingencies, net	104,985	279,046	118,809	261,331
Gains (losses) on acquisition and disposal of fixed assets, intangibles and investments	49,403	(43,905)	64,112	(56,427)
Other income (expenses)	(618,126)	291,029	(885,902)	(101,886)
	(10,697,414)	(10,073,103)	(11,276,107)	(11,059,932)
Cost of sales	(10,445,265)	(9,803,002)	(10,607,791)	(10,431,539)
Selling expenses	(264,876)	(241,408)	(458,568)	(374,254)
General and administrative expenses	(291,175)	(337,527)	(510,319)	(527,222)
Other operating income (expenses), net	303,902	308,834	300,571	273,083
	(10,697,414)	(10,073,103)	(11,276,107)	(11,059,932)

In R$ thousands unless otherwise stated

32 Employee Benefit Expenses

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Salaries and payroll charges	(776,924)	(695,288)	(1,627,819)	(1,437,916)
Social security costs	(145,155)	(142,838)	(293,485)	(270,827)
Post-employment pension and healthcare benefits	89,666	80,168	89,666	80,168
Bonuses	(13,053)	(13,802)	(22,428)	(14,289)
Profit sharing	(69,468)	(33,264)	(108,660)	(59,975)
Pension costs - defined and variable contribution plans	(27,709)	(19,756)	(39,196)	(20,567)
Other	(16,905)	(15,735)	(26,770)	(16,911)
	(959,548)	(840,515)	(2,028,692)	(1,740,317)

Employee benefit expenses are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

33 Operating Income (Expenses), Net

(a) Selling and general and administrative expenses

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Selling expenses				
Personnel expenses	(55,122)	(56,544)	(106,572)	(99,381)
Third-party services	(36,765)	(55,483)	(61,699)	(65,700)
Depreciation and amortization	(8,434)	(8,847)	(9,112)	(9,289)
Distribution cost	(81,138)	(110,807)	(168,625)	(168,226)
Sales commissions	(1,665)	(4,638)	(13,538)	(16,364)
Impairment of trade receivables	(66,698)	11,536	(72,160)	9,793
General expenses	(15,054)	(16,625)	(26,862)	(25,087)
	(264,876)	(241,408)	(458,568)	(374,254)
General and administrative expenses				
Personnel expenses	(137,810)	(121,275)	(250,272)	(216,252)
Third-party services	(60,101)	(111,426)	(109,361)	(157,364)
Depreciation and amortization	(2,476)	(3,048)	(14,987)	(13,267)
Officers' fees	(29,612)	(23,403)	(32,074)	(23,403)
General expenses	(61,176)	(78,375)	(103,625)	(116,936)
	(291,175)	(337,527)	(510,319)	(527,222)

In R$ thousands unless otherwise stated

(b) Other operating income (expenses)

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Other operating income				
Recovery of expenses	7,179	29,409	22,249	55,879
Recovery of costs	37,082	26,326	43,018	35,651
Sundry sales	29,541	40,316	30,692	41,028
Disposal of investments, fixed assets and intangibles	64,953	1,634	121,053	2,840
Rental of real estate properties	6,315	7,230	6,318	7,230
Other income	20,255	26,589	13,147	29,887
	165,325	131,504	236,477	172,515
Other operating expenses				
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	(3,784)	(7,255)	(3,784)	(7,331)
Cost of sundry sales and freight	(45,390)	(30,572)	(48,966)	(31,537)
Post-employment pension and healthcare benefits	89,666	80,168	89,666	80,168
Technological research	(37,502)	(40,668)	(37,502)	(40,668)
Taxes (INSS, ICMS, IPTU, IRPJ etc.)	(20,002)	(8,931)	(21,149)	(9,693)
Contingencies	257,822	279,046	271,646	256,638
Cultural incentives	(453)	(4,233)	(6,661)	(8,602)
Childhood and Adolescence Fund		(1,000)	(1,265)	(1,580)
Environmental restoration	(6,860)	(5,050)	(6,860)	(5,050)
Incentive to sports		(1,000)	(1,287)	(1,579)
Judicial charges	(6,447)	(4,680)	(6,468)	(4,734)
Cost on disposal fixed assets, investments and intangibles	(15,550)	(45,539)	(56,941)	(59,267)
Fines	(16,632)	(363)	(17,779)	(491)
Pre-operating personnel and training cost	(28,144)	(4,400)	(28,144)	(14,180)
Result of NDF (Non Deliverable Forward) transactions	(3,878)	1,091	(3,878)	1,091
Stock option plan	(2,274)		(2,274)	
Advisory services for assessment of investment projects	(3,788)		(22,373)	
Other expenses	(18,207)	(29,284)	(31,887)	(52,617)
	138,577	177,330	64,094	100,568
	303,902	308,834	300,571	273,083

In R$ thousands unless otherwise stated

34 Finance Income and Costs

Finance income and costs are summarized as follows:

	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Finance income				
Interest from customers	11,095	18,632	15,829	26,014
Income from financial investments	66,790	235,677	385,253	284,010
Monetary effects	46	113	2,771	2,311
Discounts	122	3,127	558	3,425
Interest on judicial deposits	55,375	30,035	59,850	30,035
Reversal of provision for loss on interest on judicial deposits	16,342	44,565	16,342	44,565
Interest on tax credits	28,973	11,707	28,973	11,762
Unwinding of adjustment to present value of trade receivables	114,009		113,794	1,981
Other finance income	7,723	10,939	2,573	11,113
	300,475	354,795	625,943	415,216
Finance costs				
Interest on borrowings	(315,714)	(276,940)	(355,584)	(312,677)
Results of swap transactions	58,622	90,797	(20,097)	(57,891)
Monetary effects	(182,250)	(121,739)	(188,593)	(124,453)
Arrears interest, commissions and expenses	(12,803)	(4,547)	(15,832)	(5,172)
Tax on Financial Transactions (IOF)	(8,450)	(962)	(8,662)	(1,604)
Interest on contingent liabilities	(39,590)	(31,913)	(43,272)	(34,864)
Unwinding of adjustment to present value of suppliers	(72,926)		(72,269)	(128)
Commissions on borrowings and other costs	(10,419)	(33,020)	(10,519)	(34,811)
Other finance costs	(11,837)	(14,100)	(15,443)	(19,655)
	(595,367)	(392,424)	(730,271)	(591,255)
Foreign exchange gains and losses, net	(304,682)	46,307	54,313	189,266
	(599,574)	8,678	(50,015)	13,227

Foreign exchange differences charged or credited to the income statement arise from the foreign exchange variation on loans and financing, and foreign suppliers, current accounts, financial investments and customers.

In R$ thousands unless otherwise stated

The Company reassessed the manner of interpreting and accounting for interest and monetary restatement of the contracts indexed to CDI, and segregated the Amplified Consumer Price Index (IPCA) from loans and financing indexed to the Interbank Deposit Certificate (CDI). The portion related to IPCA was segregated from interest on loans and financing and classified as "Monetary effects" in the group of "Finance costs", within "Finance income (costs)". For comparison purposes, at December 31, 2010, the amounts of monetary variation have also been reclassified.

35 Earnings per Share

(a) Basic and diluted

Basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares (Note 27).

The Company does not have debt convertible into shares or share purchase options and, accordingly, there is no potential dilution of common and preferred shares.

	Parent Company and Consolidated					
			12/31/2011			12/31/2010
	Common	Preferred	Total	Common	Preferred	Total
Basic and diluted						
Basic and diluted numerator						
Profit available to the shareholders	113,143	119,934	233,077	763,019	808,821	1,571,840
Basic and diluted denominator Weighted average of shares, excluding treasury shares	502,734,030	484,465,150	987,199,180	502,734,030	484,456,150	987,199,180
Earnings per share - R$- Basic and diluted	0.23	0.25		1.52	1.67	

In R$ thousands unless otherwise stated

36 Commitments

Capital commitments

Capital expenditures contracted at the balance sheet date but not yet incurred:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Steelmaking	154,413	334,778	154,413	334,778
Blast furnace	28,118	243,876	28,118	243,876
Plates	511,687	718,924	511,687	718,924
Coke	800,769	941,371	800,769	941,371
Stripping	51,756	195,792	51,756	195,792
Rolling	170,680	1,195,275	170,680	1,195,275
Sintering	307,010	92,722	307,010	92,722
Hot galvanizing				117,571
Other	16,138	93,441	16,138	93,441
	2,040,571	3,816,179	2,040,571	3,933,750

37 Business Combinations

Acquisition of Mineração Ouro Negro

On November 25, 2011, Mineração Usiminas completed the acquisition of 100% of Mineração Ouro Negro's share capital. The acquisition price was US$368,645 thousand, corresponding to R$698,103, based on the financial statements of the acquired company as of November 25, 2011, which, at present value totals R$628,545.

Mineração Ouro Negro is a privately held company, located in Itaúna, Minas Gerais.

The acquisition is aligned to the Company’s operating strategy, since it expands the area of mineral extraction and as a consequence the production capacity, together with operational gains in average transportation distance and the sterile/mineral relationship.

In R$ thousands unless otherwise stated

At November 25, 2011, the assets and liabilities arising from the acquisition are as follows:

	Fair value	Book value of the acquiree
Cash and cash equivalents	2	2
Property, plant and equipment	416	416
Intangible assets	628,127	797
Total identifiable net assets	628,545	1,215
Total consideration for the purchase	628,545	
Purchase consideration paid in cash	(151,914)	
Consideration payable	476,631	
Foreign exchange variation	(8,054)	
	468,577	
Current liabilities	156,193	
Non-current liabilities	312,384	
	468,577	

The identifiable intangible assets refer to mineral rights.

As stated above, the cash paid for the acquisition of Mineração Ouro Negro in 2011 was R$151,912 (net of acquired cash). The remaining balance will be paid in 3 years.

In R$ thousands unless otherwise stated

38 Related-party Transactions

At December 31, 2011 and 2010, the Company's shares are held as follows:

12/31/2011

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co. Ltd. (“Nippon Usiminas”) (*)	119,969,788	23.74	2,830,832	0.56	122,800,620	12.11
Votorantim Industrial AS	65,606,930	12.98			65,606,930	6.47
VBC Energia SA	65,606,926	12.98			65,606,926	6.47
Caixa de Previdência dos Funcionários do Banco do Brasil	52,769,590	10.45	6,640,950	1.31	59,410,540	5.86
Caixa dos Empregados da Usiminas – (“ CAIXA”) (*)	51,164,642	10.13			51,164,642	5.05
Companhia Siderúrgica Nacional (“CSN”)	31,554,500	6.25	76,973,800	15.14	108,528,300	10.71
Nippon Steel Corporation Co. Ltd. (*)	18,820,356	3.72	307,926	0.06	19,128,282	1.89
BNDES Participações S.A.			18,549,230	3.65	18,549,230	1.83
Usiminas in treasury	2,526,654	0.50	24,060,356	4.73	26,587,010	2.62
Others	97,241,298	19.25	379,076,618	74.55	476,317,916	46,99
Total	**505,260,684**	**100.00**	**508,439,712**	**100.00**	**1,013,700,396**	**100.00**

12/31/2010

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co. Ltd. (“Nippon Usiminas”) (*)	119,969,788	23.74	2,830,832	0.56	122,800,620	12.11
Caixa de Previdência dos Funcionários do Banco do Brasil	52,769,590	10.44	5,961,150	1.17	58,730,740	5.79
Caixa dos Empregados da Usiminas – (“ CAIXA”) (*)	51,164,642	10.13			51,164,642	5.05
Camargo Corrêa Cimentos S.A. (“Camargo Corrêa”) (*)	43,998,942	8.71			43,998,942	4.34
Votorantim Siderurgia Participações S.A. (*)	38,946,876	7.71			38,946,876	3.84
Votorantim Participações S.A. (*)	26,660,054	5.28			26,660,054	2.63
Nippon Steel Corporation Co. Ltd. (*)	18,820,356	3.72	307,926	0.06	19,128,282	1.89
BNDES Participações S.A.	1,004,800	0.20	17,544,430	3.45	18,549,230	1.83
Construções e Comércio Camargo Correa S/A(*)	14,421,368	2.85			14,421,368	1.42
Usiminas in treasury	2,526,654	0.50	24,060,356	4.73	26,587,010	2.62
Others	134,977,614	26.72	457,820,812	90.03	592,798,426	58.48
Total	**505,260,684**	**100.00**	**508,525,506**	**100.00**	**1,013,786,190**	**100.00**

(*) Controlling shareholders through a shareholders' agreement

As described in Note 43.2, as from January 16, 2012, the ownership structure of the Company was changed with the “Techint Group” as a new partner.

In R$ thousands unless otherwise stated

Significant balances and transactions with related parties are as follows:

38.1 Parent Company

(a) Current assets

			12/31/2011			12/31/2010
	Trade receivables	Dividends receivable	Other receivables	Trade receivables	Dividends receivable	Other receivables
Controlling shareholders						
CAIXA	1			47		583
Camargo Corrêa				3,858		
Construções e Comércio Camargo Corrêa S.A.				1		
Nippon Steel Corporation Co. Ltd.				1,160		
Non-controlling shareholder						
CSN	63					
Subsidiaries						
Automotiva Usiminas	30,372	5,593		1,119	1,290	
Cosipa Overseas	53,324			128,768		
Mineração Usiminas	40	29,238	695		30,865	3,424
Rios Unidos	1,354		9,222			8,072
Soluções Usiminas	83,050			164,387	6,268	
Usiminas Eletrogalvanized	7,012					
Usiminas Galvanized	20,089					
Usiminas Mecânica	17,147	23,647	9,963	11,708	17,376	6,365
UPL		2,806			525	
Jointly-controlled entities						
Fasal Trading Brasil		333				
Fasal Trading	366			9,680		
Unigal	91			117		
Usiroll	1		14,421	31		5,000
Associates						
Codeme	8,494			4,577		
Metform	1,312			382		
MRS		335				3,636
Usifast						1,606
Other related parties						
Metal One Corporation	5,727		9			8
	228,443	61,952	34,310	325,835	56,324	28,694

In R$ thousands unless otherwise stated

Related-party trade accounts receivable refer mainly to sales operations, and mature in no more than 30 days. The accounts receivable are not guaranteed and are subject to interest. On December 31, 2011 and 2010, no provision for impairment was made for accounts receivable from related parties.

(b) Non-current assets - receivables from related companies

	12/31/2011	12/31/2010
Controlling shareholder		
CAIXA (a)	5,710	5,291
Subsidiaries		
Usiminas International (b)		1,139
Usiminas Europa	74	
Usiminas Mecânica (c)	51,329	48,594
Associate		
Usifast Logística Industrial S.A. (d)		669
	57,113	55,693

(a) Refers to actuarial deficit;
(b) Refers to premium on imported coal;
(c) Refers to actuarial deficit and sale of property, plant and equipment;
(d) Refers to sale of real estate property

In R$ thousands unless otherwise stated

(c) Current liabilities

	12/31/2011		
	Payables to related parties		
	Suppliers	Other	Loans and financing
Controlling shareholders			
CAIXA (a)		199	
Nippon Steel Corporation Co. Ltd.	4		
Nippon Usiminas Co. Ltd. (b)			93,015
Non-controlling shareholder			
CSN	15,641		
Subsidiaries			
Automotiva Usiminas	271		
Cosipa Commercial			1,279
Cosipa Overseas			13,680
Mineração Usiminas	91,450	1	
Rios Unidos	2,796		
Soluções Usiminas	559	100	
Usiminas Commercial			22,107
Usiminas Mecânica	193,396		
Jointly-controlled entities			
Unigal	90,067		
Usiroll	534		
Associates			
Codeme		24,624	
Metform	99	7,776	
MRS	1,075		
	395,892	32,700	130,081

In R$ thousands unless otherwise stated

	12/31/2010		
	Payables to related parties		
	Suppliers	Other	Loans and financing
Controlling shareholders			
CAIXA (a)		336	
Camargo Corrêa		1,609	
Construções e Comércio Camargo Corrêa S.A.	5,457		
Nippon Steel Corporation Co. Ltd.	4	809	
Nippon Usiminas Co. Ltd. (b)			83,357
Subsidiaries			
Automotiva Usiminas	421		
Cosipa Commercial			1,078
Cosipa Overseas			24,489
Mineração Usiminas	81,408	1	
Rios Unidos	1,274		
Soluções Usiminas	1,002	507	
Usiminas International			91,784
Usiminas Commercial			18,641
Usiminas Mecânica	134,052	396	
Jointly-controlled entities			
Unigal	62,519		
Usiroll	371		
Associates			
Codeme		24,624	
Metform	121	7,776	
MRS	1,894		
Usifast	5,885	1,559	
	294,408	37,617	219,349

(a) Refers to the contribution of Usiprev and PBI (part company and part employee).
(b) Loans in US dollar bearing charges varying from 0.83% to 2.35% p.a. + Libor.

The amounts payable to related parties classified as suppliers are mainly due to procurement operations and mature in no more than 45 days after the date of purchase. Accounts payable are not subject to interest.

In R$ thousands unless otherwise stated

(d) Non-current liabilities

	12/31/2011		12/31/2010	
	Loans and Financing	Others	Loans and Financing	Others
Controlling shareholder				
Nippon Usiminas Co. Ltd. (a)	379,996		417,658	
Subsidiaries				
Cosipa Commercial	554,268		467,400	
Cosipa Overseas			12,022	
Usiminas Commercial	1,044,163		880,517	
Usiminas Eletrogalvanized		12,709		
Usiminas Galvanized		23,626		
Associates				
Codeme		5,130		31,843
Metform		1,620		10,056
	1,978,427	43,085	1,777,597	41,899

(a) Loans in US dollar bearing charges varying from 0.83% to 2.35% p.a. + Libor.

In R$ thousands unless otherwise stated

(e) Sales and purchases

	Sales		Purchases	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Controlling shareholders				
Camargo Corrêa		36,997		1,013
Construções e Comércio Camargo Corrêa S.A.				9,469
Nippon Steel Corporation Co. Ltd.		72,935	10,432	8,890
Non-controlling shareholder				
CSN	5,197		291,560	
Subsidiaries				
Automotiva Usiminas	114,087	111,792	9,160	8,396
Cosipa Overseas	316,901	701,751		
Mineração Usiminas			1,113,227	423,402
Rios Unidos	3	203	53,969	50,311
Soluções Usiminas	1,840,452	2,046,284	26,658	26,434
Usiminas Eletrogalvanized	39,496			
Usiminas Galvanized	108,386			
Usiminas Mecânica	244,418	212,333	759,788	859,287
Jointly-controlled entities				
Fasal Trading	84,818	122,743	285	381
Modal			139	2,929
Unigal	821	58,245	376,339	396,687
Usiroll			5,799	5,222
Associates				
Codeme	47,250	49,847	2,498	
Metform	19,872	17,544	1,438	3,575
MRS			161,702	242,189
Terminal Sarzedo			51	6,582
Usifast				115,581
Other related parties				
Metal One Corporation			12,987	235,032
	2,821,701	3,430,674	2,826,032	2,395,380

The most significant transactions between the Company and related parties are as follows:

- Sales to Camargo Corrêa of granulated slag used in the manufacture of cement.
- Purchases of services from Nippon Steel Corporation Co Ltd., including the provision of advanced industrial technology, technical assistance services and training for employees.
- Sales of products to Usiminas Automotiva used in the stamping of parts for the automotive industry.
- Purchases of iron ore from Mineração Usiminas for use in the Ipatinga and Cubatão plants.
- Purchases of road transport of steel products and miscellaneous equipment from Rios Unidos.
- Sales of products to Soluções Usiminas for processing and distribution. Additionally, Soluções Usiminas provides technical services in the area of steel to customers of Usiminas companies.
- Sales of electrogalvanized and galvanized steel to Usiminas Galvanized and Usiminas Eletrogalvanized, respectively, to foster the sales to foreign customers.
- Sales of products to Usiminas Mecânica and purchases of services, such as the manufacturing of steel products, and equipment.
- Purchases of ore storage and loading services from Terminal Sarzedo and Modal;
- Purchases from Unigal of services related to hot-dip galvanized steel sheets and cooling of hot-rolled galvanized sheets and coils.
- Purchases from Usiroll of services of texturing and chrome plating of cylinders used in rolling.
- Purchases from MRS of railway transportation services for the transport of products, iron ore, imported coal and other raw materials
- Purchases from Usifast of services related to the road transportation of steel products and sundry materials.

In R$ thousands unless otherwise stated

Sales between related parties are made based on current price lists and on the same commercial terms as those available to third parties.

Other transactions with related parties are substantially made in accordance with normal market conditions, with respect to prices and terms.

(f) Finance income (costs)

	12/31/2011	12/31/2010
Controlling shareholders		
CAIXA	617	
Nippon Steel Corporation Co. Ltd.	(12)	(1,352)
Nippon Usiminas Co. Ltd.	(64,321)	65,015
Non-controlling shareholder		
Companhia Siderúrgica Nacional	(394)	
Subsidiaries		
Automotiva Usiminas	403	
Cosipa Commercial	(111,023)	(61,256)
Cosipa Overseas	7,148	(8,403)
Mineração Usiminas	8,186	
Rios Unidos	(541)	
Soluções Usiminas	12,264	(59)
Usiminas Commercial	(207,604)	(113,664)
Usiminas Europa	13	
Usiminas Eletrogalvanized	(1,589)	
Usiminas Galvanized	(2,235)	
Usiminas International	3,002	3,085
Usiminas Mecânica	(51)	346
Jointly-controlled entities		
Fasal Trading	523	(316)
Modal	(1)	
Unigal	(2,342)	
Usiroll	1,355	
Associates		
Codeme	166	
Metform	52	
MRS	(363)	
Usifast		163
Other related parties		
Metal One Corporation		3,832
	(356,747)	(112,609)

In R$ thousands unless otherwise stated

Finance income (costs) with related parties refers mainly to charges on the loans and financing disclosed in items (c) and (d) above.

(g) Key management compensation

The remuneration paid or payable to key management personnel is presented below:

	Parent Company and Consolidated	
	12/31/2011	12/31/2010
Fees and social charges	20,617	20,148
Profit sharing	8,720	7,544
Pension plans	275	390
	29,612	28,082

The amounts above are recorded in the income statement under “General and administrative expenses”.

The Company has a share-based remuneration plan as described in Note 41.

In R$ thousands unless otherwise stated

38.2 Consolidated

(a) Current assets

	12/31/2011		12/31/2010	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Controlling shareholders				
CAIXA	1		47	583
Camargo Corrêa			3,858	
Construções e Comércio Camargo Corrêa S.A.			1	
Nippon Steel Corporation Co. Ltd.			1,160	
Votorantin Industrial S.A.	462			
Non-controlling shareholder				
CSN	63			
Jointly-controlled entities				
Fasal Trading Corporation	183		4,840	
Unigal	917		2,285	
Usiroll		7,210	15	2,500
Associates				
Codeme	8,539		4,577	
Metform	1,312		382	
MRS	675	13,587		3,636
Usifast Logística Industrial S.A.				1,606
Other related parties				
Metal One Corporation	5,727	9		8
	17,879	20,806	17,165	8,333

Related-party accounts receivable mainly relate to sales operations and mature in no more than 30 days. The accounts receivable are not guaranteed and are subject to interest. On December 31, 2011 and 2010, no provision for impairment was made for accounts receivable from related party.

Other receivables from related parties basically refer to loan agreements.

In R$ thousands unless otherwise stated

(b) Non-current assets - receivables from related parties

	12/31/2011	12/31/2010
Controlling shareholder		
CAIXA (a)	5,710	5,291
Associate		
Usifast Logística Industrial S.A. (b)		669
	5,710	5,960

(a) Refers to actuarial deficit;
(b) Refers to sale of real estate property

(c) Current liabilities

	12/31/2011		
	Payables to related parties		
	Suppliers	Other	Loans and financing
Controlling shareholders			
CAIXA	36	221	
Nippon Steel Corporation Co. Ltd.	4		
Nippon Usiminas Co. Ltd. (a)			93,015
Votorantin Industrial S.A.		17	
Non-controlling shareholder			
CSN	15,641		
Jointly-controlled entities			
Modal	299		
Unigal	27,200		
Usiroll	268		
Associates			
Codeme		24,624	
Metform	99	7,776	
MRS	8,343	7,289	
Terminal Sarzedo	998		
	52,888	39,927	93,015

In R$ thousands unless otherwise stated

	12/31/2010		
	Payables to related parties		
	Suppliers	Other	Loans and financing
Controlling shareholders			
CAIXA		355	
Camargo Corrêa S.A.	92	1,609	
Construções e Comércio Camargo Corrêa S.A.	5,457		
Nippon Steel Corporation Co. Ltd.	4	809	
Nippon Usiminas Co. Ltd (a)			83,357
Jointly-controlled entities			
Modal	1,116		
Unigal	18,756		
Usiroll	185		
Associates			
Codeme		24,624	
Metform	132	7,776	
MRS	4,726		
Terminal Sarzedo	306		
Usifast	5,115	1,559	
	35,889	36,732	83,357

(a) Loans, in US dollar bearing charges varying from 0.83% to 2.35% p.a. + Libor.

The amounts payable to related parties classified as suppliers are mainly due to procurement operations and mature in no more than 45 days. The accounts payable are not subject to interest.

Other payables to related companies basically refer to loan agreements and amounts payable for the purchase of investment.

In R$ thousands unless otherwise stated

(d) Non-current liabilities

	12/31/2011		12/31/2010	
	Loans and Financing	Other	Loans and Financing	Other
Controlling shareholder				
Nippon Usiminas Co. Ltd. (a)	379,996		417,658	
Associates				
Codeme		5,130		31,843
Metform		1,620		10,056
	379,996	6,750	417,658	41,899

(a) Loans, in US dollar, bearing charges varying from 0.83% to 2.35% p.a. + Libor

(e) Sales and purchases

	Sales		Purchase	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Controlling shareholders				
Camargo Corrêa		36,997		5,858
Construções e Comércio Camargo Corrêa S.A.				9,469
Nippon Steel Corporation		72,935		9,525
Nippon Steel Corporation Co. Ltd.			11,545	
Votorantim Industrial S.A.	8,849			
Non-controlling shareholder				
CSN	5,197		291,560	
Jointly-controlled entities				
Fasal Tading	42,409	61,372	143	191
Modal			5,834	3,310
Unigal	10,046	40,524	112,902	119,006
Usiroll			2,899	2,611
Associates				
Codeme	47,347	49,847	2,540	
Metform	19,872	17,544	2,363	3,826
MRS	469		291,262	287,178
Terminal Sarzedo			11,170	10,651
Usifast				137,053
Other related parties				
Metal One Corporation			12,987	235,032
	134,189	279,219	745,205	823,710

The most significant transactions between the Company and related parties are as follows:

- Sales of granulated slag to Camargo Corrêa, used in the manufacture of cement.
- Purchases of services from Nippon Steel Corporation Co Ltd., including the provision of advanced industrial technology, technical assistance services and training for employees.
- Purchases of ore storage and loading services from Terminal Sarzedo and Modal.
- Purchases from Unigal of services related to hot-dip galvanized steel sheets and cooling of hot-rolled galvanized sheets and coils.
- Purchases from Usiroll of services of texturing and chrome plating of cylinders used in rolling.
- Purchases from MRS of railway transportation services for the transport of products, iron ore, imported coal and other raw materials.
- Purchases from Usifast of services related to the road transportation of steel products and sundry materials.
- Supply of thick plates to Codeme and Meltform.

Sales between related parties are made based on current price lists and on the same commercial terms available to third parties.

Other transactions with related parties are substantially carried out in accordance with normal market conditions, with respect to prices and terms.

In R$ thousands unless otherwise stated

(f) Finance income (costs)

	12/31/2011	12/31/2010
Controlling shareholders		
CAIXA	617	
Nippon Steel Corporation Co Ltd.	(12)	(1,352)
Nippon Usiminas Co Ltd.	(64,321)	65,015
Non-controlling shareholder		
CSN	(394)	
Jointly-controlled entities		
Fasal Trading	261	(158)
Modal	(1)	
Unigal	(703)	
Usiroll	678	
Associates		
Codeme	166	
Metform	52	
MRS	(7,652)	
Terminal Sarzedo		
Usifast		163
Other related parties		
Metal One Corporation		3,832
	(71,309)	67,500

Finance income (costs) with related parties refers mainly to charges on the loans and financing disclosed in items (c) and (d) above.

In R$ thousands unless otherwise stated

39 Statements of Cash Flows

(a) Cash and cash equivalents

The cash and cash equivalents included in the statements of cash flows are detailed in Note 9.

(b) Supplementary information

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Investments and financing not affecting cash	132,194	97,200	476,631	97,200

The investments and financing not affecting cash refer to the acquisition of property, plant and equipment where the financing is paid directly to the supplier.

(c) Acquisition of subsidiary

On November 25, 2011, Mineração Usiminas completed the acquisition of 100% of Mineração Ouro Negro's share capital for the amount of R$628,544 to be paid in 36 installments. In 2011, the cash paid for the acquisition was R$151,912 (net of cash acquired), as stated in Note 37.

40 Insurance (Unaudited)

The insurance policies taken out by the Company and certain of its subsidiaries provide insurance protection considered sufficient by management. At December 31, 2011 and 2010, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fixtures and installations at the insured establishments and respective facilities of the Company, Automotiva Usiminas, Usiminas Mecânica, Unigal and Usiroll, with value at risk of US$ 28,201,088 thousand (December 31, 2010 - US$ 23,492,222 thousand), and an "All Risks" policy with a maximum indemnity of US$1,000,000 thousand per claim. At December 31, 2011 and 2010, the deductible amount for material damages is US$7,500 thousand and the cover for loss of profits has a deductible term of 21 days (waiting period). This insurance policy expires on December 30, 2012.

41 Stock option plan

The Extraordinary Shareholders' General Meeting, held on April 14, 2011, approved the Stock Option Plan relating to Shares Issued by the Company (“Plan”). The main objectives of the Plan are to:

- align the interests of officers and shareholders;
- provide an incentive for the creation of sustainable value;
- attraction and retention of talents;
- maintenance of competitiveness with the market practices.

The Plan is managed by the Company’s Board of Directors, with the assistance of the Human Resources Committee, subject to the limitations included in the Plan.

(a) Main aspects of the Plan

The main aspects of the Plan may be summarized as follows:

- All the employees are potentially eligible to participate in the Plan. The suggested beneficiaries of each grant must be submitted to the evaluation and approval of the Board of Directors.

- The Board of Directors shall define, each year, after hearing the Human Resources Committee, the employees who will be considered eligible to the Plan.

- All shares resulting from the exercise of options granted in accordance with the Plan shall be preferred shares.

- To honor the exercise of options, the Company may: (i) issue new preferred shares, within the limit of its authorized share capital; or (ii) use preferred shares held in treasury.

- Any preferred share underlying an option granted in accordance with this Plan which, for any reason, is cancelled or extinguished without being exercised, will be made available for granting new options in accordance with the Plan. The exercise of options shall not, in any circumstances, result in the issue or attribution of share fractions, and the Board of Directors may determine how the value of a fractioned share shall be treated.

- In the event of the issue of new shares by the Company due to share split, reverse share split or bonus, the Board of Directors may, at its sole discretion, replace or adjust as deemed necessary (i) the number of shares which may result from the exercise of options pursuant to the Plan; (ii) the number of shares related to options previously granted but not exercised; and (iii) the exercise price of such options.

(b) Types of Grant

A total of 3,965,910 options was allocated to the Plan, for the grants related to 2011.

The options granted are of two different types:

(i) Basic grant – in which the number of options granted will be based on the strategy of Usiminas, and each option granted will entitle its owner to acquire or subscribe to one preferred share of the Company.

(ii) Bonus grant – which shall be linked to a voluntary investment of the participant, who uses part of the net value of variable compensation for acquisition of preferred shares.

In R$ thousands unless otherwise stated

(c) 1st grant

On October 3, 2011, 2,589,451 options were granted under the Basic Grant and 402,302 under the Bonus Grant, totaling 2,991,753 options related to 2011 (1st grant), to be granted to the executive and statutory officers ("Participants") of the Company through "Agreement of Option for Purchase of Shares". The main characteristics of the Plan may be summarized as follows:

- exercise price: R$11.98 per preferred share (USIM5);
- vesting period: 3 years (33% after the 1st year, 33% after the 2nd Year and 33% after the 3rd year);
- option of using up to 50% of variable compensation for the purchase of Usiminas shares.For which the Company grants the bonus options.
- maximum period for the exercise of options: 7 years

Fair value of the options

The fair value at the grant date, as well as the main assumptions used in accordance with the pricing model Black & Scholes, were as follows:

	1st year	2nd year	3rd year
Fair value at the grant date	R$4.83	R$5.07	R$5.27
Share price	R$11.45	R$11.45	R$11.45
Exercise price	R$11.98	R$11.98	R$11.98
Volatility of the share price	50.70%	50.70%	50.70%
Vesting period (3 years)	33% after 1st year	33% after 2nd year	33% after 3rd year
Estimated dividends	2.94%	2.94%	2.94%
Risk-free return rate	11.62% p.a.	11.65% p.a.	11.69% p.a.
Adjusted effectiveness	4 years	4.5 years	5 years

The exercise price was determined based on the average daily quotation in the period of 30 days prior to the grant date.

The volatility of the share price is based on the historical adjusted volatility of 36 months prior to the grant date.

The fair value of the options granted is recorded as an expense throughout the vesting period.

In R$ thousands unless otherwise stated

At December 31, 2011, the total number of outstanding options and the weighted average exercise price of the options are as follows:

	Options	Weighted average exercise price
Outstanding options at the beginning of the year		
Granted during the year	2,991,753	R$11.98
Outstanding options at the end of the year	2,991,753	R$11.98

At December 31, 2011 there were no exercised or cancelled options.

The Stock Option Plan described above totaled R$2,274 at December 31, 2011, recorded in the income statement in “Other operating income (expenses), net”.

42 Profit (loss) from Discontinued Operations

In February 2011, the Company sold its investment in Ternium. The net result from such sale is included in “Profit (loss) from discontinued operations” in the income statement. The 2010 balances were reclassified for comparison purposes.

	12/31/2011	12/31/2010
Investment balance and goodwill	(1,571,204)	
Foreign exchange variations - foreign associate	(245,017)	
Cash flow hedge – foreign associate	(5,778)	
Proceeds from sale of investment	1,620,787	
Taxes on sale	76,293	
Equity in the results of associate		177,905
	(124,919)	177,905

43 Subsequent Events

43.1 Bank letter of guarantee

On January 13, 2012, the Company’s Board of Directors approved the contracting of a letter of guarantee from Banco Safra, in the amount of US$79,692 thousand, to guarantee the supplementary and final payment for the acquisition of Mineração JMendes Ltda., Siderúrgica do Oeste de Minas Gerais Ltda (Somisa), and Global Mineração Ltda., pursuant to the original contract and as disclosed in Material Fact notice dated February 2, 2008.

43.2 Purchase and sale of shares and New Shareholders' Agreement

On January 17, 2012, the Company informed the market, through a Material Fact notice, the completion ocurred on January 16, 2012 of the purchase and sale of shares in the terms of the regulation applicable to the Brazilian capital market, the content of which is described below:

(a) Confab Industrial S.A. ("**Confab**"), Prosid Investments S.C.A. ("**Prosid**"), Siderar S.A.I.C. ("**Siderar**") and Ternium Investments S.à r.l. ("**Ternium**" and, together with Confab, Prosid and Siderar, "**Techint Group**") completed the purchase and sale transactions of shares pursuant to the purchase and sale of shares contract executed with VBC Energia S.A. ("**VBC**"), Votorantim Industrial S.A. ("**Votorantim**") and Caixa dos Empregados da Usiminas ("**CEU**" and the "Purchase and Sales **Contracts of Techint Group**") on November 27, 2011, and acquired 139,741,296 common shares of Usiminas, representing approximately 27.66% of the common shares and approximately 13.78% of the share capital of Usiminas, for the price of R$36.00 per share, totaling the amount of R$5,030,687;

(b) Nippon Steel Corporation ("**NSC**") completed the purchase and sale transactions of shares pursuant to the purchase and sale of shares contract executed with CEU on November 27, 2011, and acquired 8,527,440 common shares of Usiminas, representing approximately 1.69% of the common shares and approximately 0.84% of the share capital of Usiminas, for the price of R$36.00 per share, totaling the amount of R$306,988;

(c) **Techint** Group, NSC, Nippon Usiminas Co. Ltd. ("**NU**"), Metal One Corporation ("**Metal One**"), Mitsubishi Corporation do Brasil S.A. ("**Mitsubishi**") and CEU executed an Amended and Consolidated Shareholders' Agreement of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (the "**New Shareholders' Agreement"**),in terms essentially identical to the Amended and Consolidated Shareholders' Agreement of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS executed on November 27, 2011, however excluding the conditions required for the agreement to become effective. The New Shareholders' Agreement amends, consolidates and fully replaces the Amended and Consolidated Shareholders' Agreement of Usiminas of November 6, 2006 ("**Original Shareholders' Agreement**") and, from this date onwards, shall govern the relationships between the parties of such agreement as shareholders and members of the controlling group of Usiminas. A copy of the New Shareholders' Agreement shall be delivered to Usiminas on January 17, 2012, to be signed as consenting party and filed at its head office pursuant to article 118 of Law 6.404/76; and

(d) The New Shareholders' Agreement also replaces and revokes the Shareholders' Agreement of Usiminas of February 18, 2011, between Mitsubishi, Metal One, NSC, NU, VBC and Votorantim, which was expressly cancelled by the parties as of this date.

In R$ thousands unless otherwise stated

For reference purposes, the follow table indicates the distribution of Usiminas voting capital among the parties to the New Shareholders' Agreement at this date and after the completion of the operations referred to in items "a)" and "b)":

	Original Shareholders' Agreement		New Shareholders' Agreement	
	Attached common shares (%)	Total Common shares (%)	Attached common shares (%)	Total Common shares (%)
NSC (a)	3.75	2.40	6.40	4.09
NU	37.18	23.74	37.18	23.74
Total NSC and NU	**40.93**	**26.14**	**43.58**	**27.83**
Mitsubishi and Metal One	2.54	1.62	2.54	1.62
Total NSC, NU, Mitsubishi and Metal One	**43.47**	**27.76**	**46.12**	**29.45**
Ternium			26.26	16.77
Siderar			3.10	1.98
Prosid			6.20	3.96
Confab			7.75	4.95
Techint Group			**43.31**	**27.66**
V/C Group (Votorantim and Camargo Correa)	**40.67**	**25.97**		
CEU	**15.86**	**10.13**	**10.57**	**6.75**
Controlling shareholders	**100.00**	**63.86**	**100.00**	**63.86**
Non-controlling shareholders		**36.14**		**36.14**

(a)NSC Group has 6,726,600 common shares not linked to the New Shareholders' Agreement.

43.3 Replacement of the Board of Directors and Executive Board

On January 16, 2012, the Company's Board of Directors: (i) appointed, pursuant to article 150 of Law 6.404/1976, to replace the members indicated by the V/C Group, who presented their resignation, the following effective members of the Board of Directors until the Annual General Meeting of 2012: Daniel Agustín Novegil, Roberto Caiuby Vidigal and Alcides José Morgante, who were indicated by Techint Group; and (ii) approved the indication of Mr. Julián Alberto Eguren as the new President of the Company, replacing Mr. Wilson Nélio Brumer.

43.4 Appointment of members of the Statutory Board and designation of their related responsibilities

The Board of Directors Extraordinary Meeting held on February 15, 2012, approved the new structure of the Company's Statutory Board, as follows:

- President;
- Reporting to the President (vice-presidents):
    - Commercial;
    - Finance and Investor Relations;
    - Industrial;
    - Technology and Quality ;
    - Subsidiaries;
    - Corporate Planning

Due to the above changes, the Company's Statutory Board is composed as follows, with mandate until the Annual General Meeting in 2012:

Julián Alberto Eguren	President
Sergio Leite de Andrade	Commercial Director
Ronald Seckelmann	Director of Finance and Investor Relations
Marcelo Rodolfo Chara	Industrial Director
Rômel Erwin de Souza	Director of Technology and Quality
Paolo Felice Bassetti	Director of Subsidiaries
Vacant(*)	Director of Corporate Planning

(*) Until the fulfillment of the legal requirements by Mr. Nobuhiro Yamamoto.

Board of Directors

Israel Vainboim
Chairman

Alcides José Morgante
Member

Aloísio Macário Ferreira de Souza
Member

Daniel Agustín Novegil
Member

Fumihiko Wada
Member

Rita Rebelo Horta de Assis Fonseca
Member

Roberto Caiuby Vidigal
Member

Rômel Erwin de Souza
Member

Toru Obata
Member

Statutory Audit Board

Lúcio de Lima Pires
Chairman

Heloísa Regina Guimarães de Menezes
Member

Marco Antônio Bersiani
Member

Masato Ninomiya
Member

Executive Board

Julián Alberto Eguren
President

Marcelo Rodolfo Chara
Industrial Director

Rômel Erwin de Souza
Director of Technology and Quality

Ronald Seckelmann
Director of Finance and Investor Relations

Sérgio Leite de Andrade
Commercial Director

Paolo Felice Bassetti
Director of Subsidiaries

Vacant
Director of Corporate Planning

Antônio Geraldo Vilela de Moraes
Controller
Accountant TC CRC-MG 57.658