



Usiminas.
Doing always better.

USIMINAS

Public Disclosure - Belo Horizonte, July 24th, 2014. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (BM&FBOVESPA: USIM3, USIM5 e USIM6; OTC: USDMY and USNZY; Latibex: XUSIO and XUSI) today releases its second quarter results of fiscal year 2014 (2Q14). Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in Brazilian Real, according to International Financial Reporting Standards (IFRS). All comparisons made in this release take into consideration the first quarter of 2014 (1Q14), except where stated otherwise.

Release of the 2Q14 Results

The main operational and financial indicators were:

- Total steel sales volume of 1.5 million tons;
- Consolidated net revenue of R\$3.1 billion;
- Consolidated Adjusted EBITDA of R\$549.4 million;
- Consolidated Adjusted EBITDA Margin of 17.7%;
- Investments in Capex of R\$260.9 million;
- Net debt / EBITDA ratio of 1.7x.

Main Highlights

R\$ million - Consolidated	2Q14	1Q14	2Q13	Chg. 2Q14/1Q14	1H14	1H13	Var. 1H14/1H13
Steel Sales Volume (000 t)	1,456	1,437	1,572	1%	2,893	3,163	-9%
Iron Ore Sales Volume (000 t)	1,457	1,767	1,359	-18%	3,224	2,715	19%
Net Revenue	3,106	3,142	3,244	-1%	6,249	6,439	-3%
COGS	(2,772)	(2,623)	(2,868)	6%	(5,395)	(5,856)	-8%
Gross Profit (Loss)	334	520	376	-36%	854	583	46%
Net Income (Loss)	129	222	(22)	-42%	350	(145)	-
EBITDA (Instruction CVM 527)	538	648	428	-17%	1,186	724	64%
EBITDA Margin (Instruction CVM 527)	17%	21%	13%	- 400 bps	19%	11%	+ 800bps
Adjusted EBITDA	549	655	441	-16%	1,205	755	60%
Adjusted EBITDA Margin	18%	21%	14%	- 300 bps	19%	12%	+ 700bps
Investments (CAPEX)	261	238	261	10%	499	435	15%
Cash Position	2,894	2,914	4,736	-1%	2,894	4,736	-39%

Market Data – 06/30/14

Index

BM&FBOVESPA: USIM5 R\$7.58/ share
USIM3 R\$6.92/ share

EUA/OTC: USNZY US\$3.45/ADR

Latibex: XUSI €2.72/ share
XUSIO €2.40/share

• Consolidated Results

• Performance of the Business Units:

- Mining
- Steel
- Steel Processing
- Capital Goods

• Highlights

• Capital Markets

• Balance Sheet, Income, Cash Flow Statements

Economic Scenario

The global economy showed improvement in the 2Q14, in line with the growth expectation of 2014, which is estimated to be higher than the 3% in 2013. Most of the growth drivers came from the advanced economies, highlighting the USA, Japan and Germany, which demonstrated signs of recovery.

In the emerging economies, growth potential has proven to be lower. The conflicts between Russia and Ukraine have already resulted in significant impacts on their economies, generating a recession risk. In China, the growth forecast is maintained at around 7% in 2014, in a scenario where the authorities try to obtain greater control of the credit system, supporting a transition to a more balanced growth rhythm.

The Brazilian economy strongly deteriorated over the first half of the year and the GDP growth and inflation perspectives have gotten worst. In terms of economic activity in the 2Q14, the expectation is of an even weaker result than the 0.2% GDP growth rate in the 1Q14. Industrial Production in May decreased for the third consecutive month and has accumulated a decline of 1.6% in 2014. Leading indicators (PMI-HSBC) suggest there will be another drop in June. According to the Focus Report, the forecast is that Industrial Production (PIM-IBGE) will be reduced by 1.2% in 2014.

Steel Industry

According to the World Steel Association (WSA), global crude steel production reached 684.2 million tons until May, 2.4% higher than that seen in the same period of the previous year, with Chinese production, which has a 50% share of global production, advancing 2.7%. According to this entity, the global capacity utilization rate reached 78.5%, interrupting a growth sequence. Therefore, excess capacity persists, negatively affecting the profitability conditions in the global steel industry.

In Brazil, crude steel production reached 17.0 million tons until June, with a decline of 1.5% when compared with the same period of 2013. According to the Brazilian Steel Institute (IABr), flat steel production declined 6.3% in the period.

The flat steel market in Brazil consumed 3.5 million tons in the 2Q14, with 84% of the volume supplied by local mills and 16% by imports. Comparing the 2Q14 with the 1Q14, apparent consumption declined 1.3% mainly due to a 6% decrease in hot rolled products and 2%, in cold rolled products. The industrial sectors, which are intensive in steel consumption, had even more significant decline. According to IBGE in the first five months of the year, the production of capital goods and durable goods decreased 5.8% and 3.2%, respectively. Among them the production of vehicles is one of the negative results. According to the Brazilian Automotive Manufacturers Entity (ANFAVEA), the production decreased 16.8% in the first half of 2014, driven by the decrease in the domestic market in 7.6% and in the exports in 35.4%.

The steel indirect trades data also create a challenging scenario to the steel industry. According to the Brazilian Steel Institute (IABr) and the Ministry of Development, Industry and Foreign Trade (MDIC), the indirect steel trade balance accounted for was 1.3 million tons in the first 6 months of the year, the highest deficit in history.

The Steel Distributors National Association (INDA) estimates that flat steel sales in the distribution network declined 10.4% in the 2Q14, with higher inventories, which should reach 3.3 months, a turnover rate above the historical average.

Mining

In the 2Q14, there was an increase in availability of iron ore in the international market, coming from large expansion projects, uncertainties about investment in China, adjustment of inventory levels at Chinese ports and austerity in credit and debt offerings in China, which caused this commodity to reach an average price of US\$102.60/t in the 2Q14, compared to US\$120.40/t in the 1Q14 (62% iron content, CFR China). At the end of the 2Q14, the average price was even lower, decreasing to US\$93.25.

Economic and Financial Performance Comments on Consolidated Results

Net Revenue

Net revenue in the 2Q14 was stable in relation to the 1Q14, totaling R\$3.1 billion, mainly due to higher steel average prices in the domestic market and higher steel export volume, compensated by lower iron ore average prices and export volume.

Net Revenue Breakdown

	2Q14	1Q14	2Q13	1H14	1H13
Domestic Market	88%	87%	92%	87%	88%
Exports	12%	13%	8%	13%	12%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold (COGS)

In the 2Q14, COGS totaled R\$2.8 billion, 5.7% higher than in the 1Q14, mainly due to higher steel sales volume, labor costs and third party services related to the process and maintenance.

Gross margin showed the following performance:

Gross Margin

2Q14	1Q14	2Q13	1H14	1H13
10.8%	16.5%	11.6%	13.7%	9.1%

Operating Expenses and Revenues

In the 2Q14, sales expenses were R\$71.3 million, 14.7% lower than in the 1Q14, in function of lower exports in the Mining Unit. General and administrative expenses were stable, totaling R\$127.6 million in the 2Q14. Net operating expenses presented a result of R\$133.8 million in the 2Q14 against R\$183.2 million in the 1Q14, 27.0% reduction, mainly due to the sales and write-off of non-operating assets higher in R\$19.9 million and higher sale revenue of surplus electric energy in R\$14.0 million.

Thus, the Company's operating margin showed the following performance:

EBIT Margin

2Q14	1Q14	2Q13	1H14	1H13
6.5%	10.6%	4.4%	8.6%	2.0%

Adjusted EBITDA

Adjusted EBITDA is calculated from net income (loss), reversing profit (loss) from discontinued operations, income tax and social contribution, financial result, depreciation, amortization and depletion, and equity in the results of Associate, Joint Subsidiary and Subsidiary Companies. The adjusted EBITDA includes the proportional participation of 70% of Unigal and others joint subsidiary companies.

Consolidated (R\$ thousand)	EBITDA			
	2Q14	1Q14	1H14	1H13
Net Income (Loss)	128,611	221,628	350,239	(144,819)
Income Tax / Social Contribution	73,356	141,087	214,443	(163,764)
Financial Result	58,561	18,057	76,618	512,461
Depreciation, Amortization	277,527	267,088	544,615	520,330
EBITDA -Instruction CVM 527	538,055	647,860	1,185,915	724,208
Equity in the Results of Associate and Subsidiary Companies	(60,248)	(44,284)	(104,532)	(78,316)
Joint Subsidiary Companies proportional EBITDA	71,567	51,809	123,376	108,870
Adjusted EBITDA	549,374	655,385	1,204,759	754,762

Adjusted EBITDA in the 2Q14 reached R\$549.4 million, 16.2% lower than in the 1Q14, which was R\$655.4 million, mainly due to the lower performance in the Mining Unit. The Adjusted EBITDA margin in the 2Q14 declined 320 basis points, reaching 17.7%. The adjusted EBITDA margins are shown below:

Adjusted EBITDA Margin				
2Q14	1Q14	2Q13	1H14	1H13
17.7%	20.9%	13.6%	19.3%	11.7%

Financial Result

In the 2Q14, net financial expenses were R\$58.6 million, against R\$18.1 million in the 1Q14. This result can be attributed mainly to the lower appreciation of the Real against the Dollar in the period.

Financial Result - Consolidated

R\$ thousand	2Q14	1Q14	2Q13	Change 2Q14/1Q14	1H14	1H13	Change 1H14/1H13
Currency Exchange Variation	41,856	64,830	(184,230)	-35%	106,686	(133,834)	-
Swap Operations Market Cap.	(23,602)	(959)	5,139	2361%	(24,561)	19,204	-
Inflationary Variation	(46,246)	(44,148)	(16,175)	5%	(90,394)	(59,743)	51%
Financial Income	57,015	39,052	45,149	46%	96,067	82,167	17%
Financial Expenses	(87,584)	(76,832)	(126,194)	14%	(164,416)	(420,255)	-61%
FINANCIAL RESULT	(58,561)	(18,057)	(276,311)	224%	(76,618)	(512,461)	-85%

Equity in the Results of Associate and Subsidiary Companies

Equity in the results of associate and subsidiary companies was R\$60.2 million in the 2Q14, against R\$44.3 million, higher by 36.0% when compared with the 1Q14, mainly due to higher contribution of Unigal and MRS Logística in the period.

Net Income (Loss)

The Company presented net income of R\$128.6 million in the 2Q14 against R\$221.6 million in the 1Q14.

Investments (CAPEX)

Investments totaled R\$260.9 million in the 2Q14, a 9.7% increase in relation to the 1Q14, mainly in function of maintenance CAPEX and the Coke Plant II revamp in Ipatinga, in the Steel Unit.

Out of the total investments in the 2Q14, 86% were applied to the Steel Unit, 11% to the Mining Unit, 2% to the Steel Transformation Unit and 1% to the Capital Goods Unit.

Indebtedness

Total consolidated debt was R\$6.7 billion on 06/30/14, stable in relation to that on 03/31/14. Net consolidated debt was R\$3.8 billion at the end of June 2014 against R\$3.7 billion at the end of March 2014. On the other hand, the net debt / EBITDA ratio was 1.7 times on 06/30/14, stable in comparison with 03/31/14.

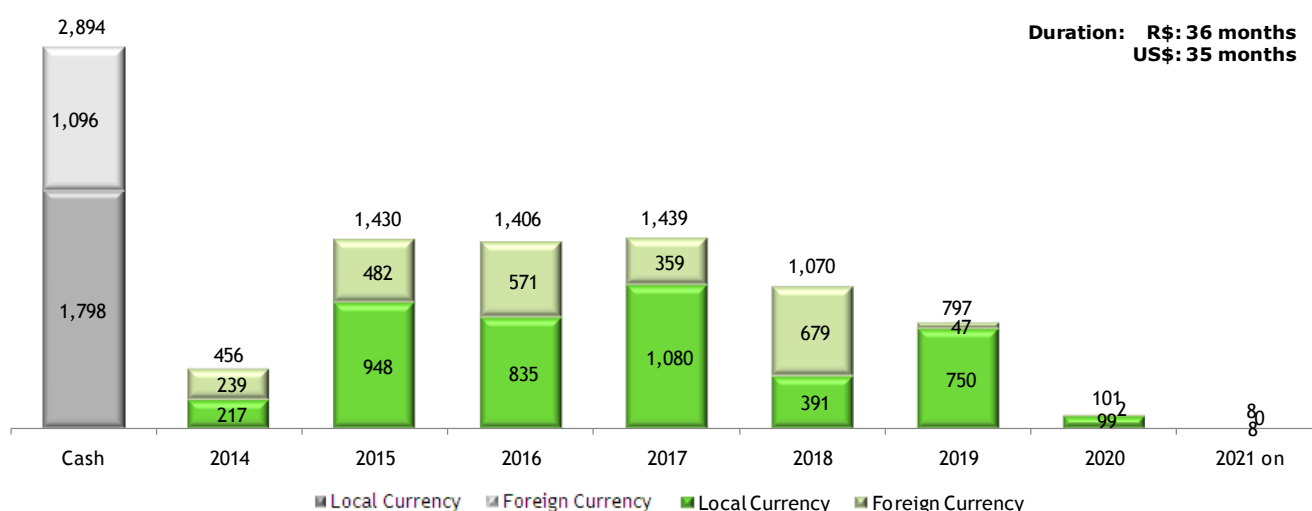
On 06/30/14, debt composition by maturity was 23.6% in the short term and 76.4% in the long term. Composition by currency represented 64.5% in local currency and 35.5% in foreign currency. The following chart shows the consolidated debt by index:

Total Indebtedness by Index - Consolidated

R\$ thousand	30-Jun-14			%	31-Mar-14	Chg. Jun14/Mar1	31-Dec-13	Chg. Jun14/Dec13
	Short Term	Long Term	TOTAL		TOTAL		TOTAL	
Local Currency	1,057,783	3,272,198	4,329,981	65%	4,500,164	-4%	4,537,975	-5%
TJLP	219,724	509,313	729,037	-	780,483	-7%	836,348	-13%
CDI	797,611	2,699,040	3,496,651	-	3,612,264	-3%	3,591,129	-3%
Others	40,448	63,845	104,293	-	107,417	-3%	110,498	-6%
Foreign Currency (*)	523,626	1,854,482	2,378,108	35%	2,157,597	10%	2,364,859	1%
Gross Debt	1,581,409	5,126,680	6,708,089	100%	6,657,761	1%	6,902,834	-3%
Cash and Cash Equivalents	-	-	2,894,449	-	2,913,979	-1%	3,468,816	-17%
Net Debt	-	-	3,813,640	-	3,743,782	2%	3,434,018	11%

(*) 99% of total foreign currency is US dollars denominated

The graph below shows the consolidated debt profile and cash position on 06/30/14:



Performance of the Business Units

Intercompany transactions are on arm's-length basis (market prices and conditions).

Usiminas - Business Units

Mining

Steel

Steel Processing

Capital Goods

Mineração Usiminas

Ipatinga Mill
Cubatão Mill
Unigal

Soluções Usiminas

Usiminas Mecânica

Income Statement per Business Units - Non Audited - Quarterly

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14
Net Revenue	203	346	2,918	2,877	596	562	221	169	(831)	(812)	3,106	3,142
Domestic Market	179	234	2,566	2,575	595	557	213	169	(831)	(812)	2,723	2,723
Exports	23	112	352	302	1	6	8	0	0	0	384	420
COGS	(131)	(153)	(2,639)	(2,539)	(570)	(529)	(196)	(151)	764	750	(2,772)	(2,623)
Gross Profit	72	192	278	339	26	33	25	18	(67)	(63)	334	520
Operating Income (Expenses)	(35)	(41)	(61)	(96)	(32)	(31)	(6)	(16)	1	1	(134)	(183)
EBIT	36	151	218	242	(7)	3	19	2	(66)	(62)	200	336
Adjusted EBITDA	67	175	457	477	3	12	25	9	(2)	(18)	549	655
Adj.EBITDA Margin	33%	51%	16%	17%	1%	2%	11%	5%	-	-	18%	21%

*Consolidates 70% of Unigal

Income Statement per Business Units - Non Audited - Semi-Annually

R\$ million	Mining		Steel*		Steel Processing		Capital Goods		Adjustment		Consolidated	
	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13
Net Revenue	548	471	5,795	5,563	1,158	1,185	390	524	(1,643)	(1,305)	6,249	6,439
Domestic Market	413	397	5,141	4,906	1,152	1,172	382	524	(1,643)	(1,305)	5,445	5,696
Export Market	135	74	654	657	6	13	8	0	0	0	803	743
COGS	(284)	(176)	(5,178)	(5,297)	(1,099)	(1,066)	(347)	(499)	1,514	1,182	(5,395)	(5,856)
Gross Profit	264	295	617	266	59	119	43	26	(129)	(122)	854	583
Operating Income (Expenses)	(77)	(53)	(157)	(274)	(63)	(97)	(22)	(36)	2	2	(317)	(458)
EBIT	187	242	460	(8)	(4)	22	21	(10)	(128)	(120)	537	126
Adjusted EBITDA	242	263	934	467	15	49	34	3	(20)	(27)	1,205	755
Adj.EBITDA Margin	44%	56%	16%	8%	1%	4%	9%	1%	-	-	19%	12%

*Consolidates 70% of Unigal

I) MINING

Operational and Sales Performance

In the 2Q14, production volume remained nearly stable at 1.6 million tons, if compared with the 1Q14.

Sales volume in the 2Q14 registered a decline of 17.3% in comparison with the 1Q14, in function of lower exports by 66.4%. Iron ore volume destined to the Ipatinga and Cubatão plants was practically stable, totaling 1.0 million tons.

Production and sales volumes are shown in the following chart:

Iron Ore

Thousand tons	2Q14	1Q14	2Q13	Chg. 2Q14/1Q14	1H14	1H13	Chg. 1H14/1H13
Production	1,564	1,618	1,621	-3%	3,182	3,270	-3%
Sales - Third Parties - Domestic Market	297	298	206	0%	595	257	132%
Sales - Exports	171	509	166	-66%	680	331	105%
Sales to Usiminas	989	960	987	3%	1,949	2,127	-8%
Total Sales	1,457	1,767	1,359	-18%	3,224	2,715	19%

Comments on the Business Unit Results - Mining

Net revenue of the Mining Unit accounted for in the 2Q14 was R\$202.7 million, a 41.3% decrease when compared with the 1Q14, due to lower export volumes by 66.4%, the decline of 15% in the iron ore prices in the international market and an exchange rate appreciation by 6% in the period.

In the 2Q14, cost of goods sold (COGS) totaled R\$131.2 million, 14.4% lower in relation to the 1Q14, in function of lower sales volume. COGS per ton increased by 3.4%, mainly as a result of higher mining rights leasing costs and the ramp up of the flotation plant, which has not reached full capacity due to the current logistic restrictions to exporting iron ore.

Thus, gross profit was R\$71.6 million in the 2Q14, against R\$192.3 million in the 1Q14, and gross margin was 35.3% against 55.6% in the previous quarter.

In the 2Q14, selling expenses were R\$20.2 million, against R\$39.8 million in the 1Q14, a reduction of 49.2%, due to lower export volume. General and administrative expenses were R\$12.6 million in the 2Q14, stable in relation to the 1Q14. Total operating expenses in the 2Q14 were R\$35.2 million, while in the 1Q14, they were R\$41.3 million, representing a decrease of 14.7%, mainly due to lower export volume partially compensated by the write-off of an operational asset in the amount of R\$10.3 million and lower sales revenue of surplus electric energy. In the 2Q14, energy sale totaled R\$8.3 million, against R\$16.2 million in the 1Q14.

In the 2Q14, Adjusted EBITDA was R\$67.0 million, 61.8% lower than in the 1Q14, that was R\$175.2 million, and corresponded to a 33.0% EBITDA margin.

Investments (CAPEX)

Investments in the 2Q14 reached R\$27.8 million, mainly related to the Friables Project, in line with that accounted for in the 1Q14.

Stake in MRS Logística

Mineração Usiminas holds a stake in the MRS Logística through its subsidiary UPL – Usiminas Participações e Logística S.A.

MRS Logística is a concession that controls, operates and monitors the Brazilian Southeastern Federal Railroad Network (Malha Sudeste da Rede Ferroviária Federal). The company operates in the railway transportation segment, connecting the states of Rio de Janeiro, Minas Gerais and São Paulo, and its core business is transporting with integrated logistics of cargo in general, such as iron ore, steel products, cement, bauxite, agricultural projects, pet coke and containers.

MRS transported a total volume of 41.4 million tons in the 2Q14, a 14.5% increase in relation to the 1Q14, which was a record volume for a second quarter.

II) STEEL

Production – Ipatinga and Cubatão Plants

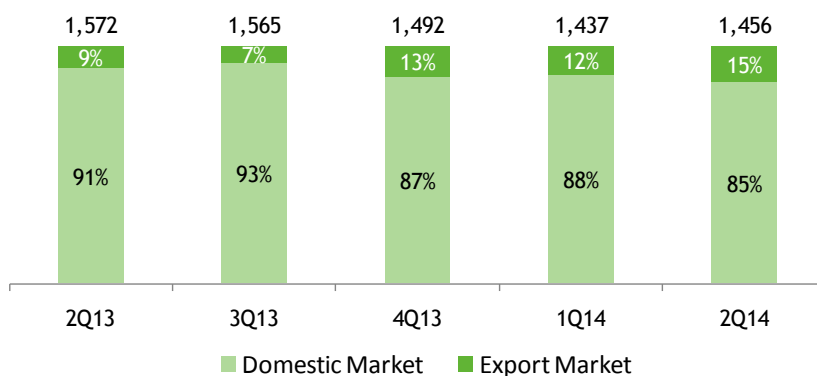
In the 2Q14, crude steel production at the Ipatinga and Cubatão plants was 1.6 million tons, 3.2% lower than in the 1Q14.

Production (Crude Steel)

Thousand tons	2Q14	1Q14	2Q13	Chg. 2Q14/1Q14	1H14	1H13	Var. 1H14/1H13
Ipatinga Mill	894	934	994	-4%	1,828	1,931	-5%
Cubatão Mill	705	718	755	-2%	1,423	1,480	-4%
Total	1,599	1,652	1,749	-3%	3,251	3,411	-5%

Sales

Total sales in the 2Q14 were 1.5 million tons of steel, 1.3% higher than in the 1Q14, due to the increase in exports by 30.0%, highlighting the growth on sales of galvanized products, hot-rolled products and heavy plates. The sales to the domestic market declined 2.5% in relation to the 1Q14. Sales mix accounted for was 84.9% in the domestic market and 15.1% in exports.

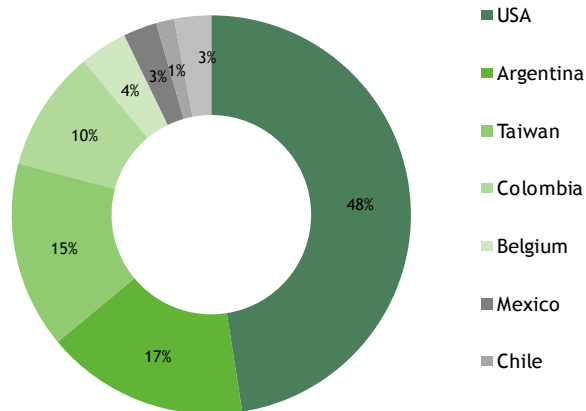


Sales Volume Breakdown

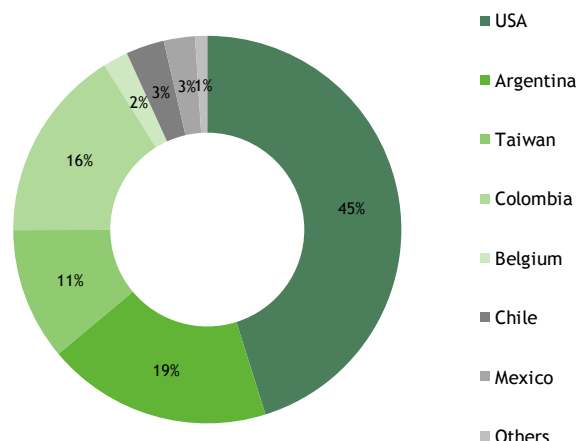
Thousand tons	2Q14		1Q14		2Q13		Change 2Q14/1Q14	1H14		1H13		Change 1H14/1H13
Total Sales	1,456	100%	1,437	100%	1,572	100%	1%	2,893	100%	3,163	100%	-9%
Heavy Plates	334	23%	279	19%	353	22%	20%	614	21%	627	20%	-2%
Hot Rolled	512	35%	517	36%	543	35%	-1%	1,029	36%	1,116	35%	-8%
Cold Rolled	341	23%	377	26%	358	23%	-9%	718	25%	718	23%	0%
Galvanized	243	17%	215	15%	226	14%	13%	458	16%	455	14%	1%
Processed Products	13	1%	26	2%	47	3%	-51%	39	1%	82	3%	-53%
Slabs	12	1%	23	2%	45	3%	-46%	36	1%	165	5%	-78%
Domestic Market	1,236	85%	1,268	88%	1,428	91%	-3%	2,503	87%	2,654	84%	-6%
Heavy Plates	269	18%	228	16%	326	21%	18%	497	17%	564	18%	-12%
Hot Coils	429	29%	465	32%	508	32%	-8%	894	31%	939	30%	-5%
Cold Coils	302	21%	336	23%	340	22%	-10%	637	22%	638	20%	0%
Galvanized	211	15%	198	14%	198	13%	7%	410	14%	403	13%	2%
Processed Products	12	1%	25	2%	41	3%	-52%	36	1%	71	2%	-49%
Slabs	12	1%	17	1%	14	1%	-25%	29	1%	39	1%	-25%
Exports	220	15%	169	12%	144	9%	30%	390	13%	509	16%	-23%
Heavy Plates	66	5%	51	4%	27	2%	28%	117	4%	62	2%	87%
Hot Rolled	82	6%	52	4%	34	2%	57%	135	5%	177	6%	-24%
Cold Rolled	40	3%	41	3%	19	1%	-4%	81	3%	80	3%	1%
Galvanized	32	2%	17	1%	28	2%	93%	49	2%	52	2%	-7%
Processed Products	1	0%	1	0%	6	0%	-34%	2	0%	11	0%	-79%
Slabs	-	0%	7	0%	31	2%	-100%	7	0%	126	4%	-95%

The main export destinations are listed in the graphs below:

Exports - Main Markets – 2Q14



Exports - Main Markets – 1H14



Comments on the Business Unit Results - Steel

In the 2Q14, the Steel Unit registered net revenue of R\$2.9 billion, 1.4% higher than in the 1Q14, as a result of the increase of steel average price by 2.3% in the domestic market and the increase in exports by 30.0%.

In the 2Q14, cost of goods sold (COGS) was R\$2.6 billion, 4.0% higher than in the 1Q14. COGS per ton raised 2.6% in comparison with the 1Q14, mainly in function of the increase of 5.82% in the payroll referring to the Collective Labor Agreement at the Cubatão plant in May 2014, and the sale of steel products produced in prior periods with higher raw materials costs.

In the 2Q14, sales expenses were 24.3% greater than in the 1Q14, in function of higher export volumes. General and administrative expenses were 3.2% lower than those in the 1Q14. Total operating expenses accounted for in the 2Q14 were R\$60.8 million, 37.0% lower than those in the 1Q14, which were R\$96.5 million, mainly due to the sale of surplus electric energy, which totaled R\$80.7 million in the 2Q14 against R\$58.8 million in the 1Q14, and sale of non-operational assets in the amount of R\$21.5 million.

Thus, Adjusted EBITDA was R\$456.7 million in the 2Q14, 4.3% lower than in the 1Q14, and the Adjusted EBITDA margin was 15.7%.

Investments (CAPEX)

Investments in the 2Q14 totaled R\$225.1 million, mainly with maintenance CAPEX and the Coke Plant II revamp in Ipatinga. The Coke Plant revamp will increase coke self-generation and is forecast to start up in the 4Q14.

III) STEEL PROCESSING

Soluções Usiminas

Soluções Usiminas operates in the distribution, services and small-diameter tubes markets nationwide, offering its customers high-value added products and services. It serves several economic segments, such as automotive, autoparts, civil construction, distribution, electro-electronics, machinery and equipment and household appliances, among others.

Sales of the Distribution, Just in Time Services and Tubes' Business Units were responsible for 57%, 34% and 9% of the volume sold in the 2Q14, respectively.

Comments on the Business Unit Results – Steel Processing

Net revenue in the 2Q14 was R\$595.7 million, 5.9% higher than in the 1Q14, mainly due to higher average prices and better sales mix.

In the 2Q14, cost of goods sold (COGS) was R\$570.1 million, 7.8% higher if compared with the 1Q14, in function of higher raw materials costs.

Total operating expenses were R\$32.2 million in the 2Q14, against R\$30.7 million in the 1Q14.

Thus, in the 2Q14, Adjusted EBITDA totaled R\$3.1 million against R\$12.3 million in the 1Q14. Adjusted EBITDA margin showed a decrease of 170 basis points in relation to the 1Q14, reaching 0.5% in the 2Q14.

IV) CAPITAL GOODS

Usiminas Mecânica

Usiminas Mecânica is a capital goods company in Brazil, which operates in the following business areas: steel structures, shipbuilding and offshore, oil and gas, industrial assembly and equipment and foundry and railcars.

Main Signed Contracts

In the 2Q14, the main contracts signed were for the supply of metallic structures for Vale, for the replacement of a cooling system for Usiminas in Ipatinga and for a furnace revamp for Anglo American.

Comments on the Business Unit Results – Capital Goods

Net revenue accounted for in the 2Q14 was R\$220.7 million, 30.5% higher when compared with the 1Q14, which was R\$169.2 million, due to the increase in revenue related to the industrial assembly and equipment segments.

In the 2Q14, gross profit was R\$25.1 million, 39.8% higher than in the 1Q14, in function of the positive results accounted for in the industrial assembly and equipment segments.

Total operating expenses in the 2Q14 were R\$6.5 million, 58.6% lower than those in the 1Q14, positively impacted by the sale of non-operating assets in the amount of R\$12.2 million.

Adjusted EBITDA in the 2Q14 was R\$24.9 million, against R\$8.8 million in the 1Q14, and Adjusted EBITDA margin was 11.3%.

Consolidated Highlights

- The Usiminas Investor Relations team was nominated for the “Best Evolution in Investor Relations” award in the large cap category by the IR Magazine. Usiminas is among the five best companies in this category among the public-traded companies in Brazil with revenues above R\$3 billion.
- Usiminas received a special award by PSA Peugeot Citroën during the “Suppliers Awards Latin America 2014” in recognition of its contribution and commitment to Peugeot’s demands and needs.
- Usiminas received the “Low Carbon seal” by the Ministry of Environment for compensating CO₂ emissions in the World Cup, 2014. The Company donated carbon credits, along with ten other companies, to compensate emissions in the Cup. This is the first time that a host country of the Cup has concerns about mitigating the effect of greenhouse emissions regarding the mega event.
- Usiminas was the best place steel company in the Autodata Magazine’s “Ranking of Quality and Partnership 2014”, the main publication about the Brazilian auto industry. The ranking reflects the quality of services rendered by suppliers that serve the automotive chain.

- Mineração Usiminas is the second best company in the rank of the mining segment in Brazil, according to the annual publication "The Best and The Biggest" ("Melhores e Maiores") by Exame Magazine. To achieve this result, a detailed survey was made with around 3,000 companies in the country. The project evaluated several issues, such as Return on Capital, Current Liquidity, Wealth Creation per Employee, Sales Growth and Market Leadership, for which companies that had the best results in 18 different sectors were chosen.
- On 06/09/2014, Usiminas contracted a revolving credit facility in the amount of US\$300 million, which can be drawdown up to 3 years. Such agreement strengthens the liquidity position of Usiminas, allowing greater efficiency in cash management, consistent with the financial strategy of the company.

Capital Markets

Performance on the BM&FBOVESPA

Usiminas' Common shares (USIM3) closed the 2Q14 quoted at R\$6.92 and its Preferred shares (USIM5) at R\$7.58. In the quarter, USIM3 depreciated 24.9% in value and USIM5, 26.9%. In the same period, the IBOVESPA index appreciated 5.5%.

Usiminas Performance Summary - BM&FBOVESPA (USIM5)

	2Q14	1Q14	Change 2Q14/1Q14	2Q13	Change 2Q14/2Q13
Number of Deals	752,556	868,117	-13%	795,843	-5%
<i>Daily Average</i>	<i>12,138</i>	<i>13,780</i>	<i>-12%</i>	<i>12,632</i>	<i>-4%</i>
Traded - thousand shares	366,019	438,819	-17%	435,811	-16%
<i>Daily Average</i>	<i>5,904</i>	<i>6,965</i>	<i>-15%</i>	<i>6,918</i>	<i>-15%</i>
Financial Volume - R\$ million	3,228	4,897	-34%	4,021	-20%
<i>Daily Average</i>	<i>52</i>	<i>78</i>	<i>-33%</i>	<i>64</i>	<i>-19%</i>
Maximum	10.52	14.08	-25%	11.39	-8%
Minimum	7.58	8.52	-11%	7.43	2%
Closing	7.58	10.23	-26%	7.43	2%
Market Capitalization - R\$ million	7,684	10,371	-26%	7,532	2%

Foreign Stock Markets

OTC – New York

Usiminas has American Depositary Receipts (ADRs) traded on the over-the-counter market: USDMY is backed by common shares and USNZY backed by Class A preferred shares. On 06/30/14, greater liquidity USNZY ADRs were quoted at US\$3.45 and depreciated 21.6% in value in the quarter.

Latibex – Madrid

Usiminas' shares are traded on the LATIBEX – the Madrid Stock Market: XUSI as preferred shares and XUSIO as common shares. On 06/30/14, XUSI closed quoted at €2.72, depreciating 16.1% in the period. XUSIO shares closed quoted at €2.40, representing a depreciation of 17.7% in the quarter.

For further information:

INVESTOR RELATIONS DEPARTMENT		
Cristina Morgan C. Drumond	cristina.drumond@usiminas.com	55 31 3499-8772
Leonardo Karam Rosa	leonardo.rosa@usiminas.com	55 31 3499-8550
Diogo Dias Gonçalves	diogo.goncalves@usiminas.com	55 31 3499-8710
Renata Costa Couto	r.costa@usiminas.com	55 31 3499-8619



Custodian Bank
Shareholders' Department
Fone: (55 11) 3684-9495



THE BANK OF NEW YORK MELLON
ADR – Depositary Receipt Bank

2Q14 Conference Call - Date 07/24/2014	
In Portuguese - Simultaneous Translation into English	
Brasília time: at 11:00 a.m. Dial-in Numbers: Brazil: (55 11) 3193 1001 / 2820 4001	New York time: at 10:00 a.m. Dial-in Numbers: USA: (1 786) 924 6977
Audio replay available at (55 11) 3193 1012	
Pincode for replay: 1730139# - Portuguese	Pincode for replay: 0263569# - English
Audio of the conference call will be transmitted live via Internet	
See the slide presentation on our website: www.usiminas.com/ri	

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

Balance Sheet - Assets - Consolidated | IFRS - R\$ thousand

Assets	30-Jun-14	31-Mar-14
Current Assets	9,267,312	9,241,989
Cash and Cash Equivalents	2,894,449	2,913,979
Trade Accounts Receivable	1,624,755	1,736,898
Taxes Recoverable	305,701	305,896
Inventories	4,156,923	4,068,636
Advances to suppliers	12,457	13,052
Financial Instruments	40,437	49,372
Other Securities Receivables	232,590	154,156
Non-Current Assets	21,781,498	21,849,181
Long-Term Receivable	2,778,120	2,768,902
Deferred Income Tax & Social Contribution	1,809,383	1,851,482
Deposits at Law	594,924	565,200
Accounts Receiv. Affiliated Companies	21,594	21,268
Taxes Recoverable	107,286	109,654
Financial Instruments	97,226	39,832
Others	147,707	181,466
Investments	1,152,991	1,201,463
Property, Plant and Equipment	15,459,740	15,481,317
Intangible	2,390,647	2,397,499
Total Assets	31,048,810	31,091,170

Balance Sheet - Liabilities and Shareholders' Equity - Consolidated | IFRS - R\$ thousand

Liabilities and Shareholders' Equity	30-Jun-14	31-Mar-14
Current Liabilities	4,928,200	4,921,801
Loans and Financing and Taxes Payable in Installments	1,581,409	1,410,723
Suppliers, Subcontractors and Freight	2,312,290	2,330,740
Wages and Social Charges	294,903	259,912
Taxes and Taxes Payables	104,311	163,670
Related Companies	156,680	144,520
Financial Instruments	81,741	54,141
Dividends Payable	169	1,121
Customers Advances	106,853	133,699
Others	289,844	423,275
Long-Term Liabilities	7,059,113	7,142,870
Loans and Financing and Taxes Payable in Installments	5,126,680	5,247,038
Actuarial Liability	1,233,787	1,246,574
Provision for Legal Liabilities	490,404	482,764
Financial Instruments	91,748	50,134
Environmental Protection Provision	80,753	78,643
Others	35,741	37,717
Shareholders' Equity	19,061,497	19,026,499
Capital	12,150,000	12,150,000
Reserves & Revenues from Fiscal Year	4,816,894	4,717,273
Non-controlling shareholders participation	2,094,603	2,159,226
Total Liabilities and Shareholders' Equity	31,048,810	31,091,170

Income Statement - Consolidated | IFRS

R\$ thousand	2Q14	1Q14	2Q13	Chg. 2Q14/1Q14
Net Revenues	3,106,300	3,142,318	3,244,441	-1%
Domestic Market	2,722,578	2,722,815	2,992,474	0%
Exports	383,722	419,503	251,967	-9%
COGS	(2,772,242)	(2,622,623)	(2,868,206)	6%
Gross Profit	334,058	519,695	376,235	-36%
Gross Margin	10.8%	16.5%	11.6%	- 570 bps
Operating Income (Expenses)	(133,778)	(183,207)	(234,235)	-27%
Selling Expenses	(71,280)	(83,594)	(88,879)	-15%
General and Administrative	(127,582)	(128,161)	(146,600)	0%
Other Operating Income (expenses)	65,084	28,548	1,244	128%
Reintegra Program (Brazilian Government Export Benefit)	-	-	3,492	-
Net Cost of Actuarial Obligations	(1,303)	(1,289)	(5,677)	1%
Provision for Legal Liabilities	(19,721)	(8,187)	(4,267)	141%
Result of the Non Operating Asset Sale/Write-Off	23,562	3,649	651	546%
Result of the Sale of the Surplus Electric Energy	89,007	74,973	14,357	19%
Other Operating Income (Expenses), Net	(26,461)	(40,598)	(7,312)	-35%
EBIT	200,280	336,488	142,000	-40%
EBIT Margin	6.5%	10.6%	4.4%	- 410 bps
Financial Result	(58,561)	(18,057)	(276,311)	224%
Financial Income	48,915	47,178	282,212	4%
Financial Expenses	(107,476)	(65,235)	(558,523)	65%
Equity in the Results of Associate and Subsidiary Companies	60,248	44,284	24,477	36%
Operating Profit (Loss)	201,967	362,715	(109,834)	-44%
Income Tax / Social Contribution	(73,356)	(141,087)	87,710	-48%
Net Income (Loss)	128,611	221,628	(22,124)	-42%
Net Margin	4.1%	6.9%	-0.6%	- 280 bps
Attributable:				
Shareholders	114,415	184,614	(59,476)	-38%
Minority Shareholders	14,196	37,014	37,352	-62%
EBITDA (Instruction CVM 527)	538,055	647,860	428,324	-17%
EBITDA Margin (Instruction CVM 527)	17.3%	20.6%	13.2%	- 330 bps
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	549,374	655,385	441,272	-16%
Adjusted EBITDA Margin	17.7%	20.9%	13.6%	- 320 bps
Depreciation and Amortization	277,527	267,088	261,847	4%

Income Statement - Consolidated | IFRS

R\$ thousand	1H14	1H13	Chg. 1H14/1H13
Net Revenues	6,248,618	6,439,150	-3%
Domestic Market	5,445,393	5,695,783	-4%
Exports	803,225	743,367	8%
COGS	(5,394,865)	(5,855,748)	-8%
Gross Profit	853,753	583,402	46%
Gross Margin	13.7%	9.1%	+ 460 bps
Operating Income (Expenses)	(316,985)	(457,840)	-31%
Selling Expenses	(154,874)	(181,760)	-15%
General and Administrative	(255,743)	(288,772)	-11%
Other Operating Income (Expenses)	93,632	12,692	638%
Reintegra (Brazilian Government Export Benefit)	-	16,770	-
Net Cost of Actuarial Obligations	(2,592)	(21,156)	-88%
Provision for Legal Liabilities	(27,908)	(18,333)	52%
Result of the Non Operating Assets Sale/Write-Off	27,211	26,043	4%
Result of the Sale of the Surplus Electric Energy	163,980	14,636	1020%
Other Operating Income (Expenses), Net	(67,059)	(5,268)	1173%
EBIT	536,768	125,562	327%
EBIT Margin	8.6%	2.0%	+ 660 bps
Financial Result	(76,618)	(512,461)	-85%
Financial Income	96,093	317,860	-70%
Financial Expenses	(172,711)	(830,321)	-79%
Equity in the Results of Associate and Subsidiary Companies	104,532	78,316	33%
Operating Profit (Loss)	564,682	(308,583)	-
Income Tax / Social Contribution	(214,443)	163,764	-
Net Income (Loss)	350,239	(144,819)	-
Net Margin	5.7%	-2.2%	+ 790 bps
Attributable:			
Shareholders	299,029	(213,090)	-
Minority Shareholders	51,210	68,271	-25%
EBITDA (Instruction CVM 527)	1,185,915	724,208	64%
EBITDA Margin (Instruction CVM 527)	19.0%	11.2%	+ 780 bps
Adjusted EBITDA - Joint Subsidiary Companies proportional EBITDA	1,204,759	754,762	60%
Adjusted EBITDA Margin	19.3%	11.7%	+ 760 bps
Depreciation and Amortization	544,615	520,330	5%

Cash Flow - Consolidated | IFRS

R\$ thousand	2Q14	1Q14
Operating Activities Cash Flow		
Net Income (Loss) in the Period	128,611	221,628
Financial Expenses and Monetary Var. / Net Exchge Var.	52,842	25,056
Interest Expenses	39,938	26,767
Depreciation and Amortization	277,527	267,088
Losses/(gains) on Sale of Property, Plant and Equipment	(23,562)	(3,649)
Equity in the Results of Subsidiaries/Associated Companies	(60,248)	(44,284)
Difered Income Tax and Social Contribution	55,108	84,133
Constitution (reversal) of Provisions	40,475	2,466
Actuarial Gains and losses	1,303	1,289
Stock Option Plan	3,376	3,398
Total	515,370	583,892
Increase/Decrease of Assets		
Accounts Receivables Customer	110,928	(93,594)
Inventories	(90,967)	(217,995)
Recovery of Taxes	9,504	3,266
Judicial Deposits	(29,724)	205
Accounts Receiv. Affiliated Companies	(326)	(437)
Others	(30,295)	(44,683)
Total	(30,880)	(353,238)
Increase (Decrease) of Liabilities		
Suppliers, Contractors and Freights	(18,450)	(91,284)
Amounts Owed to Affiliated Companies	12,160	4,478
Customers Advances	(26,846)	(44,610)
Tax Payable	(47,878)	12,290
Actuarial Liability Payments	(46,137)	(44,548)
Others	(36,511)	(8,938)
Total	(163,662)	(172,612)
Cash Generated from Operating Activities	320,828	58,042
Interest Paid	(133,948)	(112,288)
Income Tax and Social Contribution	(36,670)	(22,674)
Net Cash Generated from Operating Activities	150,210	(76,920)
Investments activities cash flow		
Marketable Securities	22,134	483
Amount Received on Disposal (Acquisition) of Investments	0	16,486
Amount Paid on the Acquisition of Investments	(53,914)	(57,105)
Fixed Asset Acquisition	(256,940)	(231,978)
Fixed Asset Sale Receipt	34,287	4,729
Additions to / Payments of Intangible Assets	(15,149)	(15,907)
Dividends Received	96,073	525
Purchase of Software	(3,932)	(5,753)
Net Cash Employed on Investments Activities	(177,441)	(288,520)
Financial Activities Cash Flow		
Inflow of Loans, Financing and Debentures	706,490	96,006
Payment of Loans, Financ. & Debent.	(589,194)	(275,197)
Payment of Taxes Installments	(2,355)	(2,334)
Swap Operations Liquidations	(5,141)	(3,703)
Dividends and Interest on Capital	(79,771)	(1)
Net Cash Generated from (Employed on) Financial Activities	30,029	(185,229)
Exchange Variation on Cash and Cash Equivalents	(194)	(3,685)
Net Increase (Decrease) of Cash and Cash Equivalents	2,604	(554,354)
Cash and Cash Equivalents at the Beginning of the Period	2,078,833	2,633,187
Cash and Cash Equivalents at the End of The Period	2,081,437	2,078,833
RECONCILIATION WITH BALANCE SHEET		
Cash and Cash Equivalents at the Beginning of the Period	2,078,833	2,633,187
Marketable Securities at the Beginning of the Period	835,146	835,629
Cash and Cash Equivalents at the Beginning of the Period	2,913,979	3,468,816
Net Increase (Decrease) of Cash and Cash Equivalentes	2,604	(554,354)
Net Increase (Decrease) of Marketable Securities	(22,134)	(483)
Cash and Cash Equivalents at the End of the Period	2,081,437	2,078,833
Marketable Securities at the End of the Period	813,012	835,146
Cash and Cash Equivalents at the End of the Period	2,894,449	2,913,979

Cash Flow - Consolidated | IFRS

R\$ thousand	1H14	1H13
Operating Activities Cash Flow		
Net Income (Loss) in the Period	350,239	(144,819)
Financial Expenses and Monetary Var. / Net Exchge Var.	77,898	569,125
Interest Expenses	66,705	98,989
Depreciation and Amortization	544,615	520,330
Losses/(gains) on sale of property, plant and equipment	(27,211)	(32,209)
Equity in the Results of Subsidiaries/Associated Companies	(104,532)	(78,316)
Difered Income Tax and Social Contribution	139,241	(230,165)
Constitution (reversal) of Provisions	42,941	128,854
Actuarial Gains and losses	2,592	21,156
Stock Option Plan	6,774	4,869
Total	1,099,262	857,814
Increase/Decrease of Assets		
Accounts Receivables Customer	17,334	277,351
Inventories	(308,962)	(29,084)
Recovery of Taxes	12,770	174,429
Judicial Deposits	(29,519)	(53,884)
Accounts Receiv. Affiliated Companies	(763)	(458)
Others	(74,978)	8,719
Total	(384,118)	377,073
Increase (Decrease) of Liabilities		
Suppliers, contractors and freights	(109,734)	41,588
Amounts Owed to Affiliated Companies	16,638	(13,234)
Customers Advances	(71,456)	(112,206)
Tax Payable	(35,588)	34,205
Actuarial Liability payments	(90,685)	(84,923)
Others	(45,449)	129,991
Total	(336,274)	(4,579)
Cash Generated from Operating Activities	378,870	1,230,308
Interest Paid	(246,236)	(318,816)
Income Tax and Social Contribution	(59,344)	(110,293)
Net Cash Generated from Operating Activities	73,290	801,199
Investments activities cash flow		
Marketable Securities	22,617	(175,533)
Amount received on disposal (acquisition) of investments	16,486	-
Amount paid on the acquisition of investments	(111,019)	(97,100)
Fixed asset acquisition	(488,918)	(430,186)
Fixed asset sale receipt	39,016	33,884
Additions to / payments of Intangible Assets	(31,056)	(26,940)
Dividends Received	96,598	2,952
Software Purchase	(9,685)	(5,115)
Net Cash Employed on Investments Activities	(465,961)	(698,038)
Financial Activities Cash Flow		
Inflow of Loans, Financing and Debentures	802,496	1,334,205
Payment of Loans, Financ. & Debent.	(864,391)	(1,480,755)
Payment of Taxes Installments	(4,689)	(10,265)
Swap Operations Liquidations	(8,844)	8,142
Dividends and Interest on Capital	(79,772)	(38,038)
Net Cash Generated from (Employed on) Financial Activities	(155,200)	(186,711)
Exchange Variation on Cash and Cash Equivalents	(3,879)	(17,121)
Net Increase (Decrease) of Cash and Cash Equivalents	(551,750)	(100,671)
Cash and Cash Equivalents at the Beginning of the Period	2,633,187	3,123,318
Cash and Cash Equivalents at the End of The Period	2,081,437	3,022,647
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	2,633,187	3,123,318
Marketable securities at the beginning of the period	835,629	1,537,558
Cash and cash equivalents at the beginning of the period	3,468,816	4,660,876
Net increase (decrease) of cash and cash equivalentes	(551,750)	(100,671)
Net increase (decrease) of marketable securities	(22,617)	175,533
Cash and cash equivalents at the end of the period	2,081,437	3,022,647
Marketable securities at the end of the period	813,012	1,713,091
Cash and cash equivalents at the end of the period	2,894,449	4,735,738