

## **Protocol and Justification of Cosipa's merger**

### **USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. – USIMINAS**

CNPJ 60,894,730/0001-05

NIRE 313.000.1360-0

Publicly Traded Company

## **MATERIAL FACT**

USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. – USIMINAS' management, pursuant to CVM Instruction no. 319/1999 and 358/2002, hereby inform its shareholders and the market that today it has entered into, with its wholly-owned subsidiary COMPANHIA SIDERÚRGICA PAULISTA - COSIPA, a business corporation registered at the Registry of Commerce of the State of São Paulo (JUCESP) under NIRE no. 35-3-0015625-1 and registered with the taxpayers registry CNPJ/MF no. 02.790.893/0001-41, with head office at Avenida do Café, 277, tower – B, 9th floor in the city and state of São Paulo, (“COSIPA” or “MERGED COMPANY,” and, jointly with USIMINAS, referred to as “Companies”), the Protocol and Justification (“Protocol”), which sets forth the conditions of COSIPA's merger into USIMINAS' assets with the extinction of the MERGED COMPANY, pursuant to the terms of article 223 and subsequent articles of Law no. 6.404/1976 (“Merger”).

### **1 – REASONS AND PURPOSES OF THE MERGER AND COMPANIES' INTEREST IN PERFORMING SUCH TRANSACTION**

The merging of COSIPA into USIMINAS' assets constitutes, in the understanding of the involved Companies managements, the best way to achieve the full development of activities and management of the Companies, considering that such transaction should enhance administrative and operational synergies, reduce costs and optimize human and financial resources arising from such transaction.

### **2 – COMPOSITION OF THE MERGED COMPANIES' CAPITAL**

The capital stock of COSIPA, as provided for in its Bylaws, is R\$ 1,907,319,777.10 (one billion, nine hundred and seven million, three hundred and nineteen thousand, seven hundred and seventy-seven Brazilian Real and ten cents), divided into 100,000,000 (one hundred million shares) shares, of which 33,333,34 (thirty-three million, three hundred and thirty-three thousand and thirty-four) are common shares and 66,666,666 (sixty-six million, six hundred and sixty-six thousand and six hundred and sixty-six) are preferred shares, all owned by USIMINAS.

### **3 – SHAREHOLDERS' EQUITY APPRAISAL CRITERIA, REFERENCE DATE AND TREATMENT OF SUBSEQUENT EQUITY VARIATIONS**

3.1. The MERGED COMPANY's net equity value was determined based on the shareholders' equity book value as of 03/31/2009, assessed by an appraisal report prepared by PriceWaterhouseCoopers Auditores Independentes (“Appraisal Report”).

3.2. The equity variation of COSIPA subsequent to the date of which such shareholders' equity book value appraisal report refers to, shall remain recorded in COSIPA's books and shall be absorbed and transferred to USIMINAS' books at their respective values on the effective date of the Merger. The value adopted in the Protocol shall not be modified to perform the Merger acts.

#### 4 – INEXISTENCE OF CAPITAL STOCK INCREASE, ISSUANCE OF NEW SHARES AND AMENDMENTS TO USIMINAS' BYLAWS

4.1. As provided for in item 2 above, USIMINAS holds the entirety of the shares that represent COSIPA's capital stock. As a result, the Merger will not cause a capital increase of USIMINAS nor the need to USIMINAS to issue new shares.

4.2. COSIPA shall be extinct as a result of the Merger. Therefore, all of its issued shares shall also be extinct and replaced, in USIMINAS' equity, by the several asset and liability elements that currently comprise the MERGED COMPANY's equity.

4.3. By virtue of item 4.1 above, the present Merger shall not cause USIMINAS' to amend its Bylaws.

4.4. Since COSIPA has no minority shareholders, no legal provisions related to the rights of withdrawal shall be applicable to the Merger and no additional appraisal shall be required pursuant to article 264 of Law no. 6,404/1976.

#### 5 – ADDITIONAL INFORMATION

5.1. The Merger's costs are estimated at approximately R\$ 300,000.00 (three hundred thousand Brazilian Real), including expenses with publications, preparation of reports and appraiser fees, consultants and legal advisors fees.

5.2. As far as USIMINAS' management may be concerned, COSIPA does not have any liabilities or contingencies which were not recorded, and that, as a result of the Merger, would be assumed by USIMINAS.

5.3. PriceWaterhouseCoopers Auditores Independentes, the specialized company in charge of appraising the book value of COSIPA's net equity and whose appointment will be submitted for ratification by USIMINAS' General Shareholders' Meeting, has declared that it has no current or potential conflict or community of interests, whether current or potential, with the controlling or minority shareholders of USIMINAS or COSIPA, or regarding to any other company involved in the Merger nor regarding the Merger itself object of this Material Fact.

5.4. The Merger will not be submitted for approval of the regulating authorities or the entities in charge of protecting Brazilian or foreign competition, due to that fact that USIMINAS holds the entirety of the shares of COSIPA's capital.

5.5. The performance of the Merger was approved at a Meeting of the Board of Directors of USIMINAS held on 02.18.2009 and will be submitted to the Extraordinary Shareholders' Meeting of USIMINAS, scheduled for 04.30.2009. USIMINAS' Fiscal Council, at a meeting held on 02.18.2009, manifested itself in favor of the implementation of the Merger.

5.6. The Protocol and Justification and the Appraisal Report are available to USIMINAS' shareholders, as of today, and can be examined at the head office of USIMINAS located at Rua Professor José Vieira de Mendonça, no. 3,011, Belo Horizonte, state of Minas Gerais, at the Brazilian Securities & Exchange Commission (CVM) and at the São Paulo Stock Exchange (BOVESPA). These documents are also available at the websites of USIMINAS ([www.usiminas.com.br](http://www.usiminas.com.br)), CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and BOVESPA ([www.bovespa.com.br](http://www.bovespa.com.br)).