2Q11

USIMINAS

FOR IMMEDIATE DISCLOSURE - Belo Horizonte, August 2nd, 2011. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (BM&FBOVESPA: USIM3, USIM5 and USIM6; OTC: USDMY e USNZY; Latibex: XUSIO and XUSI) today releases its second quarter 2011 (2Q11) results. 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 1Q11, except where stated otherwise.

Usiminas prioritizes its competitive edge by focusing on cost reductions and the integration of its Business Units

In 2Q11, the main highlights were:

- Crude steel production totaled 1.9 million tons, being 4% higher when compared with 1Q11;
- Iron ore production registered 1.5 million tons;
- Steel product sales remained stable in relation to 1Q11 and reached 1.6 million tons;
- Net revenue was R$3.0 billion, practically the same as the revenue of 1Q11;
- EBITDA totaled R$365 million and the EBITDA margin reached 12.1%;
- The cash position on 06/30/11 was R$5.6 billion;
- The net debt/EBITDA ratio on 06/30/11 was 1.6x;
- Investments totaled R$525 million, down 17% in comparison with those in 1Q11.

Highlights

R$ million	2Q11	1Q11	2Q10	Chg. 2Q11/1Q11	1H11	1H10	Chg. 1H11/1H10
Crude Steel Production (000 t)	1,858	1,783	1,937	4%	3,641	3,757	-3%
Sales Volume (000 t)	1,583	1,588	1,821	0%	3,171	3,436	-8%
Net Revenues	3,026	3,063	3,587	-1%	6,089	6,629	-8%
Net Income (Loss)	157	16	415	877%	173	790	-78%
EBITDA (a)	365	337	872	8%	702	1,582	-56%
EBITDA Margin	12.1%	11.0%	24.3%	+1,1 p.p.	11.5%	23.9%	-12,4 p.p
Investments	525	630	757	-17%	1,155	1,515	-24%
Cash Position	5,630	5,887	3,668	-4%	5,630	3,668	53%

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

Market Data - 06/30/11

BM&FBOVESPA: USIM5 R$13.70/share
USIM3 R$23.48/share

EUA/OTC: USNZY US$8.75/ADR

Latibex: XUSI € 6.04/share
XUSIO € 10.50/share

Interactive Index

Macroeconomic Overview

The global economy has slowed down in recent months. Among the causes are the rise in energy prices, the aftereffects of natural disasters in Japan, the growing political tension in the Middle East and North Africa, the sluggish recovery of the labor market in the US and uncertainty about the solvency of the weaker economies in the Euro Zone.

In Brazil, the economy seems to have settled down into a slower pace than that which occurred in the first quarter of 2011. The business environment for the flat steel sector remains, deteriorated by the high inventories of the local market, by raw material price hikes and by the constant threat of imports, despite the latter having declined significantly in recent months. More seriously, indirect imports (steel content products) have grown considerably in 2011, reducing steel sales to the industry.

In the second quarter of 2011, the main macroeconomic indicators showed a slower dynamism over economic activity which seems to have affected all the sectors. The confidence indexes of the industrial entrepreneur in June, according to the Getúlio Vargas Foundation (FGV) and the National Industry Confederation (CNI), confirm a less favorable industry business environment this quarter when compared with the previous quarter. However, their expectations of a business improvement in upcoming months sustain an outlook of moderate optimism.

Mineração Usiminas *(Subsequent event to the quarter's closing)*

Usiminas has informed its shareholders and the general public on July 14, 2011, that its controlled company, Mineração Usiminas S.A., has entered into an agreement with Materiais Básicos Ltda. (MBL) to lease MBL's mining rights for a period of 30 years or until the resources, currently estimated at 145 million/tons, are depleted. MUSA will pay the equivalent price of US$7.50 per ton effectively mined from MBL's reserves, which will be adjusted in line with international iron ore price. The mining rights of MBL are on the boundaries of those of MUSA, which extends the company's access to its reserves through a pit expansion. It is estimated that this agreement will allow Mineração Usiminas to mine 253 million tons which could not be mined before such agreement.

Results

The quarter results were stable when compared with those of the first quarter, affected mainly by the ongoing pressure on costs of main raw materials and currency appreciation.

Usiminas continues to follow its strategy of prioritizing efficiency and increasing its productivity and competitiveness. The actions in course aim operational costs reduction, assets upstream and downstream integration as well as the business integration in the entire production chain (from mining to steel processing and capital goods production) focusing on clients through value and services aggregation.

In order to reach its goals – reduce costs, increase profitability margins, and gain competition power - Usiminas has also improved its management tools and aims to reach energy self-sufficiency by 2015, taking advantage of gases produced in both steel plants – Ipatinga and Cubatão – and investing in other sources of energy. Another important strategic pillar is to increase iron ore production and reach the annual capacity of 29 million tons by 2014/2015, through an investment of approximately R$4.1 billion. At the steel segment, the company estimates to invest R$1.6 billion in 2011, with highlights to the construction of the new hot strip mill at Cubatão plant, which is expected to be concluded in 1Q12.

Economic and Financial Performance

Comments on Consolidated Results

Net Revenue

Revenue in 2Q11 remained stable when compared with 1Q11, reaching R$3.0 billion, despite the small difference in lower sales volumes and higher average selling price in the quarter. In the overall 2011 figure, revenue stood below 8%, when compared to same period in 2010, mainly due to the decrease in sales.

Net Revenue Breakdown

	2Q11	1Q11	2Q10	1H11	1H10
DM	87%	84%	88%	85%	85%
EM	13%	16%	12%	15%	15%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold (COGS)

In 2Q11, despite of the impacts caused by raw material price hikes, the COGS totaled R$2.6 billion, down 6% when compared with 1Q11, when it reached R$2.8 billion. This reduction is due to a decline in third party services and products for resale. In comparison with 1H10, the cost of goods sold has been higher by 5% so far this year, considering the sharp increase in raw material prices and also in labor. Consequently, the Company's gross margin evolved as follows:

Gross Margin

2Q11	1Q11	2Q10	1H11	1H10
13.9%	9.8%	23.0%	11.8%	23.0%

Operating Expenses and Revenue

In 2Q11, the operating expenses registered R$198.3 million, compared to R$137.5 million registered in 1Q11. This variation derived mainly from the larger tax contingency reversal of PIS which occurred in 1Q11. As such, the Company's operating margin evolved as follows:

EBIT Margin

2Q11	1Q11	2Q10	1H11	1H10
7.4%	5.3%	18.9%	6.3%	18.3%

EBITDA

The 2Q11 EBITDA grew in relation to 1Q11, reaching R$365.3 million. In 2Q11, domestic market sales of steel volume reached 85% over the total, an increase of eight percentage points when compared to 1Q11, generating a positive effect as a result of better prices in the local market. In comparison with the previous six months, a 56% drop was registered due to the impact on COGS arising from inflated raw material prices and the decrease in sales of the steel mills. The margins are shown in the table below:

EBITDA Margin

2Q11	1Q11	2Q10	1H11	1H10
12.1%	11.0%	24.3%	11.5%	23.9%

Financial Result

In 2Q11, the net financial result was in line with that of 1Q11, mainly due to the foreign exchange gains of 4.15% from the appreciation of the real against the US dollar in 2Q11. The consolidated net financial result registered a revenue of R$89.1 million in 1H11, against R$172.2 million in expenses in the same period of 2010, basically due to the effect of exchange gains of 6.31% from the appreciation of the real in relation to the US dollar in 2011 and a depreciation of 3.46% in the first six months of 2010.

Financial Income - Consolidated

R$ million	2Q11	1Q11	2Q10	Chg. 2Q11/1Q11	1H11	1H10	Chg. 1H11/1H10
Exchange Effects	71,152	57,793	(30,794)	23%	128,945	(101,547)	-
Exchange Variation	81,180	43,666	(7,137)	86%	124,846	(69,452)	-
Swap	(10,028)	14,127	(23,657)	-	4,099	(32,095)	-
Swap Operations Market Cap. (Law 11,638)	3,514	(2,147)	(26,087)	-	1,367	(8,869)	-
Monetary Effects	(13,014)	(12,274)	(11,502)	6%	(25,288)	(21,659)	17%
Financial Income	145,494	147,165	81,981	-1%	292,659	147,389	99%
Financial Expenses	(161,531)	(147,064)	(103,854)	10%	(308,595)	(187,563)	65%
NET INTEREST INCOME	**45,615**	**43,473**	**(90,256)**	**5%**	**89,088**	**(172,249)**	-

Equity Interest in Controlled and Affiliated Companies

The main contribution on equity interest was R$13.7 million coming from MRS. In the first half, this line remained stable, in comparison with 1H10.

Net Income

The net income in 2Q11 totaled R$156.6 million, against R$16.0 million in 1Q11. The previous quarter was affected by the accounting loss appraised in the sale of Ternium shares. In the first half, the lower performance, when compared to the same period of the previous year, was mainly due to the drop in steel sales, the impact on production costs caused by raw materials price hikes and the accounting effect registered in the sale of Ternium's shares.

Indebtedness

The gross debt on 06/30/11 amounted to R$8.4 billion, higher than the R$8.2 billion registered on 03/31/2011. Total net debt at the end of the quarter summed R$2.8 billion, against a debt of R$2.3 billion on 03/31/11. The net debt/EBITDA ratio on 06/30/11 was 1.6x, against a ratio of 1.0x on 03/31/2011.

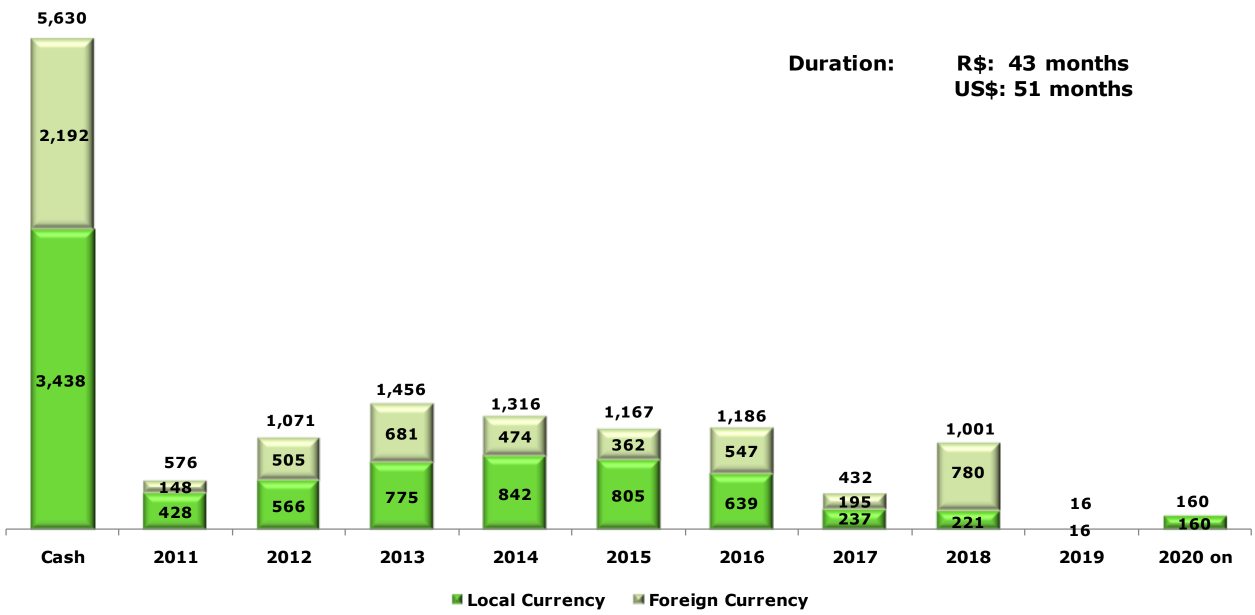
At the end of the quarter, the breakdown of the debt by maturity date was: 14% in the short term and 86% in the long term. The currency breakdown was represented as follows: 56% in local currency and 44% in foreign currency.

Loans and Financing by Index - Consolidated

R$ thousand	06/30/2011 Short Term	06/30/2011 Long Term	06/30/2011 TOTAL	%	03/31/2011 TOTAL	Chg. jun11/mar11
Foreign Currency (*)	**351,691**	**3,341,086**	**3,692,777**	**44%**	**3,984,170**	**-7%**
TJLP	228,560	460,575	689,135	-	659,324	5%
Other local currency	254,294	2,815,656	3,069,950	-	2,647,011	16%
Debentures	273,755	250,000	523,755	-	508,961	3%
Taxes Payable in Installments	69,769	52,346	122,115	-	128,298	-5%
FEMCO	0	283,733	283,733	-	272,445	4%
Local Currency	**826,378**	**3,862,310**	**4,688,688**	**56%**	**4,216,039**	**11%**
TOTAL DEBT	**1,178,069**	**7,203,396**	**8,381,465**	**100%**	**8,200,209**	**2%**
CASH AND CASH EQUIVALENTS	-	-	**5,629,542**	-	**5,887,295**	**-4%**
NET DEBT	**-**	**-**	**2,751,923**	**-**	**2,312,914**	**19%**

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

Debt Maturity Profile



Business Units Performance

The transactions between Companies are assessed in market value and conditions.

Usiminas Consolidated

Mining	Steel	Steel Processing	Capital Goods
Mineração Usiminas*	Ipatinga Mill Cubatão Mill Unigal*	Soluções Usiminas* Automotiva Usiminas* Metform and Codeme stake**	Usiminas Mecânica*

* Controled by Usiminas
**Results accounted through equity income

Income Statement per Business Units - Non Audited

R$ million	Mining				Steel				Steel Processing				Capital Goods				Consolidated			
	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10	2Q11	1Q11	1H11	1H10
Net Revenues	266	213	480	435	2,793	2,691	5,484	6,095	508	593	1,102	1,317	355	325	681	667	3,026	3,063	6,089	6,629
COGS	(64)	(58)	(123)	(137)	(2,628)	(2,684)	(5,312)	(5,135)	(452)	(541)	(993)	(1,070)	(314)	(290)	(604)	(579)	(2,606)	(2,765)	(5,370)	(5,103)
Gross Profit	202	155	357	299	165	8	173	960	56	53	109	247	42	35	77	88	420	299	719	1,526
Operating Income (Expenses)	(30)	(22)	(52)	(35)	(95)	(36)	(131)	(157)	(51)	(54)	(105)	(73)	(24)	(27)	(51)	(45)	(198)	(137)	(336)	(311)
EBIT	172	132	305	264	70	(28)	42	803	6	(1)	4	174	18	7	26	43	222	161	383	1,215
EBITDA	**180**	**139**	**319**	**278**	**189**	**117**	**306**	**1,115**	**19**	**16**	**35**	**200**	**25**	**15**	**39**	**57**	**365**	**337**	**702**	**1,582**
EBITDA Margin	**68%**	**65%**	**66%**	**64%**	**7%**	**4%**	**6%**	**18%**	**4%**	**3%**	**3%**	**15%**	**7%**	**5%**	**6%**	**9%**	**12%**	**11%**	**12%**	**24%**

I) M I N I N G

Comments on Business Unit Results - Mining

The net revenue of the Mining segment in 2Q11 was R$266 million, 25% higher than that registered in 1Q11. The reasons for such increase were price improvements during the same period and higher sales volume.

The gross profit reached R$202 million. The increase in revenue reflected directly on the growth of gross margin, which went from 73% in 1Q11 to 76% in 2Q11.

In 2Q11, operating expenses registered an increase of 32% in relation to 1Q11, due to an increase in general and administrative expenses resulting from the engagement of third party services for the preparation of expansion projects.

The EBITDA in the quarter amounted to R$180 million, 29% higher than that of 1Q11, generating a 68% margin.

Operating and Sales Performance

The production volume in the second quarter reached 1.5 million tons, slightly lower than that registered in the first quarter of this year. The performance was mainly affected by corrective maintenance in the plant. The target for 2011 is to achieve a production output of approximately eight million tons of iron ore.

The total sales volume was 20% higher than in 1Q11, mainly due to delayed exports that were completed in the second quarter. The volume of ore for the mills of Ipatinga and Cubatão reached around 1.2 million tons.

The external sales and sales for Ipatinga and Cubatão mills are shown in the table below:

Iron Ore

Thousand tons	2Q11	1Q11	2Q10	Chg. 2Q11/1Q11	1H11	1H10	Chg. 1H11/1H10
Production	**1,536**	**1,554**	**1,725**	**-1%**	**3,090**	**3,234**	**-4%**
External Sales	323	213	85	52%	536	405	**32%**
Sales to Usiminas	1,170	1,035	1,438	13%	2,205	2,810	**-22%**
Total = Sales	**1,493**	**1,248**	**1,523**	**20%**	**2,741**	**3,215**	**-15%**

Investments

The start-up of the magnetic separation circuit of the Central Mine as well as the procurement of civil works and the main equipment for the new flotation plant of the Central Mine occurred in 2Q11.

The implementation of the Samambaia Dam in the West Mine has also been concluded.

Several actions have been adopted to expand and adapt certain points of its infrastructure, in line with its strategy to expand Mineração Usiminas.

Logistics – MRS

MRS transported 38 million tons of cargo in general during the 2Q11, among which, iron ore, coal/coke, steel products, cement and others, representing an increase of 10% in relation to 1Q11.

MRS Logística is a concession that controls, operates and monitors the Southeast Federal Railroad Network. The company operates in the railway transportation market, connecting the states of Rio de Janeiro, Minas Gerais and São Paulo and its core business is railway transportation of cargo in general, such as ores, finished steel products, cement, bauxite, agricultural produce, green coke and containers with integrated logistics.

Highlight

In May this year, Usiminas began the environmental recovery of the area that it owns in the city of Itaguaí (Rio de Janeiro state). The land one of the largest environmental liabilities of Brazil belonged to the bankrupt estate of Ingá Mercantil and will serve as an alternative for Usiminas future port facilities. The construction work is scheduled to last 18 months and Usiminas estimates an investment of R$92 million in the project.

II) STEEL

Brazilian and Global Steel Production

Until June 2011, Brazilian crude steel production registered a growth of approximately 8.2% over the same period of the previous year, representing a production of 17.7 million tons, according to preliminary data released by the Brazil Steel Institute (IABr).

In global terms, crude steel production jumped 7.6% until June in comparison with the same period of 2010, according to data reported by the World Steel Association, reaching 758.6 million tons.

The countries that most stood out were: China, the world leader in the production of crude steel, by producing 353 million tons of crude steel until June, which represented approximately 47% of the world production. During the same period, the production of South Korea and Ukraine grew respectively 18% e 7%, compared to the same period of the previous year, reaching a production level of respectively over 30 million and 15 million tons.

Flat Steel Market

Estimates show that the Brazilian flat steel market consumed 3.3 million tons in 2Q11, of which 87% were provided by the local mills and 13% by imported material.

Consumption rose 5% in 2Q11 when compared to 1Q11. The market increased its purchases in the period encouraged by the good sales performance in 1Q11, the more optimistic forecasts about the recovery of the world economy, the continuity of growth and the funding increase for infrastructure projects. Part of this increase occurred as a result of sales made in anticipation of the announced price hike. However, the expectations were not fulfilled and consumption dropped significantly at the end of June. The level of imports in 2Q11 remained stable compared to 1Q11.

Production - Ipatinga and Cubatão Mills

The production of crude steel at the Ipatinga and Cubatão mills was 1.9 million tons in 2Q11, 4% above that registered in 1Q11. The production of rolled products was 1.5 million tons, 7% below the production reached in 1Q11.

Production (Crude Steel)

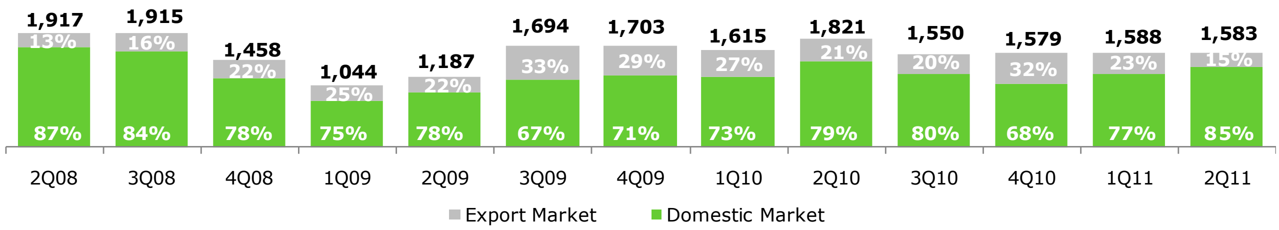
Thousand tons	2Q11	1Q11	2Q10	Chg. 2Q11/1Q11	1H11	1H10	Chg. 1H11/1H10
Ipatinga Mill	966	907	987	7%	1,873	1,947	-4%
Cubatão Mill	892	876	950	2%	1,768	1,810	-2%
Total	**1,858**	**1,783**	**1,937**	**4%**	**3,641**	**3,757**	**-3%**

Sales

Usiminas' total sales reached 1.6 million tons in 2Q11, of which 85% was sold at the domestic market, corresponding to 1.3 million tons of products and 9% higher when compared to domestic market sales in 1Q11.

Exports, on the other hand, dropped 33% in 2Q11 when compared with those in 1Q11 and represented 15% of sales in the quarter.

Consolidated Sales(000 t)



Sales Volume Breakdown - Consolidated

Thousand tons	2Q11		1Q11		2Q10		Chg. 2Q11/1Q11	1H11		1H10		Chg. 1H11/1H10
TOTAL SALES	**1,583**	**100%**	**1,588**	**100%**	**1,821**	**100%**	**0%**	**3,171**	**100%**	**3,436**	**100%**	**-8%**
Heavy Plates	409	26%	411	26%	381	21%	-1%	820	26%	704	20%	17%
Hot Coils/Sheets	471	30%	477	30%	577	32%	-1%	948	30%	1,089	32%	-13%
Cold Coils/Sheets	429	27%	437	28%	495	27%	-2%	866	27%	977	29%	-11%
Electrogalvanized Coils	56	4%	52	3%	63	3%	8%	107	3%	116	3%	-7%
Hot Dip Galvanized Coils	119	8%	128	8%	127	7%	-7%	248	8%	225	7%	10%
Processed Products	34	2%	36	2%	40	2%	-7%	70	2%	72	2%	-2%
Slabs	65	3%	46	3%	138	8%	41%	111	4%	253	7%	-56%
DOMESTIC MARKET	**1,343**	**85%**	**1,230**	**77%**	**1,437**	**79%**	**9%**	**2,572**	**81%**	**2,610**	**76%**	**-1%**
Heavy Plates	327	21%	265	16%	244	14%	23%	592	19%	410	12%	44%
Hot Coils/Sheets	441	28%	429	27%	527	29%	3%	871	27%	955	28%	-9%
Cold Coils/Sheets	357	23%	315	20%	436	24%	14%	672	21%	832	24%	-19%
Electrogalvanized Coils	49	3%	47	3%	58	3%	3%	96	3%	105	3%	-8%
Hot Dip Galvanized Coils	107	6%	117	7%	116	6%	-9%	224	7%	201	6%	11%
Processed Products	27	2%	28	2%	27	1%	-3%	55	2%	50	1%	10%
Slabs	34	2%	28	2%	29	2%	23%	62	2%	57	2%	9%
EXPORTS	**240**	**15%**	**358**	**23%**	**384**	**21%**	**-33%**	**598**	**19%**	**826**	**24%**	**-28%**
Heavy Plates	82	5%	146	9%	137	8%	-44%	228	7%	294	9%	-22%
Hot Coils/Sheets	30	2%	48	3%	50	3%	-37%	78	2%	134	4%	-42%
Cold Coils/Sheets	71	5%	122	8%	58	3%	-41%	193	6%	144	4%	34%
Electrogalvanized Coils	7	0%	4	0%	5	0%	61%	11	0%	11	0%	1%
Hot Dip Galvanized Coils	12	1%	11	1%	12	1%	10%	24	2%	25	1%	-4%
Processed Products	7	0%	8	1%	13	1%	-19%	15	0%	22	1%	-31%
Slabs	31	2%	18	1%	109	5%	69%	49	2%	196	5%	-75%

Comments on Business Unit Results – Steel

The Steel Segment posted a net revenue of R$2.8 billion in 2Q11, 4% higher when compared with that of 1Q11, with emphasis on:

- share increase of sales to the local market, going from 77% in 1Q11 to 85% in 2Q11;
- the products average price per ton was higher by approximately 5% for exports and 2% in the domestic market, when compared with those of 1Q11.

The COGS was R$2.6 billion in 2Q11, in line with that registered in 1Q11.

The increase in operating expenses and revenue was R$59 million, for the reasons demonstrated in the Consolidated section analysis.

EBITDA amounted to R$189 million, 62% higher when compared with that of 1Q11 mainly due to the increase in the net revenue, resulting from the higher average price. EBITDA margin increased from 4% in 1Q11 to 7% in 2Q11.

Investment Plan (*Capex*)

The investments on fixed assets summed R$525 million in 2Q11, accumulating R$1.2 billion in 1H11. The current situation of the main investment projects in the mills is detailed below:

- Unigal completed the "hot run" tests for the new galvanizing line in June. This line of hot-dipped galvanizing will add 550 thousand tons to the current 480 thousand tons capacity a year. The investment totaled approximately R$900 million. This equipment is expected to be operating at full capacity by 3Q11;
- The new hot-rolled line in Cubatão, scheduled to start up in 1Q12, will represent an investment of approximately R$2.5 billion and will add 2.3 million tons of rolling capacity per year. The investments have already amounted to R$2.2 billion.

Highlight

In June, Usiminas moved ahead towards its self-sufficiency strategy. The company entered into an agreement with Cemig for optimized management and announced the creation of a department to manage competitive energy-related processes, with the goal of becoming self-sufficient in electricity by 2015, as long as it shows economically viable.

III) S T E E L P R O C E S S I N G

- ### Soluções Usiminas

Soluções Usiminas operates in the distribution, services and pipe markets in the country, offering higher value-added products to its clients. The company has the capacity to produce over 2 million tons of processed steel a year in its 14 strategically located industrial units in the States of Rio Grande do Sul, São Paulo, Minas Gerais, Espírito Santo, Bahia and Pernambuco, supplying the sectors of automobiles, auto parts, civil construction, distribution, electronic products, machinery and equipment, household appliances among others.

The sales of the Distribution, Services and Pipes accounted respectively for 45%, 44% and 11% of the volume sold.

- ### Automotiva Usiminas

Automotiva Usiminas is the only company in the auto parts sectors to produce complete sets and cabins painted in their final color, from the development of raw material up to the final product including the stamping, welding, painting and assembly processes.

Highlights

Mitsubishi Dakar: The production of the light truck, Pajero Dakar, started in Brazil in April 2011 and Usiminas Automotiva is manufacturing the door set, hood and side stamps for the vehicle. Usiminas Automotiva is also in a partnership project with *Suzuki* to assemble and paint the *Jimny*. This project is the beginning of the automaker's investments in Brazil, which has already announced a factory in Goiás state to start up in 2012.

Comments on Business Unit Results – Steel Processing

The net sales totaled R$508 million in 2Q11 and were 14% lower when compared to 1Q11. The COGS/net revenue ratio declined from 91% in 1Q11 to 89% in 2Q11. Operating expenses and revenue also dropped 5.5% in relation to 1Q11. EBITDA totaled R$19 million, 18% higher than in 1Q11 mainly due to COGS reduction and operating expenses that were 16% and 6% lower than those in the 1Q11, respectively. Stand out:

Soluções Usiminas: The net sales in 2Q11 totaled R$398 million, 18% down in comparison with 1Q11. The volume sold by Soluções Usiminas in 2Q11 was 17% lower than that in 1Q11 due to the market deceleration, high inventory levels and fiercer competition, which led to a drop in sales.

Automotiva Usiminas: The net revenue reached R$84 million, 11% higher over the revenue registered in 1Q11.

IV) C A P I T A L G O O D S

Usiminas Mecânica S.A.

Usiminas Mecânica is one of the largest capital goods companies in Brazil and operates in the following business areas:

- Industrial Structures, Metal Bridges and Blanks;
- Industrial Equipment;
- Industrial Assembly;
- Foundry and Railway Cars;
- Industrial Maintenance.

Highlights of the Quarter in New Contracts:

- Supply and assembly of Furnace for Petrobras to generate ammonia used to produce fertilizers for UFN, the nitrogen fertilizer unit;
- Supply of 447 telescopic wagons (FTT) for the new paper and pulp plant of Eldorado, owned by the JBS Group, to be set up in the city of Três Lagoas in Mato Grosso do Sul state;
- Supply of 220 gondola cars (GDU) for VALE - Carajás Iron Road;
- Supply of metal structures to cover the Palmeiras Arena in São Paulo;
- Supply of manufactured blanks for the building of supply boats for the oil rigs of Petrobras.

On June 30th, long term projects portfolio amounted R$834 million.

Highlight of Projects in Progress:

- Assembly of 11 Storage Tanks, of which 8 are for Crude Oil and 3 for Water, including the construction of the foundations, electromechanical setup, boiler rooms, instrumentation, preservation, conditioning, testing, support and pre-operation for the Abreu Lima Refinery (RNEST) of Petrobras located in Ipojuca, Pernambuco state. The Oil Tanks have a diameter of 98.5m, are 14.7m high and a capacity of 111.500m³. The Water Tanks have a diameter of 65m, are 14.7m high and a capacity of 48.500m³;
- The electromechanical assembly of the most modern Hot Strip Mill of South America for the Usiminas mill in Cubatão/São Paulo state;
- Execution of the contract for a new Vacuum Degassing Plant (standardization and quality improvement in steel), being installed in the Usiminas mill in Ipatinga/Minas Gerais. This is the first turn-key contract for equipment supplied by Usiminas Mecânica.

Investments

- The foundry in the process of expansion and modernization which includes manual and mechanized molding lines, and the start up is due 4Q11. The installed capacity will reach 41 thousand tons a year;
- The acquisition of a specific welding machine for welding panels and for the manufacture of large-scale ship blocks;
- The acquisition of a Vertical Lathe for the machining of cast parts to meet the demand for large machined parts for the hydraulic energy, cement and mining markets.

Comments on Business Unit Results – Capital Goods

The net revenue reached R$355 million in 2Q11, 9% over that registered in 1Q11.
The COGS/net revenue ratio decreased from 89% in 1Q11 to 88% in 2Q11 and gross profit reached R$42 million in the quarter, 20% higher than that registered in 1Q11. The EBITDA of 2Q11 totaled R$25 million, R$10 million over the amount registered in 1Q11. EBITDA margin rose 2 percentage points and hit 7%, with emphasis on projects in the Industrial Assembly segment executed during the quarter.

Capital Markets

Performance in BM&FBOVESPA

Usiminas' common stock (USIM3) ended 2Q11 quoted at R$23.48 per share and the preferred stock (USIM5) quoted at R$13.70 per share. The depreciation in the quarter of the common share was 16.1% and the depreciation of the preferred share was 30.6%. In the same period, Ibovespa depreciated 9.0%

Performance Summary - BM&FBOVESPA (USIM5)

	2Q11	2Q10	1Q11	Chg. 2Q11/1Q11
Number of Deals	**437,494**	**394,257**	**583,833**	**-25%**
Daily Average	*7,056*	*6,359*	*9,571*	*-26%*
Traded - thousand shares	**328,053**	**377,060**	**426,376**	**-23%**
Daily Average	*5,291*	*6,082*	*6,990*	*-24%*
Financial Volume - R$ million	**5,148**	**9,660**	**8,490**	**-39%**
Daily Average	*83*	*156*	*139*	*-40%*
Maximum	**20.05**	**32.23**	**21.80**	**-8%**
Minimum	**12.85**	**20.76**	**18.25**	**-30%**
Closing	**13.70**	**24.06**	**19.75**	**-31%**
Market Capitalization - R$ million	**13,889**	**24,387**	**20,022**	**-31%**

Foreign Exchanges

OTC – New York

Usiminas has ADRs traded on the US over-the-counter market (OTC): the USDMY backed by common shares and the USNZY backed by preferred class A shares. On 06/30/11, the more-liquid ADR USNZY was quoted at US$8.75 and depreciated 29.7% in the quarter.

Latibex – Madri

On 06/30/11, the XUSI shares (preferred) ended at €6.04 and depreciated 27.5%. The XUSIO shares (common) ended quoted at €10.50, with a depreciation in the quarter of 16.2%.

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) 3499-8056
Diogo Dias Gonçalves	diogo.goncalves@usiminas.com	(55 31) 3499-8710
Luciana Valadares dos Santos	luciana.santos@usiminas.com	(55 31) 3499-8619
Mariana Paes Campolina	mariana.paes@usiminas.com	(55 31) 3499-8617

FIRB FINANCIAL INVESTOR RELATIONS
Lígia Montagnani – Consultant
Phone: (55 11) 3500-5558
ligia.montagnani@firb.com

Bradesco
Shareholders´Department
Phone: (55 11) 3684-9495

THE BANK OF NEW YORK MELLON
ADR – Depositary Receipt Bank

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or by mobile phone: m.usiminas.com/ri

2Q11 Conference Call - Date 08/02/2011	
In Portuguese - Simultaneous Translation into English	
Brasília Time: at 11:00 a.m. Dial-in Numbers: Brazil: (55 11) 4688.6361	New York Time: at 10:00 a.m. Dial-in Numbers: USA: (1 888) 700.0802
Other Countries: (1 786) 924.6977	
Audio replay available at (55 11) 4688.6312	
Pincoad for replay: 2215993 - portuguese	Pincode for replay: 2756070 - 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

IRFS - R$ thousand

Assets	30/Jun/11	31/Mar/11
Current Assets	**13,821,404**	**13,795,145**
Cash and Cash Equivalents	5,629,542	5,887,295
Trade Accounts Receivable	1,646,133	1,753,953
Taxes Recoverable	992,615	924,837
Inventories	5,243,236	4,892,753
Advances to suppliers	79,460	80,239
Financial Instruments	21,055	25,947
Other Securities Receivables	209,363	230,121
Long-Term Receivable	**1,423,919**	**1,423,782**
Deferred Income Tax & Social Contrb'n	420,971	419,598
Deposits at Law	462,317	453,056
Accounts Receiv. Affiliated Companies	5,834	5,906
Taxes Recoverable	161,216	167,573
Financial Instruments	319,718	322,455
Others	53,864	55,194
Permanent Assets	**16,981,481**	**16,692,782**
Investments	423,836	405,718
Property, Plant and Equipment	14,830,640	14,556,859
Intangible	1,727,005	1,730,205
Total Assets	**32,226,804**	**31,911,709**

Balance Sheet - Liabilities and Shareholders' Equity - Consolidated

IFRS - R$ thousand

Liabilities and Shareholders' Equity	30/Jun/11	31/Mar/11
Current Liabilities	**3,970,111**	**3,889,307**
Loans and Financing and Taxes Payable in Installments	1,178,069	1,284,219
Suppliers, Subcontractors and Freight	1,613,315	1,426,807
Wages and social charges	331,438	297,112
Taxes and taxes payables	261,434	205,767
Related Companies	63,168	68,071
Financial Instruments	48,167	63,121
Dividends Payable	2,347	124,911
Customers Advances	280,188	194,937
Others	191,985	224,362
Long-Term Liabilities	**9,148,310**	**8,863,681**
Loans and Financing and Taxes Payable in Installments	6,919,663	6,643,545
Actuarial Liability	1,319,506	1,319,014
Provision for Contingencies	317,142	289,313
Financial Instruments	401,800	393,442
Environmental protection provision	123,266	135,740
Others	66,933	82,627
Shareholders' Equity	**19,108,383**	**19,158,721**
Capital	12,150,000	12,150,000
Reserves & Revenues from Fiscal Year	5,281,173	5,371,187
Non-controlling shareholders participation	**1,677,210**	**1,637,534**
Total Liabilities and Shareholders' Equity	**32,226,804**	**31,911,709**

Income Statement - Consolidated

IFRS

R$ thousand	2Q11	1Q11	2Q10	Chg. 2Q11/1Q11
Net Revenues	**3,025,659**	**3,063,476**	**3,586,634**	-1%
Domestic Market	2,625,022	2,568,551	3,149,628	2%
Export Market	400,637	494,925	437,006	-19%
COGS	(2,605,607)	(2,764,757)	(2,760,288)	-6%
Gross Profit	**420,052**	**298,719**	**826,346**	41%
Gross Margin	**13.9%**	**9.8%**	**23.0%**	**+4,1 p.p.**
Operating Income (Expenses)	**(198,338)**	**(137,488)**	**(213,444)**	44%
Selling	(95,242)	(111,140)	(96,581)	-14%
General and Administrative	(135,635)	(125,888)	(122,472)	8%
Others, Net	32,539	99,540	69,967	-67%
EBIT	**221,714**	**161,231**	**677,260**	38%
EBIT Margin	**7.4%**	**5.3%**	**18.9%**	**+2.1 p.p.**
Financial Result	**45,615**	**43,473**	**(90,256)**	5%
Financial Income	(7,282)	75,793	86,706	-
Financial Expenses	52,897	(32,320)	(176,962)	-
Equity Income	13,721	17,976	14,884	-24%
Operating Profit (Loss)	**281,050**	**222,680**	**601,888**	26%
Income Tax / Social Contribution	(124,451)	(81,740)	(239,819)	52%
Net Income (Loss) from Continued Operations	**156,599**	**140,940**	**362,069**	11%
Net Income (Loss) from Discontinued Operations	-	(124,919)	52,667	-
Net Income (Loss)	**156,599**	**16,021**	**414,736**	877%
Net Margin	**5.2%**	**0.5%**	**11.6%**	**+4,7 p.p.**
Attributable				
Shareholders	**111,632**	**(26,090)**	**406,704**	-
Minority Shareholders	**44,967**	**42,111**	**8,032**	7%
EBITDA	**365,260**	**337,006**	**871,783**	8%
EBITDA Margin	**12.1%**	**11.0%**	**24.3%**	**+1,1 p.p.**
Depreciation and amortization	215,160	213,240	200,466	1%
Provisions	(71,614)	(37,465)	58,415	91%

Income Statement - Consolidated

IFRS

R$ thousand	1H11	1H10	Chg. 1H11/1H10
Net Revenues	**6,089,135**	**6,629,433**	-8%
Domestic Market	5,193,573	5,658,076	-8%
Export Market	895,562	971,357	-8%
COGS	(5,370,364)	(5,103,207)	5%
Gross Profit	**718,771**	**1,526,226**	-53%
Gross Margin	**11.8%**	**23.0%**	**-11,2 p.p.**
Operating Income (Expenses)	**(335,826)**	**(310,647)**	8%
Selling	(206,382)	(172,036)	20%
General and Administrative	(261,523)	(245,932)	6%
Others, Net	132,079	107,321	23%
EBIT	**382,945**	**1,215,579**	-68%
EBIT Margin	**6.3%**	**18.3%**	**-12 p.p.**
Financial Result	**89,088**	**(172,249)**	-
Financial Income	68,511	160,858	-57%
Financial Expenses	20,577	(333,107)	-
Equity Income	31,697	29,040	9%
Operating Profit (Loss)	**503,730**	**1,072,370**	-53%
Income Tax / Social Contribution	(206,191)	(374,530)	-45%
Net Income (Loss) from Continued Operations	**297,539**	**697,840**	-57%
Net Income (Loss) from Discontinued Operations	(124,919)	92,099	-
Net Income (Loss)	**172,620**	**789,939**	-78%
Net Margin	**2.8%**	**11.9%**	**-9,1 p.p.**
Attributable			
Shareholders	**85,542**	**772,027**	-89%
Minority Shareholders	**87,078**	**17,912**	386%
EBITDA	**702,266**	**1,582,460**	-56%
EBITDA Margin	**11.5%**	**23.9%**	**-12,4 p.p.**
Depreciation and amortization	428,400	400,447	7%
Provisions	(109,079)	63,495	-

Cash Flow - Consolidated

IFRS

R$ thousand	2Q11	2Q10
Operating Activities Cash Flow		
Net Income (Loss) in the Period	156,599	414,736
Financial Expenses and Monetary Var. / Net Exchge Var.	(133,015)	39,391
Interest Expenses	126,124	87,222
Depreciation and Amortization	215,160	200,466
Write-offs (Decrease in Permanent Assets and Deferred Charges)	4,316	(1,215)
Equity in the Results of Subsidiaries/Associated Companies	(13,721)	(14,884)
Discontinued Operations Results	0	(52,667)
Difered Income Tax and Social Contribution	124,451	239,819
Provisions	30,640	(10,106)
Actuarial Gains and losses	(21,719)	(20,042)
Total	**488,835**	**882,720**
Increase/Decrease of Assets		
Securities	(11,843)	639
In Accounts Receivables	92,701	(173,914)
In Inventories	(350,483)	(279,227)
In Recovery of Taxes	(64,204)	4,321
In Judicial Deposits	(18,334)	(10,231)
In Accounts Receiv. Affiliated Companies	72	200
Others	(130,128)	(1,028)
Total	**(482,219)**	**(459,240)**
Increase (Decrease) of Liabilities		
Suppliers, contractors and freights	350,857	130,277
Amounts Owed to Affiliated Companies	(7,672)	(21,482)
Customers Advances	85,251	(39,056)
Tax Payable	837	(28,727)
Actuarial Liability payments	(39,249)	(37,434)
Others	(20,013)	129,792
Total	**370,011**	**133,370**
Cash Generated from Operating Activities	**376,627**	**556,850**
Interest Paid	(155,921)	(71,844)
Income Tax and Social Contribution	(31,588)	(155,537)
Net Cash Generated from Operating Activities	**189,118**	**329,469**
Investments activities cash flow		
(Additions) Right off of investments	0	0
Investment acquisition	0	0
Fixed asset acquisition	(524,948)	(757,384)
Fixed asset sale receipt	1,238	0
Additions to Intangible	(338)	(260)
Dividends Received	11,876	42,129
Net Cash Employed on Investments Activities	**(512,172)**	**(715,515)**
Financial Activities Cash Flow		
Inflow of Loans, Financing and Debentures	615,577	1,889,279
Payment of Loans, Financ. & Debent.	(232,172)	(61,664)
Interest Paid on Loans, Financing and Debentures	(7,693)	(8,844)
Swap Operations Redemptions	(12,445)	1,303
Dividends and Interest on Capital	(304,687)	(345,524)
Net Cash Generated from (Employed on) Financial Activities	**58,580**	**1,474,550**
Exchange Variation on Cash and Cash Equivalents	**(5,122)**	**9,075**
Net Increase (Decrease) of Cash and Cash Equivalents	**(269,596)**	**1,097,579**
Cash and Cash Equivalents at the Beginning of the Period	3,909,941	1,536,702
Cash and Cash Equivalents at the End of The Period	3,640,345	2,634,281
RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	3,909,941	1,536,702
Marketable securities at the beginning of the period	1,977,354	1,033,898
Cash and cash equivalents at the beginning of the period	**5,887,295**	**2,570,600**
Net increase (decrease) of cash and cash equivalentes	(269,596)	1,097,579
Net increase (decrease) of marketable securities	11,843	(639)
Cash and cash equivalents at the end of the period	3,640,345	2,634,281
Marketable securities at the end of the period	1,989,197	1,033,259
Cash and cash equivalents at the end of the period	**5,629,542**	**3,667,540**

Cash Flow - Consolidated

IFRS

R$ thousand	1H11	1H10
Operating Activities Cash Flow		
Net Income (Loss) in the Period	172,620	789,939
Financial Expenses and Monetary Var. / Net Exchge Var.	(216,681)	109,687
Interest Expenses	249,766	157,163
Depreciation and Amortization	428,400	400,447
Write-offs (Decrease in Permanent Assets and Deferred Charges)	(18,355)	2,590
Equity in the Results of Subsidiaries/Associated Companies	(31,697)	(29,039)
Discontinued Operations Results	124,919	(92,099)
Difered Income Tax and Social Contribution	206,191	374,530
Provisions	(3,306)	(15,274)
Actuarial Gains and losses	(43,439)	(40,084)
Total	**868,418**	**1,657,860**
Increase/Decrease of Assets		
Securities	(1,591,410)	(48,408)
In Accounts Receivables	114,618	(504,600)
In Inventories	(344,925)	(361,705)
In Recovery of Taxes	(158,373)	4,287
In Judicial Deposits	(31,651)	(19,761)
In Accounts Receiv. Affiliated Companies	126	480
Others	(46,921)	374
Total	**(2,058,536)**	**(929,333)**
Increase (Decrease) of Liabilities		
Suppliers, contractors and freights	519,796	301,018
Amounts Owed to Affiliated Companies	(25,464)	(19,771)
Customers Advances	99,460	122,865
Tax Payable	10,200	62,196
Actuarial Liability payments	(77,844)	(72,774)
Others	(86,673)	32,923
Total	**439,475**	**426,457**
Cash Generated from Operating Activities	**(750,643)**	**1,154,984**
Interest Paid	(250,295)	(197,021)
Income Tax and Social Contribution	(126,057)	(211,255)
Net Cash Generated from Operating Activities	**(1,126,995)**	**746,708**
Investments activities cash flow		
(Additions) Right off of investments	1,656,740	(32,527)
Investment acquisition	(63)	0
Fixed asset acquisition	(1,154,988)	(1,514,535)
Fixed asset sale receipt	1,259	0
Additions to Intangible	(2,379)	(2,331)
Dividends Received	12,320	42,795
Net Cash Employed on Investments Activities	**512,889**	**(1,506,598)**
Financial Activities Cash Flow		
Inflow of Loans, Financing and Debentures	909,001	2,132,010
Payment of Loans, Financ. & Debent.	(412,017)	(431,703)
Interest Paid on Loans, Financing and Debentures	(14,808)	(20,433)
Swap Operations Redemptions	(19,626)	(9,318)
Dividends and Interest on Capital	(341,010)	(380,125)
Net Cash Generated from (Employed on) Financial Activities	**121,540**	**1,290,431**
Exchange Variation on Cash and Cash Equivalents	**(12,868)**	**5,544**
Net Increase (Decrease) of Cash and Cash Equivalents	**(505,434)**	**536,085**
Cash and Cash Equivalents at the Beginning of the Period	4,145,779	2,098,196
Cash and Cash Equivalents at the End of The Period	3,640,345	2,634,281

RECONCILIATION WITH BALANCE SHEET		
Cash and cash equivalents at the beginning of the period	4,145,779	2,098,196
Marketable securities at the beginning of the period	397,787	984,851
Cash and cash equivalents at the beginning of the period	**4,543,566**	**3,083,047**
Net increase (decrease) of cash and cash equivalentes	(505,434)	536,085
Net increase (decrease) of marketable securities	1,591,410	48,408
Cash and cash equivalents at the end of the period	3,640,345	2,634,281
Marketable securities at the end of the period	1,989,197	1,033,259
Cash and cash equivalents at the end of the period	**5,629,542**	**3,667,540**