USIMINAS

**FOR IMMEDIATE DISCLOSURE** - Belo Horizonte, February 23, 2011. Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas (BM&FBOVESPA: USIM3, USIM5, USIM6; OTC: USDMY, USNZY; Latibex: XUSI; XUSIO) today releases its fourth quarter 2010 (4Q10) and overall results. Operational and financial information of the Company, except where otherwise stated, is 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 same period of 2009, except where stated otherwise.

# 2010 Net Profit and Ebitda totaled R$ 1.6 billion and R$ 2.7 billion. 4Q10 results reached R$ 413 million and R$ 332 million, respectively.

**The main highlights of 2010 were:**

- Crude steel and rolled steel production totaled respectively 7.3 million and 7.0 million tons, up 29% and 24% as compared with the production of 2009.
- Ore production reached 6.8 million tons, up 25% over that registered in 2009.
- Steel product sales increased 17% over 2009, reaching 6.6 million tons.
- Net revenue was R$ 13 billion and grew 19% as compared with 2009.
- EBITDA reached R$ 2.7 billion, representing an increase of 54% in relation to 2009.
- The EBITDA margin grew 4.7 percentage points compared with 2009.
- Net income was R$ 1.6 billion, up 24% over that of 2009.
- The cash position on 12/31/10 was R$ 4.6 billion.
- The net debt/EBITDA ratio was 1.4 x on 12/31/10.
- Investments totaled R$ 3.2 billion, up 57% over 2009.
- The Company's market value on 12/31/10 was R$ 19.4 billion.

**Highlights**

| R$ million | 4Q10 | 4Q09 | 3Q10 | Chg. 4Q10/4Q09 | 2010 | 2009 | Chg. 2010/2009 |
|---|---|---|---|---|---|---|---|
| Crude Steel Production (000t) | 1,588 | 1,843 | 1,953 | -14% | 7,298 | 5,637 | 29% |
| Sales Volume (000 t) | 1,579 | 1,703 | 1,550 | -7% | 6,565 | 5,631 | 17% |
| Net Revenues | 3,092 | 2,984 | 3,241 | 4% | 12,962 | 10,924 | 19% |
| Net Income (Loss) | 413 | 662 | 495 | -38% | 1,584 | 1,275 | 24% |
| EBITDA (a) | 332 | 824 | 735 | -60% | 2,650 | 1,716 | 54% |
| EBITDA Margin | 10.8% | 27.6% | 22.7% | -16.8 p.p. | 20.4% | 15.7% | + 4.7 p.p. |
| Investments | 975 | 618 | 697 | 58% | 3,178 | 2,021 | 57% |
| Cash Position | 4,554 | 3,083 | 3,928 | 48% | 4,554 | 3,083 | 48% |

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

## Market Data - 12/31/10

**Market Capitalization: R$ 19.4 billion**

**BM&FBOVESPA: USIM5 R$ 19.16/ share**
**USIM3 R$ 21.35/ share**

**EUA/OTC: USNZY US$ 12.05/ADR**
**USDMY US$ 11.54/ADR**
**Latibex: XUSI € 8.50**
**XUSIO € 9.56**

## Interactive Index

## *Economic Scenario*

*The year of 2010 was not only marked by the heating up of the global economy but also by the good performance of the Brazilian economy in relation to the rest of the world. Emerging economies, especially the so-called "BRIC" block - Brazil, Russia, India and China, registered differentiated growth rates, despite strong inflationary pressure, and Brazil, for example, registered the third largest GDP growth, in global terms, with an increase of 7.5%, according with preliminary estimates. On the other hand, more advanced economies are struggling to reach full economic recovery, with the exception of some countries which have shown an improvement.*

*With the recovery of the economy, investment projects that had been put on hold quickly returned to their normal course of implementation and, accordingly, the prospects for economic growth in coming years are even more favorable.*

*The expectations are for the new government to take effective measures to prevent an even greater appreciation of the real and to control inflation, among others, so that the country can continue its industrial growth and increase labor income.*

## *Results*

*Usiminas ended 2010 with a net revenue of R$ 13.0 billion, a net profit of R$ 1.6 billion and cash flow measured by EBITDA of R$ 2.7 billion, more significant results than those of 2009, when the international crisis was at its peak.*

*Brazilian and global crude steel production have begun to recover and grew, respectively, 24% and 16%. The apparent consumption of steel products in Brazil has also grown, rising 44% when compared to 2009, according to the Brazilian Steel Institute (Instituto de Aço Brasil – IABr). However, despite the production growth, both in Brazil and worldwide, the utlization level still lags behind the installed capacity, and the global market has a considerable surplus, which combined with the overvaluation of the Real, is causing a significant increase in direct and indirect steel imports and causing them to reach rates that are unprecedented for the steel sector.*

*In this new scenario of challenges and obstacles, where an important component is production cost, raw materials, such as iron ore and coal/coke, have been registering successive and significant price hikes in addition to stiff competition from imported products, which greatly pressure the Company's margins, Usiminas has continued focused on cutting costs, productive integration and vertical restructuring, operational efficiency and on the search for a greater competitive edge and the addition of value to its products and services, in detriment to an increase in production. Investments in the year reached R$3.2 billion, amount 57% superior to that of 2009.*

*In the mining area, the Company established an unprecedented partnership with the Sumitomo Corporation, which acquired a 30% stake of Mineração Usiminas S. A. (MUSA) amounting to US$ 1.9 billion, which will lead to new investments in the sector.*

*In the steel area, investments aimed at adding value to product lines are ongoing and the Company prepares to optimize its existing plants. Concurrently, the Company merged the Steel Processing activities into Soluções Usiminas and structured its network of 14 units throughout Brazil to enable greater proximity to customers, reducing costs and delays. In the Capital Goods business segment, Usiminas Mecânica announced new contracts for projects in the areas of steel, wind power, infrastructure and industrial equipment, high value-added segments with great potential for growth.*

*Therefore, in 2011, Usiminas' commitment will be to focus more on continuing to reduce costs, increasing its competitive edge and integrating its businesses throughout the supply chain.*

# Economic and Financial Performance
# Comments on Consolidated Results

## Net Revenues

The revenue of 4Q10 decreased around 5% in comparison with that in 3Q10, reaching R$ 3.1 billion due mainly to price cuts of around 9% (local and foreign market). The local market was impacted by a 4% reduction in average prices and the strong real also negatively affected average export prices.

In 2010, revenue totaled around R$ 13.0 billion, up 19% over the revenue of 2009, as a result mainly of the greater sales and average price increases.

**Net Revenues**

| | 4Q10 | 4Q09 | 3Q10 | 2010 | 2009 |
|---|---|---|---|---|---|
| DM | 81% | 83% | 89% | 85% | 83% |
| EM | 19% | 17% | 11% | 15% | 17% |
| Total | 100% | 100% | 100% | 100% | 100% |

## Cost of Goods Sold (COGS)

In 4Q10, COGS totaled R$ 2.9 billion, against R$ 2.4 billion in 3Q10, a 19% increase.

This variation is due to increased labor costs caused by the collective labor agreement, as well as of the rising cost of raw materials (coal/coke and iron ore) and outsourced services.

The accrued COGS of 2010 was R$ 10.4 billion, up 11% over the previous year. This result is basically due to a growth in sales of 934 thousand tons of steel products, the increase in raw material costs and greater expenses with outsourced services.

The Company's gross margin evolved as follows:

**Gross Margin**

| 4Q10 | 4Q09 | 3Q10 | 2010 | 2009 |
|---|---|---|---|---|
| 6.5% | 22.3% | 24.8% | 19.5% | 13.6% |

## Operating Expenses and Revenue

The operating revenue of 4Q10 was R$ 28.7 million, against an operating expense of R$ 249.3 million incurred in 3Q10. The revenues of the quarter was a result of the adjustments from actuarial calculation, totaling R$ 93 million, and legal contingencies and tax recovery, totaling R$ 212 million.

In 2010, operating expenses increased by around R$ 151 million, or 32% over those in the same period of the previous year, basically due to increased spending for product distribution as a result of the higher export volume and greater expenses with workers and social charges. These increases were partially offset by a higher actuarial surplus, a contingency reversal and the recovery of taxes.

The operating profit before financial expenses and equity on earnings (EBIT) totaled R$1.9 billion in 2010, resulting in a EBIT margin of 14.7%, or 5.5 percentage points above that of 2009.

The Company's operating margin evolved as follows:

## EBIT Margin

| 4Q10 | 4Q09 | 3Q10 | 2010 | 2009 |
|---|---|---|---|---|
| 7.4% | 27.2% | 17.1% | 14.7% | 9.2% |

## EBITDA

The EBITDA of 4Q10 dropped 55% as compared with 3Q10, reaching R$ 332 million due to lower average prices and to the increase in the raw materials prices.

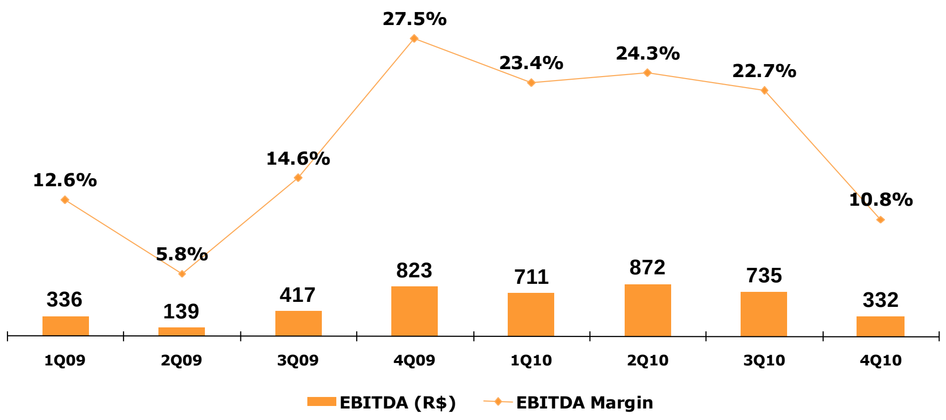
The EBITDA of 2010 grew 54% as compared with 2009 and reached the mark of R$ 2.7 billion as a result of the increase in sales and better average prices.

The margins are shown in the table below:

## EBITDA Margin

| 4Q10 | 4Q09 | 3Q10 | 2010 | 2009 |
|---|---|---|---|---|
| 10.8% | 27.6% | 22.7% | 20.4% | 15.7% |

**EBITDA (R$ million)**




## Financial Result

In 4Q10, net financial revenue totaled R$ 150 million, against a net financial revenue of R$ 112 million in 3Q10. Exchange gains in the quarter amounted to R$ 88 million, against R$ 171 million in 3Q10, a reflex of the appreciation of the real against the US dollar of 1.7% in the quarter, as compared with the 6% appreciation in 3Q10.

In the overall figure for 2010, net financial revenue reached R$ 13 million against the substantially higher financial revenue of 2009, which hit R$ 609 million. This result is due to exchange effects arising from the appreciation of the real in relation to the US dollar, which reached R$ 967 million in 2009 and in 2010 registered only R$ 189 million. In 2010, the appreciation of the real was 4.3% and in 2009 it peaked at 25.5%.

**Financial Income - Consolidated**

| R$ million | 4Q10 | 4Q09 | 3Q10 | Chg. 4Q10/4Q09 | Chg. 4Q10/3Q10 | 2010 | 2009 | Chg. 2010/2009 |
|---|---|---|---|---|---|---|---|---|
| Exchange Effects | 59,404 | (86,623) | 155,767 | - | -62% | 113,624 | 822,173 | -86% |
| Exchange Variation | 88,133 | 69,422 | 170,585 | 27% | -48% | 189,266 | 967,331 | -80% |
| Swap | (28,729) | (156,045) | (14,818) | -82% | 94% | (75,642) | (145,158) | -48% |
| Swap Operations Market Cap. (Law 11,638) | 16,831 | 45,449 | 9,789 | -63% | 72% | 17,751 | (16,678) | - |
| Monetary Effects | (11,066) | (15,640) | (11,674) | -29% | -5% | (44,399) | (129,467) | -66% |
| Financial Income | 142,003 | 98,161 | 123,513 | 45% | 15% | 412,905 | 380,917 | 8% |
| Financial Expenses | (57,560) | (68,900) | (165,302) | -16% | -65% | (486,654) | (448,146) | 9% |
| **NET INTEREST INCOME** | **149,612** | **(27,553)** | **112,093** | **-** | **33%** | **13,227** | **608,799** | **-98%** |

## Equity Interest in Controlled and Affiliated Companies

A gain of R$ 56 million was registered in 4Q10 mainly due to the equity interest of Ternium amounting to R$ 38 million.

Revenue of R$ 236 million was posted in 2010, against a revenue of R$ 168 million in 2009, an increase of 41% mainly due to Ternium's gains, amounting to R$ 178 million, and MRS's gains totaling R$ 41 million.

## Net Income

Net income of 4Q10 totaled R$ 413 million, down 17% as compared with 3Q10 due to a decrease in the average price of steel products and an increase in production costs.

Net income in 2010 totaled R$ 1.6 billion, up 24% over the amount appraised in 2009 due basically to the increase in sales (934 thousand tons), in contrast with a reduction in exchange gains as a result of the 4.3% appreciation of the real in 2010 as compared with the 25.5% appreciation that occurred in 2009.

## Indebtedness

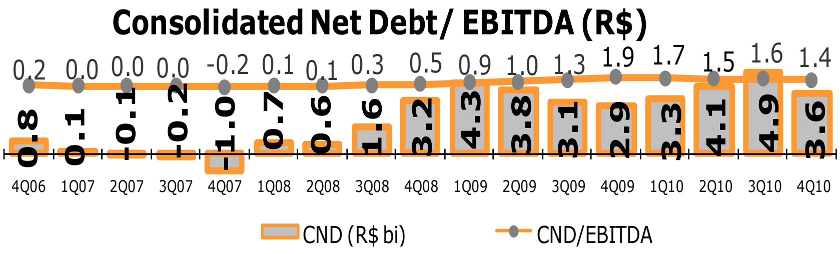
Total gross debt on 12/31/10 amounted to R$ 8.1 billion, against a debt of around R$ 6.0 billion on 12/31/09. The "net debt" ended the quarter at R$ 3.6 billion, against R$ 2.9 billion on 12/31/09. The net debt/EBITDA ratio on 12/31/10 was 1.4 x, against a ratio of 1.7 x on 12/31/2009.

At the close of the quarter, the breakdown of the debt by maturity date was: 11% in the short term and 89% in the long term. In the breakdown by currency, it was represented as follows: 50% in local currency and 50% in foreign currency.

**Indebtedness movimentation - R$ thousand**

| Balance on 12.31.2009 | 5,953,519 |
|---|---|
| Inflow of Loans and Financing | 3,686,541 |
| Provisioned financial expenses | 481,823 |
| Exchange and monetary variation | (199,826) |
| Financial expenses amortization | (483,096) |
| Principal amortization | (1,326,469) |
| Others | 29,590 |
| **Balance on 12.31.2010** | **8,142,082** |

| 12/31/10 | |
|---|---|
| **Cash Position - R$ billion** | **4.6** |
| **Total Debt/ EBITDA Ratio** | **3.1** |
| **Net Debt/ EBITDA Ratio** | **1.4** |

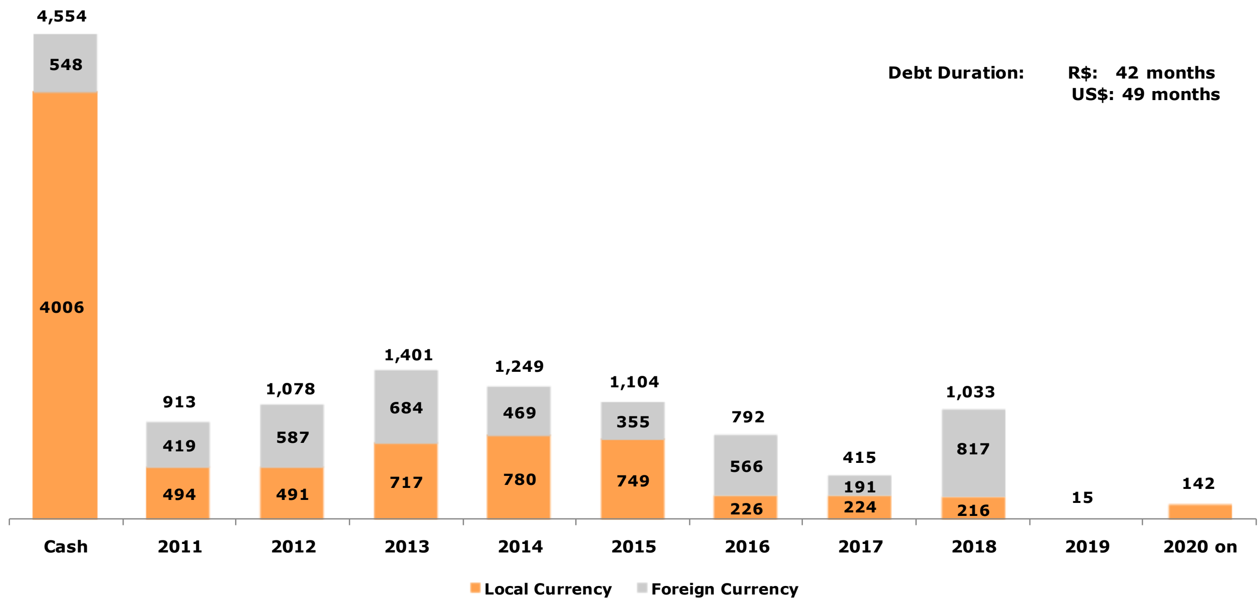



**Loans and Financing by Index - Consolidated**

| R$ thousand | 12/31/2010 | | | % | 09/30/10 | Chg. dec.10/sept.10 |
|---|---|---|---|---|---|---|
| | Short Term | Long Term | TOTAL | | TOTAL | |
| **Foreign Currency (*)** | **418,634** | **3,669,146** | **4,087,780** | **50%** | **4,093,335** | **0%** |
| TJLP | 185,237 | 383,080 | 568,317 | - | 748,657 | -24% |
| Other local currency | 221,496 | 2,351,898 | 2,573,394 | - | 2,456,802 | 5% |
| Debentures | 22,416 | 500,000 | 522,416 | - | 1,125,549 | -54% |
| Taxes Payable in Installments | 57,555 | 70,538 | 128,093 | - | 149,334 | -14% |
| FEMCO | 7,290 | 254,792 | 262,082 | - | 264,040 | -1% |
| **Local Currency** | **493,994** | **3,560,308** | **4,054,302** | **50%** | **4,744,382** | **-15%** |
| **TOTAL DEBT** | **912,628** | **7,229,454** | **8,142,082** | **100%** | **8,837,717** | **-8%** |
| CASH AND CASH EQUIVALENTS | - | - | **4,553,885** | - | **3,928,306** | **16%** |
| **NET DEBT** | **-** | **-** | **3,588,197** | **-** | **4,909,411** | **-27%** |

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

**Debt 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**<br>**Cubatão Mill**<br>**Unigal***<br>**Ternium stake**** | **Soluções Usiminas***<br>**Automotiva Usiminas***<br>**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 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q10 | 3Q10 | 2010 | 2009 | 4Q10 | 3Q10 | 2010 | 2009 | 4Q10 | 3Q10 | 2010 | 2009 | 4Q10 | 3Q10 | 2010 | 2009 | 4Q10 | 3Q10 | 2010 | 2009 |
| Net Revenues | 234 | 291 | 960 | 407 | 2,553 | 2,846 | 11,496 | 9,701 | 591 | 620 | 2,433 | 1,976 | 391 | 389 | 1,447 | 952 | 3,092 | 3,241 | 12,962 | 10,924 |
| COGS | (83) | (69) | (288) | (161) | (2,641) | (2,351) | (10,048) | (8,897) | (575) | (559) | (2,190) | (1,813) | (341) | (340) | (1,260) | (770) | (2,891) | (2,438) | (10,431) | (9,440) |
| Gross Profit | 151 | 222 | 672 | 246 | (88) | 495 | 1,448 | 804 | 16 | 61 | 243 | 163 | 50 | 49 | 187 | 182 | 201 | 803 | 2,531 | 1,484 |
| Operating Income (Expenses) | (30) | (25) | (90) | (72) | 167 | (138) | (229) | (163) | (83) | (49) | (202) | (171) | (25) | (37) | (107) | (71) | 29 | (249) | (628) | (477) |
| EBIT | 121 | 197 | 582 | 174 | 79 | 357 | 1,219 | 641 | (67) | 12 | 41 | (8) | 25 | 12 | 80 | 111 | 230 | 554 | 1,903 | 1,007 |
| **EBITDA** | **128** | **204** | **638** | **202** | **108** | **514** | **1,819** | **1,261** | **(37)** | **22** | **102** | **33** | **35** | **19** | **111** | **132** | **332** | **735** | **2,650** | **1,716** |
| **EBITDA Margin** | **55%** | **70%** | **67%** | **50%** | **4%** | **18%** | **16%** | **13%** | **-6%** | **4%** | **4%** | **2%** | **9%** | **5%** | **8%** | **14%** | **11%** | **23%** | **20%** | **16%** |

## I) M I N I N G

### Comments on Business Unit Results - Mining

The net revenue of the Mining segment in 2010 was R$ 960 million, 136% higher than that registered in 2009. This increase was due to an increase in iron ores sales in addition to an improvement in prices.

Gross Profit reached R$ 672 million, R$ 426 million above gross profit of 2009. The revenue increase reflected directly on the gross margin growth, which grew from 60% to 70% in 2010.

Operating expenses increased by 25%, of which the main variations were:

- rising sales costs amounting to R$ 38 million, as a result of the greater volume transported/loaded at the mine and at the terminals, mainly at the TCS for transport to Cubatão;

- decrease in general and administrative expenses of R$ 28 million mainly due to expenses incurred in 2009 for the purpose of drilling, appraising and quantifying the iron ore reserve.

The EBITDA registered in the year was R$ 638 million, up 216% over that of 2009, generating a margin of 67% or 17 percentage points over the margin reached in 2009.

### Operating Performance

In 2010 Mineração Usiminas reached a new record: 6.8 million tons of iron ore produced, corresponding to 25% more than the production registered in 2009.

4Q10 posted good production results, 11% higher than those in 4Q09 and, if compared with 3Q10, down 8%. The second half also confirms this evolution: 3.6 million tons were produced against 3 million the same period of 2009. The target for 2011 is to produce 8 million tons of iron ore.

Sales and transferences to the mills increased 3% if compared with 3Q10 and October marked the fourth export of the year. The 2010 result with sales and transferences was also significant with an increase of 13% if compared with 2009.

A total of 159 thousand tons were exported in 4Q10. Total exports in 2010 reached 526 thousand tons.

Total sales and transfers to the Ipatinga and Cubatão mills are shown in the table below:

**Iron Ore**

| Thousand tons | 4Q10 | 4Q09 | 3Q10 | Chg. 4Q10/4Q09 | Chg. 4Q10/3Q10 | 2010 | 2009 | Chg. 2010/2009 |
|---|---|---|---|---|---|---|---|---|
| **Production** | **1,724** | **1,559** | **1,879** | **11%** | **-8%** | **6,837** | **5,476** | **25%** |
| Sales | 452 | 9 | 191 | 4922% | 137% | 1,048 | 390 | 169% |
| Transferred to Mills | 975 | 1,433 | 1,196 | -32% | -18% | 4,981 | 4,924 | 1% |
| **Total - Sales + Transferences to Mills** | **1,427** | **1,442** | **1,387** | **-1%** | **3%** | **6,029** | **5,314** | **13%** |

## Mineração Usiminas – MUSA S.A.

Usiminas transferred to Mineração Usiminas S.A. (MUSA), the mining assets of the Serra Azul region, the share in ore shipping terminals in the Serra Azul region, 83.3% of Usiminas' share in the capital equity of MRS and the land located in Itaguaí, Rio de Janeiro (Port).

MUSA S.A has a great potential for growth in the region of Serra Azul, given its size, availability of capital and integrated logistic function. Through a greater integration of the mining and logistic activities, in combination with the assurance of supply of a certain amount of ore to Usiminas, this represents an important step towards integrating steelmaking to the ore, planned since the acquisition of the assets of J. Mendes.

## Material Fact

Usiminas announced to the market on 12/28/10, a Material Fact informing its shareholders and the public in general of the creation of a joint venture with the Sumitomo Corporation.

As such, Summit Empreendimentos Minerais Ltda. (SEM), a company controlled by Sumitomo, acquired 30% of the voting capital of MUSA, controlled by the Company, by paying MUSA on 12/28/10 R$ 2.1 billion, equivalent to US$ 1.255 billion. In addition, SEM agreed to pay MUSA an additional of up to US$ 674 million (which may increase the total payment to be made by SEM to MUSA to US$ 1.929 billion), an obligation conditioned to the occurrence of certain future events, and without this implying in an increase of its interest in MUSA's capital equity.

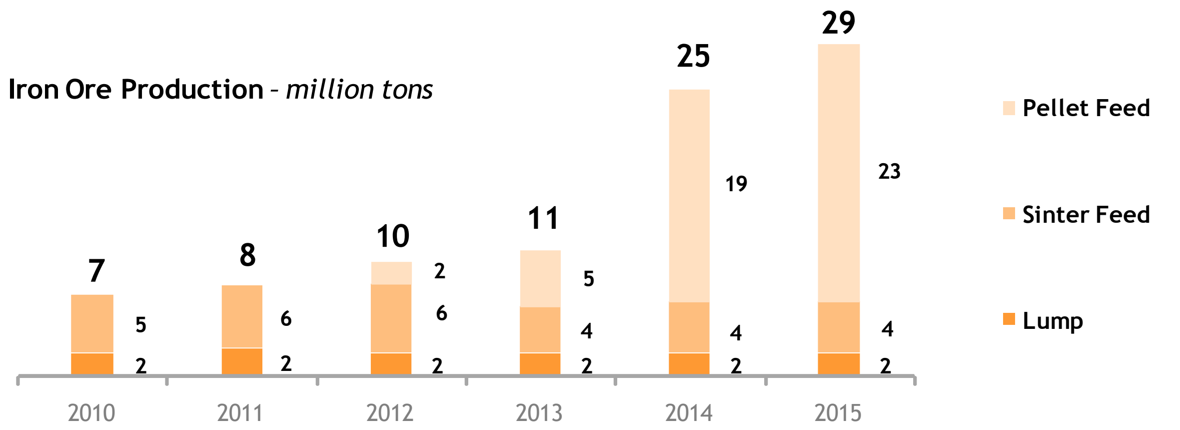
## Investments/Outlook

With the intention of contributing even further to the Group's consolidated result, the mining unit is working on projects to optimize the three existing plants and to build a new specialty steel processing plant. This investment will gradually increase production over the next years, and in 2015, Usiminas expects to reach the production capacity of 29 million tons, compared with the current 7 million ton/year. The investments for the period between 2010 and 2015 are estimated at R$ 4.1 billion.

An investment of R$ 550 million was approved in 4Q10 for the construction of new plants for Sinter Feed and Pellet Feed concentration and these plants are expected to increase the production capacity from 7 to 12 million by the end of 2012.

Engineering studies for the new Itabiritos Compactos plant, as well as the Pelletizing mill will be concluded in 2011 and then presented for the Board of Director's appreciation.

The estimated production volumes for the next years are shown below.




## Logistics – MRS

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

Usiminas, Vale, MGR, Gerdau and CSN comprise the Shareholders' Group that controls MRS. Usiminas holds 20% of the voting capital and is part of the Company's control group and it transferred the entirety of its equity to its controlled company, Usiminas Participações e Logística S.A. (UPL). The shares that represent 49.9% of the voting capital and 83.3% of the total capital of UPL were subsequently transferred to Mineração Usiminas S/A, during its incorporation process.

MRS' results in 2010 had not yet been released by the date of this release and the financial results up to September/10 were the following: Net Revenue of R$ 1.6 billion; EBITDA of R$ 645 million, EBITDA margin of 39.2% and Net Profit of R$ 317 million. During this period, MRS transported 106.9 million tons of cargo in general, among which, iron ore, coal/coke, steel products, cement and others.

In 2010, the stake held by MRS in Usiminas-controlled companies reached the mark of R$ 40.9 million.

# II) STEEL

## Flat Steel Market

The local steel sector is still being strongly affected by the competition of imported products, favored by the strong real. As a result, the "stocking" effect increased throughout the year.

In 4Q10, the sector's behavior reversed due to the fact that the inventories of the members of the National Steel Distributors' Institute (INDA) surpassed the consumption for flat steels. Estimates show that the Brazilian flat steel market consumed in 4Q10 around 3.1 million tons, of which 72% of the volume was provided by the local mills and 28% by imported material.

Consumption shrank 8% in 4Q10 as compared with 3Q10 due to the inventory increase. Within this scenario, imports grew 5% in detriment to the sales of local mills. The direct and indirect import of steel continues to hinder the performance of the local mills within a scenario of stiff price competition.

The domestic market registered a growth of 40% in flat steel consumption in 2010 compared to 2009 due to the strong recovery of the Brazilian economy. Imports, on the other hand, also grew significantly, 177% in the same period.

## Market Sectors and Share

Almost all sectors registered a drop in 4Q10, with exception of the White Line driven by consumption and favored by Christmas sales. The highlight was the auto sector which dropped 16% due to its own slowdown in auto production over the last months of the year in addition to a surge in the import of products of this sector. The same occurred with the sales of local mills, in which the sectors registered a drop during this period.

In 2010, compared with 2009, the mills' sales grew in all segments with emphasis on Auto and Civil Construction (respectively 736% and 324%), driven mostly by tax incentives throughout the year, the improvement in the economy and income. The distribution centers and civil construction sales also increased (201%) despite the high inventory level of the segment. In the Industry and White Line segment, the growth levels were less significant (respectively 37% and 82%), of which the Industry was favored by oil and gas projects as well as the naval industry which also grew. The White Line sector was granted tax incentives, which helped to boost the sales of this sector.

## Comments on Business Unit Results – Steel

The Steel Sector in 2010 posted net revenues of R$ 11.5 billion, up 19% over that of 2009 with emphasis on:

- increase in volume sold of 934 thousand tons;
- the average price per ton of rolled products sold was higher by around 2% as compared with that of 2009, going from R$ 1,723 to R$ 1,751;
- increase in share of sales to the local market, going from 72% in 2009 to 75% in 2010.

COGS in 2010 reached R$ 10.0 billion, up 13% in relation to that of 2009 due to the greater volume of rolled products sold and the increase in raw material costs and greater expenses with outsourced services.

The increase in operating expenses and revenue of R$ 67 million was a result of higher sales costs, due to greater distribution expenses, an increase in staff expenses and social charges arising from salary adjustments.

The EBITDA amounted to R$ 1.8 billion, up 44% as compared with that of 2009 due mainly to the increase in net revenue. The EBITDA margin rose from 13% in 2009 to 16% in 2010.

## Operating Performance

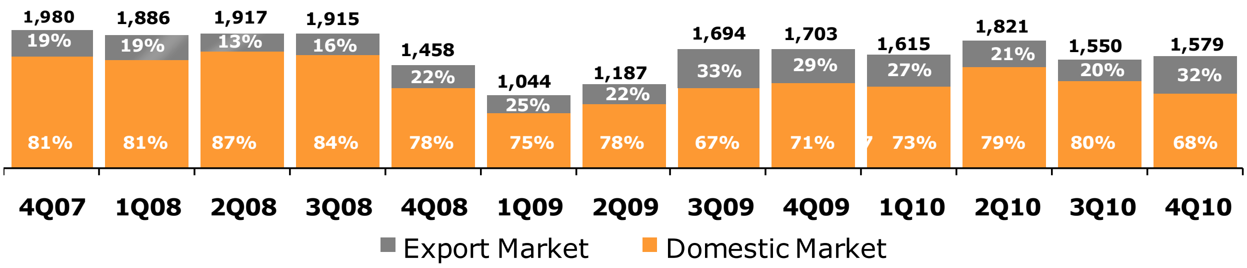
Usiminas' total sales in 4Q10 grew 2% in comparison with those of 3Q10, representing a total volume of 1.6 million tons. The local market accounted for a total of 1.1 million tons of products, corresponding to a decrease of 13% when compared with local market sales in 3Q10.

Exports increased 62% in 4Q10 as compared with those in 3Q10 and represented 32% of sales in the quarter.

A recovery occurred in traditional markets, such as Argentina, and a growth was registered in the company's large export destinations, such as China.

In the 12-month period of 2010, sales totaled 6.6 million tons, up 17% over the sales of 2009. The local market mix stood at 75% and foreign market sales accounted for 25%, reaching 1.7 million tons, up 4% over exports in 2009, mainly to China and Latin America.

### Consolidated Sales (000 t)




**Exports - Main Markets – 2010**

| Country | Thousand tons. | Share % |
|---|---|---|
| China | 267 | 16% |
| Colombia | 154 | 9% |
| Chile | 143 | 9% |
| Argentina | 138 | 8% |
| Thailand | 114 | 7% |
| USA | 103 | 6% |
| Taiwan | 89 | 5% |
| Spain | 81 | 5% |
| Others | 563 | 35% |
| **Total** | **1,652** | **100%** |

**Exports - Main Markets – 4Q10**

| Country | Thousand Tons | Share % |
|---|---|---|
| China | 78 | 15% |
| Colombia | 49 | 10% |
| Argentina | 42 | 8% |
| Germany | 39 | 8% |
| Chile | 32 | 6% |
| Italy | 32 | 6% |
| India | 30 | 6% |
| USA | 22 | 4% |
| Others | 186 | 37% |
| **Total** | **510** | **100%** |

**Net Revenues per Ton**

| R$ / t. | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 4Q09 | 3Q09 | 2Q09 | 1Q09 | 4Q08 | 3Q08 | 2Q08 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Heavy Plates | 1,562 | 1,746 | 1,631 | 1,575 | 1,712 | 1,570 | 1,860 | 2,475 | 2,993 | 2,486 | 2,112 |
| Hot Coils/Sheets | 1,529 | 1,720 | 1,683 | 1,569 | 1,472 | 1,477 | 1,707 | 1,991 | 2,202 | 1,951 | 1,622 |
| Cold Coils/Sheets | 1,655 | 1,985 | 1,919 | 1,740 | 1,671 | 1,539 | 1,862 | 2,058 | 2,391 | 2,151 | 1,836 |
| Electrogalvanized Coils | 2,567 | 2,607 | 2,484 | 2,387 | 2,208 | 2,093 | 2,286 | 2,558 | 2,552 | 2,399 | 2,237 |
| Hot Dip Galvanized Coils | 2,605 | 2,606 | 2,564 | 2,483 | 2,440 | 2,253 | 2,344 | 2,572 | 2,817 | 2,525 | 2,328 |
| Processed Products | 3,133 | 2,652 | 2,378 | 2,393 | 2,413 | 2,250 | 1,647 | 2,314 | 2,557 | 2,224 | 1,958 |
| Slabs | 711 | 710 | 797 | 727 | 790 | 649 | 700 | 938 | 1,551 | 1,444 | 902 |
| **Total** | **1,659** | **1,822** | **1,772** | **1,660** | **1,623** | **1,493** | **1,781** | **2,124** | **2,416** | **2,138** | **1,910** |

### Sectorial Sales Breakdown - Consolidated

| Thousand tons | 4Q10 | | 4Q09 | | 3Q10 | | Chg. 4Q10/4Q09 | Chg. 4Q10/3Q10 | 2010 | | 2009 | | Chg. 2010/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Domestic Market** | **1,069** | **100%** | **1,209** | **100%** | **1,235** | **100%** | **-12%** | **-13%** | **4,914** | **100%** | **4,043** | **100%** | **22%** |
| Automotive | 356 | 33% | 408 | 34% | 456 | 37% | -13% | -22% | 1,675 | 34% | 1,419 | 35% | 18% |
| Industrial | 337 | 32% | 301 | 25% | 359 | 29% | 12% | -6% | 1,232 | 25% | 982 | 24% | 25% |
| Distribution / Civil Construction | 376 | 35% | 500 | 41% | 420 | 34% | -25% | -10% | 2,007 | 41% | 1,642 | 41% | 22% |

### Sales Volume Breakdown - Consolidated

| Thousand tons | 4Q10 | | 4Q09 | | 3Q10 | | Chg. 4Q10/4Q09 | Chg. 4Q10/3Q10 | 2010 | | 2009 | | Chg. 2010/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL SALES** | **1,579** | **100%** | **1,703** | **100%** | **1,550** | **100%** | **-7%** | **2%** | **6,565** | **100%** | **5,631** | **100%** | **17%** |
| Heavy Plates | 383 | 24% | 332 | 19% | 357 | 23% | 16% | 7% | 1,444 | 22% | 1,100 | 20% | 31% |
| Hot Coils/Sheets | 430 | 27% | 534 | 31% | 483 | 31% | -20% | -11% | 2,001 | 30% | 1,689 | 30% | 18% |
| Cold Coils/Sheets | 445 | 28% | 485 | 28% | 365 | 24% | -8% | 22% | 1,787 | 27% | 1,535 | 27% | 16% |
| Electrogalvanized Coils | 53 | 3% | 65 | 5% | 59 | 4% | -18% | -9% | 227 | 3% | 203 | 4% | 12% |
| Hot Dip Galvanized Coils | 105 | 7% | 103 | 6% | 118 | 8% | 2% | -11% | 449 | 7% | 420 | 6% | 7% |
| Processed Products | 45 | 4% | 42 | 3% | 36 | 1% | 8% | 26% | 152 | 3% | 146 | 3% | 4% |
| Slabs | 118 | 7% | 142 | 8% | 134 | 9% | -17% | -12% | 504 | 8% | 539 | 10% | -6% |
| **DOMESTIC MARKET** | **1,069** | **68%** | **1,209** | **71%** | **1,235** | **80%** | **-12%** | **-13%** | **4,914** | **75%** | **4,043** | **72%** | **22%** |
| Heavy Plates | 265 | 17% | 207 | 12% | 276 | 14% | 28% | -4% | 951 | 14% | 643 | 11% | 48% |
| Hot Coils/Sheets | 327 | 21% | 424 | 25% | 427 | 29% | -23% | -24% | 1,708 | 26% | 1,457 | 26% | 17% |
| Cold Coils/Sheets | 270 | 17% | 370 | 22% | 319 | 22% | -27% | -15% | 1,422 | 22% | 1,179 | 21% | 21% |
| Electrogalvanized Coils | 49 | 3% | 53 | 3% | 54 | 4% | -8% | -10% | 209 | 3% | 166 | 3% | 26% |
| Hot Dip Galvanized Coils | 95 | 6% | 94 | 5% | 106 | 7% | 0% | -11% | 402 | 6% | 363 | 6% | 11% |
| Processed Products | 36 | 2% | 32 | 2% | 28 | 2% | 13% | 29% | 113 | 2% | 112 | 3% | 1% |
| Slabs | 27 | 2% | 28 | 2% | 25 | 2% | -2% | 11% | 108 | 2% | 122 | 2% | -12% |
| **EXPORTS** | **510** | **32%** | **494** | **29%** | **315** | **20%** | **3%** | **62%** | **1,651** | **25%** | **1,588** | **28%** | **4%** |
| Heavy Plates | 118 | 7% | 124 | 7% | 81 | 5% | -5% | 45% | 493 | 8% | 457 | 8% | 8% |
| Hot Coils/Sheets | 103 | 6% | 111 | 7% | 55 | 4% | -7% | 87% | 293 | 4% | 232 | 4% | 26% |
| Cold Coils/Sheets | 175 | 11% | 115 | 6% | 46 | 3% | 52% | 277% | 365 | 6% | 356 | 6% | 3% |
| Electrogalvanized Coils | 4 | 0% | 12 | 1% | 4 | 0% | -63% | 2% | 19 | 0% | 37 | 1% | -49% |
| Hot Dip Galvanized Coils | 10 | 1% | 8 | 0% | 11 | 1% | 19% | -13% | 46 | 1% | 57 | 1% | -18% |
| Processed Products | 9 | 1% | 10 | 1% | 8 | 1% | -8% | 16% | 39 | 1% | 34 | 1% | 15% |
| Slabs | 91 | 6% | 114 | 7% | 109 | 6% | -20% | -17% | 396 | 5% | 416 | 7% | -5% |

## Brazilian and Global Steel Production

In a year marked by a surge in imported steel to the domestic market, the Brazilian steel mills managed to increase the production of crude steel. At the end of the year, a 24% increase was registered as compared with the production of 2009, totaling around 33 million tons, which represents 26.5 million tons in 2009, according to the balance sheet released by IABr.
In the annual comparison base, flat steel production rose 32% and long steel production grew 22%.

In global terms, crude steel rose 16% according to data released by the World Steel Association, reaching 1.41 billion tons, a new record in volume produced. In 2010, China, the main global producer, increased its production by 10% totaling 623 million tons.

## Production - Ipatinga and Cubatão Mills

In 4Q10, the production of crude steel at the Ipatinga and Cubatão mills was 1.6 million tons, down 19% in comparison with 3Q10. The production of rolled products was 1.6 million tons, 10% less than the production reached in 3Q10.

Overall crude steel production in 2010 reached 7.3 million tons, up 29% over the production registered in 2009. In terms of rolled products, the volume produced was 7.0 million tons, up 24% over the production of 2009.

## Investment Program (Capex)

Investments on fixed assets in 4Q10 summed R$ 975 million, totaling an overall disbursement of R$ 3.2 billion in 2010. The current situation of the main investment projects in the mills is detailed below:

| Investments Projects/Details | Plant | Start-up | Benefits | Project Capex | Accumulated Capex - 2010 |
|---|---|---|---|---|---|
| **Heavy Plates - CLC Accelerated Cooling Technoly** | Ipatinga | 4Q 2010 | Ultra-high mechanical resistence Heavy Plates with improved tenaciousness and welding capability. Meeting the requirements of the pre-salt exploitation projects. | **R$ 1.050 billion** | **R$ 483 million** |
| **Heavy Plate Mill expansion** | | 4Q 2012 | Production increase to 1,350,000 tons/year. | | |
| **New Hot Dip Galvanizing Line - Unigal** | Ipatinga | 1H 2011 | Additional production capacity of 550,000 tons/year | **R$ 914 million** | **R$ 768 million** |
| **New Hot Strip Mill** | Cubatão | 2H 2011 | Mix improvement, with a broader product range to supply domestic and export market. Ultra-high mechanical resistence Hot Rolled to supply to transportation market, shipbuilding and pre-salt. | **R$ 2.530 billion** | **R$ 1.274 billion** |

## Ternium

Ternium is one of the largest steel producers in the Americas and offers a wide array of products, including flat and long steel products. The company has operating facilities in Mexico, (Hylsa and IMSA) and Argentina (Siderar) and in the US (Ternium USA) and has a wide distribution network.

Usiminas held 14.25% of Ternium's total capital, of which was partner along with the Techint group.

Ternium's results were registered in Usiminas' balance sheet with a delay of one quarter, and the results for 4Q10 were disclosed on 02/22/2011.

**Notice to the Market:** Usiminas informed its shareholders and the public in general that the Company, in combination with its Danish wholly-owned subsidiary, Usiminas Europa, received the approval from the Company's Board of Directors, in the meeting held on January 31, 2011, to execute a contract regulating the registration rights of an offering with Ternium S.A., in relation to which Ternium filed a Form F-3 registration request at the Securities and Exchange Commission of the United States (SEC) for the public offer of up to the total amount of the shares issued by Ternium held by Usiminas Europa (in compliance with certain conditions), in American Depositary Shares (ADSs) listed in the New York Stock Exchange (the "Offering"), minus the amount of shares that Techint agrees to acquire, as follows. Under the terms of the Contract and subject, among other conditions, to the consummation of the Offering, Techint and Ternium agreed to acquire from Usiminas Europa respectively U$ 100 million and U$ 150 million in Ternium shares held by Usiminas for the same price per share of the Offering, totaling U$ 250 million.

The acquisition of such shares by Techint and Ternium is expected to be concluded concurrently with the Offering. Currently, Usiminas holds (indirectly through Usiminas Europa) shares that represent 14.25% of Ternium's total capital equity. Each ADS represents the right to receive 10 common shares of Ternium.

The registration request regarding the Offering was formalized on 01/31/2011 at SEC under the terms of the U.S. Securities Act of 1933, as amended, and in accordance with the rules and regulations established by SEC. No ADS or common stock offer of Ternium will be carried out in Brazil.

The Company will keep the market informed of the conclusion of such Offer.

## Unigal

Unigal is a joint-venture between Usiminas (with a 70% share) and Nippon Steel (with a 30% share) aimed at processing coils through hot dipped galvanizing.

In comparison with 2009, the results of 2010 evolved as follows: The amount of dispatches grew 12%; net revenue rose 43% to R$ 290 million. Net profit and EBITDA reached respectively R$ 169 million and R$ 252 million.

Its main investment is aimed at increasing the production capacity in 550 thousand tons/year from the current 480 thousand tons, to meet the needs of the rising offer for galvanization services, as a result of the increase in demand for such products, mainly for the auto, electronic product and civil construction sectors. The expectation for the startup of the operation in the first quarter of 2011 is maintained.

# III) STEEL PROCESSING

## Comments on Business Unit Results – Steel Processing

Net revenue in 2010 totaled R$2.4 billion and was 23% higher than that of 2009. This growth was due to the following:

**Soluções Usiminas:** Net revenue reached R$ 2.0 billion, up 11% over the revenue registered in 2009 due to a rise in sales – 74 thousand tons – in addition to prices increases, on average 3%, in the period.

**Automotiva Usiminas:** Revenue was favored by an increase of R$ 106 million or 48% greater than in 2009.

The COGS/net revenue ratio declined from 92% to 90%. Operating expenses and revenue grew 18% due to the increase in expenses from sales, which rose R$ 31 million. In addition, general and administrative expenses grew 26% due to higher inventory costs as a result of the increase in product stocks and higher consulting expenses.

Operating profit before financial results reached R$41.0 million, against losses of R$9.0 million in 2009.

EBITDA in 2010 reached R$ 102 million, up 209% as compared with 2009. The EBITDA margin, which in 2009 reached 2% grew to 4% in 2010. The impact on cash flow arose mainly from the increase in net revenue.

- ### Soluções Usiminas

Soluções Usiminas operates in the distribution, services and pipe markets in the country, offering higher value-added products to its clients.

With the capacity to process more than 2 million tons of steel a year, its 14 industrial units, strategically located in the States of Rio Grande do Sul, São Paulo, Minas Gerais, Espírito Santo and Pernambuco, supply the following sectors:

Auto; Auto Parts; Civil Construction; Distribution; Electronic Products; Machinery and Equipment; Domestic Appliances and others.

The sales of the business unit: Distribution, Services and Pipes accounted for respectively 51%, 39% and 10% of the volume sold, with emphasis on sales to the following sectors: autos, auto parts, machinery and industrial equipment, domestic appliances and civil construction.

Exports were mainly aimed at: Argentina, Bolivia, Paraguay and Uruguay.

In comparison with 2009, the highlight was the performance of the Pipes sector, which grew 32%, followed by Distribution with a performance increase of 9%. The Services unit maintained the performance registered in 2009.

The inventory level, which was a challenge in 2010, started the year with 4.5 months reaching by December/10 the average of 3.0 months, very close to the ideal level of 2.5 months.

According to the last ranking released by the National Steel Distributors Institute (INDA) in October/10 (January/September position), Soluções USIMINAS occupies first place with a share of 18% of the total members. If considering only the service centers linked to the mill, this share jumps to 44%.

The market share of the Pipes unit of Soluções Usiminas reached around 20% in November/10, occupying second place in the ranking of the Brazilian Pipe and Metal Accessories Industry Association (ABITAM).

The results of 4Q10 were impacted by the annual seasonality of the period and by the interruption (company holidays) of a few customers.

- **Automotiva Usiminas**

**Highlights**

The startup of the operations for the new painting line kicked off in 4Q10, doubling the production capacity of the unit and increasing the quality standard of Automotiva Usiminas. The setup of the assembly line for a new product in the auto sector was also concluded and will represent annual sales of around R$ 120 million with supply starting in 2Q11.

**Outlook**

The target will be the truck market, which registered an excellent year based on Projects such as the Growth Acceleration Program (PAC), the World Cup and the Olympics.
The truck market has been favored by governmental incentives based on credit lines for the acquisition/exchange of vehicles.
Real opportunities are arising due to the interest of new players (US and Europe) in the Brazilian market, mainly in the truck sector.

## IV) CAPITAL GOODS

### Comments on Business Unit Results – Capital Goods

Net revenue in 2010 reached R$ 1.4 billion, up 52% over that in 2009.

The COGS/net revenue ratio went from 81% in 2009 to 87% in 2010 and the gross revenue was higher by R$ 5 million as compared with 2009. Operating expenses and revenue grew 51% due to the R$ 17 million increase in general and administrative expenses, an increase in expenses related to the hiring of new employees and salary adjustments. The increase in other expenses and revenues amounting to R$ 16 million was due basically to the provision for actuarial liabilities.

EBITDA of 2010 totaled R$ 111 million, down 16% as compared with that of 2009. The EBITDA margin declined 6 percentage points to 7.7%, due to margins reductions as a result of the competition in the sector, as well as a reflex of the international economic crisis on the capital goods market.

## Usiminas Mecânica S.A.

Usiminas Mecânica, the Group's capital goods arm, is among the largest capital goods companies in the country.

The company operates in the following business areas:

- Metal Structures and Bridges
- Industrial Equipment
- Industrial Assembly
- Blanks and Stamping
- Foundry, Forging and Railway Cars
- EPC-oriented Steelmaking Unit
- EPC-oriented Oil & Gas Unit

Among the markets where the company operates, the current focal point is in the following sectors:

- Naval, Oil & Gas: the company is continuing the implementation of a strategy to meet the demand of the Offshore market by supplying small-scale naval blocks for Platform Supply Boats and Tug Supply, and is developing know-how for larger projects;
- Steelmaking and Mining: seeks integrated solutions and turnkey projects for the EPC-oriented Steelmaking Unit. Currently has the Vacuum Degassing System of the Ipatinga Mill in its portfolio;
- Infrastructure: recognized in this segment, it will participate in the sports events of the 2014 World Cup and the Olympics of 2016 by taking part in the construction of stadiums, walkways, viaducts, parking buildings, airports and malls;
- Electricity: it is able to provide equipment for hydroelectric power plants and small hydroelectric power stations and has the Rio Madeira Complex project (Santo Antonio and Jirau hydroelectric power plants) in its portfolio and will seek new enterprises, such as the Belo Monte hydroelectric power plant.
- Paper and Pulp: has the technology to manufacture heavy equipment, to meet the demand, for example, of the Eldorado Project, which will start operating at the end of 2012 in Mato Grosso do Sul state, and will be the largest global producer of paper and pulp.

**Highlight of the Quarter:**

In 4Q10, the company won important tenders, whose contracts, totaling around R$ 282 million, will be executed in 2011, as follows:

- Metal Structures for the Building of the heavy plates facilities of Gerdau/ Açominas - in consortium with Codeme - weighing: 18,400 tons.
- Blanks (cut/grooved and painted plates) for the construction of 180 wind towers for Gestamp Wind Steel Pernambuco S/A – weighing: 18,000 tons.
- Metal Structures for the textile and polymer plant of Construtora Norberto Odebrecht to be built in the Suape complex weighing 3,500 tons.
- Metal railway bridges for the duplication of the Carajás railway for VALE, weighing 1,000 tons.
- 6 spheres with a diameter of 18.5 meters for Petrobrás to be installed at the Petrochemical Complex in Rio de Janeiro (COMPERJ) weighing 4,000 tons.

### Investments

- Foundry and forging: undergoing an expansion and modernization process, scheduled to conclude by 4Q11. Installed capacity: will reach 41 thousand ton/year.
- Already contracted manual and mechanized molding line: Startup of projects in September/2010.
- Acquisition of specific welding machine for welding panels for the manufacture of large-scale welding blocks.
- Acquisition of a Vertical Lathe for the machining of parts to meet the demand of the foundry area.

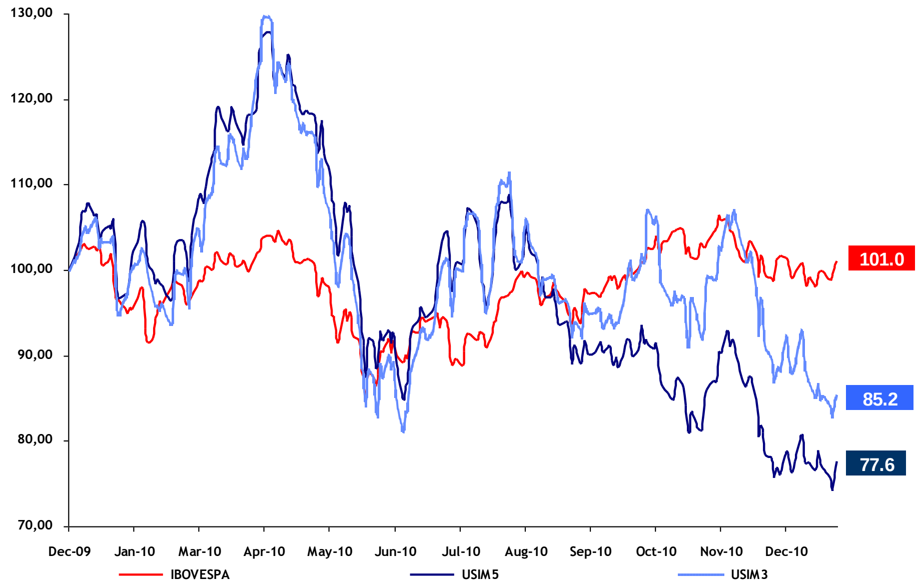
## Capital Markets

### Performance in BM&F BOVESPA

Usiminas' common stock (USIM3) ended the quarter quoted at R$ 21.35 per share and the preferred stock (USIM5) quoted at R$ 19.16 per share. The depreciation in the year of the common share was 14.8% and the depreciation of the preferred share was 22.4%. In the same period, Ibovespa appreciated 1.0% On 12/31/10, Usiminas' market value was R$ 19.4 billion. The variation of Usiminas' stock in relation to Ibovespa's variation is shown below.

**USIM5 and USIM3 versus Ibovespa**

**From (basis 100) 12/30/2009 to 12/30/2010**




**Performance Summary - BM&FBOVESPA (USIM5)**

| | 4Q10 | 4Q09 | Chg. 4Q10/4Q09 | 3Q10 | Chg. 4Q10/3Q10 |
|---|---|---|---|---|---|
| **Number of Trades** | **478,642** | **312,450** | ***53%*** | **419,776** | ***14%*** |
| *Daily Average* | *7,847* | *5,208* | *51%* | *6,559* | *20%* |
| **Traded - thousand shares** | **317,352** | **317,486** | ***0%*** | **401,396** | ***-21%*** |
| *Daily Average* | *5,202* | *5,291* | *-2%* | *6,272* | *-17%* |
| **Financial Volume - R$ million** | **6,496** | **7,845** | ***-17%*** | **9,625** | ***-33%*** |
| *Daily Average* | *106* | *131* | *-19%* | *150* | *-29%* |
| **Maximum** | **23.10** | **27.30** | ***-15%*** | **27.23** | ***-15%*** |
| **Minimum** | **18.30** | **22.20** | ***-18%*** | **21.77** | ***-16%*** |
| **Closing** | **19.16** | **24.70** | ***-22%*** | **22.70** | ***-16%*** |
| **Number of Shares** | **1,013,786** | **506,893** | ***100%*** | **1,013,786** | ***0%*** |
| **Market Capitalization - R$ million** | **19,424** | **25,035** | ***-22%*** | **23,013** | ***-16%*** |

## Foreign Exchanges

### OTC – New York

Usiminas has ADRs traded in the OTC (over-the-counter) market in New York. The ticker for ordinary shares ADRs is USDMY and the ticker for preferred shares ADRs is USNZY. On 12/31/10 the USNZY ADRs, of higher liquidity, were quoted at US$ 12.05, and registered a depreciation in the year of 17.0%. The USDMY ADRs closed at US$ 11.54.

### Latibex – Madri

On 12/31/10, the XUSI shares (preferred) ended the quarter quoted at € 8.50 and depreciated 13.1% in 2010. The XUSIO shares (common) ended quoted at € 9.56, with a depreciation of 3.0% in 2010.

## Highlights of the Quarter

- **Start up of special heavy plates production.**

Usiminas concluded its main investments to add value and cut costs by implementing new continuous online control for heavy plates at the Ipatinga mill. The equipment, aimed mainly at the shipbuilding, oil and gas industries, will enable the company to provide a new line of high value-added steels dubbed Sincron. With differentiated characteristics and performance to meet the pre-salt demand, the new equipment will lead to efficiency gains in the client's production line and will increase the competitiveness of the end product.

- **Consumption of natural gas at Ipatinga.**

Usiminas has begun to use, since the end of 2010, the natural gas supplied by Gasmig in the production area of the Ipatinga mill. The fuel will be used by Blast Furnace no. 3 and at the Steelworks at first, representing a consumption of around 90 thousand t m3/day, which will contribute to an increase in flexibility for the energy matrix of the mill, assuring operational continuity.

- **Usiminas invests in Research and Innovation**

Usiminas is the private company that most registered patents from 2005 to 2009, according to a survey of the National Industrial Property Institute (INPI). Including the requests made by the Ipatinga and Cubatão mills, the patents for the period total 399, a reflex of the constant expansion of investments in this area, aimed at the development of higher value-added products.

In addition to operating a Technology Center targeted at product development and steel processes at Ipatinga, Usiminas plans to build a second research unit in Rio de Janeiro. In November/10, the company, in partnership with the Federal University of Rio de Janeiro (UFRJ), set up the cornerstone of the Technology Center that will be built on the Island of Fundão, whose unit will be aimed mainly at the study and development of steel solutions for the oil and gas, naval and offshore sectors to meet the demand for oil drilling in the pre-salt layer.

## Events Subsequent to the Quarter's End

- **Stake in Ternium – Public offering of total stake.**

Usiminas informed its shareholders and the public in general that it received the approval from the Company's Board of Directors, in a meeting held on 01/31/11, to execute a contract regulating the registration rights of an offering with Ternium S.A., in relation to which Ternium filed a Form F-3 registration request at the Securities and Exchange Commission of the United States ("SEC") for the public offering of up to the total amount of the shares issued by Ternium held by Usiminas Europa, representing 14.25% of the Ternium's total capital equity. See notice to market on page 13 of this release.

Through notice to market as of 02/21/11, Usiminas announced to its shareholders and the public in general that the transaction totaled US$ 1,028,634,213.60, being US$ 778,634,208.00 from the public offering and US$ 250,000,005.60 from the transaction with Ternium and Techint. With the conclusion of the selling of its shares, Usiminas no longer holds any equity participation in Ternium.

- **Mineração Usiminas S.A., MMX, LLX celebrated agreement**

Through Material Fact disclosed to the market on 02/14/11, Usiminas announced that the companies Mineração Usiminas, MMX, LLX celebrated, on February 11, 2011 the definitive contracts that establish:

(i) provision of port services, by LLX Sudeste Operações Portuárias Ltda. ("LLX Sudeste"), a subsidiary of PortX, to Mineração Usiminas, in Sudeste Port (the "Port Service Agreement"); and

(ii) the lease, by Mineração Usiminas to MMX, of the Pau de Vinho Mine between MMX and Mineração Usiminas.

With these contracts, Mineração Usiminas enables its iron ore exports flow from 2012 onwards and has the option to renew the contract for 1 to 5 years. With the lease contract, Usiminas and MMX expect to extract significant value from synergies between the operations of the Serra Azul mines and Pau de Vinho.

- **Material Fact on 02/18/11 – Usiminas - Stability of the Controlling Group**

Through Material Fact disclosed to the market on 02/18/11, Usiminas announced the following:

"According to CVM Instruction Nr. 358/2002, Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas communicates to the market that on February 18, 2011, it was informed by Nippon Group (Nippon Steel Corporation, Nippon Usiminas Co., Ltd., Mitsubishi Corporation do Brasil, S.A. and Metal One Corporation), Votorantim Group (Votorantim Industrial S.A.), and Camargo Corrêa Group (Camargo Corrêa S.A., Construções e Comércio Camargo Corrêa S.A. and Camargo Corrêa Investimentos em Infra-estrutura S.A.), all of which are members of the company´s controlling group and for the purposes hereof defined as the "Notifying Shareholders", that:

(i) taking into account the early termination possibility set out in the current Shareholders' Agreement of Usiminas for year 2016 (the 10th Anniversary), discussions have been held among the Notifying Shareholders with the purpose of providing the various stakeholders of the company and the market with certainty about the stability of the controlling group and, consequently, assuring both the company continuous growth and development;

(ii) as a result of such discussions – but without prejudice to their firm intention to fully comply with and abide by the Shareholders' Agreement as currently in force –, on February 18, 2011, the Notifying Shareholders notified Caixa dos Empregados da Usiminas – CEU about their intention to terminate the current Shareholders' Agreement on its 10th Anniversary, and executed a new shareholders' agreement of Usiminas, which shall only become effective immediately upon the termination of the existing Shareholders' Agreement, subject to the formal internal corporate approvals (as applicable) of the Notifying Shareholders. The new shareholders' agreement, entered into on the date hereof among the Notifying Shareholders (which currently hold approximately 53.7% of the voting capital of Usiminas), shall be in force until 2031 (and its terms also provide for the possibility of subsequent 5-year extensions from then onwards).

The company understands that the new shareholders' agreement does not derive from nor result in a disposal of control, nor is it expected to significantly change the current control structure of Usiminas given that the Notifying Shareholders, i.e. the main controlling shareholders of the current agreement, will continue to be parties to the new agreement in a similar equity proportion."

- **Notice to Shareholders – Interest on Own Capital**

Usiminas' Board of Directors, at a meeting held on 02/22/11, approved a proposal of the Management, for distribution to the shareholders holding shares on March 21, 2011, based on the Company's net income in 2010, the amount of R$ 141.8 million, in the form of **complementary interest on own capital**, at the price of **R$ 0.136908 per common share** and **R$ 0.150599 per preferred share**.
Negotiation of ex-interest shares: as of 03/22/11

Payment date: as of 04/04/11

It was also defined that as of April 04, the payment of **complementary interest on own capital** will be made, amounting to R$ 178.2 million, approved in the Board of Director's Meeting on 12/21/10, to the holders of shares on 12/29/10.
Value per share: **ON: R$ 0.172041** and **PN: R$ 0.189246.**

The 15% withholding tax will be deducted from the interest on own capital value in compliance with the legal exceptions.

The amount to be paid starting on 04/04/11 totals R$ 319.9 million.

The amount of interest on own capital in relation to the net income of the year totaled R$ 550.1 million, representing a payout of 35%.

## For further information

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THE BANK OF NEW YORK MELLON
**ADR – Depositary Bank**

**Visit our Investor Relations page: www.usiminas.com/ri**
**or by mobile phone: m.usiminas.com/ri**

| 4Q10 Conference Call - Date 02/23/2011 | |
|---|---|
| In Portuguese - Simultaneous Translation into English | |
| Brasília time: at 11:00 a.m.<br>Dial-in Numbers:<br>Brazil: (55 11) 4688.6361 | New York time: at 9:00 a.m.<br>Dial-in Numbers:<br>USA: (1 888) 700.0802 |
| Other Countries: (1 786) 924.6977 | |
| Audio replay available at (55 11) 4688.6312 | |
| Pincoad for replay: 2438417 - portuguese | Pincode for replay: 0216415 - 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 | 31/dec/2010 | 30/sept/2010 |
|---|---|---|
| **Current Assets** | **12,305,384** | **11,647,129** |
| Cash and Cash Equivalents | 4,553,885 | 3,928,306 |
| Trade Accounts Receivable | 1,760,751 | 1,930,523 |
| Taxes Recoverable | 823,271 | 523,451 |
| Inventories | 4,898,311 | 5,010,460 |
| Advances to suppliers | 70,065 | 61,230 |
| Financial Instruments | 24,294 | 23,384 |
| Other Securities Receivables | 174,807 | 169,775 |
| **Long-Term Receivable** | **1,436,133** | **1,269,785** |
| Deferred Income Tax & Social Contrb'n | 398,223 | 354,266 |
| Deposits at Law | 443,879 | 338,435 |
| Accounts Receiv. Affiliated Companies | 5,960 | 6,292 |
| Taxes Recoverable | 174,970 | 231,193 |
| Financial Instruments | 356,899 | 278,637 |
| Others | 56,202 | 60,962 |
| **Permanent Assets** | **18,078,042** | **17,406,650** |
| Investments | 2,061,186 | 2,028,507 |
| Property, Plant and Equipment | 14,275,006 | 13,619,937 |
| Intangible | 1,741,850 | 1,758,206 |
| **Total Assets** | **31,819,559** | **30,323,564** |

## Balance Sheet - Liabilities and Shareholders' Equity - Consolidated

IFRS - R$ thousand

| Liabilities and Shareholders' Equity | 31/dec/2010 | 30/sept/2010 |
|---|---|---|
| **Current Liabilities** | **3,531,823** | **3,474,447** |
| Loans and Financing and Taxes Payable in Installments | 905,338 | 710,904 |
| Suppliers, Subcontractors and Freight | 1,257,868 | 1,119,065 |
| Wages and social charges | 287,209 | 314,890 |
| Taxes and taxes payables | 309,034 | 255,073 |
| Related Companies | 79,546 | 80,970 |
| Financial Instruments | 73,027 | 61,318 |
| Dividends Payable | 159,819 | 232,040 |
| Customers Advances | 180,728 | 359,227 |
| Others | 279,254 | 340,960 |
| **Long-Term Liabilities** | **9,258,299** | **9,833,666** |
| Loans and Financing and Taxes Payable in Installments | 6,974,662 | 7,862,773 |
| Actuarial Liability | 1,301,940 | 1,036,456 |
| Provision for Contingencies | 314,954 | 369,145 |
| Financial Instruments | 437,195 | 367,120 |
| Environmental protection provision | 134,910 | 96,453 |
| Others | 94,638 | 101,719 |
| **Shareholders' Equity** | **19,029,437** | **17,015,451** |
| Capital | 12,150,000 | 12,150,000 |
| Reserves & Revenues from Fiscal Year | 5,282,599 | 4,492,110 |
| **Non-controlling shareholders participation** | **1,596,838** | **373,341** |
| **Total Liabilities and Shareholders' Equity** | **31,819,559** | **30,323,564** |

# Income Statement - Consolidated

IFRS

| R$ thousand | 4Q10 | 4Q09 | 3Q10 | Chg. 4Q10/4Q09 |
|---|---|---|---|---|
| **Net Revenues** | **3,092,460** | **2,984,419** | **3,240,501** | 4% |
| Domestic Market | 2,489,316 | 2,489,758 | 2,874,177 | 0% |
| Export Market | 603,144 | 494,661 | 366,324 | 22% |
| COGS | (2,891,253) | (2,318,645) | (2,437,079) | 25% |
| **Gross Profit** | **201,207** | **665,774** | **803,422** | -70% |
| **Gross Margin** | **6.5%** | **22.3%** | **24.8%** | **- 15.8 p.p.** |
| **Operating Income (Expenses)** | **28,646** | **147,020** | **(249,331)** | -81% |
| Selling | (91,159) | (78,619) | (111,059) | 16% |
| General and Administrative | (148,680) | (123,529) | (132,610) | 20% |
| Others, Net | 268,485 | 349,168 | (5,662) | -23% |
| **EBIT** | **229,853** | **812,794** | **554,091** | -72% |
| **EBIT Margin** | **7.4%** | **27.2%** | **17.1%** | **- 19.8 p.p.** |
| **Financial Result** | **149,612** | **(27,553)** | **112,093** | - |
| Financial Income | 154,004 | 76,044 | 76,282 | 103% |
| Financial Expenses | (4,392) | (103,597) | 35,811 | -96% |
| Equity Income | 55,843 | 84,914 | 58,903 | -34% |
| **Operating Profit (Loss)** | **435,308** | **870,155** | **725,087** | -50% |
| Income Tax / Social Contribution | (22,356) | (208,375) | (229,959) | -89% |
| **Net Income (Loss)** | **412,952** | **661,780** | **495,128** | -38% |
| **Net Margin** | **13.4%** | **22.2%** | **15.3%** | **- 8.8 p.p.** |
| | | | | |
| Attributable | | | | |
| **Shareholders** | **418,847** | **659,541** | **495,335** | -36% |
| **Minority Shareholders** | **(5,895)** | **2,239** | **(207)** | - |
| | | | | |
| **EBITDA** | **332,448** | **824,082** | **735,307** | -60% |
| **EBITDA Margin** | **10.8%** | **27.6%** | **22.7%** | **- 16.8 p.p.** |
| Depreciation and amortization | 217,881 | 223,522 | 204,530 | -3% |
| Provisions | (115,286) | (213,384) | (23,315) | - |

# Income Statement - Consolidated

IFRS

| R$ thousand | 2010 | 2009 | Chg. 2010/2009 |
|---|---|---|---|
| **Net Revenues** | **12,962,395** | **10,924,140** | 19% |
| Domestic Market | 11,021,569 | 9,095,570 | 21% |
| Export Market | 1,940,826 | 1,828,570 | 6% |
| COGS | (10,431,539) | (9,440,281) | 11% |
| **Gross Profit** | **2,530,856** | **1,483,859** | 71% |
| **Gross Margin** | **19.5%** | **13.6%** | **+ 5.9 p.p.** |
| **Operating Income (Expenses)** | **(628,393)** | **(476,978)** | 32% |
| Selling | (374,254) | (284,139) | 32% |
| General and Administrative | (527,222) | (456,304) | 16% |
| Others, Net | 273,083 | 263,465 | 4% |
| **EBIT** | **1,902,463** | **1,006,881** | 89% |
| **EBIT Margin** | **14.7%** | **9.2%** | **+ 5.5 p.p.** |
| **Financial Result** | **13,227** | **608,799** | -98% |
| Financial Income | 391,144 | 136,889 | 186% |
| Financial Expenses | (377,917) | 471,910 | - |
| Equity Income | 235,885 | 167,558 | 41% |
| **Operating Profit (Loss)** | **2,151,575** | **1,783,238** | 21% |
| Income Tax / Social Contribution | (567,925) | (507,783) | 12% |
| **Net Income (Loss)** | **1,583,650** | **1,275,455** | 24% |
| **Net Margin** | **12.2%** | **11.7%** | **+ 0.5 p.p.** |
| | | | |
| Attributable | | | |
| **Shareholders** | **1,571,840** | **1,273,026** | 23% |
| **Minority Shareholders** | **11,810** | **2,429** | 386% |
| | | | |
| **EBITDA** | **2,650,215** | **1,716,443** | 54% |
| **EBITDA Margin** | **20.4%** | **15.7%** | **+ 4.7 p.p.** |
| Depreciation and amortization | 822,858 | 860,967 | -4% |
| Provisions | (75,106) | (152,554) | -51% |

## Cash Flow - Consolidated

IFRS

| R$ thousand | 4Q10 | 4Q09 |
|---|---|---|
| **Operating Activities Cash Flow** | | |
| Net Income (Loss) in the Period | 412,952 | 661,780 |
| Financial Expenses and Monetary Var. / Net Exchge Var. | (31,605) | (93,305) |
| Interest Expenses | 146,764 | 39,641 |
| Depreciation and Amortization | 217,881 | 224,672 |
| Write-offs (Decrease in Permanent Assets and Deferred Charges) | 56,101 | (592) |
| Equity in the Results of Subsidiaries/Associated Companies | (55,844) | (84,913) |
| Income Tax and Social Contribution | 137,738 | 250,879 |
| Provisions | (220,555) | (332,135) |
| Actuarial Gains and losses | (80,168) | 22,522 |
| **Total** | **583,264** | **688,549** |
| **Increase/Decrease of Assets** | | |
| Securities | 608,965 | (132,603) |
| In Accounts Receivables | 169,772 | 163,042 |
| In Inventories | 112,149 | (59,240) |
| In Recovery of Taxes | (243,597) | (290,849) |
| In Judicial Deposits | (14,535) | (47,129) |
| In Accounts Receiv. Affiliated Companies | 332 | 926 |
| Others | 19,054 | 71,597 |
| **Total** | **652,140** | **(294,256)** |
| **Increase (Decrease) of Liabilities** | | |
| Suppliers, contractors and freights | 138,803 | 45,458 |
| Amounts Owed to Affiliated Companies | (8,500) | 15,055 |
| Customers Advances | (178,499) | (25,315) |
| Tax Payable | 23,796 | (42,701) |
| Income Tax and Social Contribution | 29,433 | (1,057) |
| Interest Paid | (176,018) | (69,382) |
| Actuarial Liability payments | (37,595) | (37,523) |
| Non-controlling participation | (14,645) | 246,354 |
| Others | (106,924) | 89,426 |
| **Total** | **(330,149)** | **220,315** |
| **Net Cash Generated from Operating Activities** | **905,255** | **614,608** |
| **Investments activities cash flow** | | |
| (Additions) Right off of investments | - | (16,898) |
| (Additions) to Permanent Assets | (991,912) | (616,951) |
| Fixed asset sale receipt | 2,838 | - |
| Additions to Intangible | (1,322) | (28,453) |
| Zamprogna Acquisition | - | 22,627 |
| Dividends Received | 15,792 | 21,447 |
| **Net Cash Employed on Investments Activities** | **(974,604)** | **(618,228)** |
| **Financial Activities Cash Flow** | | |
| Inflow of Loans, Financing and Debentures | 95,156 | 54,832 |
| Payment of Loans, Financ. & Debent. | (676,815) | (103,712) |
| Inflow from subsidiaries share issue | 2,137,265 | - |
| Interest Paid on Loans, Financing and Debentures | (10,370) | (14,511) |
| Swap Operations Redemptions | (9,013) | 22,790 |
| Dividends and Interest on Capital | (215,351) | (1,693) |
| **Net Cash Generated from (Employed on) Financial Activities** | **1,320,872** | **(42,294)** |
| **Exchange Variation on Cash and Cash Equivalents** | **(16,979)** | **(1,793)** |
| **Net Increase (Decrease) of Cash and Cash Equivalents** | **1,234,544** | **(47,707)** |
| Cash and Cash Equivalents at the Beginning of the Period | 2,921,554 | 2,145,903 |
| Cash and Cash Equivalents at the End of The Period | 4,156,098 | 2,098,196 |
| **RECONCILIATION WITH BALANCE SHEET** | | |
| Cash and cash equivalents at the beginning of the period | 2,921,554 | 2,145,903 |
| Marketable securities at the beginning of the period | 1,006,752 | 852,248 |
| **Cash and cash equivalents at the beginning of the period** | **3,928,306** | **2,998,151** |
| Net increase (decrease) of cash and cash equivalentes | 1,234,544 | (47,707) |
| Net increase (decrease) of marketable securities | (608,965) | 132,603 |
| Cash and cash equivalents at the end of the period | 4,156,098 | 2,098,196 |
| Marketable securities at the end of the period | 397,787 | 984,851 |
| **Cash and cash equivalents at the end of the period** | **4,553,885** | **3,083,047** |

## Cash Flow - Consolidated

IFRS

| R$ thousand | 2010 | 2009 |
|---|---|---|
| **Operating Activities Cash Flow** | | |
| Net Income (Loss) in the Period | 1,583,650 | 1,275,455 |
| Financial Expenses and Monetary Var. / Net Exchge Var. | (108,757) | (1,110,871) |
| Interest Expenses | 437,760 | 339,711 |
| Depreciation and Amortization | 822,858 | 862,117 |
| Write-offs (Decrease in Permanent Assets and Deferred Charges) | 59,267 | 12,116 |
| Equity in the Results of Subsidiaries/Associated Companies | (235,885) | (167,558) |
| Income Tax and Social Contribution | 75,271 | 269,153 |
| Provisions | (114,335) | (309,959) |
| Actuarial gains and losses | (80,168) | 22,522 |
| **Total** | **2,439,661** | **1,192,686** |
| **Increase/Decrease of Assets** | | |
| Securities | 587,064 | 98,912 |
| In Accounts Receivables | 32,392 | (56,498) |
| In Inventories | (1,261,108) | 1,510,053 |
| In Recovery of Taxes | (289,671) | 7,029 |
| In Judicial Deposits | (33,003) | (76,227) |
| In Accounts Receiv. Affiliated Companies | 1,384 | 951 |
| Others | (13,354) | 186,005 |
| **Total** | **(976,296)** | **1,670,225** |
| **Increase (Decrease) of Liabilities** | | |
| Suppliers, contractors and freights | 442,582 | 92,731 |
| Amounts Owed to Affiliated Companies | (29,602) | (2,542) |
| Customers Advances | (16,817) | (7,874) |
| Tax Payable | 58 | 36,944 |
| Income Tax and Social Contribution | 169,349 | (436,333) |
| Interest Paid | (465,919) | (415,129) |
| Actuarial Liability payments | (147,005) | (148,821) |
| Non-controlling participation | (14,415) | 266,436 |
| Others | (53,835) | 88,825 |
| **Total** | **(115,604)** | **(525,763)** |
| **Net Cash Generated from Operating Activities** | **1,347,761** | **2,337,148** |
| **Investments activities cash flow** | | |
| (Additions) Right off of investments | (32,400) | 13,102 |
| (Additions) to Permanent Assets | (3,191,808) | (2,060,597) |
| Fixed asset sale receipt | 2,838 | - |
| Additions to Intangible | (15,596) | (16,575) |
| Zamprogna Acquisition | - | (46,709) |
| Dividends Received | 59,031 | 89,695 |
| **Net Cash Employed on Investments Activities** | **(3,177,935)** | **(2,021,084)** |
| **Financial Activities Cash Flow** | | |
| Inflow of Loans, Financing and Debentures | 3,684,823 | 1,054,450 |
| Payment of Loans, Financ. & Debent. | (1,272,159) | (1,357,900) |
| Inflow from subsidiaries share issue | 2,137,265 | - |
| Interest Paid on Loans, Financing and Debentures | (46,734) | (23,498) |
| Swap Operations Redemptions | (18,919) | (104,304) |
| Dividends and Interest on Capital | (595,558) | (698,690) |
| **Net Cash Generated from (Employed on) Financial Activities** | **3,888,718** | **(1,129,942)** |
| **Exchange Variation on Cash and Cash Equivalents** | **(642)** | **(12,167)** |
| **Net Increase (Decrease) of Cash and Cash Equivalents** | **2,057,902** | **(826,045)** |
| Cash and Cash Equivalents at the Beginning of the Period | 2,098,196 | 2,924,241 |
| Cash and Cash Equivalents at the End of The Period | 4,156,098 | 2,098,196 |
| **RECONCILIATION WITH BALANCE SHEET** | | |
| Cash and cash equivalents at the beginning of the period | 2,098,196 | 2,924,241 |
| Marketable securities at the beginning of the period | 984,851 | 1,083,763 |
| **Cash and cash equivalents at the beginning of the period** | **3,083,047** | **4,008,004** |
| Net increase (decrease) of cash and cash equivalentes | 2,057,902 | (826,045) |
| Net increase (decrease) of marketable securities | (587,064) | (98,912) |
| Cash and cash equivalents at the end of the period | 4,156,098 | 2,098,196 |
| Marketable securities at the end of the period | 397,787 | 984,851 |
| **Cash and cash equivalents at the end of the period** | **4,553,885** | **3,083,047** |