

Announcement to the Market - Usiminas' new coke facility starts operating at Ipatinga mill (Minas Gerais State)

USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS

CNPJ/MF 60.894.730/0001-05

NIRE 313.000.1360-0

Publicly Traded Company

NOTICE TO THE MARKET

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This is the first step towards self-sufficiency in coke, an essential raw material for steel production

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (“Usiminas”) announces the first of the four large ongoing investments at Usiminas, aimed at adding value and reducing costs, has already started operating. With an investment of approximately R\$ 700 million, coke oven 3 has the capacity to produce 750 thousand tons of coke* per year. The operational startup of the new coke oven is the first step towards self-sufficiency in coke at the Ipatinga mill. When coke ovens 2 and 3 are fully operating, coke oven 1, which is at the end of its useful life and has been operating since the mill’s foundation, will be shut down.

“We are always looking for opportunities to reduce operating costs and that’s what we are achieving with the startup of the new coke oven,” said Usiminas’ interim Industrial Vice-President, Marco Paulo Penna Cabral.

After the entire coke demand of the Ipatinga mill is met by its own production, Usiminas will eliminate its exposure against sudden market price changes of this input.

“With the new coke oven, Usiminas moves forward in its upstream integration strategy, which leads to progress in operational, economic and environmental terms,” pointed out Cabral.

The electromechanical assembly of the project was provided by Usiminas Mecânica, the Capital Goods Business Unit of the Usiminas group, with 12,900 tons of metal structures and equipments. Around 5 thousand direct jobs were generated at the peak of the project.

Investments

Coke oven 3 is part of Usiminas’ broad investment agenda aimed at adding value and cutting costs. Just the investments currently in progress alone will enable the company to add 2.6 million tons of higher added-value products to the market, expanding its services to key sectors during Brazil’s growth over the next years, such as the auto, naval, oil and gas industries.

The production of heavy plates, for the naval and oil industry, will be expanded by 450 thousand tons/year at the Ipatinga mill. Concurrently, a new technology (Accelerated Cooling Technology - CLC) is being set up and will enable the manufacture of highly resistant steel plates, which will be used in the exploration of oil in the pre-salt layer.

Another investment at the Ipatinga mill is the new hot-dip galvanizing line aimed at the auto and white goods markets. The group's capacity will be expanded in 550 thousand tons/year.

The main project at the Cubatão mill is the new hot-rolled line with a capacity to produce 2.3 million tons/year. This equipment will enable the company to boost its share in the industrial segment, as well as in the auto parts and capital goods sectors.

**Coke is a fuel generated from mineral coal that is used as an iron ore reducer in steelmaking blast furnaces.*

Belo Horizonte, September 22, 2010.

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