2Q09

USIMINAS

FOR IMMEDIATE DISCLOSURE - Belo Horizonte, July 22, 2009. Usinas Siderúrgicas de Minas Gerais S/A Usiminas (BM&F BOVESPA: today releases its second quarter 2009 results (2Q09). Operational and financial information of the Company, except where otherwise stated, are presented based on consolidated figures, in Brazilian Real, according to corporate law. All comparisons made in this release take into consideration the same period in 2008, except when stated otherwise.

Net profit in 1H09 is R$ 257 million. Adverse effects of crisis on real economy affect results.

Highlights of the first half:

- **Net Revenue reached R$ 5.1 billion;**
- **EBITDA totaled R$ 448.8 million and EBITDA Margin reached 8.8%;**
- **Steel production reaches 2.0 million tons. Iron ore production is of 2.5 million tons;**
- **Total sales accounted for 2.2 million tons of steel products.**
- **Iron ore sales and transferences totaled 2,5 million tons;**
- **Net debt/EBITDA ratio was 1.0x;**
- **"Productivity and Action" Program, a savings costs program in the industrial area, with potential savings of R$ 1.4 billion, has already captured R$ 277 million in 1H09;**

Highlights

R$ million	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08	1H 2009	1H 2008	Chg. 1H09/1H08
Total Sales Volume (000 t)	1,187	1,917	1,038	-38%	2,225	3,803	-41%
Net Revenues	2,412	3,973	2,670	-39%	5,082	7,526	-32%
Gross Profit	409	1,455	589	-72%	998	2,688	-63%
Operating Result (EBIT) (a)	4	1,193	98	-100%	102	2,179	-95%
Financial Result	562	204	(96)	175%	467	240	95%
Net Income (Loss)	369	988	(112)	-63%	257	1,700	-85%
EBITDA (b)	117	1,423	332	-92%	449	2,665	-83%
EBITDA Margin	4.8%	35.8%	12.4%	- 31,0 p.p.	8.8%	35.4%	- 26,6 p.p.
EBITDA (R$/t)	98	742	317	-87%	202	616	-67%
Total Assets	24,999	24,415	26,939	2%	24,999	24,415	2%
Net Debt	3,777	552	4,299	584%	3,777	552	584%
Stockholders' Equity	14,748	13,598	14,717	8%	14,748	13,598	8%

(a) Earnings before interest, tax and participations.

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

Market Data – 06/30/09

Market Cap.: R$ 21.1 billion

BM&F Bovespa: USIM5 R$ 41.61/share
USIM3 R$ 41.45/share

EUA/OTC: USNZY US$ 21.59/ADR

Latibex: XUSI € 15.33
XUSIO € 15.32

Interactive Index

Initial considerations

The drop in sales volume and steel product prices in the local, as well as in the international market combined with still high costs has led to deterioration in Usiminas' margins and operating results in this first half of the year. The positive net result was possible due mainly to the effects of the Brazilian Real's appreciation compared to the US Dollar on the foreign currency-linked debt.

The Company's results, which were much lower than its past performances, stem from the most severe recession of the past years. The materialization of the adverse effects of the crisis on the real economy may be seen on the low local demand for flat steel over the past months. As a result, companies of the steel industry have had to deal with suppressed domestic and foreign markets, decrease in steel product prices, still high costs, mainly those related to raw materials, and inventories above normal level throughout the productive chain.

Due to this scenario, Usiminas is committed to finding solutions that minimize the crisis' inherent impacts. A few measures have already been adopted to reduce costs, such as renegotiation of contracts, staff downsizing, besides other initiatives that are being implemented to promote savings in all areas, in addition to prioritizing, at this time, the release of working capital through reduction in the inventories.

In an attempt to balance out supply and demand, the mills are operating with high levels of idleness. The 2009 Brazilian Steel Institute (IBS) domestic steel production forecast is a decrease of around 20% in the domestic steel production, to about 27 million tons. In turn, global production is expected to also shrink 20% as compared with 2008, according to the World Steel Association (WSA). Despite these data and confident that there are signs of recovering of local demand for rolled products and more favorable outlook for exports, Usiminas will restart production of its blast furnaces in Ipatinga and Cubatão and will continue to follow the signs of the market (see Subsequent Events).

The Company is going through an atypical moment in its history, where the results are impacted by an adverse scenario influenced by many extraordinary items. Facing the current crisis and the consequent deceleration of increase of consumption of rolled products in Brazil and in the world, the Board of Directors decided, in meeting on 07/22/2009, to suspend the project of construction of the new 5 million ton slab plant. This project should be resumed as soon as the market fundamentals confirm a sustainable growth of demand (see Subsequent Events).

On the other hand Usiminas keeps the ongoing investments with the intention of reinforcing its leadership position in the Brazilian market through the supply of high value-added steel and integrated solutions.

Consolidated Results

Economic-Financial Performance

Net Revenues

The drop of 10% in 2Q09 revenues in comparison with 1Q09 arises from price cuts and product mix with lower added value in the domestic and foreign markets as well as from exchange effects on exports, partially offset by a volume increase in both markets.

The 32% drop in 1H09 revenues, when compared with the same period of the previous year, is due basically to lower sales volume in the period, offset partly by better average prices and gains from exchange variations.

Net Revenues

	2Q09	1Q09	2Q08	1H09	1H08
DM	85%	83%	90%	84%	88%
EM	15%	17%	10%	16%	12%
Total	100%	100%	100%	100%	100%

Cost of Goods Sold (COGS)

The positive exchange variation on raw material prices, the lower utilization of slabs, HDG and HRC from third parties at the Company's inventories besides other items produced a reduction of around R$ 78 million, when compared with the COGS in 1Q09.

Comparing with 1H08, the items that most impacted the cost were variations in raw material prices (price increase and exchange), rise in labor costs and third-party services and other costs. On the other hand, the 1H09 COGS reflected the lower volume sold. As a result, the COGS posted a reduction of around R$ 753 million in relation to 1H08. Important to mention that in 1H08 the COGS were not affected by the idleness cost which in 1H09 represented R$ 484 million.

The downsizing of Usiminas' staff was carried out in order to minimize social costs related to this measure. Between December/2008 and June/2009, the staff structure adjustment was 2,477 employees and the negative impact on cost was around non recurring R$ 79 million.

The company's gross margin evolved as follows:

Gross Margin

2Q09	1Q09	2Q08	1H09	1H08
16.9%	22.1%	36.6%	19.6%	35.7%

Operating Expenses and Revenue

The operating expenses in 2Q09 presented a reduction of approximately R$ 86 million deriving from lower idleness costs in R$ 46 million and reversal of legal contingencies of R$ 34 million.

Comparing with 1H08, the amount was negatively impacted by the idleness cost, third-party services and others, partially offset by positive adjustments in the reversal of legal contingencies, actuarial surplus, and others, which resulted in an increase in expenses of around R$ 387 million.

The Company's operating margin evolved as follows:

EBIT Margin

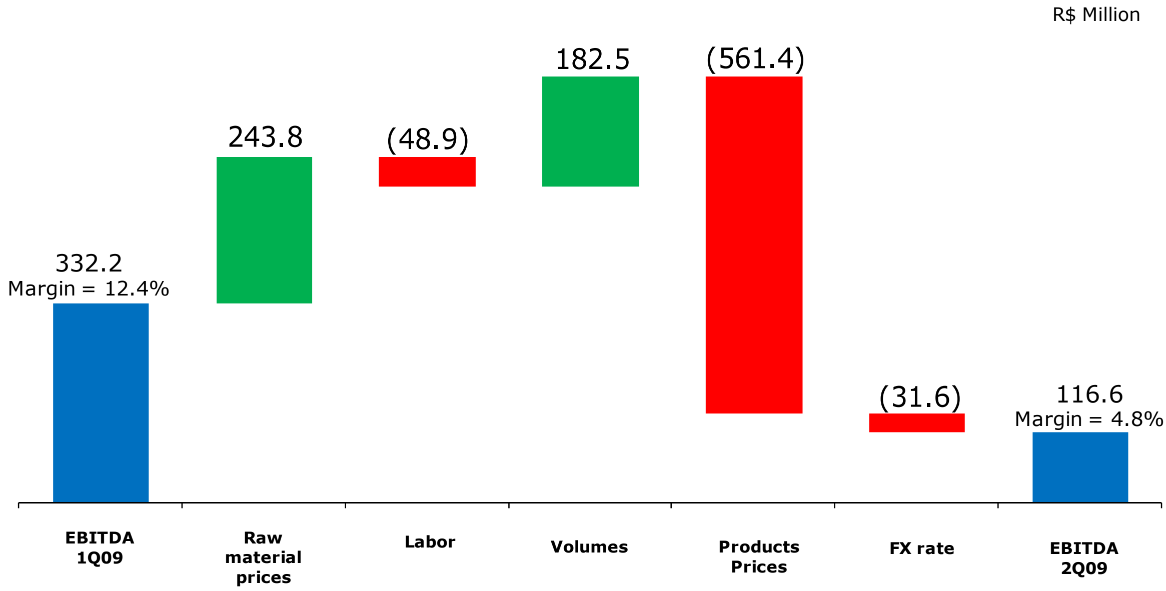
2Q09	1Q09	2Q08	1H09	1H08
0.2%	3.7%	30.0%	2.0%	29.0%

EBITDA

Despite the increase in volume sold in the quarter and the reduction of costs with raw materials, the drop in cash generation measured by the EBITDA in 2Q09, when compared with 1Q09, stemmed mainly from a reduction in net revenue due to the deterioration of prices in the domestic and foreign market, exchange effects on export revenues, among others. In 2Q09 EBITDA totaled R$ 117 million and EBITDA margin was 4.8%, much lower than the ones presented in previous quarters.

In the comparison with 1H08, despite the average prices being higher, in addition to exchange gains from export revenues, the drop in cash generation occurred mainly due to lower volume sold.

Ebitda Variation 2Q09 X 1Q09



Working Capital

In order to preserve its liquidity one of Usiminas' main initiatives is to reduce its inventories. In 2Q09, this reduction was of R$ 690 million and the Company has as a goal until the end of 3Q09 to reduce up to R$ 1.0 billion, represented mainly by the reduction of raw material and inputs, processed products and finished products.

Financial Result

The net financial result of the quarter is positively impacted by approximately R$ 583 million due to exchange effects caused by the appreciation of the Brazilian Real in relation to the US Dollar.

Financial Income - Consolidated

R$ million	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08	1H09	1H08	Chg. 1H09/1H08
Exchange Effects	583	200	43	192%	626	230	172%
Exchange Variation	583	234	35	149%	618	264	134%
Hedge Income (Expenses)	0	(34)	8	-	8	(34)	-
Swap Operations Market Cap. (Law 11,638)	31	2	(71)	1450%	(40)	66	-
Financial Income	86	153	119	-44%	204	257	-21%
Financial Expenses	(114)	(144)	(150)	-21%	(264)	(289)	-9%
Monetary Effects	(24)	(7)	(37)	243%	(59)	(24)	146%
NET INTEREST INCOME	**562**	**204**	**(96)**	**175%**	**467**	**240**	**95%**

Equity Income

Equity income in 2Q09 was positive by approximately R$ 3 million, against a negative result of R$ 90 million in 1Q09, mainly due to Ternium results. In 1H09 the equity income was negative in R$ 87 million and in 1H08 was positive in R$ 9 million.

Net Income (Loss)

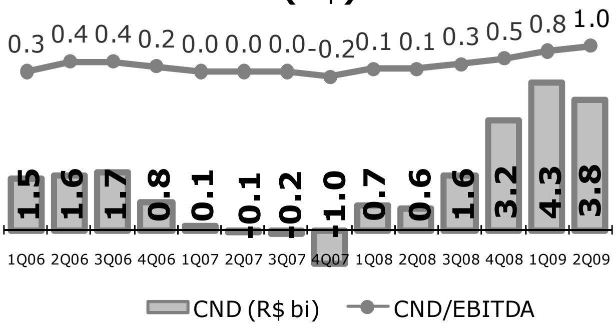
The variation between the 2Q09 net profit (R$369 million) and the 1Q09 net loss (R$112 million) results from an exchange gain arising from the depreciation of the US Dollar in relation to the Brazilian Real, the reversal of legal contingencies and the positive effect of equity income. These factors offset the negative impact of the net revenue decrease.

When compared to the 1H08 profit, the 1H09 net profit dropped significantly due to net revenue decrease and to the negative effect of the equity income registered in the first half. The positive offsets in the period were a drop in COGS due to lower volume sold, a reversal of legal contingencies and a reduction of financial expenses.

Indebtedness

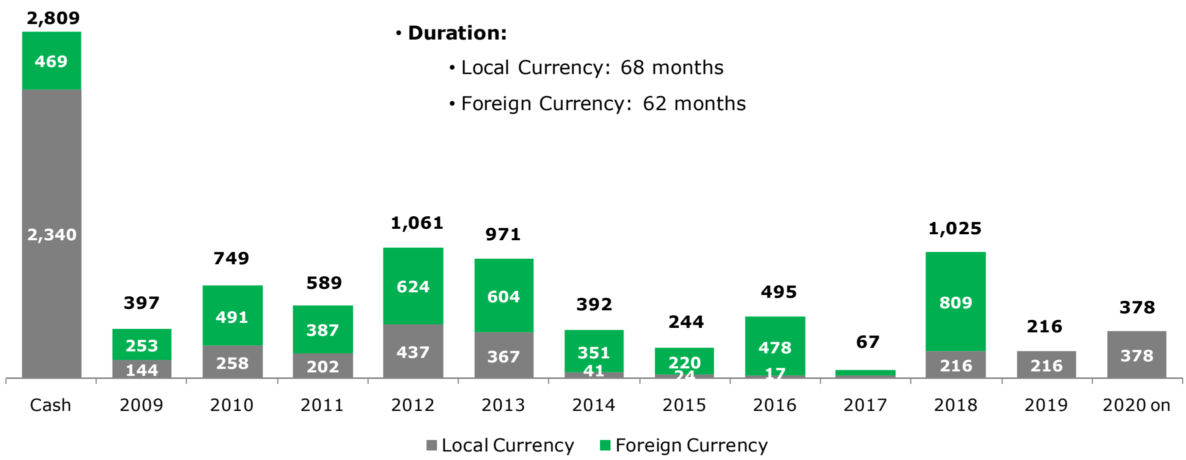
The decrease in net debt comparing to 1Q09 is a result from exchange variation gains in the period, given an appreciation of the Brazilian Real of around 16%.

Consolidated Net Debt/ EBITDA (R$)



06/30/09	
Cash Position - R$ billion	**2.8**
Total Debt/EBITDA Ratio	**1.7 x**
Net Debt/EBITDA Ratio	**1.0 x**

Maturity Profile



Loans and Financing by Index - Consolidated

R$ thousand	30-jun-09			31-mar-09	Chg. jun09/mar09
	Short Term	Long Term	TOTAL	TOTAL	
Foreign Currency (*)	331,981	3,727,349	**4,059,330**	**4,657,244**	-13%
TJLP	156,383	499,271	**655,654**	**694,183**	-6%
Others	280,514	11,778	**292,292**	**653,087**	-55%
Sub-Total	**768,878**	**4,238,398**	**5,007,276**	**6,004,514**	-17%
Debentures	22,124	1,100,000	**1,122,124**	**1,128,043**	-1%
Sub-Total	**791,002**	**5,338,398**	**6,129,400**	**7,132,557**	-14%
Taxes Payable in Installments	31,278	80,627	**111,905**	**114,557**	-2%
TOTAL	**822,280**	**5,419,025**	**6,241,305**	**7,247,114**	-14%
FEMCO	6,639	338,047	**344,686**	**367,654**	-6%
TOTAL DEBT	**828,919**	**5,757,072**	**6,585,991**	**7,614,768**	-14%
Cash and Cash Equivalents			**2,809,358**	**3,315,295**	-15%
NET DEBT			**3,776,633**	**4,299,473**	-12%

(*) 95.8% of total foreign currency is denominated in US dollars

Investment Program

The investment program is being adjusted to better suit its speed of implementation to the new market conditions. Investments on fixes assets in 2Q09 totaled R$ 525 million and, in 1H09, reached R$ 756 million.

The ongoing projects are following their normal course of installation and the current status of the main investments is shown below:

Investments	Goal	Status	Project Capex	Total executed up to June/2009
New Coke Facility (nº3)	Production of 750 thousand tons/year of coke	Equipments manufacture concluded. Construction works in progress. Start-up: 1Q/2010.	R$ 707 million	R$ 402 million
New Thermoelectric Power Plant	Generation of 60 MW of electric energy	Performance tests concluded. Operating since April/2009.	R$ 238 million	R$ 229 million
Expansion of Heavy-Plate Rolling Mill	Increase production to 1,350 thsd tons/year Accelerated Heavy Plate Cooling - serving the requirements needs of the pre-salt exploitation projects	Expansion - Start-up: 4Q/2012. Accelerated Heavy Plate Cooling equipments under construction. Construction works in progress. Start-up: 3Q/2010.	R$ 1.050 billion	R$ 52 million
New HDG Line	Production of 550 thousand tons/year of hot dipped galvanized products.	Construction works of the building to be concluded on August/2009. Construction work for the structure of the building by Usiminas Mecânica. Construction works to be concluded on October/2009. Start-up: 1Q/2011.	R$ 914 million	R$ 92 million
Hot Strip Mill no. 2	Production of 2.3 million tons/year	Skinpass Mill: Equipments contracted and in the project detailing stage. Construction works in progress. Construction work for the structure of the building by Usiminas Mecânica. Assembling works to be concluded on October/2009. Start-up: 1Q/2011.	R$ 2.530 billion	R$ 342 million

Business Performance

Usiminas is adjusting its accounting, control and planning systems to manage its business activities under the format of Business Units. The managerial results will be determined according to the structure below with the Company's inter and intra transactions occurring in market conditions.

Usiminas Consolidated			
Mining & Logistics	**Steel**	**Steel Processing**	**Capital Goods**
Mining Assets	**Ipatinga Mill**	**Unigal**	**Usiminas Mecânica**
MRS	**Cubatão Mill**	**Soluções Usiminas** *	
	Ternium	**Automotiva Usiminas**	

* Under structuring and will concentrate Rio Negro, Fasal, Dufer e Zamprogna

M I N I N G & L O G I S T I C S

Mining Assets

Usiminas' mines extract iron ore in the iron square of the state of Minas Gerais, enabling the Company to sustain the entire steel productive chain, from the extraction of ore up to the processing of products.

The mines are located close to the existing railway lines (MRS 28 km and FCA – 15 km) with access to the Cubatão and Sepetiba ports.

Brief description (according to the acquisition contract):

- **Total estimated resources:** 2.7 to 3.0 billion tons and estimated reserves of 1.0 to 1.4 billion tons
- **Estimated useful life:** of at least 25 years considering future expansions.
- **Estimated iron content:** between 46% and 48%.
- **Current production capacity:** 6 million tons/year.

Regarding the drilling process, the comprovation studies are undergoing and so far out of a forecasted 60 km total area until the end of 2009, 40 km have been drilled.

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

Iron Ore

Thousand tons	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08	Chg. 2Q09/1Q09	1H 2009	1H 2008	Chg. 1H09/1H08
Production	**1,321**	**1,091**	**1,158**	**21%**	**14%**	**2,479**	**1,825**	**36%**
Sales	63	969	169	-93%	-63%	232	1,747	-87%
Transferred to Mills	1,008	296	1,227	241%	-18%	2,235	296	655%
Total - Sales + Transferences to Mills	**1,071**	**1,265**	**1,396**	**-15%**	**-23%**	**2,467**	**2,043**	**21%**

MRS

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. Its core business activity is railway transportation of cargo in general, such as ores, finished steel products, cement, bauxite, agricultural products, green coke and containers with integrated logistics. In 2008 MRS presented net revenues of R$ 3.0 billion and transported 136 million tons of cargo in general.

Usiminas, Vale, MBR, Gerdau and CSN are the controlling shareholders of MRS. Usiminas holds 20% of the voting capital.

S T E E L

Scenario and outlook

The demand for flat-rolled steel continues low due mostly to the weak performance of the capital goods segment on account of investment delays. The steel industry has given signs that it may start to recover after the downturn at the end of 2008. In 2Q09, demand began to heat up in comparison with the previous quarter, however, it is still early to expect steady improvement since local demand continues to grow slowly and the inventories are still high.

Demand Evolution - thousand tons

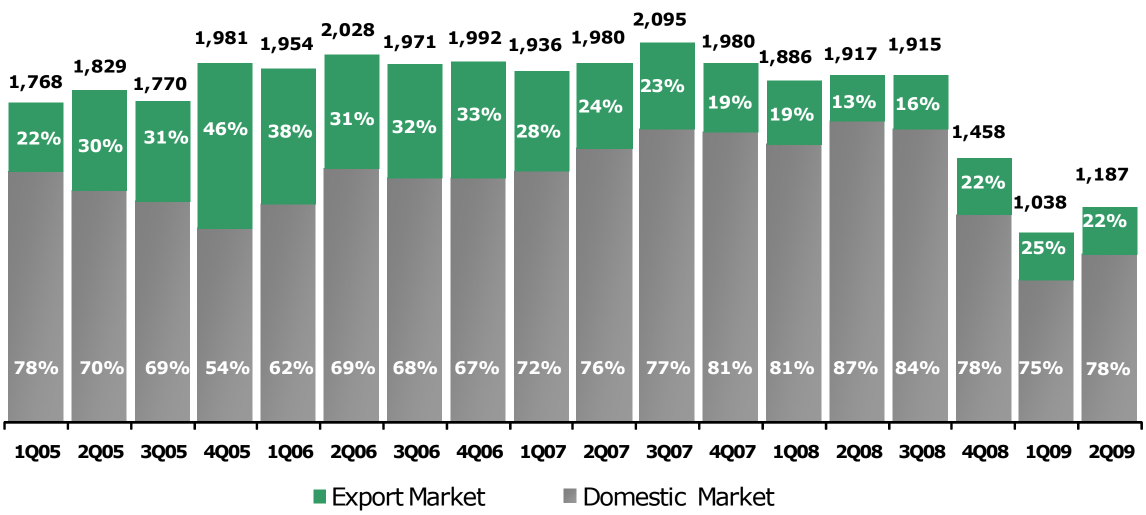
SECTORS	2Q09	1Q09	Chg. 2Q09/1Q09	1H09	1H08	Chg. 1H09/1H08
Automotive	672	524	28%	1,196	1,746	-32%
Industrial	405	360	13%	765	1,419	-46%
Distribution + Others	951	722	32%	1,674	3,176	-47%
TOTAL	**2,028**	**1,606**	**26%**	**3,635**	**6,341**	**-43%**

Sales Performance

Total volume sales in 2Q09 reached 1.2 million tons, totaling 2.23 million tons in 1H09.

Usiminas' decline in domestic market sales is a result of a sharp drop in demand, occurred in all segments. Exports are showing signs of slight improvements of the international market. On the 2Q09 performance, highlight was an increment in sales to countries in South America and of products to China.

Consolidated Sales (000 t)



Exports - Main Markets – 2Q09

Country	Thsd. tons	%
China	43	16%
Chile	31	12%
Argentina	29	11%
Colombia	21	8%
India	20	8%
USA	20	8%
Spain	19	7%
Others	81	31%
Total	**264**	**100%**

Sales Volume Breakdown - Consolidated

Thousand tons	2Q 2009		2Q 2008		1Q 2009		Chg. 2Q09/2Q08
TOTAL SALES	**1,187**	**100%**	**1,917**	**100%**	**1,038**	**100%**	**-38%**
Heavy Plates	245	21%	522	25%	245	23%	-53%
Hot Coils/Sheets	358	30%	609	31%	310	28%	-41%
Cold Coils/Sheets	313	26%	461	24%	269	25%	-32%
Electrogalvanized Coils	44	4%	69	4%	31	3%	-36%
Hot Dip Galvanized Coils	107	9%	123	5%	85	6%	-13%
Processed Products	31	3%	61	3%	34	3%	-49%
Slabs	89	7%	72	8%	64	12%	24%
DOMESTIC MARKET	**923**	**78%**	**1,662**	**81%**	**780**	**78%**	**-44%**
Heavy Plates	149	13%	442	19%	123	18%	-66%
Hot Coils/Sheets	320	27%	569	28%	287	26%	-44%
Cold Coils/Sheets	270	23%	401	21%	207	22%	-33%
Electrogalvanized Coils	39	3%	59	3%	28	2%	-34%
Hot Dip Galvanized Coils	91	8%	104	5%	74	6%	-13%
Processed Products	26	2%	34	2%	25	2%	-24%
Slabs	28	2%	53	3%	36	2%	-47%
EXPORTS	**264**	**22%**	**255**	**19%**	**258**	**22%**	**4%**
Heavy Plates	96	8%	80	6%	122	5%	20%
Hot Coils/Sheets	38	3%	40	3%	23	2%	-5%
Cold Coils/Sheets	43	4%	60	3%	62	3%	-28%
Electrogalvanized Coils	5	0%	10	1%	3	0%	-50%
Hot Dip Galvanized Coils	16	1%	19	1%	11	1%	-16%
Processed Products	5	0%	27	1%	9	1%	-81%
Slabs	61	6%	19	4%	28	10%	221%

Market Share (*) - Usiminas
(% volume)

	1H 2009	1Q 2009	2008	2007	2006	2005	2004
DOMESTIC MARKET	**46%**	**46%**	**49%**	**51%**	**52%**	**53%**	**55%**
Automotive	52%	53%	56%	60%	61%	59%	58%
Industrial	47%	44%	60%	61%	58%	57%	58%
Distribution + Others	41%	43%	40%	42%	44%	47%	53%

(*) Definida pelos mercados de USIMINAS, CSN e Arcelor Mittal.
Fonte: IBS

Market Share: Despite the strong competition, Usiminas continues to be the main flat steel supplier to the most quality demanding sectors, such as the auto, electronic equipments, road and agricultural equipments and large-diameter pipes segments.

Sectorial Sales - Consolidated

Thousand tonnes	2Q 09		2Q 08		Chg. 2Q09/2Q08
Domestic Market	**923**	**100%**	**1,662**	**100%**	**-44%**
Automotive	357	39%	527	32%	-32%
Industrial	199	22%	474	29%	-58%
Distribution + Others	367	39%	661	40%	-44%

Net Revenues per tonne

R$ / t.	2Q 09	1Q 09	4Q 08	3Q 08	2Q 08	1Q 08	4Q 07	3Q 07
Heavy Plates	1,860	2,475	2,993	2,486	2,112	1,892	1,887	2,017
Hot Coils/Sheets	1,707	1,991	2,202	1,951	1,622	1,447	1,455	1,467
Cold Coils/Sheets	1,862	2,058	2,391	2,151	1,836	1,676	1,720	1,679
Electrogalvanized Coils	2,286	2,558	2,552	2,399	2,237	2,068	2,076	2,104
Hot Dip Galvanized Coils	2,344	2,572	2,817	2,525	2,328	2,245	2,161	2,210
Processed Products	1,538	2,386	2,557	2,224	1,958	1,913	1,972	1,933
Slabs	700	1,087	1,551	1,444	902	850	774	798
Total	**1,778**	**2,146**	**2,416**	**2,138**	**1,910**	**1,649**	**1,666**	**1,667**

Production Performance of the Ipatinga and Cubatão Mills

Due to the shrink in demand, Ipatinga and Cubatão mills have operated at an utilization level compatible with current market conditions.

Production (Crude Steel)

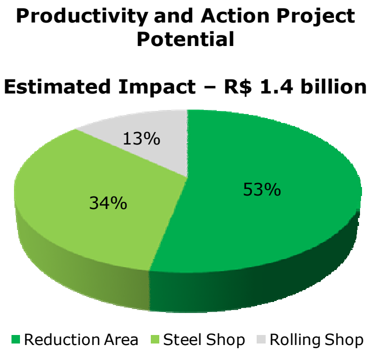
Thousand tons	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08	Chg. 2Q09/1Q09	1H 2009	1H 2008	Chg. 1H09/1H08
Ipatinga Mill	592	1,128	493	-48%	20%	1,085	2,231	-51%
Cubatão Mill	352	865	533	-59%	-34%	885	887	0%
Total	**944**	**1,993**	**1,026**	**-53%**	**-8%**	**1,970**	**3,983**	**-51%**

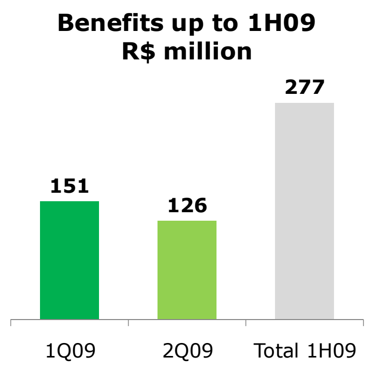
Cost Reduction Program

"Productivity and Action" Program

An extensive improvement and efficiency program, aimed at reducing costs in the industrial area, is being implemented at Usiminas with measures to promote reduction of "cash cost" in the short term.

The most relevant initiatives are focused in the operational area. The potential quantified impact increased by 15% and the potential cost reduction currently stands at R$1.4 billion.





Out of the total, approximately 70% has the potential of recurring impacts, and the remainder is conditioned to a slower production pace and other single impacts.

Supply Project

This Project was designed with the objective of empowering the Company's Supply area, defining a more efficient and effective manner to attend Usiminas' present and future needs.

The estimate savings in the supply area points towards a potential cost reduction of R$ 1.0 billion in a estimated 2.5 year term, and, in 2009, the Company intends to capture around R$ 120 million.

Metallurgic Coal

Metallurgic coal exports have dropped considerably due to the lower production pace of steel and, as a result, the volume of coke has been adapted to this scenario.

The market remained stable during 2Q09 and will most likely stay that way until the end of the year after the establishment of a benchmark price for "Premium type" coals, dropping around 60% in comparison with 2008.

Freight

An increase in the daily rates of Panamax type ships (used by both of Usiminas' plants) occurred in the second quarter, and part of this increase was caused by Chinese coal-seeking activities in the Australian ports. On the other hand, it is estimated that in 2009, the volume of freights will drop 20% as compared with 2008.

Ternium

Ternium is one of the largest steel producers in the Americas and offers a large array of products, including flat and long steel products. In 2008 Ternium sold 7.5 million tons and reached net revenues of US$ 8.5 billion. The Company has operating facilities in Mexico (Hylsamex and Hylsa) and Argentina (Siderar) and has a wide distribution network.

Usiminas holds 14.25% of Ternium's total capital, of which it is partner with the Techint group. Ternium results are registered in Usiminas balance sheet with delay of one quarter.

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

Unigal

Unigal is a joint-venture between Usiminas and Nippon Steel aimed at processing cold-rolled coils using hot dipped galvanizing. Unigal presented net revenues of R$90 million in 1H09. Revenues derives exclusively from the rendering of these services. Usiminas holds a 70% share in Unigal and, Nippon Steel, 30%.

Highlight of the quarter:

The launching ceremony for the first of its 64 warehouses' columns for the new hot-dipped galvanizing line of Unigal Usiminas was held in April.

This expansion, estimated to be concluded in 2011, will increase the current production capacity by 550 thousand tons of coils a year and should generate 750 direct jobs and 2,100 workers at the peak of the construction work.

The galvanized steel is used mainly in the auto, household appliances and civil construction industries.

Soluções Usiminas

The "Soluções Usiminas" Unit will result from the combination of the distribution and steel processing companies: Rio Negro, Dufer, Fasal and Zamprogna. The Soluções Usiminas Unit achieved in 1H09 net revenue of R$ 784 million (pro forma and not audited, not considering eliminations between companies). Its establishment is aimed at downstream integration of Usiminas. It currently has plants in the states of Minas Gerais, São Paulo, Rio Grande do Sul and Pernambuco.

The expectation is that it will be the largest distributor and service center for flat-rolled steel in the country. Its operation will complement Usiminas' presence in many of the flat-rolled steel consumer sectors through the expansion of the Group's product and service portfolio, and it is another differentiation factor for Usiminas in its business market.

Automotiva Usiminas

The Automotiva Usiminas presented net revenues of R$109 million in 1H09. The Automotiva Usiminas Unit stands out in the production of complete sets and cabs painted in its final color and is divided into the following process sectors:

- Stamping

- Welding
- Paintwork and/Coat (KTL)
- Enamel Paintwork
- Final Assembly (Trimming)

Its main clients and the main products supplied to each one are:

Fiat: Several Ducato Sets;

Ford: Cargo Cabs; CKD – Cargo Cab Set for Export; Stamped parts for the EcoSport, New Fiesta; Fiesta Sedan; F-Series and Courier;

General Motors: Sub-sets of the Zafira Blazer and S10;

Honda: Internal/external stamped parts;

International: 9800 Series Cabs;

Iveco: Daily Structural Parts;

Mahindra: Cabs and Beds of the Scorpio platform;

Mercedes-Benz: External Stamped Parts;

Mitsubishi: Stamped parts and sets;

PSA Peugeot Citroen: Stamped external parts and subsets;

Scania: T & R Series subsets;

Volkswagen: Kombi Mobile Part Sets; Structural Parts for the Golf and Polo;

Volvo: Replacement Cabs and Painted Welded Sets.

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

Usiminas Mecânica S.A. (UMSA)

UMSA, largest capital goods and services company in Brazil, UMSA presented net revenues of R$427 million in 1H09. UMSA has in its portfolio many long-term projects, worth mentioning:

- Supply of furnaces, oil rigs and towers to Petrobrás;
- Supply of structures and equipment assembly for the nickel mine of Mineração Onça Puma Ltda;
- Supply and equipment assembly for processes and structures for a new plant of Alumínio de Maranhão - Alumar;
- Supply and assembly of the Ponte da Passagem in Vitória, Espirito Santo state.
- Blanks for wind towers, agricultural and roadwork implements;
- Supply of structures for the nickel mine of Anglo América Ltda;
- Supply of structures for the Steel Foundry of Companhia Siderúrgica do Atlântico – CSA.

UMSA will integrate its production and will operate directly in the foundry sector, building casings and forged parts and, for such, will invest R$ 55 million in the capacity expansion and technological modernization. Through this new segment, the Company will enhance its service and product portfolio in industrial sectors such as steel, mining, hydrogenation, pulp and railways.

Highlight of the quarter:

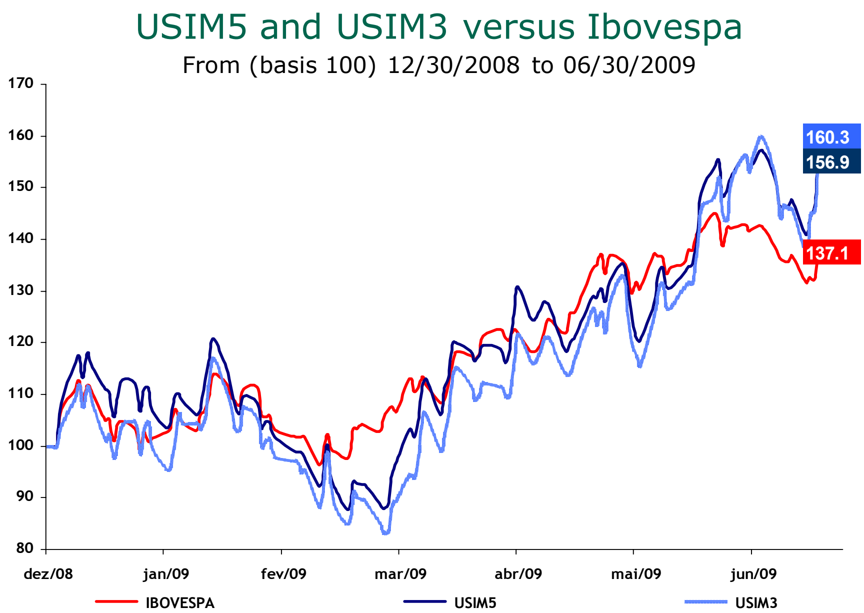
After the 5th edition of Brasil Offshore, Usiminas and UMSA announced the expansion of their services to the oil and gas sector, through the development of CLC (Continuous on Line Control) steel, a technology that is unprecedented in the country. This is a result of the partnership with Nippon Steel to supply high resistance and low weight steel, offering excellent welding properties and operational productivity.

To meet the demands of the naval and wind energy industry, UMSA currently invests around R$ 24 million to increase the productive capacity of "blanks" from 60 thousand to 120 thousand tons a year at its plant located in the Cubatão mill.

Capital Markets

Bovespa Performance – Bovespa Index

Usiminas' common stock (USIM3) ended the quarter quoted at R$ 41.45 per share and, USIM5, at R$ 41.61 per share, with an appreciation of respectively 56.4% and 41.1% in the quarter. In the same period, Ibovespa appreciated 25.8 %. On 6/30/2009, Usiminas' market value was of R$ 21.1 billion.



Performance Summary - Bovespa (USIM5)

	2Q 09	1Q 09	Chg. 2Q09/1Q09
Number of deals	**371,733**	**301,202**	**23%**
Daily average	6,094	5,020	**21%**
Traded - thousand shares	**227,487**	**203,576**	**12%**
Daily average	3,729	3,393	**10%**
Financial Volume - R$ million	**8,098**	**5,629**	**44%**
Daily average	133	94	**41%**
Maximum	**43.44**	**32.75**	**33%**
Minimum	**28.52**	**22.70**	**26%**
Closing	**41.61**	**29.50**	**41%**
Number of Shares	**506,893**	**506,893**	**0%**
Market Cap - R$ million	**21,092**	**14,953**	**41%**

Foreign Exchanges

NYSE – New York

On 6/30/2009, Usiminas' preferred Type A shares, traded in the United States as Level 1 "USNZY" in the OTC market, were quoted at US$ 21.59.

Latibex – Madrid

On 6/30/2009, the XUSI shares (preferred) ended the quarter quoted at €15.33. The XUSIO shares (common) ended quoted at €15.32.

Other Highlights of the Quarter

- **Usiminas is the 6th most respected company in Brazil**

Usiminas was ranked as the 6th most respected company in Brazil and the 84th in the world according to a survey of the Reputation Institute, a company headquartered in New York, USA with offices in 7 countries.

- **Usiminas is the 2nd Brazilian Company in patent requests**

Between 1992 and 2008, Usiminas made 600 patent requests at the Brazilian Industrial Property Institution (INPI), which places it as the second company that most innovates in Brazil, according to a study made by Prospectiva Consultoria.

Subsequent Events

- **Restarting Operations**

Usiminas will resume operations of its Blast Furnace # 2 in Ipatinga. The equipment should go back to normal production level at the end of July. During the period in which it was idle, since 12/5/2008, according to the Market Notice of 11/18/2008, the equipment was overhauled to increase efficiency and reduce Company costs.

The Company also plans to recover normal production rhythm of Blast Furnace # 1 of Cubatão plant. This equipment should go back to normal operation levels at the end of August. This being done the capacity utilization in Usiminas plants should range between

85% and 90% of normal nominal capacity of liquid steel throughout the second half of 2009.
This measure is justified by the expected recovery of local flat-rolled steel demand combined with the prospects of a recovery in exports despite still being under desirable levels.

Usiminas will continue to follow the market and a possible setback in expectations may lead it to adopt operational measures to adjust its production again.

- **New Slab Mill – Santana do Paraíso**

Due to the increase in Brazilian and foreign steel demand, Usiminas' Board of Directors approved, on 03/14/2007, an increase in steel capacity of 5 million tons a year, comprised by an expansion in Intendente Câmara Mill's (Ipatinga, Minas Gerais state) capacity by 2.2 million tons, followed by and additional expansion of 3 million tons in place to be defined. These investments, along with the ongoing ones (new coke plant 3, new galvanizing line, new hot strip mill, and expansion of heavy plate's capacity), were estimated in US$ 8.4 billion.

Subsequently, on 07/07/2008, due to an increasing demand for Usiminas' products, the Board of Directors decided to accelerate its investment plan, replacing the expansions previously announced by the construction of a new mill with annual steel capacity of 5 million tons in Santana do Paraíso (state of Minas Gerais). Furthermore, within the Company's verticalization strategy, an expansion in the acquired mines in the Iron Square of the Minas Gerais state and the creation of a logistic channel to outflow its production was considered. The new investment plan considering the new mill and the mining expansion, totaled US$ 14.1 billion in five years.

With the beginning of the global financial crisis in September 2008, there was a drastic fall in Brazilian and foreign steel consumption, and Usiminas, one of the great players in these markets, also suffered these effects, with reductions in demand for its products.

In face of the actual crisis' continuity and of the consequent deceleration of flat steel consumption growth in Brazil and abroad, Usiminas' Board of Directors decided on its meeting held on 07/22/2009 to suspend the construction project of the new mill with annual steel capacity of 5 million tons. This project will be resumed as soon as the market fundamentals confirm the retake of sustainable growth in demand. In the same meeting, the Board authorized a R$ 215 million investment in the secondary metallurgy of Steelwork 2 of Intendente Câmara Mill in Ipatinga, aiming to increase value added steel supply to the oil and gas and auto sectors. The hiring, implementation and commissioning of the equipments are scheduled to last 24 months.

- **Shareholder Remuneration**

The Board of Directors on meeting held on 07/22/09, approved the proposal to remunerate its shareholders, according to terms of the Company's Bylaws and to the applicable corporate legislation, the amount of R$ 89.9 million, as intermediate interest on equity, of R$ 0.17358 per each common share and of R$ 0.19094 per each preferred share.

A withholding tax of 15% (fifteen percent) will be deducted from the amount related to interest on capital, in compliance with the legal exceptions.

The shares will be negotiated "ex-interest on equity" as of 08/04/2009.

Payment will begin as of 08/18/2009, to the holders of these shares on 08/03/2009.

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Shareholder Department
Tel : 00X11 – 3684-9495

ADRs – Depositary Bank

Visit our Investor Relations page: www.usiminas.com

Conference Call	**Date: 23/07/09**
Place At 10:30 a.m. – Brasília time	**International: At noon – Brasília time**
Dial-in numbers:	**Dial-in numbers:**
Brazil: (11)-4688.6361	**US: (1 800) 860.2442**
Abroad: (55-11)- 4688.6361	**Brazil: (11) 4688.6361**
	Other countries: (1 412) 858.4600
Pincode for replay: 210 local	**Pincode for replay: 717 international**
Audio of the conference call will be transmitted live via Internet	**See slide presentation on our website: www.usiminas.com**

Balance Sheet - Assets

Brazilian GAAP - R$ thousand

Assets	30-jun-09	31-mar-09
Current Assets	**9,661,664**	**11,348,559**
Cash and Cash Equivalents	2,809,358	3,315,295
Trade Accounts Receivable	1,528,062	1,664,984
Taxes Recoverable	397,027	668,219
Inventories	4,226,449	4,918,449
Deferred Income Tax & Social Contrb'n	115,347	141,818
Other Securities Receivables	585,421	639,794
Long-Term Receivable	**1,362,825**	**1,291,098**
Deferred Income Tax & Social Contrb'n	806,430	842,881
Deposits at Law	248,367	216,960
Accounts Receiv. Affiliated Companies	10,193	7,887
Taxes Recoverable	157,174	167,647
Others	140,661	55,723
Permanent Assets	**13,974,851**	**14,299,409**
Investments	1,674,857	2,010,258
Property, Plant and Equipment	10,462,596	10,445,164
Intangible	1,837,398	1,843,987
Deferred	-	-
Total Assets	**24,999,340**	**26,939,066**

Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP - R$ thousand

Liabilities and Shareholders' Equity	30-jun-09	31-mar-09
Current Liabilities	**2,347,817**	**3,796,444**
Loans and Financing and Taxes Payable in Installments	822,280	1,257,181
Suppliers, Subcontractors and Freight	502,800	818,758
Taxes, Charges and Payroll Taxes	212,803	311,638
Related Companies	32,758	42,936
Financial Instruments	98,301	158,242
Actuarial Liability	91,977	94,124
Dividends Payable	3,037	573,060
Customers Advances	207,990	198,588
Others	375,871	341,917
Long-Term Liabilities	**7,822,175**	**8,345,437**
Loans and Financing and Taxes Payable in Installments	5,419,025	5,989,933
Actuarial Liability	1,281,203	1,280,076
Provision for Contingencies	744,840	722,465
Deferred Income Tax & Social Contrb'n	64,249	65,692
Financial Instruments	180,402	121,367
Environmental protection provision	86,236	83,960
Others	46,220	81,944
Minority Interests	**81,382**	**79,794**
Shareholders' Equity	**14,747,966**	**14,717,391**
Capital	12,150,000	12,150,000
Reserves & Revenues from Fiscal Year	2,597,966	2,567,391
Total Liabilities and Shareholders' Equity	**24,999,340**	**26,939,066**

Income Statement - Consolidated

Brazilian GAAP

R$ thousand	2Q 2009	2Q 2008	1Q 2009	Chg. 2Q09/2Q08
Net Revenues	**2,411,787**	**3,972,971**	**2,670,276**	-39%
Domestic Market	2,047,367	3,567,684	2,215,691	-43%
Export Market	364,420	405,287	454,585	-10%
COGS	(2,003,200)	(2,517,985)	(2,081,272)	-20%
Gross Profit	**408,587**	**1,454,986**	**589,004**	-72%
Gross Margin	**17%**	**37%**	**22%**	**- 20 p.p.**
Operating Income (Expenses)	**(404,779)**	**(262,373)**	**(490,966)**	54%
Selling	(65,899)	(60,820)	(68,650)	8%
General and Administrative	(122,020)	(82,669)	(100,051)	48%
Others, Net	(216,860)	(118,884)	(322,265)	82%
EBIT	**3,808**	**1,192,613**	**98,038**	-100%
EBIT Margin	**0%**	**30%**	**4%**	**- 30 p.p.**
Financial Result	**562,234**	**204,484**	**(95,573)**	175%
Financial Income	(63,012)	115,244	113,171	-155%
Financial Expenses	625,246	89,240	(208,744)	601%
Equity Income	2,933	(33,944)	(89,793)	-109%
Operating Profit (Loss)	**568,975**	**1,363,153**	**(87,328)**	-58%
Income Tax / Social Contribution	(197,958)	(365,827)	(28,358)	-46%
Group Result	**371,017**	**997,326**	**(115,686)**	-63%
Minority Interests	(2,339)	(9,103)	3,810	-74%
Consolidated Result	**368,678**	**988,223**	**(111,876)**	-63%
Net Margin	**15%**	**25%**	**-4%**	**- 10 p.p.**
Net Income (Loss) per thousand shares	**0.74692**	**2.00207**	**(0.22665)**	-63%
EBITDA	**116,596**	**1,423,143**	**332,158**	-92%
EBITDA Margin	**5%**	**36%**	**12%**	**- 31 p.p.**
Depreciation and amortization	184,563	233,162	208,773	-21%
Provisions	(71,775)	(2,632)	25,347	2627%

Income Statement - Consolidated

Brazilian GAAP

R$ thousand	1H 2009	1H 2008	Chg. 1H09/1H08
Net Revenues	**5,082,063**	**7,526,266**	-32%
Domestic Market	4,263,058	6,655,780	-36%
Export Market	819,005	870,486	-6%
COGS	(4,084,472)	(4,837,921)	-16%
Gross Profit	**997,591**	**2,688,345**	-63%
Gross Margin	**20%**	**36%**	**-16 p.p.**
Operating Income (Expenses)	**(895,745)**	**(508,920)**	76%
Selling	(134,549)	(128,140)	5%
General and Administrative	(222,071)	(164,308)	35%
Others, Net	(539,125)	(216,472)	149%
EBIT	**101,846**	**2,179,425**	-95%
EBIT Margin	**2%**	**29%**	**-27 p.p.**
Financial Result	**466,661**	**239,847**	95%
Financial Income	50,159	224,303	-78%
Financial Expenses	416,502	15,544	2580%
Equity Income	(86,860)	8,929	-1073%
Operating Result	**481,647**	**2,428,201**	-80%
Income Tax / Social Contribution	(226,316)	(714,245)	-68%
Income before Minority Interests	**255,331**	**1,713,956**	-85%
Minority Interests	1,471	(13,709)	-111%
Net Income	**256,802**	**1,700,247**	-85%
Net Margin	**5%**	**23%**	**-18 p.p.**
Net Income per thousand shares	**0.52026**	**3.44459**	-85%
EBITDA	**448,754**	**2,665,377**	-83%
EBITDA Margin	**9%**	**35%**	**-26 p.p.**
Depreciation	393,336	441,772	-11%
Provisions	(46,428)	44,180	-205%

Cash Flow

Brazilian GAAP

R$ thousand	2Q 2009	1Q 2009
Operating activities cash flow		
Net Income (Loss) in the Period	368,678	988,223
Financial Expenses and Monetary Var. / Net Exchge Var.	(693,867)	(476,112)
Interest Expenses	91,883	164,209
Depreciation and Amortization	184,563	233,162
Write-offs (Decrease in Permanent Assets and Deferred Charges)	(38,181)	1,184
Equity in the Results of Subsidiaries/Associated Companies	(2,933)	3,944
Income Tax and Social Contribution	51,706	(63,336)
Provisions	(55,067)	23,962
Adjustment for Minority Participation	2,339	9,108
Total	**(90,879)**	**884,344**
Increase/Decrease of Assets		
Securities	195,216	(35,124)
In Accounts Receivables	136,294	(160,446)
In Inventories	692,000	(375,006)
In Recovery of Taxes	281,665	16,101
In Judicial Deposits	(31,406)	(14,121)
In Accounts Receiv. Affiliated Companies	(2,306)	1,314
Others	51,354	38,078
Total	**1,322,817**	**(529,204)**
Increase (Decrease) of Liabilities		
Suppliers, contractors and freights	108,603	77,056
Amounts Owed to Affiliated Companies	(10,658)	37,460
Customers Advances	9,402	135,090
Tax Payable	(14,039)	26,564
Income Tax and Social Contribution	(62,069)	137,211
Interest Paid	(92,965)	(39,980)
Actuarial Liability payments	(73,852)	0
Others	61,351	190,941
Total	**(74,227)**	**564,342**
Net cash generated from operating activities	**1,157,711**	**919,482**
Investments activities cash flow		
(Additions) Right off of investments	0	(2,267)
(Additions) to Permanent Assets, including Deferred Charges	(523,482)	(638,731)
Additions to intangible	(2,597)	0
Capitalized Interest	(69,040)	0
Zamprogna Acquisition	0	0
Dividends received	16,925	16,644
Net cash employed on investments activities	**(578,194)**	**(624,354)**
Financial Activities Cash Flow		
Inflow of loans, financing and debentures	176,090	1,100,552
Payment of loans, financ., debent. & taxes payable in installments	(451,642)	(13,645)
Interest paid on loans, financing and debentures	(2,741)	(19,617)
Swap operations redemptions	(44,662)	65,775
Dividends and interest on capital	(567,283)	(581,941)
Net cash generated from (employed on) financial activities	**(890,238)**	**551,124**
Exchange Variation of Cash and Cash Equivalents	**-**	**(28,077)**
Net increase (decrease) of Cash and Cash Equivalents	**(310,721)**	**818,175**
Cash and cash equivalents at the beginning of the period	3,315,295	3,669,365
Adjustements from Law 11.638/07	(195,216)	35,124
Cash and cash equivalents at the end of the period	2,809,358	4,522,664

Cash Flow
Brazilian GAAP

R$ thousand	1H 2009	1H 2008
Operating activities cash flow		
Net Income (Loss) in the Period	256,802	1,700,247
Financial Expenses and Monetary Var. / Net Exchge Var.	(650,760)	(451,082)
Interest Expenses	215,520	157,940
Depreciation and Amortization	393,336	441,772
Write-offs (Decrease in Permanent Assets and Deferred Charges)	7,227	3,022
Equity in the Results of Subsidiaries/Associated Companies	86,860	(8,929)
Income Tax and Social Contribution	9,765	(125,373)
Provisions	(70,045)	(24,935)
Adjustment for Minority Participation	(1,471)	13,721
Total	**247,234**	**1,706,383**
Increase/Decrease of Assets		
Securities	140,523	132,276
In Accounts Receivables	68,668	(367,924)
In Inventories	995,963	(479,277)
In Recovery of Taxes	161,398	(41,717)
In Judicial Deposits	(29,460)	(28,650)
In Accounts Receiv. Affiliated Companies	(1,898)	(3,095)
Others	60,296	(59,222)
Total	**1,395,490**	**(847,609)**
Increase (Decrease) of Liabilities		
Suppliers, contractors and freights	(181,688)	41,897
Amounts Owed to Affiliated Companies	(24,560)	37,094
Customers Advances	2,571	282,167
Tax Payable	31,546	52,578
Income Tax and Social Contribution	(442,615)	51,879
Interest Paid	(229,564)	(101,681)
Actuarial Liability payments	(73,852)	0
Others	(22,663)	218,020
Total	**(940,825)**	**581,954**
Net cash generated from operating activities	**701,899**	**1,440,728**
Investments activities cash flow		
(Additions) Right off of investments	20,482	(1,566,139)
(Additions) to Permanent Assets, including Deferred Charges	(756,931)	(986,554)
Additions to intangible	693	0
Capitalized Interest	(77,165)	0
Zamprogna Acquisition	(69,336)	0
Dividends received	30,820	30,414
Net cash employed on investments activities	**(851,437)**	**(2,522,279)**
Financial Activities Cash Flow		
Inflow of loans, financing and debentures	931,333	2,625,201
Payment of loans, financ., debent. & taxes payable in installments	(1,091,373)	(195,348)
Interest paid on loans, financing and debentures	(5,336)	(20,633)
Swap operations redemptions	(133,671)	34,142
Dividends and interest on capital	(609,538)	(620,808)
Net cash generated from (employed on) financial activities	**(908,585)**	**1,822,554**
Exchange Variation of Cash and Cash Equivalents	**-**	**(37,000)**
Net increase (decrease) of Cash and Cash Equivalents	**(1,058,123)**	**704,003**
Cash and cash equivalents at the beginning of the period	4,008,004	3,950,937
Adjustements from Law 11.638/07	(140,523)	(132,276)
Cash and cash equivalents at the end of the period	2,809,358	4,522,664