(A free translation of the original in Portuguese)

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Financial statements - Parent Company and Consolidated - in accordance with accounting practices adopted in Brazil and IFRS at December 31, 2012

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

We have audited the accompanying financial statements of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Parent Company"), which comprise the balance sheet as at December 31, 2012 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS as at December 31, 2012, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS and its subsidiaries as at December 31, 2012, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in note 3 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS, these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, whereas IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Other matters

Supplementary information - statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2012, which are the responsibility of the Company's management. The presentation of these statements is required by Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Belo Horizonte, February 18, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" MG

Carlos Augusto da Silva
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Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS

Balance Sheets
In thousands of reais

	Note	Parent Company 12/31/2012	Parent Company 12/31/2011	Consolidated 12/31/2012	Consolidated 12/31/2011
Assets					
Current assets					
Cash and cash equivalents	9	1,251,103	363,586	3,180,764	2,901,312
Marketable securities	10	9,137	124,396	1,537,558	2,289,383
Trade receivables	11	949,368	783,520	1,568,085	1,254,435
Inventories	12	2,985,220	4,263,673	3,780,182	5,058,876
Taxes recoverable	13	369,678	646,160	485,532	799,635
Dividends receivable		129,936	61,952	12,134	13,587
Derivative financial instruments	6	22,440	10,560	50,093	29,464
Advances to suppliers		5,120	18,396	33,431	71,758
Other		107,214	143,753	132,866	198,495
Total current assets		5,829,216	6,415,996	10,780,645	12,616,945
Non-current assets					
Long-term receivables					
Deferred income tax and social contribution	14	1,058,842	676,592	1,513,879	797,146
Receivables from related companies	36	69,862	57,113	12,631	5,710
Judicial deposits	15	391,956	448,653	430,717	486,327
Derivative financial instruments	6	281,356	431,772	286,508	435,972
Taxes recoverable	13	70,063	123,381	132,451	154,737
Other		63,252	55,672	68,558	60,100
		1,935,331	1,793,183	2,444,744	1,939,992
Investments in subsidiary, jointly-controlled and associated companies	16	7,780,318	8,100,465	453,062	428,382
Property, plant and equipment	17	13,974,626	13,786,171	16,653,120	15,921,154
Intangible assets	19	147,663	142,735	2,442,648	2,453,952
Total non-current assets		23,837,938	23,822,554	21,993,574	20,743,480
Total assets		29,667,154	30,238,550	32,774,219	33,360,425

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Balance Sheets
In thousands of reais

	Note	Parent Company 12/31/2012	Parent Company 12/31/2011	Consolidated 12/31/2012	Consolidated 12/31/2011
Liabilities and equity					
Liabilities					
Current liabilities					
Suppliers, contractors and freight		1,833,050	1,270,212	2,283,644	1,462,373
Loans and financing	20	1,293,693	829,615	1,429,409	865,097
Debentures	21	257,664	274,419	257,664	274,419
Advances from customers		10,705	12,189	279,297	202,978
Payables to related companies	36	794,316	428,592	158,243	92,815
Salaries and social charges		185,127	200,423	281,536	301,950
Taxes payable	22	76,082	83,402	119,479	126,202
Taxes payable in installments	23	31,107	57,169	35,434	61,169
Income tax and social contribution payable	14			87,610	197,636
Dividends and interest on capital payable	27	915	57,171	26,635	69,704
Derivative financial instruments	6	42,209	43,589	42,209	43,589
Payables for acquisition of investments	19			178,249	156,193
Other		165,209	148,226	223,512	238,048
Total current liabilities		4,690,077	3,405,007	5,402,921	4,092,173
Non-current liabilities					
Loans and financing	20	6,563,581	7,582,780	6,467,587	7,373,126
Debentures	21		250,000		250,000
Payables to related companies	36	41,444	43,085		6,750
Taxes payable in installments	23	30,737	22,050	44,259	38,637
Provision for contingencies	24	246,075	150,500	279,938	204,255
Provision for environmental recovery	25	21,417	57,354	77,703	108,260
Post-retirement benefits	26	1,396,812	1,277,473	1,396,812	1,277,473
Derivative financial instruments	6	15,056	23,990	323,790	547,250
Deferred income tax and social contribution	14			35,432	17,880
Payables for acquisition of investments	19			178,249	312,385
Other		53,526	142,518	54,455	118,031
Total non-current liabilities		8,368,648	9,549,750	8,858,225	10,254,047
Total liabilities		13,058,725	12,954,757	14,261,146	14,346,220
Equity	27				
Share capital		12,150,000	12,150,000	12,150,000	12,150,000
Revenue reserves		3,871,384	4,490,822	3,871,384	4,490,822
Other reserves		587,045	642,971	587,045	642,971
Equity attributable to the owners of the Parent Company		16,608,429	17,283,793	16,608,429	17,283,793
Non-controlling interests				1,904,644	1,730,412
Total equity		16,608,429	17,283,793	18,513,073	19,014,205
Total liabilities and equity		29,667,154	30,238,550	32,774,219	33,360,425

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Operations
All amounts in thousands of reais, unless otherwise stated

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Continued operations					
Revenue	29	11,414,421	10,517,522	12,708,799	11,901,959
Cost of sales		(11,759,451)	(10,445,265)	(12,048,300)	(10,607,791)
Gross profit (loss)		(345,030)	72,257	660,499	1,294,168
Operating income (expenses)					
Selling expenses	32	(155,945)	(264,876)	(372,937)	(458,568)
General and administrative expenses	32	(274,316)	(291,175)	(488,447)	(510,319)
Other operating income (expenses), net	32	8,010	303,902	1,242	300,571
Equity in the results of subsidiary, jointly-controlled and associated companies	16	700,468	889,861		
		278,217	637,712	(860,142)	(668,316)
Operating profit (loss)		(66,813)	709,969	(199,643)	625,852
Finance result	33	(864,276)	(599,574)	(502,631)	(50,015)
Equity in the results of associated companies	16			61,168	66,967
Profit (loss) before income tax and social contribution		(931,089)	110,395	(641,106)	642,804
Income tax and social contribution	14				
Current		27,041	7,924	(168,316)	(340,583)
Deferred		264,474	239,677	278,122	226,831
		291,515	247,601	109,806	(113,752)
Profit (loss) from continued operations		(639,574)	357,996	(531,300)	529,052
Profit(loss) from discontinued operations	40		(124,919)		(124,919)
Profit (loss) for the year		(639,574)	233,077	(531,300)	404,133
Attributable to:					
Owners of the Parent Company				(639,574)	233,077
Non-controlling interests				108,274	171,056
Basic and diluted earnings (loss) per common share	34	R$ (0.62)	R$ 0.23	R$ (0.62)	R$ 0.23
Basic and diluted earnings(loss) per preferred share	34	R$ (0.68)	R$ 0.25	R$ (0.68)	R$ 0.25

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Comprehensive Income
In thousands of reais

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit (loss) for the year		(639,574)	233,077	(531,300)	404,133
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	26	(250,762)	(154,174)	(250,762)	(154,174)
Exchange variations and other movements on associated companies located abroad	16	(1,134)	161,624	(1,134)	161,624
Cash flow hedge in the Parent Company	6	22,138	(143,735)	22,138	(143,735)
Cash flow hedge in subsidiary			5,778		5,778
Total of other components of comprehensive income		(229,758)	(130,507)	(229,758)	(130,507)
Total comprehensive income for the year		(869,332)	102,570	(761,058)	273,626
Attributable to					
Owners of the Parent Company		(869,332)	102,570	(869,332)	102,570
Non-controlling interests				108,247	171,056

Items are presented net of taxes in the statement of comprehensive income. The tax effects of each component of the statement of comprehensive income are presented in Note 14.

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Changes in Equity
In thousands of reais

		Attributed to owners of the Company											
				Capital reserve		Revenue reserves							
	Note	Share capital	Premium on share subscription	Treasury shares	Granted options recognized	Legal reserve	Investment and working capital reserve	Carrying value adjustments	Dividends to be appropriated	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2010		12,150,000	105,295	(105,295)		687,934	3,629,058	788,774	176,833		17,432,599	1,596,838	19,029,437
Comprehensive income for the period													
Profit for the year										233,077	233,077	171,056	404,133
Actuarial loss with benefit plans	26							(154,174)			(154,174)		(154,174)
Exchange variations and other movements on investments associated companies located abroad								161,624			161,624		161,624
Cash flow hedge in subsidiary								5,778			5,778		5,778
Cash flow hedge in the Parent Company	6							(143,735)			(143,735)		(143,735)
Total comprehensive income for the period								(130,507)		233,077	102,570	171,056	273,626
Capital increase												12,619	12,619
Allocation of profit for the year	27												
Minimum mandatory dividend and interest on own capital for 2011										(55,356)	(55,356)		(55,356)
Dividends and interest on own capital appropriated									(176,833)		(176,833)		(176,833)
Dividends and interest on own capita to be appropriated									26,221	(26,221)			
Dividends												(50,101)	(50,101)
Constitution of reserves						11,653	162,177			(173,830)			
Stock option plan	39				2,274						2,274		2,274
Realization of IAS 29 adjustments on property, plant and Equipment								(21,821)		21,821			
Changes in holdings that did not result in loss or acquisition of control								(21,970)			(21,970)		(21,970)
Unclaimed dividends										509	509		509
At December 31, 2011		12,150,000	105,295	(105,295)	2,274	699,587	3,791,235	614,476	26,221		17,283,793	1,730,412	19,014,205

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Changes in Equity
In thousands of reais

		Attributed to owners of the Company												
					Capital reserve		Revenue reserves							
	Note	Share capital	Premium on share subscription	Treasury shares	Special goodwill reserve	Granted options recognized	Legal reserve	Investment and working capital reserve	Carrying value adjustments	Dividends to be appropriate d	Retained earnings (accumulated deficit)	Total	Non-controlling interests	Total equity
At December 31, 2011		12,150,000	105,295	(105,295)		2,274	699,587	3,791,235	614,476	26,221		17,283,793	1,730,412	19,014,205
Comprehensive income for the period														
Profit (loss) for the year											(639,574)	(639,574)	108,274	(531,300)
Actuarial loss with benefit plans	26								(250,762)			(250,762)		(250,762)
Exchange variations and other movements on investments in associated companies located abroad									(1,134)			(1,134)		(1,134)
Cash flow hedge in the Parent	6								22,138			22,138		22,138
Total comprehensive income for the period									(229,758)		(639,574)	(869,332)	108,247	(761,058)
Allocation of result for the year	27													
Minimum mandatory dividend and interest on own capital for 2012													(25,152)	(25,152)
Dividends and interest on own capital appropriated										(26,221)		(26,221)		(26,221)
Constitution of reserves								(619,439)			619,438			
Stock option plan	39					4,821					1,870	6,691		6,691
Realization of IAS 29 adjustments on property, plant and equipment									(17,357)		17,357			
Special goodwill reserve (CVM Instruction 319/99) – subsidiary					212,589							212,589	91,110	303,699
Unclaimed dividends											909	909		909
At December 31, 2012		12,150,000	105,295	(105,295)	212,589	7,095	699,587	3,171,796	367,361		)	16,608,429	1,904,644	18,513,073

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Cash Flows
In thousands of reais

	Note	Parent Company Years ended 12/31/2012	Parent Company Years ended 12/31/2011	Consolidated Years ended 12/31/2012	Consolidated Years ended 12/31/2011
Cash flows from operating activities					
Profit (loss) for the year		(639,574)	233,077	(531,300)	404,133
Adjustments to reconcile profit (loss) to cash from operating activities					
Charges and monetary and foreign exchange variations, net		619,212	494,095	541,337	490,460
Interest expenses		225,567	257,381	284,808	277,737
Depreciation ,amortization and depletion		852,062	752,082	997,718	856,888
Losses/(gains) on sale of property, plant and equipment / investments		(2,137)	(49,403)	(2,246)	(64,112)
Result on sale of discontinued operations			124,919		124,919
Equity in the results of subsidiary, jointly-controlled and associated companies	16	(700,468)	(889,861)	(61,168)	(66,967)
Deferred income tax and social contribution	14	(264,474)	(239,677)	(278,122)	(226,831)
Changes in provisions		138,071	(127,519)	130,595	(148,096)
Actuarial losses/(gains)	26	(86,092)	(89,666)	(86,092)	(89,666)
Stock option plan		6,691	2,274	6,691	2,274
(Increase) decrease in assets					
Marketable securities		115,259	112,738	751,825	(1,891,596)
Trade receivables		(165,848)	536,807	(313,650)	480,692
Inventories		1,278,453	(197,121)	1,278,694	(241,990)
Taxes recoverable		356,895	99,192	278,395	12,059
Receivables from related companies		(23,201)	(1,420)	(6,921)	250
Judicial deposits		26,123	(26,622)	19,447	(34,299)
Other		73,639	(103,214)	134,612	(27,549)
Increase (decrease) in liabilities					
Suppliers, contractors and freight		562,838	245,421	821,271	379,637
Advances from customers		(1,484)	(5,563)	76,319	22,250
Payables to related companies		364,083	72,917	58,678	(14,955)
Taxes payable		(7,320)	3,389	(6,723)	(4,239)
Income tax and social contribution payable		(54)	(2,407)	(220,347)	(210,504)
Interest paid		(476,841)	(514,885)	(507,246)	(549,599)
Actuarial liability paid		(174,511)	(167,207)	(174,511)	(167,207)
Other		(134)	(91,389)	217,011	215,680
Net cash provided by (used in) operating activities		2,076,755	428,338	3,409,75	(470,631)
Cash flows from investing activities					
Amount received on disposal of investments		623,281	35,953	4,606	1,656,740
Amount paid on the acquisition of subsidiary and associated companies		(8,142)	(1,175)	(194,412)	(154,312)
Purchases of property, plant and equipment	17	(959,623)	(1,844,287)	(1,637,077)	(2,490,138)
Proceeds from sale of property, plant and equipment		5,178	29,000	12,890	85,100
Purchases of intangible assets		(58,631)	(40,221)	(66,319)	(45,436)
Dividends received		519,915	164,321	36,869	26,197
Net cash provided by (used in) investing activities		121,978	(1,656,409)	(1,843,443)	(921,849)

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Cash Flows
In thousands of reais

		Parent Company		Consolidated	
		Years ended		Years ended	
	Note	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Cash flows from financing activities					
New loans, financing and debentures		338,368	1,442,850	452,758	1,497,120
Repayment of loans and financing		(1,504,040)	(955,401)	(1,598,095)	(940,230)
Amounts received on issue of shares					42,063
Taxes paid in installments	23	(31,041)	(31,860)	(35,229)	(34,335)
Settlement of swap transactions		(43,545)	(63,877)	(22,125)	(37,571)
Dividends and interest on capital paid	27	(81,568)	(319,684)	(94,099)	(371,896)
Net cash provided by (used in) financing activities		(1,321,826)	72,028	(1,296,790)	155,151
Exchange gains (losses) on cash and cash equivalents		10,610	(7,138)	10,610	(7,138)
Net increase (decrease) in cash and cash equivalents		887,517	(1,163,181)	279,452	(1,244,467)
Cash and cash equivalents at beginning of year	9	363,586	1,526,767	2,901,312	4,145,779
Cash and cash equivalents at end of year	9	1,251,103	363,586	3,180,764	2,901,312
Net increase (decrease) in cash and cash equivalents		887,517	(1,163,181)	279,452	(1,244,467)

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Value Added
Years Ended December 31
In thousands of reais

	Parent Company		Consolidated	
	Years ended		Years ended	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Revenue				
Sales of products and services	14,984,769	14,057,428	16,696,407	15,832,381
Changes in provision for impairment of trade receivables	(1,786)	(66,698)	(2,054)	(72,160)
Other revenue	62,946	29,541	64,721	30,691
	15,045,929	14,020,271	16,759,074	15,790,912
Inputs acquired from third parties				
Cost of sales and services	(12,044,360)	(11,371,602)	(12,297,381)	(11,213,576)
Materials, energy, outsourced services and others	(694,226)	(487,797)	(1,148,944)	(828,636)
	(12,738,586)	(11,859,399)	(13,446,325)	(12,042,212)
Gross value added	2,307,343	2,160,872	3,312,749	3,748,700
Depreciation, amortization and depletion	(852,062)	(752,082)	(997,718)	(856,888)
Net value added generated by the Company	1,455,281	1,408,790	2,315,031	2,891,812
Value added received through transfer				
Equity in results of subsidiary, jointly-controlled and associated companies	700,468	889,861	61,168	66,967
Finance income	192,220	300,475	408,183	625,943
Actuarial gains(losses)	86,092	89,666	86,092	89,666
Exchange gains (losses), net				54,313
	978,780	1,280,002	555,443	836,889
Value added to distribute	2,434,061	2,688,792	2,870,474	3,728,701

The accompanying notes are an integral part of these financial statements.

Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS

Statements of Value Added
Years Ended December 31
In thousands of reais

	Parent Company Years ended				Consolidated Years ended			
	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Personnel and payroll charges								
Salaries and social charges	936,762	38,48	668,772	24,87	1,638,586	57,08	1,474,694	39,55
Government Severance Indemnity Fund (FGTS)	81,444	3,35	91,592	3,41	122,443	4,27	143,479	3,85
Management fee	7,358	0,30	29,612	1,10	10,321	0,36	32,074	0,86
Employees' profit sharing	63,249	2,60	69,468	2,58	100,051	3,49	108,660	2,91
Pension plans	30,723	1,26	27,709	1,03	33,952	1,18	39,196	1,05
	1,119,536	45,99	887,153	32,99	1,905,353	66,38	1,798,103	48,22
Taxes and contributions								
Federal*	321,311	13.20	47,847	1.78	390,074	13.59	470,330	12.61
State	531,802	21.85	452,377	16.82	135,881	4.73	126,601	3.40
Municipal	38,373	1.58	33,759	1.26	49,583	1.73	56,078	1.5
Tax incentives	6,117	0.25	9,611	0.36	10,069	0.35	18,266	0.49
	897,603	36.88	543,594	20.22	585,607	20.40	671,275	18.00
Remuneration of third party capital								
Interest	651,572	26.77	572,412	21.29	782,244	27.25	628,597	16.86
Foreign Exchange variations, net	220,669	9.07	304,682	11.33	190,985	6.65		
Other	184,255	7.57	(58,622)	(2.18)	(62,415)	(2.17)	20,097	0.54
	1,056,496	43.41	818,472	30.44	910,814	31.73	648,694	17.40
Remuneration of capital								
Interest on own capital			81,577	3.03			81,577	2.19
Retained earnings (losses)	(639,574)	(26.28)	357,996	13.32	(639,574)	(22.28)	357,996	9.6
Non-controlling interests in retained earnings					108,274	3.77	171,056	4.59
	(639,574)	(26.28)	439,573	16.35	(531,300)	(18.51)	610,629	16.38
Value added distributed	2,434,061	100.00	2,688,792	100.00	2,870,474	100.00	3,728,701	100.00

(*)Social security contributions are classified under federal taxes and contributions.

The Statements of Value Added do not form of the consolidated financial statements according to IFRS.

The accompanying notes are an integral part of these financial statements.

1 Operations

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS ("USIMINAS", "Usiminas", "Parent Company" or the "Company"), headquartered in Belo Horizonte, State of Minas Gerais, operates in the steel industry and related activities. The Company produces flat rolled carbon steel at the Intendente Câmara Plant in Ipatinga, State of Minas Gerais and the José Bonifácio de Andrada e Silva Plant in Cubatão, State of São Paulo, destined for the domestic and foreign markets.

The Company, through its subsidiary, jointly-controlled and associated companies (collectively named "Usiminas Companies"), has several service and distribution centers in Brazil, in addition to the Cubatão and Praia Mole ports located in the states of São Paulo and Espírito Santo, respectively, as strategic ports for the disposal of its production.

The Company's shares are listed for trading on the São Paulo Stock, Commodities and Futures Exchange (BM&FBovespa) under the tickers USIM3,USIM5.

As described in Note 27, the Techint Group acquired the holdings of the companies of the Votorantim and Camargo Corrêa groups in USIMINAS, in addition to part of the shares held by Previdência Usiminas (the new denomination of Caixa dos Empregados da Usiminas - "CAIXA"), totaling 139.7 million of shares, or 27.7% of the Company's voting capital. The finalization of the transactions, and consequently the effectiveness of the New Shareholders' Agreement, occurred on January 16, 2012, according to the Material Fact disclosed to the market on January 17, 2012.

The Company has been implementing measures to improve the operating performance and to reduce its net indebtedness. Some of them which should be highlighted are the increase in the level of utilization of the installed capacity in the plants, with a better absorption of fixed costs; the reduction of structural expenses (selling and administrative); the reduction of working capital, principally of inventories of work in process, finished products and warehouse materials; the reduction of investments in Capital Expenditure (Capex). Additionally the Company has an expressive volume of cash with its foreign subsidiaries.

Aiming to increase its business, the Company holds direct or indirect investments in subsidiaries, jointly-controlled entities and associates, whose main activities are summarized below:

(a) Subsidiaries

Automotiva Usiminas S.A. ("Automotiva Usiminas") – Located in Pouso Alegre, State of Minas Gerais, manufactures and sells steel stamped parts.

Cosipa Commercial Ltd. ("Cosipa Commercial") – Located in the Cayman Islands, was established in April 2006 to raise funds in the foreign market.

Cosipa Overseas Ltd. ("Cosipa Overseas") – Located in the Cayman Islands, established in February 1994 to optimize the Company's foreign trade operations, facilitate the purchase of imported raw materials and the export of steel products and to raise funds in the foreign market.

Mineração Usiminas S.A. (“Mineração Usiminas” or “MUSA”) - Headquartered in Belo Horizonte, State of Minas Gerais, is a partnership between the Company (70%) and Sumitomo Group (30%), with the main purpose of extracting and processing pellet-feed, sinter-feed and lump iron ore. Most of the production, which is extracted from mines located in the Serra Azul region in the iron quadrilateral of the State, is allocated to the consumption of the Company's steel plants. MUSA holds a 50% interest in the jointly controlled entity Modal Terminal de Granéis Ltda. (“Modal”), headquartered in Itaúna, Minas Gerais, the main activities of which are the operation of road and rail cargo terminals, the storage and handling of ore and steel products and road transportation of cargo. It also holds a 22.2% interest in the associate Terminal de Cargas Sarzedo Ltda. (“Terminal Sarzedo”) headquartered in Sarzedo, Minas Gerais, the main activities of which are the storage of cargo, operation of a railroad terminal, warehousing, in addition to related services. MUSA also fully controls Usiminas Participações e Logística S.A. (“UPL”) headquartered in São Paulo, State of São Paulo, the sole activity of which is to directly hold shares and other securities issued by MRS Logística S.A. MUSA acquired an interest in Mineração Ouro Negro S.A. (“Mineração Ouro Negro”) in 2011, as mentioned in Note 16 (d) (iii).

Rios Unidos Logística e Transporte de Aço Ltda. (“Rios Unidos”) – Established in Guarulhos, State of São Paulo, the main activity of which is rendering road transportation services for cargo.

Soluções em Aço Usiminas S.A. (“Soluções Usiminas”) – Located in Belo Horizonte, State of Minas Gerais, has 14 industrial units strategically located throughout Brazil, the main purpose of which is to develop steel product solutions and operate as a distribution center. Soluções Usiminas supplies the market with varied higher value added products, particularly to small and medium-sized customers and is a partnership between the Company (68.88%), Metal One (20%) and others (11.12%).

Usiminas Commercial Ltd. (“Usiminas Commercial”) – Established in 2006, with the purpose of raising foreign funding for the Company.

Usiminas Europa A/S (“Usiminas Europa”) - Located in Copenhagen, Denmark, was established in 2005 to hold the Company's investments in the jointly controlled entities Usiminas Galvanized Steel ApS (“Usiminas Galvanized “) and Usiminas Eletrogalvanized Steel ApS (‘Usiminas Eletrogalvanized”), the main activity of which is to promote the sales to foreign customers of galvanized steel and electro galvanized steel produced by the Company.

Usiminas International Ltd. - (“Usiminas International”) - Located in Luxembourg, established in 2001, to hold the Company's investments abroad and also the investments in Usiminas Portugal Serviços de Consultoria Ltd. (“Usiminas Portugal”) located in Madeira Island. As mentioned in Note 16 (d) (v), Usiminas Portugal was liquidated on November 30, 2012.

Usiminas Mecânica S.A. - (“Usiminas Mecânica”) - Located in Ipatinga, State of Minas Gerais, to manufacture equipment and installations utilized in the following industries: steel production, oil and gas, petrochemical, hydroelectric, mining, railroad transport, cement, pulp and paper, recovery of parts, rolls, heavy industry cylinders, plate stamping and cutting for serial auto parts, stationary dumpcarts and environmental control.

(b) Jointly-controlled entities

Unigal Usiminas Ltda ("Unigal") - Located in Belo Horizonte, State of Minas Gerais, incorporated in 1998 as a joint venture between the Company (70%) and Nippon Steel Corporation (30%) to transform cold-rolled coils into galvanized coils via hot dipping, mainly for the automotive industry. Unigal's plant is located in Ipatinga, State of Minas Gerais, and has an installed capacity for the galvanization of 1,030 thousand metric tons of steel per year.
Fasal Trading Brasil S.A ("Fasal Trading Brasil"). – Created on November 30, 2009, is located in Belo Horizonte, State of Minas Gerais. Its main activity comprises the sale of steel and metallurgical products and the rendering of related services, as well as, the participation in the capital of other national or foreign companies with activities similar or supplementary to its own activities.
Usiroll – Usiminas Court Tecnologia em Acabamento Superficial Ltda. ("Usiroll") - Located in Ipatinga, State of Minas Gerais, renders services, especially for the rectification of cylinders and reels.

(c) Investments in associates

Codeme Engenharia S.A. ("Codeme")- Headquartered in Betim, State of Minas Gerais, manufactures and assembles iron constructions, mainly industrial buildings, commercial warehouses and multiple-floor buildings. Codeme has plants in Betim, State of Minas Gerais, and Taubaté, State of São Paulo.

Metform S.A. ("Metform") - Headquartered in Betim, State of Minas Gerais, manufactures iron tiles, steel decks and galvanized accessories with or without painting. Metform has plants in Betim, State of Minas Gerais, and Taubaté, State of São Paulo.

MRS Logística S.A. ("MRS") - Located in Rio de Janeiro, State of Rio de Janeiro, MRS provides railroad transport and logistics services in the southeastern region of Brazil. The Company's holding in MRS represents a strategic investment for optimizing the supply of raw materials and the transport of finished products and third party cargo, mainly related to the operation of the Company's marine terminals.

2 Approval of the Financial Statements

The issue of these financial statements was authorized by the Company's Board of Directors on February 18, 2013.

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently adopted for all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the measurement of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

Those areas that require a higher degree of judgment or complexity, or the application of assumptions and estimates which are significant to the financial statements, are disclosed in Note 4.

(a) Individual financial statements – Parent company

The individual financial statements of Usiminas, presented Parent Company, have been prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee ("CPC"), and are disclosed together with the consolidated financial statements.

(b) Consolidated financial statements - Consolidated

The consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the statements issued by CPC, and in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

In the individual financial statements, investments in subsidiary, jointly-controlled and associated companies are recorded on the equity accounting method. The same adjustments are made in the individual and consolidated financial statements to reach the same amounts of profit or loss and equity attributable to the holders of the parent company. In the case of USIMINAS, the accounting practices adopted in Brazil applicable to the individual financial statements differ from IFRS applicable to separate financial statements only in relation to the evaluation of investments in subsidiary, jointly-controlled and associated companies based on the equity accounting method, whereas they would be carried at cost or fair value in accordance with IFRS.

3.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

(a) Subsidiaries

Subsidiaries are all entities over which the Usiminas Companies has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Usiminas Companies control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Usiminas Companies. They are deconsolidated from the date when control ceases.

Usiminas Companies applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by Usiminas Companies. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Usiminas Companies recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition.

The excess of the consideration transferred plus the acquisition-date fair value of any previous equity interest in the acquiree over the fair value the Usiminas Companies' share of the identifiable net assets acquired is recorded as goodwill. For acquisitions in which the Usiminas Companies fair value to non-controlling interests, the determination of goodwill also includes the value of any non-controlling interest in the acquiree, and the goodwill is determined considering the participations of the Usiminas Companies and non-controlling interests. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Transactions, balances and unrealized gains on transactions between the Usiminas Companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Usiminas Companies.

(b) Jointly-controlled and associated companies

Associated companies are all entities over which the Company has significant influence through the participation in decisions relating to their financial and operating policies, but not control or joint control. Jointly-controlled companies are all entities in which the Company shares control with one or more parties. In the Parent Company financial statements, investments in jointly-controlled and associated companies are accounted for using the equity method of accounting and are initially recognized at cost. In the consolidated financial statements, investments in jointly-controlled companies are consolidated proportionally to the Company's holding. The investments of the Usiminas Companies in jointly-controlled and associated companies include goodwill identified on acquisition, net of any accumulated impairment loss. See note 3.13, on impairment of non-financial assets including goodwill.

The participation of the Usiminas Companies in the profits on losses of the jointly-controlled and associated companies are recognized in the statement of operations and their participation in the changes in reserves is recognized in equity. When the Usiminas Companies' share of losses in a jointly-controlled or associated company equals or exceeds its book-value of the investment, including any other receivables, the Usiminas Companies do not recognize further losses, unless they have incurred obligations or made payments on behalf of the jointly-controlled or associated company.

Unrealized gains on transactions between the Usiminas Companies and its jointly-controlled and associated companies are eliminated to the extent extent of the Usiminas Companies' interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the jointly-controlled and associated companies have been changed where necessary to ensure consistency with the policies adopted by Usiminas Companies.

Diluted gains and losses arising on investments in associates are recognized in the statement of operations.

The fiscal years of the jointly-controlled and associated companies are the same as that of USIMINAS. However, except for the associates (direct and indirect) Codeme, Fasal Trading Brasil, Metform e Terminal Sarzedo, the Company utilized, for purposes of equity in the results, the financial statements prepared in November 30, 2012, in accordance with CPC18 and IAS 28.

(c) Non-controlling interests and transactions

The Usiminas Companies treat transactions with non-controlling interests as transactions with equity owners of the Usiminas Companies. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity in the account “Carrying value adjustments”.

When the Usiminas Companies cease to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. Any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Usiminas Companies had directly disposed of the related assets and liabilities. This may mean that the amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.3 Segment information

Operating segments are organized in a manner consistent with the internal reports provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Executive Board and the Board of Directors - Controlling Group, which are also responsible for taking the strategic decisions of the Usiminas Companies.

3.4 Foreign currency translation

(a) Functional and reporting currency

The financial statements of each subsidiary and jointly-controlled entity included in the Company's consolidated financial statements and those utilized as the basis for applying the equity accounting method are prepared using the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Brazilian reais (R$), which is the functional and reporting currency of the Usiminas Companies.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of operations, except when classified as hedge accounting and, therefore, deferred in equity as transactions of cash flow hedges and net investment hedge operations.

Foreign exchange gains and losses that relate to assets and liabilities are presented in the statement of operations within finance income or cost.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value.

Other financial investments, although being readily convertible into cash, were classified as marketable securities because they represented investments abroad which require specific procedures to enter Brazil.

3.6 Financial assets

3.6.1 Classification

The Usiminas Companies classify their financial assets in the following categories: at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for active and frequent trading. A financial asset is classified in this category if it was principally acquired for sale in the short-term. Derivatives are also classified as held for trading unless they have been designated as hedging instruments*.* Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date (these are classified as non-current assets). The loans and receivables of the Usiminas Companies comprise cash and cash equivalents, except for certain short-term investments, trade accounts receivable, receivables from related companies and other receivables.

3.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Usiminas Companies commit to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of operations. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Usiminas Companies have transferred substantially all the risks and rewards of ownership. Loans and receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of operations within 'Financial result' in the period when incurred.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Usiminas Companies establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

3.6.3 Offsetting of financial instruments

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.6.4 Impairment of financial assets

(a) Assets carried at amortized cost

The Usiminas Companies assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria utilized to determine if there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of operations. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For practical purposes, the Usiminas Companies could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of operations.

3.7 Derivative financial instruments and hedging activities

(a) Derivative instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method to recognize the resulting gain or loss depends on whether the derivative is designated or not as a hedging instrument in the cases of the adoption of hedge accounting. If this is the case, the method depends on the nature of the item to be hedged.

Trading derivatives are classified as a current asset or liability.

(b) Hedging activities

The Usiminas Companies adopt hedge accounting and designate the foreign exchange variations of certain liabilities as a hedge of exchange risk linked to highly probable forecast exports (cash flow hedge).

The Usiminas Companies, document, at the beginning of the operation, the relationship between the hedge instruments and the hedged items, as well as the objectives of risk management and the strategy for the realization of various hedge transactions. The Usiminas Companies also document their assessment, both at the beginning of hedge and on a continuous basis, that the financial instruments used in the hedge transactions are highly efficient in the offset of variations in the cash flows of hedged items.

The changes in hedge amounts classified in the account "Cash flow hedge reserve" in equity are presented in Note 6 (c).

c) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity, under "Cash flow hedge reserve". The gain or loss relating to the ineffective portion is recognized within 'Financial result'.

The amounts accumulated in equity are reclassified to the statement of operations in the periods when the hedged item affects profit or loss (when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of financial liabilities which hedge the exchange risk associated with highly probable future exports are recognized in the statement of operations, in the caption related to the hedge object, in the case of exports, under "Revenue".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when management decides to discontinue hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the results in "Finance result" when the forecast transaction is finally recognized in the statement of operations. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of operations in "Finance result".

(d) Derivatives measured at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. The changes in the fair value of any of these derivative instruments are immediately recognized in the statement of operations.

3.8 Trade receivables

Trade receivables are amounts due from customers for products sold or services rendered in the ordinary course of business of the Usiminas Companies. If the term for receipt is equal to one year or less, the accounts receivable are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment.

3.9 Inventories

Inventories are stated at average purchase or production cost (moving weighted average), or at net realizable value or replacement cost, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable selling expenses. Imports in transit are stated at the accumulated cost of each import.

The cost of finished goods and work in progress comprises the costs of raw materials, direct labor, other direct costs, plus the related direct costs of production, determined based on the normal operational capacity.

3.10 Judicial deposits

Judicial deposits are the amounts deposited in courts in a bank account linked to the judicial proceeding to ensure the payment of a potential future liability.

Deposits are monetarily restated in accordance with the specific rules of each Court and, as they represent a guarantee for disputes in progress, can be redeemed by the successful party. Therefore, if the Company receives an unfavorable decision, the amounts deposited in courts will be converted into revenue of the Public Treasury or utilized to decrease the corresponding liability amount, if any. If the Company receives a favorable decision, the deposits can be withdrawn.

3.11 Property, plant and equipment

Property, plant and equipment are recorded at cost of acquisition, formation or construction, less depreciation and, when applicable, impairment losses. Depending on the type of asset and the acquisition date, cost refers to the historical cost of acquisition or to the historical cost adjusted for the effects of hyperinflation, under the provisions of CPC 37 and IAS 29, when Brazil qualified as a hyperinflationary economy. For IFRS purposes, the Brazilian economy was considered hyperinflationary up to 1997.

All amounts in thousands of reais unless otherwise stated

Upon replacement, the main components of certain items of property, plant and equipment are recorded as individual and separate assets and depreciated considering the specific economic useful life of each component. The replaced component is written off. Costs of maintenance effected to restore or maintain the original performance standards of an asset are recognized during the period in which they are incurred.

The Usiminas Companies recognize monthly, as part of the acquisition cost of the property, plant and equipment in progress, the interest incurred on loans and financing considering the following capitalization criteria: (a) the capitalization period commences when the property, plant and equipment item enters into construction and the capitalization of interest ceases when the asset is made available for use; (b) interest is capitalized considering the weighted average rate of loans existing on the capitalization date; (c) the capitalized foreign exchange portion is that considered as the annual interest rate adjustment (interest component); (d) the interest and exchange variation capitalized monthly should not exceed the interest and exchange variation expenses calculated in the period of capitalization; and (e) the capitalized interest and exchange variation are depreciated based on the same criteria and useful life determined for the property, plant and equipment item to which they refer.

Land is not depreciated. The depreciation of the other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

		Years
	12/31/2012	**12/31/2011**
Buildings	30	24
Facilities	26	14
Machinery and equipment	21	18
Vehicles	7	7
Furniture, fittings and equipment	7	8
Data processing equipment	3	3
Tools, instruments and implements	7	8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other operating income (expenses), net” in the statement of operations.

3.12 Intangible assets

(a) Goodwill

Goodwill represents the excess of the purchase consideration over the net fair value of the assets and liabilities of the acquired entity. The goodwill on acquisitions of subsidiaries and jointly-controlled entities is included in ‘Intangible assets’. If the acquisition results in negative goodwill, the amount is recognized in the statement of operations for the period, at the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Mineral rights

Mineral rights are initially recorded at fair value on purchase and subsequently accounted net of depletion.

Mineral rights from business combinations are recognized at fair value considering the allocation of the assets and liabilities acquired.

Mineral rights are amortized in accordance with mine depletion estimates.

(c) Software

Software licenses purchased are capitalized and amortized over their estimated useful lives (Note 19).

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Usiminas Companies are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or trade;
- management intends to complete the software product and use or sell it;
- there is the ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads.

Development expenditures that do not meet these criteria are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

Software development expenditures recognized as assets are amortized using the straight-line method over their useful lives (Note 19).

3.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets with defined useful lives are reviewed to identify evidence of impairment at the balance sheet date and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of impairment, the assets are tested for impairment. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units - CGU). Non-financial assets other than goodwill that have had impairment losses are reviewed for possible reversal of the impairment at each reporting date.

3.14 Suppliers, contractors and freight

Accounts payables classified in the account “Payables to suppliers, contractors and freight” are obligations to pay for goods or services that have been acquired in the ordinary course of business. Payables are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. Otherwise, they are presented as non-current liabilities.

Accounts payables classified in the account “Payables to suppliers, contractors and freight” do not have financing characteristics and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if applicable.

3.15 Loans and financing and debentures

(a) Recognition and measurement

Loans and financing and debentures (non-convertible into shares) are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of operations over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Usiminas Companies have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(b) Cost of loans

The costs of loans attributed to the acquisition, construction or production of an asset which, necessarily, requires a substantial period of time to be ready for use or sale are capitalized as part of the cost of these assets. Other costs of loans are recognized as expenses in the period in which they are incurred. Costs of loans are interest and other costs which are incurred relating to the loans of resources.

3.16 Provision for contingencies

Provisions for contingencies related to labor, tax and civil lawsuits are recognized when there is a legal or informal present obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

3.17 Provision for environmental recovery

The provision for expenditures on environmental recovery, when related to the construction or acquisition of an asset, is recorded as part of the cost of that asset and takes into consideration management's estimates regarding future expenditures discounted to present value. The increase in the provision due to the passage of time is recognized as an interest expense.

3.18 Current and deferred income tax and social contribution

The tax expense for the period comprises current and deferred income tax. Income taxes are recognized in the statement of operations, except to the extent that they relate to items recognized directly in equity or in the comprehensive income. In this case the tax is also recognized in equity or in the comprehensive income.

Corporate income tax ("IRPJ") is calculated based on pre-tax income, adjusted to taxable income by additions and exclusions required by Brazilian tax legislation. Social contribution on net income ("CSLL") is calculated at the current rate on pre-tax income adjusted under the terms of current tax legislation. Deferred income tax and social contribution are calculated on income tax and social contribution losses and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution liabilities are fully recognized while the asset is pending realization. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Current income tax and social contribution are presented net, by entity, in liabilities, when there are amounts to be paid, or in assets when the amounts prepaid exceed the total amount due at the reporting date.

The recognition of tax assets is supported by a study of the expectation of future taxable profits, prepared and based on internal assumptions and future economic scenarios that, therefore, are subject to change. This study is reviewed by the statutory Audit Committee and approved by the Board of Directors.

Deferred income tax on assets and liabilities are presented net in the balance sheet when there is the legal right and intention of offsetting them on the calculation of current taxes, in general related to the same legal entity and same tax authority.

3.19 Employee benefits

(a) Supplementary pension plan

The Company and certain subsidiaries participate in private pension plans, managed by Previdência Usiminas, to grant pension and other post-employment benefits to their employees.

The liability recognized in the balance sheet in respect to the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, adjusted for (i) actuarial gains or losses, (ii) the rules on the limitation of the values computed of the assets, and (iii) the minimum funding requirements. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the future cash outflows using market interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Debts contracted for minimum funding requirements are taken into consideration to determine an additional liability for future contributions that will not be recoverable.

Actuarial gains and losses arising from adjustments based on experience and on changes in actuarial assumptions are charged or credited directly to other comprehensive income in the period in which they arise.

The costs of past services are immediately recognized in the result, unless the changes in the pension plan are subject to the permanence of the employee in the job, for a specific period of time (period in which the right is acquired). In this case, the costs of past services are amortized on the straight line basis during the period in which the right was acquired.

For the defined contribution plan (Cosiprev), the Company pays contributions to a private pension entity on compulsory, contractual or voluntary bases. Except for the portion related to the disability and death benefits, for which an actuarial calculation is made by an independent actuary, the Company has no further obligations for additional payments. The contributions are recognized as an expense when they are due.

(b) Post-retirement health plan

Post-retirement health plan benefits were offered to the employees who retired from the merged company Companhia Siderúrgica Paulista - Cosipa up to April 30, 2002. An active employee was entitled to this benefit if they worked until retirement. The expected costs of these benefits were accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. These obligations are valued annually by independent actuaries.

(c) Profit sharing

The Usiminas Companies provide for profit sharing based on the attainment of operating and financial targets agreed with their employees. These amounts are recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

(d) Share based remuneration

The Company has a share based remuneration plan, to be settled with preferred shares held in treasury, which permits the Management members and other officers indicated by the Board of Directors to acquire their shares. The fair value of the employees' services, received in exchange for the granting of options, is recognized as an expense. The total amount to be recognized is determined by reference to the fair value of the granted options, excluding the impact from any conditions of acquisition of rights based on service and performance which are not of the market (for example, profitability, sales increase targets and permanence in the employment for a specific period of time). The conditions of acquisitions of rights that are not of the market are included in the assumptions on the number of options whose rights should be acquired. Once the conditions established in the plan are met, the total amount of expense is recognized during the period in which the rights are acquired.

At the balance sheet date, the Company revises its estimates of the number of options whose rights should be acquired based on the conditions of acquisitions of rights that are not of the market. The impact of the review of the initial estimates, if any, is recognized in the statement of operations, with a corresponding effect in equity.

When the options are exercised, the amounts received, net of any directly attributable transaction costs, are credited to the share capital (nominal value).

The social contributions payable relating to the granting of shares options are considered to be an integral part of the granting, and the collection is treated as a transaction settled in cash.

3.20 Leases

Leases of items of property, plant and equipment in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. These finance leases are capitalized at the beginning of the lease at the lower of the fair value of the asset leased and the present value of the minimum payments of the lease.

Each lease installment paid is allocated partly to liabilities and partly to financial charges, so that a constant rate on the outstanding debt is obtained. The corresponding liabilities, net of financial charges, are included in loans and financing segregated between current and non-current, considering the payment term. The interest expenses are recognized in the statement of operations during the lease period, to provide a periodical constant rate of interest on the outstanding balance of liabilities for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of all incentives received from the lessor) are charged to the statement of operations on a straight-line basis over the period of the lease.

3.21 Share capital

Common and preferred shares are classified as equity.

The costs directly attributable to the issue of new shares or options are presented in equity as a deduction of the amount obtained, net of taxes.

When any Usiminas company purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued.

No new shares were issued and/or purchases effected of any of the Company’s shares by the Usiminas Companies in the years ended December 31, 2012 and 2011.

3.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the activities of the Usiminas Companies. Revenue is stated net of value-added tax, returns, rebates and discounts and after eliminating sales between the Usiminas Companies.

The Usiminas Companies recognize revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the entity and (iii) when specific criteria have been met for each of the activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Usiminas Companies base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of products

The Usiminas Companies manufacture and sell several products and raw materials, such as flat steels, iron ore and steel stamped parts for the automotive industry, and products for the civil construction and capital asset industries.

Sales revenue is recognized when the significant risks and benefits of the ownership of products are transferred to the customer. The Company's criterion for revenue recognition, therefore, is the date on which the product is delivered to the customer.

(b) Sales of services

The Usiminas Companies render services relating to the transfer of technology in the steel metallurgy industry, project management, the civil construction and capital asset industries, road transportation of flat steels, galvanization of steel via hot dipping and graining and chrome plating of cylinders.

Revenue from services rendered is recognized based on the stage of execution of the services at the balance sheet date.

(c) Revenue from orders in progress

Revenue from orders in progress is recognized under the percentage of completion (POC) method. The revenue is calculated and recorded based on the application, to the updated sales price, of the percentage represented by the ratio of costs incurred to the updated total budgeted cost, adjusted by a provision for recognition of losses on orders in progress, when applicable. Amounts billed in excess of the physical completion of each project are recognized as billed services to be provided, in current liabilities.

The variations between the actual final cost and the total budgeted cost, updated and periodically reviewed, have been maintained within parameters considered reasonable by management. Contracts to order contain equipment manufacture guarantee clauses after the entry into service for variable periods; any costs incurred are absorbed directly in the results of operations.

Revenue from orders in progress is exclusively part of the operations of the subsidiary Usiminas Mecânica, which also sells services. The revenues of Usiminas Mecânica comprise the amounts presented in Note 28.1 as Capital Assets.

(d) Interest income

Interest income is recognized on the accrual basis according to the period incurred, considering the contractual term and using the effective interest method.

3.23 Distribution of dividends and interest on own capital

The distribution of dividends and interest on own capital to the owners of the Company is recognized as a liability in the financial statements at year-end based on the bylaws. Amounts above the minimum mandatory limit established by Law are only recognized when approved by the shareholders.

The tax benefit of interest on own capital is recognized in the statement of operations.

3.24 New accounting standards, amendments and interpretations that are not yet effective

The following new standards, amendments and interpretations of standards were issued by IASB but are not effective for 2012. The early adoption of these standards, although encouraged by IASB, has not been effected in Brazil, by the Brazilian Accounting Pronouncement Committee (CPC).

. IAS 1 - "Presentation of the Financial Statements". The main amendment is the separation of other components of the comprehensive income in two groups: those which will be realized against the result and those which will remain in equity. The amendment to the standard is applicable as from January 1, 2013. The impact estimated for its adoption is only related to disclosure.

. IAS 19 - ""Benefits to Employees" amended in June 2011. This amendment is included in the text of CPC 33 (R1) - "Benefits to Employees". The standard is applicable as from January 1, 2013. The main impacts from the amendment are: (i) immediate recognition of costs of past services in the result. The Company has a credit of past services to be recognized of, approximately, R$20,000; (ii) the replacement of the cost of interest and expected return on the plan assets by an amount of net interest will generate a negative impact on the statement of operations for 2013 in the amount of R$62,000. The standard is applicable as from January 1, 2013.

. IFRS 9 - " Financial Instruments", introduces new requirements for classifying and measuring financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and replaces parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and measured at amortized cost. The determination is carried out at the initial recognition. The classification basis depends on the entity's business model and on the contractual characteristics of financial instrument cash flows. As regards financial liabilities, the standard maintains most of the requirements established by IAS 39. The main change is that in the cases in which the option for fair value is adopted for financial liabilities, the portion of the change in the fair value due to the credit risk of the entity itself is recorded in other comprehensive income and not in the statement of operations, except when resulting in an accounting mismatch. The Usiminas Companies are assessing the total impact of IFRS 9. The standard is applicable as from January 1, 2015.

. IFRS 10 - "Consolidated Financial Statements", included as an amendment to the text of CPC 36 (R3) – "Consolidated Statements". It is based on already existing principles, identifying the concept of control as the predominant factor to determine whether an entity should or should not be included in the consolidated financial statements of the Parent Company. The standard provides additional guidelines for the determination of control. The Company is assessing the total impact of IFRS 10.The standard is applicable as from January 1, 2013.

. IFRS 11 - "Joint agreements", issued in May 2011, and included as an amendment to the text of CPC 19 (R2) – "Joint Business". The standard sets forth more realistic reflections of joint agreements by focusing on the rights and obligations of the agreement instead of its legal form. There are two types of joint agreements: (i) joint operations – occurs when an operator has rights on the assets and contractual obligations and, as a consequence, will record his portion of the assets, liabilities, income and expenses; and (ii) shared control – occurs when an operator has rights on the contract net assets and records the investment on the equity method. The method of proportional consolidation, used in 2012, will no longer be permitted, and the Company will, therefore, not consolidate the jointly controlled Fasal Trading Brazil, Unigal and Usiroll. The impacts on the financial statements can be assessed by referring to the summarized financial statements of these companies, as presented in Note 16 (i) and (ii). From January 1, 2013, the investments in Fasal Trading Brasil (50%), Unigal (70%) and at Usiroll (50%) will be recorded under the equity accounting method.

. IFRS 12 - "Disclosure of interest in other entities", considered in a new pronouncement CPC 45 – "Disclosure of Interest in Other Entities". It deals with the disclosure requirements for all means of interest in other entities, including joint agreements, associations, interest with specific purposes and other interests not recorded in the books of account. The Company is still assessing the total impact of IFRS 12. The standard is applicable as from January 1, 2013.The impact from this standard is basically an increase in disclosure.

. IFRS 13 - "Measurement of fair value", issued in May 2011 and disclosed in a new pronouncement CPC 46 – " Measurement of fair value". The purpose of IFRS 13 is to improve the consistency and reduce the complexity of the measurement at fair value, providing a more accurate definition and one single source of measurement of fair value and its disclosure requirements for use in IFRS. The requirements, which are fairly aligned between IFRS and US GAAP, do not extend the use of accounting at fair value, but provide guidelines on its application when the use is already required or permitted by other IFRS or US GAAP standards. The standard is applicable as from January 1, 2013.The impact from this standard is basically an increase in disclosure.

There are no other CPC/IFRS standards or IFRIC interpretations which are not yet effective that might impact significantly the Usiminas Companies.

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Usiminas Companies make estimates concerning the future, based on assumptions. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Estimated impairment of goodwill

The Usiminas Companies test annually whether goodwill has incurred any impairment, in accordance with the accounting policies stated in Note 3.13. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 18).

In 2012, an impairment loss of R$ 358 (December 31, 2011 – R$5,552) on goodwill was recorded in UGC Modal .

Had the estimated discount rate before tax applied to the discounted cash flows for UGC Modal been 1% higher than the management estimates, the segment would have recognized an additional impairment loss on goodwill of R$3,122.

(b) Income tax and social contribution

The Usiminas Companies are subject to income taxes in all countries in which they operate. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. The Usiminas Companies also recognize provisions in respect of situations in which it is likely that additional amounts of taxes are due. When the final result of these issues differs from the amounts initially estimated and recorded, these differences affect the current and deferred tax assets and liabilities in the period in which the definite amount is determined.

The Usiminas Companies recognize deferred tax assets and liabilities based on the differences between the carrying amounts presented in the financial statements and the tax bases of assets and liabilities utilizing the current rates. The recoverability of deferred tax assets is reviewed on a regular basis considering the historical profit generated and the estimated future taxable income, based on technical feasibility studies.

(c) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market are determined by valuation techniques. The Usiminas Companies utilize its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The sensitivity analyses presented of the financial instruments considers probable changes based on market indices and stress factors of 25% and 50% when compared to the probable scenario (Note 5.4).

(d) Revenue recognition

The subsidiary Usiminas Mecânica utilizes the Percentage-of-Completion (POC) method to account for orders in progress sold at fixed prices, which requires the company to estimate the services rendered to the balance sheet date as a proportion of the total services contracted.

(e) Pension benefits

The present value of the pension obligations depends on various factors that are determined on an actuarial basis utilizing a number of assumptions. The assumptions utilized in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Usiminas Companies determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The Usiminas Companies consider the interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation in determining the appropriate discount rate.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

The Company and certain subsidiaries recognize a liability relating to the debt assumed to cover the insufficiency of reserves.

(f) Provision for contingencies

The Usiminas Companies are parties to several judicial and administrative lawsuits (Note 24). Provisions are recorded for all contingencies relating to lawsuits that represent probable losses. The probability of loss is assessed based on available evidence, which includes the opinions of internal and external legal consultants. Management's opinion is that these contingency provisions and disclosures are appropriately presented in the financial statements.

(g) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on the straight-line method over the assets' useful lives (Note 17). Useful life is estimated based on appraisals of the engineers of the Usiminas Companies and external consultants, and are reviewed on a regular basis. Management's opinion is that the useful lives of property, plant and equipment items are correctly evaluated and presented in the financial statements.

4.2 Critical judgments in the application of the Company’s accounting policies

(a) Segregation of interest and monetary variations related to financial investments and local loans

The Company reassessed the interpretation and accounting of interest and monetary restatements of contracts indexed to the Interbank Deposit Certificate (”CDI”) and Long Term Interest Rate (“TJLP”) and since 2011, has effected the segregation of the Amplified Consumer Price Index (IPCA) from loans and financing and financial investments, the contracted index of which is the Interbank Deposit Certificate (CDI). Consequently, the portion related to IPCA is segregated from the interest on loans and financing and from the remuneration on financial investments and included in the line “Monetary effects” in the “Finance result” (Note 33).

Management believes that this segregation is properly presented in the financial statements.

5 Financial Risk Management

5.1 Financial risk factors

The activities of the Usiminas Companies expose them to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow risk, commodity price risk and steel price risk), credit risk and liquidity risk. The overall risk management program of the Usiminas Companies focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on their financial performance. The Usiminas Companies utilize derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under policies approved by the Finance Committee and Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board of Directors provides written standards and policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Policy for utilization of financial instruments

The financial instruments of the Company and its subsidiaries are recorded in balance sheet accounts. The Usiminas Companies adopt a responsible policy for the management of financial assets and liabilities, which is systematically monitored by the Finance Committee and Board of Directors. The purpose of this policy is to: (i) maintain the intended liquidity, (ii) define the concentration level of operations, and (iii) control the level of exposure to financial market risks. The Companies realize derivative transactions to reduce the volatility of cash flows, monitoring the foreign exchange exposure, a possible mismatch between currencies, commodity prices and others.

The Company and its subsidiaries do not have financial instrument contracts subject to margin calls.

(b) Financial risk management policy

The Usiminas Companies manage their financial risks as a basis for their growth strategy and to assure healthy cash flows. The purpose is to reduce the volatility of cash flows through the management of foreign exchange rates, interest rates and market conditions. The financial risk management is determined by means of internal procedures, which establish risk management strategies and equity protection policies, permitting the realization of hedge transactions, through the decisions of the Finance Committee, created on June 10, 2009. The Usiminas Companies do not carry out speculative transactions. The internal control procedures of the Usiminas Companies facilitate the monitoring, on a consolidated basis, of the finance income (costs) and impacts on cash flows. The main parameters used in the management of these risks are: exchange rates, interest rates and raw material and product prices. Derivative transactions are realized with highly-rated institutions, which are regularly monitored, evaluating limits and exposures to the credit risk of counterparties.

(c) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures with customers, including outstanding trade accounts receivable.

The sales policy is based on the credit standards established by management, which seeks to mitigate potential problems arising from customer defaults. Additionally, a Credit Committee, composed of experts from the finance and sales areas, evaluates and monitors customer risk. The objectives are achieved by a detailed analysis and selection of customers in accordance with their payment capacity, debt index and balance sheets and through the diversification of trade accounts receivable (risk spread).

The Company also recorded a provision for impairment of trade receivables of R$98,382 at December 31, 2012 (December 31, 2011 - R$ 107,868), equivalent to 9.4% (December 31, 2011 – 12.1%) of the outstanding trade accounts receivable at that date . At the consolidated level, this provision amounted to R$116,786 at December 31, 2012 (December 31, 2011 - R$126,149), equivalent to 6.9% of the outstanding trade accounts receivable at that date (December 31, 2011 – 9.1%).

As regards financial and other investments, the policy of the Usiminas Companies is to operate with highly-rated financial institutions. Only securities and notes of entities rated by the international rating agencies as "A-" or higher are accepted. No financial institution holds, alone, more than 20% of the total financial and other investments.

(d) Liquidity risk

The Company adopts a responsible policy for the management of financial assets and liabilities, systematically monitored by the Finance Committee and Board of Directors. The resources are managed through operating strategies, with the purpose of obtaining liquidity, profitability and security.

The policy involves a detailed analysis of the Usiminas Companies financial statements, net equity and rating, to assist the Company to maintain the desired liquidity, define the concentration level of operations, and control the level of exposure to financial market risks and to dilute liquidity risk.

Cash flow forecasting is based on the budget approved by the Board of Directors and subsequent updates. This forecasting takes into consideration, besides all the operating plans, the financing plans required to support the expected investments and the maturity schedules of debt. The compliance with covenants and internal recommendations on leverage levels are also monitored. The Treasury Department monitors daily the forecasts of the Company's direct cash flow to ensure it has sufficient cash to cover operational and investment needs and to meet its obligations. The Company also has credit lines contracted to increase and strengthen its liquidity position.

Cash held by the Usiminas Companies is managed by the Finance Department, which invests in interest-earning current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the above-mentioned forecasts. At December 31, 2012, the Parent Company had short-term funds amounting to R$1,251,103 (December 31, 2011 – R$ 363,586) and marketable securities totaling R$9,137 (December 31, 2011 - R$124,396). At the consolidated level, short-term funds totaled R$3,180,764 (December 31, 2011 - R$2,901,312) and marketable securities amounted to R$1,537,558 (December 31,2011 - R$2,289,383).

The table below analyzes the principal non-derivative financial liabilities of the Usiminas Companies and the realized derivative financial liabilities, by net balance, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their maturities are essential for an understanding of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

All amounts in thousands of reais unless otherwise stated

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Parent Company Over 5 years
At December 31, 2012				
Suppliers, contractors and freight	1,833,050			
Loans and financing	1,768,499	3,381,941	3,974,412	
Debentures	259,410			
Finance lease liabilities	413			
Derivative financial instruments	19,769	36,173	(74,719)	(227,754)
At December 31, 2011				
Suppliers, contractors and freight	1,270,212			
Loans and financing	1,261,522	1,749,961	4,302,578	1,103,932
Debentures	293,260	263,789		
Finance lease liabilities	4,036	835		
Derivative financial instruments	(42,161)	(21,831)	138,392	302,310

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Consolidated Over 5 years
At December 31, 2012				
Suppliers, contractors and freight	2,283,644			
Loans and financing	1,827,834	3,341,425	2,460,483	1,067
Debentures	259,410			
Bonds	27,492	51,799	779,034	
Finance lease liabilities	1,247	841	127	
Derivative financial instruments	(13,036)	11,148	9,100	22,186
At December 31, 2011				
Suppliers, contractors and freight	1,462,373			
Loans and financing	1,347,108	1,823,264	4,453,421	1,162,083
Debentures	293,260	263,789		
Bonds	85,348	85,348	615,731	831,917
Finance lease liabilities	7,549	1,232		
Derivative financial instruments	(42,128)	(19,238)	138,138	302,310

Since the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the balance sheet for, suppliers, contractors and freight, loans and financings, debentures, derivative financial instruments and other obligations.

The Company expects to repay R$953,337 in the first quarter of 2013 in respect of the amounts presented above in the column "Less than 1 year" referring to loans and financing at December 31, 2012.

All amounts in thousands of reais unless otherwise stated

(e) Market risk

(i) Foreign exchange risk

The Usiminas Companies operate internationally and are exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to the US dollar, and to a lesser extent the yen and euro. Foreign exchange risk arises on the recognized assets and liabilities and net investments in foreign operations.

According to the financial policy of the Usiminas Companies, derivative transactions are intended to reduce costs, decrease the cash flow volatility, mitigate foreign exchange volatility risks and avoid currency mismatches.

As a preventive measure and to mitigate the effects of foreign exchange variations, management has adopted the policy of realizing swap and Non-Deliverable Forwards (NDF) operations, and holding foreign currency denominated assets, as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Foreign currency assets				
Cash and cash equivalents	76,310	85,588	179,249	107,213
Marketable securities	9,137	124,396	1,537,558	2,289,383
Trade receivables and current accounts with related parties	155,102	231,694	439,528	244,855
Advances to suppliers	3,421	87,860	3,421	87,860
Derivative financial instruments (i)	246,531	374,753	(29,398)	(125,403)
Investments	1,687,894	2,207,535		
	2,178,395	3,111,826	2,130,358	2,603,908
Foreign currency liabilities				
Loans and financing	(3,953,711)	(4,547,737)	(3,810,426)	(4,248,216)
Suppliers, contractors and freight	(741,560)	(606,751)	(762,769)	(617,061)
Advances from customers	(45,223)	(2,998)	(44,724)	(4,805)
Payables		(5,172)	10,324	(543,965)
	(4,740,494)	(5,162,658)	(4,607,595)	(5,414,047)
Net exposure	(2,562,099)	(2,050,832)	(2,477,237)	(2,810,139)

(i) Net result of swap transactions. The Company's swap contracts in Brazil are registered at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). Offshore transactions are supported by contracts with the International Swaps and Derivatives Association, Inc. (ISDA).

All amounts in thousands of reais unless otherwise stated

Together with the net position of assets and liabilities at December 31, 2012 shown above, it is also important to consider the net balance between the export and import accounts forecast for 2013. Approximately 21% of the net revenue (unaudited) of the Usiminas Companies arises from foreign sales. Consequently, the Company has a natural hedge from a stable source of strong currency, which represented US$1,271,351 thousand (R$2,598,005) (unaudited) in 2012.

The loans and financing and debentures are denominated in the following currencies:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Real	4,161,227	4,389,077	4,344,234	4,514,426
Euro	29,541	35,564	29,541	35,564
U.S. dollar	2,341,716	2,890,357	3,778,033	4,209,729
Yen	1,582,454	1,621,816	2,852	2,923
Total loans, financing and debentures	8,114,938	8,936,814	8,154,660	8,762,642

The sensitivity to exchange rate volatility is presented separately (Note 5.4(b)).

(ii) Cash flow risk or fair value related to interest rate

The interest rate risk arises from loans and financing. Borrowings obtained at floating rates expose the Usiminas Companies to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Companies to fair value interest rate risk.

The Usiminas Companies do not have significant interest-earning assets.

The financial policy of the Usiminas Companies emphasizes that derivative transactions are intended to mitigate the risk by replacing floating rates by fixed rates, or replacing interest rates based on international indices by interest rates based on local currency indices, in accordance with the directives of the Finance Committee.

The borrowings of the Usiminas Companies at floating rates were denominated in reais, US dollar, yen and euro at December 31, 2012 and 2011.

All amounts in thousands of reais unless otherwise stated

The interest rates for loans and financing recorded in current and non-current liabilities can be presented as follows:

	Parent Company				Consolidated			
	31/12/2012	%	12/31/2011	%	12/31/2012	%	12/31/2011	%
Loans and financing								
Fixed interest	1,731,391	21	1,686,101	20	1,497,319	18	1,282,411	15
Long-term Interest Rate (TJLP)	923,052	11	1,057,603	6	959,700	12	1,120,181	13
London Interbank Offered Rate (LIBOR)	2,343,751	29	2,798,469	36	2,501,209	31	2,966,956	34
Interbank Deposit Certificates (CDI)	2,869,615	36	2,789,071	30	2,947,977	36	2,823,255	32
Other	(10,535)		81,151	1	(9,209)		45,420	1
	7,857,274	97	8,412,395	93	7,896,996	97	8,238,223	94
Debentures								
Interbank Deposit Certificates (CDI)	257,664	3	524,419	7	257,664	3	524,419	6
	8,114,938	100	8,936,814	100	8,154,660	100	8,762,642	100

The Company has derivative financial instruments for the management of risks related to the volatility of interest rates of loans and financing denominated in foreign currency, such as locking in the London Interbank Offered Rate (LIBOR) in certain cases. The objective is to minimize oscillations of interest rates on loans and financing in foreign currency and, in some cases, in local currency. Overseas, loans and financing are supported by International Swaps and Derivatives Association, Inc (ISDA) contracts. When operations are contracted locally, they are supported by CGD contracts.

(iii) Commodity price risk and price of steel

This risk arises from the possibility of fluctuations in the price of raw materials and inputs utilized in the production process and in the sales price of steel. Non-Deliverable Forwards (NDF) transactions are contracted to provide economic protection for the Company's exports and imports.

5.2 Capital risk management

The objectives of the Usiminas Companies when managing capital are to safeguard their ability to continue as going concerns in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company could review its policy on dividends paid to stockholders, return capital to stockholders or, also, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Usiminas Companies monitor capital on the basis of gearing ratios. These ratios are calculated as net debt divided by Adjusted EBITDA. Net debt corresponds to total loans and financing amounts payable to Previdência Usiminas – Plan PBD and taxes payable in installments (including current and non-current transactions as shown in the consolidated balance sheet) less cash and cash equivalents and marketable securities.

The strategy of the Usiminas Companies is to maintain the gearing ratio lower than ratios foreseen in the contracts of loans and financings (covenants) and in a credit classification "BBB-".

All amounts in thousands of reais unless otherwise stated

The gearing ratio to Adjusted EBITDA (unaudited) is up to 4.67X on December 31, 2012 (December 31, 2011 – 3.11X).

The Adjusted EBITDA is calculated adding the to the net profit (loss) the result of discontinued operations, the income tax and social contribution, the equity in the results of subsidiaries, jointly-controlled entities and
associates, the financial result, depreciation, amortization and depletion and other additions and deductions.

	Consolidated	
	12/31/2012	**12/31/2011**
Total loans, financing, debentures, Eurobonds, PBD plan debt and taxes payable in installments	8,445,861	9,117,254
Less: cash and cash equivalents and marketable securities	(4,718,322)	(5,190,695)
Net debt	3,727,539	3,926,559
Total equity	18,513,073	19,014,205
Total share capital	22,240,612	22,940,764
Financial leverage ratio	17%	17%

5.3 Fair value estimates

Due to its short-term maturity, the balance of trade receivable less provision for impairment approximates fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Usiminas Companies for similar financial instruments.

For swap and NDF transactions, receivable and payable positions are calculated by the Company in an independent manner utilizing the mark-to-market methodology based on rates practiced and verified in disclosures of the Brazilian Futures and Commodities Exchange (BM&F), Broadcast and Bloomberg websites. If there are no trades for the Company's portfolio maturities, the interpolation methodology is used to calculate the rates related to specific terms. In both cases, the present value of cash flows is calculated. The difference between the amounts payable and receivable is the fair value of the transaction.

(a) Financial instruments measured at fair value in the balance sheet

The Usiminas Companies adopt CPC 40 and IFRS 7 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

All amounts in thousands of reais unless otherwise stated

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the assets and liabilities that were measured at fair value through profit or loss:

(i) Parent Company

			12/31/2012
	Level 1	Level 2	Total balance
Assets			
- Derivative financial instruments		303,796	303,796
Cash and cash equivalents			
- CDBs	1,146,932		1,146,932
Total assets	1,146,932	303,796	1,450,728
Liabilities			
- Derivative financial instruments		57,265	57,265
Total liabilities		57,265	57,265

All amounts in thousands of reais unless otherwise stated

			12/31/2011
	Level 1	Level 2	Total balance
Assets			
- Derivative financial instruments		442,332	442,332
Cash and cash equivalents	248,619		248,619
- CDBs			
Total assets	248,619	442,332	690,951
Liabilities			
- Derivative financial instruments		67,579	67,579
Total liabilities		67,579	67,579

(ii) Consolidated

			12/31/2012
	Level 1	Level 2	Total balance
Assets			
- Derivative financial instruments		336,601	336,601
Cash and cash equivalents			
- CDBs	2,921,917		2,921,917
Total assets	2,943,109	336,601	3,258,518
Liabilities			
- Derivative financial instruments		365,999	365,999
Total liabilities		365,999	365,999

All amounts in thousands of reais unless otherwise stated

			12/31/2011
	Level 1	**Level 2**	**Total balance**
Assets			
- Derivative financial instruments		465,436	465,436
Cash and cash equivalents			
- CDBs	2,721,957		2,721,957
Total assets	2,721,957	465,436	3,187,393
Liabilities			
- Derivative financial instruments		590,839	590,839
Total liabilities		590,839	590,839

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Usiminas Companies is the current bid price. These instruments are included in Level 1, which mainly comprises investments in CDB classified as trading or available-for-sale securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, which maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Usiminas Companies had no financial instruments whose value had been measured by Level 3 at December 31, 2012, December 31, 2011.

Specific valuation techniques utilized to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All amounts in thousands of reais unless otherwise stated

(b) Fair value of loans and financing

The carrying amount of loans and financing, except for transactions in the capital market, approximates fair value. For capital market transactions, such as debentures and bonds, the fair value reflects the value traded in the market. The difference between the carrying amount and market value is calculated in accordance with the rates disclosed in the websites of the Futures and Commodities Exchange (BM&F), Broadcast and Bloomberg, and can be summarized as follows:

				Parent Company
		12/31/2012		12/31/2011
	Carrying amount	Market value	Carrying amount	Market value
Bank loans - foreign currency	2,371,257	2,371,257	2,925,921	2,925,921
Bank loans - local currency	3,903,563	3,903,563	3,864,658	3,864,658
Debentures	257,664	257,664	524,419	524,642
Bonds	1,582,454	1,582,454	1,621,816	1,621,816
	8,114,938	8,114,938	8,936,814	8,937,037

				Consolidated
		12/31/2012		12/31/2011
	Carrying amount	Market value	Carrying amount	Market value
Bank loans - foreign currency	2,556,066	2,556,066	3,096,796	3,096,796
Bank loans - local currency	4,086,570	4,086,570	3,990,007	3,990,007
Debentures	257,664	257,664	524,419	524,642
Bonds	1,254,360	1,283,893	1,151,420	1,133,824
	8,154,660	8,184,193	8,762,642	8,745,269

The market values of loans and financing did not differ significantly from their carrying amounts, since they were contracted and recorded based on rates and conditions practiced in the market for transactions of a similar nature, risk and terms.

All amounts in thousands of reais unless otherwise stated

(c) Other financial assets and liabilities

The fair values of other financial assets and liabilities did not significantly differ from their carrying amounts, as they were negotiated and are recorded at rates and conditions practiced in the market for transactions of a similar nature, risk and term.

5.4 Sensitivity analysis

In the preparation of the sensitivity analysis for derivative financial instruments, the Company utilized the quotations in the financial market, provided by financial institutions and financial information providers (Broadcast, Bloomberg, BM&F). These quotations were utilized for the calculation of the future amounts of swap transactions and NDF for the scenario considered as "probable" by Management. Additionally, scenarios II and III were calculated based on deterioration of 25% and 50%, respectively, from the risk level considered as probable by management.

(a) Exchange rate and interest risk

(i) Parent Company

				12/31/2012
				Gain(Loss)
Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
Swap	Increase in CDI	15.723	13.532	11.365
Swap	Decrease in LIBOR	(32.335)	(34.227)	(36.119)
Swap	Decrease in Zinc	640	(803)	(2.247)
NDF	Increase in US$	2.953	(79.955)	(162.862)

				12/31/2011
				Gain(Loss)
Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
Swap	Increase in CDI	(8.897)	(25.269)	(41.676)
Swap	Decrease in LIBOR	(40.287)	(45.977)	(51.668)
Swap	Decrease in Zinc	(1.403)	(3.206)	(5.009)
NDF	Increase in US$	(814)	(37.914)	(75.015)

All amounts in thousands of reais unless otherwise stated

(ii) Consolidated

Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
				12/31/2012
				Gain(Loss)
Swap	Increase in CDI	14.863	12.037	9.234
Swap	Decrease in LIBOR	(32.335)	(34.227)	(36.119)
Swap	Decrease in Zinc	640	(803)	(2.247)
NDF	Increase in US$	2.953	(79.955)	(162.862)

Transaction	Risk	Probable Scenario I	Scenario II	Scenario III
				12/31/2011
				Gain(Loss)
Swap	Increase in CDI	(4.526)	(21.323)	(38.150)
Swap	Decrease in LIBOR	(40.287)	(45.977)	(51.668)
Swap	Decrease in Zinc	(1.403)	(3.206)	(5.009)
NDF	Increase in US$	(814)	(37.914)	(75.015)

(b) Sensitivity analysis of loans and financing

(i) Parent Company

Sensitivity Analysis - Loans and Financing **12/31/2012**

	Probable Scenario I	Scenario II	Scenario III
USD	2.0435	2.5544	3.0653
EUR	2.6954	3.3693	4.0431
JPY	0.0237	0.0297	0.0356

Transaction	Risk	Saldo	Probable Scenario I	Scenario II	Scenario III
Loans ans financial linked to USD	Aprecciation of the USD	2,341,716	2,341,716	2,927,145	3,512,574
Loans ans financial linked to EUR	Aprecciation of the EUR	29,541	29,541	36,926	44,312
Loans ans financial linked to JPY	Aprecciation of the JPY	1,582,454	1,582,454	1,978,068	2,373,681

Sensitivity Analysis - Loans and Financing **12/31/2011**

	Probable Scenario I	Scenario II	Scenario III
USD	1.8758	2.3448	2.8137
EUR	2.4342	3.0428	3.6513
JPY	0.0243	0.0304	0.0365

Transaction	Risk	Saldo	Probable Scenario I	Scenario II	Scenario III
Loans ans financial linked to USD	Aprecciation of the USD	2,890,357	2,890,357	3,612,946	4,335,536
Loans ans financial linked to EUR	Aprecciation of the EUR	35,564	35,564	44,455	53,346
Loans ans financial linked to JPY	Aprecciation of the JPY	1,621,816	1,621,816	2,027,270	2,432,724

All amounts in thousands of reais unless otherwise stated

(ii) Consolidated

Sensitivity Analysis - Loans and Financing — **12/31/2012**

	Probable Scenario I	Scenario II	Scenario III
USD	2.0435	2.5544	3.0653
EUR	2.6954	3.3693	4.0431
JPY	0.0237	0.0297	0.0356

Transaction	Risk	Saldo	Probable Scenario I	Scenario II	Scenario III
Loans ans financial linked to US$	Aprecciation of the USD	3,778,033	3,778,033	4,722,541	5,667,050
Loans ans financial linked to EUR	Aprecciation of the EUR	29,541	29,541	36,926	44,312
Loans ans financial linked to JPY	Aprecciation of the JPY	2,852	2,852	3,565	4,278

Sensitivity Analysis - Loans and Financing — **12/31/2011**

	Probable Scenario I	Scenario II	Scenario III
USD	1.8758	2.3448	2.8137
EUR	2.4342	3.0428	3.6513
JPY	0.0243	0.0304	0.0365

Transaction	Risk	Saldo	Probable Scenario I	Scenario II	Scenario III
Loans ans financial linked to US$	Aprecciation of the USD	4,209,729	4,209,729	5,262,161	6,314,594
Loans ans financial linked to EUR	Aprecciation of the EUR	35,564	35,564	44,455	53,346
Loans ans financial linked to JPY	Aprecciation of the JPY	2,466	2,466	3,654	4,385

Considering foreign exchange variations of 5% in relation to the Real, the impact of this variation on loans and financing would be R$197,686 (December 31,2011 – R$277,387) in the Company and R$190.521 (December 31,2011 – R$212,411) in Consolidated.

The net balance of trade receivables, financial investments and payables in foreign currency are not material and, therefore, do not represent significant risks arising from the foreign exchange volatility.

6 Derivative Financial Instruments

The Company carries out swap and Non Deliverable Forwards (NDF) transactions with the objective of hedging and managing risks inherent to the volatility of foreign currencies, interest rates, prices and others. These transactions aim at mitigating exposure to foreign exchange risks and abrupt changes in the prices of commodities (aluminum, zinc, copper and nickel). The Company does not enter into financial instrument transactions for speculative purposes. The Company generally does not settle its transactions prior to their respective original due dates and does not prepay its derivative financial instruments.

All amounts in thousands of reais unless otherwise stated

The transactions with derivative financial instruments can be summarized as follows:

(a) Parent Company

	Maturity month/year	INDEX		NOTIONAL VALUE (contracted value - Notional)				FAIR VALUE (MARKET) -BOOK				Gain (loss) in the result for the period
		12/31/2012		12/31/2012		12/31/2011		12/31/2012		12/31/2011		12/31/2012
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Asset position	Liability position
EXCHANGE RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	Libor + 4% p.a	100% CDI	US$ 30,000	US$ 30,000	US$ 70,000	US$ 70,000	2,953	(3,156)	6,737	(12,816)	(556)
Prepayment Citibank	10/09 to 03/15	Libor + 1.35% p.a.	4.23% p.a.	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	562,400	(580,443)	555,126	(580,281)	(6,033)
Prepayment HSBC	10/09 to 03/13	Libor + 1.10% p.a.	3.3375%	US$ 128,871	US$ 128,871	US$ 300,000	US$ 300,000	175,753	(176,950)	483,124	(489,146)	(1,858)
Banco do Brasil S.A	05/10 to 03/13	Pre fixed rate 11.48% p.a.	98% CDI	R$300.00	R$300.00	R$300.00	R$300.00	407,379	(387,904)	367,894	(357,599)	9,180
MERRIL LYNCH	09/10 to 03/17	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	193,591	(204,104)	168,468	(176,610)	(5,328)
ABN AMRO	01/08 to 01/18	Yen + 4.1165% p.a.	Dollar + 7.34% p.a.	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1,217,765	(1,070,078)	1,191,394	(934,863)	(20,245)
ABN AMRO	06/06 to 06/16	Yen + 4.275% p.a	Dollar + 8.25% p.a.	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	617,158	(510,708)	615,282	(457,413)	(161,216)
Bradesco	10/12 to 01/13	US dollar at 2.0702	Sale PTAX	US$66,369	US$66,369			136,993	(135,630)			1,363
Votorantim	10/12 to 02/13	US dollar at 2.0800	Sale PTAX	US$20,824	US$20,824			42,944	(42,747)			197
Credit Agricole	11/12 to 02/13	US dollar at 2.0789	Sale PTAX	US$39,746	US$39,746			81,922	(81,590)			332
Hsbc	11/12 to 03/13	US dollar at 2.0857	Sale PTAX	US$34,159	US$34,159			70,251	(69,903)			348
								3,509,109	(3,263,213)	3,388,025	(3,008,728)	(183,816)
Accounting balance (net asset or liability position)									245,896		379,297	(183,816)
Result from settled transactions												(439)
Result for the period - Financial expenses												(184,255)
HEDGING OF PRODUCT PRICE - NDF												
HSBC Bank	01/17/2012	US dollar at 1.843	Sale PTAX			USD 3,410	USD 3,410			6,255	(6,361)	
HSBC Bank	02/15/2012	US dollar at 1.843	Sale PTAX			USD 35,378	USD 35,378			64,360	(66,100)	
Goldman Sacks	01/17/2012	US dollar at 1.8408	Sale PTAX			USD 8,328	USD 8,328			15,258	(15,536)	
MERRIL LYNCH	02/15/2012	US dollar at 1.8513	Sale PTAX			USD 13,989	USD 13,989			25,565	(26,138)	
MERRIL LYNCH	03/15/2012	US dollar at 1.8609	Sale PTAX			USD 14,191	USD 14,191			25,873	(26,502)	
Citibank	03/15/2012	US dollar at 1.9382	Sale PTAX			USD 4,368	USD 4,368			8,295	(8,029)	
								-	-	145,606	(148,666)	-
Accounting balance (net asset or liability position)									-		(3,060)	-
Result from settled transactions												12,834
Result for the period - Financial income												12,834
HEDGING OF PRODUCT PRICE - COMMODITIES												
SANTANDER SA (ZINCO)	1/31/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 1,387	USD 1,387			1,879	(2,602)	
Citibank (ZINCO)	3/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 1,412	USD 1,412			1,926	(2,649)	
Barclays (ZINCO)	2/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			273	(277)	
Barclays (ZINCO)	3/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			274	(277)	
Barclays (ZINCO)	4/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			275	(277)	
Barclays (ZINCO)	5/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			276	(280)	
Barclays (ZINCO)	6/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			276	(280)	
Barclays (ZINCO)	7/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			277	(280)	
Barclays (ZINCO)	8/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			278	(283)	
Barclays (ZINCO)	9/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			279	(283)	
Barclays (ZINCO)	10/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			280	(283)	
Barclays (ZINCO)	11/5/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			281	(284)	
Barclays (ZINCO)	12/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			282	(284)	
Barclays (ZINCO)	1/3/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			283	(284)	
BRADESCO S.A. (ZINCO)	2/28/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1,312	USD 1,312			3,003	(2,681)			320
ABC BRASIL S.A. (ZINCO)	2/1/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1,310	USD 1,310			2,991	(2,678)			314
TOTAL								5,994	(5,359)	7,139	(8,623)	634
Accounting balance (net asset or liability position)									635		(1,484)	634
Result from settled transactions												(980)
Result for the period - Financial expenses												(346)
Accounting balance (net asset or liability position)									**246,531**		**374,753**	**(183,182)**
Result from settled transactions												**11,415**
Result for the period - Financial expenses												**(171,767)**

All amounts in thousands of reais unless otherwise stated

(b) Consolidated

	Maturity month/year	INDEX		NOTIONAL VALUE (contracted value - Notional)				FAIR VALUE (MARKET) -BOOK				Gain (loss) in the result for the period
		12/31/2012		12/31/2012		12/31/2011		12/31/2012		12/31/2011		12/31/2012
		Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Asset position	Liability position
EXCHANGE RATES HEDGE (SWAP)												
Credit Suisse	02/09 to 02/14	Libor + 4% p.a	100% CDI	US$ 30,000	US$ 30,000	US$ 70,000	US$ 70,000	2,953	(3,156)	6,737	(12,816)	(556)
Prepayment Citibank	10/09 to 03/15	Libor + 1.35% p.a.	4.23% p.a.	US$ 300,000	US$ 300,000	US$ 300,000	US$ 300,000	562,400	(580,443)	555,126	(580,281)	(6,033)
Prepayment HSBC	10/09 to 03/13	Libor + 1.10% p.a.	3.3375%	US$ 128,871	US$ 128,871	US$ 300,000	US$ 300,000	175,753	(176,950)	483,124	(489,146)	(1,858)
Banco do Brasil S.A	05/10 to 03/13	Pre fixed rate 11.48% p.a.	98% CDI	R$300.00	R$300.00	R$300.00	R$300.00	407,379	(387,904)	367,894	(357,599)	9,180
MERRIL LYNCH	09/10 to 03/17	Libor + 0.83%	3.05% p.a.	US$ 96,000	US$ 96,000	US$ 96,000	US$ 96,000	193,591	(204,104)	168,468	(176,610)	(5,328)
ABN AMRO	01/08 to 01/18	Yen + 4.1165% p.a.	Dollar + 7.34% p.a.	JPY 42,952,000	US$ 400,000	JPY 42,952,000	US$ 400,000	1,217,765	(1,070,078)	1,191,394	(934,863)	(20,245)
ABN AMRO	06/06 to 06/16	Yen + 4.275% p.a	Dollar + 8.25% p.a.	JPY 22,800,000	US$ 200,000	JPY 22,800,000	US$ 200,000	617,158	(510,708)	615,282	(457,413)	(161,216)
Bradesco	10/12 to 01/13	US dollar at 2.0702	Sale PTAX	US$66,369	US$66,369			136,993	(135,630)			1,363
Votorantim	10/12 to 02/13	US dollar at 2.0800	Sale PTAX	US$20,824	US$20,824			42,944	(42,747)			197
Credit Agricole	11/12 to 02/13	US dollar at 2.0789	Sale PTAX	US$39,746	US$39,746			81,922	(81,590)			332
Hsbc	11/12 to 03/13	US dollar at 2.0857	Sale PTAX	US$34,159	US$34,159			70,251	(69,903)			348
ABN AMRO	06/06 to 06/16	US dollar + 8.25 p.a.	Yen + 4.275 % p.a.	US$200,000	JPY 22,800,000	US$200,000	JPY 22,800,000	517,346	(627,699)	492,767	(673,122)	167,346
ABN AMRO	01/08 to 01/18	US dollar + 7.25 p.a.	Yen + 4.1165 % p.a.	US$400,000	JPY42,952,000	US$400,000	JPY42,952,000	1,101,834	(1,270,604)	1,028,656	(1,352,657)	79,307
ITAU BBA	06/11 to 06/14	3.7 % p.a	106.50% CDI	US$24,000	US$24,000	US$30,000	US$30,000	23,172	(19,978)	36,126	(31,926)	17
								5,151,461	(5,181,494)	4,945,574	(5,066,433)	62,854
				Accounting balance (net asset or liability position)					(30,033)		(120,859)	62,854
											Result from settled transactions	(439)
											Result for the period - Financial income	62,415
HEDGING OF PRODUCT PRICE - NDF												
HSBC Bank	01/17/2012	US dollar at 1.843	Sale PTAX			USD 3,410	USD 3,410			6,255	(6,361)	
HSBC Bank	02/15/2012	US dollar at 1.843	Sale PTAX			USD 35,378	USD 35,378			64,360	(66,100)	
Goldman Sacks	01/17/2012	US dollar at 1.8408	Sale PTAX			USD 8,328	USD 8,328			15,258	(15,536)	
MERRIL LYNCH	02/15/2012	US dollar at 1.8513	Sale PTAX			USD 13,989	USD 13,989			25,565	(26,138)	
MERRIL LYNCH	03/15/2012	US dollar at 1.8609	Sale PTAX			USD 14,191	USD 14,191			25,873	(26,502)	
Citibank	03/15/2012	US dollar at 1.9382	Sale PTAX			USD 4,368	USD 4,368			8,295	(8,029)	
								-	-	145,606	(148,666)	-
				Accounting balance (net asset or liability position)					-		(3,060)	-
											Result from settled transactions	12,834
											Result for the period - Financial income	12,834
HEDGING OF PRODUCT PRICE - COMMODITIES												
SANTANDER SA (ZINCO)	1/31/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 1,387	USD 1,387			1,879	(2,602)	
Citibank (ZINCO)	3/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 1,412	USD 1,412			1,926	(2,649)	
Barclays (ZINCO)	2/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			273	(277)	
Barclays (ZINCO)	3/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			274	(277)	
Barclays (ZINCO)	4/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 148	USD 148			275	(277)	
Barclays (ZINCO)	5/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			276	(280)	
Barclays (ZINCO)	6/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			276	(280)	
Barclays (ZINCO)	7/3/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 149	USD 149			277	(280)	
Barclays (ZINCO)	8/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			278	(283)	
Barclays (ZINCO)	9/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			279	(283)	
Barclays (ZINCO)	10/2/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			280	(283)	
Barclays (ZINCO)	11/5/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			281	(284)	
Barclays (ZINCO)	12/4/2012	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			282	(284)	
Barclays (ZINCO)	1/3/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax			USD 151	USD 151			283	(284)	
BRADESCO S.A. (ZINCO)	2/28/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1,312	USD 1,312			3,003	(2,681)			320
ABC BRASIL S.A. (ZINCO)	2/1/2013	Average price (Zn) x Ptax	Call position (Zn) x Ptax	USD 1,310	USD 1,310			2,991	(2,678)			314
TOTAL								5,994	(5,359)	7,139	(8,623)	634
				Accounting balance (net asset or liability position)					635		(1,484)	634
											Result from settled transactions	(980)
											Result for the period - Financial expenses	(346)
				Accounting balance (net asset or liability position)					**(29,398)**		**(125,403)**	**63,488**
											Result from settled transactions	**11,415**
											Result for the period - Financial income	**74,903**

All amounts in thousands of reais unless otherwise stated

The carrying amounts of the derivative financial instruments are presented below:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current assets	22,440	10,560	50,093	29,464
Non-current assets	281,356	431,772	286,508	435,972
Current liabilities	(42,209)	(43,589)	(42,209)	(43,589)
Non-current liabilities	(15,056)	(23,990)	(323,790)	(547,250)
	246,531	374,753	(29,398)	(125,403)

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cost of sales and services	(346)	(9,970)	(346)	(9,970)
Other operating income (expenses), net	12,834	(3,877)	12,834	(3,877)
Finance income (costs)	(184,255)	58,622	62,415	(20,097)
	(171,767)	44,775	74,903	(33,944)

(c) Hedge activities – cash flow hedge (hedge accounting*)*

On August 1, 2011, the Company designated some prepayments of export as hedging instruments against part of the foreign exchange risk arising from future highly probable transactions (exports) and decided to discontinue the hedge accounting of exports as from October 1, 2012. Consequently, the balance recognized in Equity at December 31, 2012 of R$121,597 (December 31, 2011 - R$143,735), will not be affected by the foreign exchange rates variations and will be recognized in the Company's results in accordance with the realization of exports defined as hedging instruments (Note 3.7 (c))**.**

All amounts in thousands of reais unless otherwise stated

Presented below are the prepayment of exports transactions designated as hedging instruments:

				Parent Company and Consolidated	
				Principal balance	
	Nominal value US$ thousands	Interest rate	maturity	12/31/2012	12/31/2011
BNP Paribas		Libor + 1.25% p.a.	2012		13,643
Club Deal (Mizuho, Tokio Mitsubishi, West LB)		Libor + 0.65% p.a.	2012		112,548
Credit Suisse	30,000	Libor + 4% p.a.	2014	61,305	93,790
Bawag PSK		Libor + 2.317% p.a.	2012		13,534
Syndicate (HSBC)	358,442	Libor + 1.1% to 1.35% p.a.	2012 to 2015	732,476	1,045,089
	388,442			793,781	1,278,604
In current liabilities				438,954	493,692
In non current liabilities				354,827	784,912

The recognition of hedge accounting in equity can be presented as follows:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Amount recognized in equity	(143,735)	(229,714)
Amount reversed from equity	33,543	11,933
Taxes on deferred profit (34%)	(11,405)	74,046
Balance of hedge accounting in equity	(121,597)	(143,735)

Up to the date of discontinuance of hedge accounting, the Company effected prospective and retrospective tests of effectiveness in accordance with IAS 29/CPC 38. These tests showed 100% effectiveness for operations of export prepayments defined as hedging instruments, as well as for exports defined as hedged.

All amounts in thousands of reais unless otherwise stated

7 Financial Instruments by Category

(a) Parent Company

						Parent Company
			12/31/2012			12/31/2011
	Loans and receivables	Assets at fair value through profit or loss	Total	Loans and receivables	Assets at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	104,171	1,146,932	1,251,103	114,967	248,619	363,586
Marketable securities	9,137		9,137	124,396		124,396
Trade receivables	949,368		949,368	783,520		783,520
Financial instruments - swap		303,796	303,796		442,332	442,332
Other receivables (excluding prepayments)	114,557		114,557	144,456		144,456
	1,177,233	1,450,728	2,627,961	1,167,339	690,951	1,858,290

						Parent Company
			12/31/2012			12/31/2011
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities						
Loans, financing and debentures		8,114,618	8,114,618		8,933,731	8,933,731
Finance lease liabilities		320	320		3,083	3,083
Financial instruments – swap	57,265		57,265	67,579		67,579
Suppliers, contractors and freight		1,833,050	1,833,050		1,270,212	1,270,212
	57,265	9,947,988	10,005,253	67,579	10,207,026	10,274,605

All amounts in thousands of reais unless otherwise stated

(b) Consolidated

						Consolidated
			12/31/2012			12/31/2011
	Loans and receivables	Assets at fair value through profit or loss	Total	Loans and receivables	Assets at fair value through profit or loss	Total
Assets						
Cash and cash equivalents	258,847	2,921,917	3,180,764	179,355	2,721,957	2,901,312
Marketable securities	1,537,558		1,537,558	2,289,383		2,289,383
Trade receivables	1,568,085		1,568,085	1,254,435		1,254,435
Financial instruments - swap		336,601	336,601		465,436	465,436
Other receivables (excluding prepayments)	172,792		172,792	304,881		304,881
	3,537,282	3,258,518	6,795,800	4,028,054	3,187,393	7,215,447

						Consolidated
			12/31/2012			12/31/2011
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Liabilities						
Loans, financing and debentures		8,154,340	8,154,340		8,755,998	8,755,998
Finance lease liabilities		320	320		6,644	6,644
Financial instruments – swap	365,999		365,999	590,839		590,839
Suppliers, contractors and freight		2,283,644	2,283,644		1,462,373	1,462,373
	365,999	10,438,304	10,804,303	590,839	10,225,015	10,815,854

All amounts in thousands of reais unless otherwise stated

8 Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Trade receivables				
Counterparties with external credit rating				
AAA to AA	17,278	12,960	158,537	12,960
BBB to B	78,733	37,051	620,652	126,704
	96,011	50,011	779,189	139,664
Counterparties without external credit rating				
Group 1	35,870	10,205	45,431	39,660
Group 2	415,334	593,408	140,654	733,419
Group 3	402,153	129,896	602,811	341,692
	853,357	733,509	788,896	1,114,771
	949,368	783,520	1,568,085	1,254,435

- Group 1 - new customers/related parties (less than 6 months).
- Group 2 - existing customers/related parties (more than 6 months) with no defaults in the past, or default of up to 90 days.
- Group 3 - existing customers/related parties (more than 6 months) with past defaults of more than 90 days. All defaults were fully recovered.

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current account and short term bank deposits				
AAA	1,148,033	317,076	2,599,812	2,388,257
AA+	32,865	8,347	415,042	427,509
AA				
AA-	19,956	18,386	64,694	65,291
A+	50,249	19,727	88,468	19,743
Other		50	12,748	512
	1,251,103	363,586	3,180,764	2,901,312

All amounts in thousands of reais unless otherwise stated

	Parent Company		Consolidated	
	12/31/2011	12/31/2012	12/31/2012	12/31/2011
Marketable securities				
AAA	9,137	99,809	778,369	1,758,212
AA		24,587	450,907	271,426
A				14,642
A+			308,282	245,103
	9,137	124,396	1,537,558	2,289,383

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Derivative financial assets				
AAA	302,847	442,332	335,652	465,436
AA+	197		197	
Other	752		752	
	303,796	442,332	336,601	465,436

The ratings derived from external classifications were obtained from the ratings agencies (Standard & Poor's, Moody's, Fitch).

None of the financial assets that were fully performing were renegotiated in the last year.

None of the loans to related parties was overdue or impaired.

All amounts in thousands of reais unless otherwise stated

9 Cash and Cash Equivalents

Cash and cash equivalents include financial assets:

Parent Company

	12/31/2012			12/31/2011		
	Loans and receivables	Fair value through profit/loss	Total	Loans and receivables	Fair value through profit/loss	Total
Bank current accounts	27,861		27,861	29,379		29,379
Foreign bank current accounts	48,647		48,647	12,223		12,223
Bank deposit certificates (CDB) (*)		1,146,932	1,146,932		248,619	248,619
Foreign financial investments (Time Deposit)	27,663		27,663	73,365		73,365
	104,171	1,146,932	1,251,103	114,967	248,619	363,586

(*) See Note 16 (d) (ii) – in 2012, a resource inflow occurred due to the reduction of capital of foreign subsidiaries

Consolidated

	12/31/2012			12/31/2011		
	Loans and receivables	Fair value through profit/loss	Total	Loans and receivables	Fair value through profit/loss	Total
Bank current accounts	79,598		79,598	72,142		72,142
Foreign bank current accounts	64,480		64,480	33,846		33,846
Bank deposit certificates (CDB) (*)		2,921,917	2,921,917		2,721,957	2,721,957
Foreign financial investments (Time Deposit)	114,769		114,769	73,367		73,367
	258,847	2,921,917	3,180,764	179,355	2,721,957	2,901,312

Financial investments in bank certificates and deposits have immediate liquidity and earn interest at rates between 90% and 103 % of the CDI rate.

The fair value of CDBs is based on a percentage of the CDI. The CDI rates are obtained from the Clearing House for the Custody and Financial Settlement of Securities (CETIP).

The Usiminas Companies did not have overdraft accounts.

All amounts in thousands of reais unless otherwise stated

10 Marketable Securities

Marketable securities include financial assets:

	Parent Company	
	12/31/2012	12/31/2011
	Loans and receivables	Loans and receivables
Financial investments abroad (Time deposits)		124,396
Bank deposit certificates (CDB)	9,137	
	9,137	124,396

	Consolidated	
	Loans and receivables	Loans and receivables
Financial investments abroad (Time deposits)	1,528,421	2,289,383
Bank deposit certificates (CDB)	9,137	
	1,537,558	2,289,383

The investments in CDBs are linked to a variation of from 90% to 103% of CDI. Financial investments abroad are remunerated at fixed interest rates plus foreign exchange variations.

The maximum exposure to credit risk at the reporting date was the carrying value of the debt securities classified as available for sale.

None of these financial assets was either past due or impaired.

All amounts in thousands of reais unless otherwise stated

11 Trade Receivables

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Brazilian customers	607,049	517,997	1,228,402	1,124,237
Foreign customers	142,854	144,948	298,815	238,468
Provision for impairment	(98,382)	(107,868)	(116,786)	(126,149)
Trade receivables, net	651,521	555,077	1,410,431	1,236,556
Receivables from related parties	297,847	228,443	157,654	17,879
	949,368	783,520	1,568,085	1,254,435

The accounts receivable do not have financing characteristics and are initially evaluated and recorded at fair value.

Trade receivables at December 31, 2012 in the amounts of R$248,554 in the Parent Company and R$366,609 in Consolidated were overdue, but not impaired (December 31, 2011 – R$ 165,614 and R$ 315,450, respectively, in consolidated).These accounts referred to various independent clients who had no recent history of default.

Trade receivables at December 31, 2012 in the amounts of R$ 98,382 in the Parent Company and R$ 116,786 in Consolidated were impaired and provisioned (December 31, 2011 – R$ 107,868 and R$ 126,149, respectively, in consolidated).

The aging analysis of trade receivables is as follows:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Not yet due	700,814	617,906	1,201,476	938,985
Past due:				
Up to 30 days	201,061	119,378	302,806	174,694
Between 31 and 60 days	20,477	5,997	24,264	54,723
Between 61 and 90 days	5,525	10,209	11,919	16,933
Between 91 and 180 days	13,839	28,494	16,267	47,580
Over 181 days	106,034	109,404	128,139	147,669
(-)Provision for impairment	(98,382)	(107,868)	(116,786)	(126,149)
	949,368	783,520	1,568,085	1,254,435

All amounts in thousands of reais unless otherwise stated

The accounts receivable were denominated in the following currencies:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Real	794,266	552,136	1,245,473	1,009,890
U.S. Dollar	151,240	227,664	318,720	240,825
Euro	3,862	3,720	3,892	3,720
	949,368	783,520	1,568,085	1,254,435

The changes in the provision for impairment of trade receivables were as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Opening balance at January 1	(107,868)	(51,233)	(126,149)	(71,156)
Provision for impairment	9,486	(56,635)	9,363	(54,993)
Closing balance at December	(98,382)	(107,868)	(116,786)	(126,149)

The constitution and reversal of the provision for impairment of trade receivables were included in “Other operating expenses” in the statement of operations. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the financial statement date was the carrying value of each class of receivable mentioned above, before the provision for impairment. The Usiminas Companies did not hold any security as guarantee for trade accounts receivable.

12 Inventories

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Finished goods	799,618	1,143,730	1,017,748	1,463,147
Work in progress	953,396	1,706,518	999,910	1,752,084
Raw materials	511,677	514,088	875,478	857,639
Supplies and spare parts	603,674	729,966	710,943	807,774
Imports in transit	35,654	108,890	42,316	109,184
Other	81,201	60,481	133,787	69,048
	2,985,220	4,263,673	3,780,182	5,058,876

All amounts in thousands of reais unless otherwise stated

The Company recorded a provision for reduction to market value and for obsolescence of items in inventories at December 31, 2012 in the amount of R$74,288 (December 31, 2011 - R$30,516). In Consolidated, this provision amounted to R$77,564 (December 31,2011 - R$43,481).

The increase in the provision at December 31, 2012 generated a negative effect on the cost of sales in the statement of operations in the amount of R$43,772 (December 31, 2011 - credit of R$31,861). In Consolidated, this effect amounted to R$34,083 (December 31, 2011 - credit of R$38,934).

At December 31, 2012, the Company had inventories in the amount of R$15,547 (December 31,2011 - R$17,463) which we offered as collateral in lawsuits

13 Taxes Recoverable

				Parent Company
		12/31/2012		12/31/2011
	Current	Non-current	Current	Non-current
Prepayments of income tax	6,093		86,926	
Prepayments of social contribution	776		70,040	
Social Integration Program (PIS)	24,124	276	67,331	2,480
Social Contribution on Revenues (COFINS)	111,409	1,270	305,338	11,425
Value-added Tax on Sales and Services (ICMS)	185,747	56,807	110,464	95,165
Export Credit – Reintegra (*)	37,626			
Other	3,903	11,710	6,061	14,311
	369,678	70,063	646,160	123,381

				Consolidated
		12/31/2012		12/31/2011
	Current	Non-current	Current	Non-current
Prepayments of income tax	15,010		117,529	
Prepayments of social contribution	4,269		79,506	
Social Integration Program (PIS)	24,845	572	80,049	2,929
Social Contribution on Revenues (COFINS)	114,946	2,637	321,261	13,495
Value-added Tax on Sales and Services (ICMS)	253,335	117,377	156,618	123,847
Export Credit – Reintegra (*)	37,626			
Other	35,501	11,865	44,672	14,466
	485,532	132,451	799,635	154,737

(*) Refers to the Special Regime of Reintegration of Tax Amounts for Export Companies (Reintegra), whose purpose is to reimburse amounts arising from residual tax costs assessed in the productive chain of export companies. Reintegra was instituted by the Provisional Measure 540/2011 and regulated by Decree 7633/2011. Its calculation basis represents 3% of export revenue.In 2012, the Reintegra , initially in force until 2012, was extended until December 2013, through the Provisional Measure 601/2012 of December 28, 2012.

All amounts in thousands of reais unless otherwise stated

14 Income tax and social contribution

(a) Taxes on results

The effective income tax (IRPJ) and the social contribution (CSLL) differs from the amount which would be obtained using the statutory income tax and social contribution nominal rates applicable to profit before taxation, at the Parent Company and consolidated levels, as follows:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit (loss) before income tax and social contribution	(931,089)	110,395	(641,106)	642,804
Statutory rates of tax	34%	34%	34%	34%
IRPJ and CSLL at statutory rates	316,570	(37,534)	217,976	(218,553)
Adjustments to determine the effective IRPJ and CSLL:				
Equity in the results of investees (25% and 9%)	238,159	302,553	20,797	22,769
Interest on own capital (25% and 9%)		27,739		27,739
Permanent deductions (additions) (25% and 9%)	(277,622)	(30,999)	(279,387)	(34,955)
Tax incentive			4,505	6,622
Non-taxable profit of subsidiaries abroad			125,574	91,604
Adjustments to the Tax Return of prior years (*)	18,087	(14,158)	15,991	(11,554)
Other	(3,679)		4,350	2,576
IRPJ and CSLL	291,515	247,601	109,806	(113,752)
Current	27,041	7,924	(168,316)	(340,583)
Deferred	264,474	239,677	278,122	226,831
IRPJ and CSLL credit (expense)	291,515	247,601	109,806	(113,752)

(*) Corporate Annual Income Tax Return.

The differences between the tax bases of assets and liabilities and those recorded under IFRS and CPC were recognized as temporary differences for the purposes of accounting for deferred taxes, with a corresponding entry to expenses (or income) in the statement of operations.

There were no current tax items presented to equity in these financial statements.

All amounts in thousands of reais unless otherwise stated

(b) Deferred income tax and social contribution

The balances and changes in deferred income tax and social contribution on assets and liabilities, at the statutory rates, can be presented as follows:

(i) Parent Company

	12/31/2011	Comprehensive income	Recognized in the result	12/31/2012
Assets				
Income tax and social contribution				
Tax losses	715,429		170,585	886,014
Temporary provisions				
Actuarial liabilities	341,349		51,167	392,516
Contingent liabilities	65,696		38,363	104,059
Provision for impairment of trade receivables	19,248		(18,476)	772
Provision for adjustment of inventories			25,259	25,259
Unrealized profit in inventories	5,024		(815)	4,209
Interest on own capital	27,736		(27,736)	
Hedge accounting			62,642	62,642
Provision for profit sharing			21,820	21,820
Foreign exchange variations on loans and financing			59,931	59,931
Other	13,024		3,796	16,820
Total assets	1,187,506		386,536	1,574,042
Liabilities				
Income tax and social contribution				
Deferred foreign exchange variations	155,221		(34,239)	120,982
Accelerated tax depreciation	39,521		(4,633)	34,888
Actuarial adjustments		(129,181)	129,181	
Hedge accounting		11,405	(11,405)	
Tax rate depreciation	228,341			228,341
Temporary difference on adjustments - Law 11,638	(20,313)		52,021	31,708
Adjustment to property, plant and equipment	108,144		(8,863)	99,281
Total liabilities	510,914	(117,776)	122,062	515,200
Net	676,592	117,776	264,474	1,058,842

All amounts in thousands of reais unless otherwise stated

(ii) Consolidated

	12/31/2011	Equity/Comprehensive income	Recognized in the result	Other	12/31/2012
Assets					
Income tax and social contribution					
Tax losses	760,500		205,614		966,114
Temporary provisions					
Actuarial liability	358,678		50,914		409,592
Contingent liabilities	83,529		41,248		124,777
Provision for impairment of trade receivables	20,749		(19,542)		1,207
Provision for adjustment to inventories	4,376		21,657		26,033
Unrealized profit in inventories	5,024		2,098		7,122
Interest on own capital	27,736		(27,736)		
Hedge accounting			62,642		62,642
Provision for profit sharing			22,284		22,284
Foreign exchange variations on loans and financing			59,931		59,931
Temporary difference on adjustments - Law 11,638	3,003		11,390		14,393
Goodwill/Acquisition of companies (*)	38,095	303,697	(8,538)		333,254
Other	19,465		6,472	(414)	25,523
Total assets	1,321,155	303,697	428,434	(414)	2,052,872
Liabilities					
Income tax and social contribution					
Deferred foreign exchange variations	157,628		(34,286)		123,342
Accelerated depreciation	39,521		(4,633)		34,888
Actuarial adjustments		(129,181)	129,181		
Hedge accounting		11,405	(11,405)		
Accelerated tax depreciation	254,092		26,340		280,432
Temporary difference on adjustments – Law 11,638	(20,313)		52,899		32,586
Adjustment to property, plant and equipment	109,126		(7,608)		101,518
Monetary restatement of judicial deposits	407		167		574
Deferral on losses of swap contracts	1,428		(343)		1,085
Total liabilities	541,889	(117,776)	150,312		574,425
Net	779,266	421,473	278,122	(414)	1,478,447
Total non-current assets	797,146	421,473	295,673	(413)	1,513,879
Total non-current liabilities	(17,880)		(17,551)	(1)	(35,432)
Net	779,266	421,473	278,122	(414)	1,478,447

(*) Merger of Summit Empreendimentos Minerais Ltda. – Note 16 (d) (iv).

All amounts in thousands of reais unless otherwise stated

Long-term income tax and social contribution have expectation of realization in accordance with future taxable income based on projections approved by management and in accordance with accounting practices adopted in Brazil. These projections are based on assumptions that reflect the economic and operational environment of the Company.

The projections are subject to factors that could differ from the actual data. If the future taxable income utilized in the feasibility study deteriorated by 10%, the Company would still recover the tax credits in the same period.

If the growth in selling prices deteriorated by 1%, or the selling costs increased by 2% or the sales volume decreased by 1% compared to the assumptions utilized, the Company would recover the credits over 11 years.

The expectation of realization of deferred taxes is as follows:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
2012				23,406
2013	3,634		116,470	18,252
2014	114,205	148,438	196,627	167,215
2015	129,167	148,438	211,971	202,476
2016	130,043	148,438	211,032	153,970
2017	121,749	148,438	201,937	152,213
2018	172,985	148,438	187,837	151,946
2019	142,789	148,438	156,758	151,348
2020	163,616	148,438	174,137	149,880
As from 2021	595,854	148,440	596,103	150,449
	1,574,042	1,187,506	2,052,872	1,321,155

As the taxable bases of income tax and social contribution not only originate from the taxable profits to be generated, but also from non-taxable income, non-deductible expenses, tax incentives and others, there is no direct correlation between the future profit of the Company and the projections of future income tax and social contribution.

Therefore, the expectation of the utilization of tax credits should not be considered as the only indication of the future profitability of the Usiminas Companies.

All amounts in thousands of reais unless otherwise stated

(c) Income tax and social contribution in current liabilities

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Income tax				
Current expense	(9,795)	(5,204)	(131,112)	(250,663)
Prepayments and offsets in the period (*)	9,795	5,204	64,079	90,056
			(67,033)	(160,607)
Social contribution				
Current expense	(17,246)	(2,720)	(37,204)	(89,920)
Prepayments and offsets in the period (*)	17,246	2,720	16,627	52,891
			(20,577)	(37,029)
Total IRPJ and CSLL payable			(87,610)	(197,636)

(*) Prepayments exceeding the current IRPJ and CSLL expense are recorded as taxes recoverable (Note 13).

15 Judicial Deposits

	Parent Company					
	12/31/2012			12/31/2011		
	Judicial deposits	Provision for contingencies/ Taxes payable in installments	Net balance	Judicial deposits	Provision for contingencies/ Taxes payable in installments	Net balance
Excise Tax (IPI)	162,607	(105,192)	57,415	232,318	(105,192)	127,126
IRPJ and CSLL	174,146	(73,595)	100,551	167,457	(73,161)	94,296
National Institute of Social Security (INSS)	146,517	(14,211)	132,306	142,569	(13,904)	128,665
Economic Domain Intervention Contribution (CIDE)	26,509	(22,250)	4,259	26,252	(22,250)	4,002
Labor	138,607	(97,734)	40,873	113,755	(83,461)	30,294
Civil	39,125	(10,053)	29,072	31,521	(7,810)	23,711
Other	27,480		27,480	40,559		40,559
	714,991	(323,035)	391,956	754,431	(305,778)	448,653

All amounts in thousands of reais unless otherwise stated

						Consolidated
			12/31/2012			12/31/2011
	Judicial deposits	Provision for contingencies/ Taxes payable in installments	Net balance	Judicial deposits	Provision for contingencies/ Taxes payable in installments	Net balance
Excise Tax (IPI)	162,607	(105,192)	57,415	232,318	(105,192)	127,126
IRPJ and CSLL	176,485	(83,497)	92,988	181,038	(83,057)	97,981
National Institute of Social Security (INSS)	157,763	(14,239)	143,524	142,598	(13,932)	128,666
Economic Domain Intervention Contribution (CIDE)	33,005	(28,747)	4,258	32,271	(28,269)	4,002
Social Contribution on Revenues (COFINS)	11,873	(11,873)		18,001	(11,873)	6,128
Social Integration Program (PIS)	2,392	(2,216)	176	2,379	(2,216)	163
Labor	159,619	(109,360)	50,259	131,818	(92,283)	39,535
Civil	60,275	(10,061)	50,214	48,479	(7,810)	40,669
Other	34,852	(2,969)	31,883	42,735	(678)	42,057
	798,871	(368,154)	430,717	831,637	(345,310)	486,327

The changes in judicial deposits were as follows:

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Opening balance before offsetting provisions for contingencies	754,431	727,807	831,637	797,313
Additions	29,707	28,429	40,146	34,468
Interest/update	37,211	55,375	41,727	62,293
Reversals	(93,042)	(57,180)	(101,322)	(62,462)
Other	(13,316)		(13,317)	25
	714,991	754,431	798,871	831,637
Deposits linked to provisions for contingencies (Note 24) and taxes payable in installments (Note 23)	(323,035)	(305,778)	(368,154)	(345,310)
Closing balance	391,956	448,653	430,717	486,327

All amounts in thousands of reais unless otherwise stated

16 Investments

(a) Changes in investments

(i) Parent Company

	12/31/2011	Additions (disposals)	Equity in results of investees	IRPJ/CSLL on goodwill	Interest on capital and dividends	Other(*)	12/31/2012
Subsidiaries							
Automotiva Usiminas	115,440		7,102		(3,407)	(165)	118,970
Cosipa Commercial			21,263				21,263
Cosipa Overseas	17,579		1,442				19,021
Mineração Usiminas	3,227,711		241,458	212,589	(58,689)		3,623,069
Rios Unidos	10,206	10,452	(11,205)			6	9,459
Soluções Usiminas	756,614		5,243			3,698	765,555
Usiminas Commercial			24,857				24,857
Usiminas Europa	1,962,976	(618,675)	243,785				1,588,086
Usiminas International	217,362		25,275		(207,970)		34,667
Usiminas Mecânica	703,521		(16,215)		(133,240)	(1,140)	552,926
UPL	45,944		8,217		(2,883)		51,278
Goodwill in subsidiaries	130,801					(1,008)	129,793
	7,188,154	(608,223)	551,222	212,589	(406,189)	1,391	6,938,944
Jointly-controlled companies							
Fasal Trading Brasil	9,617		676		333	(548)	10,078
Unigal	754,729		100,984		(175,000)		680,713
Usiroll	5,948		1,577			18	7,543
	770,294		103,237		(174,667)	(530)	698,334
Associated companies							
Codeme	38,290	4,146	5,029		(1,872)		45,593
Metform	17,840	(5,212)	2,868		(4,541)		10,955
MRS	6,423		1,228		(630)	7	7,028
Goodwill in associated companies	79,464						79,464
	142,017	(1,066)	9,125		(7,043)	7	143,040
	8,100,465	(609,289)	663,584	212,589	(587,899)	868	7,780,318

The equity in the results of investees presented in the statements of operations and of cash flows of the Parent Company includes the amount of R$36,884 related to losses in respect of the net capital deficiency of a subsidiary.

All amounts in thousands of reais unless otherwise stated

(ii) Consolidated

	12/31/2011	Additions (disposals)	Equity in results of investees	Interest on capital and dividends	Other(*)	12/31/2012
Codeme	38,290	4,146	5,029	(1,872)		45,593
Metform	17,840	(5,212)	2,868	(4,541)		10,955
MRS	262,397		50,258	(25,614)	6	287,047
Terminal Sarzedo	3,381		3,315	(3,434)		3,262
Other	3,185	(23)	(302)	45	11	2,916
Goodwill	103,289					103,289
Total	428,382	(1,089)	61,168	(35,416)	17	453,062

(b) Financial information of associated companies

The Company's participation in the results of associated companies at December 31, 2012 are presented below:

	Country of incorporation	Assets	Liabilities	Equity	Net revenue	Profit	% participation
Codeme	Brasil	454,258	284,926	169,332	268,838	16,267	30.76
Metform	Brasil	90,852	25,607	65,245	60,176	8,509	30.76
MRS (*)	Brasil	6,244,772	3,729,830	2,514,942	2,989,814	447,616	11.41

(*) Direct interest of 0.28% and indirect through MUSA of 11.13%.

The participation in the profits was calculated after income tax and social contribution and after the non-controlling shareholders interest in the companies.

The voting capital in the associated companies corresponds to the same percentage of total share capital, except for the company MRS, the percentage of the voting capital in which is 15.2%. Usiminas participates in the control group and has significant influence, which classifies this investment as an associated company.

The Company utilized the balance sheets at November 30, 2012 to calculate the effects of equity in the results of the associated companies Codeme and Metform.

All amounts in thousands of reais unless otherwise stated

(c) Companies included in the consolidated financial statements

The consolidated financial statements include those of the parent entity and of the following subsidiaries:

	Participation (%)	
	12/31/2012	12/31/2011
Automotiva Usiminas	100	100
Cosipa Commercial	100	100
Cosipa Overseas	100	100
Fasal Trading Brasil (*)	50	50
Mineração Usiminas	70	70
Rios Unidos	100	100
Soluções Usiminas	68.88	68.88
Unigal (*)	70	70
Usiminas Commercial	100	100
Usiminas Europa	100	100
Usiminas International	100	100
Usiminas Mecânica	99.99	99.99
Usiroll (*)	50	50
UPL	16.70	16.70

(*) Companies proportionally consolidated, whose condensed financial information are presented below, on a consolidated basis.

(i) Jointly-controlled companies

Unigal is a joint venture between Usiminas and Nippon Steel Corporation, the control of which is shared by the partners in accordance with a stockholders' agreement.

The following two contracts signed by Unigal and Usiminas were in effect at December 31, 2012:

- A contract relating to galvanization services via hot dipping rendered by Unigal to the Company. The contract does not have a defined amount, since the service is calculated on a monthly basis and varies according to the volume of galvanized products sold, excluding costs incurred on inputs, materials, services and utilities, among other adjustments. This contract totaled R$477,139 at December 31, 2012 (December 31, 2011 – R$376.339);

- A contract relating to rectification services of lamination cylinders and reels rendered by the Company to the jointly-controlled entity Unigal. This contract is effective until July 2013 and its base annual amount is approximately R$800.

The condensed financial information of the jointly-controlled entities are demonstrated below on a consolidated basis.

All amounts in thousands of reais unless otherwise stated

(ii) Condensed balance sheet

				12/31/2012				12/31/2011
	Fasal Trading Brasil	Modal	Unigal	Usiroll	Fasal Trading Brasil	Modal	Unigal	Usiroll
Assets								
Current assets	20,253	2,351	153,856	4,504	19,904	2,118	210,818	3,341
Non-current assets								
Long-term receivables			1,492	20			10,495	13
Property, plant and equipment		3,067	1,123,442	25,342		3,251	1,165,419	23,713
Intangible assets			1,212	3			1,387	3
Total assets	20,253	5,418	1,280,002	29,869	19,904	5,369	1,388,119	27,070
Equity and liabilities								
Current liabilities	98	144	68,687	775	671	155	69,223	754
Non-current liabilities			238,868	14,010			240,713	14,421
Equity	20,155	5,274	972,447	15,084	19,233	5,214	1,078,183	11,895
Total equity and liabilities	20,253	5,418	1,280,002	29,869	19,904	5,369	1,388,119	27,070

(iii) Condensed income statement

				12/31/2012				12/31/2011
	Fasal Trading Brasil	Modal	Unigal	Usiroll	Fasal Trading Brasil	Modal	Unigal	Usiroll
Net sales and services revenue		4,572	339,460	9,031	116,212	5,682	279,736	5,270
Cost of sales and services		(1,665)	(86,204)	(4,307)	(113,903)	(1,767)	(45,586)	(3,259)
Operating income (expenses)	1,439	99	(29,524)	(1,180)	(1,323)	102	(21,942)	(521)
Provision for Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL)	(87)	(545)	(79,468)	(388)	(324)	(671)	(71,488)	(207)
Profit for the year	1,352	2,461	144,264	3,156	662	3,346	140,720	1,283

(d) Other significant information on investments

(i) Ternium

On February 21, 2011, the public offering of the sale of the totality of the shares of "Ternium" (NYSE: TX) held by its subsidiary, Usiminas Europa A/S ("Usiminas Europa") was completed. In addition to the public offering, Ternium and Techint Holdings S.àr.l ("Techint") acquired 41,666,666 and 27,777,780 shares, respectively, issued by Ternium, which were held by Usiminas Europa. The operations totaled US$1,028,634 thousand,of which US$778,634 thousand from the public offering and US$250,000 thousand from the transaction with Ternium and Techint. The mentioned sale was characterized as a discontinued operation in accordance with CPC 31 and IFRS 5 (Note 40).

(ii) Usiminas Galvanized and Usiminas Electrogalvanized

The *trading companies* Usiminas Galvanized and Usiminas Electrogalvanized, located in Copenhagen, Denmark, were constituted on March 31, 2011.

All amounts in thousands of reais unless otherwise stated

The main activity of these companies, is respectively, to promote the sales to foreign customers of galvanized and electrogalvanized steel produced by the Company. Both companies are fully controlled by Usiminas Europa A/S (Denmark).

Both Usiminas Galvanized and Usiminas Eletrogalvanized, reduced their share capital by R$309,337 (US$150,000 thousand) on December 21, 2012, through a distribution to the shareholder, totaling R$618,675, which amount was transferred to the Parent Company.

(iii) Mineração Ouro Negro

On November 25, 2011, the subsidiary Mineração Usiminas acquired 1,214 thousand common shares of the company Mineração Ouro Negro, representing the totality of its share capital.

Mineração Ouro Negro was merged by Mineração Usiminas on September 28, 2012 in order to facilitate the operation of assets and simplify the organization structure of Mineração Usiminas, resulting in a reduction of costs of the corporate structure.

(iv) Mineração Usiminas

On October 26,2012, with the objective of obtaining operating synergies, Mineração Usiminas S.A. (“Musa”) merged its shareholder Summit Empreendimentos Minerais Ltda. (“SEM”), a limited liability company, headquartered in São Paulo, State of São Paulo, in the form of a downstream merger. Due to this merger, shares representing the share capital of MUSA held by SEM were attributed to Serra Azul Iron Ore L.L.C. and to Sumitomo Corporation do Brasil S.A., the sole quotaholders of SEM.

The net assets on October 26, 2012, before the merger, were as follows:

Current assets	608
Non current assets	2,351,593
Current liabilities	(607)
Net assets	2,351,594

As a result of this merger, MUSA recorded income tax and social contribution of R$303,697 in non-current assets, with a corresponding entry of the "Capital Reserve – Special Goodwill Reserve".

(v) Usiminas Portugal

The Company restructured its investment holdings abroad on November 30, 2012, opting to terminate the activities of Usiminas Portugal, a company located in Portugal. This company was a subsidiary of Usiminas International.

All amounts in thousands of reais unless otherwise stated

(vi) Fasal Trading Corporation

The Company restructured its investment holdings abroad on August 3, 2012 and terminated the activities of Fasal Trading Corporation, located in Florida, United States. This company was a subsidiary of Fasal Trading Brasil.

17 Property, Plant and Equipment

							Parent Company
				12/31/2012			12/31/2011
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
In operation							
Buildings	3	2,023,785	(1,048,912)	974,873	1,477,306	(1,122,663)	354,643
Machinery and equipment	5	19,151,569	(8,524,416)	10,627,153	14,295,096	(7,248,792)	7,046,304
Facilities	4	263,345	(95,714)	167,631	1,236,971	(506,066)	730,905
Furniture and fittings	14	41,443	(23,730)	17,713	41,393	(22,365)	19,028
Data processing equipment	35	140,454	(120,484)	19,970	137,153	(122,287)	14,866
Vehicles	15	37,505	(28,779)	8,726	36,662	(27,048)	9,614
Tools and instruments	14	176,723	(118,291)	58,432	174,403	(106,819)	67,584
Other		522	(408)	114	522	(399)	123
		21,835,346	(9,960,734)	11,874,612	17,399,506	(9,156,439)	8,243,067
Land		603,546		603,546	572,332		572,332
Total in operation		22,438,892	(9,960,734)	12,478,158	17,971,838	(9,156,439)	8,815,399
Under construction							
Construction in progress		952,099		952,099	4,018,845		4,018,845
Assets in progress		8,362		8,362	42,694		42,694
Imports in transit		338,405		338,405	274,238		274,238
Advances to suppliers		9,124		9,124	72,523		72,523
Advances to suppliers – related companies					1,355		1,355
Capitalized monetary and foreign exchange variations and interest		100,866		100,866	197,263		197,263
Other		87,612		87,612	363,854		363,854
Total under construction		1,496,468		1,496,468	4,970,772		4,970,772
		23,935,360	(9,960,734)	13,974,626	22,942,610	(9,156,439)	13,786,171

All amounts in thousands of reais unless otherwise stated

							Consolidated
				12/31/2012			12/31/2011
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
In operation							
Buildings	3	2,472,342	(1,186,895)	1,285,447	1,841,630	(1,241,782)	599,848
Machinery and equipment	5	21,023,656	(9,116,127)	11,907,529	15,956,738	(7,768,748)	8,187,990
Facilities	4	404,735	(145,756)	258,979	1,333,330	(548,431)	784,899
Furniture and fittings	14	60,470	(34,736)	25,734	59,528	(32,357)	27,171
Data processing equipment	35	167,366	(140,327)	27,039	160,738	(139,719)	21,019
Vehicles	15	99,010	(66,778)	32,232	96,303	(57,555)	38,748
Tools and instruments	14	192,752	(123,733)	69,019	189,144	(111,355)	77,789
Other		45,910	(1,303)	44,607	42,755	(938)	41,817
		24,466,241	(10,815,655)	13,650,586	19,680,166	(9,900,885)	9,779,281
Land		792,738		792,738	710,521		710,521
Total in operation		25,258,979	(10,815,655)	14,443,324	20,390,687	(9,900,885)	10,489,802
Under construction							
Construction in progress		1,536,712		1,536,712	4,327,391		4,327,391
Assets in progress		71,146		71,146	120,836		120,836
Imports in transit		362,272		362,272	277,585		277,585
Advances to suppliers		49,137		49,137	144,423		144,423
Capitalized monetary and foreign exchange variations and interest		103,097		103,097	197,263		197,263
Other		87,432		87,432	363,854		363,854
Total under construction		2,209,796		2,209,796	5,431,352		5,431,352
		27,468,775	(10,815,655)	16,653,120	25,822,039	(9,900,885)	15,921,154

All amounts in thousands of reais unless otherwise stated

The changes in property, plant and equipment were as follows:

Parent Company

	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Under construction	Other	Total
At December 31, 2011	354,643	7,046,304	730,905	67,584	572,332	4,970,772	43,631	13,786,171
Additions		475		1	31,215	926,189	1,743	959,623
Disposals		(6)			(1)	(3,523)	(54)	(3,584)
Depreciation	(40,784)	(758,412)	(10,907)	(11,639)			(17,485)	(839,227)
Capitalized monetary and foreign exchange variations and interest						100,866		100,866
Write-off of advances						(9,903)		(9,903)
Transfers	661,014	4,338,792	(552,367)	2,486		(4,468,613)	18,688	
Transfers to Intangible assets						(10,812)		(10,812)
Other						(8,508)		(8,508)
At December 31, 2012	974,873	10,627,153	167,631	58,432	603,546	1,496,468	46,523	13,974,626

Consolidated

	Buildings	Machinery and equipment	Facilities	Tools and instruments	Land	Under construction	Other	Total
At December 31, 2011	599,848	8,187,990	784,899	77,789	710,521	5,431,352	128,755	15,921,154
Additions	2,221	33,086	2,094	1,530	43,805	1,546,644	7,697	1,637,077
Disposals	(689)	(3,730)	(251)	(1,633)	(1)	(3,745)	(1,078)	(11,127)
Depreciation	(54,774)	(838,049)	(18,626)	(12,970)			(29,598)	(954,017)
Capitalized monetary and foreign exchange variations and interest						103,097		103,097
Write-off of advances						(16,539)		(16,539)
Transfers	738,841	4,528,000	(509,137)	4,303	38,413	(4,824,258)	23,838	
Transfers to Intangible assets						(18,154)		(18,154)
Other		232				(8,601)	(2)	(8,371)
At December 31, 2012	1,285,447	11,907,529	258,979	69,019	792,738	2,209,796	129,612	16,653,120

Purchases of property, plant and equipment in 2012 totaling R$1,637,077, related mainly to hot stripe lamination 2 (R$ 256,530), Coke plant 2 (R$125,341), Hot Plates Laminator (R$138,829), Sustaining of Plants (R$62,757) and Friable Project (R$357,151) of Mineração Usiminas.

All amounts in thousands of reais unless otherwise stated

The depreciation in the Parent Company in 2012 was recognized in the captions “Cost of sales”, “Selling expenses” and “General and administrative expenses, in the amounts of R$829,523, R$3,544 and R$6,160 (December 31, 2011 - R$733,987, R$3,556 and R$2,303), respectively. In Consolidated, the depreciation was recognized in the captions “Cost of sales”, “Selling expenses” and “General and administrative expenses, in the amounts of R$937,543, R$4,249 and R$12,225 (December 31, 2011 - R$804,444; R$4,234 and R$14,587), respectively.

Certain items were given as guarantees and sureties for loans and financing transactions (Note 20(g)).

Vehicles, IT equipment and machinery and equipment include the following amounts related to financial leases in which the Usiminas Companies are lessees:

	Parent Company		Consolidated	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Cost – capitalized financial leases	39,387	39,469	48,950	47,864
Accumulated depreciation	(36,330)	(34,079)	(40,507)	(37,243)
	3,057	5,390	8,443	10,621

Construction in progress relates to projects for improvements in the production process to maintain the production capacity of the plants and projects for environmental preservation.

18 Impairment of non-financial assets

The Usiminas Companies evaluated their cash generating units at December 31, 2012 and identified that the recoverable value of the assets, which is the higher of the value in use and the fair value net of selling expenses, was higher than the carrying amount, and, therefore, there was no need to constitute a provision for reduction to the recoverable value.

For the cash generating units with intangible assets with undefined useful lives (goodwill), the Usiminas Companies carried out an impairment analysis, as described below.

All amounts in thousands of reais unless otherwise stated

(a) Impairment tests for goodwill

Goodwill is allocated to cash-generating units ("CGU"s) identified according to operating segment.

A summary of the goodwill, by segment, is presented below:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Mining			51,845	52,203
Steel Metallurgy	200,641	200,641	200,641	200,641
Steel Transformation			59,166	59,166
	200,641	200,641	311,652	312,010

The recoverable amount of a CGU is determined based on the higher of the value-in-use and the fair value net of selling expenses. The calculations of value in use utilize pre-income tax and social contribution cash flow projections, based on financial budgets approved by management covering a five-year period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates utilized are consistent with the forecasts included in industry reports. The discount rates used correspond to the cost of the Company's capital.

The main assumptions utilized in the calculation of recoverable value were the gross margin, which was computed at the average for the budgeted period of 5 years of the Company's business plan, the growth rate, which considered the average of the operating cash generation, for the budgeted period of 5 years of the Company's business plan, and the discount rate, which approximates the WACC rates in the market.

These assumptions were used for the analysis of each CGU within the operating segments.

An impairment expense related to the goodwill, in the amount of R$358, was recognized in 2012 (December 31, 2011 – R$5,552), assessed in CGU Modal Terminal de Granéis Ltda., which is part of the operating segment of Mineração. This amount was recorded in the caption "other operating income (expenses)".

All amounts in thousands of reais unless otherwise stated

19 Intangible Assets

			Parent Company
	Goodwill	Software acquired	Total
Net book value at December 31, 2011	110,343	32,392	142,735
Additions		6,951	6,951
Transfer from property, plant e equipment		10,812	10,812
Amortization		(12,835)	(12,835)
At December 31, 2012	110,343	37,320	147,663
Total cost	153,692	172,132	325,824
Accumulated amortization	(43,349)	(134,812)	(178,161)
Net book value at December 31, 2012	110,343	37,320	147,663
Annual amortization rate - %		20	

					Consolidated
	Mineral rights (i)	Goodwill paid on acquisitions	*Software* acquired	Other	Total
Net book value at December 31, 2011	2,162,392	208,722	54,710	28,128	2,453,952
Additions			13,926	713	14,639
Impairment		(358)			(358)
Write-offs			(38)		(38)
Transfers from property, plant and equipment			18,154		18,154
Amortization	(13,201)		(20,912)	(9,588)	(43,701)
Net book value at December 31, 2012	2,149,191	208,364	65,840	19,253	2,442,648
Total cost	2,183,246	251,714	256,374	30,250	2,721,584
Accumulated amortization	(34,055)	(43,350)	(190,534)	(10,997)	(278,936)
Net book value at December 31, 2012	2,149,191	208,364	65,840	19,253	2,442,648
Annual amortization rate - %			20		

(i) Mineral rights are amortized in accordance with mine depletion.

Amortization was recognized in "Cost of sales " and "Selling expenses" in the amounts of R$10,424 and R$2,411, respectively, (December 31,2011 - R$7,185, R$4,878 and R$173 as “General and administrative expenses"”). In Consolidated, amortization was recognized in “Cost of sales, “Selling expenses” and “General and administrative expenses" in the amounts of R$33,955, R$2,532 and R$7,214 (December 31, 2011 - R$28,346, R$4,878 and R$400), respectively.

All amounts in thousands of reais unless otherwise stated

Goodwill arising from the difference between the amounts paid to acquire investments in subsidiaries and the fair value of assets and liabilities (goodwill based on expected future profitability) is classified as intangible assets in the consolidated financial statements.

(a) Mineração Ouro Negro acquisition

Mineração Usiminas completed the acquisition of 100% of the share capital of Mineração Ouro Negro on November 25, 2011. The acquisition price was US$368,645 thousand, corresponding to R$698,103, based on the financial statements of the acquired company at November 25, 2011, which at present value totaled R$628,545.

Mineração Ouro Negro was merged by Mineração Usiminas on September 28, 2012 in order to facilitate the operationalization of assets, and simplifying the Company's corporate structure, thereby resulting in a reduction of costs of the corporate structure**.**

The assets and liabilities at November 25, 2011 arising from the acquisition were as follows:

	Fair value	Book value of the acquired company
Cash and cash equivalents	2	2
Property, plant and equipment	416	416
Intangible assets	628,127	797
Total identifiable assets net	628,545	1,215
Total consideration for the purchase	628,545	
Purchase consideration settled in cash	(151,913)	
Consideration to be settled	476,632	
Foreign exchange variation	(8,054)	
	468,577	

The identifiable net assets related to intangible assets referred to mineral rights.

As stated above, the cash paid for the acquisition of Mineração Ouro Negro in 2011 was R$151,913 (net of acquired cash). The outstanding balance will be paid until 2014. The payable amount totaled R$356,498 at December 31, 2012 (December 31, 2011 – R$468,578).

All amounts in thousands of reais unless otherwise stated

20 Loans and Financing

(a) Parent Company

(i) Local currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2012 Current	12/31/2012 Non-current	12/31/2011 Current	12/31/2011 Non-current
BNDES	URTJLP	2013	TJLP + 2.50% to 3% p.a.	13,893		23,882	50,733
BNDES	URTJLP	2013 to 2015	TJLP + 1.36% to 2.9% p.a.	74,935	27,805	108,222	65,571
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	73,854	140,435	73,168	210,663
BNDES	URTJLP	2018 to 2021	TJLP + 1.88% p.a. and 2.88% p.a.	30,561	498,906	2,828	474,705
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	175	60,735	73	45,735
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	916	5,520	22	2,000
BNDES	R$	2018 to 2020	TJLP	12	992		
FINAME	URTJLP	2012 to 2014	TJLP + 1.0% to 1.3% p.a.	709	40	1,274	749
FINAME	R$	2013 to 2020	2.5% to 10.9% p.a.	16,941	10,036	18,073	8,626
Banco do Brasil	R$	2013, 2015 and 2018	11.464% p.a., 98% CDI and 108.15% CDI	420,295	2,449,000	85,988	2,700,000
HP Financial – Leasing	R$	2013	1.52% p.a. + 100% CDI	320		2,381	320
Revolving credit	R$	2013		85,983			
Other						382	
Commissions and other costs				(2,852)	(5,648)	(2,562)	(8,175)
				715,742	3,187,821	313,731	3,550,927

All amounts in thousands of reais unless otherwise stated

(ii) Foreign currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2012 Current	12/31/2012 Non-current	12/31/2011 Current	12/31/2011 Non-current
BNDES	US$	2013 to 2018	Currency basket (US$) + 1.76% to 2.40% p.a.	16,908	28,923	15,444	41,771
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	1,453		2,290	1,330
BNDES	US$	2016	Currency basket (US$) + 1.76%p.a.	39,004	80,743	33,079	101,012
BNDES	US$	2018 a 2021	Currency basket (US$) + 1.88%p.a	1,883	85,838	294	70,374
Nippon Usiminas	US$	2014 and 2017	Libor + 0.83% and 1.23% p.a.	71,529	245,218	65,917	289,408
JBIC/Nippon Usiminas	US$	2013 and 2016	Libor + 1.475% and 2.35% p.a.	29,318	70,482	27,098	90,588
JBIC	US$	2018	Libor + 0.546% and 0.885% p.a.	192,140	936,602	3,928	1,031,690
Credit Suisse - Export pre-payment	US$	2014	Libor + 4% p.a.	41,882	20,434	38,963	56,274
Eurobonds	JPY	2018	4.1165% p.a.	21,569	1,018,821	22,106	1,044,163
Syndicated export prepayment	US$	2013 to 2015	Libor + 1.1% to 1.35% p.a.	401,755	334,391	376,767	672,365
Syndicated export prepayment – escrow account				(246,533)		(168,120)	
Eurobonds	JPY	2016	4.275% p.a.	1,248	540,816	1,279	554,268
KFW	US$	2012	Libor + 0.75%p .a			4,921	
KFW	EUR	2015	3.59% p.a.	10,079	19,462	9,200	26,364
Bawag PSK - Export prepayment	US$	2012	Libor + 2.317% p.a.			13,680	
BNP – Export prepayment	US$	2011 to 2012	Libor+ 1.25% p.a.			13,715	
Club Deal - Export prepayment	US$	2011 to 2012	Libor + 0.65% p.a.			56,882	56,273
Commissions and other costs				(4,284)	(5,970)	(1,559)	(4,027)
				577,951	3,375,760	515,884	4,031,853
In local currency				715,742	3,187,821	313,731	3,550,927
				1,293,693	6,563,581	829,615	7,582,780

All amounts in thousands of reais unless otherwise stated

(b) Consolidated

(i) Local currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2012 Current	12/31/2012 Non-current	12/31/2011 Current	12/31/2011 Non-current
BNDES	URTJLP	2013	TJLP + 2.50% to 3.00% p.a.	13,893		23,882	50,733
BNDES	URTJLP	2012 to 2015	TJLP + 1.36%to 2.90%pa.a.	74,935	27,805	108,222	65,571
BNDES	URTJLP	2015	TJLP + 1.76% p.a.	73,854	140,435	73,168	210,663
BNDES	URTJLP	2018 a 2021	TJLP + 1.88% and 2.88%p.a.	30,561	498,906	2,828	474,705
BNDES	URTJLP	2018	TJLP + 1.48% p.a.	175	60,735	73	45,735
BNDES	URTJLP	2018	TJLP + 5.50% p.a.	916	5,520	22	2,000
BNDES	R$	2018 to 2020	TJLP	12	992		
Revolving credit	R$	2013		85,983			
BDMG	URTJLP	2014	TJLP+ 6% p.a.	7,940	6,666	15,608	23,846
FINAME	URTJLP	2012 to 2014	TJLP + 1.0% to 1.3% p.a.	709	40	1,274	749
FINAME	R$	2013 to 2020	2.5% to 10.9% p.a.	16,941	10,036	18,073	8,626
FINAME	URTJLP	2012	TJLP+ 1.0% to 4% p.a.	18		192	
Banco do Brasil	R$	2013, 2015 and 2018	11.464% p.a., 98% CDI and 108.15% CDI	420,295	2,449,000	85,988	2,700,000
Other				75,385	93,318	16,642	72,144
Commissions and other costs				(2,852)	(5,648)	(2,562)	(8,175)
				798,765	3,287,805	343,410	3,646,597

All amounts in thousands of reais unless otherwise stated

(i) Foreign currency

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2012 Current	12/31/2012 Non-current	12/31/2011 Current	12/31/2011 Non-current
BNDES	US$	2013 to 2018	Currency basket (US$) + 1.76% to 2.40% p.a.	16,908	28,923	15,444	41,771
BNDES	US$	2013	Currency basket (US$) + 2.50% p.a.	1,453		2,290	1,330
BNDES	US$	2016	Currency basket (US$) + 1.76% p.a.	39,004	80,743	33,079	101,012
BNDES	US$	2018 to 2021	Currency basket (US$) + 1.88%p.a	1,883	85,838	294	70,374
Nippon Usiminas	US$	2014 and 2017	Libor + 0.83% and 1.23% p.a.	71,529	245,218	65,917	289,408
JBIC/ Nippon Usiminas	US$	2013 and 2016	Libor + 1.475% and 2.35% p.a.	29,318	70,482	27,098	90,588
JBIC	US$	2018	Libor + 0.546% and 0.885% p.a.	192,140	936,602	3,928	1,031,690
JBIC	US$	2018	Libor + 1.2225% and 0.65% p.a.	28,717	128,741	26,362	144,412
Credit Suisse -Export prepayment	US$	2014	Libor + 4% p.a.	41,882	20,434	38,963	56,274
KFW	US$	2012	Libor + 0.75% p.a.			4,921	
KFW	EUR	2015	3.59% p.a.	10,079	19,462	9,200	26,364
BNP – Export prepayment	US$	2011 and 2012	Libor+ 1.25%p.a.			13,715	
Banco Itaú Export prepayment	US$	2012	Libor + 1.45% p.a.			4,101	
Club Deal - Export prepayment	US$	2011 and 2012	Libor + 0.65% p.a.			56,882	56,273
Club Deal - Export prepayment *Escrow Account*						(31,529)	
UBS Eurobonds	US$	2016	8.25%	1,592	408,700	1,461	375,160
UBS Eurobonds	US$	2018	7.25%	26,668	817,400	24,479	750,320
Syndicated export prepayment	US$	2013 e 2015	Libor + 1.1% to 1.35% p.a.	401,755	334,391	376,767	672,365
Syndicated export prepayment- escrow account				(246,533)		(175,413)	

All amounts in thousands of reais unless otherwise stated

	Currency/ index	Maturity of principal	Annual interest rate (%)	12/31/2012 Current	12/31/2012 Non-current	12/31/2011 Current	12/31/2011 Non-current
Other				18,776	9,388	25,287	23,215
Commissions and other costs				(4,527)	(6,540)	(1,559)	(4,027)
				630,644	3,179,782	521,687	3,726,529
In local currency				798,765	3,287,805	343,410	3,646,597
				1,429,409	6,467,587	865,097	7,373,126

(BNDES - National Bank for Economic and Social Development
FINAME - Government Agency for Machinery and Equipment Financing
TJLP - Long-Term Interest Rate
UR - Unit of Reference
BDMG - Development Bank of the State of Minas Gerais)

Long-term amounts mature as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
2013		1,256,233		1,320,176
2014	1,500,682	1,435,119	1,555,470	1,488,628
2015	1,349,316	1,292,884	1,395,193	1,336,216
2016	1,551,161	1,526,073	1,469,668	1,389,745
2017	608,226	523,998	664,633	564,514
2018 to 2020	1,554,196	1,548,473	1,382,623	1,273,847
	6,563,581	7,582,780	6,467,587	7,373,126

(c) Changes in loans and financing

The changes in loans and financing were as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Opening balance	8,412,395	7,338,322	8,238,223	7,194,684
New loans and financing	338,368	1,442,850	452,758	1,497,120
Charges provisioned	255,208	231,964	313,816	253,387
Monetary variations	216,260	249,933	222,576	258,404
Foreign exchange variations	217,625	557,685	379,680	462,560
Transfer of other obligations	109,008		109,008	
Payment of charges	(435,119)	(436,635)	(465,524)	(471,349)
Payment of principal	(1,254,040)	(955,401)	(1,348,095)	(940,230)
Deferred commissions	(2,431)	(16,323)	(5,446)	(16,353)
Closing balance	7,857,274	8,412,395	7,896,996	8,238,223

(d) Restrictive contractual clauses - Covenants

The Company has loans and financing with contractual conditions which require compliance with restrictive clauses (covenants) based on certain financial indexes, as follows:

- Consolidated Interest Coverage Ratio - ability of paying interest on loans and financing in relation to EBITDA;
- Total Debt to EBITDA and Net Debt to EBITDA - ability of paying debt in relation to EBITDA;
- Total Capitalization Ratio - ratio between own capital and third party capital;
- Liquidity Ratio - ability to pay short-term liabilities;
- Capitalization Level - ratio between net equity and total assets;
- Collections History - ratio between payment of principal and interest on ACC (advances on exchange contracts) and export prepayments and net export revenues.
- Minimum cash;
- Maximum indebtedness.

The ratios are calculated on a consolidated basis. The failure to comply with any of these covenants could trigger an acceleration of the maturity of the obligations to local and foreign creditors, which are recorded under non-current liabilities.

At December 31, 2012, the Company failed to comply with the contractual obligation of loans and financing (financial ratio of covenants), related to the Total Debt to EBITDA ratio, Net Debt to EBITDA ratio and Consolidated Interest Coverage Ratio for certain contracts. This fact was duly communicated to the creditors and a waiver was requested, which was successfully obtained for all the contracts in December 2012.

(e) Contracting of Guarantee Letter

On January 13, 2012, the Company's Board of Directors approved the contracting of a guarantee letter from Banco Safra, in the amount of US$79,692 thousand, to guarantee operation related to the supplementary payment and final acquisition of Mineração JMendes Ltda., of Siderúrgica do Oeste de Minas Gerais Ltda. and of Global Mineração Ltda., as determined in the original contract and disclosed as a Material Fact on February 2, 2008. The balance of the guarantee letter was US$53,128 thousand at December 31, 2012.

(f) Guarantees of Loans and Financing

At December 31, 2012, loans and financing were substantially guaranteed by property, plant and equipment items, with a net book value of R$ 4,171,372 (December 31, 2011 - R$3,564,960) in the Parent Company and R$4,757,746 (December 31, 2011 - R$4,171,535) in Consolidated.

(g) Undrawn borrowing facilities

The balance of the undrawn borrowing facilities maturing in over one year and with floating rates totaled R$2,174,540 at December 31, 2012 (December 31, 2011 - R$2,107,120). In Consolidated, the balance of these operations totaled R$2,176,763 (December 31, 2011 - R$2,113,169).

(h) Finance leases

The Company has finance lease obligations that are effectively guaranteed since the leased asset is subject to repossession by the lessor in the event of default.

Finance lease transactions totaled R$320 at December 31, 2012 (December 31,2011 - R$3,083). In Consolidated, the balance of these transactions totaled R$1,596 (December 31, 2011 - R$6,644).

(i) Fair value and segregation of loans and financing by currency

The carrying amounts and fair value of loans and financing, as well as the segregation of the carrying amounts by currency, are determined by the financial risk management function (Note 5.3 d).

(j) Other significant information on loans and financing

(i) Revolving credit facility

On July 28, 2011, the Board of Directors approved the *Revolving Credit Facility*, in the amount of US$750 million, and the credit facility can be used for a period of up to 5 years. The transaction is in the Club Deal format and counts on the participation of five banks, each one of which made available US$150 million.

(ii) Contract of limit of revolving credit facility – BNDES

On October 28, 2011, the Board of Directors approved the Company's participation, as Beneficiary in the Financing Agreement through the opening of a Revolving Credit Facility to be executed with the BNDES, in the amount of R$2,018,597.

21 Debentures

On February 1, 2008, the Company effected a public placement of 5,000 single, non-convertible subordinated debentures, which was its Fourth Public Issue of Debentures and the first issue in the ambit of the Second Program of Offering of Debentures. These debentures, in the total amount of R$500,000, have a final maturity on February 1, 2013, and 50% of the principal was settled on February 1, 2012. The debentures are remunerated at 100% of the CDI interest rate plus 0.42% per year, payable every six months as from the issue date.

Accrued interest on the debentures in the amount of R$ 7,664 was recorded in current liabilities at December 31, 2012 (December 31, 2011 – R$24,419).

All amounts in thousands of reais unless otherwise stated

The changes in debentures are presented below:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Opening balance	524,419	522,416
Accrued interest and other	9,223	25,394
Monetary variation	14,980	33,178
Amortization of charges	(40,958)	(56,569)
Amortization of principal	(250,000)	
Closing balance	257,664	524,419

22 Taxes Payable

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Value-added Tax on Sales and Services (ICMS)	32,115	34,693	44,639	50,645
Excise Tax (IPI)	28,940	27,070	29,320	28,178
Withholding Income Tax (IRRF)	12,194	11,541	16,385	15,664
Services Tax (ISS)	2,126	4,027	6,858	9,787
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	451	4,586	14,718	14,306
Other	256	1,485	7,559	7,622
	76,082	83,402	119,479	126,202

23 Taxes Payable in Installments

	Parent Company			
	12/31/2012		12/31/2011	
	Current	Non-current	Current	Non-current
National Institute of Social Security (INSS)	12,191	25,660	35,569	15,958
Excise Tax (IPI)	8,880		8,296	
REFIS – Law 11.941/09	8,932	5,077	11,511	5,077
Other	1,104		1,793	1,015
	31,107	30,737	57,169	22,050

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	12/31/2012		12/31/2011	
	Current	Non-current	Current	Non-current
National Institute of Social Security (INSS)	12,195	25,660	35,577	15,958
Excise Tax (IPI)	8,880		8,296	
REFIS – Law 11.941/09	13,255	18,599	15,503	21,664
Other	1,104		1,793	1,015
	35,434	44,259	61,169	38,637

The taxes payable in installments are subject to interest of 1% per month (social security payable in installments), TJLP (IPI) and Selic (Law 11941/2009), with maturities estimated for the next 141 months, partially guaranteed by the Company's assets. The net amount of these guarantees was R$20,568 at December 31,2012 (December 31, 2011 - R$34,555).

The changes in the balance of taxes payable in installments were as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Opening balance	272,159	283,982	292,746	293,666
Additions		27,367	7	37,128
Reversal of interest	14,362	14,351	14,995	14,351
Payment of interest	(696)	(21,681)	(696)	(21,681)
Payment of principal	(31,041)	(31,860)	(35,229)	(34,335)
Other			810	3,617
	254,784	272,159	272,633	292,746
Opening balance of offset of judicial deposits	(192,940)	(165,573)	(192,940)	(165,573)
(-) Offset of judicial deposits		(27,367)		(27,367)
Closing balance of offset of judicial deposits	(192,940)	(192,940)	(192,940)	(192,940)
	61,844	79,219	79,693	99,806

Long-term amounts mature as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
2013		22,050		26,042
2014	12,075		15,843	3,482
2015	6,998		7,990	927
2016	6,998		7,990	927
2017 to 2024	4,666		12,436	7,259
	30,737	22,050	44,259	38,637

All amounts in thousands of reais unless otherwise stated

The installment payments of INSS, which were initially expected to terminate in 2013, was extended by another 60 months.

Tax Amnesty and Refinancing Program (REFIS)

In June 2011, the Brazilian Federal Revenue reopened the period for inclusion of new debts in the Payment in Installments Program of Law 11,941/2009, the occasion in which the Company included debts in the amount of R$27,367, which are being restated monthly by reference to the Selic interest rate.

24 Provision for Contingencies

						Parent Company
			12/31/2012			12/31/2011
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
IRPJ and CSLL	16,503	(16,503)		16,070	(16,070)	
INSS	43,194	(5,805)	37,389	41,852	(5,498)	36,354
Labor	170,712	(97,734)	72,978	131,919	(83,461)	48,458
Civil	136,013	(10,053)	125,960	73,497	(7,809)	65,688
Other	9,748		9,748			
	376,170	(130,095)	246,075	263,338	(112,838)	150,500

						Consolidated
			12/31/2012			12/31/2011
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
IRPJ and CSLL	33,276	(26,405)	6,871	32,961	(25,966)	6,995
INSS	43,222	(5,833)	37,389	63,892	(5,526)	58,366
CIDE	6,496	(6,496)		6,019	(6,019)	
COFINS	12,335	(11,873)	462	12,335	(11,873)	462
Labor	203,688	(109,360)	94,328	159,000	(92,284)	66,716
Civil	138,091	(10,060)	128,031	75,916	(7,809)	68,107
Other	18,044	(5,187)	12,857	6,502	(2,893)	3,609
	455,152	(175,214)	279,938	356,625	(152,370)	204,255

The Usiminas Companies have judicial deposits recorded in non-current assets, for which no provisions were recorded (Note 15).

All amounts in thousands of reais unless otherwise stated

The changes in the provisions for contingencies were as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Opening balance before offsetting judicial deposits	263,338	419,312	356,625	502,815
Additions	162,226	55,409	180,185	67,878
Interest/update	34,624	39,597	37,278	43,899
Payments/reductions	(44,905)	(64,500)	(45,089)	(76,900)
Reversals	(15,020)	(186,480)	(46,900)	(212,773)
Transfers	(24,093)		(26,947)	31,706
	376,170	263,338	455,152	356,625
Offset of judicial deposits	(130,095)	(112,838)	(175,214)	(152,370)
Closing balance	246,075	150,500	279,938	204,255

All amounts in thousands of reais unless otherwise stated

(a) Probable loss contingencies

The provisions for contingencies were recorded to cover probable losses on administrative and judicial litigation relating to tax, labor and civil issues, at amounts considered sufficient by management, based on the advice and evaluation of internal and external legal counsel. The most significant cases at December 31, 2012 are summarized below:

(i) Contingencies of the Parent Company

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Lawsuit filed to avoid the prepayment of IRPJ on income from exports at the rate of 18%.	Suspended process awaiting judgment of the leading case.	16,503	16,070
Tax assessment relating to the social contribution on additional financing of the special pension benefits granted, arising from labor disability due to environmental risks.	Notices remitted to the first lower court.	37,389	36,355
Lawsuit seeking to avoid the collection of work accident insurance (SAT) social security contributions on the amounts paid monthly to independent workers.	Lawsuit included in the amnesty of Law 11,941/09. Awaiting the ratification.	5,806	5,497
Lawsuit involving employees and former own and outsourced employees of Ipatinga Plant claiming sundry labor amounts	The lawsuits are pending judgment by the Labor Court.	12,503	8,659
Lawsuit involving employees and former own and outsourced employees of Usiminas/Sede BH claiming sundry labor amounts	The lawsuits are pending judgment by the Labor Court.	11,336	5,729
Lawsuit involving employees and former own and outsourced employees of TMP of Cubatão claiming sundry labor amounts	The lawsuits are pending judgment by the Labor Court.	7,923	6,408
Lawsuit involving employees and former own and outsourced employees of the Cubatão plant claiming sundry labor amounts.	The lawsuits are pending judgment by the Labor Court.	132,453	103,027
Lawsuit involving employees and former own and outsourced employees of TMP of PRAIA MOLE claiming sundry labor amounts.	The lawsuits are pending judgment by the Labor Court.	6,496	8,096
Claims for indemnities for material (pension, fixed medical expenses etc.) and moral damages due to exposure to benzene gas during working hours.	Awaiting judgment.	67,730	22,534
Confidential arbitration procedure involving Usiminas and MRS, pending before the Reconciliation, Mediation and Arbitration Chamber of São Paulo and Federation of Industries of the State of São Paulo (CIESP/FIESP).	Procedure ended in September/2012.		19,694
Divergences between the parties related to the price paid on the acquisition of Zamprogna NSG Tecnologia do Aço S.A by Soluções Usiminas.	Records will be remitted to the judge for decision.	32,861	

All amounts in thousands of reais unless otherwise stated

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Tax assessment notices filed by the Finance Secretariat of the State of São Paulo, arising from Assessment Notices drafted by the São Paulo State Environment Protection Agency (CETESB).	In phase of settlement/payment.	7,758	5,603
Other		37,412	25,666
		376,170	263,338

(ii) Contingencies of Soluções Usiminas

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Discussion about the interpretation of Law 9718/98, related to the increase, in the calculation bases of the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).	Awaiting judgment.	14,210	14,210
Discussion about the deduction of Social Contribution on Net Income (CSLL) from the calculation basis of Corporate Income Tax (IRPJ).	Awaiting judgment.	15,540	16,891
Labor claims filed by employees concerning disputes about the amount of indemnities paid on dismissals.	Awaiting judgment.	7,689	7,016
Other		646	3,663
		38,085	41,780

(iii) Contingencies of Unigal

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Discussiton about the incidence of the Economic Domain Intervention Contribution (CIDE) on remittances abroad for payment of transfer of technology.	Lawsuit included in the amnesty of Law 11.941/09. Awaiting the ratification of the request by the Federal Revenue	6,496	6,019
Other		723	465
		7,219	6,484

	12/31/2012	12/31/2011
Contingencies of the Parent Company	376,170	263,338
Contingencies of Soluções Usiminas S.A.	38,085	41,780
Contingencies of Unigal Ltda.	7,219	6,484
Contingencies of other companies	33,678	45,023
Total Consolidated	455,152	356,625

All amounts in thousands of reais unless otherwise stated

(b) Possible loss contingencies

In addition, the parent company and some of its subsidiaries are also parties to lawsuits which involve a risk of loss classified as possible by management, based on the evaluation of its legal counsel, for which no provisions have been recorded. The following are the most significant of these lawsuits:

(i) Contingencies of Parent Company

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Lawsuit aiming at the non-payment of CSLL on debts with suspended enforceability and on donations and sponsorship of cultural projects	Decision partially favorable to Usiminas in second lower court.	25,785	23,794
Request for the offset of federal taxes payable against IRPJ credits determined after the review of the Taxable Income Control Register (LALUR), not approved.	Awaiting judgment at the first lower court.	87,011	80,292
Request for the offset of the negative IRPJ balance against CSLL debt and against IRPJ debt, not approved.	Lawsuit ended with favorable decision to Usiminas.		32,339
Tax collection proceedings claiming the return of ICMS credits recorded by Usiminas due to the fact that the classification of materials was different from the classification adopted by the tax authorities.	Three fiscal assessments were distributed which await judgment as the first lower court.	45,364	42,267
Lawsuits claiming the annulment of tax assessment notices requiring the payment of ICMS on the exports of products considered semi-finished by the tax authorities (before Constitutional Amendment 42/03).	Lawsuit with change of expectation from probable loss to remote loss,		728,973
Tax assessment for alleged non-payment of ICMS, arising from the lack of proof of the domestic nature of certain transactions destined for the Manaus Free-Trade Zone.	Fiscal assessments distributed. There are four assessment notices awaiting trial at the administrative level.	49,270	42,140
Tax collection proceeding to reverse the ICMS credit from use and consumption materials (refractory items and other).	Two fiscal assessments were distributed. Regarding one of them, Usiminas obtained an unfavorable decision and is awaiting the judgment of the appeal. The other is pending judgment at the first lower court.	713,920	468,104
Tax collection proceeding to reverse the ICMS credit taken by Usiminas on purchases of transportation services.	Awaiting judgment at the first lower court.	45,832	42,637

All amounts in thousands of reais unless otherwise stated

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Lawsuit related to the calculation of the charge for PIS, which considered the calculation basis as that of the sixth prior month, due to a mistake in the calculation basis.	Favorable decision at first lower court. Awaiting judgment of the appeal by the tax authorities at a higher court.	10,238	9,126
Request for the Company's withdrawal from an action to permit it to enroll in to adhere to the tax installment program under Law 11941/09 was denied,	Awaiting judgment at the second lower court.	68,397	63,263
Lawsuit challenging the payment of the social security contribution on the group life insurance and the Worker's Meal Program (PAT).	Favorable decision to Usiminas at second lower court.	8,962	8,289
Tax assessment notice for IRPJ and CSLL collection on accrued earnings of the foreign subsidiary on the date of change of domicile.	Awaiting judgment at a lower court.	159,307	147,450
Tax assessment notice for ICMS collection on export transactions, on the understanding that these did not qualify for the benefit, because the receiving companies were not qualified in SECEX.	Lawsuit ended at administrative level. Awaiting enrollment in active debt.	34,138	26,515
Tax assessment notice for ICMS collection on goods remitted abroad, without the effective supporting export documentation.	Two fiscal assessments were distributed awaiting judgment at a lower court.	503,658	466,021
Request for offsetting IPI and PIS and COFINS debts with credits arising from undue payment of CSLL, not approved.	Awaiting judgment at a lower court.	27,524	25,731
Request for approval to offset of CSLL debt with credits of payment in excess of CSLL, not authorized.	Awaiting judgment at a lower court.	15,180	14,080
Tax assessment notice for the reversal of ICMS credits related to the acquisition of materials classified by the tax authorities as of use and consumption.	One tax assessment notice ended at the administrative level and another is awaiting judgment at a lower court.	56,050	18,385
Tax assessment notice for the payment of social security contributions related to the costing of a special pension plan due to environmental risk.	Awaiting judgment at a lower court.	15,426	
Tax assessment notice for ICMS collection, due to interstate transfers between branches using as the calculation basis of the credits the sales price of goods and not the production cost.	Awaiting judgment at a lower court.	22,643	
Tax assessment notice for the reversal of ICMS credits used after the period elapsed.	Awaiting judgment at a lower court.	23,422	
Tax assessment notice filed by the Municipality of Ipatinga for the collection of 2011 Property Tax (IPTU/2011) debt and Request for Review of IPTU/2012 presented by Usiminas.	Tax assessment discontinued. Request for Review not approved.	69,388	

All amounts in thousands of reais unless otherwise stated

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Lawsuit for the elimination of the collection of social security contributions on profit sharing and results paid to the employees from 1995 to 1998.	Usiminas obtained a partially favorable decision at the second judicial level and filed an appeal, which awaits trial	15,884	
Labor claims from own and outsourced employees of Cubatão plant for several labor related amounts.	Awaiting trial at several levels of Labor Court.	127,454	123,215
Labor claims from own and outsourced employees of TMP of Cubatão for several labor related amounts.	Awaiting trial at several levels of Labor Court.	14,775	13,960
Labor claims from own and outsourced employees of Usina de Ipatinga for several labor related amounts.	Awaiting trial at several levels of Labor Court.	94,100	67,145
Annulment of an administrative decision of the Administrative Council for Economic Defense (CADE), which fined Usiminas for alleged violation of the economic order.	Special appeal not admitted.	60,126	50,606
Annulment action of an administrative decision of CADE, which fined Cosipa for alleged violation of the economic order.	Special appeal not admitted.	48,866	41,129
Fine imposed by National Superintendence of Suppliers and Prices (SUNAB), due to alleged sale by Cosipa of products at prices higher than those under regulation and not in compliance with specifications of this agency.	Process in the instruction phase.	16,660	14,022
Other		256,670	151,869
		2,616,050	2,701,352

(ii) Contingencies of Usiminas Mecânica

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Administrative Proceeding alleging that the Company had realized, prior to the correct period, the balance of inflationary profit arising from the price-level restatement of the financial statements for 1990.	Lawsuit with change of expectation from possible loss to remote loss.	28,651	26,244
A lawsuit claiming reimbursement of alleged direct and indirect losses arising from discrepancies in manufacturing and delivery terms.	Awaiting judgment.	301,792	268,289
Public lawsuit related to the construction of the Juscelino Kubitschek Bridge in Brasília, claiming reimbursement of amounts added through an Amendment to the Contract.	Process was concluded for dispatch	284,808	240,428
Public Civil Action filed by the General Prosecutor against Usiminas Mecânica, claiming the reimbursement of alleged damages caused to the State of Santa Catarina due to amounts unduly spent in the construction of the Pedro Ivo Campos Bridge.	Awaiting judgment.	58,960	
Other		55,047	45,566
		729,258	580,527

All amounts in thousands of reais unless otherwise stated

(iii) Contingencies of Unigal

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Non-payment of Tax on Services (ISS) allegedly due on galvanization services	Awaiting judgment at a lower court.	46,722	41,683
Other		3	
		46,725	41,683

(iv) Contingencies of Soluções Usiminas

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Several Assessment notices arising from offset of PIS with COFINS, Finsocial, ICMS and Incra	Assessment was contested	20,357	32,429
Employees claims related to disputes on the amount of compensation paid on dismissals.	Awaiting judgment.	46,450	17,483
Other – several lawsuits of a tax and civil nature		55,408	53,202
		122,215	103,114

	12/31/2012	12/31/2011
Contingencies of the Parent Company	2,616,050	2,701,352
Contingencies of Usiminas Mecânica	729,258	580,527
Contingencies of Unigal	46,725	41,683
Contingencies of Soluções Usiminas	122,215	103,114
Contingencies of other companies	6,333	3,715
Total of Consolidated	3,520,581	3,430,391

All amounts in thousands of reais unless otherwise stated

(c) Contingent assets

Presented below are the contingent assets of the Company and its jointly-controlled entity Unigal relating to lawsuits for which final and unappealable decisions have not been issued and the assets have, therefore, not been recognized in the financial statements:

(i) Contingencies of Parent Company

Description	Position	12/31/2012 Balance	12/31/2011 Balance
Lawsuit filed by the Company to receive the full amount paid to the Federal Power Company (Eletrobrás) as a compulsory loan, according to criteria established in applicable legislation at the time the amount was paid.	Awaiting judgment at a lower court.	629,978	586,803
Lawsuit filed by Cosipa to receive the full amount paid to Eletrobrás as a compulsory loan, according to criteria established in applicable legislation at the time the amount was paid.	Awaiting judgment at a lower court.	702,491	654,346
Lawsuit in which the Company challenges the restriction to the right to PIS and COFINS credits on machinery, equipment and other assets added to property, plant and equipment before 4/30/2004.	Awaiting judgment at a lower court.	142,897	133,104
Other		88,930	57,120
		1,564,296	1,431,373

(ii) Contingencies of Unigal

Description	Position	12/31/2012 Balance	12/31/2011 Balance
A lawsuit claiming the return of the amount deposited in connection with the suspension of the collection of a tax assessment notice, considering the application for the State amnesty.	Probability of success changed to possible.		7,845
			7,845

	12/31/2012	12/31/2011
Contingencies of Parent Company	1,564,296	1,431,373
Contingencies of Unigal		7,845
Total Consolidated	1,564,296	1,439,218

All amounts in thousands of reais unless otherwise stated

25 Provision for environmental recovery

The Usiminas Companies have a provision for environmental recovery as shown below:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Depolluting Sepetiba Bay	21,417	57,354	21,417	57,354
Restoration of areas under exploration			56,286	50,906
	21,417	57,354	77,703	108,260

The expenditures for environmental recovery were recorded as part of the costs of the respective assets with a corresponding entry to the provisions that support such expenses. The amounts recorded are based on management´s estimates regarding future expenses discounted to present value. The estimates of expenses are reviewed periodically and adjusted whenever necessary.

26 Retirement Benefit Obligations

The amounts and information on retirement benefit obligations can be presented as follows:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Balance sheet obligations for:		
Pension benefits	1,322,845	1,223,587
Post-employment medical benefits	73,967	53,886
	1,396,812	1,277,473

All amounts in thousands of reais unless otherwise stated

	Parent Company and Consolidated	
	12/31/2012	**12/31/2011**
Income (expenses) recognized in the statement of operations for (Note 32 (b)):		
Pension benefits	89,203	91,940
Adjustment Benefits Plan (regulatory alteration of Usiprev)	1,934	2,787
Post-employment medical benefits	(5,045)	(5,061)
	86,092	89,666
Actuarial gains(losses) recognized immediately in other comprehensive income	(530,684)	(277,354)
Actuarial gains/losses) of the debt contracted recognized immediately in other comprehensive income – CPC 33 and IFRIC 14	277,677	(81,607)
(Increase)/decrease in asset ceiling recognized in other comprehensive income - paragraph 58 CPC 33 and IAS 19	2,245	204,787
Cumulative actuarial losses recognized in the statement of other comprehensive income	(250,762)	(154,174)

26.1 Supplementary pension plan

The Company established the Caixa dos Empregados da Usiminas (CAIXA), a civil not-for-profit private supplementary pension plan entity, in August 1972.

The merged company Cosipa established the Fundação Cosipa de Seguridade Social (FEMCO), a not-for-profit private supplementary pension plan entity, in August 1975.

On March 29,2012, through Ordinance 165, published in the Official Gazette of the Union – DOU of March 30, 2012, the National Superintendence of Supplementary Pension Plan – PREVIC, approved the merger of Fundação Cosipa de Seguridade Social (FEMCO) by Caixa dos Empregados da Usiminas (CAIXA). With this approval, the administrator of the pension plans for the Usiminas Companies is now called Previdência Usiminas.

The main purpose of Previdência Usiminas, in conformity with applicable legislation, is to manage and execute pension benefit plans.

(a) Plans Managed by Previdência Usiminas

- Benefit Plan 1 - PB1

A defined benefit plan which has not accepted new enrollments since November 1996.

The Plan offers the following benefits converted into a life annuity: retirement due to years of service, disability and age, special retirement and deferred proportional benefit. In addition, the participants are entitled to receive benefits relating to redemption, portability, funeral assistance, assistance in commitment to an institution and sickness allowance.

- Benefit Plan 2 - USIPREV

A defined benefit plan which has accepted enrollments since August 1998 of all employees of sponsor companies.

During the accumulation phase, USIPREV's participant defines the monthly contribution for the constitution of his/her savings reserve. At the time of the concession of the benefit, the participant can opt for receiving the benefit with a monthly income of between 0.5% to 1.5% of the Account Balance, or a monthly income for a defined period between 60 and 360 months. A "Founder Participant" – who enrolled in the plan up to April 13, 2011 – can opt for converting the account balance into a lifetime monthly income. In this case, during the phase of the receipt of benefits, USIPREV will have the characteristic of a Defined Benefit plan (BD).

The benefits assured by this plan comprise: programmed retirement, retirement due to disability and deferred proportional benefit, pension, sickness allowance, redemption and portability benefits.

- Defined Benefit Plan (PBD)

A defined benefit plan which has not accepted new enrollments since December 2000.

The Plan offers the following benefits converted into a life annuity: retirement due to years of service, disability and age, special retirement and deferred proportional benefit.

In addition, the participants of this plan have the right to the benefit of redemption, portability, funeral assistance, maternity assistance and sickness allowance

- COSIPREV

A defined contribution plan which has not accepted new enrollments since April 30, 2009.

The Plan offers the following retirement benefits: programmed retirement, retirement due to disability and deferred proportional benefit.

In addition, the participants are entitled to receive benefits relating to redemption, portability, funeral assistance and sickness allowance.

The actual reserves of Previdência Usiminas are calculated by an independent actuary contracted by the Company and represent the assumed obligation on benefits granted and to be granted to participants and their beneficiaries.

26.2 Contracted debts for minimum funding requirements

Debts were contracted by the Company for minimum funding requirements for the payment of contributions with the purpose of covering the existing shortfall in relation to the services already received, as defined by CPC 33 and IFRIC 14.

All amounts in thousands of reais unless otherwise stated

Since any possible surplus is not recoverable, the debts are recognized as an additional liability in the calculation of the net actuarial liability.

The debt balance of the Company at December 31, 2012 with the PB1 and PBD plans together with Previdência Usiminas was R$1,161,143 (December 31, 2011 – R$1,218,507).

The general characteristics of debts included in the actuarial calculations, prepared in accordance with CPC 33, IAS 19 and IFRIC14, are described below.

The Usiminas Companies are paying regular and extraordinary monthly contributions which are necessary to cover the deficit calculated in December 1994. This deficit is being amortized by the sponsors during a nineteen-year period, at an interest rate of 6% per annum and remeasured monthly based on the General Market Price Index (IGP-M).

The debt balance of the PBD plan is calculated at each year-end, based on the actuarial valuation of provisions of benefits granted and to be granted. During the following year, the debt is adjusted by the monthly surplus or deficit calculated in the PBD plan and by the payment of installments due in the period. The debt balance is expected to be amortized in 208 installments, which correspond to the monthly installments based on the "Price Table", with interest equivalent to 6% per annum and remeasured monthly based on the National Consumer Price Index (INPC).

The debt of the PBD plan is guaranteed by assets recorded in the amount of R$583,106 at December 31, 2012 (December 31, 2011 – R$543,995).

26.3 Actuarial calculation of pension plans

The amounts calculated, based on the actuarial report, and recorded in the balance sheet can be presented as follows:

	Parent Company and Consolidated				
					12/31/2012
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Defined benefit obligation	(3,578,365)	(1,568,549)	(1,365,213)	(4,869)	(6,516,996)
Fair value of the plan assets	3,252,816	1,309,922	1,270,450	7,569	5,840,757
	(325,549)	(258,627)	(94,763)	2,700	(676,239)
Unrecognized past service			(22,520)		(22,520)
Additional minimum liability	(624,086)				(624,086)
	(949,635)	(258,627)	(117,283)	2,700	(1,322,845)

All amounts in thousands of reais unless otherwise stated

	Parent Company and Consolidated				
					12/31/2011
	PB1	PBD	USIPREV	COSIPREV	TOTAL
Defined benefit obligation	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)
Fair value of the plan assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940
	2,717	(173,698)	16,585	3,474	(150,922)
Unrecognized past service			(24,454)		(24,454)
Asset of benefit (asset ceiling)	(2,717)			(685)	(3,402)
Additional minimum liability	(963,701)	(81,108)			(1,044,809)
	(963,701)	(254,806)	(7,869)	2,789	(1,223,587)

The sponsors of USIPREV are jointly responsible for the obligations related to the coverage of benefits provided by Previdência Usiminas to the participants and respective beneficiaries of this Plan.

COSIPREV has a Social Security Fund, formed by resources from the balances of the participants account not used in the concession of benefits, and, which, based on the plan regulation, can be used in the future as a source for the costing of this plan. The portion of the Pension Plan attributed to the Usiminas Companies was R$2,700 at December 31, 2012 (December 31, 2011 - R$ 2,789).

The movement in the defined benefit obligation in the periods presented was as follows:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Opening balance	(5,452,862)	(5,041,726)
Current service cost	(5,387)	(6,786)
Interest cost	(580,811)	(568,051)
Benefits paid during the year	414,922	390,028
Adjustments in the Benefits Plan		27,241
Actuarial (losses)/gains	(892,858)	(253,568)
	(6,516,996)	(5,452,862)

The movement in the fair value of the plan assets in the periods presented was as follows:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Opening balance	5,301,940	5,023,144
Expected return on plan assets	675,191	666,565
Actual contributions during the year	170,969	165,036
Benefits paid during the year	(414,922)	(390,028)
Actuarial (losses)/gains	107,579	(162,777)
	5,840,757	5,301,940

All amounts in thousands of reais unless otherwise stated

The amounts recognized in the statement of operations were as follows:

	Parent Company and Consolidated	
	12/31/2012	**12/31/2011**
Current service cost	(5,387)	(6,786)
Interest cost	(580,811)	(568,051)
Expected return on plan assets	675,191	666,565
Adjustment to Benefits Plan (regulatory alteration of Usiprev)	1,934	2,787
Other	210	212
	91,137	94,727

The charges above were recognized in "Other operating expenses (income), net" in the statement of operations (Note 32 (b)).

The actual return on the plan assets was R$782,770 (December 31, 2011 – R$503,778).

The expected contributions to the post-employment benefit plans for 2013 total R$178,369.

Actuarial assumptions

			Percentage
	12/31/2012		**12/31/2011**
	Previdência Usiminas	**CAIXA**	**FEMCO**
Discount rate	8.68% a.a.	10.35% a.a.	10.35% a.a.
Inflation rate	4.50% a.a.	4.50% a.a	4.50% a.a
Expected return on plan assets – PB1 e PBD	8.68% a.a	12.84% a.a.	12.07% a.a.
Expected return on plan assets – USIPREV e COSIPREV	8.68% a.a	11.59% a.a.	12.03% a.a.
Future salary increases	5.55% a.a.	7.64% a.a	7.64% a.a
Future pension increases	4.50% a.a.	4.50% a.a	4.50% a.a

Assumptions regarding future mortality are based on actuarial advice, in accordance with published statistics and experience. The mortality assumptions for 2012 and 2011 for the PB1, Cosiprev and Usiprev plans were based on the mortality table AT 2000. The mortality assumptions for 2012 for the PBD plan was based on the mortality table AT 1983 (in 2011 – AT 2000). The disability mortality table utilized for December 31, 2012 and 2011 was AT – 1949 male.

All amounts in thousands of reais unless otherwise stated

26.4 Experience adjustments

The effects of the experience adjustments in the period can be presented as follows:

	12/31/2012						
	PB1	PBD	USIPREV	COSIPREV	TOTAL retirement plans	PLANO SAUDE	TOTAL
Current value of the defined benefit obligation	(3,578,365)	(1,568,549)	(1,365,213)	(4,869)	(6,516,996)	(73,967)	(6,590,963)
Fair value of the plan assets	3,252,816	1,309,922	1,270,450	7,569	5,840,757		5,840,757
Deficit (surplus) in the plan	(325,549)	(258,627)	(94,763)	2,700	(676,239)	(73,967)	(750,206)
Experience adjustments of the plan obligations	(57,296)	7,242	(13,707)	(537)	(64,298)	(5,107)	69,405
Experience adjustments of the plan assets	33,314	57,546	14,591	2,128	107,579		107,579

	12/31/2011						
	PB1	PBD	USIPREV	COSIPREV	TOTAL retirement plans	PLANO SAUDE	TOTAL
Current value of the defined benefit obligation	(2,945,698)	(1,369,337)	(1,135,452)	(2,375)	(5,452,862)	(53,886)	(5,506,748)
Fair value of the plan assets	2,948,415	1,195,639	1,152,037	5,849	5,301,940		5,301,940
Deficit (surplus) in the plan	2,717	(173,698)	16,585	3,474	(150,922)	(53,886)	(204,808)
Experience adjustments of the plan obligations experience	(50,302)	(10,932)	(15,659)	(473)	(77,366)	(2,981)	(80,347)
Experience adjustments of the plan assets	(225,892)	69,649	(9,389)	(2,855)	(168,487)		(168,487)

26.5 Post-retirement health plan

Previdência Usiminas, through the former FEMCO, also has an integrated health system for retirees, comprising the following:

- Health Plan, for small expenses, such as medical appointments and routine examinations;
- Health Fund - COSaúde, for hospitalization and/or surgery costs, as well as other high-cost and outpatient procedures.

Under the Health Plan, the Company offers a subsidy to retirees, pensioners and dependents, varying from 20% to 40% of medical costs, in accordance with the total benefit - INSS plus Previdência Usiminas. The retiree should be enrolled in the COSaúde to be part of the Health Plan. The Health Fund - COSaúde, is a self-managed by the participant and operates under the full prepayment system.

This plan has been closed for new enrollments since April 2002.

In addition to the assumptions set out above, the main actuarial assumption in the years ended December 31, 2012 and 2011 was a long-term increase in health costs of 8.68% a year.

All amounts in thousands of reais unless otherwise stated

The amounts recognized in the balance sheet, in accordance with the actuarial report, were determined as follows:

	12/31/2012	12/31/2011
Present value of actuarial obligation	(53,886)	(48,510)

The movement in the defined benefit obligation was as follows:

	Parent Company an Consolidated	
	12/31/2012	12/31/2011
Opening balance	(53,886)	(48,510)
Interest cost	(5,045)	(5,061)
Benefits paid	3,752	3,586
Actuarial gains / (losses)	(18,788)	(3,901)
	(73,967)	(53,886)

The amounts recognized in the statement are as follows:

	Parent Company an Consolidated	
	12/31/2012	12/31/2011
Interest cost	(5,045)	(5,061)
	(5,045)	(5,061)

The charges above were recognized in "Other operating expenses (income), net" in the statement of operations.

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

		2012
	Increase	Reduction
Effect on the total interest cost	741	(590)
Effect on the defined benefit obligation	8,510	(6,829)

All amounts in thousands of reais unless otherwise stated

26.6 Pension plan assets

The pension plan assets are comprised as follows:

	12/31/2012		12/31/2011	
	Amount	**Percentage**	**Amount**	**Percentage**
Shares	466,280	8	877,474	17
Federal government securities	1,764,115	30	1,835,805	35
Financial investments with financial institutions – fixed income	2,982,605	51	1,805,986	34
Financial investments with financial institutions – variable income	133,469	2	142,302	2
Real estate investments	289,824	5	455,625	9
Other	204,464	4	184,748	3
	5,840,757	100	5,301,940	100

Pension plan assets include 34,109,762 common shares of the Company, with a fair value of R$466,280 (December 31,2011 – 51,164,642 common shares of the Company, with a fair value of R$877,474).

The expected return on the plan assets corresponds to the discount rate defined based on long-term government bonds that are related to inflation, aligned with the average term weighted by the future stream of currently evaluated benefit payments.

27 Equity

(a) New Shareholders' Agreement

On January 17, 2012, the Company informed the Market, through the Disclosure of a Material Fact, of the conclusion which occurred on January 16, 2012 of the purchase and sales operation of shares pursuant to the applicable regulation of the Brazilian capital market, whose content is described below:

(i) Confab Industrial S.A. ("Confab"), Prosid Investments S.C.A. ("Prosid"), Siderar S.A.I.C. ("Siderar") and Ternium Investments S.à r.l. ("Ternium" and, together with Confab, Prosid and Siderar, the "Techint Group ") concluded on November 27, 2011 the purchase and sales operations of shares pursuant to the contracts of purchase and sale executed with VBC Energia S.A. ("VBC"), Votorantim Industrial S.A. ("Votorantim") and Previdência Usiminas (new denomination of Caixa dos Empregados da Usiminas) ("CEU") and the "Contracts of Purchase and Sale of the Techint Group" and acquired 139,741,296 common shares of Usiminas, representing approximately 27.66% of Usiminas common shares and approximately 13.78% of Usiminas share capital, for the price of R$36.00 per share, totaling R$5,030,687.

(ii) Nippon Steel & Sumitomo Metal Corporation ("NSSMC") (new denomination of Nippon Steel Corporation; "NSC") concluded the purchase and sales operations of shares pursuant to the contracts of purchase and sale executed with CEU on November 27, 2011, and acquired 8,527,440 common shares of Usiminas, representing approximately 1.69% of Usiminas common shares and approximately 0.84% of Usiminas share capital, for the price of R$36.00 per share, totaling R$306,988.

All amounts in thousands of reais unless otherwise stated

(iii) Techint Group, NSC, Nippon Usiminas Co. Ltd. ("NU"), Metal One Corporation ("Metal One"), Mitsubishi Corporation do Brasil S.A. ("Mitsubishi") and CEU executed a Consolidated and Amended Shareholders' Agreement of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (the "New Shareholders' Agreement"), in terms essentially identical to the Consolidated and Amended Shareholders' Agreement of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS executed on November 27, 2011, however excluding the effective precedent conditions of this agreement. The New Shareholders' Agreement amended, consolidated and fully replaced the Consolidated and Amended Shareholders' Agreement of Usiminas of November 06, 2006 ("Original Shareholders' Agreement") and will govern the relations between the parties to this agreement as shareholders and members of the controlling group of Usiminas. A copy of the New Shareholders' Agreement was delivered to Usiminas on January 17, 2012, to be signed as a consenting intervening party and for filing the Agreement at its headquarters for purposes of article 118 of Law 6,404/76.

(iv) The New Shareholders' Agreement also replaced and revoked the Shareholders' Agreement of Usiminas of February 18, 2011, between Mitsubishi, Metal One, NSC, NU, VBC and Votorantim, which was expressly terminated by the parties at that date.

For reference purposes, the table below indicates the distribution of USIMINAS voting capital among the parties of the New Shareholders' Agreement at that date and after the conclusion of the operations mentioned in items "(i)" and "(ii)":

	Original Shareholders' Agreement		New Shareholders' Agreement	
	Common shares linked (%)	**Total common shares ONs(%)**	**Common shares linked (%)**	**Total common shares(%)**
NSSMC (a)	3.75	2.40	6.40	4.09
NU	37.18	23.74	37.18	23.74
Total NSC and NU	**40.93**	**26.14**	**43.58**	**27.83**
Mitsubishi and Metal One	2.54	1.62	2.54	1.62
Total NSC, NU, Mitsubishi and Metal One	**43.47**	**27.76**	**46.12**	**29.45**
Ternium			26.26	16.77
Siderar			3.10	1.98
Prosid			6.20	3.96
Confab			7.75	4.95
Techint Group			**43.31**	**27.66**
V/C Group (Votorantim and Camargo Correa)	**40.67**	**25.97**		
Previdência Usiminas	**15.86**	**10.13**	**10.57**	**6.75**
Controlling shareholders	**100.00**	**63.86**	**100.00**	**63.86**
Non-controlling shareholders		**36.14**		**36.14**

(a) The NSSMC Group has 6,726,600 free common shares, not linked to the New Shareholders' Agreement.

All amounts in thousands of reais unless otherwise stated

(b) Share capital

The Company's share capital at December 31, 2012 and 2011 amounted to R$12,150,000, comprising 1,013,786,190 shares, as follows:

	Common	Class A Preferred	Class B Preferred	Total
Total shares	505,260,684	508,439,712	85,794	1,013,786,190
Total treasury stock	(2,526,654)	(24,060,356)		(26,587,010)
Total shares excluding treasury stock	502,734,030	484,379,356	85,794	987,199,180

Each common share grants the holder the right to one vote at General Shareholders' Meetings. Preferred shares have no vote but are entitled to (i) receive dividends 10% higher than the dividends attributed to common shares (ii) receive all the bonuses voted in General Meetings, under the same conditions as common shares; (iii) priority in the reimbursement of capital, with no right to premium, in the event of the liquidation of the Company; (iv) right to vote at meetings if the Company does not pay preferred dividends during three consecutive years.

The preferred shares cannot be converted into common shares.

The holders of Class B preferred shares have priority in the reimbursement of capital, with no right to premium, in the event of the liquidation of the Company. The holders of Class A preferred shares are entitled to the same priority, however, only after the priority of Class B preferred shares has been complied with. Class B preferred shares can be converted into Class A preferred shares at any time, at the exclusive discretion of the shareholder.

All shareholders are entitled to a minimum dividend of 25% of the profit for the year, calculated in accordance with Brazilian corporate legislation.

(c) Reserves

- Premium on share subscription - established during the merger process, in accordance with article 14, sole paragraph of Law 6404/76. This reserve can be used to absorb losses which exceed retained earnings and revenue reserves, for the redemption, reimbursement or purchase of shares, the redemption of founders' shares, capital increase and payment of dividends on preferred shares, when applicable (Article 200 of Law 6404/76).

- Treasury stock - The Company held in treasury 2,526,654 common shares and 22,455,476 Class A preferred shares at December 31, 2012 and 2011

- Special premium reserve - refers to the recognition of the tax benefit of the reverse merger effected by the subsidiary Mineração Usiminas (Note 16 (d) (iv)).

- Options granted recognized - refers to the recognition of the shares granted under the Share Option Plan (Note 39).

- Legal reserve - credited annually with 5% of the profit for the year up to the maximum of 20% of capital.

Reserve for investments and working capital – the balance at December 31, 2012 of R$ 3,171,797 (December 31, 2011 – R$3,791,235), was composed as follows:

(i) Appropriation of 50% of the profit for the year adjusted by the legal reserve, as determined in the Company's by-laws. The reserve for investments and working capital cannot exceed 95% of capital and its balance can be utilized to absorb losses, and for the distribution of dividends, redemptions, reimbursement or purchase of shares or to increase capital. The total amount appropriated to this reserve was R$ 110,711 at December 31, 2011.

(ii) Appropriation of the amount of R$51,466 at December 31, 2011 under the terms of Article 196 of Law 6404/76, based on the capital budget approved at the Board of Directors' Meeting held on March 06, 2012.

(iii) Absorption of the balance of the accumulated deficit at December 31, 2012 of R$ 619,438, under the terms of Article 189 of Law 6404/76.

(d) Carrying value adjustments

Carrying value adjustments refer mainly to:

(i) Result from capital transaction : corresponds to the result of alterations in the corporate holdings that did not result in a loss or acquisition of control. The credit balance of this account of R$871,258 at December 31, 2012 and 2011 referred to the corporate restructuring of Mineração Usiminas (Note 16 (e) (i)).

(ii) Actuarial gains and losses: corresponds to actuarial gains and losses assessed in conformity with CPC 33 and IAS 19 (Note 26). The debt balance of this account totaled R$ 592,487 at December 31, 2012 (December 31, 2011 – R$341,725).

(iii) Restatement of property, plant and equipment: corresponds to the application of IAS 29, in conformity with CPC 37, for the period in which the Brazilian economy was considered as hyper inflationary. This restatement was realized based on the useful life of property, plant and equipment with a corresponding entry to retained earnings. The credit balance of this account totaled R$ 194,530 at December 31, 2012 (December 31, 2011 – R$211,887).

(iv) Cash flow hedge reserve: corresponds mainly to the hedging transaction described in Note 6 (c). The debit balance of this reserve totaled R$ 121,597 at December 31, 2012 (December 31, 2011 – R$143,735).

All amounts in thousands of reais unless otherwise stated

(e) Dividends and interest on own capital

Dividends and interest on own capital proposed related to 2011 can be demonstrated as follows:

	12/31/2011
Profit for the year (*)	233,077
Appropriation to legal reserve (5%)	(11,653)
Calculation basis of dividends	221,424
Interest on own capital payable	**81,577**
Earnings per common shares (in reais)	R$0.078769
Earnings per preferred shares (in reais)	R$0.086646
Total	**81,577**
Percentage on the calculation basis of dividends	35%

* Profit of the Parent Company, in accordance with the accounting practices adopted in Brazil.

Dividends and interest on own capital recognized related to 2011 can be demonstrated as follows:

Nature	**R$/common share**	**R$/preferred share**	**12/31/2011**
Interest on own capital payable	R$0.078769	R$0.086646	55,356
Interest on own capital *	R$0.136908	R$0.150599	176,833
Total available dividends			232,189

(*) Supplementary dividends on the results for 2011 and approved in 2012.

All amounts in thousands of reais unless otherwise stated

The movements in dividends and interest on own capital payable were as follows:

	Parent Company		Consolidated	
Nature	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Dividends payable at the beginning of the year	57,171	145,175	69,704	159,819
Dividends referring to prior year profits	26,221	176,833	26,221	176,833
Payment of taxes and interest on own capital	(81,568)	(319,684)	(94,099)	(371,896)
Interest on own capital and dividends declared		55,356	25,718	105,457
Unclaimed dividends	(909)	(509)	(909)	(509)
Total dividends payable at the end of the year	915	57,171	26,635	69,704

The interest on own capital, of R$81,577, was recorded as a financial expense for tax purposes. In compliance with CVM Deliberation No. 207/1996, it was reversed to the same statement of operations account and, therefore, had no effect on the profit for the year, except for the tax effects which were recognized in the income tax and social contribution on profit expense for the year. The Company's by-laws determine the payment of a minimum dividend of 25% of profit for the year, adjusted under the terms of Brazilian corporate legislation. In 2011, the Company approved the payment of dividends and interest on own capital, equivalent to 35% of the profit for the year.

Dividends not claimed within three years are forfeited and revert to the Company.

Considering the loss for the year determined by the Company, dividends and/or interest on own capital were not distributed or declared in 2012.

All amounts in thousands of reais unless otherwise stated

(f) Retained earnings (accumulated deficit)

The changes in retained earnings (accumulated deficit) were as follows:

At December 31, 2010	
Profit for the year	233,077
Minimum dividend and interest on own capital for 2011	(55,356)
Dividends to be appropriated	(26,221)
Transfer to legal reserve	(11,653)
Transfer to investment and working capital reserve	(162,177)
Realization of IAS 29 adjustment in the fixed assets	21,821
Unclaimed dividends	509
At December 31, 2011	
Loss for the year	(639,574)
Stock option plan	1,870
Realization of IAS 29 adjustment in property, plant and equipment	17,357
Unclaimed dividends	909
Transfer to investment and working capital reserve	619,438
At December 31, 2012	

28 Segment Information

Management has determined the Usiminas Companies' operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors analyses the business by segment of products sold.

The revenue generated by the operating segments reported arises mainly from the manufacture and sale of steel products and related services.

All amounts in thousands of reais unless otherwise stated

28.1 Information on operating profit (loss), assets and liabilities by reporting segments

							12/31/2012
	Mining and Logistics	Steel Metallurgy	Steel Transformation	Capital Assets	Subtotal	Eliminations and adjustments	Total
Revenue	898,537	11,452,533	2,077,086	1,017,371	15,445,527	(2,736,728)	12,708,799
Cost of sales	(341,994)	(11,488,927)	(1,887,065)	(997,214)	(14,715,200)	2,666,900	(12,048,300)
Gross profit (loss)	556,543	(36,394)	190,021	20,157	730,327	(69,828)	660,499
Operating income/ (expenses)	(151,246)	(469,701)	(183,228)	(55,967)	(860,142)		(860,142)
Selling expenses	(108,989)	(156,090)	(91,918)	(15,940)	(372,937)		(372,937)
General and administrative expenses	(58,924)	(283,701)	(93,810)	(61,408)	(497,843)	9,396	(488,447)
Other income and (expenses)	16,667	(29,910)	2,500	21,381	10,638	(9,396)	1,242
Operating profit (loss)	405,297	(506,095)	6,793	(35,810)	(129,815)	(69,828)	(199,643)
Depreciation, amortization and depletion	33,959	884,577	52,931	25,244	996,711	1,007	997,718
Adjusted EBITDA	439,256	378,482	59,724	(10,566)	866,896	(68,821)	798,075
EBITDA margin	48.9%	3.3%	2.9%	-1.0%	5.6%		6.3%
Assets	6,067,795	29,752,641	1,537,259	1,119,479	38,477,174	(5,702,955)	32,774,219
Total assets includes:							
Investments in associates (except goodwill)	283,283	63,640		2,850	349,773		349,773
Additions to non-current assets (other than financial instruments and deferred tax assets)	560,836	1,014,905	60,136	56,372	1,692,249	7,755	1,700,004
Current and non-current liabilities	832,625	13,136,040	285,182	562,789	14,816,636	(555,490)	14,261,146

All amounts in thousands of reais unless otherwise stated

	12/31/2011						
	Mining and Logistics	**Steel Metallurgy**	**Steel Transformation**	**Capital Assets**	**Subtotal**	**Eliminations and adjustments**	**Total**
Revenue	974,253	10,421,067	2,148,859	1,418,709	14,962,888	(3,060,929)	11,901,959
Cost of sales	(270,272)	(10,230,829)	(1,976,996)	(1,234,875)	(13,712,972)	3,105,181	(10,607,791)
Gross profit	703,981	190,238	171,863	183,834	1,249,916	44,252	1,294,168
Operating income/ (expenses)	(138,308)	(244,156)	(192,382)	(99,067)	(673,913)	5,597	(668,316)
Selling expenses	(62,398)	(264,977)	(108,870)	(22,323)	(458,568)		(458,568)
General and administrative expenses	(40,629)	(305,412)	(102,722)	(69,742)	(518,505)	8,186	(510,319)
Other income and (expenses)	(35,281)	326,233	19,210	(7,002)	303,160	(2,589)	300,571
Operating profit (loss)	565,673	(53,918)	(20,519)	84,767	576,003	49,849	625,852
Depreciation, amortization and depletion	27,941	765,421	42,014	21,512	856,888		856,888
Other additions/ deductions	10,052	(248,176)	19,047	5,626	(213,451)	(5,597)	(219,048)
Adjusted EBITDA	603,666	463,327	40,542	111,905	1,219,440	44,252	1,263,692
EBITDA margin	62.0%	4.4%	1.9%	7.9%	8.2%		10.6%
Assets	5,829,008	35,169,901	1,637,917	1,228,523	43,865,349	(10,504,924)	33,360,425
Total assets includes:							
Investments in associates (except goodwill)	259,355	62,554		3,184	325,093		325,093
Additions to non-current assets (other than financial instruments and deferred tax assets)	993,169	2,131,654	79,077	72,209	3,276,109	4,442	3,280,551
Current and non-current liabilities	942,877	14,954,780	396,402	522,376	16,816,435	(2,470,215)	14,346,220

Sales between segments are carried out at arm's length.

Management evaluates the performance of the operating segments based on a measure of adjusted EBITDA (unaudited), whose reconciliation to operating income is shown in the table above.

The Adjusted EBITDA is calculated adding the to the net profit (loss) the result of discontinued operations, the income tax and social contribution, the equity in the results of subsidiaries, jointly-controlled entities and
associates, the financial result, depreciation, amortization and depletion and other additions and deductions.

There were no individually significant customers representing more than 10% of revenues. Over 95% of the revenues originate from the sale of products and services.

All amounts in thousands of reais unless otherwise stated

28.2 Reconciliation of assets, liabilities and revenues of reporting segments

The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These values are allocated based on the operations of the segment and the physical location of the asset. Eliminations of inter-segment assets and liabilities refer to intercompany balances

(a) Reconciliation of assets

The reporting segment assets can be reconciled to total assets as follows:

	12/31/2012	12/31/2011
Assets of reporting segments	38,477,174	43,865,349
Elimination of inter-segment assets	(5,702,955)	(10,504,924)
Total assets	32,774,219	33,360,425

(b) Reconciliation of liabilities

The reporting segment liabilities can be reconciled to total liabilities as follows:

	12/31/2012	12/31/2011
Liabilities of reporting segments	14,816,636	16,816,435
Elimination of inter-segment liabilities	(555,490)	(2,470,215)
Total liabilities	14,261,146	14,346,220

(c) Other significant items

	12/31/2012	12/31/2011
Analysis of revenue by category		
Gross domestic market sales revenue	14,112,658	14,458,127
Gross foreign market sales revenue	2,782,821	1,646,320
Deductions from gross revenue, mainly sales taxes	(4,186,680)	(4,202,488)
Net domestic market sales revenue	10,110,794	10,345,344
Net foreign market sales revenue	2,598,005	1,556,615

All amounts in thousands of reais unless otherwise stated

29 Revenue

The reconciliation of gross and net revenue is as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Product sales				
Domestic market	12,638,859	12,694,998	13,821,781	14,037,934
Foreign market	2,390,168	1,410,849	2,763,522	1,638,389
	15,029,027	14,105,847	16,585,303	15,676,323
Service sales				
Domestic market	55,880	109,003	290,877	420,193
Foreign market	19,299	7,619	19,299	7,931
	75,179	116,622	310,176	428,124
Gross revenue	15,104,206	14,222,469	16,895,479	16,104,447
Deductions from gross revenues	(3,689,785)	(3,704,947)	(4,186,680)	(4,202,488)
Net revenue	11,414,421	10,517,522	12,708,799	11,901,959

All amounts in thousands of reais unless otherwise stated

30 Expenses by Nature

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Depreciation and amortization	(852,062)	(752,082)	(997,718)	(856,888)
Employee benefit expenses	(1,223,175)	(959,548)	(2,125,813)	(2,028,692)
Raw materials and consumables	(7,651,152)	(7,194,422)	(7,045,055)	(6,056,961)
Distribution cost	(74,908)	(81,138)	(219,593)	(168,625)
Sundry cost of services/sales	(122,210)	(88,562)	(166,857)	(157,993)
Third-party services	(1,240,939)	(1,246,486)	(1,164,493)	(1,461,959)
Net revenue (expenses) with contingencies	(147,206)	131,071	(133,285)	144,895
Gains (losses) on acquisition and disposal of property, plant and equipment, intangible assets and investments	2,137	49,403	2,246	64,112
Other income (expenses)	(872,187)	(555,650)	(1,057,874)	(753,996)
	(12,181,702)	(10,697,414)	(12,908,442)	(11,276,107)
Cost of sales and services	(11,759,451)	(10,445,265)	(12,048,300)	(10,607,791)
Selling expenses	(155,945)	(264,876)	(372,937)	(458,568)
General and administrative expenses	(274,316)	(291,175)	(488,447)	(510,319)
Other operating income (expenses), net	8,010	303,902	1,242	300,571
	(12,181,702)	(10,697,414)	(12,908,442)	(11,276,107)

31 Employee Benefit Expenses

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Salaries and social charges	(1,003,853)	(776,923)	(1,748,078)	(1,627,819)
Social security costs	(170,527)	(145,155)	(279,545)	(293,485)
Pension benefits	86,092	89,666	86,092	89,666
Bonuses	(21,711)	(13,053)	(23,272)	(22,428)
Profit sharing	(63,249)	(69,468)	(100,051)	(108,660)
Pension plan costs	(30,723)	(27,709)	(33,952)	(39,196)
Other	(19,204)	(16,906)	(27,007)	(26,770)
	(1,223,175)	(959,548)	(2,125,813)	(2,028,692)

Employee benefit expenses were recorded under "Cost of sales", "Selling expenses" and "General and administrative expenses", in accordance with the function of each employee.

All amounts in thousands of reais unless otherwise stated

32 Operating Income (Expenses)

(a) Selling and general and administrative expenses

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Selling expenses				
Personnel expenses	(34,453)	(55,122)	(83,422)	(106,572)
Third-party services	(28,141)	(36,765)	(31,239)	(38,333)
Depreciation and amortization	(5,955)	(8,434)	(6,781)	(9,112)
Distribution cost	(74,908)	(81,138)	(219,593)	(191,991)
Sales commissions	(1,886)	(1,665)	(9,275)	(13,538)
Impairment of trade receivables	(1,786)	(66,698)	(2,054)	(72,160)
General expenses	(8,816)	(15,054)	(20,573)	(26,862)
	(155,945)	(264,876)	(372,937)	(458,568)
General and administrative expenses				
Personnel expenses	(155,655)	(137,810)	(268,357)	(250,272)
Third-party services	(50,273)	(60,101)	(94,523)	(109,361)
Depreciation and amortization	(6,160)	(2,476)	(19,337)	(14,987)
Officers' fees	(7,358)	(29,612)	(10,321)	(32,074)
General expenses	(54,870)	(61,176)	(95,909)	(103,625)
	(274,316)	(291,175)	(488,447)	(510,319)

All amounts in thousands of reais unless otherwise stated

(b) Other operating income (expenses)

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Other operating income				
Recovery of expenses	30,788	7,179	39,359	15,839
Recovery of taxes	84,906	126,751	87,716	133,161
Recovery of costs	34,827	37,082	41,461	43,019
Sale of investments, property, plant and equipment and intangible assets	5,178	64,953	12,890	121,053
Reintegra Project	71,881		71,881	
Pension plan and post-employment health benefits	86,092	89,666	86,092	89,666
Rental of real estate properties	6,712	6,315	6,712	6,318
Other income	30,817	20,255	17,697	13,147
	351,201	352,201	363,808	422,203
Other operating expenses				
Taxes	(11,627)	(23,786)	(16,687)	(24,933)
Result from sundry sales and freight	(32,684)	(15,849)	(30,909)	(18,275)
Incentive for termination of employment	(10,018)	(3,861)	(10,018)	(3,861)
Technological research	(33,708)	(37,502)	(34,230)	(37,502)
Contingencies	(147,206)	131,071	(133,285)	144,895
Incentive to culture and sport, FIA, audiovisual	(5,439)	(453)	(9,391)	(9,213)
Environmental restoration	(23,472)	(6,860)	(23,472)	(6,860)
Judicial charges	(18,249)	(6,447)	(18,998)	(6,468)
Cost on sale/disposal of property, plant and equipment, investments and intangible assets	(3,041)	(15,550)	(10,644)	(56,941)
Fines	(3,477)	(16,632)	(4,459)	(17,779)
Personnel and pre-operating training	(13,666)	(28,144)	(13,666)	(28,144)
Result from NDF (*Non Deliverable Forward*) transactions	12,834	(3,877)	12,834	(3,877)
Stock option plan	(6,691)	(2,274)	(6,691)	(2,274)
Advisory services on assessment of investment projects	(1,114)	(3,788)	(7,199)	(22,373)
Provision for sundry losses	(18,308)		(20,782)	
Other expenses	(27,325)	(14,347)	(34,969)	(28,027)
	(343,191)	(48,299)	(362,566)	(121,632)
	8,010	303,902	1,242	300,571

All amounts in thousands of reais unless otherwise stated

33 Finance Result

Finance income and costs are summarized as follows:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Finance income				
Interest from customers	22,205	11,095	28,343	15,829
Income from financial investments	7,900	20,451	100,274	171,163
Monetary effects	20,297	46,385	137,993	216,861
Interest on judicial deposits	37,211	55,375	41,727	62,293
Interest on tax credits	6,057	28,973	6,996	28,973
Adjustment to present value	84,951	114,009	84,984	113,794
Other finance income	13,599	24,187	7,866	17,030
	192,220	300,475	408,183	625,943
Finance costs				
Interest and commissions on financing	(214,497)	(240,236)	(249,777)	(271,636)
Results of swap transactions	(184,255)	58,622	62,415	(20,097)
Monetary effects	(234,712)	(257,728)	(249,044)	(272,541)
Interest, commissions and expenses on arrears	(10,675)	(12,803)	(17,823)	(15,832)
Tax on Financial Transactions (IOF)	(4,031)	(8,450)	(5,411)	(8,662)
Interest on contingent liabilities	(34,624)	(39,597)	(37,278)	(43,899)
Adjustment to present value	(63,920)	(72,926)	(99,443)	(72,269)
Commissions on financing and other	(27,121)	(10,419)	(28,849)	(10,519)
Realization of hedge accounting	(47,492)		(47,492)	
Other finance costs	(14,500)	(11,830)	(47,127)	(14,816)
	(835,827)	(595,367)	(719,829)	(730,271)
Foreign exchange gains and losses, net	(220,669)	(304,682)	(190,985)	54,313
Finance result	(864,276)	(599,574)	(502,631)	(50,015)

Foreign exchange differences charged or credited to the statement of operations arose from the foreign exchange variations on loans and financing, and foreign suppliers, current accounts, financial investments and customers.

The Company reassessed the interpretation and accounting of interest and monetary restatements of contracts indexed to the Interbank Deposit Certificate (”CDI”) and Long Term Interest Rate (TJLP), and, since 2011, segregated the Amplified Consumer Price Index (IPCA) from loans and financing and financial investments, the contracted index of which was the Interbank Deposit Certificate (CDI). The portion related to IPCA was segregated from the interest on loans and financing from the remuneration on financial investments and included in the line “Monetary effects”.

All amounts in thousands of reais unless otherwise stated

34 Earnings per Share

(a) Basic and diluted

Basic and diluted earnings per share are calculated by dividing the profit (loss) attributable to the shareholders of the Company by the weighted average number of common and preference shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares (Note 27).

The Company did not have debt convertible into shares nor share purchase options and, consequently, it did not have potential common and preferred shares for dilution purposes.

	Parent Company and Consolidated					
			12/31/2012			12/31/2011
	Common	Preferred	Total	Common	Preferred	Total
Basic and diluted						
Basic and diluted numerator						
Profit (loss) available to the shareholders	(310,469)	(329,105)	(639,574)	113,143	119,934	233,077
Basic and diluted denominator						
Weighted average of shares, excluding treasury shares	502,734,030	484,465,150	987,199,180	502,734,030	484,465,150	987,199,180
Earnings (loss) per share - R$ - Basic and diluted	(0.62)	(0.68)		0.23	0.25	

35 Commitments

Capital expenditures contracted at the balance sheet date but not yet incurred:

	Parent Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Steelmaking	5,762	154,413	5,762	154,413
Blast furnace	18,501	28,118	18,501	28,118
Plates	188,408	511,687	188,408	511,687
Coke	467,014	800,769	467,014	800,769
Stripping	65,294	51,756	65,294	51,756
Lamination	1,349	170,680	1,349	170,680
Sintering	35,253	307,010	35,253	307,010
Hot galvanizing			98,252	
Other	35,879	16,138	35,879	16,138
	817,460	2,040,571	915,712	2,040,571

All amounts in thousands of reais unless otherwise stated

36 Related-party Transactions

The Company's shareholding is as follows:

12/31/2012

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co. Ltd. (“Nippon Usiminas”) (*)	119,969,788	23.74	2,830,832	0.56	122,800,620	12.11
Ternium Investments S.A.R.L. (*)	84,741,296	16.77			84,741,296	8.36
Caixa de Previdência dos Funcionários do Banco do Brasil	53,034,392	10.50	6,695,350	1.32	59,729,742	5.89
Companhia Siderúrgica Nacional (“CSN”)	43,038,800	8.52	79,793,800	15.69	122,832,600	12.12
Previdência Usiminas (*)	34,109,762	6.75			34,109,762	3.36
Nippon Steel &Sumitomo Metal Corporation(*)	27,347,796	5.41	307,926	0.06	27,655,722	2.73
Confab (*)	25,000,000	4.95			25,000,000	2.47
Prosid (*)	20,000,000	3.96			20,000,000	1.97
Siderar (*)	10,000,000	1.98			10,000,000	0.99
Usiminas in treasury	2,526,654	0.50	22,455,476	4.42	24,982,130	2.46
Other	85,492,196	16.92	396,442,122	77.95	481,934,318	47.54
Total	**505,260,684**	**100.00**	**508,525,506**	**100.00**	**1,013,786,190**	**100.00**

12/31/2011

Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Nippon Usiminas Co. Ltd. (“Nippon Usiminas”) (*)	119,969,788	23.74	2,830,832	0.56	122,800,620	12.11
Votorantim Industrial SA (*)	65,606,930	12.98			65,606,930	6.47
VBC Energia SA (*)	65,606,926	12.98			65,606,926	6.47
Caixa de Previdência dos Funcionários do Banco do Brasil	52,769,590	10.45	6,640,950	1.31	59,410,540	5.86
Previdência Usiminas (*)	51,164,642	10.13			51,164,642	5.05
Companhia Siderúrgica Nacional (“CSN”)	31,554,500	6.25	76,973,800	15.14	108,528,300	10.71
Nippon Steel Corporation Co. Ltd. (*)	18,820,356	3.72	307,926	0.06	19,128,282	1.89
BNDES Participações S.A.			18,549,230	3.65	18,549,230	1.83
Usiminas in treasury	2,526,654	0.50	24,060,356	4.73	26,587,010	2.62
Other	97,241,298	19.25	379,162,412	74.55	476,403,710	46.99
Total	**505,260,684**	**100.00**	**508,525,506**	**100.00**	**1,013,786,190**	**100.00**

(*) Company shareholders, through shareholders' agreement

As described in Note 27 (a), the Company’s corporate structure was altered with the entry of “Techint Group” as a new partner as from January 16, 2012.

All amounts in thousands of reais unless otherwise stated

Significant balances and transactions with related parties were as follows:

36.1 Parent Company

(a) Current assets

			12/31/2012			12/31/2011
	Trade receivables	Dividends receivable	Other assets	Trade receivables	Dividends receivable	Other assets
Controlling shareholders						
Confab	2,546					
Mitsubishi			313			
Previdência Usiminas				1		
Siderar	12,587					
Non-controlling shareholder						
CSN				63		
Subsidiaries						
Automotiva Usiminas	3,571	8,999		30,372	5,593	
Cosipa Overseas	92,986			53,324		
Mineração Usiminas	734	58,689	1,212	40	29,238	695
Rios Unidos				1,354		9,222
Soluções Usiminas	23,601			83,050		
Usiminas Eletrogalvanized	106,004		1,415	7,012		
Usiminas Galvanized	25,831		8,909	20,089		
Usiminas Mecânica	16,585	59,999	336	17,147	23,647	9,963
UPL		1,952			2,806	
Jointly-controlled						
Fasal Trading Brasil					333	
Fasal Trading Corporation				366		
Unigal				91		
Usiroll	41			1		14,421
Associated						
Codeme	944			8,494		
Metform	169			1,312		
MRS		297			335	
Other related parties						
Metal One Corporation			5	5,727		9
Ternium Procurement	11					
Ternium Internacional España	12,237					
	297,847	129,936	12,190	228,443	61,952	34,310

All amounts in thousands of reais unless otherwise stated

Trade receivables classified as related parties, mainly arose from sales operations, and mature in no longer than 30 days. Accounts receivable are not guaranteed and are subject to interest. No impairment provisions were constituted for accounts receivable from related parties at December 31, 2012 and 2011.

(b) Non-current assets - receivables from related companies

	12/31/2012	12/31/2011
Controlling shareholder		
Previdência Usiminas (a)	5,626	5,710
Subsidiaries		
Usiminas Europa		74
Usiminas Mecânica (b)	50,226	51,329
Associated		
Usiroll (c)	14,010	
	69,862	57,113

(a) Refers to actuarial deficit
(b) Refers to actuarial defict and sale of property, plant and equipment
(c) Refers to advances on unbilled services

All amounts in thousands of reais unless otherwise stated

(c) Current liabilities

			12/31/2012
	Payables to related parties		
	Trade payables	Other	Loans and financing
Controlling shareholders			
Mitsubishi	92,118		
Nippon Steel Corporation		852	
Nippon Usiminas (b)			100,847
Previdência Usiminas (a)		611	
Siderar		3,589	
Subsidiaries			
Automotiva Usiminas	193		
Cosipa Commercial			1,248
Mineração Usiminas	500,303		
Rios Unidos	5,873		
Soluções Usiminas	14,602		
Usiminas Commercial			21,569
Usiminas Eletrogalvanized		39,498	
Usiminas Mecânica	46,319		
Jointly-controlled			
Unigal	65,707		
Usiroll	717		
Associated			
Metform	4		
MRS	4,125	19,805	
	729,961	64,355	123,664

All amounts in thousands of reais unless otherwise stated

			12/31/2011
	Payables to related parties		
	Trade payables	Other	Loans and financing
Controlling shareholders			
Nippon Steel Corporation	4		
Nippon Usiminas. (a)			93,015
Previdência Usiminas (b)		199	
Non-controlling shareholder			
CSN	15,641		
Subsidiaries			
Automotiva Usiminas	271		
Cosipa Commercial			1,279
Cosipa Overseas			13,680
Mineração Usiminas	91,450	1	
Rios Unidos	2,796		
Soluções Usiminas	559	100	
Usiminas Commercial			22,106
Usiminas Mecânica	193,396		
Jointly-controlled			
Unigal	90,067		
Usiroll	534		
Associated			
Codeme		24,624	
Metform	99	7,776	
MRS	1,075		
	395,892	32,700	130,080

(a) Loans, in US dollars, bearing charges varying from 0.83% to 2.35% p.a. + Libor.
(b) Refers to the contributions to the pension plans.

The amounts payable to related parties classified as suppliers mainly arose from procurement operations, which mature in no longer than 45 days after the date of purchase, plus credit assignments with Mineração Usiminas. Accounts payable are not subject to interest.

All amounts in thousands of reais unless otherwise stated

(d) Non-current liabilities

	12/31/2012		12/31/2011	
	Loans and Financing	Others	Loans and Financing	Others
Controlling shareholder				
Nippon Usiminas (a)	315,700		379,996	
Subsidiaries				
Cosipa Commercial	540,816		554,268	
Usiminas Commercial	1,018,821		1,044,163	
Usiminas Eletrogalvanized		14,321		12,709
Usiminas Galvanized		26,624		23,626
Usiminas Portugal		499		
Associated				
Codeme				5,130
Metform				1,620
	1,875,337	41,444	1,978,427	43,085

(a) Loans, in US dollars, bearing charges varying from 0.83% to 2.35% p.a. + Libor.

All amounts in thousands of reais unless otherwise stated

(e) Sales and purchases

	Sales		Purchases	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Controlling shareholders				
Confab	447,295			
Mitsubishi			214,517	
Nippon Steel Corporation			9,468	10,432
Siderar	76,994			
Non-controlling shareholder				
CSN		5,197	48,321	291,560
Subsidiaries				
Automotiva Usiminas	84,732	114,087	7,996	9,160
Cosipa Overseas	412,785	316,901		
Mineração Usiminas	3,114		1,085,300	1,113,227
Rios Unidos		3	58,498	53,969
Soluções Usiminas	1,872,972	1,840,452	26,853	26,658
Usiminas Eletrogalvanized	280,290	39,496		
Usiminas Galvanized	459,231	108,386		
Usiminas Mecânica	276,151	244,418	290,678	759,788
Jointly-controlled				
Fasal Trading Corporation	41	84,818		285
Modal			1,102	139
Unigal	498	821	477,139	376,339
Usiroll			10,237	5,799
Associated				
Codeme	43,475	47,250	8,141	2,498
Metform	21,465	19,872	444	1,438
MRS	190		200,547	161,702
Terminal Sarzedo				51
Other related parties				
Metal One Corporation	622		16,118	12,987
Ternium Internacional	65,211			
Ternium Internacional España	12,237			
Ternium Procurement	82,775			
	4,140,078	2,821,701	2,455,359	2,826,032

The main related parties transactions are described at Note 36.3

All amounts in thousands of reais unless otherwise stated

(f) Finance income (costs)

	12/31/2012	12/31/2011
Controlling shareholders		
Confab	1,799	
Mitsubishi	(1,295)	
Nippon Steel Corporation		(12)
Nippon Usiminas	(12,055)	(64,321)
Previdência Usiminas	751	617
Siderar	(3)	
Non-controlling shareholder		
CSN	(410)	(394)
Subsidiaries		
Automotiva Usiminas	106	403
Cosipa Commercial	(14,783)	(111,023)
Cosipa Overseas	1,721	7,148
Mineração Usiminas	9,398	8,186
Rios Unidos	(429)	(541)
Soluções Usiminas	(12,902)	12,264
Usiminas Commercial	(23,629)	(207,604)
Usiminas Europa	(19)	13
Usiminas Eletrogalvanized	(31,076)	(1,589)
Usiminas Galvanized	(9,695)	(2,235)
Usiminas International		3,002
Usiminas Mecânica	6,707	(51)
Usiminas Portugal	(3)	
Jointly-controlled		
Fasal Trading Corporation	(426)	523
Modal	(4)	(1)
Unigal		(2,342)
Usiroll	1,637	1,355
Associated		
Codeme	11,206	166
Metform	3,096	52
MRS	(535)	(363)
	(70,843)	(356,747)

Finance income (costs) with related parties refer mainly to charges on the loans and financing disclosed in items (c) and (d) above.

All amounts in thousands of reais unless otherwise stated

(g) Key management remuneration

The remuneration paid and payable to key management personnel, including the Executive Board, the Board of Directors and the Fiscal Council of the Company, was as follows:

	Parent Company and Consolidated	
	12/31/2012	12/31/2011
Fees	25,041	22,920
Social charges	7,238	6,417
Pension plans	311	275
	32,590	29,612

The amount of R$ 25,231 was reversed to the result in 2012, related to the provision for excess variable remuneration and charges. The net amount is recorded in the statement of operations, under the heading “General and administrative expenses”.

The amount paid to the key management personnel in 2012 was R$21,726 (2011 – R$22,676).

The Company has share based compensation as described in Note 39.

All amounts in thousands of reais unless otherwise stated

36.2 Consolidated

(a) Current assets

	12/31/2012		12/31/2011	
	Trade receivables	Other assets	Trade receivables	Other assets
Controlling shareholders				
Confab	2,546	384		
Previdência Usiminas			1	
Mitsubishi		313		
Siderar	14,212			
Votorantin Industrial S.A.			462	
Non-controlling shareholder				
CSN			63	
Jointly-controlled				
Fasal Trading Corporation			183	
Unigal			917	
Usiroll	21			7,210
Associated				
Codeme	944	4,348	8,539	
Metform	169		1,312	
MRS	675	12,134	675	13,587
Other related parties				
Metal One Corporation		5	5,727	9
Ternium Internacional	691			
Ternium Internacional España	41,288			
Ternium México	42,821			
Ternium Procurement	54,287			
	157,654	17,184	17,879	20,806

Trade receivables classified as related parties mainly arose from sales operations, and mature in no longer than 30 days. Accounts receivable are not guaranteed and are subject to interest. No impairment provisions were constituted for accounts receivable from related parties at December 31, 2012 and 2011.

Other receivables from related parties relate primarily to loan agreements.

All amounts in thousands of reais unless otherwise stated

(b) Non-current assets - receivables from related parties

	12/31/2012	12/31/2011
Controlling shareholder		
Previdência Usiminas (a)	5,626	5,710
Associated		
Usiroll (b)	7,005	
	12,631	5,710

(a) Refers to actuarial deficit;
(b) Refers to advances on unbilled services

(c) Current liabilities

	12/31/2012			
	Payables to related parties			
	Trade payables	Other payables	Dividends payable	Loans and financing
Controlling shareholders				
Mitsubishi	92,118			
Nippon Steel Corporation		852		
Nippon Usiminas (a)				100,847
Previdência Usiminas	38	695		
Siderar		3,589		
Non-controlling shareholders				
Serra Azul Iron Ore LLC			24,524	
Sumitomo Corporation do Brasil			629	
Jointly-controlled				
Modal	330			
Unigal	19,712			
Usiroll	359			
Associated				
Metform	4			
MRS	10,689	27,661		
Terminal Sarzedo	2,196			
	125,446	32,797	25,153	100,847

All amounts in thousands of reais unless otherwise stated

	12/31/2011			
		Payables to related parties		
	Trade payables	Other payables	Dividends payable	Loans and financing
Controlling shareholders				
Nippon Steel Corporation	4			
Nippon Usiminas (a)				93,015
Previdência Usiminas	36	221		
Summit Empreendimentos			12,531	
Votorantin Industrial S.A.		17		
Non-controlling shareholder				
CSN	15,641			
Jointly-controlled				
Modal	299			
Unigal	27,200			
Usiroll	268			
Associated				
Codeme		24,624		
Metform	99	7,776		
MRS	8,343	7,289		
Terminal Sarzedo	998			
	52,888	39,927	12,531	93,015

(a) Loans, in US dollars, bearing charges varying from 0.83% to 2.35% p.a + Libor

The amounts payable to related parties classified as suppliers mainly arose from procurement operations which mature in terms no longer than 45 days. Accounts payable are not subject to interest.

Other payables to related companies basically refer to loan agreements and amounts payable on the purchase of an investment.

(d) Non-current liabilities

	12/31/2012		12/31/2011	
	Loans and Financing	Other	Loans and Financing	Other
Controlling shareholder				
Nippon Usiminas (a)	315,700		379,996	
Associated				
Codeme				5,130
Metform				1,620
	315,700		379,996	6,750

(a) Loans, in US dollars, bearing charges varying from 0.83% to 2.35% p.a + Libor

All amounts in thousands of reais unless otherwise stated

(e) Sales and purchases

	Sales		Purchases	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Controlling shareholders				
Confab	447,329			
Mitsubishi			214,517	
Nippon Steel Corporation			11,213	11,545
Siderar	117,594			
Votorantim Industrial S.A.		8,849		
Non-controlling shareholder				
CSN		5,197	48,321	291,560
Jointly-controlled				
Fasal Trading Corporation	21	42,409		143
Modal			1,494	5,834
Unigal	1,561	10,046	143,141	112,902
Usiroll			5,859	2,899
Associated				
Codeme	43,475	47,347	8,141	2,540
Metform	21,465	19,872	1,112	2,363
MRS	2,039	469	399,875	291,262
Terminal Sarzedo			19,409	11,170
Other related parties				
Metal One Corporation	622		16,118	12,987
Ternium International	121,984			
Ternium Internacional España	107,419			
Ternium México	42,821			
Ternium Procurement	224,851			
	1,131,181	134,189	869,200	745,205

All amounts in thousands of reais unless otherwise stated

(f) Finance income (costs)

	12/31/2012	12/31/2011
Controlling shareholders		
Confab	1,799	
Mitsubishi	(1,295)	
Nippon Steel Corporation		(12)
Nippon Usiminas	(12,055)	(64,321)
Previdência Usiminas	751	617
Siderar	(3)	
Non-controlling shareholder		
CSN	(410)	(394)
Jointly-controlled		
Fasal Trading Corporation	(213)	261
Modal	(2)	(1)
Unigal		(703)
Usiroll	819	678
Associated		
Codeme	11,206	166
Metform	3,096	52
MRS	(535)	(7,652)
	3,158	(71,309)

Finance income (costs) with related parties refer mainly to charges on the loans and financing disclosed in items (c) and (d) above.

36.3 Nature of transactions with related parties

The most relevant transactions between the Company and related parties can be summarized as follows:

- Sale of products to Confab industrial S.A. for the manufacture of large diameter pipes, in addition to industrial equipment.
- Purchase from Mitsubishi Corporation do Brasil S.A. of equipment for hot rolled mill No. 2 of the Cubatão plant.
- Purchases of services from Nippon Steel Corporation Co Ltd., including the provision of advanced industrial technology, technical assistance services and training of employees.
- Sale of products to Siderar S.A.I.C.

- Sale of products to Usiminas Automotiva to implement the stamping of parts for the automotive industry.

- Purchase of iron ore from Mineração Usiminas for utilization in the Ipatinga and Cubatão plants.

- Credit assignment transactions with invoices of Mineração Usiminas S.A. related to the supply of iron ore.

- Purchase of road transport services for steel products and miscellaneous equipment from Rios Unidos.

- Sale of products to Soluções Usiminas for transformation and distribution. Additionally, Soluções Usiminas provides technical services in the steel area to customers of the Usiminas Companies.

- Sale of electrogalvanized and galvanized steel to Usiminas Galvanized and Usiminas Eletrogalvanized, respectively, to promote the sales to foreign customers.

- Sale of products to Usiminas Mecânica S.A. and purchase of services, such as industrialization of steel products and equipment.

- Purchases from Unigal of services related to hot-dip galvanized steel sheets and cold-rolled steel sheets and coils.

- Purchase of services of texturing and chrome plating of cylinders utilized in laminations, from Usiroll.

- Purchases of railway transportation services from MRS for the transport of iron ore.

- Purchases from Modal Terminal de Graneis S.A. and Terminal de Cargas Sarzedo Ltda. of services storage and loading of ore.

- Sale of products to Ternium México, Ternium Procurement, Ternium Internacional and Ternium Internacional España.

Transactions with related parties are substantially carried out under market conditions, with respect to prices and terms.

All amounts in thousands of reais unless otherwise stated

37 Statements of Cash Flows

(a) Cash and cash equivalents

The composition of cash and cash equivalents included in the statements of cash flows is presented in Note 9.

(b) Supplementary information

		Parent Company		Consolidated
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Investments and financing not affecting cash	4,775	132,194	(5,677)	476,631

The investments and financing not affecting cash at December 31,2012 basically referred to the capital increase in Rios Unidos (R$ 10,452) and write-off of investments in Codeme (R$3,972) and Metform (R$1,705). The amounts presented at December 31, 2011 referred to additional payments as determined in the original contract for the acquisition in 2008 of the company Mineração J. Mendes, and the acquisition, by Mineração Usiminas, of investments in the company Ouro Negro, with financing credited directly to the supplier.

38 Insurance (Unaudited)

The insurance policies maintained by the Company and certain of its subsidiaries provide cover considered to be sufficient by management. At December 31, 2012, these policies covered buildings, products and raw materials, equipment, machinery, furniture, objects, fixtures and installations at the insured establishments and respective facilities of the Company, Automotiva Usiminas, Usiminas Mecânica, Unigal and Usiroll, with value at risk of US$28,299,921 thousand (December 31, 2011 - US$28,201,088 thousand), and an "All Risks" policy with a maximum indemnity of US$1,000,000 thousand per claim. The deductible amount for material damages was US$7,500 thousand at December 31, 2012 and 2011 and the cover for loss of profits (loss of revenues) has a deductible term of 21 days (waiting period). This insurance policy expires on June 30,2014.

39 Stock Option Plan

The Extraordinary General Meeting, held on April 14, 2011, approved the Stock Option Plan for the purchase of shares issued by the Company (“Plan”). The main objectives of the Plan are:

- Alignment of the interests between officers and shareholders;
- Incentive for the creation of sustainable value;
- Attraction and retention of talents;
- Maintenance of competitiveness with the market practices.

The Plan will be managed by the Company’s Board of Directors, with the advice of the Human Resources Committee, subject to the limitations included in the Plan.

At December 31, 2012, the Plan had 2 effective programs: Program 2011, launched on October 03, 2011 and Program 2012, launched on November 28, 2012.

(a) Main directives of the Plan

The main directives of the Plan can be summarized as follows:

- All the employees are potentially eligible for the Plan. The potential beneficiaries of each granting shall be submitted to the assessment and approval of the Board of Directors.

- The Board of Directors shall define, each year, after consulting the Human Resources Committee, the employees who will be considered eligible for the Plan.

- All shares resulting from the exercise of options granted in accordance with the Plan shall be preferred shares.

- To honor the exercise of Options, the Company can: (i) issue new preferred shares, within the limit of its authorized share capital; or (ii) utilize preferred shares issued held in treasury.

- Any Preferred Share relating to an Option granted in accordance with this Plan which, for any reason, is cancelled or extinguished without being exercised, will be made available again for the Options granting in accordance with the Plan. The exercise of Options, shall not, in any circumstances, result in the issue or attribution of fractioned shares, and the Board of Directors can determine how the value of a fractioned share shall be treated.

- In the event of an issue of new shares by the Company due to a share split or grouping or bonus shares, the Board of Directors can, at its discretion, replace or adjust as considered necessary (i) the number of shares which could result from the exercise of Options pursuant to this Plan; (ii) the number of shares related to Options previously granted but not exercised; and (iii) the Exercise Price of such Options.

(b) Types of Options

The Options were granted in two different types:

(i) Basic Grant – in which the number of Options granted will be based on the strategy of Usiminas, and each Option granted will entitle its owner to acquire or subscribe for a preferred share of the Company.

(ii) Bonus Grant – which shall be linked to a voluntary investment of the Participant, who will allocate part of the net value of variable remuneration to the acquisition of preferred shares.

(c) Main characteristics of the programs

2,589,451 Options were granted in respect of the Basic Granting and 402,302 in respect of the Bonus Grant on October 3, 2011, totaling 2,991,753 Options related to the 2011 Program, to be conceded to the executive and statutory directors (“Participants”) of the Company through a “Contract of Grant of Stock Option”, with an exercise price R$11.98 per preferred share (USIM5).

All amounts in thousands of reais unless otherwise stated

2,825,268 Options were granted in respect of the Basic Grant on November 28, 2012 related to the 2012 Program, to be conceded to the executive and statutory directors ("Participants") of the Company through a "Contract of Grant of Stock Option" with an exercise price R$10.05 per preferred share (USIM5).

The main characteristics of the 2011 and 2012 Programs can be summarized as follows:

grace period: 3 years (33% after the 1st year, 33% after the 2nd year and 33% after the 3rd year);
- option of allocating up to 50% of the variable remuneration to the purchase of Usiminas shares. In a corresponding action, the Company will concede the grant of bonus options.
- maximum period for the exercise of Options: 7 years.

(d) Fair value of the Options

The fair value at the granting date, as well as the main assumptions utilized in accordance with the Black & Sholes pricing model were as follows:

2011 Program

	1st year	2nd. year	3rd. year
Fair value at the granting date	R$4.83	R$5.07	R$5.27
Share price	R$ 11.45	R$ 11.45	R$ 11.45
Exercise price	R$ 11.98	R$ 11.98	R$ 11.98
Volatility of the share price	50.70%	50.70%	50.70%
Grace period (3 years)	33% after 1st year	33% after 2nd. year	33% after 3rd. year
Estimated dividends	2.94%	2.94%	2.94%
Free risk return rate	11.62% p.a.	11.65% p.a.	11.69% p.a.
Adjusted effectiveness	4 years	4.5 years	5 years

2012 Program

	1st year	2nd. year	3rd. year
Fair value at the granting date	R$5.48	R$5.77	R$6.04
Share price	R$ 12.02	R$ 12.02	R$ 12.02
Exercise price	R$ 10.05	R$ 10.05	R$ 10.05
Volatility of the share price	37.95%	37.95%	37.95%
Grace period (3 years)	33% after 1st year	33% after 2nd. year	33% after 3rd. year
Estimated dividends	0.63%	0.63%	0.63%
Free risk return rate	8.13% p.a.	8.25% p.a.	8.37% p.a.
Adjusted effectiveness	4 years	4.5 years	5 years

The exercise price was determined based on the average daily quotation in the period of 30 days prior to the granting of the Option.

All amounts in thousands of reais unless otherwise stated

The volatility of the share price is based on the historical adjusted volatility of 36 months prior to the granting date.

The fair value of the Options granted is recorded as expenses throughout the grace period.

The total number of outstanding Options and the weighted average exercise price of the Options are presented below:

		12/31/2012	12/31/2011
	2012 Program	**2011 Program**	**2011 Program**
Weighted average of the exercise price	R$ 10.05	R$ 11.98	R$ 11.98
Outstanding options at the beginning of the year		2,991,753	
Granted during the year	2,825,268		2,991,753
Cancelled during the year		(1,386,873)	
Outstanding options at the end of the year	2,825,268	1,604,880	2,991,753

No Options were exercised at December 31, 2012 and 2011.

The impact in the result of the Stock Option Plan described above totaled an expense of R$ 6,691 at December 31, 2012 (December 31, 2011 - R$ 2,274), which was recorded in the statements of operations, in the caption “Other operating income (expenses), net”, with a corresponding entry to equity.

40 Net Result from Discontinued Operations

The Company sold the shares related to its investment in Ternium in February 2011. The net result from the sale was presented in the caption “Net result from discontinued operations” in the statement of operations.

	12/31/2011
Investment balance (and goodwill)	(1,571,204)
Foreign exchange variations of associated company abroad	(245,017)
Cash flow hedge - associated company abroad	(5,778)
Revenue from sale of investment	1,620,787
Taxes on sale	76,293
	(124,919)

41 Subsequent event

Issue of Debentures

The Company Board of Directors approved the issuance of unsecured debentures, not convertible into shares, through a public offer of securities distributed with restricted efforts, pursuant to CVM Instruction No. 476 dated 16/01/2009, totaling up to R$1,000,000, to be realized in the first half of 2013, with a maturity of six years.

* * *

Board of Directors

Paulo Penido Pinto Marques
Chairman

Alcides José Morgante
Member

Aloísio Macário Ferreira de Souza
Member

Daniel Agustín Novegil
Member

Fumihiko Wada
Member

José Oscar Costa de Andrade
Member

Marcelo Gasparino da Silva
Member-in-office

Nobuhiko Ikura
Member

Rita Rebelo Horta de Assis Fonseca
Member

Roberto Caiuby Vidigal
Member

Statutory Audit Board

Paulo Frank Coelho da Rocha
Chairman

Lúcio de Lima Pires
Member

Masato Ninomiya
Member

Marco Antônio Bersani
Member

Telma Suzana Mezia
Member

Executive Board

Julián Alberto Eguren
CEO

Marcelo Rodolfo Chara
Industrial Director

Rômel Erwin de Souza
Technology and Quality Director

Ronald Seckelmann
Finance and Investor Relations Director

Sérgio Leite de Andrade
Sales Director

Paolo Felice Bassetti
Director of Subsidiaries

Nobuhiro Yamamoto
Corporate Planning Director

Antônio Geraldo Vilela de Moraes
Controller
Accountant TC CRC-MG 57.658