USIMINAS



3Q 2008



Agenda

- Global View
- Usiminas
- Investments
- Mining & Logistics
- Financials
- Corporate Governance and Social Responsability



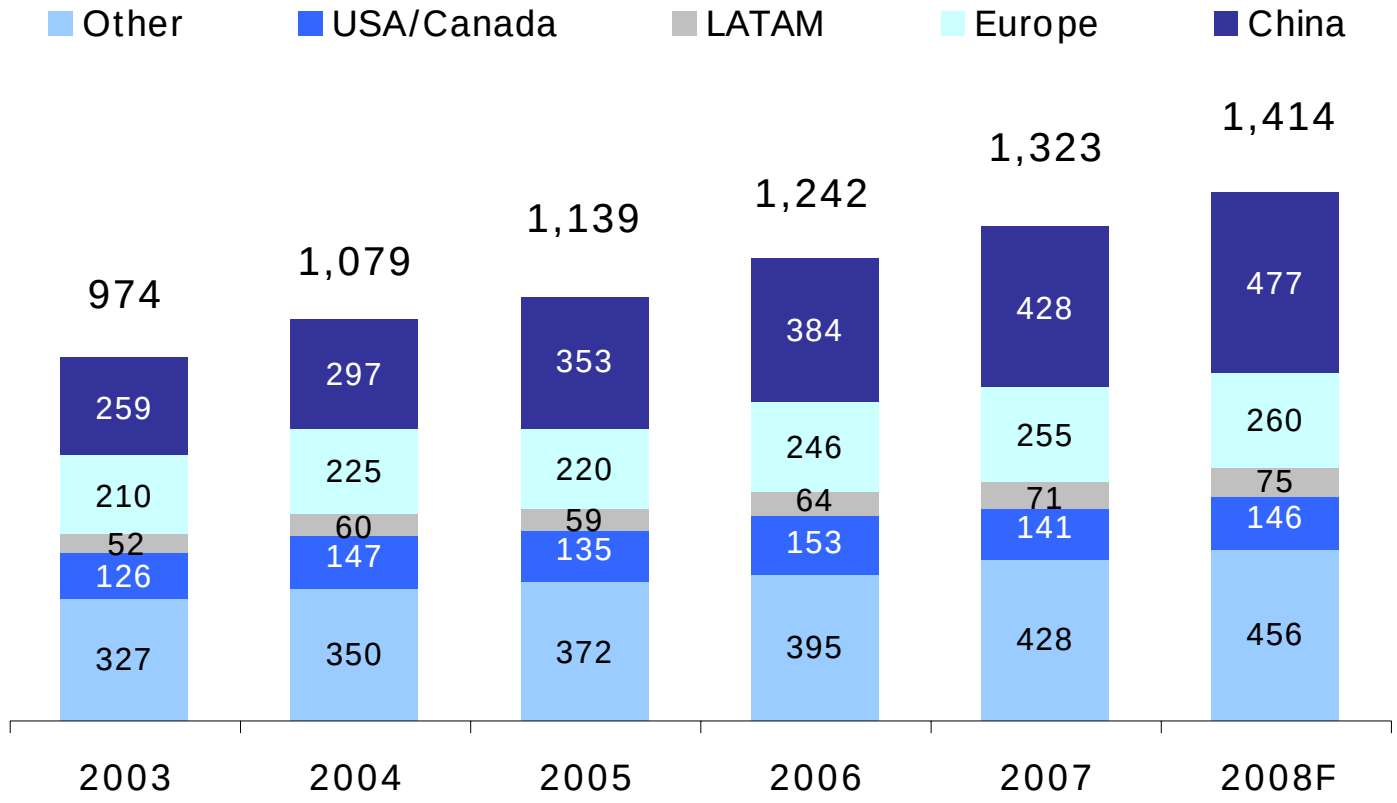
Agenda

- **Global View**
- Usiminas
- Investments
- Mining & Logistics
- Financials
- Corporate Governance and Social Responsability



Steel Consumption - World
(million t)

Substantial growth in the past few years, mainly coming from China ...

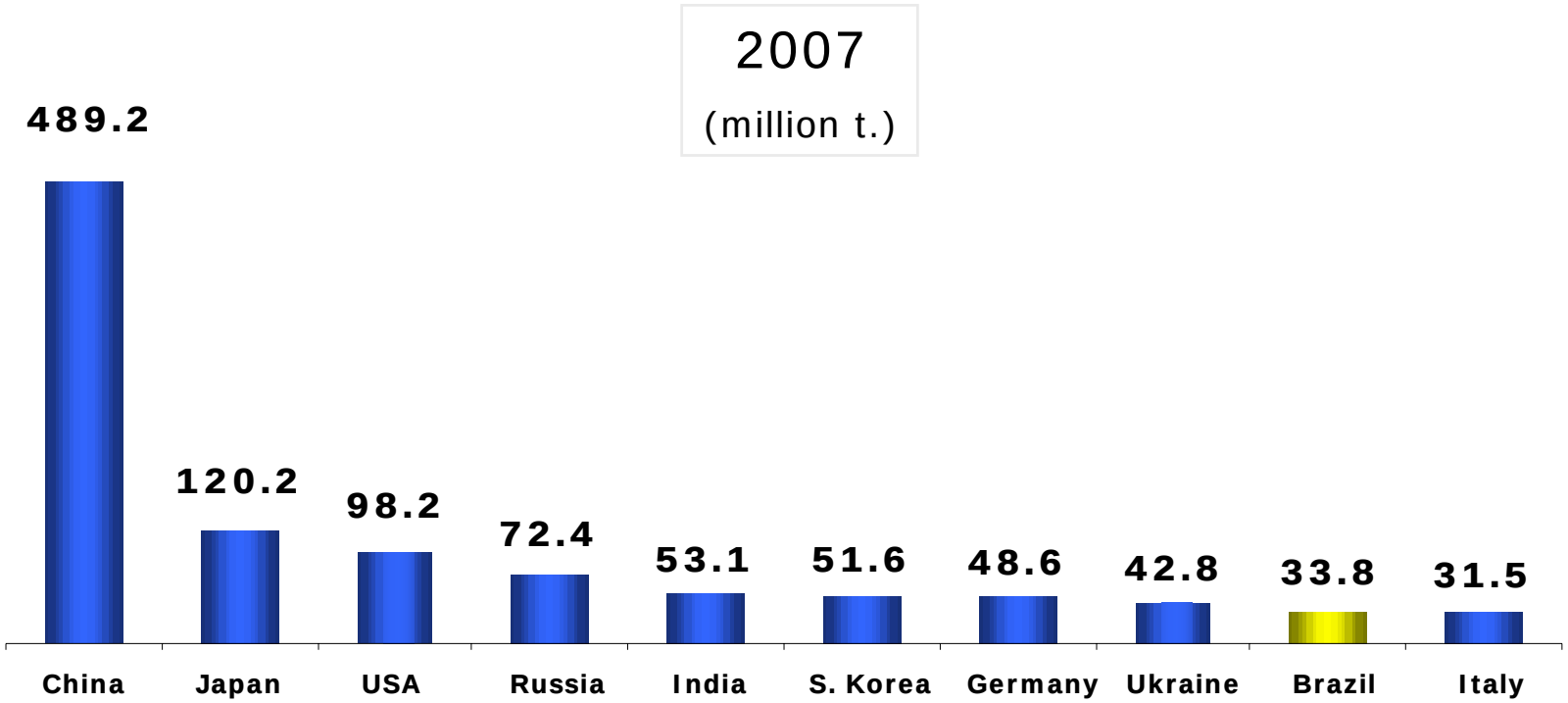


Source: IISI - 2008



World Steel Production

Brazil is the 9th largest producer...

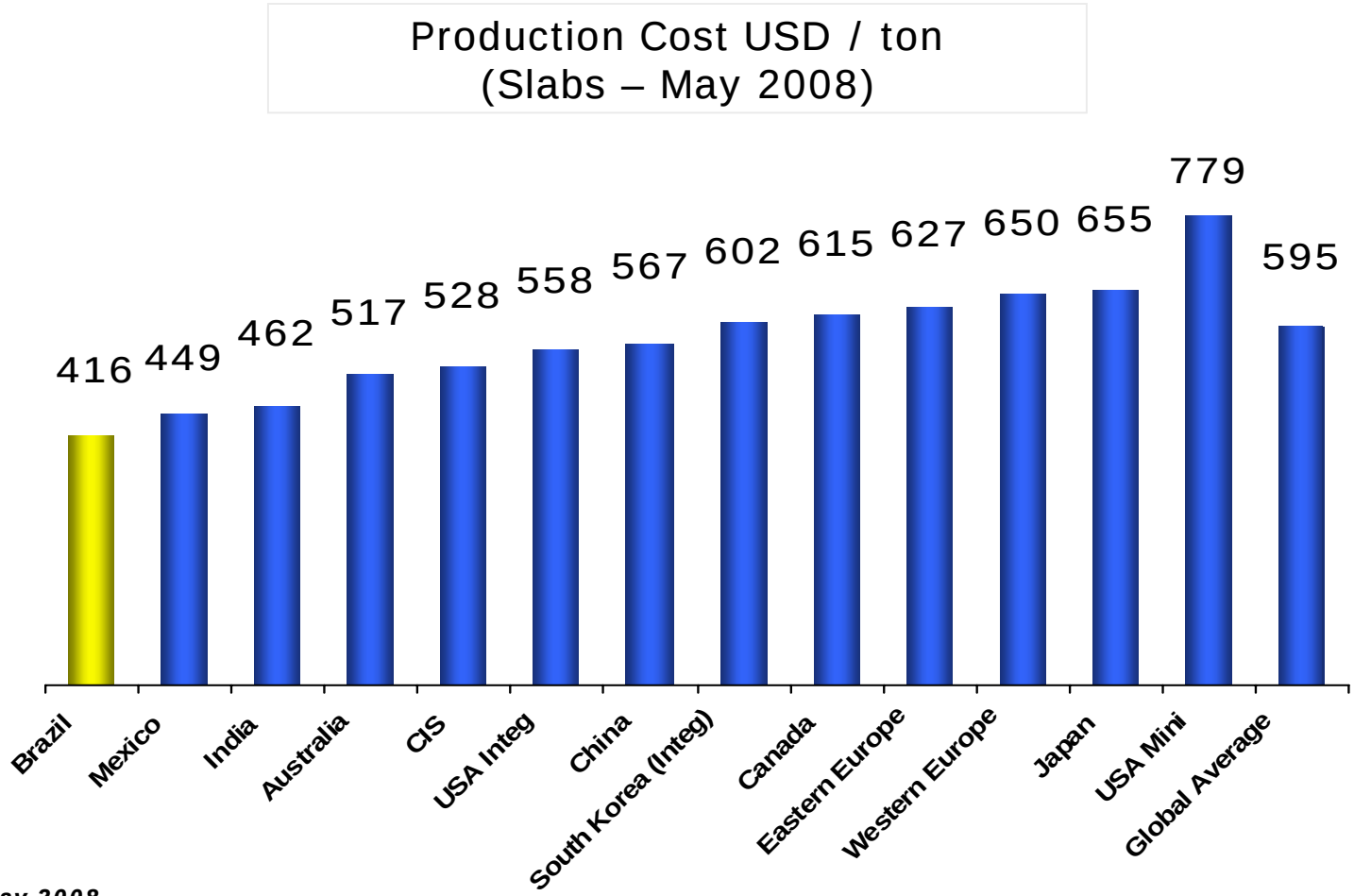


Source: International Iron and Steel Institute - IISI - 2008



Cost competitiveness

Brazil has the lowest production cost in the world



Source: WSD, May 2008



Agenda

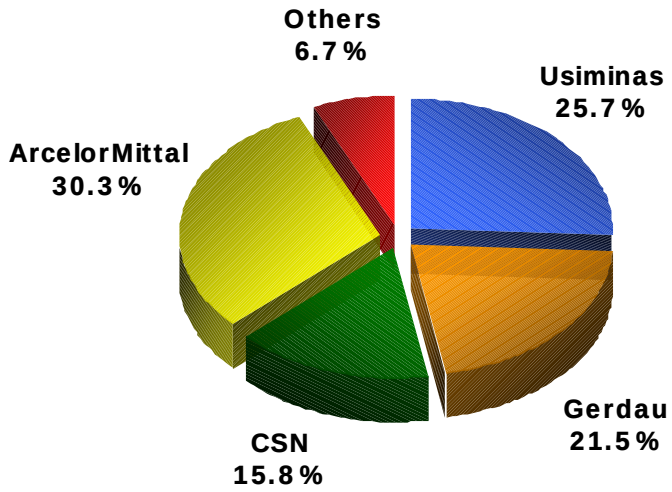
- Global View
- **Usiminas**
- Investments
- Mining & Logistics
- Financials
- Corporate Governance and Social Responsability



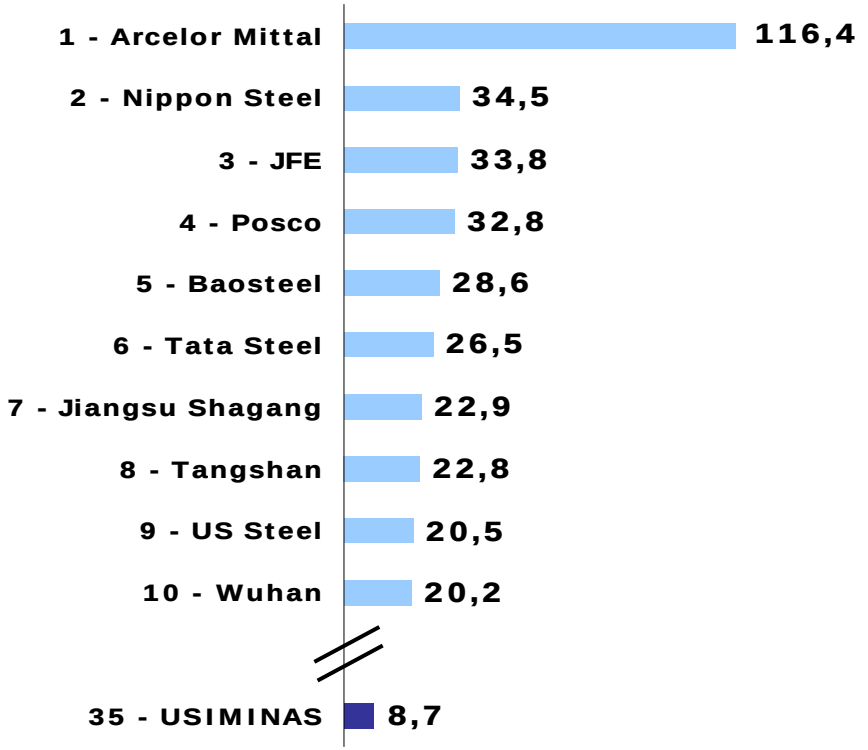
Brazilian Steel Production

Usiminas System is the 36th largest producer in the world and 1st **flat steel** producer in Latin America

Top Brazilian Steel Producers - 2007
(33.8 million ton = Brazil's crude steel production)



Major Producers 2007
(crude steel production - million t.)



Source: IBS - 2008 and Metal Bulletin - 2008



Shareholder Structure

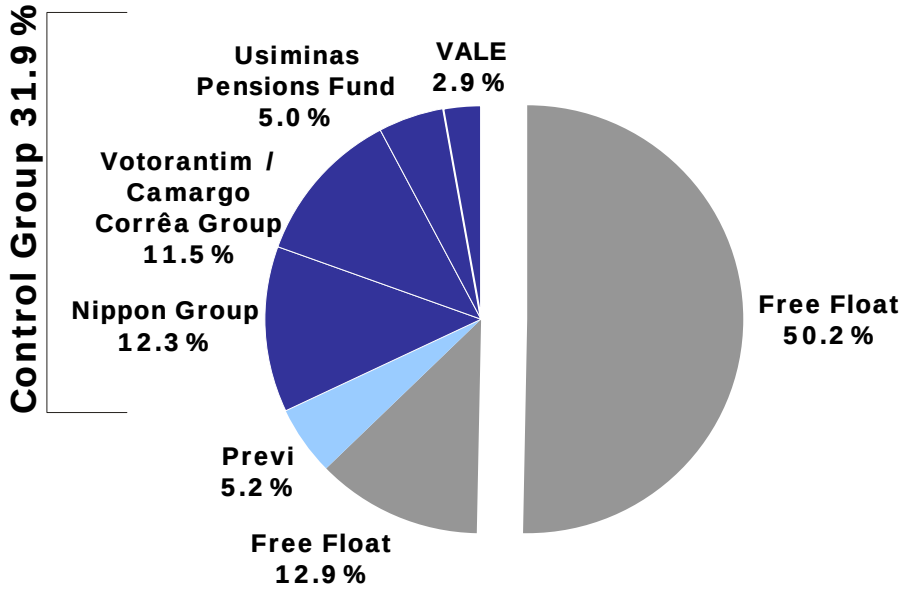
Excellence of the main shareholders

- Board of Directors from solid Brazilian and foreign groups
- Long-term commitment
- Excellence and experience of management

Total Capital

June, 2008

ON´s - 49.8% **PN´s - 50.2%**





USIMINAS

Usiminas is strategically located

- ✓Close to major domestic markets
- ✓Iron Ore Mine
- ✓2 ports
- ✓Railroad (MRS)



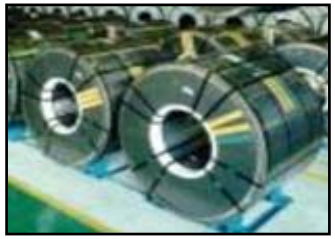




Cost competitiveness

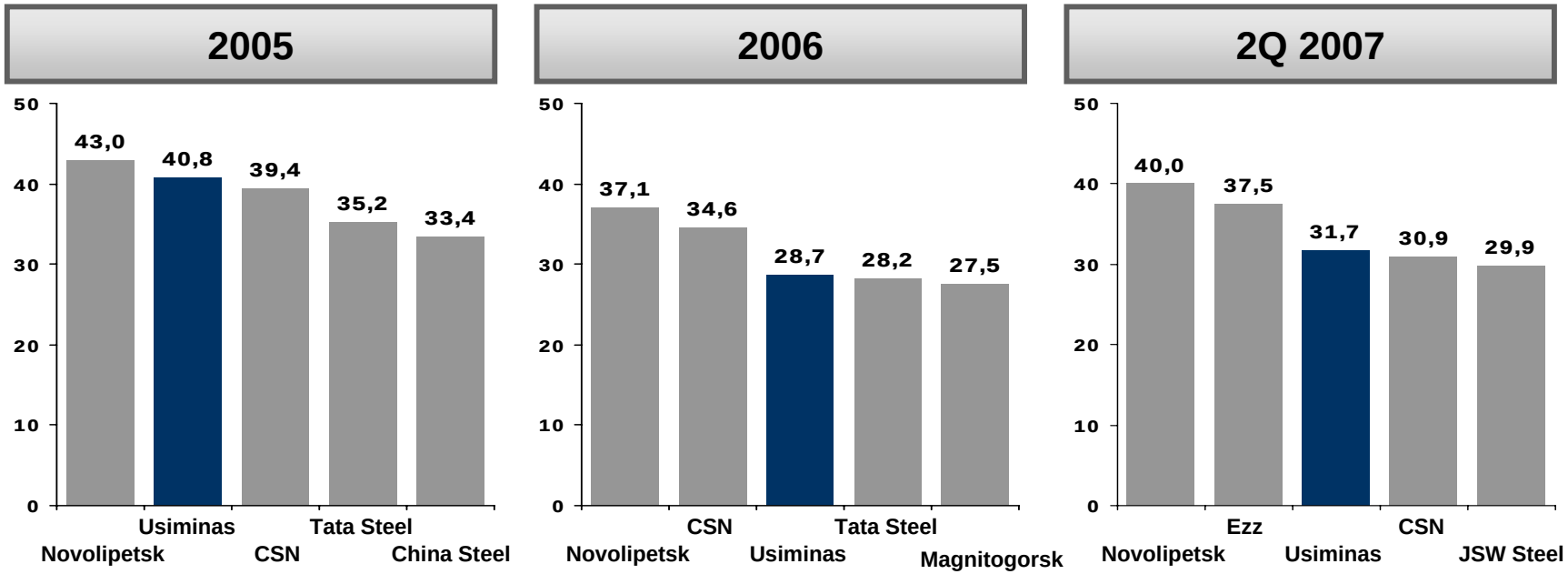
High quality, value-added products (from slabs to coated products)





Among the lowest cost producers in the world

Operating Profit Margins %



Source: Integer Research



Products

Complete product lines: from slabs to coated products

		Capacity (tonnage/year)		
		Ipatinga Plant	Cubatão Plant	Major consumers
Uncoated	Slab	5,000,000	4,500,000	Rolling mills.
Uncoated	Heavy plate	1,000,000	1,000,000	Pipelines, pressure vessels, shipbuilding, general structures.
Uncoated	Hot coil	3,550,000	2,100,000	Agricultural machinery, pipe and tube, chassis, gas cylinders, containers, general structures.
Uncoated	Cold coil	2,500,000	1,200,000	Auto industry, household appliances, packaging.
Coated	Electrogalvanized coil	360,000	-	Auto industry, household appliances.
Coated	Hot dip galvanized coil	480,000	-	Auto industry, household appliances, civil construction.

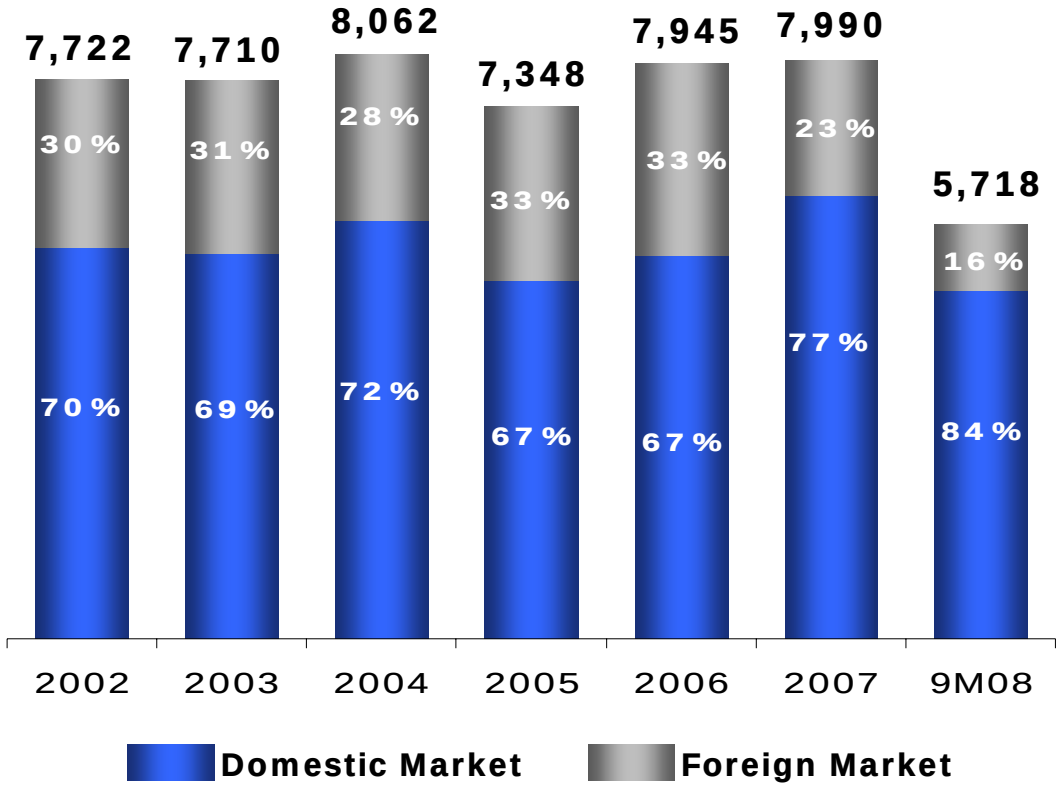


USIMINAS

Sales

(million ton.)

Domestic market is a priority



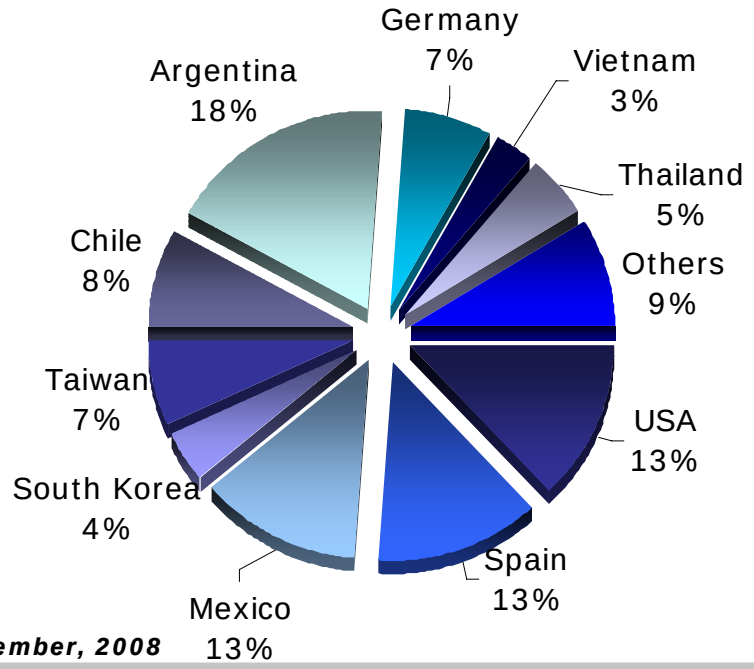
As of September, 2008

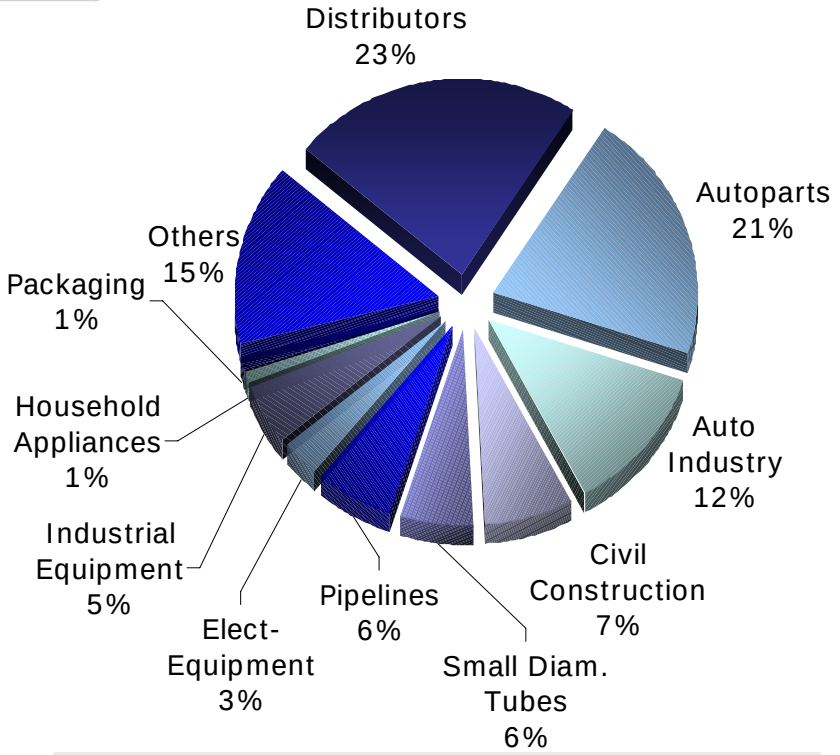


Sales

Domestic Market
(Volume: 4.806 million t. - 9M08)

Combination of market leadership and diversified customer base reduces market risk





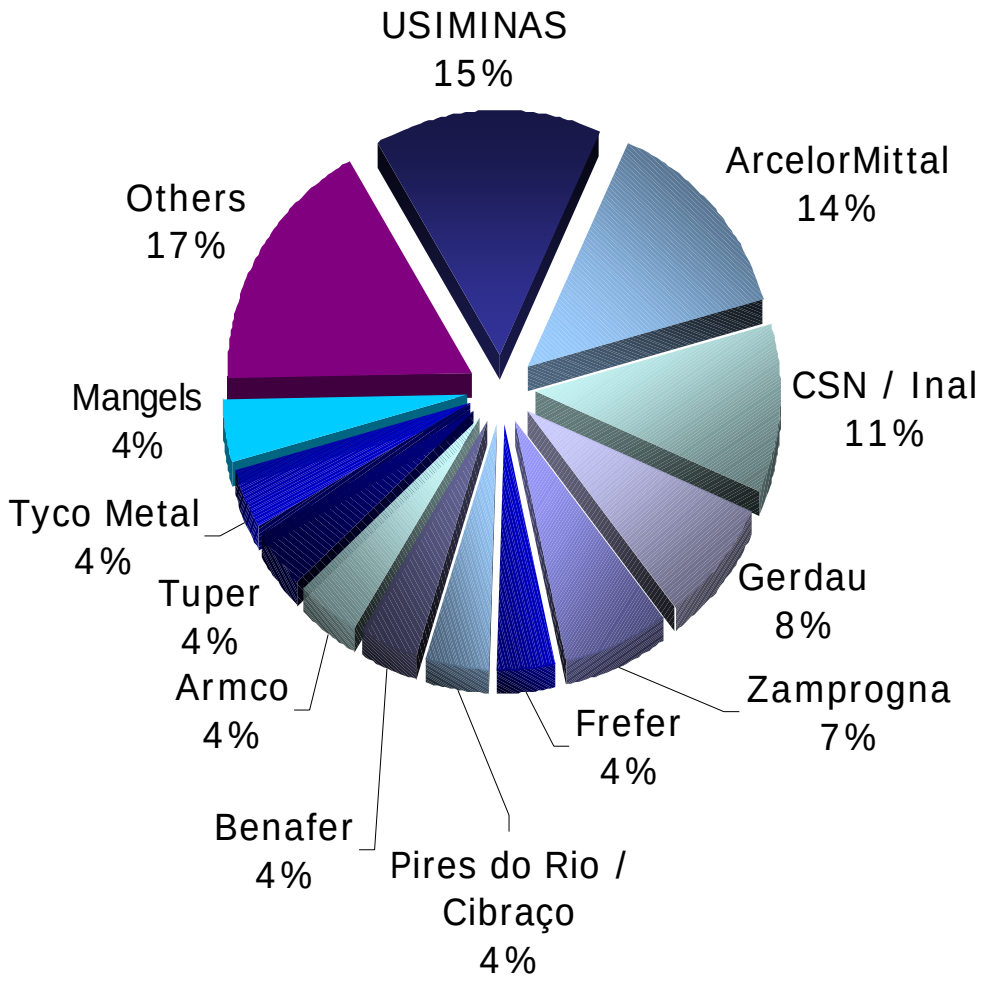
International Market
(Volume: 0.912 million t. - 9M08)

Diversified geographic sales

As of September, 2008



Steel Distribution Sector



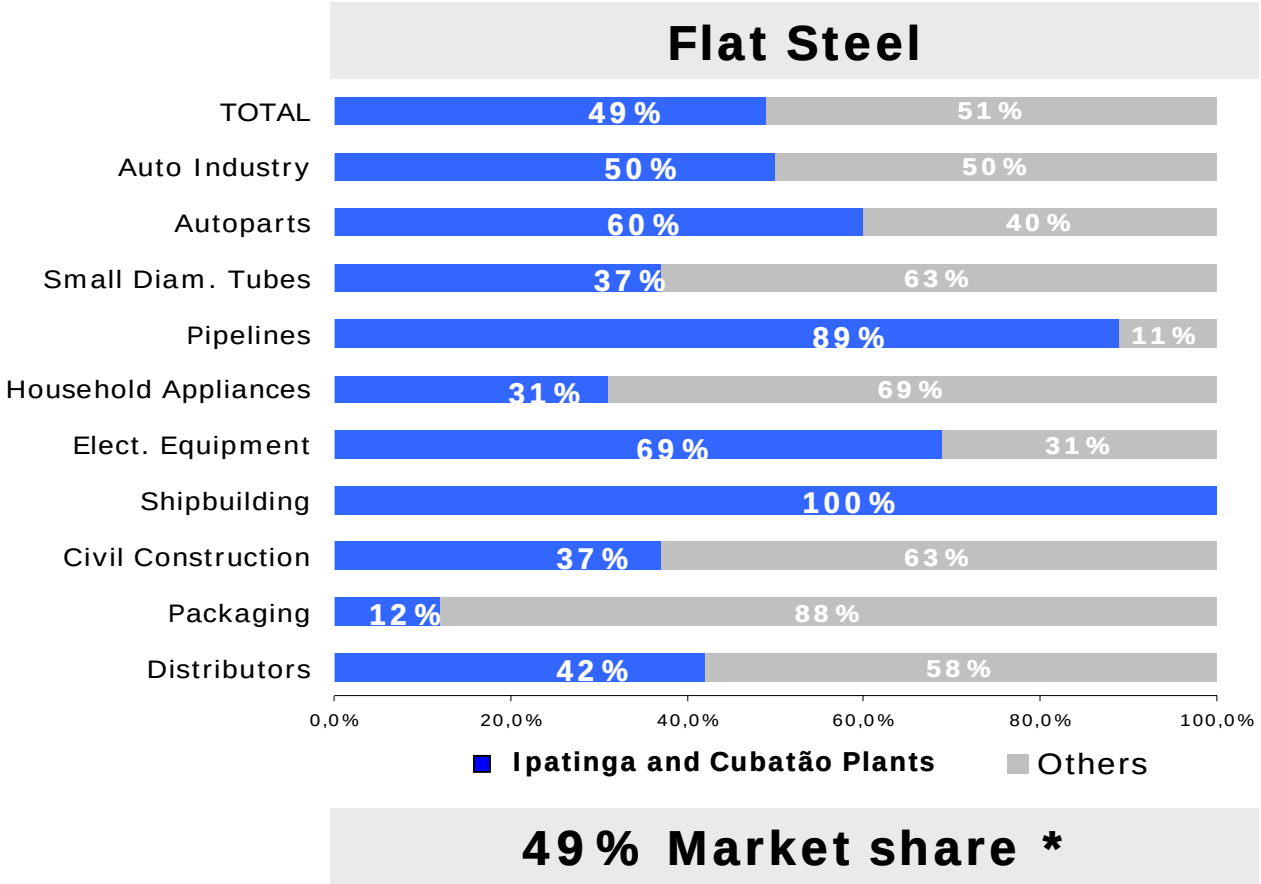
Source: INDA - June, 2008



Market Share

Domestic Market (%) - 9M08

Combination of market leadership and diversified customer base reduces market risk



As of September, 2008

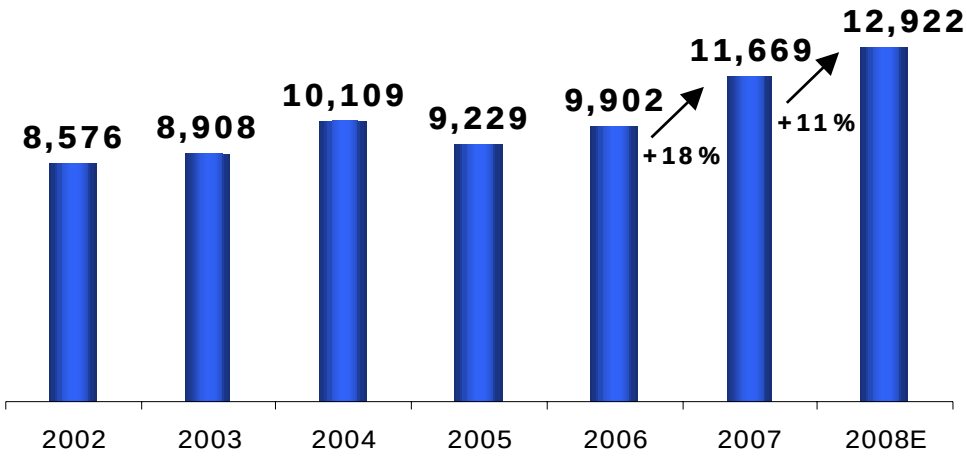
*** Flat Steel market: Usiminas System, CSN, Acesita and Arcelor Brasil.**



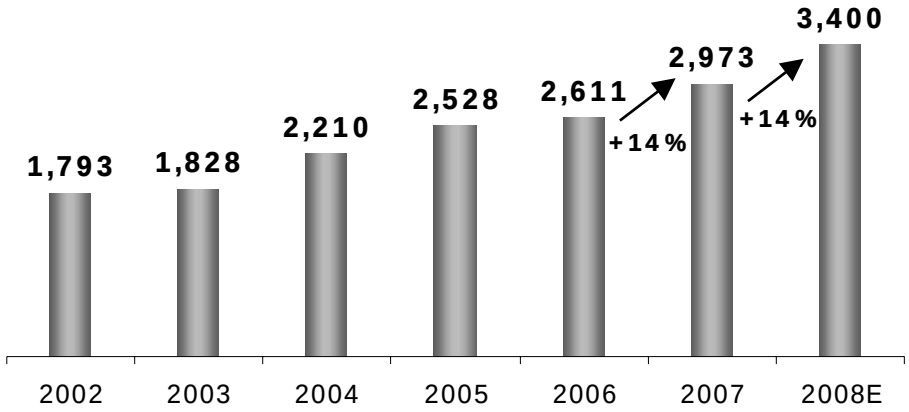
Brazil's outlook - 2008

- Flat steel demand is expected to exceed 10%
  - ✓ Vehicle production may reach 3.400 million (Anfavea)
  - ✓ Industrial segment should outperform, growth to exceed 10%
  - ✓ Civil Construction growing activities

Flat Steel Demand (1,000 t.)



Vehicle Production (1,000 vehicles)



Source: IBS / Usiminas / Anfavea



Investments & Technology

Commitment to the best technology

- ✓ Partnership with Nippon Steel assures access to state-of-the-art technology in steel production, including high value-added products
  - ➢ 6th Technology Transfer Agreement with Nippon Steel, valid until 2009
- ✓ 425 received patents, of which 23 are international
- ✓ 150 researchers





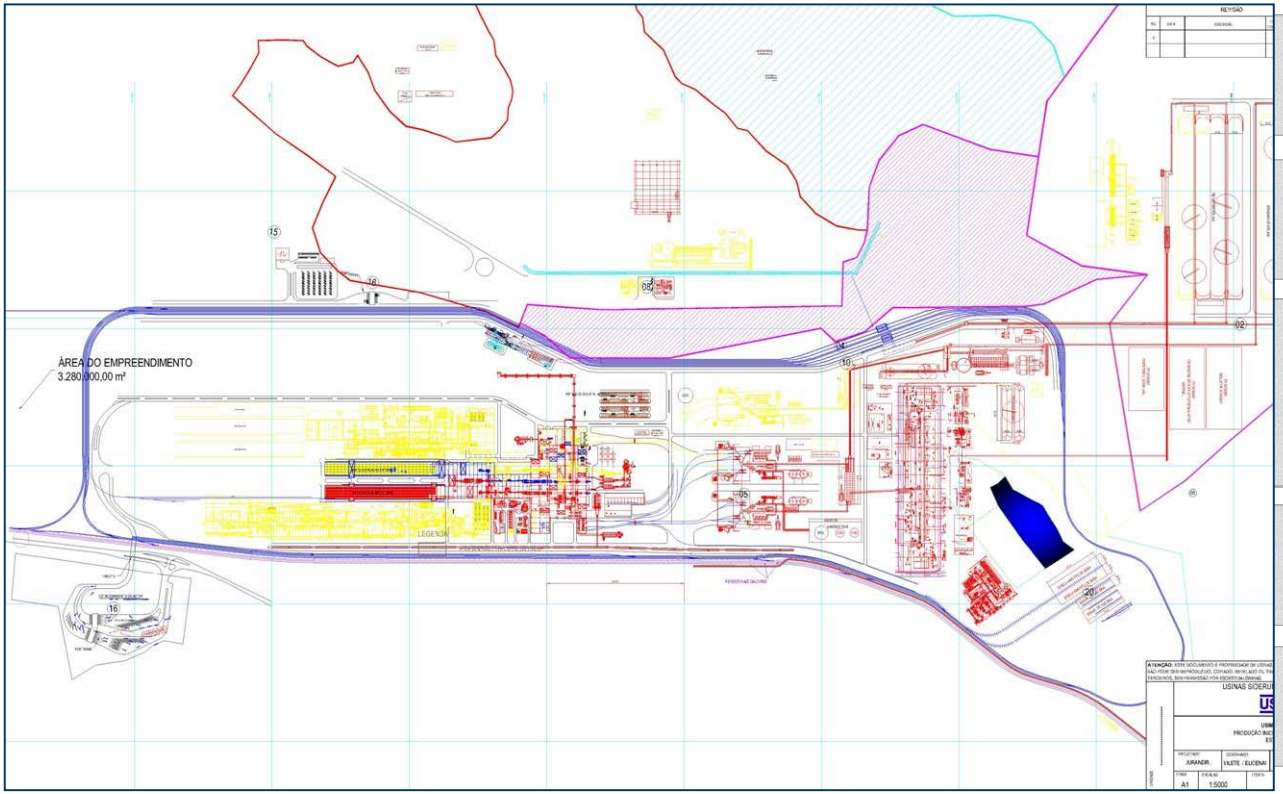
Agenda

- Global View
- Usiminas
- **Investments**
- Mining & Logistics
- Financials
- Corporate Governance and Social Responsability



USIMINAS

New Slab Plant (Santana do Paraíso)



Production capacity
5 million tons/yr

Start of works
1st Half 2009

Start up
2.5 million t/yr in 2011
2.5 million t/yr in 2012

Coke plant
2.0 million t/yr

Power plant
250 MW

TOTAL Investments: US$ 5.7 billion *

* Does not include investment in thermoelectric powerplant of approximately US$ 400 million



USIMINAS

Intendente Câmara Plant (Ipatinga)

Investments

LINE	VOLUME thsd tons	START UP FORECAST	PROJECT AMOUNT
UNIGAL II (Galvanized)	550	1st Half 2011	US$ 460 million
Heavy Plates	500	2nd Half 2010	US$ 500 million
Hot Rolled Coils	150	1st Half 2011	US$ 130 million
Other	Technology updating, cost savings and environmental control, with highlight for Coke Plant 3 (+750kt/yr) and thermolectric powerplant (60 MW) in 2008		US$ 1.0 billion
Total Investments	US$ 2.1 billion		

Investments to serve “high value-added markets”



USIMINAS

José Bonifácio Plant (Cubatão)

Investments

LINE	VOLUME thsd tons	START UP FORECAST	PROJECT VALUE
Hot Strip Mill	2,300 / 4,800	1st Half 2011	US$ 1.0 billion
BF1 Revamping	3.5 thsd/day => 4.5 thsd/day	Concluded	US$ 170 million
Continuous Casting Machine	+350 / ano	Concluded	US$ 140 million
Other	Technology updating, cost savings and environmental control		US$ 1.1 billion
Total Investments	US$ 2.4 billion		



Mining

Investments

Plant / Equip	CAPACITY tons	PROJECT VALUE
Concentration Plant	16 million	US$ 650 million
Pellet Plant	7 million	US$ 750 million
Mining Equip.	-	US$ 90 million
Railroad conection	-	US$ 60 million
Others	-	US$ 20 million
Acquisition	1,4 billion	US$ 1,9 billion
Total Investments	US$ 3.5 billion	



Usiminas 2013
Technical configuration of the plants after the investment program

million tons	Intendente Câmara Plant		José Bonifácio Plant		Santana do Paraíso
	Current	After	Current	After	New Plant
Slabs	5.00	5.00	4.50	4.80 (1)	5.00
Hvy Plate	1.00	1.50	1.00	1.00	-
Hot Strip	3.60	3.80	2.10	4.40 / 6.10 (2)	-
Cold Strip	2.50	2.50	1.20	1.20	-
EG	0.36	0.36	-	-	-
HDG	0.48	1.03	-	-	-

(1) Concluded - May/2008
(2) Additional expansion - up to 6.10 million tons/year

Source: Usiminas



Agenda

- Global View
- Usiminas
- Investments
- **Mining & Logistics**
- Financials
- Corporate Governance and Social Responsability



J. Mendes brief overview

- ✓ J. Mendes is the last sizeable mining asset available in the Quadrilátero Ferrífero, a major iron ore province in Brazil
- ✓ The acquired company is comprised of four mining sites with total expected **resources of 2.7 to 3.0 Bt** and **expected reserves of 1.1 to 1.8 Bt**

Somisa



Global/Camargos



J Mendes



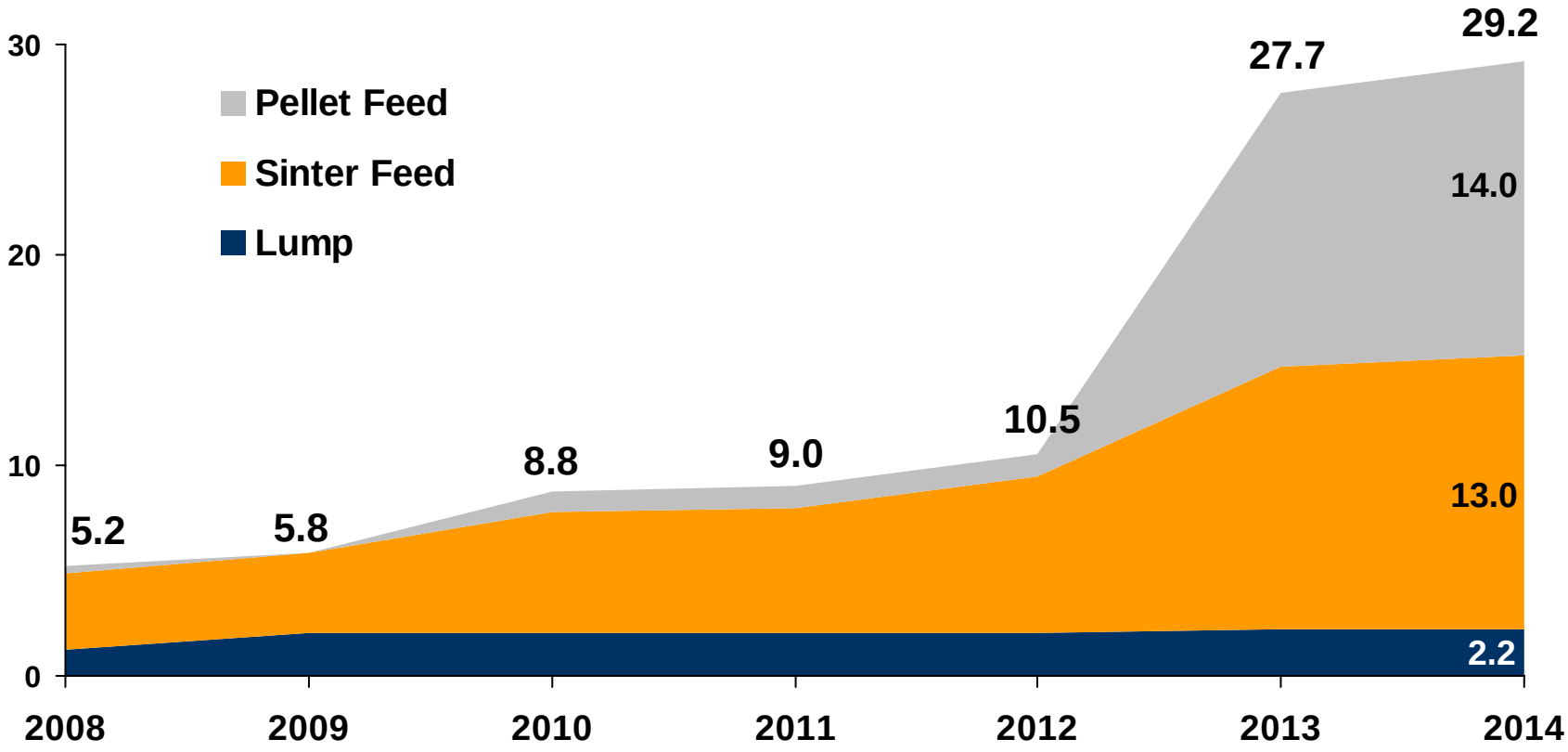
Pau de Vinho



- ✓ Expected mine **useful life** of at least **25 years**
- ✓ Expected iron content between **46 and 48%**
- ✓ Current production level at roughly **5 MMt/year**



Mining Assets



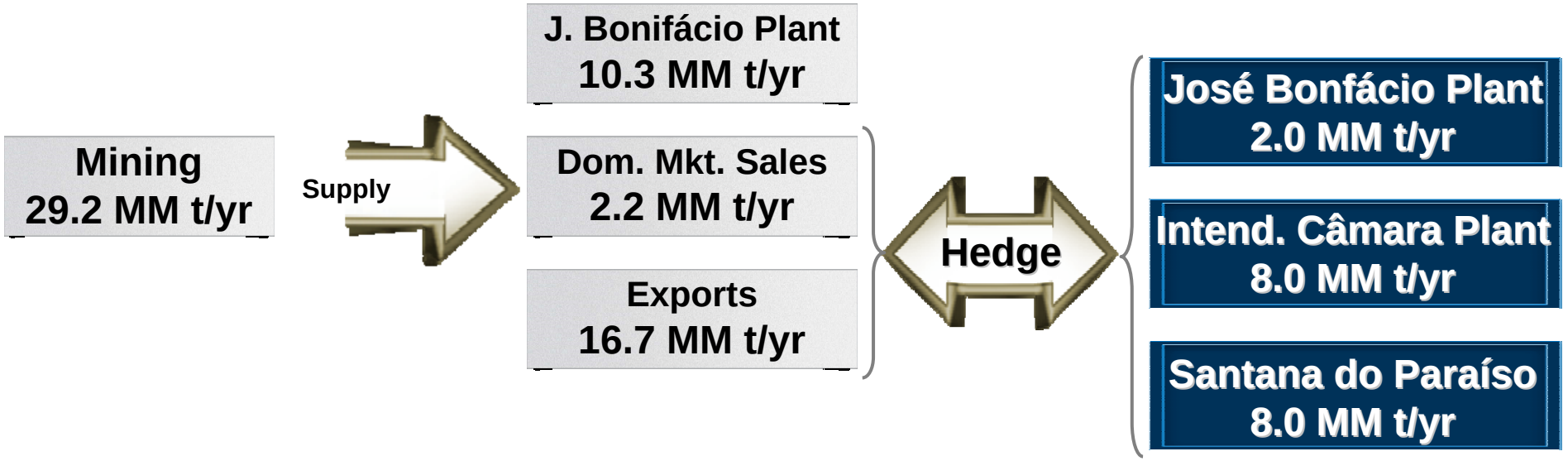
Source: Usiminas



USIMINAS

Mining Assets

Although Ipatinga and Santana do Paraíso do not have logistics access to be supplied by its mines on "Serra Azul", Usiminas will have the benefit of full "hedge" against iron ore price fluctuations



Source: Usiminas



Logistics Assets

Usiminas acquired land in Sepetiba Bay where it will build a maritime terminal



Price
R$ 72 million

Land
850 thousand m²

Start of operations
2012

Shipping capacity
25 million tons of Iron Ore, in addition to other products

- **Area will be a benchmark from the environmental point of view**
- **Amount estimated for environmental recovery - up to R$ 40 million**



Agenda

- Global View
- Usiminas
- Investments
- Mining & Logistics
- **Financials**
- Corporate Governance and Social Responsability

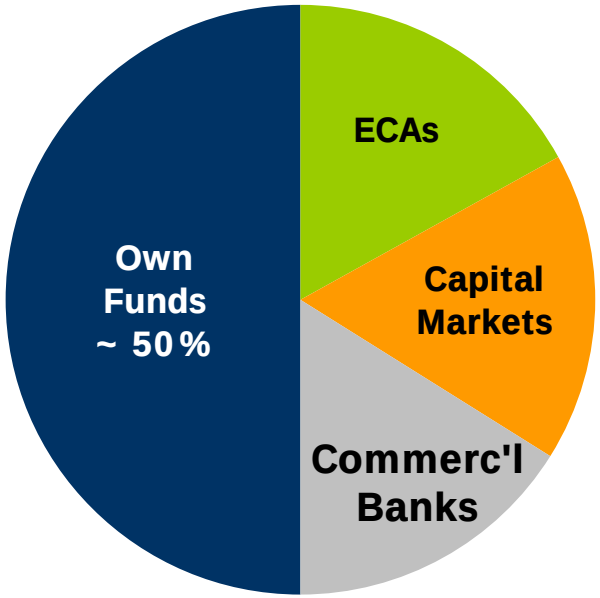


Estimated Capex for the Investment Program fits into the capital structure considered adequate for the company

US$ million	STEELMAKING	MINING	TOTAL
2008	1,480	960	2,440
2009	2,550	1,060	3,610
2010	4,410	480	4,890
2011	1,830	770	2,600
2012	360	200	560
TOTAL	10,630	3,470	14,100



The Investment Program foresees the following funding:



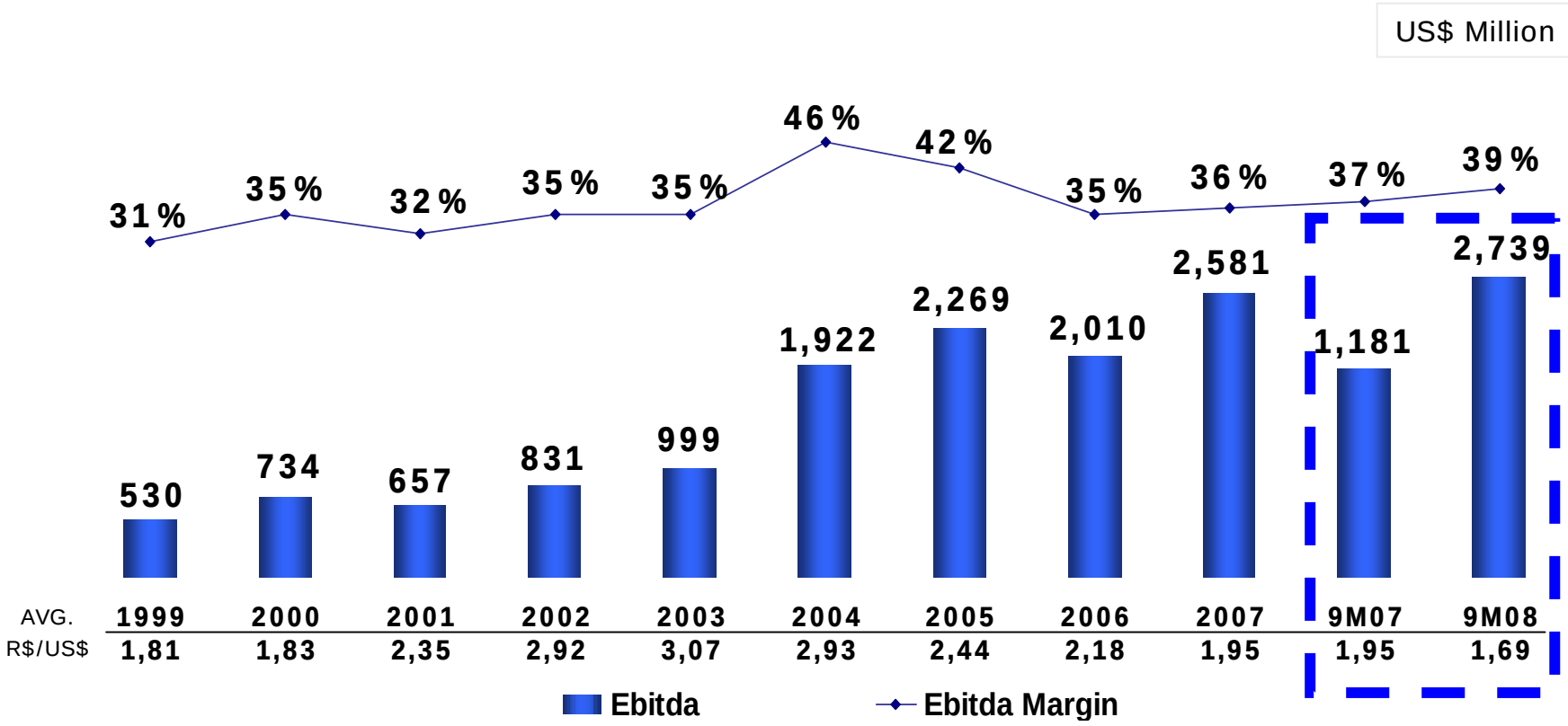
Main Financial Transactions

Type	Amount US$ million	Amount R$ million	Term Years
BNDES Credit Facility	-	900	6
BNDES	-	493	7
Eurobond	400	-	10
Debentures	-	500	4 / 5
Pre Payment	600	-	5 / 7
JBIC	550	-	10



Consolidated Ebitda

Investment return and market conditions have allowed consistent cash generation



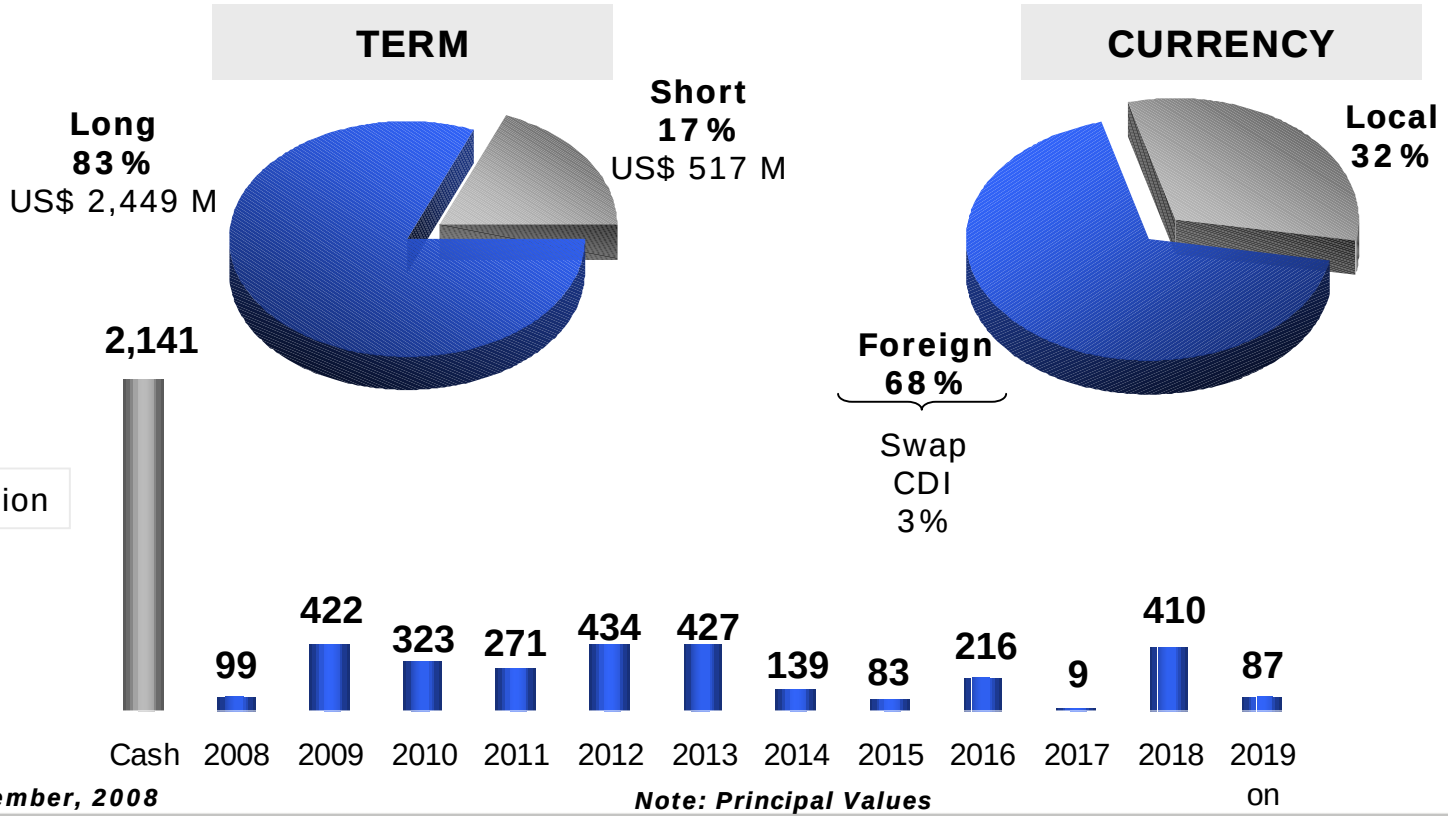
As of September, 2008



Consolidated Debt Maturity

Debt has an adequate maturity profile. In addition Usiminas has the following available facilities:

- Standby Facility - US$ 300 million
- Revolving Facility - US$ 700 million
- BNDES Credit Facility - R$ 900 million



As of September, 2008

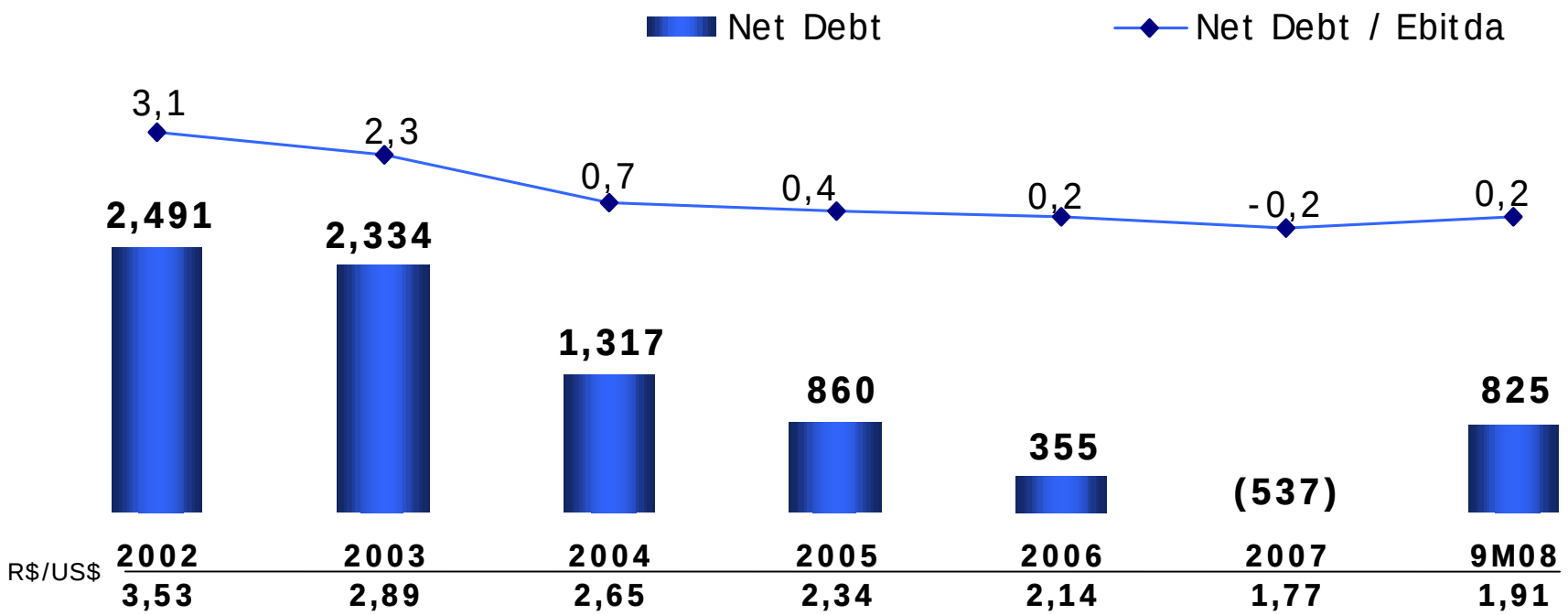
Note: Principal Values



Total Net Debt

And have made it possible to considerably reduce debt

US$ Million



As of September, 2008



Financial Highlights

Consolidated Figures

	Sept 30/08	Dec 31/07	Dec 31/06	Dec 31/05	Dec 31/04
Crude Steel Produc. (thsd t)	6,243	8,675	8,770	8,661	8,951
Sales (thsd t)	5,718	7,990	7,945	7,348	8,062
Net sales (US$ million)	7,113	7,131	5,709	5,354	4,197
EBITDA (US$ million)	2,739	2,581	2,010	2,269	1,922
Net Profit (US$ million)	1,420	1,607	1,156	1,609	1,033
Gross Debt (US$ million)	2,966	1,693	1,628	1,685	2,033
Net Debt / EBITDA	0.2	(0.2)	0.2	0.4	0.7
EBITDA / Interest	20.2	20.0	16.9	11.8	11.3



Agenda

- Global View
- Usiminas
- Investments
- Mining & Logistics
- Financials
- **Corporate Governance and Social Responsability**



USIMINAS

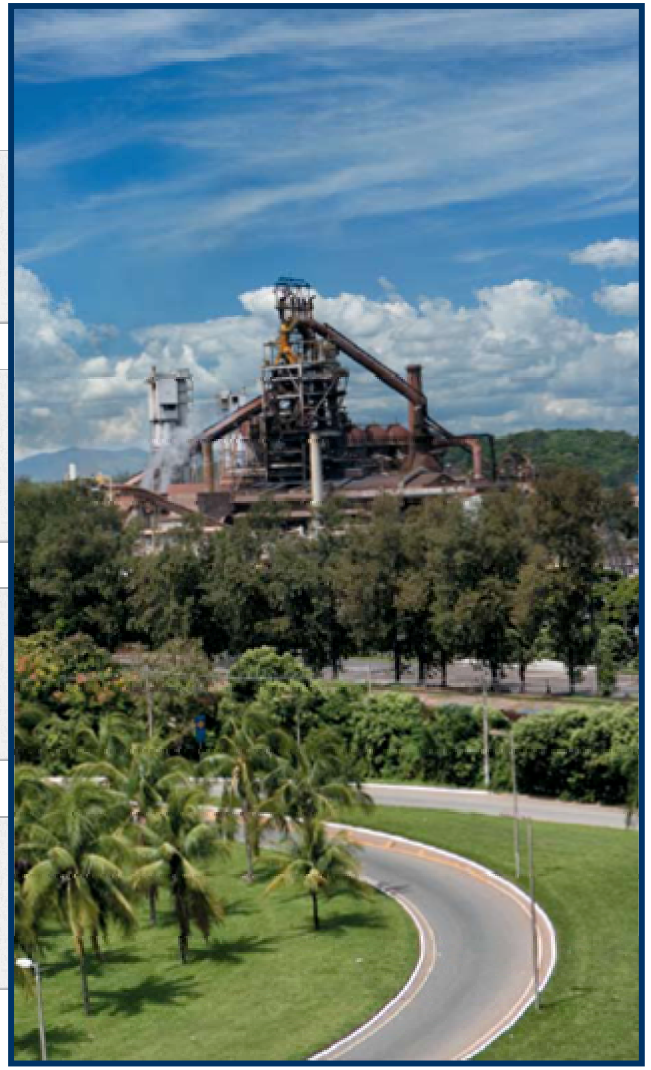
Environmental Protection

More than R$ 2 billion invested in Ipatinga and Cubatão plants since 1992.

Usiminas and Cosipa were the 2nd and 3rd steel companies in the world to be certified with ISO 14001.

Fresh water recirculation rate above 93%.

Green belt in Ipatinga area is 10 times above recommended level (World Health Organization).





Community

More than R$ 139 million invested in cultural activities in the last fifteen years (tax incentives), involving 3 thousand artists and 200 thousand spectators.

Construction of its 2nd hospital, one of three in Brazil accredited by ONA (National Accreditation Organization), through USIMINAS Foundation, which is self sustaining. Both hospitals provide healthcare to a region with 600 thousand inhabitants.

Investment in education through São Francisco Xavier School, maintained by USIMINAS foundation, teaching more than 3 thousand children and young people.

The city of Ipatinga holds a “high standard of human development”, as defined by the UN - United Nations.





Declarations relative to business perspectives of the Company, operating and financial results and projections, and references to the growth of the Company, constitute mere forecasts and were based on Management's expectations in relation to future performance. These expectations are highly dependent on market behavior, of Brazil's economic situation, on the industry and on international markets, and are therefore subject to change.

www.usiminas.com.br/ri

NÍVEL 1 BOVESPA BRASIL

ADR Level I

Latibex LATINOAMERICA EN EUROS

Dow Jones Sustainability Indexes Member 2007/08

THE GLOBAL COMPACT WE SUPPORT

Investor Relations:

Bruno Seno Fusaro (Head of IR)
brunofusaro@usiminas.com.br
Tel.: + 55-31-3499-8772
Fax: + 55-31-3499-9357

Matheus Perdigão Rosa
mprosa@usiminas.com.br
Tel.: + 55-31-3499-8056

Luciana Valadares dos Santos
lsantos@usiminas.com.br
Tel.: + 55-31-3499-8619

Gilson Rodrigues Bentes
Cosipa (São Paulo Office)
gilson@cosipa.com.br
Tel.: + 55-11-5070-8980

Diogo Dias Gonçalves
dgoncalves@usiminas.com.br
Tel.: + 55-31-3499-8710