RA 2013

Annual Management Report

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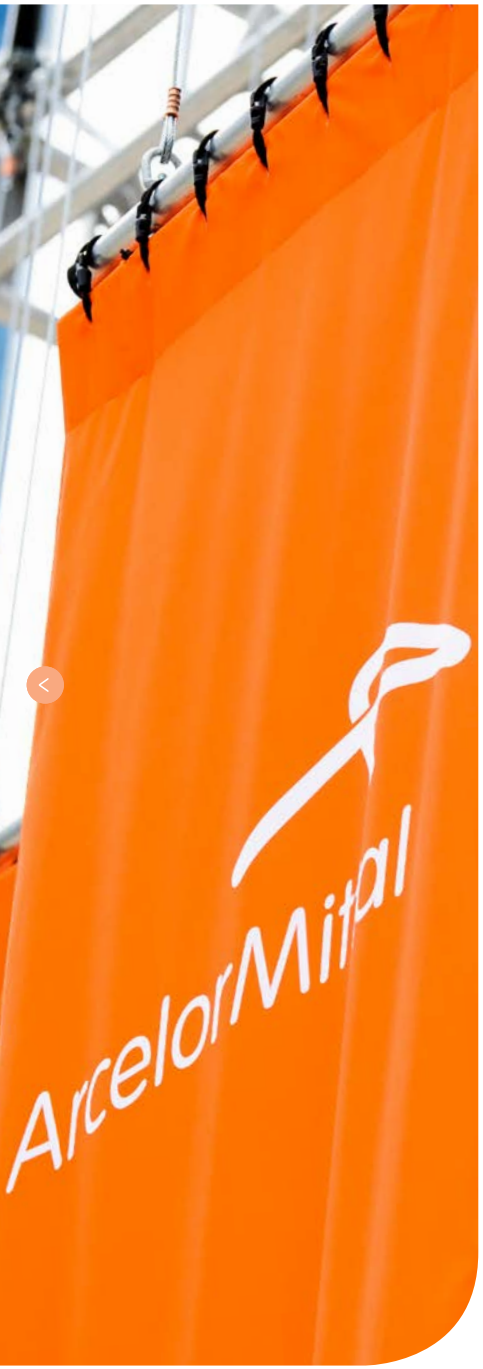
Message from the Board

01



Message from the Board

The year of 2013 was another difficult year for the global markets, the steel industry and for the ArcelorMittal group. However, we worked hard to make progress and strengthen the company by identifying and building business opportunities. We improved our health and safety indicators as well as the operating performance of our industrial plants in Brazil. We followed up our actions for continuous improvement in all processes, worked on the reduction and control of fixed costs, and on the increase of productivity, competitiveness and synergy among Long Carbon, Flat Carbon and Mining segments.

Our expectations on the international scenario as well as on business environment in Brazil have been confirmed. US economy gradually improved, Europe gave signs of recovery, China continued to grow - although under a new basis -, and the Brazilian domestic market had a better performance when compared to 2012.

Since 2011, Brazil faces a slowdown on its growth. Until 2013, however, it was not so severe on segments in which the Company operates. Despite that, we continue to face challenges of a structural nature and which directly affect our business, such as infrastructure gaps - a relevant issue in a country like ours, with continental dimensions -, and high transaction costs, including taxes.

Brazilian GDP grew by 2.3% and inflation rate reached 5.91% (IPCA), a value higher than 2012, but yet remaining above the target set by Banco Central (Central Bank), of 4.5%. Such rate pushed Banco Central to raise the Interest Rate from 7.25% to 10%, with an upward trend. Exchange rate remained unstable, oscillating from BRL 2.04 in the first workday of the year to BRL 2.34 on December 31st, representing a 14.7% increase.

The main steel-demanding sectors improved in 2013. The automotive sector increased production by 9.1%; the production of typical inputs for the Construction sector increased 2.2%; and Industry grew by 1.3%. Agricultural GDP increased by 7%.

34,2 million tons
Brazilian crude steel production in the year.

Brazilian production of crude steel in 2013 was 34.2 million tons, a slight 1% reduction from 2012. As for rolled products, it was 26.2 million tons, up 2,2% year-on-year. Apparent consumption of steel products in Brazil reached 26.4 million tons, a 4,8% increase as compared to the previous year. Annual per capita consumption of steel products was 131.3 kg, 2.5% higher than 2012, although much lower than the largest producers in the world. Domestic market sales increased 5.4%. Flat carbon sales increased 6.9%; long carbon sales were up by 3.4%. Sales of semi-finished products (slabs, blooms and billets) grew by 9.6%.

Direct imports of steel products in Brazil reached 3.7 million tons, a 2% reduction over 2012. Senate's Resolution Nº 13/2012, which entered into force on January 1st 2013, was the main measure contributing to this result for it establishes a single aliquot of 4% for interstate ICMS on resale of import products, therefore reducing incentives to imports

that had been granted by several States of the Federation. Last year, however, we saw an increase of 13.1% on imports of processed products.

The overcapacity of steel production in the world is more than 570 million tons, which still represents risks of disturbance in the flow of international steel trade. The main impacts brought by this scenario were the reduction of steel prices on the international market and reduction of Brazilian steel exports. Total export volume reduced 17.5% versus 2012. Raw material costs remained relatively high when compared to the price reduction of steel products. China's GDP grew by 7.7% in 2013 and, in spite of showing signs of slowdown, was responsible for the production of 779 million tons last year, up 7,5% year-on-year, representing 48.5% of global steel production.

In view of this scenario, in 2013, the consolidated net revenue of ArcelorMittal Brasil reached BRL 16.6 billion, a figure 6% higher than the previous year. Sales volume totaled 8 million tons of products, mainly for domestic market. This result remained stable as compared to the previous year, not taking into consideration the months in which Acindar (Argentina) was part of the consolidation scope in 2012.

The consolidated operating result (EBITDA) of ArcelorMittal Brasil was BRL 3.4 billion, a performance 41% higher than 2012; such result was mainly boosted by the recovery of flat carbon steel market and the continuous growth pace for the major long carbon consumer markets. EBITDA margin over the consolidated net revenue reached 20%, a nominal increase of five percentage points as compared to previous year. The Company recorded a BRL 380 million net profit.

BRL 380 million
Net income of ArcelorMittal in 2013.

As for the Flat Carbon segment of ArcelorMittal Brasil, the annual production of crude steel increased from 4.39 million to 4.43 million tons. Sales volume achieved 4.21 million tons, down 1% year-on-year. However, when compared to the previous year, EBITDA more than doubled for this segment, thus rising to BRL 1.2 billion from BRL 514 million.

Unicon, Venezuela's largest tube producer, and controlled by ArcelorMittal Brasil since 2009, recorded an EBITDA of BRL 313 million, down 2% year-on-year. The company produced 159,000 tons of tubular products, corresponding to a 25% decrease when compared to the previous year.

Apparent consumption of Flat Carbon steel in Brazil went up 4.8%, mainly driven by the automotive sector, especially because IPI tax remained at a low level and due to incentives from *Inovar Auto* program, particularly supporting the growth of galvanized and hot rolled products. For this sector, the highlight of the year was the expansion on sales of high strength steel, in line with market trends and the new Brazilian automotive regimen, which establishes targets for carmakers to develop lighter weight, safer and more environmentally friendly vehicles.

At the end of the year, we approved investments for Vega unit to start, from 2015 onwards, local production of Usibor®, one of the *S-in motion* global platform solutions (lightweight special steels for the automotive industry), currently being imported from the group's European facilities for producing Brazilian car models until our new line in Vega is ready. Some of these models have already earned the 5-star crash test rating from Latin NCAP in 2013.

Also contributed to the increase on flat steel apparent consumption the sub-segments of construction industry that use Galvalume®. The material is being applied to infrastructure civil works, airport roofing, logistics distribution centers, industrial buildings and warehouses.

In the last quarter of the year,

ArcelorMittal group entered into a purchase agreement with ThyssenKrupp to buy its rolling mill in Calvert/Alabama – USA (now called AM/NS Calvert). Since the group is going to supply this operation with about 2 million tons of slabs on yearly basis, we expect Tubarão to become one of its suppliers after resuming production of No. 3 Blast Furnace, in mid-2014.

The Long Carbon segment in Brazil benefited once again from the dynamism of the Construction sector and the growth of the Industry. Physical production of typical Construction Inputs grew by 2.2% in 2013. Industry segment grew by 1.2%, while Agriculture segment GDP increased 7%, thus boosting production of agricultural machinery, which increased 20% in 2013. Apparent consumption of Long Carbon steel in Brazil increased 4.62% year on year. The sales volume of ArcelorMittal Brasil's long and drawn products increased 3%, rising from 3.47 million to 3.56 million tons per year, and production expanded proportionally, up from 3.42 million to 3.51 million tons per year. EBITDA for this segment was R$ 1.8 billion, 14% higher than 2012.

The main highlight of Long Carbon segment was the resumption of the expansion project of our Monlevade unit, which is meant to follow market growth. The works restarted on the second half of 2013, with deadline for conclusion in December/2014 and start-up in 2015. The project includes the installation of a third rolling mill in João Monlevade and increasing production capacity of Juiz de Fora plant. As result, ArcelorMittal Brasil's long carbon steel production capacity will increase 1.1 million tons per year, rising from 3.8 million to 4.9 million tons per year of rolled steels.

Also for Long Carbon segment, ArcelorMittal Costa Rica, which is controlled by ArcelorMittal Brasil, produced 161,000 tons of rolled products, down 7% year-on-year. Sales volume reached 153,000 tons, 11% less than the previous year.

In the mining sector, Andrade Mine recorded a BRL 44 million EBITDA, twice as much as in 2012. A volume of 2.51 million tons was extracted from the mineral asset, 8% more than the previous year. Sales of iron ore amounted to 1 million tons, a 163% rise if compared to the same period in 2012.

3,51 million tons / year

3% increase in the production of long and drawn bars.

The highlights for the segment were the three iron ore transoceanic shipments to Europe, leaving from Praia Mole's Steel Products Terminal, in Vitória (Espírito Santo state). Though Serra Azul mining asset is located in Brazil, ArcelorMittal Serra Azul Limited, in London, directly controls the company.

In 2013, we also highlight the three awards that once more attest the Company's commitment towards sustainable management. ArcelorMittal Brasil was recognized twice at *Época Empresa Verde* Awards 2013. In addition to being part, for the third consecutive year, of the select list of 20 companies with the best environmental practices in the country (being the sole steel producer at this list), the Company received an additional award by winning the 'Industry' category.

The Company also took part of the list of the 61 most sustainable companies of the year according to *Guia Exame de Sustentabilidade,* which evaluates the management of companies in terms of environmental, social and economic aspects. Lide Award Brazil also awarded ArcelorMittal as leader in Environmental Management.

Our customers also recognized the quality of our products. Tubarão and Vega units received the Renault Award (category 'Top supplier in Logistics – Components') from Renault do Brasil, and the *Qualita Awards* from Fiat Chrysler South America.

We renew our confidence on

the sustainable growth in Brazil in 2014. The macroeconomic scenario presents some signs of potential new challenges. On the other hand, the Federal Government concluded, in 2013, the concession process of several infrastructure works to reduce the bottleneck that has hampered competitiveness of the Brazilian industry, which can encourage several sectors to increase their investments. Sector-related entities and market analysts also believe in the expansion of the Industry.

Last year, there was a sharper increase in steel demand and, we believe that this positive trend will continue throughout 2014, and that apparent consumption of Long and Flat Carbon steel will increase. Some indicators point to an improved outlook for steel exports as well. As for the domestic market, our business model focuses on sectors that continue to grow, especially automotive, household appliances, primary industry and construction sectors. In 2013, we've maintained our domestic competitiveness and the market share of segments in which we operate; we expanded our sales channels and our distribution network; we have invested in innovation and continuous improvement of all processes. We are certain that we will take advantage, even more, of the opportunities that the market will present in 2014.

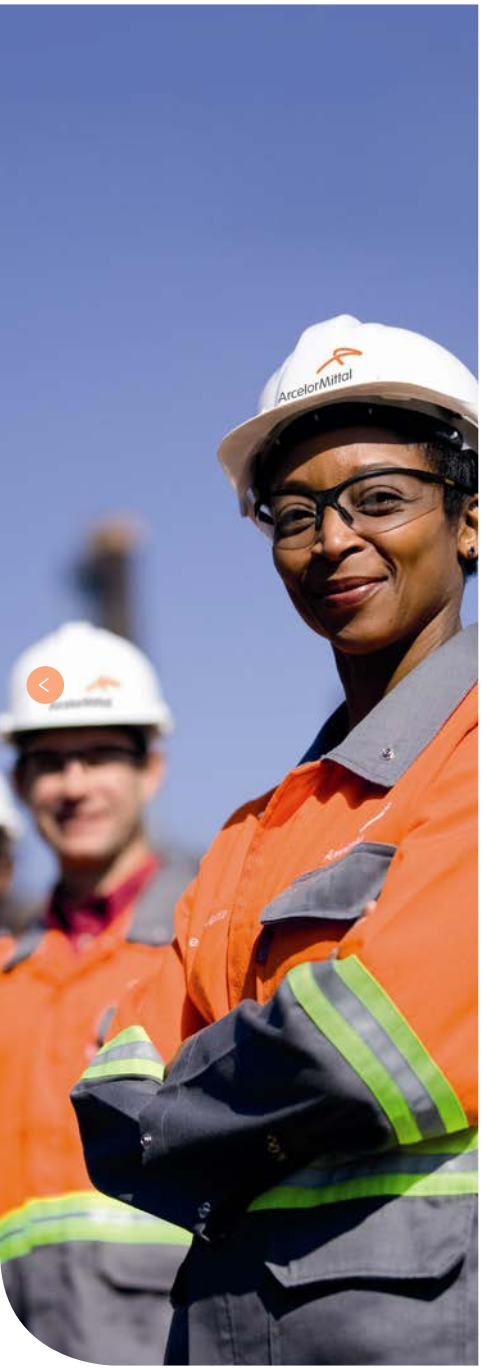
We appreciate the confidence that our shareholders, customers, suppliers, community, government and other stakeholders have placed in us, and particularly the engagement and motivation of our employees, who are continuously committed to generating business results and that are greatly responsible for the achievements obtained in 2013.

Message from the Board

Belo Horizonte, March 27, 2014.

Independent Auditor`s Report

02



Independent Auditor's Report

To the Management and
Shareholders of ArcelorMittal Brasil S.A.
Belo Horizonte - MG

We have audited the accompanying individual and consolidated financial statements of ArcelorMittal Brasil S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of 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 individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - IASB, and in accordance with 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. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 Individual Financial Statements

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of ArcelorMittal Brasil S.A. as at December 31, 2013, and its financial performance and its 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 present fairly, in all material respects, the consolidated financial position of ArcelorMittal Brasil S.A. as at December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil.

Emphasis of Matter

We draw attention to Note 2.a, to the financial statements, which state that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of ArcelorMittal Brasil S.A., these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries and associates by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value. Our opinion is not qualified in respect of this matter.

The financial statements of ArcelorMittal Brasil S.A. for the year ended December 31, 2012, presented for purposes of comparison, have been adjusted and are restated retrospectively to that date, as required by CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26(R1) – Presentation of Financial Statements. Our opinion regarding this matter is unqualified.

Other Matters

Statements of Value Added

We have also audited the individual and consolidated statements of value added ("DVA"), for the year ended December 31, 2013, prepared under the responsibility of the Company's management, the presentation is not required by the Brazilian Corporate Law for closely-held companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same auditing 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, March 11, 2014

DELOITTE TOUCHE TOHMATSU
Independent Auditors -CRC-2SP 011.609/O-8 F/MG

Marcelo Salvador
Engagement Partner -CRC-1MG 089.422/O-0

Balance Sheet

03

Balance sheet

For the year ended December 31, 2013
In thousands of Brazilian reais

	Company			Consolidated		
	2013	2012	01/01/2012	2013	2012	01/01/2012
Assets		Adjusted			Adjusted	
Current assets						
Cash and cash equivalents (note 7)	211,156	563,101	281,637	776,715	1,060,423	619,396
Held-to-maturity investments	1,332	2,577	7,382	5,519	2,584	38,314
Trade accounts receivable (note 8)	1,799,604	1,262,241	1,261,561	1,874,396	1,412,806	1,701,230
Inventories (note 9)	3,254,013	3,182,628	3,145,078	4,229,976	3,921,100	4,303,223
Recoverable taxes (note 10)	188,945	115,730	208,200	462,172	273,590	454,395
Dividends and interest on capital receivable	1,773	93,642	106,419	1,675	93,149	-
Other receivables	126,716	122,745	266,391	134,795	134,865	470,200
Total current assets	**5,583,539**	**5,342,664**	**5,276,668**	**7,485,248**	**6,898,517**	**7,586,758**
Noncurrent assets						
Held-to-maturity investments	-	-	-	-	-	38,300
Recoverable taxes (note 10)	713,549	764,052	765,394	906,905	1,034,698	937,174
Deferred income tax and social contribution (note 24)	-	-	369,563	22,064	22,296	426,137
Compulsory and escrow deposits (note 26a)	467,472	457,899	259,667	572,189	543,311	314,441
Receivables from related parties (note 25)	356,454	116,684	115,343	461,329	103,254	98,315
Other receivables	111,532	40,354	177,155	184,928	108,240	240,649
Investiments						
In subsidiaries and affiliates (note 11)	4,100,665	4,018,297	5,708,928	32	4,994	22,701
Other permanent investments	1,232	1,201	1,500	1,232	1,201	1,531
Property, plant and equipment (note 12)	10,737,520	10,999,488	9,791,329	13,517,513	13,756,148	12,814,866
Biological assets (note 13)	-	-	-	301,213	355,597	362,827
Intangible assets (note 14)	6,451,623	6,435,832	5,851,378	6,914,470	6,899,874	6,393,785
Total noncurrent assets	**22,940,047**	**22,833,807**	**23,040,257**	**22,881,875**	**22,829,613**	**21,650,726**
Total assets	**28,523,586**	**28,176,471**	**28,316,925**	**30,367,123**	**29,728,130**	**29,237,484**

	Company			Consolidated		
	2013	2012	01/01/2012	2013	2012	01/01/2012
Liabilities and shareholders' equity		Adjusted			Adjusted	
Current liabilities						
Trade accounts payable (note 15)	2,268,763	2,726,545	4,405,156	2,404,088	2,825,017	4,821,346
Salaries and related charges	293,594	262,351	253,033	419,195	376,748	433,590
Short-term debt (note 16)	1,904,330	1,753,749	1,511,626	2,011,053	1,913,838	767,842
Debentures (note 17	3,347	4,694	8,735	3,347	4,694	36,941
Taxes payable	107,132	111,216	119,305	197,853	185,368	247,956
Income tax and social contribution	12,588	-	22,657	25,714	3,085	24,011
Dividends and interest on own capital	433,129	364,381	468,898	456,914	388,128	546,317
Provision for tax, civil and labor risks (note 26)	70,445	57,203	15,998	90,407	74,292	41,607
Payables to related parties (note 25)	150,350	580,571	535,230	278,159	688,573	95,083
Other payable	281,906	146,617	249,473	461,784	327,785	467,609
Total current liabilities	**5,525,584**	**6,007,327**	**7,590,111**	**6,348,514**	**6,787,528**	**7,482,302**
Noncurrent liabilities						
Long-term debt (note 16)	6,120,531	6,428,972	6,506,126	6,127,937	6,432,111	6,512,485
Debentures (note 17)	16,308	17,580	20,344	16,308	17,580	20,517
Deferred income tax and social contribution (note 24)	1,040,645	605,340	-	1,237,818	778,481	179,966
Provision for tax, civil and labor risks (note 26)	359,263	352,932	287,172	490,916	475,635	365,721
Payables to related parties (note 25)	745,147	628,034	-	867,077	757,521	125,246
Other payables	420,983	767,789	435,916	482,596	688,961	413,060
Total noncurrent liabilities	**8,702,877**	**8,800,647**	**7,249,558**	**9,222,652**	**9,150,289**	**7,616,995**
Shareholders' equity (note 18)						
Capital	11,666,520	11,666,520	11,666,520	11,666,520	11,666,520	11,666,520
Capital reserves	395,985	392,814	387,562	395,985	392,814	387,562
Earnings reserves	1,094,760	756,226	1,613,480	1,094,760	726,011	2,094,699
Other comprehensive income	1,137,860	552,937	(190,306)	1,137,860	553,248	(701,091)
Shareholders' equity attributable to owners of the Company	**14,295,125**	**13,368,497**	**13,477,256**	**14,295,125**	**13,338,593**	**13,447,690**
Non-controlling interests	**-**	**-**	**-**	**500,832**	**451,720**	**690,497**
Total shareholders' equity	**14,295,125**	**13,368,497**	**13,477,256**	**14,795,957**	**13,790,313**	**14,138,187**
Total liabilities and shareholders' equity	**28,523,586**	**28,176,471**	**28,316,925**	**30,367,123**	**29,728,130**	**29,237,484**

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

Income statement

For the year ended December 31, 2013
In thousands of Brazilian reais

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Net sales (note 19)	14,236,163	12,774,846	16,629,407	15,704,030
Cost of sales (note 20)	(11,890,571)	(11,935,753)	(13,341,606)	(13,930,757)
Gross profit	**2,345,592**	**839,093**	**3,287,801**	**1,773,273**
Operating income (expenses)				
Selling (note 20)	(270,545)	(238,259)	(398,216)	(360,554)
General and administrative (note 20)	(264,673)	(289,586)	(381,732)	(410,382)
Equity in subsidiaries and affiliates (note 11)	(148,085)	253,203	-	141
Other operating income (expenses), net (note 21)	66,127	579,777	(152,635)	435,799
Operating profit	**1,728,416**	**1,144,228**	**2,355,218**	**1,438,277**
Financial income (expenses), net (note 22)	(1,343,259)	(1,118,253)	(1,534,086)	(1,180,720)
Income before income tax, social contribution and profit sharing	**385,157**	**25,975**	**821,132**	**257,557**
Income tax and social contribution (note 24)	(88,855)	(975,466)	(434,179)	(1,132,978)
Profit sharing	(6,833)	(2,787)	(7,242)	(2,787)
Net income (loss)	**289,469**	**(952,278)**	**379,711**	**(878,208)**
Net income (loss) attributable to:				
Controlling shareholders			289,469	(955,286)
Noncontrolling shareholders			90,242	77,078
			379,711	**(878,208)**
Number of shares	2,693,247	2,693,247		
Basic and diluted earnings per share - R$	**107.48**	**(353.58)**		

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

Statement of comprehensive income (loss)

For the year ended December 31, 2013
In thousands of Brazilian reais

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Profit (Loss) of the year	**289,469**	**(952,278)**	**379,711**	**(878,208)**
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Net change in the fair value of financial assets available for sale	(96)	(2,387)	(96)	(2,387)
Translation adjustments for the period from investments	172,968	315,191	172,968	315,191
	172,872	**312,804**	**172,872**	**312,804**
Items that will not be reclassified subsequently to profit or loss:				
Translation adjustments for the period	-	821,472	-	821,472
Remeasurement of defined benefit obligation	535,080	(294,710)	535,080	(294,710)
	535,080	**526,762**	**535,080**	**526,762**
Total comprehensive income (loss)	**997,421**	**(112,712)**	**1,087,663**	**(38,642)**
Comprehensive income (loss) attributable to:				
Controlling shareholders			997,421	(112,712)
Non-controlling shareholders			90,242	74,070
Non-controlling profit			90,242	77,078
Other comprehensive income			-	(3,008)
Total comprehensive income (loss)			**1,087,663**	**(38,642)**

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

Statement of changes in shareholders' equity

For the year ended December 31, 2013

In thousands of Brazilian reais

		Capital reserves			Earning reserves								
	Capital	Investment grants and other	Goodwill on issuance of shares	Stock options granted	Legal	Statutory	Retained earnings (loss)	Valuation adjustments to equity	Currency translation adjustment	Shareholders' equity (Company)	Unrealized profit	Non-con-trolling interests	Shareholders' equity (Consolidated)
Balance as of January 01, 2012 - adjusted	**11.666.520**	**301**	**292.741**	**94.520**	**540.116**	**1.067.354**	**6.010**	**426.588**	**(616.894)**	**13.477.256**	**(29.566)**	**690.497**	**14.138.187**
Options granted and others	-	-	-	5,252	-	-	-	(3,686)	-	1,566	-	(807)	759
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	(294,710)	-	(294,710)	-	-	(294,710)
Realization of deemed cost	-	-	-	-	-	-	101,565	(101,565)	-	-	-	-	-
Net loss	-	-	-	-	-	-	(952,278)	-	-	(952,278)	(338)	77,078	(875,538)
Currency translation adjustment	-	-	-	-	-	-	-	-	1,136,663	1,136,663	-	1,104	1,137,767
Venda de investimento	-	-	-	-	-	-	-	-	-	-	-	(316,152)	(316,152)
Compensation of net loss:													
. Transfer to reserve	-	-	-	-	-	(850,025)	850,025	-	-	-	-	-	-
Balance as of December 31, 2012 - adjusted	**11,666,520**	**301**	**292,741**	**99,772**	**540,116**	**217,329**	**5,322**	**26,627**	**519,769**	**13,368,497**	**(29,904)**	**451,720**	**13,790,313**
Options granted and others	-	-	-	3,171	-	-	(5,322)	-	-	(2,151)	-	-	(2,151)
Realization of deemed cost	-	-	-	-	-	-	116,596	(116,596)	-	-	-	-	-
Changes in interest in subsidiary	-	-	-	-	-	-	-	12	-	12	-	(12)	-
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	535,080	-	535,080	-	-	535,080
Net income	-	-	-	-	-	-	289,469	-	-	289,469	29,904	90,242	409,615
Currency translation adjustment	-	-	-	-	-	-	-	-	172,968	172,968	-	3,539	176,507
Compensation of net loss:													
. Transfer to retained earnings	-	-	-	-	14,473	322,842	(337,315)	-	-	-	-	-	-
. Dividends and interest on own capital (note 18)	-	-	-	-	-	-	(68,750)	-	-	(68,750)	-	(44,657)	(113,407)
Balance as of December 31, 2013	**11,666,520**	**301**	**292,741**	**102,943**	**554,589**	**540,171**	**-**	**445,123**	**692,737**	**14,295,125**	**-**	**500,832**	**4,795,957**

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

Statement of cash flow

For the year ended December 31, 2013

In thousands of Brazilian reais

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Net income (loss)	**289,469**	**(952,278)**	**379,711**	**(878,208)**
Expenses (income) not affecting cash:				
Inflation adjustment and interest	901,432	721,162	921,468	1,401,655
Reserve for losses/contingencies	(196,887)	170,171	(181,502)	223,700
Derivatives loss/(gain), net	113,345	(63,669)	113,345	(63,669)
Equity in subsidiaries	148,085	(253,203)	-	(141)
Depreciation, amortization and depletion	801,404	734,518	1,052,177	980,587
Impairment	-	-	22,851	-
Post-employment benefits	33,259	26,960	32,390	(4,419)
Stock options granted	3,163	5,252	3,171	5,252
Gain (loss) on sale of permanent assets, net	(68,763)	(10,284)	(67,272)	(8,665)
Gain (loss) on sale of disposal of investments, net	(4,862)	(485,146)	(4,862)	(485,114)
Adjustment to fair value of biological assets	-	-	18,528	(27,483)
Suppliers present value adjustments	(2,876)	7,429	(2,876)	7,429
Write-off of unclaimed dividends and interest on capital	-	(16,912)	-	(16,912)
Deferred income tax and social contribution	35,393	974,903	3,195	1,027,451
	2,052,162	**858,903**	**2,290,324**	**2,161,463**
(Increase) decrease in assets:				
Trade accounts receivable	(532,351)	(1,480)	(438,435)	115,094
Inventories	(63,351)	(31,898)	(250,580)	(239,042)
Dividends and interest on capital of subsidiaries	194,403	247,016	91,478	2,477
Other assets	(415,922)	240,850	(246,352)	392,435
Tax assets	198,267	(144,240)	196,321	(259,402)
Increase (decrease) in liabilities:				
Trade accounts payable	(628,280)	(1,735,322)	(602,388)	(1,764,727)
Other liabilities	417,764	52,485	413,815	191,299
Repayments of interest on loans and financing	(842,205)	(765,772)	(847,767)	(772,129)
Repayments of interest on intercompany loans	(115,187)	(13,079)	(114,822)	(23,105)
Income tax and social contribution paid	(4,293)	(49,849)	(51,226)	(56,509)
Tax liabilities	12,133	19,102	69,019	8,549
Cash flow from operating activities	**273,140**	**(1,323,284)**	**509,387**	**(243,597)**
Purchase of investments	(4)	(1,000)	-	-
Purchase of property, plant and equipment	(360,696)	(1,007,420)	(494,265)	(1,094,293)
Sale of assets	89,348	2,694,648	108,427	2,075,999
Cash flow used in investing activities	**(271,352)**	**1,686,228**	**(385,838)**	**981,706**
Loans and financing	1,520,363	697,860	1,908,237	1,110,785
Repayments of principal on loans and financing	(1,562,878)	(1,320,289)	(2,045,910)	(1,663,951)
Intercompany loans	(1,368)	619,099	(127,873)	617,488
Repayments of principal on intercompany loans	(313,848)	28,015	(305,195)	36,475
Redemption of debentures	(3,200)	(8,076)	(7,343)	(38,900)
Payment of dividend/interest on own capital	-	(87,605)	(46,063)	(133,773)
Cash flow used in financing activities	**(360,931)**	**(70,996)**	**(624,147)**	**(71,876)**
Gain/loss in cash and cash equivalents	-	(10,484)	-	(16,650)
Increase in cash and cash equivalents	**(359,143)**	**281,464**	**(500,598)**	**649,583**
Cash and cash equivalents at beginning of year	**563,101**	**281,637**	**1,060,423**	**619,396**
Effect of currency inflation - Venezuelan strong bolivar (Unki)	-	-	216,890	29,597
Cash and cash equivalents of merged companies	7,198	-	-	-
Cash and cash equivalents from companies excluded from consolidation	-	-	-	(238,153)
Total cash and cash equivalents at beginning of year	**570,299**	**281,637**	**1,277,313**	**410,840**
Cash and cash equivalents at end of year	**211,156**	**563,101**	**776,715**	**1,060,423**

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

Statement of value added

For the year ended December 31, 2013

In thousands of Brazilian reais

	Company		Consolidated	
		Adjusted		Adjusted
Revenues				
Sale of products	18,900,385	16,682,744	21,933,064	20,220,959
Discounts, losses and recovery of provisions	(44,259)	(27,598)	(55,124)	(31,798)
Revenues from the construction of own assets	507,174	1,208,934	574,973	1,232,176
Other operating revenues	382,185	727,296	461,811	139,821
	19,745,485	**18,591,376**	**22,914,724**	**21,561,158**
Inputs purchased from third parties				
Raw materials consumed	(10,069,620)	(10,550,582)	(12,718,353)	(12,552,794)
Electric power, services and other operating expenses	(3,739,441)	(4,027,631)	(2,427,578)	(3,456,325)
Recovery (loss) in the realization of assets	26,278	65,298	(3,479)	65,298
	(13,782,783)	**(14,512,915)**	**(15,149,410)**	**(15,943,821)**
Depreciation, amortization and depletion	(801,404)	(734,518)	(1,052,177)	(980,587)
Net added value created by the Company	**5,161,298**	**3,343,943**	**6,713,137**	**4,636,750**
Added value received in transfer				
Equity in subsidiaries and affiliates	(148,085)	253,203	-	141
Dividends, capital income from investments stated at cost	309	695	341	1,426
Other financial income and rentals	3,598	1,227	3,598	(13,652)
Financial income and exchange gains *(i)*	167,265	(7,039)	296,287	102,722
	23,087	**248,086**	**300,226**	**90,637**
Total added value	**5,184,385**	**3,592,029**	**7,013,363**	**4,727,387**
Added value distributed				
Employees				
Salaries and related charges	976,183	944,068	1,534,676	1,276,827
Management compensation (note 26a)	24,973	22,173	34,415	36,542
Profit sharing	180,195	128,668	232,687	185,272
Retirement and pension plan	54,426	45,301	62,542	52,135
	1,235,777	**1,140,210**	**1,864,320**	**1,550,776**
Taxes				
Federal	**1,007,151**	**1,428,522**	**1,672,831**	**1,844,604**
Income taxes	88,855	975,466	434,179	1,132,978
Others taxes	918,296	453,056	1,238,653	711,626
State	777,152	554,914	888,189	607,988
Municipal	15,347	12,855	22,055	19,860
	1,799,650	**1,996,291**	**2,583,076**	**2,472,452**
Lenders				
Interest and exchange losses *(i)*	1,498,935	1,092,691	1,818,714	1,250,724
Capitalized financial charges	25,037	9,325	25,037	9,326
Lease and rentals	335,517	305,790	342,505	322,317
	1,859,489	**1,407,806**	**2,186,256**	**1,582,367**
Shareholders				
Interest on own capital and dividends	68,749	-	119,282	46,310
Retained earnings	220,720	(952,278)	260,429	(924,518)
	289,469	**(952,278)**	**379,711**	**(878,208)**
	5,184,385	**3,592,029**	**7,013,363**	**4,727,387**

(i) In 2012, it referred to gain/loss of monetary assets and liabilities.

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

Notes of the Financial Statement

04

Notes of the Financial Statement

For the year ended December 31, 2013
Amounts in thousands of Brazilian reais, unless otherwise indicated.

1. Operations And Corporate Issuess

ArcelorMittal Brasil S.A. ("Company" or "ArcelorMittal Brasil"), controlled by ArcelorMittal S.A. (headquartered in Luxemburg) is a private corporation headquartered in Belo Horizonte, MG. The activities of the Company and its subsidiaries in Brazil and abroad ("Consolidated", "Group" or the "ArcelorMittal Brasil Group") include the implementation and operation of industries and businesses in the steel and metallurgy sectors as well as holding ownership interest in other companies with the same or complementary purposes, including the production and sale of power and other inputs of the steel and/or metallurgy industries.

The main operating activities of ArcelorMittal Brasil Group are segregated into the following segments: long steel, flat steel, mining and tubes.

LONG STEEL

ArcelorMittal Long Steel

ArcelorMittal Long Steel is the current denomination of Belgo, one of the most traditionally active producers of the steel in Brazil since 1921. The segment, through the branches of ArcelorMittal Brasil and its subsidiaries produces and markets steel and long draw. Its units have installed capacity to produce 3.8 million tons of rolled steel per year in the plants Monlevade, Juiz de Fora, Piracicaba, Cariacica, and Itaúna.

Its drawn steel industry is able to produce 1.320 thousand tons of wire per year of which 620,000 thousand tons in our own wire-drawing mills (São Paulo, Juiz de Fora and Sabará) and another 700,000 thousand tons produced by our subsidiary BBA.

The industrial activities in Brazil are concentrating in Minas Gerais, São Paulo, Espírito Santo and Bahia states. Its distribution and sales framework, presented throughout Brazil, are able to serve Market demands in overt expansion.

The segment provides the market with steel products and solutions for numerous applications, and it also boasts the most complete product line for Civil Construction industry. It is a South American leader of wire production for the cattle raising industry, and it is among the main world manufactures of wire rod for steel cord - used to reinforce tires.

ArcelorMittal Brasil S.A. held the controlling stake in Acindar Industria Argentina de Aceros SA until May 2012, when it was sold (see Note 6a).

ArcelorMittal Costa Rica

Located in Central America, ArcelorMittal Costa Rica has three long steel Production units in the provinces of Limón, San José and Alajuela.

The company was founded in 1962 by the Pujol Group and, since 2008, 100% of its stocks are under the control of ArcelorMittal Group, of which 50% by ArcelorMittal Brasil S.A. ArcelorMittal. Its production capacity is 400 thousand of long steel per year delivered to construction, manufacturing and the cattle raising industries, including bars, structural shapes and wires.

Arcelor Mittal BioFlorestas Ltda.

ArcelorMittal BioFlorestas Ltda. is a company controlled by ArcelorMittal Brasil S.A., headquartered in Belo Horizonte - MG. The Company was established on January 3, 2011. It is engaged mainly in supplying the units in the long steel segment by providing renewable solid waste (charcoal) for use in its production processes.

ArcelorMittal Comercializadora de Energia Ltda.

Established in 2012, ArcelorMittal Comercializadora de Energia Ltda. is engaged in the sale of energy to ArcelorMittal Group in Brazil.

FLAT STEEL

ArcelorMittal Tubarão

Specialized in flat steel, the business unit has an integrated production plant in the Great Metropolitan Region of Vitória. Company produces and trades semi-finished rolled, whose main product lines are steel slabs and hot rolled coils. Its privileged location and distribution infrastructure contributes raw materials input, as well as products transportation to domestic and foreign markets.

Commencing operations in 1983, and throughout its existence, ArcelorMittal Tubarão, current CST - Companhia Siderúrgica de Tubarão, has invested heavily in order to expand its productive installed capacity and, concurrently, to modernize its processes and equipment. Today, it has an installed capacity of 7.5 million tons of steel slab per year, of which 4 million are transformed in-house into hot-rolled coils.

ArcelorMittal Vega

ArcelorMittal Vega is one of the most modern processing plants in the world when it comes to cold-rolled and galvanized steel. Specialized on innovative solutions in steel tubes and sections to the automotive, house appliance, and construction, associated with superior quality of steel from ArcelorMittal Tubarão Plant, ArcelorMittal Vega provides sustainable competitive presence in both domestic and international markets.

ArcelorMittal Vega is located in São Francisco do Sul, in Santa Catarina State, which has a strategic location, near automotive plants in Brazil and Mercosul. A second galvanization line was introduced in 2010, further expanding the plants to 1.4 million tons per year of rolled steel.

MINING

Mina do Andrade

Mina do Andrade, one of the oldest mine in Brazil, started producing iron ore in 1944. It is located in the Vale do Aço (Steel Valley) and serves to ArcelorMittal Monlevade plant. It currently has an installed production capacity of 3.5 million tons/year.

TUBES

Unki de Venezuela S.A.

Acquired in 2009, Unki de Venezuela S.A. ("Unki") has the total capital of Industrias Unicon C.A. ("Unicon"), the largest producer of pipes in Venezuela and the main supplier the oil and gas, manufacturing and construction industries in the country and abroad.

Headquartered in Caracas, the company is a large consumer of hot-rolled coils, used in the manufacture of tubular shapes from steel. It has an installed capacity of 1.2 million tons per year. The company is located near sea ports, which provides excellent conditions to obtain raw material and to ship its production.

2. Basis of preparation

The financial statements have been prepared based on the historical cost, except for certain financial instruments and biological assets, measured at their fair values, as described in the following accounting practices.

a. Declaration of conformity

The Company's financial statements for the years ended December 31, 2013 and 2012 comprise:

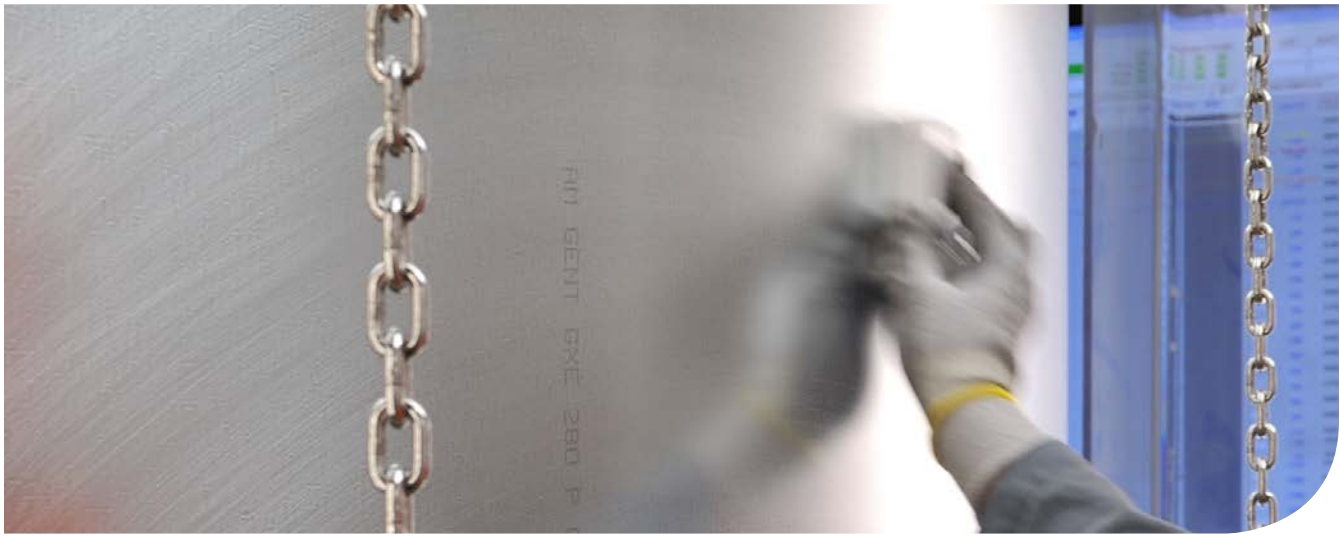
- -The consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board - IASB, and the accounting practices adopted in Brazil, identified as Consolidated (IFRS and BR GAAP); and

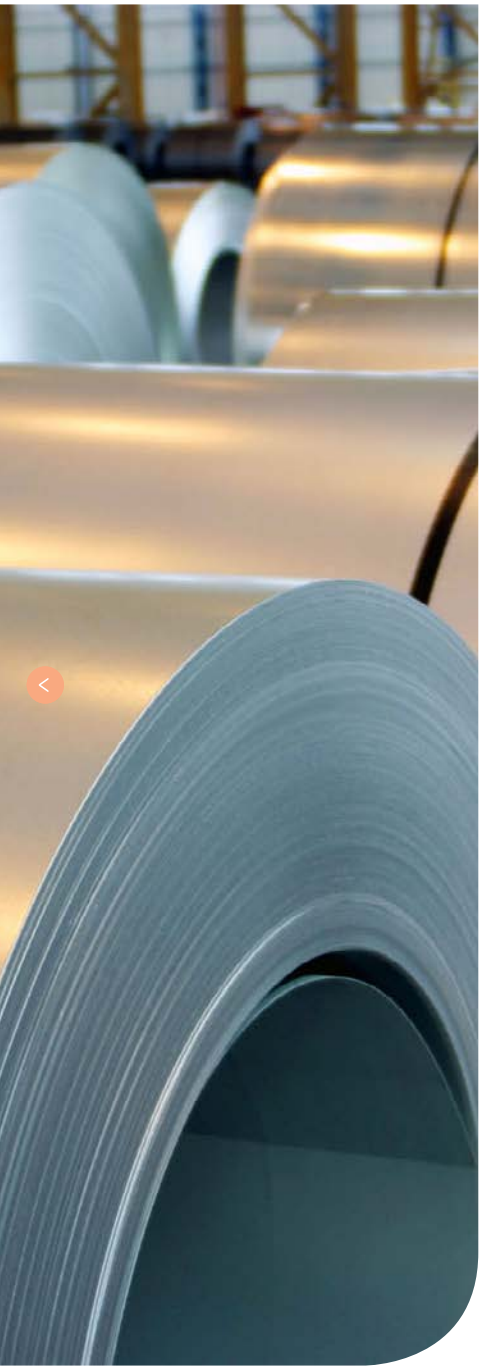
- -The Parent's individual financial statements prepared in accordance with the accounting practices adopted in Brazil, identified as Parent (BR GAAP).

The accounting practices adopted in Brazil include those established in the Brazilian Corporate Law, as well as the pronouncements, guidelines, and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

In the individual financial statements investments in subsidiaries, joint ventures and associates are stated under the equity method, pursuant to prevailing Brazilian laws. Therefore, these individual financial statements are not considered in full compliance with IFRS, which requires these investments to be stated at fair value or cost in the Parent's separate financial statements.

As there is no difference between the consolidated equity and the consolidated profit attributable to the owners of the Company, disclosed in the consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil, and the Company's equity and profit disclosed in the individual financial statements prepared in accordance with accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements in a single set, using a side-by-side format, except for the amount of unrealized profit in reconciled inventories for 2012.





3 Significant accounting policies

The following is a summary of the significant accounting policies adopted by ArcelorMittal Brasil Group:

a. Consolidation basis and investments in subsidiaries

The consolidated financial statements include the Company's and its subsidiaries' financial statements. Control is obtained when the Company:

- has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

In the Company's individual financial statements, the financial information on subsidiaries and jointly-controlled companies are recognized under the equity method.

When necessary, the subsidiaries' financial statements are adjusted to conform their accounting policies to those set by the Group. All intercompany transactions and balances were fully eliminated in the consolidated financial statements.

The entities comprising the consolidated financial statements are presented in Note 6, except for the entities indicated in paragraphs "a", "b" and "c" of this note

(i) Changes in ArcelorMittal Brasil Group's equity interests in existing subsidiaries

In the consolidated financial statements, the changes in ArcelorMittal Brasil Group's equity interests in subsidiaries that do not result in loss of the Group's control over subsidiaries are recognized as capital transactions. The carrying amounts of the ArcelorMittal Brasil Group's interests and noncontrolling interests are adjusted to reflect the changes in their interests in subsidiaries. The difference between the amount based on which noncontrolling interests are adjusted and the fair values of considerations paid or received is recognized directly in equity and attributed to the Group's shareholders.

When the Group loses control over a subsidiary, the gain or loss on disposal is recognized in the income statement and is calculated by the difference between: (i) the sum of the fair value of considerations received and the fair value of the residual interest; and (ii) the previous carrying amount of the assets (including goodwill) and the liabilities of the subsidiary, and noncontrolling interests, if any. All amounts previously recognized in "Other comprehensive income" related to the subsidiary are accounted for as if the Group had directly sold the corresponding assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another line item of equity, as required or allowed by the relevant IFRSs).

The fair value of any investment held in the former subsidiary on the date control is lost is recognized as the fair value on initial recognition for subsequent accounting in accordance with IAS 39 - Financial Instruments: Recognition and Measurement (equivalent to CPC 38) or, where applicable, the cost of an investment in an associate or jointly-controlled entity on initial recognition.

b. Investments in associates

An associate is an entity over which the Group has significant influence and that does not qualify as a subsidiary or joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee without exercising individual or joint control over those policies.

Profit or loss, assets, and liabilities of associates are included in the financial statements by the equity method of accounting. Under the equity method of accounting, investments in associates are initially recognized at cost and subsequently adjusted for purposes of recognition of the Company's interest in profit or loss and other comprehensive income of the associate. When ArcelorMittal Brasil Group's share in the loss of an associate exceeds its interest in the associate (including any long-term interest that, in substance, is included in ArcelorMittal Brasil Group's net investment in the associate), ArcelorMittal Brasil Group no longer recognizes its share in additional losses. Additional losses are recognized only if ArcelorMittal Brasil Group has incurred legal or constructive obligations or has made payments on behalf of the associate.

Any amount in excess of the acquisition cost on the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate on acquisition date is recognized as goodwill. Goodwill is added to the investment's carrying amount. Any amount of ArcelorMittal Brasil Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities in excess of the acquisition cost, after revaluation, is immediately recognized in profit or loss.

c. Individual financial statements

In the individual financial statements, the Company applies the requirements of ICPC - 09, which requires that any amount in excess of the acquisition cost on the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities of the acquire on the acquisition date is recognized as goodwill. Goodwill is added to the investment's carrying amount. Any amount of the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities in excess of the acquisition cost, after revaluation, is immediately recognized in profit or loss. Considerations transferred, as well as the net fair value of assets and liabilities are measured using the same criteria applicable to the consolidated financial statements, as described above.

d. Functional, foreign and reporting currency

ArcelorMittal Brasil S.A. revalued its functional currency, based on the studies on the indicators that determine the functional currency, pursuant to IAS 21/CPC 02 The Effects of Changes in Foreign Exchange Rates, and established that beginning January 1, 2013, ceased to be the US dollar ("US$") to become the Brazilian real ("R$") as said Company's functional currency.

The effects of the change in the functional currency are accounted for on a prospective basis. All balances were translated into the new functional currency using the exchange rate at the change date, January 1, 2013. Translated amounts, in case of non-monetary items, have been treated as historical costs.

The entity's functional currency reflects the transactions, events and underlying conditions that are significant for the entity. Some changes in the Company's underlying transactions, events and conditions lead Management to determine a change in the functional currency beginning January 1, 2013, including the main ones related to the largest concentration of sales in the long and flat steel segments in the domestic market, the decrease trend in steel product imports in 2013 due to the restriction of tax incentives to imports with a direct impact on steel prices in the Brazilian market and the change in the base currency of a significant portion of the entity's borrowings and financing from the US dollar ("US$") to the Brazilian real ("R$"), which combined reinforce the prevalence of the Brazilian real against the US dollar, especially beginning 2013.

In addition to ArcelorMittal Brasil S.A. the following subsidiaries used the US dollar as their functional currency until 2012:

- ArcelorMittal Tubarão Comercial S.A.
- Itaúna Siderúrgica Ltda.
- CST Comércio Exterior S.A.
- CST Corporation BV (Holanda)
- Sol Coqueria Tubarão S.A.
- BMB - Belgo Mineira Bekaert Artefatos de Arame Ltda.

Foreign subsidiaries AM Costa Rica and Unki de Venezuela used the US dollar and Venezuelan strong bolivar as their functional currency, respectively.

Foreign currency-denominated transactions, i.e., those not carried out in the functional currency (mainly the Brazilian Real - "R$"-, the Argentine peso - "$", Venezuelan strong bolivar - "Bs.F" and the Colon - "CRC"), are translated at the exchange rate for the dates of each transaction. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency at the foreign exchanges rate at the balance sheet date. Foreign exchange gains and losses on monetary assets and liabilities are recognized in the statement of operations. Non-cash assets and liabilities purchased or contracted in foreign currency are translated based on exchange rates prevailing on the transition dates or the fair value measurement dates, when used. Gains and losses resulting from foreign investments are directly recorded in shareholders' equity in line account 'Foreign Cumulative Translation Adjustments' and recognized in income when these part of the whole investments are disposed of. The financial statements of foreign subsidiaries are adjusted to the accounting practices adopted in Brazil, and subsequently translated into the local presentation currency at the exchange rate effective on the closing date.

ArcelorMittal Brasil Group comprised individual entities that adopt different functional currencies; therefore, the presentation of consolidated financial statements was prepared by using the same currency for all entities, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards, the Group determined the Brazilian Real ("R$") as the reporting currency.

The presentation currency of the individual and consolidated accounting statements is the Brazilian Real ("R$"). The balances presented therein are, therefore, when applicable, the result of the translation of the respective functional currencies into the Brazilian Real, in compliance with the following criterion: (i) assets and liabilities are translated using the closing rate at the balance sheet date; and (ii) revenue and expenses and changes in shareholders' equity are translated using the prevailing exchange rate on the transaction dates or average exchange rates for the period. The changes in foreign exchange rates resulting from the translation criterion above are recorded in a specific shareholders' equity line, named "Foreign Cumulative Translation Adjustments".

For subsidiary Unki de Venezuela S/A, located in Venezuela, a hyperinflationary economy, profit or loss and the financial position have been translated into the reporting currency using criteria different from the rest. Under IAS 21/CPC 02 R2, all amounts (i.e., assets, liabilities, equity items, revenue and expenses, including comparative balances) have been translated at the closing exchange rate of the latest reporting date.

e. Non-derivative financial instruments

Non-derivative financial instruments include short-term investments, investments in debt and equity instruments, trade accounts receivable, other receivables, cash and cash equivalents, financing, as well as trade accounts payable and other debts.

Non-derivative financial instruments are initially recognized at fair value plus

any directly attributable transaction costs for instruments not recognized at fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets or liabilities are offset and the net amount stated in the balance sheet when, and only when, ArcelorMittal Brasil Group retains the legal right to set off the amounts and has the intention to simultaneously settle the liability and realize the asset on a net basis.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition. All regular way purchases or sales of financial assets are recognized or derecognized on the trade date. Regular way purchases or sales of financial assets correspond to those requiring the delivery of assets within a period established by standard or market practices.

(i) Effective interest method

The effective interest method is used to calculate the amortized cost of a debt instrument and allocate its interest income over the related period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial instruments other than those financial assets are classified at fair value through profit or loss

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

An instrument is classified at fair value through profit or loss if held for trading or designated as such when initially recognized. Financial instruments are designated at fair value through profit or loss if the Group manages these investments and makes purchase and sale decisions based on their fair value according to the investment strategy and risk management documented by ArcelorMittal Brasil Group. After initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured by their fair value and their fluctuations are recognized in profit or loss.

(iii) Held-to-maturity investments

If the Group has the positive intent and ability to hold its financial instruments to maturity, they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest rate, less impairment losses.

(iv) Loans and receivables

Loans and receivables are represented by non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loan and receivables consist of trade and other receivables. These assets are measured at amortized cost using the effective interest method, less any impairment loss.

(v) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less from the date of its purchase, subject to an insignificant risk of change in value.

(vi) Available-for-sale assets

The group of noncurrent assets classified as held for sale are measured based on the lowest of their carrying amounts and fair values, less cost to sell, and are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Such condition is met only when the sale is highly probable and the asset or disposal group are available for immediate sale "as is".

f. Inventories

They are measured at average cost of acquisition or production, which is lower than net Realizable value, corresponding to the estimated selling price of inventories, less all estimated costs of completion and costs necessary to make the sale. Imports in transit are measured at the accumulated cost of each import.

Cost of inventories comprises acquisition and transportation costs. Cost of finished products and work in process inventories comprises general manufacturing expenses based on the normal operating capacity.

g. Impairment of financial assets

Financial assets, except those measured at fair value through profit or loss, are valued by using impairment indicators at the end of each reporting period. Impairment losses are recognized if, and only if, there is objective evidence of impairment of the financial asset as a result of one or more events occurred after initial recognition, with an impact on the estimated future cash flows of such asset.

h. Property, plant and equipment

They are measured at acquisition or construction cost. Depreciation is recognized based on the estimated useful life of each asset under the straight-line method so that cost less its residual value after its useful life is fully written off (except for lands and construction in progress). The estimated useful live, residual values and depreciation methods are reviewed on an annual basis. Property, plant and equipment depreciation is recorded mainly as production costs.

Expenses related to property, plant, and equipment replacement are separately recorded, including those arising from large renovations, are accounted for in property, plant, and equipment. Other expenses are capitalized only when there is an increase in the economic benefits and/or increase in the useful life of this item. Any other type of expense is recognized in the income statement as cost or expense.

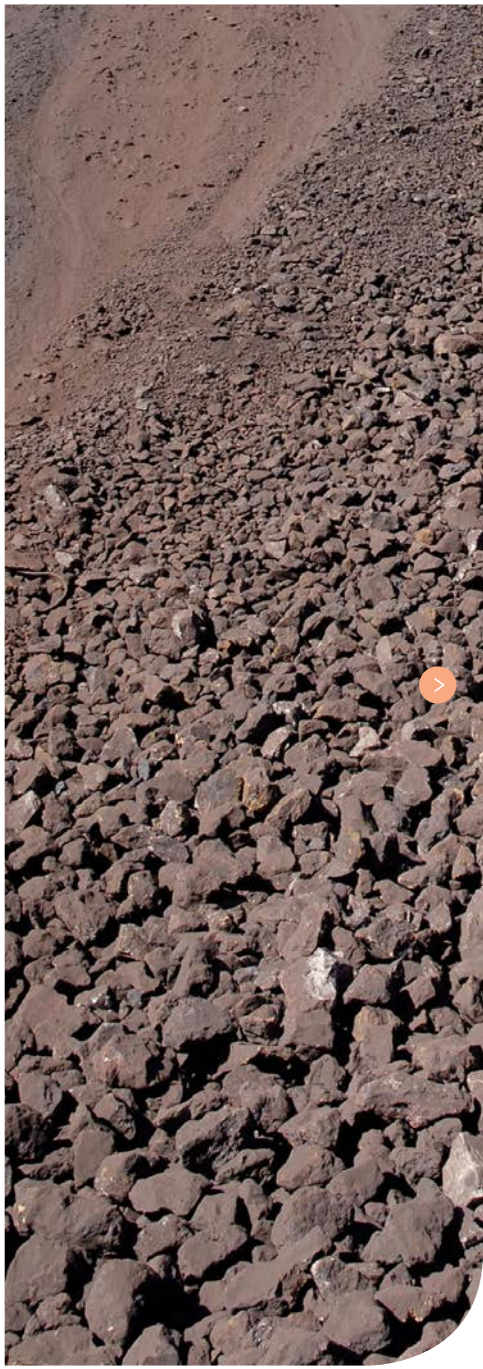
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to be ready for the intended use or sale are added to the cost of such assets through the date in which they are ready for the intended use or sale.

The carrying amount of an asset is immediately written off at its recoverable value if the carrying amount of the asset is higher than its estimated recoverable value.

i. Biological assets

The evaluation of biological assets is carried out on a quarterly basis by ArcelorMittal Brasil Group, and the corresponding gains or losses on the changes in fair value of biological assets are recognized in the income statement for the period in which they occur. The fair value of the biological asset in the current place and conditions is measured using the present value of the expected cash flow of the asset, discounted at current market rate. The increase or decrease in the fair value is determined based on the difference between the fair values of biological assets at the beginning and end of the period, less costs of planting incurred in the development of biological assets and depleted biological assets in the period.

The forest reserves depletion, at the controlled Company ArcelorMittal BioFlorestas Ltda. is calculated based on the volume of lumber compared to the existing potential volume.



j. Intangible assets

Intangible assets include assets acquired from third parties, including through business combinations, and those generated internally by the Company. The following criteria are used:

- Intangible assets acquired from third parties: are measured at their total cost of acquisition, less impairment losses.

- Intangible assets generated internally: are recognized as assets only in their development phase so long as the following aspects can be evidenced:

-Technical feasibility to conclude the intangible asset in such a way that it is available for use or sale;

- Intention to conclude the intangible asset and to use or sell it;

- Capacity to use or sell the intangible asset;

- Evidence the existence of a market or other ways of obtaining economic benefits;

- Availability of technical financial resources and other adequate resources to complete the development of the intangible asset;

- Capacity to measure the expenses attributable to the intangible asset accurately during its development;

- Amortization.

The amount originally recorded of internally generated intangible assets corresponds to the sum up of the costs incurred since the asset started to meet the recognition criteria previously mentioned. When no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss for the period, when incurred.

Intangible assets with finite useful lives are amortized considering the useful lives shown in note 14.

Intangible assets with undefined useful life are not amortized and are annually tested for impairment. Goodwill on expected future earnings was amortized until December 31, 2008 based on useful lives. Due to the adoption of International Financial Reporting Standards and accounting practices adopted in Brazil, beginning January 1, 2009, goodwill started to be tested for impairment.

k. Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities comprise: borrowings and financing, debentures, and trade and other payables.

l. Income tax and social contribution

Current and deferred income tax and social contribution for the year is calculated at the rate of 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax and 9% on taxable income for social contribution, and take into consideration the offset of tax losses carryforward, limited to 30% of taxable income.

Income tax and social contribution expenses comprise current and deferred income taxes. Current and deferred taxes are recognized in the profit or loss unless they are related to a business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on taxable profit or loss for the year at tax rates that have been enacted or substantially enacted at the end of the

reporting period and any adjustment to taxes payable in relation to prior years.

Deferred tax on temporary differences is recognized between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax calculation purposes. Deferred taxes are not accounted for on the following temporary differences:

- The initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- Differences relating to investments in subsidiaries, branches and associates when it is probable that they will not be reversed in the future; and
- A deferred tax liability is not recognized for taxable temporary differences resulting in the initial recognition of goodwill.

Deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

In determining current and deferred income tax, the Company takes into consideration the impact of uncertainties relating to tax positions assumed and whether the additional payment of income tax and interest has to be made. The Company believes that the provision for income tax in liabilities is adequate with respect to all outstanding tax periods based on the assessment of various factors, including interpretations of tax laws and past experience. This assessment is made based on estimates and assumptions that may require a series of judgments about future events. New information can be disclosed which would require the Company to change its judgment about the adequacy of the existing provision. These changes will impact income tax expenses in the year they are realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for all unutilized deductible tax losses, tax credits, and temporary differences to the extent that it is probable that taxable profits will be available against which those tax losses, tax credits, and deductible temporary differences can be utilized.

Deferred income tax and social contribution assets are reviewed annually and reduced to the extent that their Realization is no longer probable.

Deferred tax realization criteria are described in Note 24.

The subsidiary Belgo Bekaert - BBN has tax benefits related to the operating profit, granted by the Northeast Development Agency (ADENE).

The Company and its Brazilian subsidiaries opted for the Transitional Tax Regime ("RTT"), as established by Law 11941/09.

m. Derivatives

ArcelorMittal Brasil Group holds derivatives to manage its exposure to interest rate risks, including forwards foreign exchange contracts and interest rate and currency swaps.

Derivatives are initially recognized at their fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recorded in profit or loss.

n. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of past events, when a reliable estimate can be made of the amount of the obligation, and its settlement is probable. Provisions are recorded based on the best estimates of management and its legal counsel with respect to the risks involved.

o. Employee benefits

O Grupo ArcelorMittal Brasil é patrocinador de ArcelorMittal Brasil Group is the sponsor of pension plans for its employees. The sponsorship costs of plans and possible deficits (surpluses) are recorded in accordance with Pronouncement of CPC 33 (R1) and IAS 19 (R1) - Employee Benefits.

Actuarial calculations are periodically made for defined benefit plans where the Group is held liable for or assumes any type of risk based on the Projected Unit Credit Method, in order to estimate its responsibility for the payment of contributions.

Remeasurement, which includes actuarial gains and losses, the effect of changes in the asset ceiling (if applicable) and the return on plan assets (less interest), is immediately reflected in the balance sheet as a charge or credit recognized in other comprehensive income in the period they occur. Remeasurement recognized in other comprehensive income is immediately reflected in retained earnings and will not be reclassified to profit or loss.

The net interest is calculated by applying the discount rate at the beginning of the period at the net amount of the defined benefit liabilities or assets. Benefit costs are classified as follows:

- Service cost (including the cost of current services, cost of past services, and gains and losses on reductions and settlements).
- Finance cost or income, net.
- Remeasurement.

Relating to the contribution defined, the Group does not have the additional obligation after the contribution is made.

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less any expected returns, trade discounts and/or bonuses granted to the buyer, and other similar deductions, and stated at their net amount.

- Revenue from sale of products is recognized when products are delivered and all risks and rewards inherent in the ownership of these products are transferred to the buyer, whose amounts can be reliably measured.
- Revenue from services is recognized based on the percentage of completion of the agreement.
- Revenue from investment dividends is recognized when a shareholders' right to receive these dividend is determined.
- Revenues from operating leases are recognized on a straight-line basis over the lease period.

q. Leases

Leases are classified as finance leases whenever the terms and conditions in the lease contract substantially transfer all risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

(i) Finance leases

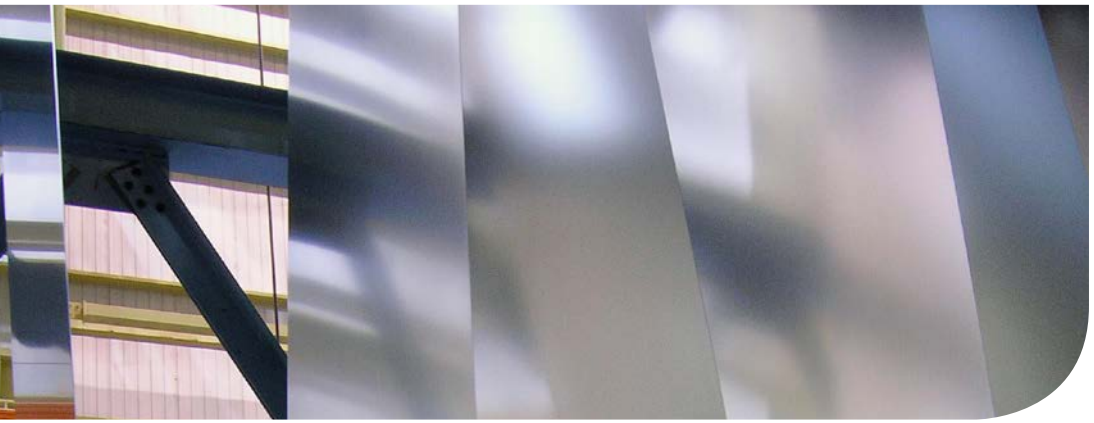
Certain lease agreements transfer risks and rewards connected with ownership of an asset to the lessee. These contracts characterize as finance lease agreements and assets are recognized at their fair value or the present value of contractual minimum payments. Goods recognized as assets are depreciated over the periods established in the respective lease agreements. Financial charges related to finance lease agreements are allocated to income over the life of the agreement based on the amortized cost method and the effective interest rate.

(ii) Operating leases

PPayments made under an operating lease are recognized as expenses in the income statement on a straight line basis over the life of the agreement.

r. Share-based payment arrangements

The fair value of the options granted, which is determined on the grant date, is recorded under the straight-line method as expense in the income statement for the year during the term in which the right is obtained, based on the Group's estimates over which options granted will be potentially acquired, with a corresponding increase in shareholders' equity.



4. Adoption of the new and revised IFRSs

The ArcelorMittal Brasil Group applied retrospectively, due to the change in the prevailing accounting standards, new accounting policies beginning January 1, 2013.

- *IAS 19 (R1) – Employee Benefits*

IAS 19 (R1) changes the recognition of defined benefit plans and termination benefits. The most significant amendment refers to the accounting of changes in the obligations of defined benefits and plan assets in the current year, with the elimination of the corridor approach allowed in the previous version of these standards, and the early recognition of the costs of past services. The amendments require that all gains and losses be immediately recognized through other comprehensive income and equity so that the pension plan's net assets or liabilities are recognized in the consolidated statement of financial position to reflect the full amount of the plan's deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes had an impact on the amounts recognized in prior years' profit or loss and other comprehensive income (see tables below for further details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the cost of defined benefits, including more extensive disclosures.

The Group applied the relevant transition provisions and restated the comparative amount retrospectively (see tables below):

(i) Impact of IAS 19 (R1) adoption - Balance Sheet

	Company						Consolidated					
	As of 01/01/2012 (transition date)			As of 12/31/2012 (transition date)			As of 01/01/2012 (transition date)			As of 12/31/2012 (transition date)		
	Previous balance	IAS 19 effect	Adjusted balance	Previous balance	IAS 19 effect	Adjusted balance	Previous balance	IAS 19 effect	Adjusted balance	Previous balance	IAS 19 effect	Adjusted balance
Assets												
Current assets												
Total current assets	**5,276,668**	**-**	**5,276,668**	**5,342,664**	**-**	**5,342,664**	**7,586,758**	**-**	**7,586,758**	**6,898,517**	**-**	**6,898,517**
Investments												
In subsidiaries and affiliates	5,708,928	-	5,708,928	4,019,516	(1,219)	4,018,297	22,701	-	22,701	4,994	-	4,994
Other noncurrent assets	17,331,329	-	17,331,329	18,815,510	-	18,815,510	21,628,025	-	21,628,025	22,824,619	-	22,824,619
Total noncurrent assets	**23,040,257**	**-**	**23,040,257**	**22,835,026**	**(1,219)**	**22,833,807**	**21,650,726**	**-**	**21,650,726**	**22,829,613**	**-**	**22,829,613**
Total assets	**28,316,925**	**-**	**28,316,925**	**28,177,690**	**(1,219)**	**28,176,471**	**29,237,484**	**-**	**29,237,484**	**29,728,130**	**-**	**29,728,130**
Liabilities and shareholders' equity												
Total current liabilities	**7,590,111**	**-**	**7,590,111**	**6,007,327**	**-**	**6,007,327**	**7,482,302**	**-**	**7,482,302**	**6,787,528**	**-**	**6,787,528**
Noncurrent liabilities												
Deferred income tax and social contribution	-	-	-	601,971	3,369	605,340	179,966	-	179,966	776,253	2,228	778,481
Other payables	183,853	252,063	435,916	230,820	536,969	767,789	158,871	254,189	413,060	150,851	538,110	688,961
Others noncurrent liabilities	6,813,642	-	6,813,642	7,427,518	-	7,427,518	7,023,969	-	7,023,969	7,682,847	-	7,682,847
Total noncurrent liabilities	**6,997,495**	**252,063**	**7,249,558**	**8,260,309**	**540,338**	**8,800,647**	**7,362,806**	**254,189**	**7,616,995**	**8,609,951**	**540,338**	**9,150,289**
Shareholders' equity												
Earnings reserves	1,613,480	-	1,613,480	757,445	(1,219)	756,226	2,094,699	-	2,094,699	727,008	(997)	726,011
Other comprehensive income	61,757	(252,063)	(190,306)	1,093,275	(540,338)	552,937	(446,902)	(254,189)	(701,091)	1,093,586	(540,338)	553,248
Non-controlling interests	-	-	-	-	-	-	690,497	-	690,497	450,723	997	451,720
Others shareholders' equity components	12,054,082	-	12,054,082	12,059,334	-	12,059,334	12,054,082	-	12,054,082	12,059,334	-	12,059,334
Total shareholders' equity	**13,729,319**	**(252,063)**	**13,477,256**	**13,910,054**	**(541,557)**	**13,368,497**	**14,392,376**	**(254,189)**	**14,138,187**	**14,330,651**	**(540,338)**	**13,790,313**
Total liabilities and shareholders' equity	**28,316,925**	**-**	**28,316,925**	**28,177,690**	**(1,219)**	**28,176,471**	**29,237,484**	**-**	**29,237,484**	**29,728,130**	**-**	**29,728,130**

(ii) Impact of IAS 19 (R1) adoption – Income Statement

	Company			Consolidated		
	As of 31/12/2012			As of 31/12/2012		
	Previous balance	IAS 19 effect	Adjusted balance	Previous balance	IAS 19 effect	Adjusted balance
Net sales	12,774,846	-	12,774,846	15,704,030	-	15,704,030
Cost of sales	(11,935,753)	-	(11,935,753)	(13,930,757)	-	(13,930,757)
Gross profit	**839,093**	**-**	**839,093**	**1,773,273**	**-**	**1,773,273**
Operating income (expenses						
Selling	(238,259)	-	(238,259)	(360,554)	-	(360,554)
General and administrative	(289,586)	-	(289,586)	(410,382)	-	(410,382)
Equity in subsidiaries and affiliates	254,422	(1,219)	253,203	141	-	141
Other operating income (expenses), net	578,429	1,348	579,777	436,268	(469)	435,799
Operating profit	**1,144,099**	**129**	**1,144,228**	**1,438,746**	**(469)**	**1,438,277**
Financial income (expenses), net	(1,126,815)	8,562	(1,118,253)	(1,187,741)	7,021	(1,180,720)
Income before income tax, social contribution and profit sharing	**17,284**	**8,691**	**25,975**	**251,005**	**6,552**	**257,557**
Income tax and social contribution	(972,097)	(3,369)	(975,466)	(1,130,750)	(2,228)	(1,132,978)
Profit sharing	(2,787)	-	(2,787)	(2,787)	-	(2,787)
Loss before noncontrolling interest	**(957,600)**	**5,322**	**(952,278)**	**(882,532)**	**4,324**	**(878,208)**
Non-controlling interests	-	-	-	(78,075)	997	(77,078)
Net loss	**(957,600)**	**5,322**	**(952,278)**	**(960,607)**	**5,321**	**(955,286)**

(iii) Impact of IAS 19 (R1) adoption – Statement of Other Comprehensive Income (Loss)

	Company			Consolidated		
	As of 31/12/2012			As of 31/12/2012		
	Previous balance	IAS 19 effect	Adjusted balance	Previous balance	IAS 19 effect	Adjusted balance
Net loss	**(957,600)**	**5,322**	**(952,278)**	**(882,532)**	**4,324**	**(878,208)**
Other comprehensive income (loss)						
Items that may be reclassified subsequently to profit or loss:						
Net change in the fair value of financial assets available for sale	(2,387)	-	(2,387)	(2,387)	-	(2,387)
Translation adjustments for the period from investments	315,191	-	315,191	315,191	-	315,191
	312,804	**-**	**312,804**	**312,804**	**-**	**312,804**
Items that will not be reclassified subsequently to profit or loss:						
Translation adjustments for the period	821,472	-	821,472	821,472	-	821,472
Remeasurement of defined benefit obligation	-	(294,710)	(294,710)	-	(294,710)	(294,710)
	821,472	**(294,710)**	**526,762**	**821,472**	**(294,710)**	**526,762**
Total comprehensive income (loss)	**176,676**	**(289,388)**	**(112,712)**	**251,744**	**(294,710)**	**(38,642)**
Comprehensive income (loss) attributable to:						
Controlling shareholders						(112,712)
Non-controlling shareholders						74,070
Non-controlling profit						77,078
Other comprehensive income						(3,008)
Total comprehensive (loss)						**(38,642)**

a. New and revised standards

Several standards, amendments to and interpretations of the IFRS issued by the IASB are not yet effective for the year ended December 31, 2013, as follows:

- *IAS* 1 – Presentation of Financial Statements. The main change is the separation of other comprehensive income items in two groups: those that will be realized against profit or loss and those that will remain in equity. The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments relevant for the Group are the amendments to IAS 1 about the requirement to present a balance sheet as at the beginning of the earliest comparative period reported (third column on the balance sheet) and the related notes to the financial statements. The amendments specify that a third column on the balance sheet must be presented when: (a) an entity applies an accounting policy retrospectively or restates or reclassifies retrospectively the items in the financial statements; and (b) the retrospective application, restatement or reclassification has a material impact on the balance sheet third column's information. The amendments specify that no related explanatory notes are required to accompany the third column on the balance sheet. The amendment is effective beginning January 1, 2013. The impact on its adoption derives from disclosure.

- *IFRS* 9 – Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It supersedes parts of IAS 39 where it relates to the classification and measurement of financial instruments. The Company and its subsidiaries are analyzing the impacts of IFRS 9. The standard is effective beginning January 1, 2015.

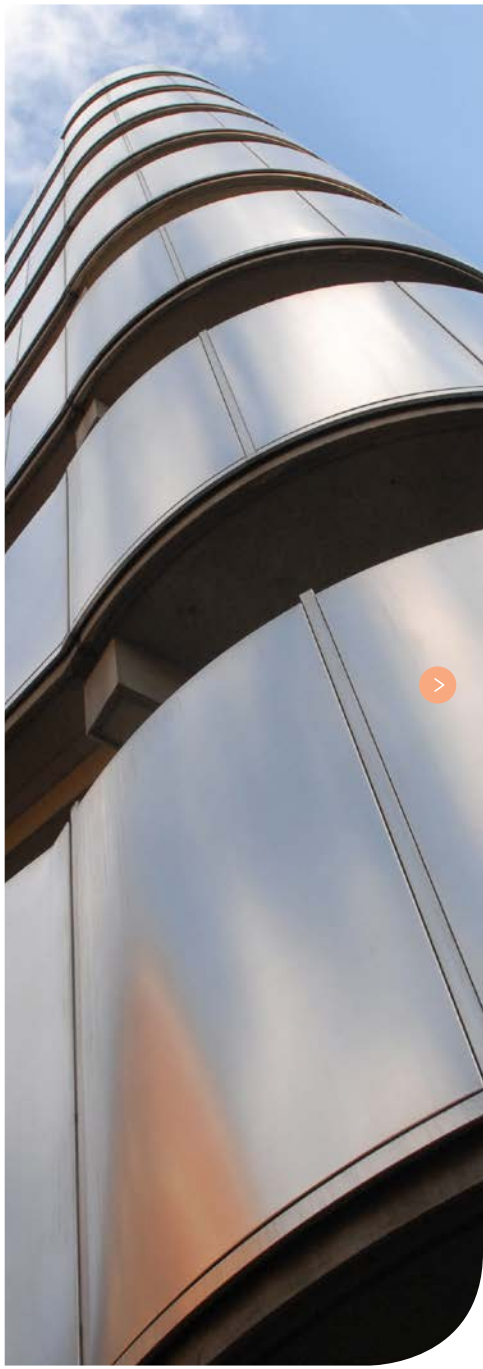
- *IFRS* 10 – Consolidated Financial Statements included as an amendment to CPC 36(R3) – Consolidated Financial Statements. The standard provides additional guidance to define control. The date of initial application of this standard is January 1, 2013. The application of this standard had no impact on the Company's financial statements.

- *IFRS* 11 – Joint Arrangements, issued in May 2011, included as an amendment to CPC 19(R2) – Interests in Joint Ventures. The standard provides an approach to joint arrangements in focusing on the rights and obligations under the agreements, rather than on its legal form. The proportionate consolidation method, applied in 2012, will no longer be allowed. The date of initial application of this standard is January 1, 2013. The application of this standard had no impact on the Company's financial statements.

- *IFRS* 12 – Disclosure of Interest in Other Entities, considered as a new CPC 45 – Disclosure of Interest in Other Entities. It addresses disclosure requirements for all types of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet interests. The date of initial application of this standard is January 1, 2013. The application of this standard had no impact on the Company's financial statements.

- *IFRS* 13 – Fair Value Measurement, issued in May 2011, and disclosed in a new CPC 46 – Fair Value Measurement. IFRS 13 is designed to reduce complexity of fair value measurement by providing a more precise definition of fair value measurement and disclosure requirements for application in the IFRS. The date of initial application of this standard is January 1, 2013. This standard has been applied in the current year.

There are no other CPC/IFRS standards or IFRIC interpretations that are not yet effective and that could have a material impact on the Company and its subsidiaries.



5. Critical accounting judgments and key sources of estimation uncertainties

NIn applying the accounting policies, Management is required to make judgments and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and related assumptions are based on past experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed at least annually. The effects of changing the accounting estimates are recognized in the period they are reviewed. The main balance sheet items subject to such estimates are the recoverable value of property, plant and equipment, biological assets, intangible assets, and deferred changes, the allowance for doubtful accounts, the fair value of inventories, and the recoverable amount of deferred income tax assets, the provision for tax, civil and labor risks, financial instruments and, actuarial assets and liabilities. The settlement of transactions involving these estimates may differ from these estimated values.

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the consolidated financial statements is disclosed in the following notes:

- Note 12 - Property, plant and equipment
- Note 13 - Biological assets
- Note 14 - Intangible assets
- Note 23 - Financial Instruments
- Note 24 - Income tax and social contribution
- Note 26 - Provisions for tax, civil and labor risks
- Note 29 - Obligations with post-employment benefits

6. Consolidated financial statements

The following direct and indirect subsidiaries and associates are included in the annual consolidated financial statements:

	Country	% participation 2013	% participation 2012
'ArcelorMittal Brasil S.A. and subsidiaries:			
Acindar do Brasil Ltda.	Brazil	100,00	100,00
Armar Com. Imp. Export. Ltda	Brazil	100,00	100,00
Itaúna Siderúrgica Ltda. (i)	Brazil	-	100,00
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.	Brazil	55,50	55,50
Belgo Bekaert Arames Ltda.	Brazil	55,00	55,00
ArcelorMittal Sistemas S.A.	Brazil	100,00	100,00
Belgo - Mineira Comercial Exportadora S.A.	Brazil	100,00	100,00
PBM - Picchioni Belgo Mineira DTVM S.A.	Brazil	74,50	74,50
ArcelorMittal BioFlorestas Ltda	Brazil	100,00	100,00
ArcelorMittal Costa Rica S.A.	Costa Rica	50,00	50,00
ArcelorMittal Tubarão Comercial Ltda	Brazil	100,00	100,00
CST Comércio Exterior S.A.	Brazil	100,00	100,00
Sol Coqueria Tubarão S.A.	Brazil	100,00	100,00
Unki de Venezuela S.A	Venezuela	100,00	100,00
Industrias Unicon C.A.	Venezuela	100,00	100,00
Condusid C.A.	Venezuela	80,00	80,00
C.A. Conduven España	Espanha	100,00	100,00
Industria Improcon C.A.	Venezuela	100,00	100,00
Siderurgica Occidental C.A.	Venezuela	99,33	99,33
Vendedora de Materiales Siderurgicos del Occidente, C.A.	Venezuela	100,00	100,00
Servicios Siderurgicos del Occidente, C.A.	Venezuela	100,00	100,00
Seguridad Compania Anonima SCA	Venezuela	100,00	100,00
Grupo Siderpro, C.A.	Venezuela	50,00	50,00
Productos y Servicios Industriales C.A.	Venezuela	99,54	99,54
C.A. Venezolana Procesadora de Acero	Venezuela	99,08	99,08
Grupo Siderpro, C.A.	Venezuela	50,00	50,00
Tuboauto, C.A.	Venezuela	30,00	30,00
ArcelorMittal Comercializadora de Energia Ltda	Brazil	100,00	100,00
Transportes de Produtos Siderúrgicos Ltda	Brazil	100,00	100,00

(i) On November 1, 2013 Itaúna Siderúrgica Ltda. was merged with and into ArcelorMittal Brasil.

a. Acindar Industria Argentina de Aceros S.A.

On May 12, 2012, ArcelorMittal Brasil S.A. sold to ArcelorMittal Spain 65.01% stake in Acindar Industria Argentina de Aceros S.A., at the total amount of R$796,152.

b. CST Corporation B.V.

On December 20, 2012, ArcelorMittal S.A sold 100% stake in CST B.V. to ArcelorMittal Netherlands B.V. at the total amount of R$1,544,043.

c. Itaúna Siderúrgica Ltda.

On November 1, 2013 Itaúna Siderúrgica Ltda. was merged with and into ArcelorMittal Brasil.

Balance Sheet	11/01/2013	12/31/2012
Assets		
Current assets	14,638	16,479
Noncurrent assets	9,817	10,814
Total assets	**24,455**	**27,293**
Liabilities		
Current liabilities	4,982	4,210
Noncurrent liabilities	1,684	1,637
Shareholders' equity	17,789	21,446
Total liabilities and shareholders' equity	**24,455**	**27,293**

Statement Of Income	10/31/2013	12/31/2012
Net sales	30,841	43,023
Gross profit	16,524	25,558
Operating profit	6,920	15,220
Net income	4,639	9,420

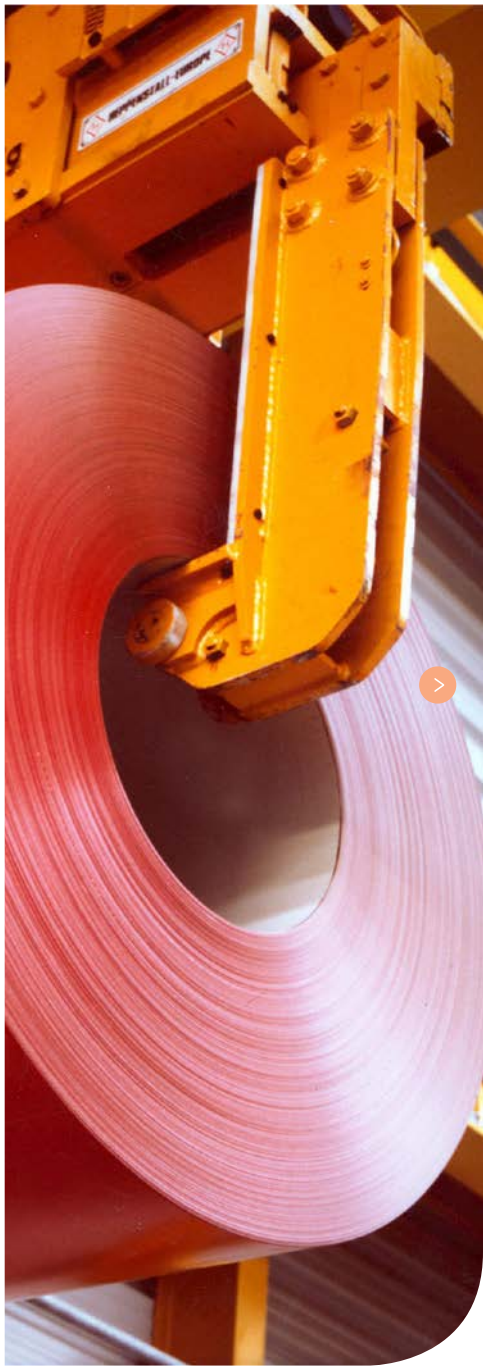
7. Cash and cash equivalents

	Company		Consolidated	
	2013	2012	2013	2012
Cash and cash equivalents		Adjusted		Adjusted
. Cash and demand deposits				
.. Brazilian reais	58	1,778	31,867	6,463
.. US dollar	-	-	25,879	38,483
.. Venezuelan strong bolivar	-	-	406,461	353,967
	58	**1,778**	**464,207**	**398,913**
. Short-term financial investments				
.. Brazilian reais	184,387	553,049	285,797	653,236
.. US dollar	26,711	8,274	26,711	8,274
	211,098	**561,323**	**312,508**	**661,510**
Total current	**211,156**	**563,101**	**776,715**	**1,060,423**

Short-term investments in cash and cash equivalents refer basically to highly liquid to Bank Certificates of Deposit (CDB) and time deposits with low risk of loss upon Realization, yielding interest from 70% to 102% of the interbank deposit rate (CDI) fluctuation.

In the foreign market, the Company invests in Sweep and Time Deposit products that are likely to be affected by the fluctuations in the US interest rate. The average term in 2013 for Sweep is immediately and for Time Deposit is no more than 12 days.

Highly-liquid short-term investments of subsidiary Unki de Venezuela yield annual interest between 1.5% and 5.75%.



8. Trade receivables

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
. Domestic market				
.. Group companies	437,516	261,028	146,553	112,062
.. Third parties	1,032,921	781,962	1,365,785	985,188
Subtotal domestic market	1,470,437	1,042,990	1,512,338	1,097,250
. Foreign market				
.. Group companies	202,076	101,939	126,111	67,032
.. Third parties	127,715	119,176	242,889	256,681
Subtotal foreign market	329,791	221,115	369,000	323,713
Subtotal	**1,800,228**	**1,264,105**	**1,881,338**	**1,420,963**
. Allowance for doubtful accounts	(624)	(1,864)	(6,942)	(8,157)
Total	**1,799,604**	**1,262,241**	**1,874,396**	**1,412,806**

The balance of trade accounts receivable is as follows:

	Company		Consolidated	
	2013	2012	2013	2012
Current	**1,559,236**	**1,080,359**	**1,723,738**	**1,363,516**
01 to 30 days	120,187	81,494	95,845	6,054
31 to 90 days	56,643	52,350	21,860	11,218
91 to 180 days	57,285	43,334	30,930	23,858
Over 181 days	6,877	6,568	8,965	16,317
Total Portfolio	**1,800,228**	**1,264,105**	**1,881,338**	**1,420,963**

Changes in the allowance for doubtful accounts:

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Balance at beginning of year	**(1,864)**	**(1,063)**	**(8,157)**	**(11,589)**
. Net Additions/(Write off)	(761)	(2,340)	(2,351)	(3,539)
. After payment	-	1,539	125	3,084
. Reversal of provision	2,001	-	4,187	4,147
. Sale of Acindar Argentina	-	-	-	362
. Earnings/losses due cambial variation	-	-	(746)	(622)
Balance at end of year	**(624)**	**(1,864)**	**(6,942)**	**(8,157)**

The allowance for doubtful accounts includes trade accounts receivable that are individually difficult to be recovered and under court-ordered collection process. The impairment recognized corresponds to the difference between the carrying amount of these trade accounts receivable and the present value of the expected revenue from settlement.

The ArcelorMittal Brasil Group recognizes an allowance for doubtful accounts in connection with accounts past due over 180 days for third-party customers identified in the domestic and foreign market, based on the portfolio's risk rating and the related guarantee instruments. There is no historical change in the criterion used to recognize the allowance for doubtful accounts in 2013 and 2012.

The breakdown of trade receivables by currency is disclosed in note 23c.

9. Inventories

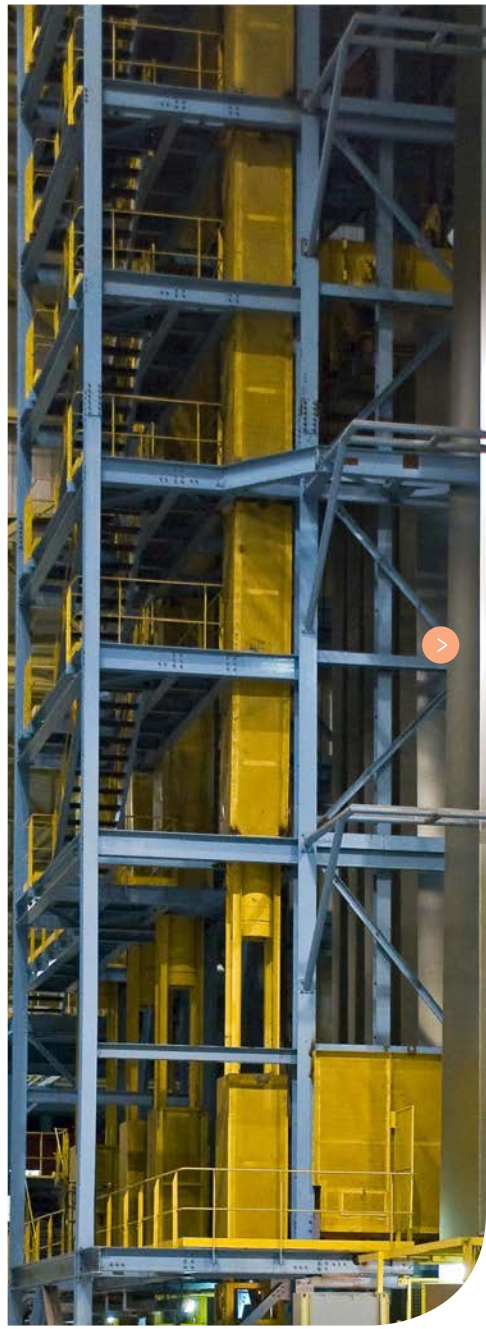
	Company		Consolidated	
	2013	2012	2013	2012
. Finished products	1,660,206	1,570,575	2,024,387	1,876,003
. Work in process	161,402	154,409	283,847	248,228
. Raw and consumption materials	718,059	886,683	1,148,951	1,194,099
. Spare parts and sundry materials	384,685	374,448	450,252	432,572
. Imports in transit	351,654	226,908	345,897	216,066
. Advances to suppliers	5,777	6,032	64,573	39,750
. (-) Provision for losses	(27,770)	(36,427)	(87,931)	(85,618)
Total	**3,254,013**	**3,182,628**	**4,229,976**	**3,921,100**

In 2013, ArcelorMittal Brasil Group recorded in the Income Statement directly, in the cost of sales line, an idle production capacity cost of R$141,311 (R$200,218 in 2012) in the Parent, and R$149,428 (R$213,337 in 2012), in the Consolidated.

The cost of inventories recognized as expense includes a reduction of allowance for inventory losses, in the Parent, of R$27,770 as of December 31, 2013 (R$36,427 in 2012) and in the Consolidated R$87,931 (R$85,618 in 2012).

The carrying amount of the parent's raw material inventories includes the adjustment of financial charges on the purchase of iron ore through the extension of maturity dates, which was calculated based on an average rate of 9.8729% in 2013, with a debit against "prepaid interest" under "other receivables" in current assets.

There are no pledged inventories.



10. Recoverable taxes

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
. State VAT (ICMS)	789,266	740,358	1,035,470	968,649
. Tax on Revenue (COFINS)	23,698	2,286	121,059	94,507
. Income Tax and Social Contribution	22,875	34,921	50,943	49,276
. Tax on Revenue (PIS)	15,300	30,930	36,577	53,544
. Federal VAT (IPI)	22,397	26,902	83,600	82,461
. Withholding Income Tax (IRRF)	-	-	4,462	799
. Other	33,768	44,385	46,762	59,052
. Provision for losses	(4,810)	-	(9,796)	-
Total	**902,494**	**879,782**	**1,369,077**	**1,308,288**
. Current	188,945	115,730	462,172	273,590
. Noncurrent	713,549	764,052	906,905	1,034,698
Total	**902,494**	**879,782**	**1,369,077**	**1,308,288**

ICMS tax credits recorded in consolidated arising from property, plant and equipment acquisition, in the total amount of R$89,352 (R$111,967 in 2012) are offset over 48 months from the date of its recognition.

During 2013, ArcelorMittal Brasil held discussions with the Santa Catarina State Government had resulted in the execution of a Memorandum of Understanding on the new Company investments in this State and that will also allow us to gradually utilize the accumulated ICMS credits. The Company is taking all the necessary actions to recover the tax credits of the Vega do Sul unit (SC), amounting to R$655,558 as at December 31, 2013 (R$639,172 at December 31, 2012). These credits are classified in noncurrent assets in light of the period necessary to implement the actions aimed to the related recovery prospects in the next five years.

Additionally, the State of Santa Catarina issued in December 2013 a decree that caps the ICMS credits generated by using the deemed credit tax benefit on freight at the ICMS payable amount for each period.

In 2012 the Group recognized PIS and COFINS credits on other manufacturing costs, in light of the broadening, by the Administrative Council of Tax Appeals (CARF), of the concept of inputs used in the production process. These tax credits refer to the past five years, according to the relevant statute of limitations. Due to additional discussions about items on which credits could be claimed, the Group has decided to recognize an allowance for losses, which was reversed in 2013.

The Company's management evaluates legal measures to realize these credits in accordance with its business model permanently, in order to reduce the generation and accumulation of credit balances in its production units, mainly ICMS credits.

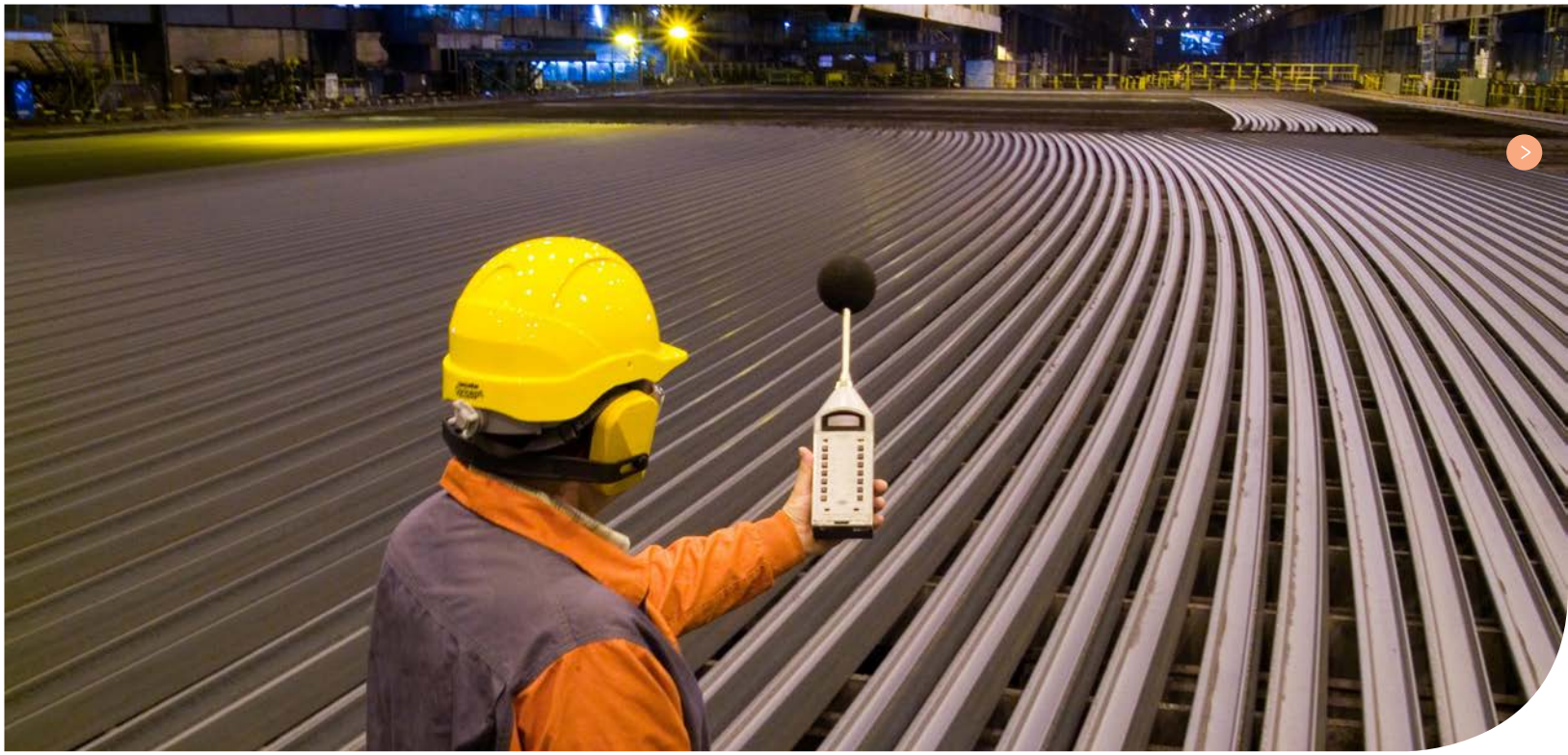
11. Investment

ArcelorMittal Brasil Group recorded a gain of R$148,085 in 2013 (R$253,203 in 2012) as equity in profit of subsidiaries, and received R$101,314 in 2013 (R$234,239 in 2012) as dividends from companies under the equity method of accounting.

The yearend of all companies accounted for under the equity method is December 31. The balance sheet as at November 30, 2013 was used by subsidiary Unki de Venezuela to calculate the equity accounting effects. No company has shares traded on stock exchanges.

On December 2, 2012 ArcelorMittal Brasil sold all the 800 shares of ArcelorMittal Pine Bluff Inc. to ArcelorMittal Wire International, for €10.00.

The table below shows the summarized financial information on subsidiaries and the changes in investments in subsidiaries.



a. Information on direct subsidiaries

	Number of shares held	% - interest		Total assets	Total liabilities	Shareholders' equity	Net income (loss) for the year	Equity in subsidiaries/ affiliates
		Voting capital	Total capital					
Acindar Industria Argentina de Aceros S.A. *(i)*								
12/31/2013	-	-	-	-	-	-	-	-
12/31/2012	-	-	-	-	-	-	59,780	39,045
Itaúna Siderúrgica Ltda. (ii)								
12/31/2013	-	-	-	-	-	-	5,555	5,555
12/31/2012	1,000	100,00	100,00	25,945	4,499	21,446	10,535	10,524
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.								
12/31/2013	366,433	55,50	55,50	236,060	131,891	104,169	15,466	10,718
12/31/2012	366,433	55,50	55,50	216,539	121,848	94,691	4,616	4,945
Belgo Bekaert Arames Ltda.								
12/31/2013	6,963	55,00	55,00	1,288,523	384,545	903,978	202,382	101,300
12/31/2012	6,963	55,00	55,00	1,160,579	358,129	802,450	109,893	66,540
ArcelorMittal Sistemas S.A.								
12/31/2013	1,879,952	100,00	100,00	38,310	18,276	20,034	(94)	(94)
12/31/2012	1,879,952	100,00	100,00	40,138	20,019	20,119	(786)	(749)
Belgo - Mineira Comercial Exportadora S.A.								
12/31/2013	418,649	100,00	100,00	5,694	2,724	2,970	392	392
12/31/2012	418,649	100,00	100,00	7,158	4,482	2,676	(1,121)	(1,121)
ArcelorMittal Costa Rica S.A.								
12/31/2013	1,994,910	50,00	50,00	246,601	152,451	94,150	(14,953)	(7,477)
12/31/2012	1,994,910	50,00	50,00	230,258	136,866	93,392	12,294	6,147
Acindar do Brasil Ltda.								
12/31/2013	6,961,785	100,00	100,00	3,352	5,550	(2,198)	(1,335)	(1,335)
12/31/2012	6,961,785	100,00	100,00	3,178	4,041	(863)	(1,502)	(1,502)
ArcelorMittal Tubarão Comercial Ltda. -AMTC								
12/31/2013	3,648,120,001	100,00	100,00	436,012	377,466	58,546	(361,498)	(358,920)
12/31/2012	2,430,118,755	100,00	100,00	348,754	108,551	240,203	(24,927)	(24,928)
Sol Coqueria Tubarão S.A.								
12/31/2013	672,756,349	100,00	100,00	1,608,290	46,219	1,562,071	28,537	28,537
12/31/2012	672,756,349	100,00	100,00	1,589,291	33,548	1,555,743	(25,695)	(25,695)

Continua

(Continued)	Number of shares held	% - interest		Total assets	Total liabilities	Shareholders' equity	Net income (loss) for the year	Equity in subsidiaries/ affiliates
		Voting capital	Total capital					
CST -Comércio Exterior S.A.								
12/31/2013	553,000	100,00	100,00	9,448	3,577	5,871	223	223
12/31/2012	553,000	100,00	100,00	10,142	4,494	5,648	(183)	(183)
CST Corporation B.V. *(iii)*								
31/12/2012	-	-	-	-	-	-	44,528	44,528
Unki de Venezuela S.A.								
12/31/2013	963,000	100,00	100,00	1,563,764	624,119	939,645	93,702	93,702
12/31/2012	963,000	100,00	100,00	1,255,054	574,210	680,844	148,955	148,955
Armar Com. Imp. Export. Ltda.								
12/31/2013	25,160,000	100,00	100,00	49	589	(540)	(264)	(264)
12/31/2012	25,160,000	100,00	100,00	49	325	(276)	(295)	(304)
ArcelorMittal BioFlorestas Ltda.								
12/31/2013	477,005,868	100,00	100,00	556,242	90,557	465,685	(20,428)	(20,157)
12/31/2012	477,005,868	100,00	100,00	588,644	102,531	486,113	(14,756)	(9,911)
Transportes de Produtos Siderúrgicos Ltda.								
12/31/2013	3,472,710	100,00	100,00	732	522	210	(387)	(387)
12/31/2012	3,472,710	100,00	100,00	983	385	598	(3,111)	(3,111)
ArcelorMittal Comercializadora de Energia Ltda.								
12/31/2013	1,000,000	100,00	100,00	63,379	62,203	1,176	127	127
12/31/2012	1,000,000	100,00	100,00	7,080	6,059	1,021	21	21

(i) Company sold to ArcelorMittal Spain in may 2012. (ii) On November 1, 2013 Itaúna Siderúrgica Ltda. was merged with and into ArcelorMittal Brasil. (iii) Company sold to ArcelorMittal Netherlands B.V in December 2012.

b. Changes in investments in direct subsidiaries and associates

	2011	Additions/ disposals	Currency translation adjustment	Equity	Dividends/ Interest on own capital	2012	Additions/ disposals	Currency translation adjustment	Other comprehensive income	Equity	Dividends/ Interest on own capital	2013
						Adjusted						
Acindar do Brasil Ltda	639	-	-	(639)	-	-	-	-	-	-	-	-
Acindar Industria Argentina de Aceros S.A.	495,579	(527,671)	(6,953)	39,045	-	-	-	-	-	-	-	-
ArcelorMittal Costa Rica S.A.	496,024	-	-	(9,911)	-	486,113	-	-	-	(20,157)	-	465,956
ArcelorMittal Bio Florestas Ltda	-	1,000	-	21	-	1,021	-	-	-	127	-	1,148
ArcelorMittal Comercializadora de Energia Ltda	37,401	-	3,148	6,147	-	46,696	-	7,862	-	(7,477)	-	47,081
ArcelorMittal Pine Bluff	4,862	-	-	-	-	4,862	(4,862)	-	-	-	-	-
ArcelorMittal Sistemas S.A.	20,869	-	-	(749)	-	20,120	-	-	8	(94)	-	20,034
ArcelorMittal Tubarão Comercial - AMTC (ex CST)	243,117	-	22,014	(24,928)	-	240,203	179,840	-	-	(358,920)	-	61,123
Armar Com. Imp. Export. Ltda	19	-	-	(19)	-	-	-	-	-	-	-	-
Belgo - Mineira Comercial Exportadora S.A.	12,422	-	-	(1,121)	(8,625)	2,676	-	-	-	392	(98)	2,970
Belgo Bekaert Arames Ltda.	414,946	(3,071)	-	66,540	(38,286)	440,129	-	-	-	101,300	(63,816)	477,613
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.	48,274	-	4,690	4,945	(5,356)	52,553	-	-	-	10,718	(5,988)	57,283
CST Comercial Exterior S.A	5,304	-	527	(183)	-	5,648	-	-	-	223	-	5,871
CST Corporation B.V	1,363,317	(1,580,053)	172,208	44,528	-	-	-	-	-	-	-	-
Itaúna Siderúrgica Ltda.	18,092	-	1,849	10,524	(9,040)	21,425	(17,789)	-	-	5,555	(9,191)	-
Sol Coqueria Tubarão S.A.	1,468,462	-	132,349	(25,695)	(19,374)	1,555,742	-	-	-	28,537	(22,209)	1,562,070
Transporte de Produtos Siderúrgico Ltda	11,510	-	-	(3,111)	(7,802)	597	-	-	-	(387)	-	210
Unki de Venezuela S.A.	540,171	-	137,473	148,955	(145,756)	680,843	-	165,099	-	93,702	-	939,644
Other	253	1,129	-	(1,146)	-	236	1,609	-	-	(1,604)	(12)	229
Subtotal	**5.181.261**	**(2.108.666)**	**467.305**	**253.203**	**(234.239)**	**3.558.864**	**158.798**	**172.961**	**8**	**(148.085)**	**(101.314)**	**3.641.232**
Goodwill												
Belgo Bekaert Arames Ltda.	(7,503)	-	-	-	-	(7,503)	-	-	-	-	-	(7,503)
Acindar Industria Argentina de Aceros S.A.	68,234	(68,234)	-	-	-	-	-	-	-	-	-	-
ArcelorMittal Tubarão Comercial - AMTC (ex CST)	(1,792)	-	-	-	-	(1,792)	-	-	-	-	-	(1,792)
ArcelorMittal Costa Rica S.A.	10,276	-	-	-	-	10,276	-	-	-	-	-	10,276
Unki de Venezuela S.A.	458,345	-	-	-	-	458,345	-	-	-	-	-	458,345
Other	107	-	-	-	-	107	-	-	-	-	-	107
Total	**5.708.928**	**(2.176.900)**	**467.305**	**253.203**	**(234.239)**	**4.018.297**	**158.798**	**172.961**	**8**	**(148.085)**	**(101.314)**	**4.100.665**

(*) Interest on own capital.

12. Property, plant and equipment

Company:	Administrative and industrial buildings	Industrial facilities and equipment	Other (furniture, vehicles, etc.) (i)	Land	Construction in progress	Advances to suppliers	Total
Total cost as of 12/31/2011	**2,051,753**	**14,746,524**	**372,232**	**223,306**	**1,442,281**	**395,225**	**19,231,321**
. Additions	-	-	-	-	1,384,574	(308,989)	**1,075,585**
. Write-offs	-	(15,302)	(2,201)	(9,921)	-	-	**(27,424)**
. Translation adjustment	190,139	1,398,933	31,268	20,085	105,812	17,687	**1,763,924**
. Transfers	45,359	757,993	(15,876)	410	(813,085)	-	**(25,199)**
Total cost as of 12/31/2012	**2,287,251**	**16,888,148**	**385,423**	**233,880**	**2,119,582**	**103,923**	**22,018,207**
. Additions	-	-	-	-	557,265	(3,521)	**553,744**
. Write-offs	(4,771)	(4,986)	(392)	(7,906)	-	-	**(18,055)**
. Merger	155	16,294	623	1,027	-	-	**18,099**
. Translation adjustment	-	-	-	-	-	10,758	**10,758**
. Transfers	36,165	268,141	(940)	-	(433,926)	-	**(130,560)** *(ii)*
Total cost as of 12/31/2013	**2,318,800**	**17,167,597**	**384,714**	**227,001**	**2,242,921**	**111,160**	**22,452,193**
Total depreciation as of 12/31/2011	**(1,107,398)**	**(8,088,238)**	**(244,356)**	**-**	**-**	**-**	**(9,439,992)**
. Additions	(76,273)	(617,294)	(22,434)	-	-	-	**(716,001)**
. Write-offs	-	11,855	415	-	-	-	**12,270**
. Translation adjustment	(102,568)	(750,868)	(24,409)	-	-	-	**(877,845)**
. Transfers	(618)	(2,326)	5,793	-	-	-	**2,849**
Total depreciation as of 12/31/2012	**(1,286,857)**	**(9,446,871)**	**(284,991)**	**-**	**-**	**-**	**(11,018,719)**
. Additions	(82,177)	(677,357)	(22,602)	-	-	-	**(782,136)**
. Write-offs	2,151	4,843	202	-	-	-	**7,196**
. Merger	148	(8,616)	-	-	-	-	**(8,468)**
. Translation adjustment	-	-	(411)	-	-	-	**(411)**
. Transfers	818	86,226	821	-	-	-	**87,865** *(ii)*
Total depreciation as of 12/31/2013	**(1,365,917)**	**(10,041,775)**	**(306,981)**	**-**	**-**	**-**	**(11,714,673)**
Net as of 12/31/2011	**944,355**	**6,658,286**	**127,876**	**223,306**	**1,442,281**	**395,225**	**9,791,329**
Net as of 12/31/2012	**1,000,394**	**7,441,277**	**100,432**	**233,880**	**2,119,582**	**103,923**	**10,999,488**
Net as of 12/31/2013	**952,883**	**7,125,822**	**77,733**	**227,001**	**2,242,921**	**111,160**	**10,737,520**
Useful life as of 12/31/2011	**25 years**	**25 years**	**10 years**				
Useful life as of 12/31/2012	**25 years**	**25 years**	**10 years**				
Useful life as of 12/31/2013	**25 years**	**25 years**	**10 years**				

(i) Includes finance lease in the amount of R$ 28,490 (R$ 35,923 in 12/31/2012). (ii) Refers to transfer of R$42,695 to intangible assets.

Company:	Administrative and industrial buildings	Industrial facilities and equipment	Other (furniture, vehicles, etc.) (i)	Land	Construction in progress	Advances to suppliers	Total	Total	
Total cost as of 12/31/2011	**2,981,817**	**19,060,493**	**538,814**	**335,906**	**1,580,563**	**416,458**	**6,930**	**24,920,981**	
. Additions	71	2,996	58	-	1,461,756	(307,911)	-	**1,156,970**	
. Write-offs	(580)	(22,618)	(10,864)	(9,921)	(96)	-	-	**(44,079)**	
. Disposal of Acindar Argentina	(139,254)	(730,902)	(11,518)	(3,156)	(43,885)	(15,419)	3,993	**(940,141)**	
. Translation adjustment	288,870	1,795,322	46,095	29,482	106,764	13,756	1,052	**2,281,341**	
. Transfers	61,444	842,346	(11,722)	562	(920,913)	(966)	-	**(29,249)**	
Total cost as of 12/31/2012	**3,192,368**	**20,947,637**	**550,863**	**352,873**	**2,184,189**	**105,918**	**11,975**	**27,345,823**	
. Additions	-	3,847	12,225	-	641,800	15,225	(15,202)	**657,895**	
. Write-offs	(4,819)	(22,282)	(10,997)	(7,906)	-	-	-	**(46,004)**	
. Translation adjustment	86,742	262,986	15,716	9,389	(5,944)	6,967	-	**375,856**	
. Merger	(347)	(1,754)	(147)	-	-	-	-	**(2,248)**	
. Transfers	26,111	279,713	2,439	665	(483,456)	(4,994)	23,649	**(155,873)**	*(ii)*
Total cost as of 12/31/2013	**3,300,055**	**21,470,147**	**570,099**	**355,021**	**2,336,589**	**123,116**	**20,422**	**28,175,449**	
Total depreciation as of 12/31/2011	**(1,539,614)**	**(10,166,106)**	**(400,395)**	**-**	**-**	**-**	**-**	**(12,106,113)**	
. Additions	(106,531)	(776,250)	(32,235)	-	-	-	-	**(915,016)**	
. Write-offs	39	12,578	15,587	-	-	-	-	**28,204**	
. Disposal of Acindar Argentina	87,476	437,425	8,812	-	-	-	-	**533,713**	
. Translation adjustment	(151,660)	(946,876)	(34,987)	-	-	-	-	**(1,133,523)**	
. Transfers	(618)	(2,326)	6,006	-	-	-	-	**3,062**	
Total depreciation as of 12/31/2012	**(1,710,908)**	**(11,441,555)**	**(437,212)**	**-**	**-**	**-**	**-**	**(13,589,675)**	
. Additions	(116,857)	(839,552)	(34,290)	-	-	-	-	**(990,699)**	
. Write-offs	2,150	22,135	10,578	-	-	-	(7,649)	**27,214**	
. Translation adjustment	(54,471)	(170,987)	3,187	-	-	-	2,342	**(219,929)**	
. Merger	347	1,754	147	-	-	-	-	**2,248**	
. Transfers	4,895	105,251	2,759	-	-	-	-	**112,905**	*(ii)*
Total depreciation as of 12/31/2013	**(1,874,844)**	**(12,322,954)**	**(454,831)**	**-**	**-**	**-**	**(5,307)**	**(14,657,936)**	
Net as of 12/31/2011	**1,442,203**	**8,894,387**	**138,419**	**335,906**	**1,580,563**	**416,458**	**6,930**	**12,814,866**	
Net as of 12/31/2012	**1,481,460**	**9,506,082**	**113,651**	**352,873**	**2,184,189**	**105,918**	**11,975**	**13,756,148**	
Net as of 12/31/2013	**1,425,211**	**9,147,193**	**115,268**	**355,021**	**2,336,589**	**123,116**	**15,115**	**13,517,513**	

Useful life as of 12/31/2011	**25 years**	**25 years**	**10 years**
Useful life as of 12/31/2012	**25 years**	**25 years**	**10 years**
Useful life as of 12/31/2013	**25 years**	**25 years**	**10 years**

(i) Includes finance lease in the amount of R$ 37,611 (R$ 35,923 in 12/31/2012). (ii) Refers to transfer of R$42,968 to intangible assets.

a.Guarantees

There are property, plant and equipment items guarantee Company loans and financing (see Note 17). Additionally, the Company has R$ 651,250 of properties pledged as guarantee of lawsuits and leases of the distribution chain.

b. Asset under Construction

The construction in progress balance of R$1,334,715 is mainly related to investments in projects focused on increasing productivity, modernization and quality, cost reductions, and installation of new environmental protection systems of expansion of João Monlevade Plant.

On November 30, 2007 ArcelorMittal announced its plans to expand the capacity of the João Monlevade plant and a memorandum of understanding was entered by the Company and the Minas Gerais State Government granting the Company some tax benefits to promote investments in this State.

In light of the uncertainties in the world economy, in December 2011 ArcelorMittal decided to postpone the Monlevade Expansion Project, and amended the memorandum of understanding with the Minas Gerais State Government to reschedule the completion of the Monlevade expansion.

Based on the growth prospects in domestic consumption of long steel, ArcelorMittal announced in the second half of 2013 that it plans to restart the Monlevade and Juiz de Fora plants expansion project, which will increase production capacity from 3.75 to 4.9 million metric tons per year. Project completion is divided into two stages, the first stage focused on the installation of the third machine wire plant in Monlevade, with capacity of 1.1 million metric tons per year, in addition to smaller investments that include changes in the Juiz de Fora steel roller to increase rebar production capacity, by replacing an equivalent production capacity of machine wire, which will be transferred to Monlevade and also allows increasing the production capacity of the melting shop. This stage has already been initiated and scheduled to be completed in 2015. The second stage, which comprises the construction of new sintering facilities and a new blast furnace, is currently under review and its completion depends on market conditions and global competitiveness considerations, driven by market growth.

Currently the Company is discussing with the Minas Gerais State Government an amendment to the 2009 memorandum of understanding, since under this memorandum the first stage should be completed by 2015 and the second stage by the end of 2018.

c. Equalization of useful lives and deemed cost

The Company's Management believes that the useful lives applied in 2013 and 2012 correspond adequately to the economic useful lives of its assets and are in conformity with the accounting practices adopted by the Group.

The Company reviewed the useful lives of the facilities, machinery and equipment, retroactively to the acquisition of the assets, according to ICPC 10, and recorded the differenced on January 1, 2009 as deemed cost.

The effect of depreciation on the parent company and consolidated, respectively, as of December 31, 2013, amounted to R$117,857 and R$133,187 (R$116,132 and R$118,210 in 2012)

.

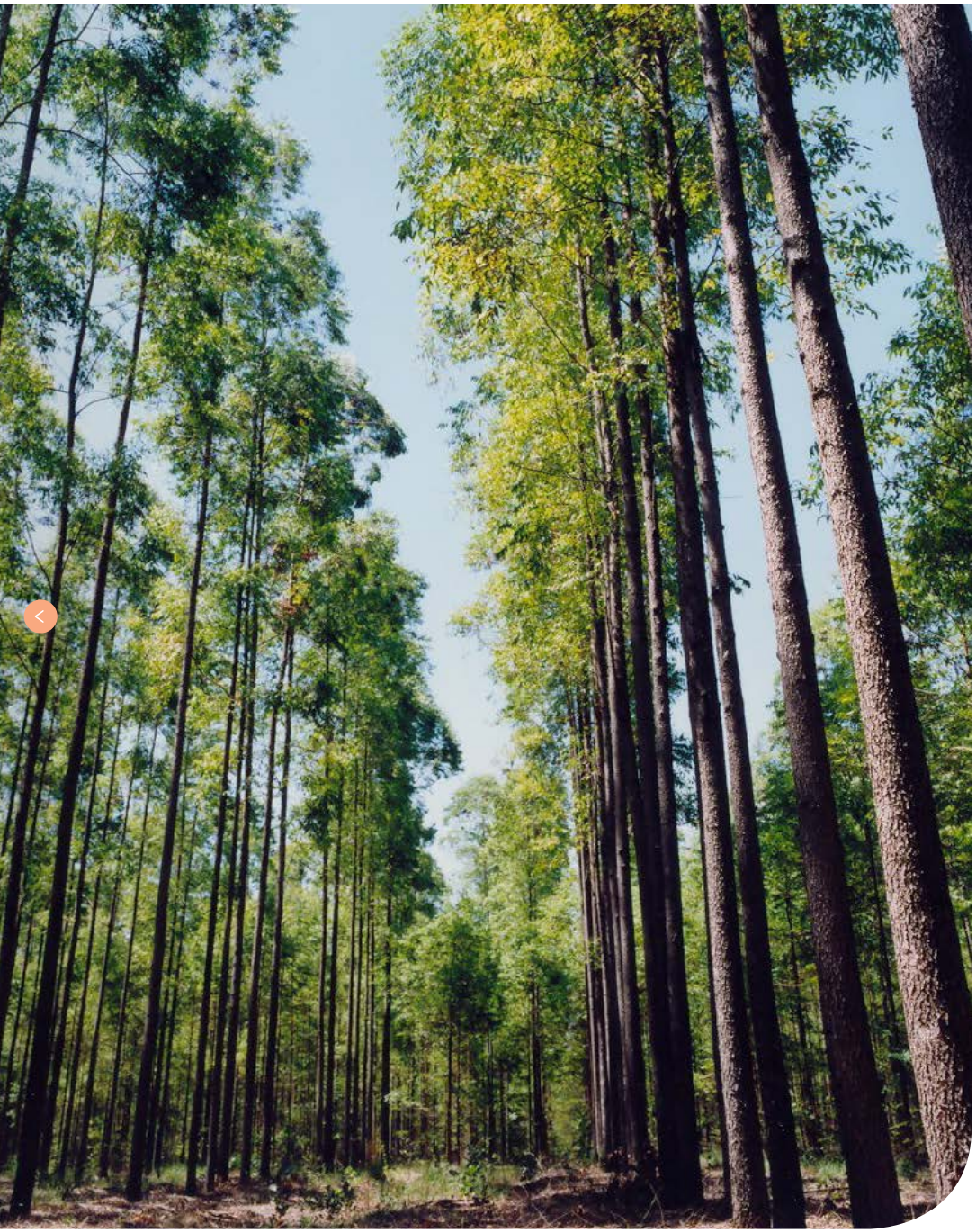
d. Interest capitalization

The borrowing costs capitalized in the period amount to o R$25,037 in 2013 (R$11,455 in 2012). The Company used the weighted average rate on the borrowings outstanding as at December 31, 2013, of 8.53% p.a. in 2013 (2.42% p.a. in 2012).

e. Impairment test

The Parent Company did not identify any indicators that could impair its assets as of December 31, 2013 and 2012, based on its analysis of discounted cash flows prepared in accordance with the budget plan approved by Management.

Subsidiary ArcelorMittal BioFlorestas identified an impairment loss in the Charcoal production unit, namely a property in Palhal, State of Bahia that was leased to a pulp and paper company for a minimum lease period (seven years). Considering that the unit furnaces would be obsolete during the agreement period, it has been concluded that ArcelorMittal BioFlorestas should recognize an allowance for impairment loss of R$7,649.



13. Biological assets

Consolidated:	Forest reserve	Adjustment to Fair value	Total
Total cost as of 12/31/2011	**362,819**	**40,103**	**402,922**
. Additions	5,488	-	**5,488**
. Write-offs	(6,147)	-	**(6,147)**
. Fair value	-	27,483	**27,483**
Total cost as of 12/31/2012	**362,160**	**67,586**	**429,746**
. Additions	25,223	-	**25,223**
. Write-offs	(35,646)	-	**(35,646)**
. Fair value	-	(18,528)	**(18,528)**
Total cost as of 12/31/2013	**351,737**	**49,058**	**400,795**
Total depreciation as of 12/31/2011	**(40,095)**	**-**	**(40,095)**
. Additions	(36,439)	-	**(36,439)**
. Write-offs	2,385	-	**2,385**
Total depreciation as of 12/31/2012	**(74,149)**	**-**	**(74,149)**
. Additions	(40,742)	-	**(40,742)**
. Write-offs	15,309	-	**15,309**
Total depreciation as of 12/31/2013	**(99,582)**	**-**	**(99,582)**
Net as of 12/31/2011	**322,724**	**40,103**	**362,827**
Net as of 12/31/2012	**288,011**	**67,586**	**355,597**
Net as of 12/31/2013	**252,155**	**49,058**	**301,213**

The Company's biological assets comprise the cultivation and planting of eucalyptus forests in order to supply raw materials for the production of charcoal and are located in the States of Minas Gerais and Bahia.

As of December 31, 2013, the Company had 57,639 hectare (ha) (65,892 in 2012) of planted forests that are not pledged as collaterals.

a. Assumptions for recognition of the fair value of biological assets

Company recognizes its biological assets at fair value, determine based on the discounted cash flow, considering productivity and cultivation area for a harvest cycle from six to seven years.

Projected cash flows are consistent with the planted area growth cycle. The eucalyptus production volume to be harvested was estimated based on the average production in cubic meters ("m³") of planted timber by hectare ("ha") on harvest date. Average production varies according to the genetic material, weather and soil conditions and forest management programs. This projected volume is based on average annual growth (IMA - Average Annual Growth), which is equivalent to 27.01 m³/ha/year by the end of 2013 (27.46 in 2012).

The average net sales price of eucalyptus was projected based on the domestic market, through a market study and Real transaction survey, adjusted to reflect the price of trees by region. As at December 31, 2013, the average net sales price was equivalent to R$39.10 by m³ (R$39.10 m³ in 2012). The average estimated cost includes harvest costs, chemical growth control, pest control, composting, road maintenance, inputs and labor. Tax effects based on current rates, as well as the contribution of other assets, e.g., property, plant and equipment, were considered in the estimate based on the average rates of return on assets. The Group reviews the fair value of these assets on a quarterly basis.

The valuation model considers cash flows less income tax.The discount rate used was 12.89%.

The table below shows the sensitivity to a 10% change in each one of the unobservable significant inputs used to measure the fair values of the biological assets:

Consolidated:

	"Increase of 10%"	Decrease of 10%
The average annual growth	28,469	28,469
Average net sales price	28,469	(28,469)
Discount rate	(6,300)	6,679

b. Exposure to plantation-related risks

Regulatory and environmental risks

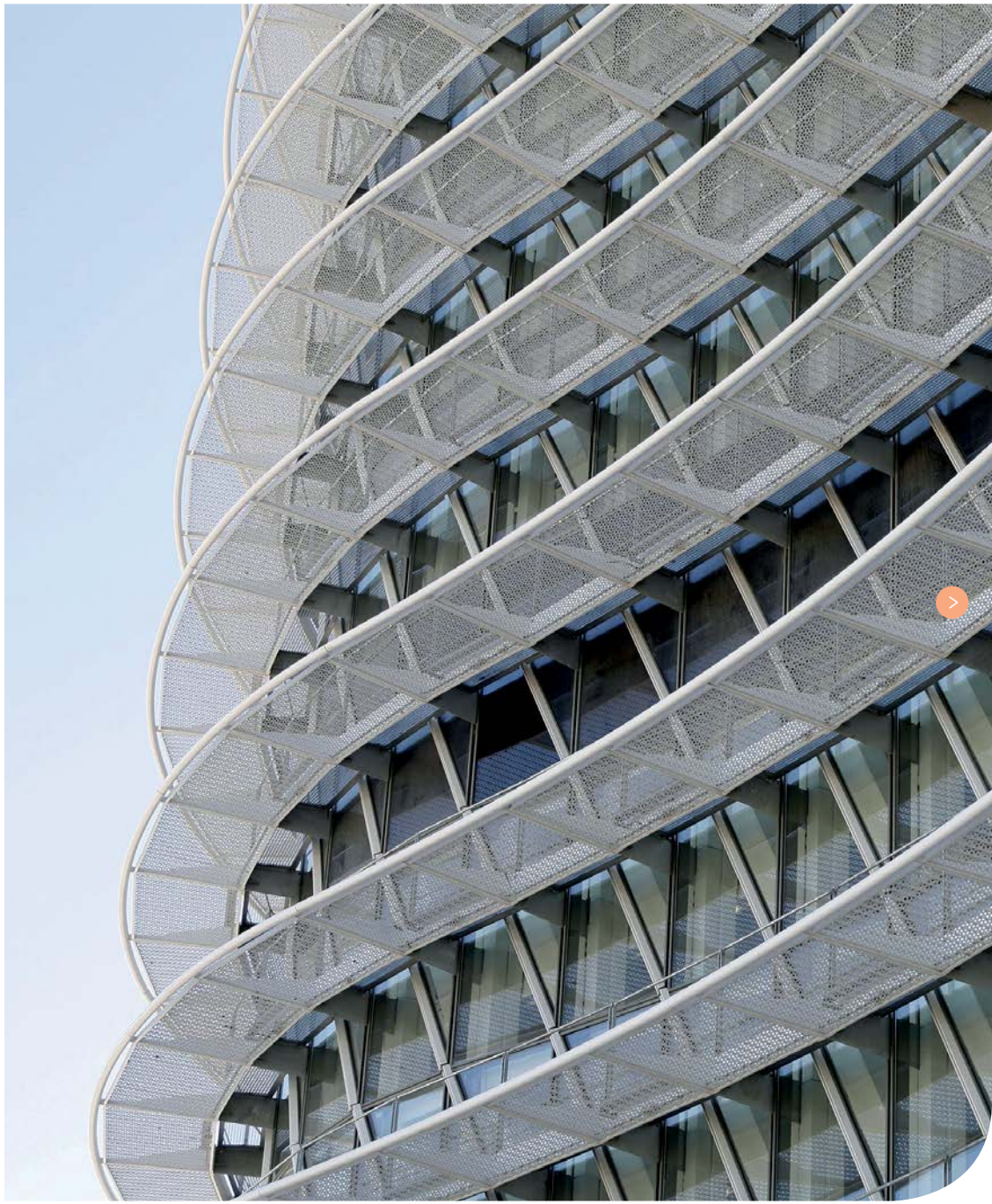
The Group is subject to Brazilian environmental laws and regulations. The Group sets environmental policies and procedures aimed at the compliance with environmental and other laws. Management conducts regular analyses to identify environmental risks and ensure that systems in operation are appropriate to manage such risks.

Supply and demand risks

The Group is exposed to risks arising from price fluctuation and sales volume of its crops. When possible, the Group manages this risk by aligning the harvested volume with market supply and demand. Management conducts analysis on a regular basis on the industry trends in order to ensure that the Group's prices are in line with market prices and ensure that projected harvest volumes are consistent with expected demand.

Climate and other risks

The Group's plantations are exposed to the risk of damages caused by climatic changes, diseases, forest fires, and other forces of nature. The Group has an extensive process in place aimed at monitoring and mitigating these risks, including regular inspections to forest health and plant disease and pest analyses.



14. Intangible assets

	Company				Consolidated			
	Goodwill on investments	Software	Other	Total	Goodwill on investments	Software	Other	Total
Total cost as of 12/31/2011	**9,643,353**	**214,091**	**31,260**	**9,888,704**	**10,183,227**	**248,245**	**31,442**	**10,462,914**
. Additions	-	-	3,607	**3,607**	-	-	3,607	**3,607**
. Write-offs	(25,608)	-	-	**(25,608)**	(93,861)	-	-	**(93,861)**
. Disposal of Acindar Argentina	-	-	-	**-**	(12,619)	(10,265)	-	**(22,884)**
. Translation adjustment	938,742	18,955	4,960	**962,657**	938,524	19,053	4,960	**962,537**
. Transfers	-	13,311	11,888	**25,199**	-	17,361	11,888	**29,249**
Total cost as of 12/31/2012	**10,556,487**	**246,357**	**51,715**	**10,854,559**	**11,015,271**	**274,394**	**51,897**	**11,341,562**
. Write-offs	-	-	(7,636)	**(7,636)**	-	-	(7,636)	**(7,636)**
. Merger	-	206	-	**206**	-	-	-	**-**
. Transfers	-	20,584	22,111	**42,695**	-	20,857	22,111	**42,968** (i)
Total cost as of 12/31/2013	**10,556,487**	**267,147**	**66,190**	**10,889,824**	**11,015,271**	**295,251**	**66,372**	**11,376,894**
Total amortization as of 12/31/2011	**(3,861,460)**	**(172,382)**	**(3,484)**	**(4,037,326)**	**(3,861,502)**	**(204,932)**	**(2,695)**	**(4,069,129)**
. Additions	-	(17,667)	(850)	**(18,517)**	-	(18,833)	(850)	**(19,683)**
. Disposal of Acindar Argentina	-	-	-	**-**	-	10,265	-	**10,265**
. Translation adjustment	(345,623)	(13,590)	(822)	**(360,035)**	(345,623)	(13,634)	(822)	**(360,079)**
. Transfers	-	(174)	(2,675)	**(2,849)**	-	(387)	(2,675)	**(3,062)**
Total amortization as of 12/31/2012	**(4,207,083)**	**(203,813)**	**(7,831)**	**(4,418,727)**	**(4,207,125)**	**(227,521)**	**(7,042)**	**(4,441,688)**
. Additions	-	(17,338)	(1,930)	**(19,268)**	-	(18,806)	(1,930)	**(20,736)**
. Merger	-	(206)	-	**(206)**	-	-	-	**-**
Total amortization as of 12/31/2013	**(4,207,083)**	**(221,357)**	**(9,761)**	**(4,438,201)**	**(4,207,125)**	**(246,327)**	**(8,972)**	**(4,462,424)**
Net as of 12/31/2011	**5,781,893**	**41,709**	**27,776**	**5,851,378**	**6,321,725**	**43,313**	**28,747**	**6,393,785**
Net as of 12/31/2012	**6,349,404**	**42,544**	**43,884**	**6,435,832**	**6,808,146**	**46,873**	**44,855**	**6,899,874**
Net as of 12/31/2013	**6,349,404**	**45,790**	**56,429**	**6,451,623**	**6,808,146**	**48,924**	**57,400**	**6,914,470**

Useful life as of 12/31/2011	**05 years**	**05 years**	**05 years**	**05 years**
Useful life as of 12/31/2012	**05 years**	**05 years**	**05 years**	**05 years**
Useful life as of 12/31/2013	**05 years**	**05 years**	**05 years**	**05 years**

(i) Refers to transfer of R$ 42,695 (company) R$42,968 (consolidated) from property, plant and equipment.

Goodwill impairment test

ArcelorMittal Brasil periodically reviews the carrying amount of its tangible and intangible assets (excluding goodwill, which is tested for impairment annually or when changes in circumstances indicate that it may be impaired) to determine whether there is any indication that their carrying amounts might not be recoverable through their continuing use. If there is such indication, the recoverable amount of an asset (or cash-generating unit) is tested to determine its recoverable amount, if any. The recoverable amount of an asset is the higher of its net sales price, which is equivalent to its fair value less costs to sell, and its value in use.

Goodwill on investments derives from:

- goodwill arising on the acquisition of subsidiaries includes mainly goodwill arising on the merger of Mittal Steel Participações S.A. through the acquisition of interest in Arcelor Brasil S.A. in August 2007; and
- goodwill deriving from the merger of Belgo Bekaert Nordeste S.A. into Belgo Bekaert Arames Ltda, in February 2012.

Goodwill was allocated, at the Company level, to the Long Steel and Flat Steel operating segments (R$3,404 to each operating segment) that represent the lowest level in which goodwill is monitored for internal management purposes.

The key assumptions used to calculate the value in use are: discount rate, growth rate, sales prices, and direct costs for the period. Management estimates the pretax discount rate before by reflecting the market conditions for similar risk investments.

The growth rates are based in the steel industry trends. The changes in the sales prices and direct costs are based on past experience and expected future changes in the market.

Cash flow projections derive from most recent financial plans approved by Management. To cover a period greater than the expected five-year period, ArcelorMittal Brasil projects cash flows for the following years based on a constant estimated growth rate of 2%. This rate does not exceed average long-term growth rate for significant markets.

Management estimates the pretax discount rate before by reflecting the market conditions for similar risk investments, taking into account the weighted average cost of capital. The average discount rate in 2013 was 9.10% (7.99% in 2012).

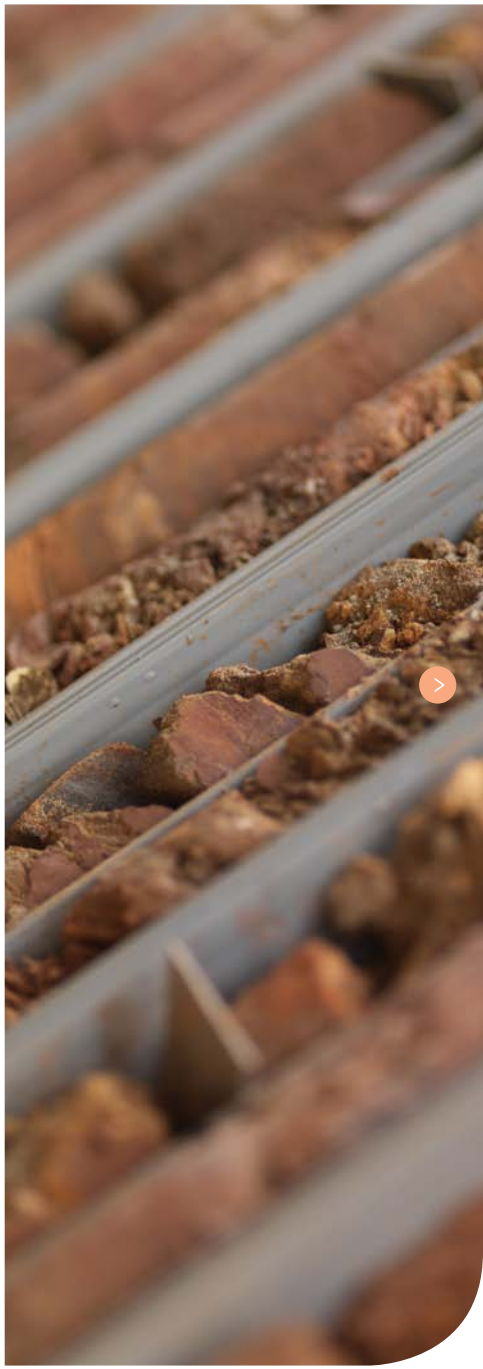
The Company did not identify any indicators that as at December 31, 2013 and 2012 its assets might be impaired, based on its analysis of discounted cash flows prepared in accordance with the budget forecast approved by Management.

Management believes that no type of reasonably possible change in other key assumptions in which the recoverable amount is based would cause the aggregate carrying amount of assets to exceed their recoverable amount.

15. Trade accounts payable

	Company		Consolidated	
	2013	2012	2013	2012
. Domestic market				
.. Group companies	81,374	53,582	82,023	7,495
.. Third parties	1,681,522	1,394,084	1,818,480	1,485,577
.Total domestic market	**1,762,896**	**1,447,666**	**1,900,503**	**1,493,072**
. Foreign market				
.. Group companies	281,898	1,118,827	243,571	1,132,304
.. Third parties	223,969	160,052	260,014	199,641
. Total foreign market	**505,867**	**1,278,879**	**503,585**	**1,331,945**
Total	**2,268,763**	**2,726,545**	**2,404,088**	**2,825,017**

ArcelorMittal Brasil Group's currency and interest rate risk exposure and the breakdown by currency relating to trade and other payables are disclosed in note 23.



16. Loans

			Company		Consolidated	
	Final maturity	Average annual financial charge - 2013	2013	2012	2013	2012
In Brazilian reais						
. Working capital						
.. Bradesco S.A.	2016	TJLP	2,370	841	2,370	841
.. Banco do Estado do Espirito Santo	2014	1.00%	-	-	1,512	977
.. Banco Desenvolvimento do Estado da Bahia	2016	8% e 10%	-	-	2,428	5,435
			2,370	**841**	**6,310**	**7,253**
. Investments						
.. Leasing	2016	INPC	-	-	9,574	-
.. BDMG System	2014	IGPM + 4.00%	-	-	-	917
.. BNDES System	2018	TJLP + 2.71%	604,978	754,908	604,978	754,908
.. Prepayments and advances on export contracts *(i)*	2018	10% e 11.95%	7,169,417	6,478,364	7,169,417	6,478,364
.. Others investiments			27,619	21,066	27,619	21,123
			7,802,014	**7,254,338**	**7,811,588**	**7,255,312**
Subtotal in Brazilian reais			**7,804,384**	**7,255,179**	**7,817,898**	**7,262,565**
In US dollars						
. Working capital:						
.. Banco do Brasil	2014	2.00%	-	-	4,990	35,937
.. Bradesco S.A.	2015	Libor + 5.00%	58,625	92,047	58,625	92,047
.. Prepayments and advances on export contracts *(i)*			-	663,034	-	663,034
.. Others- working capital	2014		-	-	95,625	119,905
			58,625	**755,081**	**159,240**	**910,923**
. Investments:						
.. Leasing	2017	15.00%	63,856	65,955	63,856	65,955
.. BNDES	2018	UMBNDES + 1.88%	97,996	106,506	97,996	106,506
			161,852	**172,461**	**161,852**	**172,461**
Subtotal in US dollars			**220,477**	**927,542**	**321,092**	**1,083,384**
Total			**8,024,861**	**8,182,721**	**8,138,990**	**8,345,949**
. Current			1,904,330	1,753,749	2,011,053	1,913,838
. Noncurrent			6,120,531	6,428,972	6,127,937	6,432,111
Total			**8,024,861**	**8,182,721**	**8,138,990**	**8,345,949**

(i) Refers mainly to financing from ArcelorMittal Group companies. The base currency of this agreement was changed from US dollar to Brazilian real on December 1, 2012.

Debts indexes:

- TJLP – Long term interest rate, fixed quarterly, at 5.00% p.a. as of December 31, 2013 (5.50% p.a. as of December 31, 2012).
- Libor – London Interbank Offered Rate – As of December 31, 2013, the weighted average Libor rate on the Company's financing agreements was 0.263% p.a. (0.306% p.a. as of December 31, 2012).
- UMBNDES – monetary unit of the BNDES – National Bank for Economic and Social Development (currency basket) – up by 3.66% in 2013 (3.56% in 2012)

. The noncurrent portion matures as follows beginning 2015:

Long-Term Portions Mature As Follows:	Company	Consolidated
2015	2,072,136	2,077,235
2016	2,059,063	2,061,370
2017	1,461,611	1,461,611
2018	525,290	525,290
2019 thereafter	2,431	2,431
	6,120,531	**6,127,937**

a. Covenants

At December 31, 2013, the agreement with Banco Bradesco S.A. relating to the export prepayment, in the amount of R$58,625 thousand, is the only one requiring compliance with financial covenants.For these covenants, the Company is required to assure that:

i. the "Total Consolidated Net Debt" (total consolidated indebtedness less consolidated cash and cash equivalents) to "Consolidated EBITDA" (consolidated earnings before interest, taxes, depreciation and amortization, subject to certain adjustments specified in the agreement) at the end of each year (12-month period ending on the last day of the Company´s fiscal year) does not exceed 3.5 (currently 0.06);

ii. the "Consolidated EBITDA" (consolidated earnings before interest, taxes, depreciation and amortization, subject to certain adjustments specified in the agreement) to "Net Finance Costs" (especially interest and similar expenses to the Company's indebtedness) at the end of each year (12-month period ending on the last day of the Company´s fiscal year) is at least 1.3 (currently 3.50).

The Company is compliant with the financial covenants required by Banco Bradesco S.A. The other agreements do not include financial covenants.

b. Collaterals

Investment debts are collateralized by the financed asset, as well as bank guarantees and/or the Group's controlling shareholders.

17. Debentures

	Company		Consolidated	
	2013	2012	2013	2012
Simple, non-convertible debentures	19,655	22,274	19,655	22,274
Current	3,347	4,694	3,347	4,694
Noncurrent	16,308	17,580	16,308	17,580
Total	**19,655**	**22,274**	**19,655**	**22,274**

Simple, non-convertible debentures

EIssued by Belgo-Mineira Participações S.A. in 1999 and subsequently transferred to ArcelorMittal Brasil S.A., with a face value of R$14,365 and semiannual repayments over 18 years, which pay IGP-M price index, and by ArcelorMittal Brasil in 2001, with a face value of R$1,869, repaid annually with final maturities from December 31, 2006 to 2018, which pay the IGP-M price index per year.

18. Shareholders' equity

a. Capital

The Company's fully subscribed and paid in capital is R$11,666,520, represented by 2,693,247 common shares. The Company´s bylaws limit authorized capital to 5,000,000 common shares.

b. Earnings reserves

Legal reserve - Calculated at 5% of net income for the year as foreseen in Article 193 of Law 6404/76 up to a limit equal to 20% of capital.

Statutory reserve - Recognized as 5 to 75 percent of the net income for the year and it is used to finance the Company's expansion, either directly or through subsidiaries, up to the limit of 80% of the subscribed capital

c. Capital reserve

Consists of amounts received by the Company and that do not go through profit or loss because they refer to amounts allocated to strengthening capital, which do not require any effort from the Company in terms of delivering goods or providing services.

- Special merger goodwill reserve: recognized upon the downstream merger of the Parent Company.
- Tax incentive reserve: recognized as a result of the FINAM/ FINOR income tax incentives.
- Adjustment to financial instruments: refers basically to the mark to market of short-term investment securities.
- Granted stock options recognized refer to the share-based compensation paid to officers as part of their compensation received.

d. Other Comprehensive Income

Valuation adjustments to equity refer basically to:

- deemed cost recognized on January 1, 2009 relating to the difference in the useful lives of facilities, machinery and equipment, as prescribed in ICPC 10.
- pension fund, which refers to the remeasurement of the defined benefit plan, pursuant to guidance in IAS 19 (R1)/ CPC 33 (R1)

e. Foreign Cumulative Translation Adjustments

Relate mainly to exchange rate changes on foreign investments and adjustments for translation from functional currency U.S. dollar into presentation currency Brazilian reais until December 2012 (see note 3d).

f. Dividends

The Company's bylaws provide for the allocation of at least 25% of the net income for the year, adjusted in conformity with the Brazilian Corporate Law, to pay mandatory dividends to the shareholders.

Profit for the year is allocated as follows:

	2013
Net income of the year	**289,469**
Recognition of legal reserve	(14,473)
Dividend calculation base	274,996
Minimum mandatory dividends - 25%	**68,750**

g. Profit / Loss per share

Profit per share in 2013 was R$107.48 and the loss per share in 2012 was R$355.58 being calculated based on the number of the Company's common shares in each of the aforementioned years.

19. Sales

The reconciliation of gross sales revenue with net operating income is as follows:

	Company		Consolidated	
	2013	2012	2013	2012
Gross sales of products and services				
Domestic market	16,792,061	14,301,648	19,678,539	17,568,233
Foreign market	2,108,324	2,381,097	2,254,524	2,652,726
	18,900,385	**16,682,745**	**21,933,063**	**20,220,959**
Taxes on sales	(3,881,946)	(3,249,789)	(4,372,289)	(3,636,664)
Other deductions	(782,276)	(658,110)	(931,367)	(880,265)
Net operating revenue	**14,236,163**	**12,774,846**	**16,629,407**	**15,704,030**

20. Expenses by nature

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Raw and consumption materials	9,703,176	9,761,987	10,424,320	11,191,317
Depreciation, amortization and depletion	801,404	734,518	1,052,177	980,587
Salaries and related charges	1,163,246	1,130,091	1,793,744	1,515,695
Management compensation (note 26a)	24,973	22,173	34,415	36,542
Profit sharing	180,195	128,668	232,687	185,272
Retirement and pension plan	54,426	45,301	62,542	52,135
Leases and rentals	335,517	305,790	342,505	322,317
Cost of disposal of investments	4,866	2,051,344	4,862	1,429,861
Cost of disposal of property, plant and equipment	10,861	16,494	31,431	20,978
Cost of others sales	151,982	113,256	190,478	109,438
Tax Amnesty Law 12865/2013 *(i)*	10,775	-	194,245	-
Taxes on others sales	63,158	51,715	66,310	60,791
Other	240,866	591,213	415,082	874,942
Alocação da demonstração de resultado	**12,745,445**	**14,952,550**	**14,844,798**	**16,779,875**
Cost of sales	11,890,571	11,935,753	13,341,606	13,930,757
Selling	270,545	238,259	398,216	360,554
General and administrative	264,673	289,586	381,732	410,382
Other operating expenses	319,656	2,488,952	723,244	2,078,182
	12,745,445	**14,952,550**	**14,844,798**	**16,779,875**

(i) Refers mainly to the tax amnesty program adhesion of the subsidiary AMTC – Law 12865/2013.

21. Other operating income (expenses)

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Other operating income				
Sundry sales *(i)*	251,292	278,290	271,503	292,504
Income from the sale of assets *(ii)*	89,348	2,694,648	108,427	2,075,999
Income from rentals	3,598	1,227	4,076	1,666
Adjustments - biological assets	-	-	(21,221)	30,721
Tax amnesty Law 12865/2013 - penalty reduction of 80% *(iii)*	7,237	-	153,783	-
Other operating income	34,308	94,564	54,041	113,091
	385,783	**3,068,729**	**570,609**	**2,513,981**
Cost on sundry sales				
Cost on sundry sales	(151,982)	(135,640)	(190,478)	(161,878)
Taxes on other income	(63,158)	(74,223)	(68,842)	(77,409)
Voluntary termination program	(23,206)	(26,606)	(37,001)	(55,274)
Cost on the sale of assets (ii)	(15,723)	(2,067,838)	(36,293)	(1,450,840)
Provision for pension fund	9,612	(34,770)	9,612	(36,587)
Reserve for tax risks and contingencies	(16,065)	8,651	(35,179)	(9,262)
Share-based payment	(3,163)	(5,252)	(3,171)	(5,252)
Depreciation on leased assets	-	-	(55,675)	(56,877)
Tax amnesty Law 12865/2013 - penalty *(iii)*	(10,775)	-	(194,245)	-
Other operating expenses	(45,196)	(153,274)	(111,972)	(224,803)
	(319,656)	**(2,488,952)**	**(723,244)**	**(2,078,182)**
Total	**66,127**	**579,777**	**(152,635)**	**435,799**

(i) Mainly sale of slag and scrap. (ii) Mainly refers to the sale of investments of Acindar Argentina, CST BV and shares of Açominas Gerdau in 2012. (iii) Refers mainly to the tax amnesty program adhesion of the subsidiary AMTC - Law 12865/2013.

22. Financial income (expenses), net

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Financial income				
Financial gains on pension fund	-	9,156	-	7,466
Interest received	100,445	57,663	109,465	60,293
Other financial income	21,527	91,226	116,346	146,087
Yield on short-term financial investments	12,847	6,310	30,765	47,104
Exchange gains (losses) *(ii)*	32,754	(345,408)	40,053	(346,538)
	167,573	**(181,053)**	**296,629**	**(85,588)**
Financial expenses				
Interest on financing	(711,105)	(740,825)	(719,673)	(708,272)
Operation interest of payment extension	(70,930)	(86,281)	(70,930)	(86,281)
Other financial expenses *(i)*	(114,054)	(14,823)	(161,802)	(111,011)
Amnesty - Law 12865/2013 *(iii)*	(21,415)	(8,095)	(175,116)	(8,095)
Late payment interest and inflation adjustments (mainly on provisions of tax, civil and labor risks)	(9,621)	(18,780)	(22,530)	(23,354)
Financial loss on pension fund	(42,871)	-	(42,636)	
Interest on debentures	(1,028)	(1,671)	(1,144)	(1,761)
Exchange gains (losses) *(ii)*	(539,808)	(66,725)	(636,884)	(156,358)
	(1,510,832)	**(937,200)**	**(1,830,715)**	**(1,095,132)**
Total	**(1,343,259)**	**(1,118,253)**	**(1,534,086)**	**(1,180,720)**

(i) Includes Pis and Cofins on interest on own capital and derivatives transactions. (ii) In 2012, it referred to gain/loss of monetary assets and liabilities. (iii) Refers mainly to the tax amnesty program adhesion of the subsidiary AMTC - Law 12865/2013.

23. Financial instruments

ArcelorMittal Brasil Group transacts several financial instruments, e.g., short-term investments, trade payables, trade receivables, borrowings and financing and derivatives.

These instruments are recorded in balance sheet accounts as at December 31, 2013 and 2012 at amounts that approximate their fair values as at these dates. These financial instruments are managed using operating strategies that seek liquidity, profitability, and security

The amount of the main financial instruments is broken down as follows:

	Consolidado			
2013				
Assets	**Loans and receivables**	**Held to maturity**	**Assets at fair value with gains and losses recognized in shareholder's equity**	**TOTAL**
Cash and cash equivalents	776,715	-	-	776,715
Held-to-maturity investments	-	5,519	-	5,519
Trade accounts receivable	1,874,396	-	-	1,874,396
Receivables from related parties	491,836	-	-	491,836
Other financial assets	267,375	-	4,623	271,998
TOTAL	**3,410,322**	**5,519**	**4,623**	**3,420,464**

	Consolidado			
Liabilities	**Liabilities at fair value with gains and losses recognized in profit or loss**	**Liabilities at fair value with gains and losses recognized in shareholder's equity**	**Other financial liabilities at amortized cost**	**TOTAL**
Trade accounts payable	-	-	2,404,088	2,404,088
Financing	-	-	8,138,990	8,138,990
Debentures	-	-	19,655	19,655
Payables to related parties	-	-	1,145,236	1,145,236
Other financial liabilities	-	-	750,696	750,696
TOTAL	**-**	**-**	**12,458,665**	**12,458,665**

	Consolidado			
2012				
Assets	**Loans and receivables**	**Held to maturity**	**Assets at fair value with gains and losses recognized in shareholder's equity**	**TOTAL**
Cash and cash equivalents	1,060,423	-	-	1,060,423
Held-to-maturity investments	-	2,584	-	2,584
Trade accounts receivable	1,412,806	-	-	1,412,806
Receivables from related parties	190,341	-	-	190,341
Other financial assets	126,516	-	4,719	131,235
TOTAL	**2,790,086**	**2,584**	**4,719**	**2,797,389**

	Consolidado			
Liabilities	**Liabilities at fair value with gains and losses recognized in profit or loss**	**Liabilities at fair value with gains and losses recognized in shareholder's equity**	**Other financial liabilities at amortized cost**	**TOTAL**
Trade accounts payable	-	-	2,825,017	2,825,017
Financing	-	-	8,345,949	8,345,949
Debentures	-	-	22,274	22,274
Payables to related parties	-	-	1,446,094	1,446,094
Other financial liabilities	-	-	928,844	928,844
TOTAL	**-**	**-**	**13,568,178**	**13,568,178**

Financial risk management

Risk can be defined as the level of uncertainty regarding future results that can entail the possibility of a financial loss.

ArcelorMittal Brasil Group manages its capital so as to ensure that the Group companies are able to preserve their growth strategies and maximize return to all stakeholders. Risk management is critical to the Group to mitigate possible impacts on its consolidated profits.

The conducted financial transaction are analyzed and approved by proper levels of authority so as to ensure that the policies established by Management are complied. Additionally, SOX and Internal Audit controls monitor the transparency of financial management.

a. Credit risk

Credit risk is defined as the possibility of loss resulting from the uncertainty as to the collection of amounts agreed with customers and financial institutions.

The maximum exposure to credit risk as at December 31, 2013 and 2012 by category of financial instrument is shown below:

	Consolidated	
	2013	2012
Derivative financial assets		
Financial derivative instruments	17,218	24,783
Non-derivative financial assets		
Cash and cash equivalents	776,715	1,060,423
Held-to-maturity investments	5,519	2,584
Trade accounts receivable	1,874,396	1,412,806
Receivables from related parties	491,836	190,341
Other financial assets	271,998	131,235

(i) Cash and cash equivalents

The cash and cash equivalents risk is translated as the possibility of a financial institution not being able of discharging its obligations or only being able to do it at significant losses.

To mitigate this risk ArcelorMittal Brasil follows the Group Treasury Policy, which consists of managing exposures globally, thus reducing the probability of problems resulting from the lack of market liquidity.

This policy represents the documentation of the principles, concepts, roles, and responsibilities related to the matter, and should, therefore, ensure that the cash and cash equivalents risks are identified, measured, managed, and handled in accordance with the goals and standards established by ArcelorMittal. This policy is approved by the Global Treasury Committee.

(ii) Trade receivables

PIn order to mitigate the credit risk relating to trade receivables, the sales policy of the ArcelorMittal Group is subject to credit policies established by its Management that are intended to minimize potential losses arising from the default of its customers.

ArcelorMittal Brasil Group adopts criteria to determine credit risk and analyze in detail the financial condition of its customers, the financial information publicly disclosed and its own internal records. Based on this information and in accordance with the internal credit policy, the Group establishes the credit limits based on the proper levels of authority and reviews and monitors these limits on an ongoing basis. Trade accounts receivable consist of a large number of customers in different industries and geographical areas (risk diversification) and are monitored on a daily basis.

The Company analyzes the payment capacity of corporate customers by analyzing the financial statements, operating segment, payment history and business relationship with customers. Individual customers purchase only by means of prepayment, cash or through credit and debit cards.

Maximum exposure by geographic region in the domestic market:

Domestic Market	
Southeast	47%
South	38%
Northeast	9%
Midwest	4%
North	3%

Maximum exposure by geographic region in the foreign market:

Foreign Market	
South America	64%
North America	5%
Central America	0%
Europe	26%
Asia	5%

In order to mitigate the risk of losses, ArcelorMittal Brasil Group guarantees collection through receivables collaterals, pledge, mortgage, letter of guarantee (for export transactions) and bank guarantee that account for a major portion of the balance of trade receivables.

Losses on receivables accounted for less than 0.01% of the Company turnover for the past three years. The amount of renegotiated past-due receivables is not included in the balance of trade receivables.

Given the current diversification of portfolio customers, there is no individual customer with an exposure that accounts for a major portion (above 60%) of the balance of trade receivables.

The breakdown by maturity and changes in the allowance for impairment losses with respect to trade receivables in 2013 and 2012 are shown in Note 9.

b. Cash flow liquidity risk

This risk is associated to the possibility of a lack of fund to discharge assumed obligations due to a mismatch between assets and liabilities.

ArcelorMittal Brasil's liquidity risk management process is conducted daily by treasury, using economic and financial analyses that should show, by generating different scenarios, the possible financial impacts during stress situations. Daily, weekly and monthly reports are disclosed that allow monitoring the liquidity risk.

The liquidity risk is mainly related to trade payables and financing is broken down by category of financial instrument as shown below:

	Consolidated	
	2013	2012
		Adjusted
Derivative financial liabilities		
Financial derivative instruments	193,683	87,902
Non-derivative financial liabilities		
Trade accounts payable	2,404,088	2,825,017
Financing	8,138,990	8,345,949
Debentures	19,655	22,274
Payables to related parties	1,145,236	1,446,094
Other financial liabilities	750,696	928,844

The table below includes remaining contractual maturities of derivative and non-derivative liabilities, including estimated interest payments and excluding netting agreements, prepared based on the date closest to the settlement of the related liability.

					Consolidated	
As of December 31, 2013	Carrying amount	Contractual cash flow	1-12 months	1-2 years	2-5 years	More than 5 year
Derivative financial liabilities						
Financial derivative instruments	193,683	(96,126)	19,417	(4,772)	(110,771)	-
Non-derivative financial liabilities						
Trade accounts payable	2,404,088	2,404,088	2,404,088	-	-	-
Financing	8,138,990	10,121,171	2,682,556	2,682,619	4,753,478	2,518
Debentures	19,655	23,301	4,045	5,946	13,310	-
Payables to related parties	1,145,236	1,145,236	335,139	564,407	245,690	-
Other financial liabilities	750,696	750,696	268,101	482,595	-	-
	12.458.665	**14.444.492**	**5.693.929**	**3.735.567**	**5.012.478**	**2.518**

c. Market risk

Market risk derives from the possibility of losses that can be caused by changes in the behavior of interest rates, exchange rates, and stock prices.

ArcelorMittal Brasil seeks financial instruments that allow mitigating the foreign exchange and interest rate risks to which it is exposed. The transactions are part of ArcelorMittal's global risk management policy and are tied to the Group's financing and trade payables. Interest rate and currency swaps are presented in item e.(i), (ii) herein.

(i) Currency risk

Currency risk is tied to the possible currency fluctuations, which affects finance costs (income) and liability (asset) balance of contracts indexed to a currency different from the functional currency of ArcelorMittal Brasil Group. The Group has assets and liabilities linked to the same currency; therefore, a natural hedge is created thus minimizing the risks described above.

Foreign exchange exposure

The foreign currency exposure of ArcelorMittal Brasil Group is linked to financial assets and financial liabilities shown in the table below, which indicates the maximum currency risk exposure as at December 31, 2013.

	Consolidated											
	Functional currency R$									Functional currency US$		
	R$	US$	Euro	Pounds sterling	Japonese yen	Franco-swiss	Venezuelan Strong Bolivar	Canadian Dollar	Swedish Krona	Colon	Euro	US$
Assets												
Cash and cash equivalents	317,664	27,144	-	-	-	-	405,843	-	-	185	-	25,879
Held-to-maturity investments	1,332	-	-	-	-	-	-	-	-	-	-	4,187
Trade accounts receivable	1,347,316	444,510	5,397	-	-	-	58,322	-	-	1,785	-	17,066
Receivables from related parties	450,710	10,619	-	-	-	-	-	-	-	-	-	-
Other receivables	288,598	21,830	4	-	-	-	8,072	-	-	880	-	339
Total assets exposure	**2,405,620**	**504,103**	**5,401**	**-**	**-**	**-**	**472,237**	**-**	**-**	**2,850**	**-**	**47,471**
Liabilities												
Trade accounts payable	1,868,222	189,144	232,343	133	151	1,052	81,905	53	11	28,023	-	3,051
Financing	7,817,898	321,092	-	-	-	-	-	-	-	-	-	-
Debentures	19,655	-	-	-	-	-	-	-	-	-	-	-
Payables to related parties	41,744	838,842	23,848	-	-	-	129,769	-	-	-	-	111,033
Other payables	767,309	101,047	1	-	-	-	71,894	-	-	-	460	3,640
Total liabilities exposure	**10,514,828**	**1,450,125**	**256,192**	**133**	**151**	**1,052**	**283,568**	**53**	**11**	**28,023**	**460**	**117,724**

The closing rates applied in the financial statements are as follows:

	R$	US$	$	Bs.F$	CRC $
31/12/2013	2,3426	1,0000	0,3594	0,3728	0,0047
31/12/2012	2,0435	1,0000	0,4160	0,4764	0,0041

Sensitivity analysis for currency risk

Management appreciates currency to analyze the increase (decrease) of equity and profit or loss as at December 31, through the analysis of reasonably possible fluctuations in foreign currency exchange rates as at December 31, measured by the Group's functional currency, i.e., US dollar, against exchange rates of foreign currency-denominated transactions (R$, $, Bs.F$ and CRC $). The Group considers that all other variables in this analysis, in particular interest rates, remained constant, as well it was conducted in 2013 on the same basis as 2012.

The scenarios presented in the sensitivity analysis for the currency risk were determined by a 25% and 50% depreciation compared to the probable scenario ("Probable Scenario"), considered as "Scenario 1" and "Scenario 2", respectively, in 2013. The Company considered the baseline scenario as at December 31, 2013 as the probable scenario.

	Asset			Liability		
	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)
R$	2,405,620	2,405,620	2,405,620	10,514,828	10,514,828	10,514,828
Income statement	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	-
US$	504,103	630,129	756,155	1,450,125	1,812,656	2,175,188
Income statement	-	126,026	252,052	-	362,531	725,063
Shareholders' equity	-	-	-	-	-	-
Euro	5,401	6,751	8,102	256,192	320,240	384,288
Income statement	-	1,350	2,701	-	64,048	128,096
Shareholders' equity	-	-	-	-	-	-
Pounds sterling	-	-	-	133	166	200
Income statement	-	-	-	-	33	67
Shareholders' equity	-	-	-	-	-	-
Japonese yen	-	-	-	151	189	227
Income statement	-	-	-	-	38	76
Shareholders' equity	-	-	-	-	-	-
Franco-swiss	-	-	-	1,052	1,315	1,578
Income statement	-	-	-	-	263	526
Shareholders' equity	-	-	-	-	-	-
Venezuelan Strong bolivar	472,237	590,296	708,356	283,568	354,460	425,352
Income statement	-	-	-	-	-	-
Shareholders' equity	-	118,059	236,119	-	70,892	141,784
Canadian Dollar	-	-	-	53	14	17
Income statement	-	-	-	-	3	6
Shareholders' equity	-	-	-	-	-	-
Swedish Krona	-	-	-	11	14	17
Income statement	-	-	-	-	3	6
Shareholders' equity	-	-	-	-	-	-
Colon (functioal currency US$)	2,850	3,563	4,275	28,023	35,029	42,035
Income statement	-	-	-	-	-	-
Shareholders' equity	-	713	1,425	-	7,006	14,012
Euro (functional currency US$)	-	-	-	460	575	690
Income statement	-	-	-	-	115	230
Shareholders' equity	-	-	-	-	-	-
US$ (functional currency US$)	47,471	47,471	47,471	117,724	117,724	117,724
Income statement	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	-

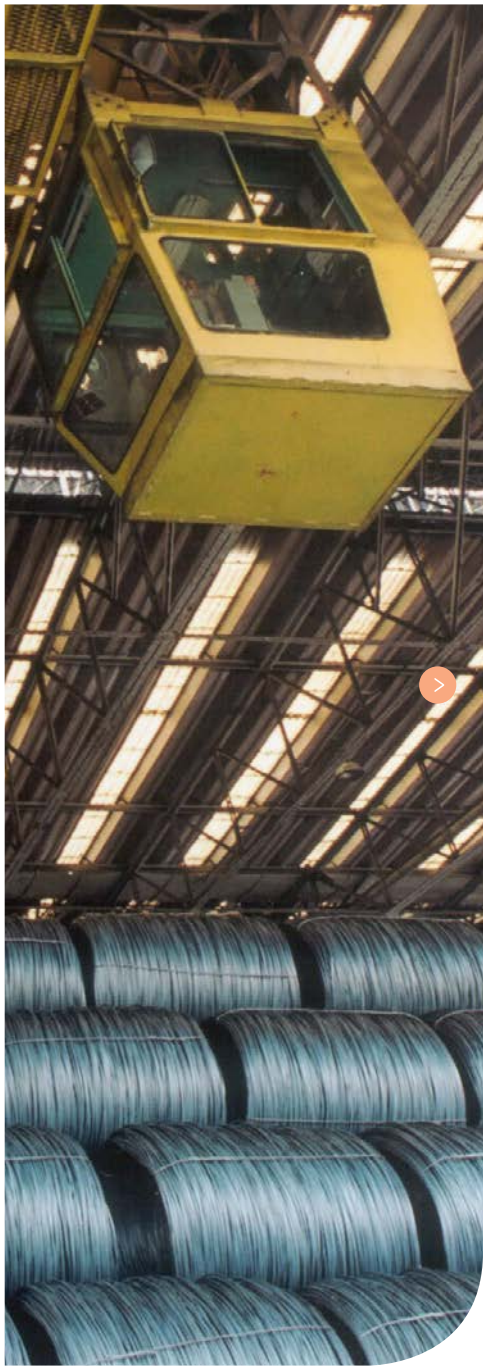
(ii) Interest rate risk

The interest rate risk derives from the impact of interest rate fluctuations on financial assets and financial liabilities.

ArcelorMittal Brasil focuses on modeling the liability flow and the returns on financial instruments included in assets to allow the comparison of the net performance of the available investment alternatives. It is Company policy to invest available funds in the floating rate financial market.

As at December 31, 2013 and 2012, the profile of interest-earning financial instruments of ArcelorMittal Brasil Group was::

	Consolidated	
	2013	2012
Fixed interest rate instruments		
Financial assets	68,841	247,597
Financial liabilities	7,678,525	8,052,543
	7,747,366	**8,300,140**
Variable interest rate instruments		
Financial assets	239,858	760,272
Financial liabilities	752,822	1,640,279
	992,680	**2,400,551**



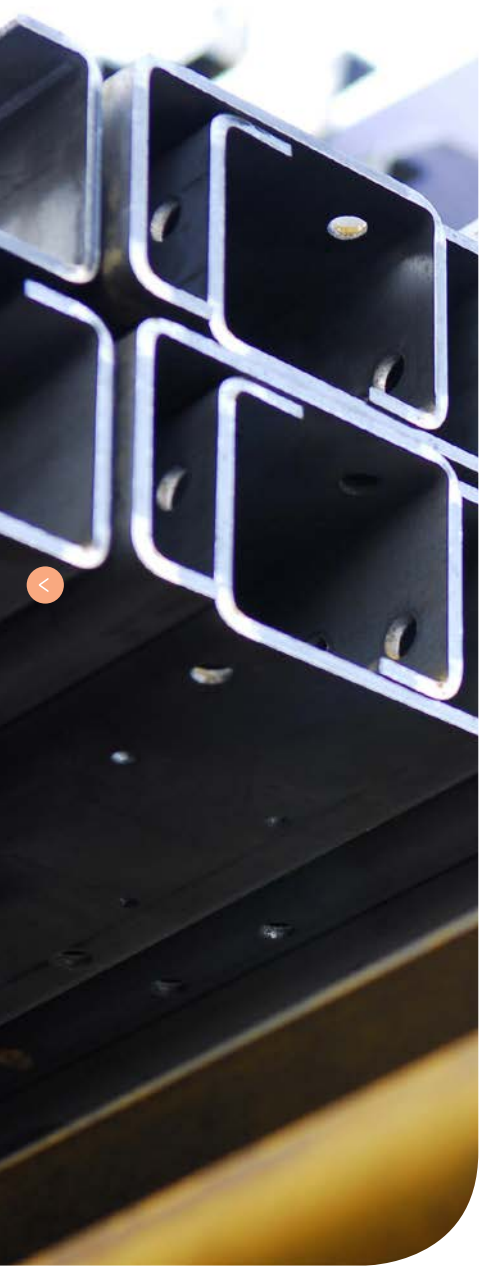
Sensitivity analysis of fair value through profit or loss for the fixed interest rate risk

A change in the scenarios of interest rates as at December 31 would not affect equity and profit or loss for the year for agreements entered into using fixed interest rates.

Sensitivity analysis of cash flow for the variable interest rate risk

The scenarios presented in the sensitivity analysis of cash flow for the interest rate risk were determined by a 25% and 50% depreciation compared to the probable scenario ("Probable Scenario"), considered as "Scenario 1" and "Scenario 2", respectively, in 2013. The Company considered the baseline scenario as at December 31, 2013 as the probable scenario.

	Income statement		
	Probable scenario	Scenario 1	Scenario 2
As of December 31, 2013			
Variable interest rate instruments	18,518	21,750	12,729
Sensitivity cash flow (net)	18,518	21,750	12,729



(iii) Stock price risk

ArcelorMittal Brasil Group's operational investment strategy does not provide for the acquisition of shares issued by publicly-held companies; assets recorded under "Other investments" refer basically to gains (losses) on nationalization programs implemented by the Brazilian government in telephone companies.

The stock price risk derives from fluctuations that stock prices may cause to the financial assets and financial liabilities of ArcelorMittal Brasil Group.

Likewise currency and interest rate risks, Management appreciates prices to analyze the increase (decrease) of equity and profit or loss as at December 31, through the analysis of reasonably possible fluctuations in stock prices as at December 31 against floating market prices.

As at December 31, 2013 and 2012, the profile of financial instruments of ArcelorMittal Brasil Group was:

		Consolidated	
		2013	2012
Financial assets			
OI	Bovespa	54	143
Contax	Bovespa	15	15
Embratel	Bovespa	2	3
Eletrobras	Bovespa	1,494	1,621
Tractebel	Bovespa	1,716	1,592
TIM Participações	Bovespa	28	19
Telesp	Bovespa	172	190
Tele Norte	Bovespa	7	-
		3,488	**3,583**

Sensitivity analysis for stock price risk

Likewise the analysis of scenarios for currency and interest rate risk fluctuations, we present below the fluctuations in stock price risk:

	Consolidated		
	Shareholders' equity		
	Probable scenario	Scenario 1	Scenario 2
Stock price	3,488	4,360	5,232
Shareholders' equity	-	872	1,744
	3,488	**5,232**	**6,976**

d. Capital management

Management, by keeping a solid capital structure to support investor's, lender's and market's trust and the development of future business of ArcelorMittal Brasil Group, has developed policies that allow to monitor returns on capital.

ArcelorMittal Brasil Group's debt-to-capital ratio is as follows:

	Consolidated	
	2013	2012
		Adjusted
Total liabilities	8,158,645	8,368,223
less: cash and cash equivalents	776,715	1,060,423
Net debt	**7,381,930**	**7,307,800**
Shareholders' equity	**14,795,957**	**13,790,313**
Debt-to-capital ratio	**50%**	**53%**

e. Derivative assets and liabilities

ArcelorMittal Brasil Group conducted derivative transactions by translating a major portion of the long-debt debt denominated in Brazilian Reais into US dollars. Accordingly, the fluctuation of the US dollar impacts the Group's profit or loss to a lesser extent.

For short-term transactions, the amounts in Brazilian Reais are not translated in full into US dollar since transactions involving payables and receivables are denominated in Brazilian Reais.

Based on its internal policy, the use of derivatives is restricted to hedge against the Company's potential exposures given the nature of its business. Derivative instruments seek to reduce the volatility of the cash flow and hedge financial liabilities, so that financial income/expense derive from the generation of cash from activities rather than from gains in the financial market.

ArcelorMittal Brasil Group believes that derivative transactions mitigate the exposure to currency fluctuations; therefore, profit or loss is not substantially affected by the remaining portion pegged to other currencies, other than the US dollar. However, the marking-to-market of such instruments is directly affected by the exchange rate at yearend, thus affecting the Group's profit or loss.

To analyze the potential impacts of exchange rate changes on the Company's consolidated profit or loss, the Company applied a 10% fluctuation on the closing exchange rate of the contractual currency, considering appreciation and depreciation, as follows:

		Consolidated				
		Rates		US Dollar fluctuation		
Counterparty	Maturities	Asset	Liability	Recorded	Appreciation (10%)	Depreciation (10%)
				Fair value (market)	Fair value (market)	Fair value (market)
Itaú BBA	01/2013 to 10/2014	Selic rate	US Dollar exchange + 3,25% p.a.	(13,130)	(18,356)	(7,904)
HSBC/Bradesco/ BTG Pactual and Others	04/2017 to 05/2018	Average rate of 7,9% p.a.	US Dollar exchange + 1,48% p.a.	(161,030)	(228,318)	(93,742)
Santander/HSBC	01/2014 to 05/2014	BRL	USD	(9,693)	(87,794)	68,409

Derivative transactions include cash flow hedge, interest rate swaps, currency swaps and currency futures agreements, as already mentioned.

(i) Currency and interest rate swaps

The Company's derivative transactions are described below:

				Consolidated								
		Rates		Notional amount				Fair value (market)				Gain/(loss) in net income for the period
Counterparty	Maturity	Asset	Liability	2013		2012		2013		2012		
				Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	2013
HSBC/Bradesco/BTG Pactual and Other	04/2017 to 05/2018	Average rate of 7.9% p.a.	US Dollar exchange + 1.48% p.a.	511,848	665,863	675,918	734,499	510,449	671,479	675,793	729,079	(80,942)
Itaú BBA	01/2013 to 10/2014	Selic rate	US Dollar exchange + 3.25% p.a.	39,042	51,408	79,353	95,646	39,183	52,313	79,376	97,217	(6,409)
Santander/Bradesco/Itaú BBA		Average rate of 9.64% p.a.	US Dollar exchange + average rate of 4.25% p.a.	-	-	600,944	592,411	-	-	603,613	595,227	(32,879)
Total				**550,890**	**717,271**	**1,356,215**	**1,422,556**	**549,632**	**723,792**	**1,358,782**	**1,421,523**	**(120,230)**

In the same period the Company conducted derivative transactions, by translating transactions denominated in Brazilian reais into US dollars the transactions of maturity extension of trade accounts payable, the Installment Payment of the Federal Amnesty (Refis IV) and the BNDES debt.

(ii) Currency Hedge

The Company conducted derivative transactions that convert into reais US dollar-denominated trade payables postponement transactions, using non-deliverable forwards (NDFs) as instrument.

The Company's NDF transactions are as follows:

				Consolidated								
		Rates		Notional amount				Fair value (market)				Gain/(loss) in net income for the period
Counterparty	Maturity	Asset	Liability	2013		2012		2013		2012		
				Posição Ativa	Posição Passiva	Posição Ativa	Posição Passiva	Posição Ativa	Posição Passiva	Posição Ativa	Posição Passiva	2013
Santander/HSBC	01/2014 a 05/2015	BRL	USD	785,182	776,742	6,413	7,112	771,319	781,012	6,363	6,749	(50,316)
Total				**785,182**	**776,742**	**6,413**	**7,112**	**771,319**	**781,012**	**6,363**	**6,749**	**(50,316)**

f. Accounting classification and fair values

The criteria for measurement of the fair value of financial instruments are based on the adoption of market curves of each derivative adjusted to at present value on the measurement date. The methods and assumptions take into account the interpolation of curves according to the market.

The amounts are determined based on market models and quotations that take into account present or future market conditions. As a result, the estimates presented below are not necessarily indicative of the amounts that could be realized in the current market

The fair values of non-derivative financial assets and financial liabilities and the carrying amounts in the consolidated financial statements of ArcelorMittal Brasil Group are:

As of December 31, 2013	Held to maturity	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	-	776,715	-	776,715	776,715
Held-to-maturity investments	5,519	-	-	5,519	5,519
Trade accounts receivable	-	1,874,396	-	1,874,396	1,874,396
Receivables from related parties	-	491,836	-	491,836	491,836
Other financial assets	-	271,998	-	271,998	271,998
	5,519	**3,414,945**	**-**	**3,420,464**	**3,420,464**
Trade accounts payable	-	-	2,404,088	2,404,088	2,404,088
Financing	-	-	8,138,990	8,138,990	10,121,171
Debentures	-	-	19,655	19,655	23,301
Payables to related parties	-	-	1,145,236	1,145,236	1,145,236
Other financial liabilities	-	-	750,696	750,696	750,696
	-	**-**	**12,458,665**	**12,458,665**	**14,444,492**

As of December 31, 2012	Held to maturity	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	-	1,060,423	-	1,060,423	1,060,423
Held-to-maturity investments	2,584	-	-	2,584	2,584
Trade accounts receivable	-	1,412,806	-	1,412,806	1,412,806
Receivables from related parties	-	190,341	-	190,341	190,341
Other financial assets	-	131,235	-	131,235	131,235
	2,584	**2,794,805**	**-**	**2,797,389**	**2,797,389**
Trade accounts payable	-	-	2,825,017	2,825,017	2,825,017
Financing	-	-	8,345,949	8,345,949	8,553,313
Debentures	-	-	22,274	22,274	18,562
Payables to related parties	-	-	1,446,094	1,446,094	1,446,094
Other financial liabilities	-	-	928,844	928,844	928,844
	-	**-**	**13,568,178**	**13,568,178**	**13,771,830**

g. Fair value hierarchy

ArcelorMittal Brasil Group sets a three-level fair value hierarchy, which prioritizes inputs for fair value measurement by an entity in order to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Level 2 - Other inputs available, other than those included in Level 1, where prices are quoted (unadjusted) for similar assets and liabilities in non-active markets, or other input that is available or may be corroborated by market inputs for substantially the full term of the asset or liability.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) because market activity is insignificant or does not exist to measure the fair value of assets and liabilities.

The financial assets and financial liabilities of ArcelorMittal Brasil Group measured at fair value on a recurring basis, including private bonds and derivatives or subject to disclosure, are as follows:

	Fair Value Hierarchy					
	Level 1		Level 2		Level 2	
	2013	2012	2013	2012	2013	2012
Asset						
Cash and cash equivalents	-	-	776,715	1,060,423	-	-
Held-to-maturity investments	-	-	5,519	2,584	-	-
Trade accounts receivable	-	-	1,874,396	1,412,806	-	-
Receivables from related parties	-	-	491,836	190,341	-	-
Other financial assets	4,623	4,719	267,375	126,516	-	-
Swap contracts and other	-	-	17,218	24,783	-	-
	4,623	**4,719**	**3,433,059**	**2,817,453**	**-**	**-**
Liability						
Trade accounts payable	-	-	2,404,088	2,825,017	-	-
Financing	-	-	10,121,171	8,553,313	-	-
Debentures	-	-	23,301	18,562	-	-
Payables to related parties	-	-	1,145,236	1,446,094	-	-
Other financial liabilities	-	-	750,696	928,844	-	-
Swap contracts and other	-	-	193,683	87,902	-	-
	-	**-**	**14,638,175**	**13,859,732**	**-**	**-**
	4,623	**4,719**	**18,071,234**	**16,677,185**	**-**	**-**

There was no transfer between levels 1, 2 and 3 in 2013 and 2012.

24. Income tax and social contribution

a. Income tax and social contribution

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Income before income tax, social contribution, legal reserves and noncontrolling interest	**385,157**	**25,975**	**821,132**	**257,557**
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution at tax rate	**130,953**	**8,832**	**279,185**	**87,569**
Adjustments to net income				
Effects on net income of additions (deductions) that do not generate tax credits				
Effects of Law 11638 (mainly functional currency)	-	279,300	(554)	332,482
Recognition (derecognition) of tax loss carryforwards	(56,967)	866,450	(3,241)	859,170
Equity in subsidiaries/affiliates	50,349	(86,090)	-	(71)
Taxation of profits abroad	(79,679)	(10,093)	(79,679)	(10,093)
Goodwill of investments disposed	-	(45,436)	-	(45,436)
Cost of disposal of investments	-	(51,080)	-	(51,080)
Interest on own capital received	10,598	7,859	-	-
Tax Amnesty Law 12865/2013	7,359	-	237,483	-
Grants and donations	5,506	6,198	6,491	6,949
Others	20,736	(474)	(5,506)	(46,512)
Income tax and social contribution computed	**88,855**	**975,466**	**434,179**	**1,132,978**
Effective rate	23%	3755%	53%	440%
Current income tax and social contribution	**53,462**	**563**	**430,984**	**105,527**
Deferred income tax and social contribution	**35,393**	**974,903**	**3,195**	**1,027,451**

b. Deferred income tax and social contribution

	Company				Consolidated			
	Balances as of 12/31/2012	Income statement	Additions / write-offs	Balances as of 12/31/2013	Balances as of 12/31/2012	Income statement	Additions / write-offs	Balances as of 12/31/2013
Noncurrent assets								
Tax loss carryforwards	1,696,503	34,172	(353,112)	1,377,563	1,780,854	30,236	(361,046)	1,450,044
Recoverable from temporary differences	509,314	(29,101)	3,468	483,681	563,381	7,820	(29,621)	541,580
Effects of Law 11638 - functional currency	-	-	-	-	11,327	(396)	-	10,931
Profits abroad	86,007	126,605	(52,369)	160,243	86,007	126,605	(52,363)	160,249
Plano Verão ("Summer Plan") and others	29,625	(3,458)	-	26,167	29,622	(3,458)	-	26,164
Others Effects of Law 11638	11,830	-	272	12,102	14,021	(1,022)	-	12,999
Total noncurrent assets	**2,333,279**	**128,218**	**(401,741)**	**2,059,756**	**2,485,212**	**159,785**	**(443,030)**	**2,201,967**
Noncurrent liabilities								
Temporary differences	39,328	-	(3,369)	35,959	229,211	12,759	2,228	244,198
Unrealized invetory profit	-	-	-	-	(15,410)	(8,893)	15,572	(8,731)
Effects of Law 11638 - functional currency	655,679	(52,167)	596	604,108	656,905	(52,208)	(127)	604,570
Effects of Law 11638 - goodwill amortization	1,176,027	158,444	-	1,334,471	1,176,027	157,700	-	1,333,727
Effects of Law 11638 - others*	1,067,585	57,334	944	1,125,863	1,190,208	53,622	127	1,243,957
Total noncurrent liability	**2,938,619**	**163,611**	**(1,829)**	**3,100,401**	**3,236,941**	**162,980**	**17,800**	**3,417,721**
Income statement effect		**(35,393)**				**(3,195)**		
Total noncurrent asset	**-**			**-**	**22,296**			**22,064**
Total noncurrent liability	**605,340**			**1,040,645**	**774,025**			**1,237,818**

** It refers mainly to the difference between the fiscal depreciation rates and the depreciation based on the IFRS rules - R$ 585,272 and deemed cost ICPC 10 - R$ 602,002 recorded in the Parent company.*

ArcelorMittal Brasil Group, based on the expected generation of future taxable income, determined in a technical study approved by Management, recognized in 2013 a tax credit on tax loss carry forwards of R$34,174 (Parent) and R$37,317 (consolidated). The remaining balance of credits does not expire and their offset is limited to 30% of annual taxable income. Unrecognized tax credits on tax loss carryforwards total R$714,650 (Parent) and R$779,689 (consolidated).

Income tax and social contribution credits on the temporary differences recorded in noncurrent assets will be realized at the same time frame of the liabilities that originated them.

(i) Provisional Act 627/13

The enactment of Provisional Act 627/13 (MP 627/13) introduced several changes as regards the taxation of operations derived from change in accounting policies due to the application of the standards set forth by Law 11638/07 and Law 11941/09, and the resulting CPCs.

The Company and its subsidiaries intend to elect the early application of the provisions of MP 627/13 in 2014, pursuant to the standards to be disclosed by the Federal Revenue Service; however, the Company awaits the that the Provisional Act be passed into Law to complete its analysis.

The Company and its subsidiaries' management has not identify any material impacts derived from MP 627/13 that should be reflected in the financial statements for the year ended December 31, 2013.

25. Related-party transactions

The balances and most significant transactions with related parties, included in the individual and consolidated financial statements as at December 31, 2013 and 2012, are summarized as follows:

Company	Balances								Transactions					
	Current assets		Noncurrent assets		Current assets		Noncurrent assets		Sales		Purchases		Other income (expenses)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Acindar Industria Argentina	9,005	94,893	-	-	68,159	23,091	-	-	29,960	6,843	123,085	228,278	-	-
AM Mining	16,042	-	-	-	-	-	-	-	31,744	-	-	-	-	-
APERAM CONSO	725	5,026	-	-	3,695	12,489	-	-	15,759	2,127	48,063	35,701	-	3
ArcelorMittal Ausbras SL	-	-	-	-	110,208	92,701	-	-	-	-	-	-	-	-
ArcelorMittal Basque Holding S.L.	-	-	-	-	-	-	745,147	628,034 (i)	-	-	-	-	(23,367)	(572,395)
ArcelorMittal Bioflorestas	811	1,181	-	-	6,792	4,007	-	-	318	284	161,148	139,817	7	(195)
ArcelorMittal Comercializadora de Energia Ltda.	158	172	-	-	35,611	-	-	-	-	-	232,125	184,091	(71)	(179)
ArcelorMittal Commercial RPS SàrL	2,072	1,865	-	-	22,948	22,780	-	-	-	-	46,086	22,628	790	-
ArcelorMittal Commercial Sections S.A.	135	118	-	-	6,215	3,702	-	-	-	-	25,596	14,524	-	-
ArcelorMittal Distribution Services France	-	-	-	-	-	-	-	-	-	31,464	-	-	-	-
ArcelorMittal France	103	90	-	-	68,841	57,891	-	-	-	-	-	-	-	-
ArcelorMittal Gonvarri Brasil Produtos Siderurgicos S.A.	36,058	37,982	-	-	776	314	-	-	329,571	243,738	7,825	3,018	3	-
ArcelorMittal International Luxembourg S.A.	91,484	35,554	-	-	4,087	1,261	-	-	660,462	1,157,198	16,116	383	(1,476)	(2,015)
ArcelorMittal Investigación y Desarrollo, SL	250	218	-	-	9,519	8,086	-	-	-	-	-	-	(32,858)	(29,468)
ArcelorMittal Luxembourg S.A.	-	-	-	-	4,603	8,824	-	-	-	-	-	-	(8,741)	(6,144)
ArcelorMittal Mineração Serra Azul S.A.	18,931	6,210	-	-	764	2,210	-	-	39,042	15,389	6,719	11,577	18	572
ArcelorMittal Point Lisas Limited	-	18,974	-	-	-	-	-	-	-	-	-	13,779	(22,758)	-
ArcelorMittal Projects America do Sul Comércio	31,975	9,437	-	18,409	1,624	-	-	-	92,313	28,535	5,020	1,797	1,419	1,677
ArcelorMittal Purchasing	-	-	-	-	1,305	1,339	-	-	-	-	-	-	(1,119)	(1,203)
ArcelorMittal S.A.	1,386	1,450	-	-	1,709,277	876,269 (ii)	4,786,080	5,620,172 (ii)	-	-	-	-	(669,648)	(93,153)
ArcelorMittal Singapore (Consolidated)	4,982	1,929	-	-	-	-	-	-	-	47,483	-	-	-	-
ArcelorMittal Sistemas S.A.	409	449	-	-	6,030	6,863	-	-	-	-	-	-	(43,401)	(39,343)
ArcelorMittal Sourcing	2,261	1,005	-	-	224,091	1,064,518	-	-	-	-	1,324,236	1,704,758	1,025	885
ArcelorMittal Spain Holding S.A.	996	319	347,368	-	254,354 (iv)	213,948	-	-	-	-	-	-	-	(2,800)
ArcelorMittal Treasury Financial Services S.à r.l. -	-	-	-	-	2,661	-	728,800	- (ii)	-	-	-	-	(2,661)	-
ArcelorMittal Tubarão Comercial S.A.	197,855	75,205		-	1,635	5,254 (ii)	-	-	1,180,124	1,023,131	155,219	70,717	7,334	1,596
Belgo Bekaert Arames Ltda.	113,619	78,495	-	-	23,879	22,556	-	-	1,114,580	935,845	157,812	172,661	(14)	22,007
BMB Belgo-Mineira Bekaert	8,847	9,421	-	-	5,139	92	-	-	89,229	87,479	694	362	101	85
CST Corporation BV	-	-	-	-	-	1,162,497 (iii)	-	-	-	-	-	-	(7,933)	(49,719)
Industrias Unicon CA	82,092	63,246	-	-	4	-	-	-	124,213	62,793	-	-	-	-
Itauna Siderúrgica Ltda	-	651	-	-	-	6,285	-	-	341	446	31,876	44,030	1,406	827
Kiswire ArcelorMittal Ltd	1,526	950	-	-	-	-	-	-	19,310	14,816	-	-	-	-
Manchester Tubos e Perfilados S.A.	33,453	37,628	-	80,169	2,893	3,256	-	-	182,718	207,127	99,181	94,767	4,659	7,695
Paul Wurth S.A.	-	-	-	41,874	-	328	-	-	-	-	-	-	-	(570)
Paul Wurth do Brasil Tec. e.Equip. para Metalurgica Ltda.	-	-	-	21,309	-	1,059	-	-	-	-	-	-	-	-
Perfilor S.A. Construções Industria e Comércio	11,567	11,343	-	-	146	146	-	-	29,857	24,914	-	-	529	751
Sol Coqueria Tubarão	117	196	-	-	8,243	17,758	-	-	-	-	-	4,275	(91,113)	(97,190)
Others	15,930	12,862	10,964	18,106	17,439	19,062	-	-	128,744	1,361	17,524	9,665	4,837	3,048
TOTAL OF 12/31/2013	**682,789**	**506,869**	**358,332**	**179,867**	**2,600,938**	**3,638,586**	**6,260,027**	**6,248,206**	**4,068,285**	**3,890,973**	**2,458,325**	**2,756,828**	**(883,032)**	**(855,228)**

(i) Refers mainly to intercompany loans. (ii) Refers mainly to financing. (iii) Refers to intercompany loans and financing. (iv) Refers to acccounts receivable related to the tax amnesty Law 12865/2013 (note 26c)

Consolidado	Balances								Transactions					
	Current assets		Noncurrent assets		Current assets		Noncurrent assets		Sales		Purchases		Other income (expenses)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Acindar Industria Argentina	13,047	97,073	-	-	68,209	27,989	-	-	33,728	9,106	123,085	262,008	(301)	244
AM Mining	16,042	239	-	-	-	-	-	-	31,774	229	-	-	-	-
APERAM CONSO	2,094	6,490	-	-	11,962	20,603	27,316	35,142	20,762	14,156	48,390	35,701	-	3
Arcelor International Singapore Private	-	-	-	-	-	-	-	-	128,226	-	-	-	-	-
ArcelorMittal Ausbras SL	-	-	-	-	110,208	92,701	-	-	-	-	-	-	-	-
ArcelorMittal Basque Holding S.L.	-	-	-	-	-	-	745,147	628,034 *(i)*	-	-	-	-	(23,367)	(572,395)
ArcelorMittal Treasury Financial Services S.à r.l. -	-	-	-	-	2,661	- *(ii)*	728,800	- *(ii)*	-	-	-	-	(2,661)	-
ArcelorMittal Commercial RPS SàrL	2,072	1,865	-	-	22,948	22,780	-	-	-	-	46,086	23,240	790	-
ArcelorMittal Commercial Sections S.A.	135	118	-	-	8,122	3,702	-	-	-	-	31,084	15,039	-	-
ArcelorMittal Flat Carbon Europe	7	15	-	-	2,839	5,045	-	-	-	-	23,200	16,130	-	-
ArcelorMittal France	103	90	-	-	68,841	57,891	-	-	-	-	-	-	-	-
ArcelorMittal Gonvarri Brasil Produtos Siderúrgicos S.A.	53,702	52,450	-	-	2,095	2,093	-	-	518,995	478,669	29,515	21,988	3	-
ArcelorMittal International Luxembourg S.A.	91,484	35,554	-	-	38,893	45,149	-	-	660,462	1,157,198	36,732	118,253	(1,936)	(2,052)
ArcelorMittal Investigación y Desarrollo, SL	250	218	-	-	9,519	8,086	-	-	-	-	-	-	(32,858)	(29,890)
ArcelorMittal Mineração Serra Azul S.A.	18,993	6,274	31,970	-	764	2,210	-	-	39,723	16,306	6,719	11,577	608	895
ArcelorMittal Point Lisas Limited	442	19,296	-	-	24,604	13,515	-	-	1,542	1,186	178,690	163,187	(22,758)	-
ArcelorMittal Projects America do Sul Comércio	31,976	9,501	-	23,085	1,624	-	-	-	92,373	28,790	5,020	1,797	1,785	1,832
ArcelorMittal S.A.	1,386	1,450	-	-	1,709,718	876,375 *(ii)*	4,786,080	5,620,172 *(ii)*	-	-	-	-	(671,849)	(94,290)
ArcelorMittal Singapore (Consolidated)	4,982	1,929	-	-	-	-	-	-	-	47,483	-	-	-	-
ArcelorMittal Sourcing	2,895	1,348	-	-	224,277	1,066,375	-	-	-	-	1,324,236	1,866,162	1,025	885
ArcelorMittal Spain Holding S.A.	996	319	347,368	- *(iv)*	254,354	213,948	-	-	-	-	-	-	-	(2,800)
ArcelorMittal Treasury	-	-	-	-	100,263	19,026 *(i)*	-	87,953	-	-	-	-	(315)	234
ArcelorMittal Tubular Products Iasi S.A.	-	-	-	-	-	35,418	27,716	-	-	-	-	35,418	-	-
ArcelorMittal Tubular Products Roman S.A.	-	-	-	-	-	31,753	27,006	-	-	-	2,809	31,753	-	-
CST Corporation BV	-	-	-	-	-	1,162,497 *(iii)*	-	-	-	-	-	-	(7,933)	(49,719)
Kiswire ArcelorMittal Ltd.	1,526	950	-	-	-	-	-	-	19,310	14,816	-	-	-	-
Manchester Tubos e Perfilados S.A.	34,015	37,797	83,869	80,169	4,827	3,827	-	-	184,740	210,424	107,325	103,276	7,431	7,724
Paul Wurth SA	-	-	-	41,874	-	328	-	-	-	-	-	-	-	(570)
Paul Wurth do Brasil Tec. e.Equip. para Metalurgica Ltda.	-	-	-	21,309	-	1,059	-	-	-	-	-	-	-	-
Perfilor S.A. Construções Industria e Comércio	11,567	11,343	-	-	146	146	-	-	29,857	24,914	-	-	529	751
Others	15,254	11,828	-	-	24,195	25,209	39,892	6,392	10,864	44,315	26,665	39,621	(11,887)	(356)
Total of 12/31/2013	**302,968**	**296,147**	**463,207**	**166,437**	**2,691,069**	**3,737,725**	**6,381,957**	**6,377,693**	**1,772,356**	**2,047,592**	**1,989,556**	**2,745,150**	**(763,694)**	**(739,504)**

(i) Refers mainly to intercompany loans. (ii) Refers mainly to financing. (iii) Refers to intercompany loans and financing. (iv) Refers to acccounts receivable related to the tax amnesty Law 12865/2013 (note 26c)

Due from related parties arise mainly from sales transactions and mature within no more than 30 days. Trade receivables are not collateralized and are subject to interest. As at December 31, 2013 and 2013, no allowance for doubtful accounts was recognized for due from related parties. Sales of products to related parties are made according to terms and conditions agreed between the parties.

Due to related parties classified as trade payables arise mainly from purchase of inputs and mature within no more than 45 days after the purchase date. Due to related parties are subject to interest. Purchases are made at normal market prices.

Other amounts classified as other due to/ from related parties refer mainly to interest expenses incurred upon default in purchase and sale transactions and interest arising from intercompany loan agreements.

ArcelorMittal Brasil Group did not offered guarantees to its subsidiaries in the year ended December 31, 2013 (R$974 in 2012) . ArcelorMittal Brasil group companies did not offer guarantees to third parties as at December 31, 2013 and 2012.

a. Key management personnel compensation

Compensation paid or payable to key management personnel is as follows:

	Company		Consolidated	
	2013	2012	2013	2012
Short-term benefits to administrators	18,748	10,755	26,030	20,542
Post-employment benefits	2,969	2,028	3,526	2,630
Other long term benefits	-	-	938	2,600
Benefits of termination of employment contract	93	4,138	758	5,518
Share-based compensation	3,163	5,252	3,163	5,252
	24,973	**22,173**	**34,415**	**36,542**

The amounts above are disclosed in the income statement under "General and administrative expenses".

ArcelorMittal Group maintains a share-based payment plan whose benefits are extended to some of its executives in Brazil. The amount recognized in profit (loss) in 2013 was R$3,163 (R$5,252 in 2012).

The fair value of options granted calculated on the grant date is recognized on a straight-line basis as expense in profit or loss for the year over the vesting period, based on ArcelorMittal Brasil Group's estimates on which options granted will become eventually vested, with a corresponding increase in equity. The fair value of each grant of common stock options in ArcelorMittal S.A is measured by using the Black-Scholes-Merton pricing model (based on the grant year).

The option exercise expectation is estimated based on the observation of the behavior of the holder relatively to the duration of ArcelorMittal's stock option plans. Additionally, the annual expected volatility was calculated based on the volatility implied in the options available on ArcelorMittal's shares in the money market as well as on historical volatility standards.

26. Provision for tax, civil and labor risks and escrow deposits

Known risks, originated over the normal course of business, are reviewed by Company's management. They are supported, by an opinion from its legal counsel, assesses the likelihood of losses adjusting the reserve for risks as applicable.

The change in the provision for the year is as follows:

Company	Tax					
	Income taxes	Other taxes	Civil	Labor	Environmental	TOTAL
Balance as of 12/31/2012	**72,135**	**203,747**	**43,315**	**88,437**	**2,501**	**410,135**
Addition	3,317	10,611	13,165	41,458	-	68,551
Write-off/payments	(9,537)	(10,691)	(12,437)	(42,027)	(2,501)	(77,193)
Monetary update	5,530	2,936	3,841	15,803	-	28,110
Merger	-	-	-	105	-	105
Balance as of 12/31/2013	**71,445**	**206,603**	**47,884**	**103,776**	**-**	**429,708**
Current	-	-	-	70,445	-	70,445
Noncurrent	71,445	206,603	47,884	33,331	-	359,262
Balance as of 12/31/2013	**71,445**	**206,603**	**47,884**	**103,776**	**-**	**429,708**

Consolidated	Tax					
	Income taxes	Other taxes	Civil	Labor	Environmental	TOTAL
Balance as of 12/31/2012	**96,204**	**264,949**	**59,577**	**126,696**	**2,501**	**549,927**
Addition	6,855	12,982	22,519	85,255	-	127,611
Write-off/payments	(15,204)	(24,500)	(22,575)	(67,374)	(2,501)	(132,154)
Monetary update	8,076	10,533	8,346	8,879	-	35,834
Merger	-	-	-	105	-	105
Balance as of 12/31/2013	**95,931**	**263,964**	**67,867**	**153,561**	**-**	**581,323**
Current	5,168	3,700	347	81,192	-	90,407
Noncurrent	90,763	260,264	67,520	72,369	-	490,916
Balance as of 12/31/2013	**95,931**	**263,964**	**67,867**	**153,561**	**-**	**581,323**

a. Probable riskss

The main tax and civil lawsuits for which the Company recorded provisions are:

- PIS/COFINS (Taxes on Revenue): R$151,122 as of December 31, 2013 (R$150,793 as of December 31, 2012). The challenges involve mainly the inclusion of state VAT (ICMS) in these taxes' taxable base. The group's consolidated amount totals R$167,532 as of December 31, 2013.
- CSLL/IRPJ: Amount of R$95,931 as of December 31, 2013 (R$96,204 as of December 31, 2012). The challenges involve mainly the offset of tax losses carryforward and late payment fine in cases of voluntary payments.
- ICMS: As of December 31, 2013, this amount totals R$21,176 (R$19,486 as of December 31, 2012). The challenges discuss ICMS on inputs used in the Company's production process;
- SOCIAL SECURITY LAWSUITS: Amount of R$5,294 as of December 31, 2013 (R$11,150 as of December 31, 2012). The challenges involve mainly the levy of social security contributions on payments made to self-employed workers.
- CIVIL LAWSUITS - Consist mostly of lawsuits claiming indemnity for occupational diseases and accidents, as well as the termination of sales and service agreements.
- LABOR LAWSUITS - The Company and its subsidiaries are defendants in several labor lawsuits, including pain and suffering, and property and aesthetic damages. The provision for unfavorable outcomes is recognized on a case-by-case basis, considering the Company's legal counsel's opinion on the likelihood of loss.

Escrow deposits recorded in the Company's long-term assets total R$467,472 as of December 31, 2013 and R$457,899 as of December 31, 2012 (R$572,189 and R$543,311 in consolidated, respectively) are related to civil, labor and tax lawsuits.

b. Possible risks

The Company and its subsidiaries are also parties to various civil, labor and tax lawsuits in progress which, based on the current likelihood of favorable outcome and legal aspects, do not require a reserve for contingencies. As of December 31, 2013, these lawsuits amounted to approximately R$5,003,193 (R$4,322,827 as of December 31, 2012).

The main lawsuits with possible likelihood of loss are:

- CADE: In September 2000 two construction organizations filed a complaint with the Administrative Council for Economic Defense (CADE) against three long steel producers, including ArcelorMittal Brasil. The complaint alleged that these steel producers had conspired to increase rebar prices in Brazil, in violation of the relevant antitrust laws. In September 2005, the CADE issued a final decision unfavorable to ArcelorMittal Brasil. ArcelorMittal Brasil appealed against this decision in Federal courts. In September 2006 ArcelorMittal Brasil filed a guarantee letter and was granted an injunction that suspends the decision implementation until a court decision is reached. Lawsuit amount as at December 31, 2013: R$133,877.

  The Federal Public Prosecution Office filed a lawsuit against ArcelorMittal Brasil claiming the áyment of damages as a result of the violations investigated by the CADE. Lawsuit amount as at December 31, 2013: R$154,889.

  In February 2011 four members of the Construction Industry Association ("SINDUSCON"), which are construction industry organizations, filed a lawsuit against ArcelorMittal Brasil with Federal courts in Brasilia, claim compensation for loss cause by an alleged rebar cartel, as investigated by the CADE and described above.

- SOCIAL SECURITY LAWSUITS - Challenges mainly related to the levy of INSS on non-compensatory amounts, in addition to the challenges regarding the employment relationship of service providers and contributions to the Worker Support Service (SAT) in the estimated amount of R$266,711 as of December 31, 2013 (R$213,691 as of December 31, 2012).

- PIS and COFINS (Taxes on Revenue) - Refer mainly to differences related to the levy of these taxes on i)exchange rate changes and challenges relating to offsets of these taxes and ii) payment of services provided abroad in 2007 and 2008, in the estimated amount of R$360,415 as of December 31, 2013 (R$333,283 as of December 31, 2012).

- II/IPI/PIS/COFINS - R$99,004 as at December 31, 2013 (R$132,417 as at December 31, 2012). Tax assessment notices were issued, ruling out the Drawback Regime under the International Bid category obtained by the Company's suppliers based on the allegation that the import would have been carried out in breach of said regime.

- IRPJ and CSLL - R$2,581,054 as at December 31, 2013 (R$1,848,008 as at December 31, 2012). The lawsuits filed to claim these taxes arise mainly from the tax assessment notices issued:

  i) with respect to the goodwill arising from the acquisition of a steel plant by and the going private process of Arcelor Brasil, relating to calendars 2007 and 2010, as well as the disallowance of the exchange rate changes and expenses concerning the funds raised through export prepayments, which were used to acquire the shares of Arcelor Brasil in the estimated amount of R$2,247,973.

- ISS - R$99,119 as at December 31, 2013 (R$90,581 as at December 31, 2012). The challenges arise mainly from differences about the nature of the services engaged by the Company, as well as about application of the agreement entered into among the municipalities of Serra and Vitória and the Company in 2004, so as to define the competent taxing municipality, since the Company is geographically located in both municipalities.

- ELETROBRÁS - R$80,010 as at December 31, 2013 (R$74,267 as at December 31, 2012). Challenges involve mainly the collection of compulsory loan on power consumption.

- CIVIL LAWSUITS - not accrued, whose likelihood of loss is assessed as possible, in the amount of R$421,016 as at December 31, 2013 (R$163,859 as at December 31, 2012). Consist mainly of lawsuits claiming indemnity for occupational diseases and accidents, as well as the termination of sales and service agreements.

- LABOR LAWSUITS - not accrued, whose likelihood of loss is assessed as possible, in the amount of R$192,083 as at December 31, 2013 (R$275,045 as at December 31, 2012), concerning various labor claims, i.e., property damages and pain and suffering, overtime, commuting hours, hazardous duty premium and severance pay.

c. Federal Amnesty – REFIS IV

On December 9, 2010 ArcelorMittal Tubarão Comercial S.A. ("ArcelorMittal Tubarão"), formerly Companhia Siderúrgica de Tubarão ("CST"), following the spin-off of approximately 95% of its net assets assigned to ArcelorMittal Brasil in 2008, received a tax assessment notice from the Federal Revenue Service (RFB) related to the profits earned by its subsidiary CST Corporation BV, headquartered in the Netherlands, which includes the sales profits earned by CST in Madeira, Portugal, and Cayman Island in the year of 2005. The RFB added CST Corporation BV profits to CST"s taxable income. However, no tax was collected since the amount added was fully offset by the CST's tax loss carryforwards. The Company filed its defense in January 2011. On March 23, 2011, ArcelorMittal Tubarão Comercial S.A. received another tax assessment notice for the 2006 and 2007 profits of CST Corporation BV, amounting to R$ 518 million, including the recalculation of the tax basis taking into account the offset of tax loss carryforwards related to the first tax assessment. ArcelorMittal Tubarão filed its defense in April 2011. The first administrative level issued a decision that confirms the tax assessments against and the Company filed an appeal against this decision in April 2012. On November 29, 2013, ArcelorMittal Tubarão joined the amnesty provided for by Article 40 of Law 12865/2013, to settled the second tax assessment, but maintained the challenge of the first tax assessment since joining the related amnesty would have any practical effects as said tax assessment does not entail any tax debt. ArcelorMittal Tubarão will pay R$357 million under this program, of which R$34 million was paid in cash, R$186 million was settled with the offset of tax loss carryforwards, and R$ 137 million will be paid in 179 monthly cash installments. The balance payable adjusted using the SELIC rate as at December 31, 2013 is R$137 million.

On August 12, 2013, the tax representative of ArcelorMittal Spain Holding ("AMSH") received a tax assessment in the amount of R$491 million (principal, fine and interest) on the alleged capital gain on the acquisition of ArcelorMittal Mineração Serra Azul (formerly London Mining Company) by AMSH in August 2008. The tax assessment declares, among other parties, ArcelorMittal Brasil as jointly and severally liable for the tax payable. On September 10, 2013, AMSH and the other defendants filed their defense with an administrative court. On December 27, 2013, ArcelorMittal Brasil, and jointly and severally liable for the tax payable, joined the amnesty provided for by Article 17 of Law 12865/2013, to settled the litigation. ArcelorMittal Brasil will pay R$345 million under this program, of which R$157 million will be paid in cash paid in cash and R$188 million will be paid in 180 monthly installments. The balance payable adjusted using the SELIC rate as at December 31, 2013 is R$188 million. The amount paid by ArcelorMittal Brasil will be fully reimbursed by AMSH

27. Non-cash transactions

During 2013 and 2012, the Company carried out the following investing and financing activities not involving cash; therefore, these transactions are not reflected in the statement of cash flows:

- Decommissioning of Andrade mine in the amount of R$7,636 in 2013 pursuant to the appraisal report issued by the technical area (R$3,607 in 2012).
- Capital increase in subsidiary ArcelorMittal Comercial Tubarão amounting to R$179,840 offset against the AMTC's sundry outstanding in the same amount.
- The borrowing costs capitalized in the period amount to o R$25,037 in 2013 (R$11,455 in 2012).
- The balance of property, plant and equipment and the corresponding accounts payable in 2013 was R$323,192 (R$155,180 in 2012).
- Finance lease of subsidiary AM BioFlorestas in 2013 amounting to R$11,006

28. Commitments

ArcelorMittal Brasil assumed several commitments with suppliers deriving from the normal course of the Company's activities in the amount of R$5,857,499. These commitments, directly impacting ArcelorMittal Brasil Group's liquidity and funds available, are expected to be met beginning 2014, as shown below:

	Company				
	TOTAL	< 1 YEAR	1 -3 YEAR	3 -5 YEAR	> 5 YEAR
Commitments to suppliers	3,166,113	528,593	1,012,500	693,003	932,016
Bank guarantees, promissory notes and others	2,072,483	37,619	201,180	-	1,833,685
Commitments to aquire property, plant and equipment items	454,985	436,985	18,000	-	-
Operating leases	163,918	134,244	28,805	869	-
Total - Commitments	**5,857,499**	**1,137,441**	**1,260,485**	**693,872**	**2,765,701**

a. Commitments with suppliers

These commitments arise mainly from commitments to purchase power and utility services, in addition to those relating to transportation and acquisition of raw materials, among others.

b. Bank guarantees, promissory notes and other

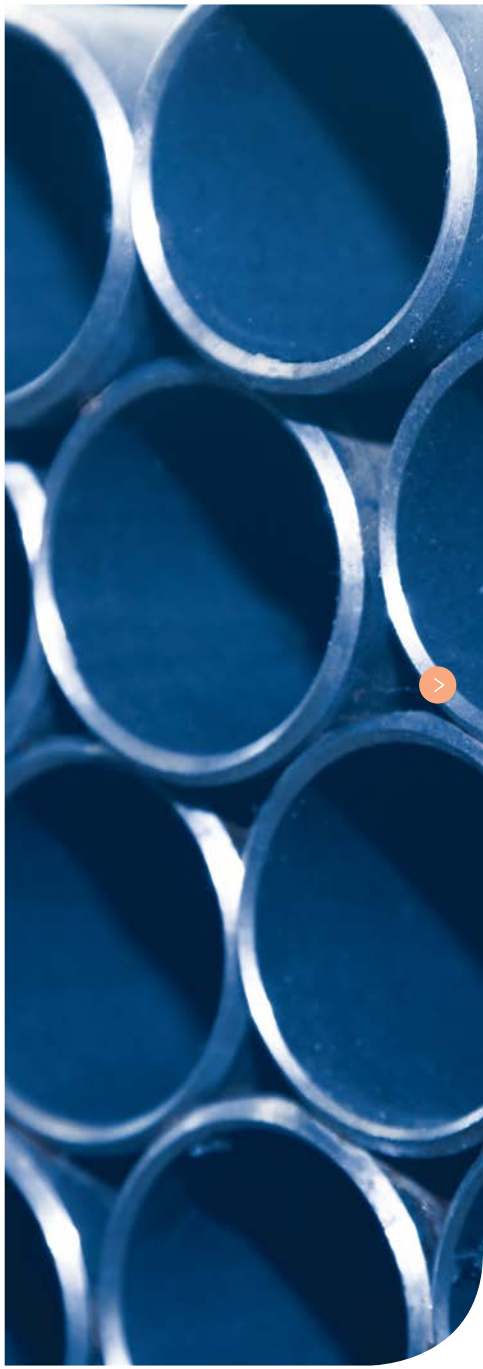
The letters of guarantees issued by banks are related to credit facilities, in particular those from BNDES. Additionally, the Group has letters of guarantee issued by banks relating to lawsuits, in particular those of tax nature. The letters of guarantee are renewable commitments based on the Group's needs.

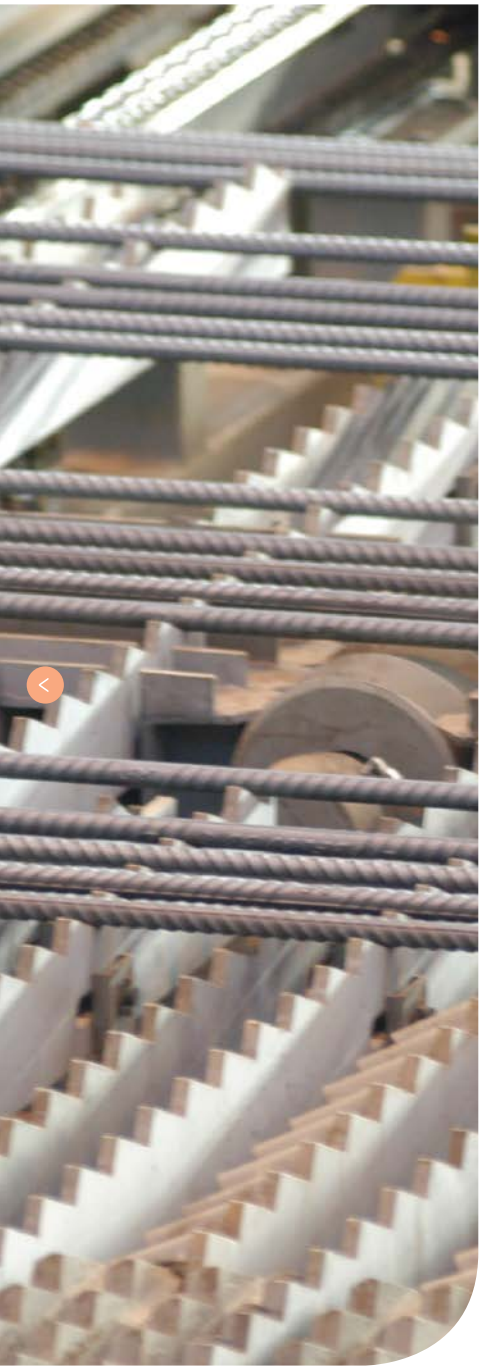
c. Commitments to acquire property, plant and equipment items

As at December 31, 2013, the Group had commitments to acquire property, plant and equipment in the amount of R$454,985, which was used to expand plants and acquire or overhaul equipment necessary in such expansion process.

d. Operating leases

Commitments assumed under operating leases are related to the rental of properties and lease of machinery and equipment.





29. Post-employment benefits

The ArcelorMittal Brasil Group applied retrospectively, due to the change in the prevailing accounting standards, new accounting policies beginning January 1, 2013, as set out in IAS 19 (R1), see note 4.

a. Plan description

(i)) Defined benefit plan – former Companhia Siderúrgica Belgo-Mineira and subsidiaries

In 1982, Companhia Siderúrgica Belgo-Mineira, currently ArcelorMittal, entered into a defined retirement benefit plan agreement with Bradesco Previdência e Seguros S/A in order to supplement (i) the retirement income of participants; and (ii) guarantee pensions for spouses of participants. This plan offered to some employees of the Company and its subsidiaries at the time was closed to new entrants in 2000. As set forth in the paragraph below, with the implementation of the new defined contribution plan, participants were offered the option of changing plan. Currently, slightly more than 117 employees still participate in this plan.

(ii) Defined contribution plan – ArcelorMittal and other subsidiaries (Long Steel, mainly Corporate)

At the beginning of 2005, the Company began to offer a defined contribution plan through a PGBL plan (defined contribution pension plan) contracted with the same insurance company.

Under this new pension plan, participating companies (Long steel and Corporate segments) commit to monthly contributions on behalf of its employees that match those made by the respective employee. Under this new model, these companies do not assume any commitment with respect to a specific retirement benefit level or guarantee in relation to the return obtained by the PGBL plan investment funds.

(iii) FUNSSEST benefit plan – CST (mainly Flat Steel)

In 1988, the former CST established the Fundação de Seguridade Social dos Empregados da Companhia Siderúrgica de Tubarão – FUNSSEST, a supplementary closed-end pension entity, financial, and asset independence. As established by current legislation, the objective of this entity is to supplement benefits provided by Brazilian social security, as well as to provide welfare assistance to employees of CST and their dependents.

FUNSSEST manages four supplementary retirement plans, that is, defined benefits plans I, II, and III, which will be discontinued over time since no new entrants have been accepted since 1998. Plan IV, a defined contribution plan, covers employees hired beginning 1998, for the Flat steel segments.

(iv) Other

ArcelorMittal Brasil Group offers to the employees of companies headquartered in Brazil a supplementary pension plan. Foreign companies offer specific supplementary pension plans, all consolidated in the presentation of this note.

b. Net actuarial assets (liabilities

The table below shows the actuarial position of the Company's plans, Company and consolidated:

	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Present value of actuarial obligations	(1,610,991)	(2,086,909)	(1,623,073)	(2,098,696)
Fair value of plan assets	1,714,411	1,550,303	1,725,189	1,560,586
Net present value of assets (liabilities)	**103,420**	**(536,606)**	**102,116**	**(538,110)**
Asset ceiling	(189,279)	(54,354)	(185,238)	(54,354)
Total net actuarial asset (liability)	**(85,859)**	**(590,960)**	**(83,122)**	**(592,464)**

Change in defined benefit obligation	Company		Consolidated	
	2013	2012 Adjusted	2013	2012 Adjusted
Obligation at beginning of year	(2,086,909)	(1,602,052)	(2,104,995)	(1,616,755)
Service cost	(19,103)	(19,275)	(19,424)	(19,476)
Interest cost	(186,483)	(174,031)	(182,497)	(175,505)
Participant contributions	(4,037)	(4,247)	(4,363)	(4,555)
Actuarial gains/(losses) at beginning of the year	45,417	(113,291)	45,417	(113,291)
Actuarial (gains)/losses during the year	530,709	(309,119)	531,151	(307,616)
Benefits paid	109,415	108,589	111,638	116,992
Transfer of obligations	-	5,547	-	5,547
Exchange rates changes	-	20,970	-	15,963
Obligation at end of year	**(1,610,991)**	**(2,086,909)**	**(1,623,073)**	**(2,098,696)**

Change in fair value of plan assets	Company		Consolidated	
	2013	2012 Ajustado	2013	2012 Ajustado
Fair value opening	1,550,303	1,458,112	1,560,585	1,469,599
Actual return on plan assets	161,254	40,017	161,380	40,135
Actuarial gains/(losses)	79,517	147,664	80,092	145,073
Employer contributions	32,217	28,550	32,778	29,094
Participant contributions	4,037	4,247	4,363	4,555
Benefits paid	(109,415)	(108,589)	(111,638)	(116,992)
Transfer of benefits	-	(7,290)	-	(7,290)
Scope vaiation	-	(12,408)	-	(4,790)
Exchange rates changes	(3,502)	-	(2,371)	1,202
Fair value of plan assets (closing)	**1,714,411**	**1,550,303**	**1,725,189**	**1,560,586**

c. Amounts recognized in profit or loss

Below is a summary of pension plan costs:

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Service cost	(19,103)	(19,275)	(19,424)	(19,476)
Interest cost	(42,871)	(36,885)	(43,893)	(38,359)
Administration cost	(3,502)	-	(3,502)	-
Gain by reductions	-	-	394	-
Expected return on plan assets	-	-	1,257	1,320
Participant contributions	32,217	28,550	32,618	29,094
	(33,259)	**(27,610)**	**(32,550)**	**(27,421)**

The costs described above are broken down in the following items of the income statement:

	Company		Consolidated	
	2013	2012	2013	2012
		Adjusted		Adjusted
Cost of sales	(23,823)	(22,162)	(23,316)	(22,011)
Sales expenses	(3,539)	(1,276)	(3,463)	(1,267)
General and administrative expenses	(5,897)	(4,172)	(5,771)	(4,143)
	(33,259)	**(27,610)**	**(32,550)**	**(27,421)**

Expected contributions for 2014 relating to the defined contribution plans amount to R$13,637.

d. Actuarial risks

The plans normally expose the Group to actuarial risks, such as the investment risk, the interest rate risk, the longevity risk, and the salary risk.

(i) Investment risk

The present value of the defined benefit plan liabilities is calculated using a discount rate determined as a result of the interest earned on prime private securities; if the return on plan assets is below this rate, the plan generates a deficit. Currently, the plan has a relatively balanced investment in equity, debt instruments, and properties. Due to the long-term nature of the plan liabilities, the pension fund board considers appropriate that a reasonable portion of the plan assets is invested in equity and properties to leverage the return generated by the fund.

(ii) Interest rate risk

A decrease in the securities' interest rate would increase plan liabilities. This is, however, partially offset by an increase in the return on the plan's debt securities.

(iii) Longevity risk

The present value of the defined benefit plan liabilities is benchmarked to the best mortality estimate for plan participants while they work for the Company. An increase in plan participants' life expectancy would increase plan liabilities.

(iv) (iv) Salary risk

The present value of the defined benefit plan liabilities is benchmarked to the future salaries of plan participants. Therefore, an increase in plan participants' salaries would increase plan liabilities.

e. Actuarial assumptions

The actuarial assumptions used for the year ended December 31, 2013 and 2012 are as follows:

ACTUARIAL ASSUMPTIONS:	2013	2012
. Actuarial method	Projected Unit Credit	Projected Unit Credit
. Nominal discount rate of actuarial liability	12.40% p.a.	8.99% p.a
. Expected rate of return on plan assets	5.5% p.a.	4.8% p.a.
. Estimated salary increase rate	6.55 % p.a. to 7.59% p.a.	6.89% p.a. of actual gain
. Nominal increase rate of estimated benefits	5.5% a.a.	4.80% p.a. of actual gain

The salary tables used for the year ended December 31, 2013 are broken down per plan, as follows:

TABLE	PLANS
AT 83	"BMJ MULTIPENSIONS
"AT 49 M/F after retirement	BRADESCO (DEFINED CONTRIBUTION)"
AT 83 M/F before retirement"	BRADESCO (DEFINED BENEFIT)
AT 2000 Basic, segregated by gender	PLANS I, II, III E IV (ex - CST).

f. Sensitivity analysis

The significant actuarial assumptions for determining the obligation defined are discount rate, expected salary increase and mortality. The following sensitivity analyses were determined based on changes reliably possible of the respective assumptions occurred at the end of the reporting period, with all of the other assumptions remaining constant.

- If the discount rate was 100 basis points higher (lower), the defined benefit obligation would be decreased by R$180,618 (increased by R$221,513).
- If beneficiaries' life expectancy was increased by one year, the defined benefit obligation would be increased by R$28,963.

The sensitivity analysis above may not be representative of the actual change in the defined benefit contribution, since it is not likely that the change will occur in certain assumptions, considering that some of the assumptions may be correlated.

Additionally, in the sensitivity analysis, the present value of the defined benefit obligation was calculated based on the projected credit unit method at the end of the reporting period, which is equal to the calculation of the liability relating to the defined benefit obligation recognized in the balance sheet.

There were no changes in relation to prior years in the methods and assumptions used in preparing the sensitivity analysis.

30. Insurance

The Company carries insurance against operating risks that guarantees compensation against property damage and loss of gross revenue for periods of up to twelve months of production downtime. The current policy remains in effect until June 30, 2014. The risk assumptions adopted, given their nature, are not included in the scope of an audit and, accordingly, they were not audited by independent auditors.

31. Approval of financial statements

The release of the consolidated financial statements has been approved and authorized by the Company's Management on March 11, 2014.

Corporative Information

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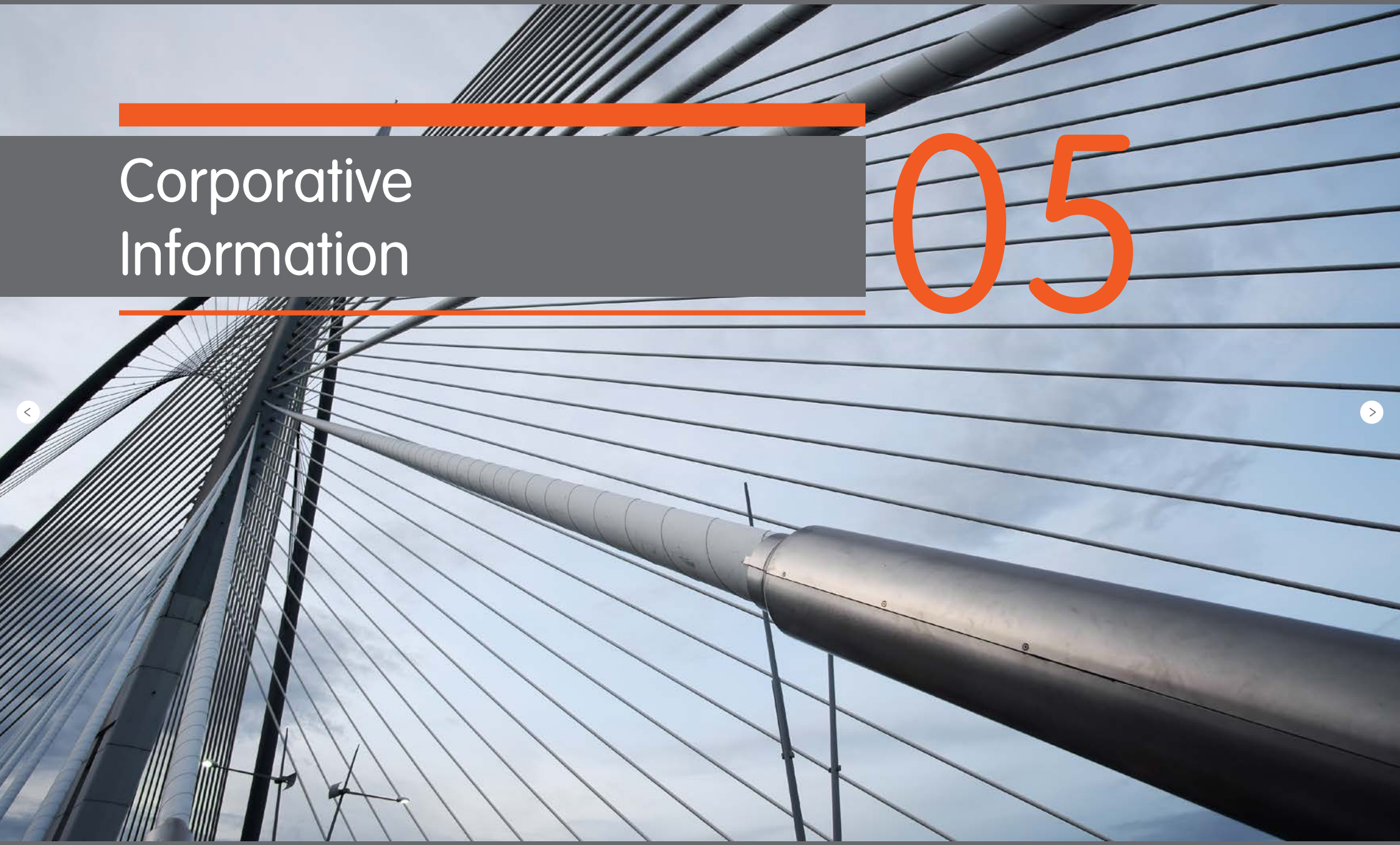

Board of Directors

JOSÉ ARMANDO DE FIGUEIREDO CAMPOS
Chairman

CARLO PANUNZI
Vice Chairman

BHIKAM CHAND AGARWAL
Board Member

ANDRÉS ROZENTAL GUTMAN
Board Member

PAUL SEBASTIAN ZUCKERMAN
Board Member

Officers

BENJAMIN MÁRIO BAPTISTA FILHO
CEO and Executive Officer of Flat Steel

JEFFERSON DE PAULA
Senior Executive Officer

ADILSON MARTINELLI
Executive Officer of Controlling

AUGUSTO ESPESCHIT DE ALMEIDA
Executive Officer of Long Steel

MARCOS AFONSO MAIA
Executive Officer of Finance

RICARDO GARCIA DA SILVA CARVALHO
Executive Officer of Human Resources,
IT and Institutional Relations

GUSTAVO HUMBERTO PINTO FONTANA
Chief Commercial Officer of Flat Steel

PAULO HENRIQUE DE SOUZA
Chief Commercial Officer of Long Steel

ÁLVARO JOSÉ FERREIRA RIBEIRO
Chief Operating Officer of Flat Steel

MÁRCIO CARDOZO VAN DER PUT JUNIOR
Chief Operating Officer of Long Steel

Chief Accountants

JOSÉ HENRIQUE DE PAIVA
Accounting and Real Estate Manager
CRC-MG 036748/O-1

ALEXANDRE AUGUSTO SILVA BARCELOS
Accounting and Tax General Manager
CRC-MG 064404/O-2