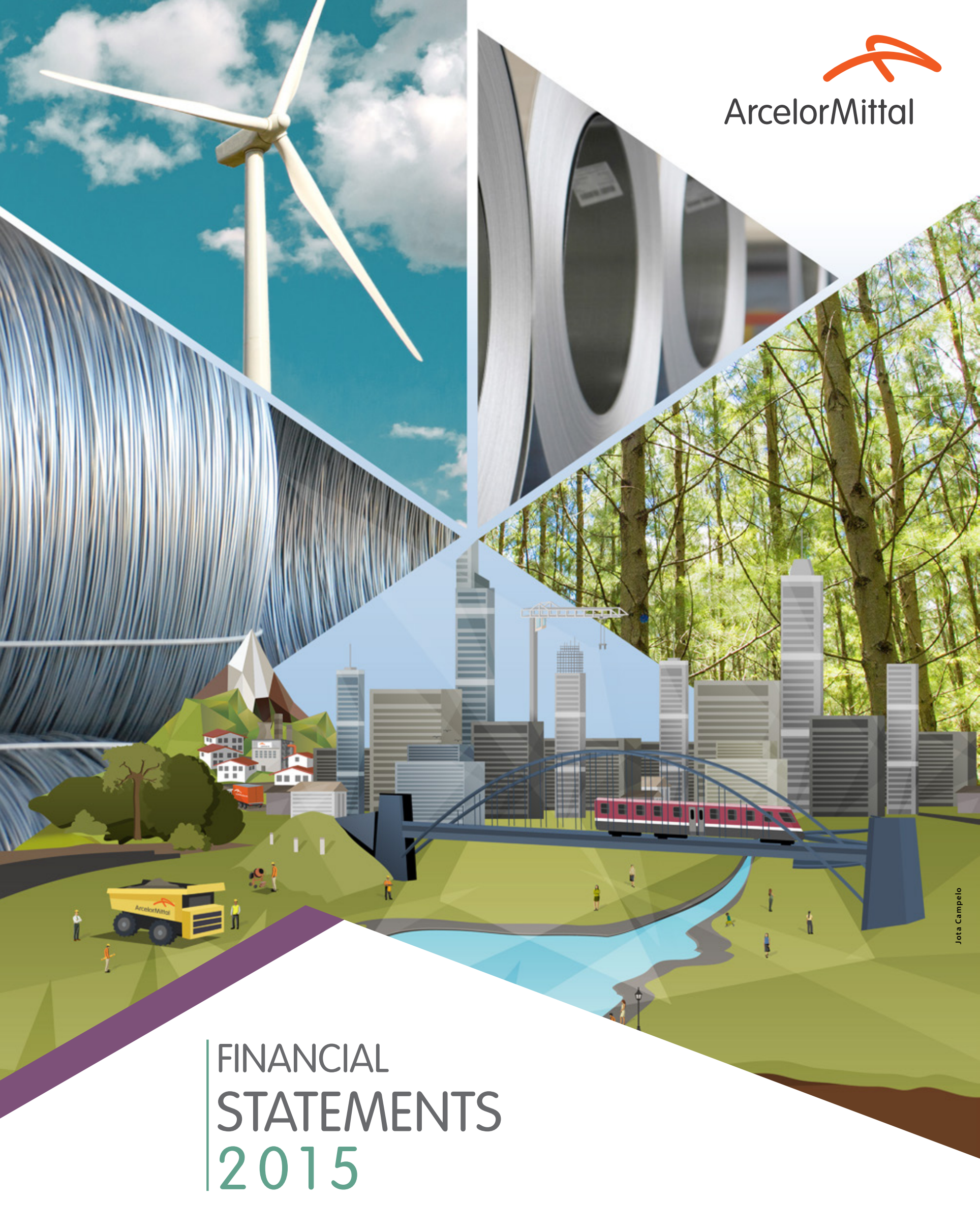




ArcelorMittal



FINANCIAL
STATEMENTS
2015



MESSAGE FROM THE BOARD

Economic activity in Brasil suffered a strong reduction in 2015. The unstable political scenario as well as the increase in public debt and inflation rate (IPCA reached 10.67%, the highest rate since 2002) contributed to increasing the crisis of confidence on the part of Brazilian entrepreneurs and families.

The fiscal and monetary adjustment proposed by Federal Government to rebalance public accounts, the Selic rate increase (up from 11.75% to 14.25% per annum) to hold down inflation and difficulties faced by the Executive to obtain approval of proposals submitted to Congress accentuated the risk environment in Brasil.

Given this scenario, the steel production sector, which is experiencing one of its worst crises in Brasil and in the world, went through the year without solving the main issue affecting the balance of global market – overcapacity.

Brazilian steel industry, in general, produces high quality steel, with modern facilities and skilled employees, as is the case of ArcelorMittal. Companies are continuously searching for improvement, but facing external issues also requires joint actions from governments at both national and international levels. In 2015, Brazilian crude steel production totaled 33.2 million tons, down 1.9% year-on-year.

The volume of rolled products reached 22.6 million tons, an even more significant decrease, of 9.2%, year-on-year. The apparent steel consumption in Brasil reached 21.3 million tons, 16.7% less as compared to 2014. Cumulative sales in the domestic market reached 18.2 million tons, representing a 16.1% decrease. As for flat rolled products, cumulative sales fell by 17.5%, reaching 9.8 million tons; long rolled products shrank by 14.6% and reached 8 million tons.

This scenario is the result of about 2.4 billion ton global steel production capacity while consumption is stable at 1.7 billion tons per year. There is, therefore, an overcapacity of 700 million tons, from which about 400 million tons in China, turning the country into a net exporter of steel at unsustainable low prices.

In 2015, however, Brazilian steel exports reached the level of 13.7 million tons, an increase of 40.3% year-on-year which corresponded to US\$ 6.58 billion in sales, 3.3% less than in 2014, given the impact of the global competition scenario.

In Brasil, steel producers are suffering the impacts of this surplus on the market. The country continues importing steel and has been showing reduced competitive conditions in the international market. That could have been bypassed if steel consumption in Brasil were rising, but exactly the opposite happened in 2015. Recession has been affecting all steel-intensive sectors (automotive, machinery and equipment, construction, household appliances and metal packaging), negatively impacting the apparent steel consumption in the country.

Figures provided by Instituto Brasileiro de Geografia e Estatística (IBGE - Brazilian Institute of Geography and Statistics) show that the Brazilian GDP fell by 3,8% and the crisis in the industry spread

in 2015. Impacted by the decline of several economic sectors, the Brazilian industrial production fell by 8.3% last year, the worst performance of the current IBGE's historical series, which was initiated in 2003. The result comes from an already depressed base in 2014, when industry shrank by 3%.

In 25 of the 26 sectors surveyed by the institute, there was a decline in production. Among the 805 products surveyed, 78.3% had their production reduced last year. The capital goods sector was down 25.5%; automotive fell 25.9%; production of machinery and equipment was 14.6% lower; the construction GDP decreased by 7.6%; and production of items of the household appliances decreased by 16.2%. The influence on major steel customers was evident, resulting in a significant drop in sales.

The positive figure was the 3.7% expansion of the extractive industry, which was not enough to alleviate the decline, taking into consideration that commodity prices remain depreciated in the international market. The agribusiness GDP indicates a slight expansion, up 1,8%.

In addition, structural problems continue affecting business results. For years, the Brazilian industrial production is being burdened by the so-called Brasil Cost and, up to now, its main components – energy cost, high taxes, labor legislation, as well as logistics and issues related to poor infrastructure in general – were not properly addressed. What we have seen is an increasingly higher impact of taxes and tariffs on current production costs, thus reducing product competitiveness as compared to other countries. The low growth in recent years made the drop in production and in sales of domestic manufacturing industry become even more serious.

The issue in Brasil could be less critical if measures were taken to leverage our exports, which would be positive not only for steel producers but for the entire industry as well. In 2015, the almost 50% rise on the dollar exchange rate even helped certain sectors, but it was not enough to restore the industry's performance.

ArcelorMittal Brasil, initiated a process in 2013 that went on in 2014 and 2015, to increase exports, especially in the Flat Carbon sector, that is bringing good results. We managed to keep Tubarão business unit producing 6.7 million tons per year and regaining international market. In 2015, Tubarão exported about 50% of its production. And the homework was done "indoors": ArcelorMittal Brasil increased its production, reduced fixed costs and enhanced quality of the product mix. As for Long Carbon segment, the same effort is being applied, but logistics issues were faced, since the plants of this segment are located inland. Considering both of its segments, ArcelorMittal Brasil exported US\$ 1.82 billion in 2015 and ranks among the 15 largest exporters in the country, according to a report from the Ministry of Development, Industry and Commerce (MDIC).

Now, a joint effort is missing "outdoors", one that does not depend on the companies only. The exchange rate is the most urgent issue. There is a false sense that with the Brazilian Real (BRL) devaluation there are better conditions to export, but it is necessary to analyze that the devaluation

of currencies was even stronger in the countries ArcelorMittal Brasil competes with in the international steel market. The Russian ruble had almost 100% devaluation. Similarly, there was significant devaluation of currency in Japan and Turkey as well as the Euro.

ArcelorMittal understands that fiscal austerity measures are necessary to reverse the primary deficit and try to ensure the level of investment in the country. The adjustment, however, must be done by keeping conditions for industry development, for it is a key sector that contributes to job creation and income generation. We urgently need to seek measures to reverse the deindustrialization process in the country.

A stable and reliable policy on export incentives would be a way to increase competitiveness of the domestic steel industry, as well as the entire national industry. However, in 2015, one of the items of the fiscal austerity changed the Reintegra (tax refund program), by reducing from 3% to 0,1% the tax residue to be returned to exporters. In other words, Brasil is exporting tax, which obviously further reduces the industry's competitiveness. Infrastructure and logistics problems also lead to more expensive export operations and the solution also requires a government effort.

In this scenario, ArcelorMittal Brasil consolidated net income reached BRL 22.24 billion, representing a 23.7% increase as compared to 2014. Sales volume reached 10 million tons, up 14.5% year-on-year, mainly due to increased exports of ArcelorMittal Tubarão. From this total, 51.8% of the sales were for domestic market and 48.2% for international market.

The consolidated operating result (EBITDA) of ArcelorMittal Brasil was BRL 2.59 billion, down nearly 27%. EBITDA margin on the consolidated net revenue reduced to 12%, mainly due to the adversity of the market, with the corresponding decline in domestic consumption of steel and depreciation of prices, pressured by surplus steel in the international market. This performance includes the production of tubes by Unicon, Venezuela's largest tubes manufacturer which is controlled by ArcelorMittal Brasil since 2009, by the tubes plant located in Cariacá (Espírito Santo state), and the performance of Andrade mine. During the year, the Company had a consolidated net loss of BRL 1.8 billion, mainly due to the negative impact of BRL 1.4 billion of Unki of Venezuela (parent company of Unicon) due to the economic adversity of the country, which is experiencing a scenario of hyperinflation.

In 2015, we adjusted the strategic plan and proceeded with a series of actions and projects to strengthen our business model and sustain our leadership position. Due to the necessity of adjusting production in a scenario of economic downturn, ArcelorMittal Brasil has postponed the startup of its new wire rod rolling mill, installed in João Monlevade unit (Minas Gerais state).

In the same segment, the Company maintained its investment to expand production capacity of Sabará business unit (Minas Gerais state, which serves the automotive sector and mechanical industry. Vega unit (Santa Catarina state), started producing Usibor®, one of the solutions

of the S-in motion global platform, providing a lighter, safer and more environmentally friendly solution for the automotive industry.

ArcelorMittal Brasil also proceeded with actions related to continuous improvement and innovation in terms of processes, products and services; it worked on the reduction and control of fixed costs, as well as on the increase of productivity, competitiveness and synergy between the business segments. The Company is prepared to meet customer demands, with investments in new technologies, with a modern industrial park, and above all, with employees who are engaged and committed to our business.

In 2015, the 12th research and development center of ArcelorMittal Group worldwide was inaugurated. Located in Tubarão unit (ES) and with a planned investment of US\$ 20 million over five years (2015-2019), the center will meet demands coming from Flat and Long Carbon units in South America, and will cover three areas: product development; process development and customer service. It is a complementary work to the already existing R&D centers in the group. The focus is on innovations for the automotive, machinery and equipment, energy (oil and gas pipelines, offshore structures, wind towers), construction and household appliances industries, ensuring competitiveness and adding even more value to the Company's products, by streamlining the deployment of group-wide innovations and solutions in Brasil, developing cleaner processes and enhancing customer service and technical support to customers.

The development of a new vision of sustainability for the ArcelorMittal Group, through the ten sustainable development outcomes that came to align the understanding of the concept at all company's units worldwide, conciliated best practices and inspired process and management improvement, deploying forums and actions that took shape to turn philosophy into practice. The Company reasserts its sustainability practices, as well as quality and leadership, which are already considered as core values, especially in challenging times. Health and safety are always at the top of the company's priorities and guaranteed indicators that are worth noting - the most genuine demonstration that, regardless of the circumstances, human capital will always be the most important asset of the organization. Hence the many recognitions by means of honors and awards received by ArcelorMittal Brasil in the past year.

Considering national and global issues, 2015 definitely presented the biggest management challenges. Despite the adversities, whether they were or still are structural, circumstantial and cyclical, ArcelorMittal Brasil considers people as its main asset. We believe that, through an inspirational leadership, capable of creating a healthy and fluent environment in terms of communication - where creativity, intuition and positive attitudes grow - the transforming power of its staff will lead to alternative solutions no matter how challenging the scenarios are, overcoming obstacles and risks in an innovative manner. We reiterate our gratitude for the confidence of our shareholders, certain that we will firmly continue on the path of continuous evolution that characterizes us.

Belo Horizonte, March 29, 2016.

FINANCIAL STATEMENTS

BALANCE SHEET											
For the year ended December 31, 2015 (In thousands of Brazilian reais)											
		Company		Consolidated							
		2015	2014	2015	2014			2015	2014	2015	2014
Assets						Liabilities and shareholders' equity					
Current assets						Current liabilities					
Cash and cash equivalents (note 7)	187,758	217,766	907,218	881,073	Trade accounts payable (note 15)	2,350,471	2,507,595	2,628,346	2,671,649		
Held-to-maturity investments	1,131	997	4,367	27,066	Salaries and related charges	297,767	353,651	420,669	480,819		
Trade accounts receivable (note 8)	2,016,436	1,738,590	2,221,826	1,930,023	Loans (note 16)	2,135,383	1,825,836	2,238,647	1,903,952		
Inventories (note 9)	3,586,136	3,997,401	4,291,963	4,592,359	Debentures (note 17)	3,469	3,439	3,469	3,439		
Recoverable taxes (note 10)	293,462	352,540	734,192	459,651	Taxes payable	52,800	83,248	101,925	125,358		
Dividends and interest on capital receivable	5,279	98	-	-	Income tax and social contribution	-	-	498	20,497		
Derivative financial instruments (note 23)	75,574	5,803	75,574	5,803	Dividends and interest on own capital	353	204,778	42,726	231,536		
Other receivables	319,185	252,423	374,821	251,639	Provision for tax, civil and labor risks (note 26)	85,150	69,118	169,515	93,693		
					Derivative financial instruments (note 23)	186,737	113,668	186,737	113,668		
					Payables to related parties (note 25)	728,538	424,230	878,575	491,915		
					Other payables	65,199	78,338	150,895	97,156		
Total current assets	6,484,961	6,565,618	8,609,961	8,147,614	Total current liabilities	5,905,867	5,663,901	6,822,002	6,233,682		
Noncurrent assets						Noncurrent liabilities					
Recoverable taxes (note 10)	583,686	568,167	672,413	751,940	Loans (note 16)	5,765,002	6,151,565	5,767,255	6,156,666		
Deferred income tax and social contribution (note 24)	-	-	25,504	18,336	Debentures (note 17)	8,235	12,979	8,349	12,979		
Compulsory and escrow deposits (note 26a)	498,490	498,716	607,407	597,821	Deferred income tax and social contribution (note 24)	1,231,930	966,939	2,155,700	1,152,138		
Receivables from related parties (note 25)	498,746	292,299	513,338	468,676	Provision for tax, civil and labor risks (note 26)	529,837	477,934	731,250	604,890		
Other receivables	118,943	114,637	206,609	194,121	Payables to related parties (note 25)	797,617	542,570	922,275	637,870		
					Derivative financial instruments (note 23)	161,678	139,487	161,678	139,487		
Investments					Post - employment benefits (note 29)	196,759	319,442	197,893	320,034		
In subsidiaries and affiliates (note 11)	5,429,024	4,094,558	-	-	Other payables	257,641	164,112	267,363	212,099		
Other permanent investments	1,267	1,218	1,268	1,218	Total noncurrent liabilities	8,948,699	8,775,028	10,211,763	9,236,163		
Property, plant and equipment (note 12)	11,202,145	11,043,612	16,549,192	13,703,214	Shareholders' equity (note 18)						
Biological assets (note 13)	-	-	313,913	340,352	Capital	11,671,885	11,671,885	11,671,885	11,671,885		
Intangible assets (note 14)	6,415,695	6,452,102	6,423,407	6,917,558	Capital reserves	403,516	398,907	403,516	398,907		
					Earnings reserves	528,186	2,218,193	528,186	2,218,193		
					Other comprehensive income	3,774,804	903,013	3,774,804	903,013		
Total noncurrent assets	24,747,996	23,065,309	25,313,051	22,993,236	Shareholders' equity attributable to owners of the Company	16,378,391	15,191,998	16,378,391	15,191,998		
					Non-controlling interests	-	-	510,856	479,007		
Total assets	31,232,957	29,630,927	33,923,012	31,140,850	Total shareholders' equity	16,378,391	15,191,998	16,889,247	15,671,005		
					Total liabilities and shareholders' equity	31,232,957	29,630,927	33,923,012	31,140,850		



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2015 (In thousands of Brazilian reais)

	Capital reserves				Earning reserves		Retained earnings (loss)	Valuation adjustments to equity	Currency translation adjustment	Shareholders' equity (Company)	Non-controlling interests	Shareholders' equity (Consolidated)
	Capital	Investment grants and other	Goodwill on issuance of shares	Stock options granted	Legal	Statutory						
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	14.795.957
Split / Merger (i)	5,365	-	-	-	-	-	(288)	(7,692)	-	(2,615)	(25,504)	(28,119)
Options granted and others	-	-	-	2,922	-	-	-	(367)	-	2,555	-	2,555
Realization of deemed cost	-	-	-	-	-	-	40,410	(40,410)	-	-	-	-
Remeasurement of defined benefit obligation (note 29b)	-	-	-	-	-	-	-	(158,752)	-	(158,752)	(682)	(159,434)
Net income	-	-	-	-	-	-	1,420,736	-	-	1,420,736	75,056	1,495,792
Currency translation adjustment	-	-	-	-	-	-	-	-	(27,626)	(27,626)	2,527	(25,099)
Net income allocation	-	-	-	-	-	-	-	-	-	-	-	-
. Transfer to retained earnings	-	-	-	-	71,037	1,052,396	(1,123,433)	-	-	-	-	-
. Dividends and interest on own capital (note 18)	-	-	-	-	-	-	(337,425)	-	-	(337,425)	(73,222)	(410,647)
Balance as of December 31, 2014	11.671.885	301	292.741	105.865	625.626	1.592.567	-	237.902	665.111	15.191.998	479.007	15.671.005
Options granted and others	-	-	-	4,609	-	-	-	263	-	4,872	-	4,872
Realization of deemed cost	-	-	-	-	-	-	192,495	(192,495)	-	-	-	-
Remeasurement of defined benefit obligation (note 29b)	-	-	-	-	-	-	-	(51,994)	-	(51,994)	(112)	(52,106)
Net income (loss)	-	-	-	-	-	-	(1,882,502)	-	-	(1,882,502)	96,225	(1,786,277)
Currency translation adjustment	-	-	-	-	-	-	-	-	3,116,017	3,116,017	13,419	3,129,436
Compensation of net loss	-	-	-	-	-	-	-	-	-	-	-	-
. Absorption of reserves	-	-	-	-	(97,440)	(1,592,567)	1,690,007	-	-	-	-	-
. Dividends and interest on own capital	-	-	-	-	-	-	-	-	-	-	(77,683)	(77,683)
Balance as of December 31, 2015	11.671.885	301	292.741	110.474	528.186	-	-	(6.324)	3.781.128	16.378.391	510.856	16.889.247

(i) Upstream merger of AM Projects Ltda and AMTC - ArcelorMittal Tubarão Comercial S.A. and split-up of Cimaf Cabos
The accompanying notes are an integral part of these financial statements.

INCOME STATEMENT

For the year ended December 31, 2015 (In thousands of Brazilian reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net sales (note 19)	15,682,086	15,332,748	22,241,573	17,989,071
Cost of sales (note 20)	(13,361,512)	(12,435,689)	(18,660,828)	(14,184,298)
Gross profit	2,320,574	2,897,059	3,580,745	3,804,773
Operating income (expenses)				
Selling (note 20)	(411,605)	(506,680)	(874,783)	(610,328)
General and administrative (note 20)	(302,109)	(323,615)	(682,791)	(442,103)
Equity in subsidiaries and affiliates (note 11)	(834,762)	251,781	-	(230)
Goodwill impairment (note 11)	(489,395)	-	(489,395)	-
Other operating income (expenses), net (note 21)	(12,806)	205,274	(258,512)	84,802
Operating profit	269.897	2.523.819	1.275.264	2.836.914
Financial income (expenses), net (note 22)	(1,917,350)	(1,612,812)	(2,706,509)	(1,751,539)
Income (loss) before income tax, social contribution and profit sharing	(1.647.453)	911.007	(1.431.245)	1.085.375
Income tax and social contribution (note 24a)	(232,580)	516,697	(352,080)	418,267
Profit sharing	(2,469)	(6,968)	(2,952)	(7,850)
Net (loss) income	(1.882.502)	1.420.736	(1.786.277)	1.495.792
Attributable to:				
Controlling shareholders			(1,882,502)	1,420,736
Non-controlling shareholders			96,225	75,056
			(1.786.277)	1.495.792
Average number of shares	2,694,485	2,694,485		
Basic and diluted earnings (loss) per share - R\$	(698.65)	527.28		

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015 (In thousands of Brazilian reais)

	Company		Consolidated	
	2015	2014	2015	2014
Income (loss) of the year	(1.882.502)	1.420.736	(1.786.277)	1.495.792
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net change in the fair value of financial assets available for sale	263	(367)	263	(367)
Translation adjustments for the period from investments	3,116,017	(27,626)	3,129,436	(25,099)
	3.116.280	(27.993)	3.129.699	(25.466)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (note 29b)	(51,994)	(158,752)	(52,106)	(159,434)
	(51.994)	(158.752)	(52.106)	(159.434)
Total comprehensive income	1.181.784	1.233.991	1.291.316	1.310.892
Comprehensive income attributable to:				
Controlling shareholders			1,181,784	1,233,991
Non-controlling shareholders			109,532	76,901
Total comprehensive income			1.291.316	1.310.892

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

STATEMENT OF CASH FLOW

For the year ended December 31, 2015 (In thousands of Brazilian reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net income (loss)	(1,882,502)	1,420,736	(1,786,277)	1,495,792
Expenses (income) not affecting cash:	1,535,552	748,754	1,685,363	605,200
Inflation adjustment and interest	155,028	92,994	1,002,340	164,794
Reserve for losses/risks	25,488	70,887	25,488	70,887
Derivatives loss/(gain), net	-	-	-	-
Equity in subsidiaries	834,762	(251,781)	-	230
Depreciation, amortization and depletion	473,615	501,478	829,295	705,887
Impairment	489,395	9,927	499,514	(11,027)
Post-employment benefits	(122,682)	233,583	(156,006)	233,738
Stock options granted	4,609	2,922	4,609	2,922
Gain (loss) on sale of permanent assets, net	1,156	(44,595)	6,455	(121,795)
Adjustment to fair value of biological assets	-	-	44,348	(46,014)
Suppliers present value adjustments	(1,937)	(2,569)	(1,937)	(2,569)
Deferred income tax and social contribution	230,746	(530,274)	212,719	(518,351)
	1,743,230	2,252,062	2,365,910	2,579,694
(Increase) decrease in assets:				
Trade accounts receivable	(253,311)	218,896	(212,995)	(31,642)
Inventories	301,612	(638,168)	(424,314)	(383,966)
Dividends and interest on capital of subsidiaries	143,114	129,667	-	1,675
Other assets	(67,504)	90,430	66,193	3,995
Tax assets	47,143	10,297	5,430	135,572
Increase (decrease) in liabilities:				
Trade accounts payable	(357,625)	(32,615)	(341,916)	152,828
Other liabilities	46,662	263,195	(158,311)	71,572
Repayments of interest on loans and financing	(785,509)	(809,343)	(818,704)	(847,464)
Repayments of interest on intercompany loans	-	-	(3,449)	(1,396)
Income tax and social contribution paid	-	-	(51,714)	(43,348)
Tax liabilities	(30,449)	(144,713)	(50,217)	(189,336)
Cash flow from operating activities	787,363	1,339,708	375,913	1,448,184
Purchase of investments	42,441	(4,850)	(31)	-
Purchase of property, plant and equipment	(377,989)	(846,110)	(814,961)	(998,527)
Sale of assets	1,220	172,376	3,850	281,829
Cash flow from investing activities	(334,328)	(678,584)	(811,142)	(716,698)
Proceeds from loans	1,602,623	2,066,122	1,926,711	2,348,896
Repayments of principal on loans and financing	(1,876,038)	(2,163,922)	(2,186,430)	(2,444,906)
Intercompany loans	-	(76)	(53,331)	(46,054)
Repayments of principal on intercompany loans	-	10,773	28,041	(29,177)
Redemption of debentures	(5,203)	(3,343)	(5,214)	(3,381)
Payment of dividend/interest on own capital	(204,425)	(565,776)	(290,596)	(633,707)
Cash flow from financing activities	(483,043)	(656,222)	(580,819)	(808,329)
Increase (decrease) in cash and cash equivalents	(30,008)	4,902	(1,016,048)	(76,843)
Cash and cash equivalents at beginning of year	217,766	211,156	881,073	776,715
Effect of currency inflation - Venezuelan bolivar fuerte (Unki)	-	-	1,042,193	181,201
Cash and cash equivalents of merged companies	-	1,708	-	-
Total cash and cash equivalents at beginning of year	217,766	212,864	1,923,266	957,916
Cash and cash equivalents at end of year	187.758	217.766	907.218	881.073

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



STATEMENT OF VALUE ADDED
For the year ended December 31, 2015 (In thousands of Brazilian reais)

	Company		Consolidated	
	2015	2014	2015	2014
Revenues				
Sale of products	19,755,759	19,980,150	27,176,015	23,428,917
Discounts, losses and recovery of provisions	(51,791)	(131,598)	(52,963)	(144,733)
Revenues from the construction of own assets	924,644	933,558	969,381	987,493
Other operating revenues	484,180	795,544	462,034	690,078
	21,112,792	21,577,654	28,554,467	24,961,755
Inputs purchased from third parties				
Raw materials consumed	(12,330,719)	(11,123,338)	(17,405,525)	(13,799,612)
Electric power, services and other operating expenses	(4,063,587)	(4,357,316)	(4,363,680)	(3,107,825)
Recovery (loss) in the realization of assets	(109,724)	(6,522)	(124,157)	(15,250)
	(16,504,030)	(15,487,176)	(21,893,362)	(16,922,687)
Depreciation, amortization and depletion	(473,615)	(501,478)	(829,295)	(705,887)
Goodwill impairment	(489,395)	-	(489,395)	-
Net added value created by the Company	3,645,752	5,589,000	5,342,415	7,333,181
Added value received in transfer				
Equity in subsidiaries and affiliates	(834,762)	251,781	-	(230)
Dividends, capital income from investments stated at cost	70	78	72	85
Other financial income and rentals	11,972	8,584	12,263	9,087
Financial income and exchange gains		298,812	583,043	364,115
	(407,808)	559,255	595,378	373,057
Total added value	3,237,944	6,148,255	5,937,793	7,706,238
Added value distributed				
Employees				
Salaries and related charges	1,193,932	1,083,902	2,192,373	1,738,894
Management compensation (note 25a)	23,668	29,353	36,489	40,664
Profit sharing	92,770	211,868	129,801	263,670
Retirement and pension plan	36,169	58,634	51,236	66,663
	1,346,539	1,383,757	2,409,899	2,109,891
Taxes				
Federal	639,506	278,260	1,163,542	704,826
Income taxes	232,580	(516,697)	352,080	(418,267)
Others taxes	406,926	794,957	811,462	1,123,093
State	413,947	731,648	461,727	844,032
Municipal	18,104	15,806	24,052	22,645
	1,071,557	1,025,714	1,649,321	1,571,503
Lenders				
Interest and exchange losses	2,324,019	1,908,154	3,278,640	2,111,998
Capitalized financial charges	49,594	39,653	49,594	39,653
Lease and rentals	328,737	370,241	336,616	377,401
	2,702,350	2,318,048	3,664,850	2,529,052
Shareholders				
Interest on own capital and dividends	-	337,425	87,332	407,548
Retained earnings (loss)	(1,882,502)	1,083,311	(1,873,609)	1,088,244
	(1,882,502)	1,420,736	(1,786,277)	1,495,792
	3,237,944	6,148,255	5,937,793	7,706,238

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

NOTES OF THE FINANCIAL STATEMENT

For the year ended December 31, 2015 - Amount in thousands of Brazilian reais, unless otherwise indicated.

1. OPERATIONS AND CORPORATE ISSUES

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 - Brazil

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 4.9 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 1,564 thousand tons of wire per year of which 714 thousand tons in our own wire-drawing mills (São Paulo, Juiz de Fora and Sabará) and another 850 thousand tons produced by our subsidiary BBA - Belgo Bekaert Arames Ltda. 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 manufacturers of wire rod for steel cord - used to reinforce tires.

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 320 thousand of long steel per year delivered to construction, manufacturing and the cattle raising industries, including bars, structural shapes and wires.

ArcelorMittal 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 wholesale of electric energy in the deregulated trading market aiming to centralize the ArcelorMittal Group's electric energy purchases and sales for own use in the ArcelorMittal Brasil Group, and any surpluses are traded with third parties.

FLAT STEEL

ArcelorMittal Tubarão

Specialized in flat steel, the business unit has an integrated production plant in the Great Metropolitan Region of Vitória - Espírito Santo state. 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

Located in Francisco do Sul, SC, it is one of the most modern flat steel processing plants in the world. Operating with advanced pickling, rolling, and chrome plating processes, the Company processes hot-rolled coils supplied by ArcelorMittal Tubarão. With this efficient integrated plant structure, ArcelorMittal Vega competitively supplies innovative products to the automotive, general construction, household appliances, pipe, and shape industries.

The unit in Santa Catarina is strategically located close to carmakers in South and Southeast if Brazil and other Mercosur countries, and is also close to ports, railways, and highways. With a continual investment cycle, in 2010 the Company started up a new line, a Chrome Plating 2, thus expanding production capacity to 1.4 million to tonnes/year. In 2015, ArcelorMittal Vega consolidated major production expansion and portfolio projects. Through an investment of US\$17 million, this unit increase its annual capacity to approximately 1.6 million tonnes. It also started the local production of Usibor®, an innovative, high resistance steel, used by the automotive industry.

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 647 mil 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 financial statements are comprised by the individual and 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 Company and Consolidated (IFRS and 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). 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 IFRSs and accounting practices adopted in Brazil, and the Company's equity and profit disclosed in the individual financial statements prepared in accordance with the IFRSs and 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.

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 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.

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. Foreign subsidiaries ArcelorMittal 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., all those that are not conducted in the functional currency (basically the Venezuelan bolivar forte ("Bs.F"), the Colon ("CRC"), the US dollar ("USD"), and the euro ("EUR"), are translated into the functional currency at the exchange rate prevailing at the date of each transaction. Foreign currency-denominated monetary assets and monetary liabilities are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange gains and losses arising on translating monetary assets and monetary liabilities are recognized in the statement of profit or loss. Non-monetary 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 arising on translating investments in foreign subsidiaries are recognized directly in equity, in line item currency translation adjustments, and in the statement of profit or loss when these investments are fully or partially disposed of. The financial statements of foreign subsidiaries are adjusted to the accounting practices adopted in Brazil and IFRSs and subsequently translated into the reporting currency, as described below.

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, which is a hyperinflationary economy, profit or loss and financial position have been adjusted for local inflation and were then translated into the reporting currency using the exchange rate prevailing at the end of the reporting period.

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 payables, other payables 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 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 life, 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).

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

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.
- 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

Payments 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 estimates of ArcelorMittal S.A. over which options granted will be potentially acquired, with a corresponding increase in shareholders' equity.

4. ADOPTION OF THE NEW AND REVISED IFRSs

a. New and revised standards

In the current year, the Group applied several revised standards and new interpretations of IFRSs and CPCs issued by the IASB and the CPC, which became effective for annual periods beginning on or after January 1, 2015.

- IAS 19 Employee Benefits
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IFRS 13 Fair Value Measurement
- IAS 16 Agriculture: Bearing Plants

6. CONSOLIDATED FINANCIAL STATEMENTS

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

ArcelorMittal Brasil S.A. and subsidiaries:

Acindar do Brasil Ltda.
Armar Com. Imp. Export. Ltda.
BMB-Belgo-Mineira Bekaert Artefatos de Arame Ltda.
Belgo Bekaert Arames Ltda.
ArcelorMittal Sistemas S.A.
Belgo-Mineira Comercial Exportadora S.A.
PBM - Picchioni Belgo Mineira DTVM S.A.
ArcelorMittal BioFlorestas Ltda.
ArcelorMittal Comercializadora de Energia Ltda.
CST Comércio Exterior S.A.
Sol Coqueria Tubarão S.A.
ArcelorMittal Costa Rica S.A.
Unki de Venezuela S.A.
Industrias Unicon C.A.
Industria Improcon C.A.
Siderurgica Occidental C.A.
Vendedora de Materiales Siderurgicos del Occidente, C.A.
Servicios Siderurgicos del Occidente, C.A.
Seguridad Compania Anonima SCA
Grupo Siderpro, C.A.
Productos y Servicios Industriales C.A.
C.A. Venezolana Procesadora de Acero
Grupo Siderpro, C.A.

- IAS 24 Related Party Disclosures
- IAS 38 Intangible assets
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IAS 40 Investment Property

The application of the standards had no material impacts on the Group's financial statements.

b. New and revised standards issued but not yet in effect as at December 31, 2015, and not yet adopted:

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to IAS 16/CPC 27 and IAS 41/CPC 29 Agriculture: Bearing Plants;
- Amendments to IFRS 11/CPC 19 (R2) Joint Arrangements;
- Amendments to IAS 1/CPC 26 (R1) Disclosure Initiative;
- Amendments to IAS 16/CPC 27 and IAS 38/CPC 04 (1) Clarification of Acceptable Methods of Depreciation and Amortization;
- Amendments to IFRS 10/CPC 36 and IAS 28/CPC 18 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 10/CPC 36 and IFRS 12/CPC 45 e IAS 28/CPC18 Investment entities : Applying the exception of consolidation;

The application of the standards had no material impacts on the Group's financial statements, except for the IAS 41, with estimated impact of R\$99,689 as at December 31, 2015 related to the reclassification of the root cost, which will be accounted for in accordance with CPC 27 beginning January 1, 2016.

Effective for annual periods beginning on or after January 1, 2018 and 2019:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The Company is assessing the impacts of the application of the standards above. Specifically as regards to the IFRS 16, the Company's management estimates that its adoption will have material impacts on the financial statements. Such impacts have not been measured to date.

There are no other standards or interpretations issued and not yet adopted that could have a significant impact on the profit or loss or equity reported by the Company in its individual and consolidated financial statements, based on Management's opinion.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In 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 11 - Investment
- 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 - Post-employment benefits

Country	% participation	
	2015	2014
Brazil	100.00	100.00
Brazil	100.00	100.00
Brazil	55.50	55.50
Brazil	55.00	55.00
Brazil	100.00	100.00
Brazil	100.00	100.00
Brazil	74.50	74.50
Brazil	100.00	100.00
Brazil	100.00	100.00
Brazil	100.00	100.00
Brazil	100.00	100.00
Costa Rica	50.00	50.00
Venezuela	100.00	100.00
Venezuela	100.00	100.00
Venezuela	100.00	100.00
Venezuela	100.00	100.00
Venezuela	99.33	99.33
Venezuela	100.00	100.00
Venezuela	100.00	100.00
Venezuela	100.00	100.00
Venezuela	50.00	50.00
Venezuela	99.54	99.54
Venezuela	99.08	99.08
Venezuela	50.00	50.00



7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Company		Consolidated	
	2015	2014	2015	2014
. Cash and demand deposits				
.. Brazilian reais	20	47	8,447	3,428
.. US dollar	-	-	3,744	3,626
.. Venezuelan strong bolivar	-	-	607,260	528,408
	20	47	619,451	535,462
. Short-term financial investments				
.. Brazilian reais	143,832	214,239	243,862	342,118
.. US dollar	43,906	3,480	43,905	3,493
	187,738	217,719	287,767	345,611
Total current	187,758	217,766	907,218	881,073

Short-term investments in cash and cash equivalents refer basically to highly liquid Bank Certificates of Deposit (CDB) and time deposits with low risk of loss upon realization, yielding interest from 85% to 102% of the interbank deposit rate (CDI) fluctuation. In the foreign market, the Company invests in Sweep and Time De-

posits, products that are likely to follow the fluctuations of the US interest rate. The average term in 2015 for Sweep Deposits is "high liquidity" and for Time Deposits a maximum of 12 days. Highly-liquid short-term investments of subsidiary Unki de Venezuela yield annual interest between 7% and 14%.

8. TRADE RECEIVABLES

	Company		Consolidated	
	2015	2014	2015	2014
. Domestic market				
.. Group companies	354,221	379,273	274,757	263,383
.. Third parties	891,979	970,386	1,195,819	1,260,237
Subtotal domestic market	1,246,200	1,349,659	1,470,576	1,523,620
. Foreign market				
.. Group companies	351,846	238,585	277,376	159,340
.. Third parties	423,856	154,912	488,749	257,759
Subtotal foreign market	775,702	393,497	766,125	417,099
Subtotal	2,021,902	1,743,156	2,236,701	1,940,719
. Allowance for doubtful accounts	(5,466)	(4,566)	(14,875)	(10,696)
Total	2,016,436	1,738,590	2,221,826	1,930,023

The balance of trade accounts receivables with third parties and intercompany is as follows:

	Company		Consolidated	
	2015	2014	2015	2014
Current	1,531,034	1,542,968	1,794,318	1,797,574
1 to 30 days	183,790	110,194	203,270	94,661
31 to 90 days	83,051	22,163	87,615	24,288
91 to 180 days	120,203	7,827	124,327	8,805
Over 181 days	103,824	60,004	27,171	15,391
Total Portfolio	2,021,902	1,743,156	2,236,701	1,940,719

Changes in the allowance for doubtful accounts:

	Company		Consolidated	
	2015	2014	2015	2014
Balance at beginning of year	(4,566)	(624)	(10,696)	(6,942)
. Net Additions/(Write off)	(4,184)	(4,556)	(7,644)	(5,942)
. After payment	-	-	-	-
. Reversal of provision	3,284	614	4,369	1,017
. Losses reversed	-	-	1,293	273
. Earnings/losses due cambial variation	-	-	(2,197)	898
Balance at end of year	(5,466)	(4,566)	(14,875)	(10,696)

The allowance for doubtful accounts includes trade accounts receivable that are individually difficult to be recovered and under court-ordered col-

lection 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

9. INVENTORIES

. Finished products	
. Work in process	
. Raw and consumption materials	
. Spare parts and sundry materials	
. Imports in transit	
. Advances to suppliers	
. (-) Provision for losses	
Total	

In 2015, ArcelorMittal Brasil Group recorded in the Income Statement directly, in the cost of sales line, an idle production capacity cost of R\$37,514 (R\$83,958 in 2014) in the Company, and R\$43,192 (R\$91,926 in 2014), in the Consolidated. The cost of inventories recognized as expense includes a reduction of allowance for inventory losses, in the Company, of R\$131,969 as of December 31, 2015 (R\$34,529 in 2014) and in the Consolidated

10. RECOVERABLE TAXES

. State VAT (ICMS)	
. Tax on Revenue (COFINS)	
. Income Tax and Social Contribution	
. Tax on Revenue (PIS)	
. Federal VAT (IPI)	
. Withholding Income Tax (IRRF)	
. Recoverable VAT of foreign investees	
. Other	
. Provision for losses	
Total	

. Current
. Noncurrent

Total

ICMS tax credits recorded in consolidated arising from property, plant and equipment acquisition, in the total amount of R\$62,387 in 2015 (R\$74,795 in 2014) in the Company, and R\$71,738 (R\$87,142 in 2014) in the Consolidated, are offset over 48 months from the date of its recognition. The Company is taking all the necessary actions to recover the tax credits of the Vega do Sul unit (SC) and, 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 has a balance of recoverable ICMS arising on deemed credit tax benefits claimed on freight amounting to R\$565,358 as at December 31, 2015 (R\$592,477 in 2014), of which R\$50,960 is classified in current assets and R\$514,398 in classified in noncurrent assets in light of the period required to implement actions aimed at their recovery.

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 2015 and 2014. The breakdown of trade receivables by currency is disclosed in note 23c.

	Company		Consolidated	
	2015	2014	2015	2014
	1,740,661	1,870,524	1,962,338	2,071,987
	189,804	172,500	312,244	274,146
	851,188	859,355	1,131,855	1,103,128
	500,734	420,779	1,514,114	561,801
	399,737	434,072	407,661	435,277
	35,981	274,700	112,282	314,043
	(131,969)	(34,529)	(1,148,531)	(168,023)
	3,586,136	3,997,401	4,291,963	4,592,359

R\$1,148,531 (R\$168,023 in 2014). The carrying amount of the Company's raw material inventories is net of financial charges on the purchase of iron ore through the extension of maturity dates, which was calculated based on an average rate of 13.75% in 2014 (11.82% in 2014), with a debit against "prepaid interest" under "other receivables" in current assets. There are no pledged inventories.

	Company		Consolidated	
	2015	2014	2015	2014
	710,573	766,353	765,995	839,787
	100,673	39,335	176,777	122,558
	12,786	29,288	42,918	53,161
	21,131	7,504	37,965	26,164
	24,557	45,599	26,146	54,933
	-	-	41,133	293
	-	-	304,216	78,360
	48,348	77,132	52,375	80,839
	(40,920)	(44,504)	(40,920)	(44,504)
	877,148	920,707	1,406,605	1,211,591

293,462
583,686

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. 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 recognized a loss of R\$834,762 in 2015 (a gain of R\$251,781 in 2014) as equity in the profits of subsidiaries, and recognized R\$148,392 in 2015 (R\$127,993 in 2014) as dividends received from companies under the equity method of accounting. The fiscal year of all companies accounted for under the equity method ends on December 31. 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					
Sol Coqueria Tubarão S.A.								
12/31/2015	549,669,635	100.00	100.00	1,398,075	112,385	1,285,690	40,839	40,839
12/31/2014	672,756,349	100.00	100.00	1,664,119	79,580	1,584,539	47,651	47,651
Unki de Venezuela S.A.								
12/31/2015	963,000	100.00	100.00	4,570,709	1,559,191	3,011,518	(976,759)	(976,759)
12/31/2014	963,000	100.00	100.00	1,419,054	441,711	977,343	77,703	77,703
Belgo Bekaert Arames Ltda.								
12/31/2015	1,355,596	55.00	55.00	1,232,482	295,413	937,069	201,215	119,411
12/31/2014	1,355,596	55.00	55.00	1,298,979	404,431	894,548	206,537	106,629
ArcelorMittal BioFlorestas Ltda.								
12/31/2015	526,605,867	100.00	100.00	608,162	90,445	517,717	(29,403)	(29,403)
12/31/2014	477,005,868	100.00	100.00	613,135	115,615	497,520	31,835	31,564
BMB - Belgo-Mineira Bekaert Artefatos de Arame Ltda.								
12/31/2015	366,433	55.50	55.50	269,729	155,875	113,854	27,753	17,071
12/31/2014	366,433	55.50	55.50	247,433	146,330	101,103	2,445	2,189
ArcelorMittal Costa Rica S.A.								
12/31/2015	1,994,910	50.00	50.00	203,249	127,725	75,524	(12,898)	(6,448)
12/31/2014	1,994,910	50.00	50.00	174,271	112,687	61,584	(37,621)	(18,811)
ArcelorMittal Tubarão Comercial S.A (i)								
12/31/2015	-	-	-	-	-	-	-	-
12/31/2014	-	-	-	-	-	-	7,663	(2,578)
ArcelorMittal Sistemas S.A.								
12/31/2015	1,879,952	100.00	100.00	47,281	23,122	24,159	3,731	3,731
12/31/2014	1,879,952	100.00	100.00	46,400	25,583	20,817	784	784

continuation

CST – Comércio Exterior S.A.								
12/31/2015	553,000	100.00	100.00	19,753	12,330	7,423	1,251	1,251
12/31/2014	553,000	100.00	100.00	9,356	2,963	6,393	522	522
ArcelorMittal Comercializadora de Energia Ltda.								
12/31/2015	1,000,000	100.00	100.00	84,151	80,728	3,423	(313)	(313)
12/31/2014	1,000,000	100.00	100.00	59,431	55,695	3,736	2,560	2,588
Belgo–Mineira Comercial Exportadora S.A.								
12/31/2015	904,200	100.00	100.00	2,002	2,286	(284)	(3,361)	(3,361)
12/31/2014	418,649	100.00	100.00	5,267	2,923	2,344	(626)	(626)
Armar Com. Imp. Export. Ltda.								
12/31/2015	25,160,000	100.00	100.00	238	44	194	(364)	(364)
12/31/2014	25,160,000	100.00	100.00	109	52	57	(402)	(402)
Transporte de Produtos Siderúrgicos Ltda. (ii)								
12/31/2015	-	-	-	-	-	-	-	-
12/31/2014	-	-	-	-	-	-	(242)	-
Acindar do Brasil Ltda.								
12/31/2015	10,711,784	100.00	100.00	5,153	4,941	212	(417)	(417)
12/31/2014	6,961,785	100.00	100.00	3,947	4,918	(971)	(2,623)	(2,623)

(i) Companhia incorporada em 15/08/2014
(ii) Companhia liquidada em 31/08/2014

b. Changes in investments in direct subsidiaries and associates

	2014	Additions/disposals	Currency translation adjustment	Valuation adjustments to equity	Equity	Dividends and Interest on own capital	2015
Sol Coqueria Tubarão S.A.	1,584,538	(300,000)	-	-	40,839	(39,687)	1,285,690
Unki de Venezuela S.A.	977,342	-	3,042,476	(31,541)	(976,759)	-	3,011,518
ArcelorMittal BioFlorestas Ltda.	497,520	49,600	-	-	(29,403)	-	517,717
Belgo Bekaert Arames Ltda.	455,940	-	-	(158)	119,411	(96,889)	478,304
BMB – Belgo–Mineira Bekaert Artefatos de Arame Ltda.	53,853	-	-	23	17,071	(11,205)	59,742
ArcelorMittal Costa Rica S.A.	30,791	-	13,419	-	(6,448)	-	37,762
ArcelorMittal Sistemas S.A.	20,818	-	-	-	3,731	(390)	24,159
CST Comécio Exterior S.A.	6,393	-	-	-	1,251	(221)	7,423
ArcelorMittal Comercializadora de Energia Ltda.	3,736	-	-	-	(313)	-	3,423
Belgo–Mineira Comercial Exportadora S.A.	2,344	1,017	-	-	(3,361)	-	-
Armar Com. Imp. Export. Ltda.	58	500	-	-	(364)	-	194
Acindar do Brasil Ltda.	-	629	-	-	(417)	-	212
Subtotal	3,633,333	(248,254)	3,055,895	(31,676)	(834,762)	(148,392)	5,426,144
Goodwill							
Belgo Bekaert Arames Ltda.	(7,503)	-	-	-	-	-	(7,503)
Unki de Venezuela S.A.	458,345	(458,345)	-	-	-	-	-
ArcelorMittal Costa Rica S.A.	10,276	-	-	-	-	-	10,276
Others	107	-	-	-	-	-	107
Total	4,094,558	(706,599)	3,055,895	(31,676)	(834,762)	(148,392)	5,429,024

c. Impairment test – goodwill

ArcelorMittal Brasil annually tests the carrying of investment goodwill for impairment or whenever changes in circumstances indicate that the carrying amount might be impaired. The recoverable amount of the asset (or cash-generating unit) is reviewed to determine the recoverable amount, if any. The recoverable amount is the higher of net sales price, corresponding to the fair value, less costs of sale and value in use. The main assumptions used to calculate the value in use are as follows: discount rate, growth rate, sales prices and direct costs for the period. Management estimates the pretax discount rate reflecting market conditions for similar risk investments.

During the year, the Group tested the goodwill arising on Unki de Venezuela investments for impairment in light of the current economic environment in Venezuela and this test resulted in the recognition of an impairment loss of R\$489,395 (R\$458,345 in investments and R\$31,050 in intangible assets) recognized in profit or loss. Management believes that no type of reasonably possible change in other key assumptions in which the recoverable amount is based would cause the carrying amount of others investment goodwill to exceed its recoverable amount.

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	Imparment	Total
Total do custo em 12/31/2013	2,318,800	17,167,597	384,714	227,001	2,242,921	111,160	-	22,452,193
. Additions	55	-	-	151	934,679	(50,768)	(9,927)	874,190
. Write-offs	(73)	(106,026)	(1,534)	-	-	-	-	(107,633)
. Merger	54,871	48,822	1,506	-	16	10	-	105,225
. Translation adjustment	-	-	-	-	-	2,004	-	2,004
. Transfers	33,432	419,659	13,553	-	(483,351)	-	-	(16,707)
Total cost as of 12/31/2014	2,407,085	17,530,052	398,239	227,152	2,694,265	62,406	(9,927)	23,309,272
. Additions	-	-	-	-	672,883	(44,882)	-	628,001
. Write-offs	(86)	(4,873)	(7,182)	(2)	-	-	-	(12,143)
. Translation adjustment	-	-	-	-	-	4,367	-	4,367
. Transfers	432,884	1,194,445	17,145	-	(1,660,693)	-	-	(16,219)
Total cost as of 12/31/2015	2,839,883	18,719,624	408,202	227,150	1,706,455	21,891	(9,927)	23,913,278
Total depreciation as of 12/31/2013	(1,365,917)	(10,041,775)	(306,981)	-	-	-	-	(11,714,673)
. Additions	(27,057)	(434,538)	(21,407)	-	-	-	-	(483,002)
. Write-offs	43	8,962	1,167	-	-	-	-	10,172
. Merger	(39,641)	(37,356)	(1,160)	-	-	-	-	(78,157)
Total depreciation as of 12/31/2014	(1,432,572)	(10,504,707)	(328,381)	-	-	-	-	(12,265,660)
. Additions	(28,299)	(405,911)	(21,643)	-	-	-	-	(455,853)
. Write-offs	35	3,286	7,048	-	-	-	-	10,369
. Transfers	-	(4)	15	-	-	-	-	11
Total depreciation as of 12/31/2015	(1,460,836)	(10,907,336)	(342,961)	-	-	-	-	(12,711,133)
Net as of 12/31/2014	974,513	7,025,345	69,858	227,152	2,694,265	62,406	(9,927)	11,043,612
Net as of 12/31/2015	1,379,047	7,812,288	65,241	227,150	1,706,455	21,891	(9,927)	11,202,145
Useful life as of 12/31/2014	50 years	32 years	10 years					
Useful life as of 12/31/2015	50 years	32 years	10 years					

(i) Includes finance lease in the amount of R\$ 13,626 (R\$ 21,058 in 12/31/2014).
(ii) Refers to transfer of R\$16,208 to intangible assets.



Consolidated:	Administrative and industrial buildings	Industrial facilities and equipment	Other (furniture, vehicles, etc.) (i)	Land	Construction in progress	Advances to suppliers	Impairment	Total
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
. Additions	55	554	-	151	1,063,435	(59,292)	(207)	1,004,696
. Write-offs	(78)	(140,491)	(2,610)	(530)	176	-	(9,464)	(152,997)
. Translation adjustment	(15,799)	(47,188)	(689)	(10,479)	(774)	-	-	(74,929)
. Merger	26,838	(177,677)	11,095	35,016	17,282	6,529	(1,612)	(82,529)
. Transfers	39,965	487,211	26,576	339	(571,058)	(1,788)	-	(18,755)
Total cost as of 12/31/2014	3,351,036	21,592,556	604,471	379,518	2,845,650	68,565	9,139	28,850,935
. Additions	-	-	128	-	1,075,856	(50,679)	(10,119)	1,015,186
. Write-offs	(4,143)	(11,802)	(15,550)	(14)	(418)	-	-	(31,927)
. Translation adjustment	1,384,269	2,196,697	291,080	540,658	9,647	3,766	(79,948)	4,346,169
. Transfers	445,460	1,313,478	25,294	-	(1,802,717)	-	-	(18,485)
Total cost as of 12/31/2015	5,176,622	25,090,929	905,423	920,162	2,128,018	21,652	(80,928)	34,161,878
Total depreciation as of 12/31/2013	(1,874,844)	(12,322,954)	(454,831)	-	-	-	(5,307)	(14,657,936)
. Additions	(49,698)	(565,448)	(34,281)	-	-	-	-	(649,427)
. Write-offs	158	34,700	1,668	-	-	-	-	36,526
. Translation adjustment	14,682	39,343	219	-	-	-	-	54,244
. Merger	9,810	63,776	(4,686)	-	-	-	-	68,900
. Transfers	6	(37)	3	-	-	-	-	(28)
Total depreciation as of 12/31/2014	(1,899,886)	(12,750,620)	(491,908)	-	-	-	(5,307)	(15,147,721)
. Additions	(95,081)	(643,241)	(49,673)	-	-	-	-	(787,995)
. Write-offs	776	7,219	13,086	-	-	-	-	21,081
. Translation adjustment	(605,105)	(964,969)	(128,001)	-	-	-	-	(1,698,075)
. Transfers	30	(34)	28	-	-	-	-	24
Total depreciation as of 12/31/2015	(2,599,266)	(14,351,645)	(656,468)	-	-	-	(5,307)	(17,612,686)
Net as of 12/31/2014	1,451,150	8,841,936	112,563	379,518	2,845,650	68,565	3,832	13,703,214
Net as of 12/31/2015	2,577,356	10,739,284	248,955	920,162	2,128,018	21,652	(86,235)	16,549,192
Useful life as of 12/31/2014	50 years	32 years	10 years					
Useful life as of 12/31/2015	50 years	32 years	10 years					

(i) Includes finance lease in the amount of R\$ 17,113 (R\$ 26,509 in 2014).
(ii) Refers to transfer of R\$18,461 to intangible assets.

- a. Guarantees**
There are property, plant and equipment items guarantee Company loans and financing (see Note 16). Additionally, the Company has R\$ 177,546 as of December 31, 2015 (R\$196,653 as of December 31, 2014) of properties pledged as guarantee of lawsuits and leases of the distribution chain.
- b. Asset under Construction**
Out of the total balance of construction in progress of R\$2,128,018 as of December 31, 2015 (R\$2,845,650 as of December 31, 2014), the amount of R\$806,221 as of December 31, 2015 (R\$2,068,320 as of December 31, 2014) 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 with a commitment between the parties.
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 investments.
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 3.8 to 4.9 million metric tons per year of ArcelorMittal Long Steel - Brazil. 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 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.

c. Equalization of useful lives
Management believes that the useful lives applied in 2015 and 2014 represent adequately the economic useful lives of its assets and are in conformity with the adopted accounting policies.

- d. Interest capitalization**
The borrowing costs capitalized in the period amount to R\$49,513 in 2015 (R\$39,653 in 2014). The Company used the weighted average rate on the borrowings outstanding as at December 31, 2015, of 7.79% p.a. (8.78% p.a. in 2014).
- e. Impairment test**
Based on its analyses, the Company assessed the existence of out-of-order assets and recognized and allowance for impairment loss in the amount of R\$9,927 as of December 31, 2014, relating to the calcination system of its unit located in the municipality of Serra - ES. Subsidiary Unki de Venezuela identified and recognized an allowance for impairment losses on its property, plant, and equipment amounting to R\$10,119 in 2015.

13. BIOLOGICAL ASSETS								
Consolidated:	Forest reserve	Adjustment to Fair value	Total					
Total cost as of 12/31/2013	351,737	49,058	400,795					
. Additions	31,838	-	31,838					
. Write-offs	(2,492)	-	(2,492)					
. Fair value	-	46,014	46,014					
Total cost as of 12/31/2014	381,083	95,072	476,155					
. Additions	39,795	-	39,795					
. Fair value	-	(44,348)	(44,348)					
Total cost as of 12/31/2015	420,878	50,724	471,602					
Total depreciation as of 12/31/2013	(99,582)	-	(99,582)					
. Additions	(36,730)	-	(36,730)					
. Write-offs	509	-	509					
Total depreciation as of 12/31/2014	(135,803)	-	(135,803)					
. Additions	(21,886)	-	(21,886)					
Total depreciation as of 12/31/2015	(157,689)	-	(157,689)					
Net as of 12/31/2014	245,280	95,072	340,352					
Net as of 12/31/2015	263,189	50,724	313,913					

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, 2015, the Company had 63,211 hectare (60,806 in 2014) of planted forests that are not pledged as guarantees.

- 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 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 27.31 m³/ha/year by the end of 2015 (27.40 m³/ha/year in 2014). 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 of December 31, 2015, the average net sales price was equivalent to R\$39.00 by m³ (R\$42.77 m³ in 2014). 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 14.98% (13.71% in 2014).
The table below shows the sensitivity to a 10% change in each one of the unobservable significant assumptions used to measure the fair values of the biological assets:

Consolidated:	Increase of 10%*	Decrease of 10%
The average annual growth	27,822	(27,822)
Average net sales price	27,822	(27,822)
Discount rate	(6,655)	7,102
b. Exposure to plantation-related risks		
(i) 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.		
(ii) Supply and demand risks		
The Group is exposed to risks arising from price fluctuation and sales volume of its forests. When possible, the Group manages this risk by aligning the harvested volume with market supply and steel 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.		
(iii) 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								
	Goodwill on investments	Software	Other	Company Total	Goodwill on investments	Software	Other	Consolidated Total
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
. Additions	-	-	1,646	1,646	-	-	1,646	1,646
. Write-offs	-	(2)	(636)	(638)	-	(2)	(641)	(643)
. Merger	-	1,750	-	1,750	-	1,176	-	1,176
. Transfers	-	9,148	7,559	16,707	-	11,219	7,564	18,783
Total cost as of 12/31/2014	10,556,487	278,043	74,759	10,909,289	11,015,271	307,644	74,941	11,397,856
. Write-offs	(31,050)	(7,448)	(3,724)	(42,222)	(489,395)	(7,448)	(3,724)	(500,567)
. Transfers	-	14,646	1,551	16,197	-	16,915	1,571	18,486
Total cost as of 12/31/2015	10,525,437	285,241	72,586	10,883,264	10,525,876	317,111	72,788	10,915,775



continuation

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)
. Additions	-	(16,627)	(1,849)	(18,476)	-	(17,881)	(1,849)	(19,730)
. Write-offs	-	2	659	661	1,792	2	659	2,453
. Merger	-	(1,171)	-	(1,171)	-	(597)	-	(597)
. Transfers	-	-	-	-	-	159	(159)	-
Total amortization as of 12/31/2014	(4.207.083)	(239.153)	(10.951)	(4.457.187)	(4.205.333)	(264.644)	(10.321)	(4.480.298)
. Additions	-	(16,226)	(1,536)	(17,762)	-	(17,878)	(1,536)	(19,414)
. Write-offs	-	7,369	-	7,369	-	7,369	-	7,369
. Transfers	-	1	10	11	-	(14)	(11)	(25)
Total amortization as of 12/31/2015	(4.207.083)	(248.009)	(12.477)	(4.467.569)	(4.205.333)	(275.167)	(11.868)	(4.492.368)
Net as of 12/31/2014	6.349.404	38.890	63.808	6.452.102	6.809.938	43.000	64.620	6.917.558
Net as of 12/31/2015	6.318.354	37.232	60.109	6.415.695	6.320.543	41.944	60.920	6.423.407
Useful life as of 12/31/2014		05 years	05 years			05 anos	05 anos	
Useful life as of 12/31/2015		05 years	05 years			05 anos	05 anos	

(i) Refers to transfer of R\$ 16,208 (Company) R\$ 18,461 (Consolidated) from property, plant and equipment.

a. 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 2015 was 9.38% (9.13% in 2014).

The Company did not identify any indicators that as at December 31, 2015 and 2014 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	
	2015	2014	2015	2014
. Domestic market				
.. Group companies	60,970	53,975	12,278	97,849
.. Third parties (i)	<u>2,113,543</u>	<u>2,064,505</u>	<u>2,256,110</u>	<u>2,188,571</u>
. Total domestic market	<u>2,174,513</u>	<u>2,118,480</u>	<u>2,268,388</u>	<u>2,286,420</u>
. Foreign market				
.. Group companies	31,118	132,785	42,942	66,182
.. Third parties	<u>144,840</u>	<u>256,330</u>	<u>317,016</u>	<u>319,047</u>
. Total foreign market	<u>175,958</u>	<u>389,115</u>	<u>359,958</u>	<u>385,229</u>
Total	<u>2,350,471</u>	<u>2,507,595</u>	<u>2,628,346</u>	<u>2,671,649</u>

(i) Includes balances of trade payables maturing from 05 to 180 days.

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 23c.

16. LOANS

			Company		Consolidated	
	Final maturity	Average annual financial charge - 2015	2015	2014	2015	2014
In Brazilian reais						
. Working capital						
.. Bradesco S.A.	2018	TJLP	3,310	3,058	3,310	3,058
.. Banco do Brasil S.A.	2015	125% CDI	-	1,164	-	1,164
.. Banco do Estado do Espírito Santo	2016	1%	-	-	1,448	433
.. DESENBAHIA	2016	8%	-	-	<u>30</u>	<u>951</u>
			<u>3,310</u>	<u>4,222</u>	<u>4,788</u>	<u>5,606</u>
. Investments						
.. Leasing	2016	INPC	-	-	2,770	6,308
.. Banco Itaú S.A.	2023	3.5%	-	-	2,587	2,657
.. BNDES System	2018	TJLP + 2.2%	551,934	820,709	552,057	820,881
.. Prepayments contracts (i)	2025	11.31%	7,082,453	6,867,173	7,082,453	6,867,173
.. Others investments	2024	5.69%	<u>23,507</u>	<u>27,445</u>	<u>23,507</u>	<u>27,445</u>
			<u>7,657,894</u>	<u>7,715,327</u>	<u>7,663,374</u>	<u>7,724,464</u>
Subtotal in Brazilian reais			<u>7,661,204</u>	<u>7,719,549</u>	<u>7,668,162</u>	<u>7,730,070</u>
In US dollars						
. Working capital:						
.. Banco Itaú S.A.	2016	3.64%	-	-	33,799	30,103
.. Bradesco S.A.	2015	Libor + 5%	-	13,294	8,613	24,089
.. Other working capital	2016		-	-	<u>56,147</u>	<u>31,798</u>
			-	<u>13,294</u>	<u>98,559</u>	<u>85,990</u>
. Investments:						
.. Leasing	2017	15%	58,006	57,080	58,006	57,080
.. BNDES	2018	UMBNDDES + 1.88%	<u>181,175</u>	<u>187,478</u>	<u>181,175</u>	<u>187,478</u>
			<u>239,181</u>	<u>244,558</u>	<u>239,181</u>	<u>244,558</u>
Subtotal in US dollars			<u>239,181</u>	<u>257,852</u>	<u>337,740</u>	<u>330,548</u>
Total			<u>7,900,385</u>	<u>7,977,401</u>	<u>8,005,902</u>	<u>8,060,618</u>
<i>(i) Refers to the debt with ArcelorMittal Group Companies</i>						
. Current			2,135,383	1,825,836	2,238,647	1,903,952
. Noncurrent			<u>5,765,002</u>	<u>6,151,565</u>	<u>5,767,255</u>	<u>6,156,666</u>
Total			<u>7,900,385</u>	<u>7,977,401</u>	<u>8,005,902</u>	<u>8,060,618</u>

LONG-TERM PORTIONS MATURE AS FOLLOWS:

2017	1,624,855	1,625,185
2018	1,040,566	1,040,896
2019	516,336	516,666
2020	1,211,741	1,212,071
2021 thereafter	<u>1,371,504</u>	<u>1,372,437</u>
	<u>5,765,002</u>	<u>5,767,255</u>

Debts indexes

- TJLP - Long term interest rate, fixed quarterly, at 7.00% p.a. in 2015 (5.00% p.a. in 2014).
- Libor - London Interbank Offered Rate - the weighted average Libor rate on the Company's financing agreements was 0.8334 % p.a. in 2015 (0.3293% p.a. in 2014).
- UMBNDDES - monetary unit of the BNDES - National Bank for Economic and Social Development (currency basket) - up by 4.078% in 2015 (4.59% in 2014).

a. Covenants

In March 2015, the loan agreement entered into with Banco Bradesco S.A., related to an Export Prepayment transaction, which contained financial covenants, was settled. Thus, there are no other financing subject to financial covenants as at December 31, 2015.

b. Guarantees

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

17. DEBENTURES

	Company		Consolidated	
	2015	2014	2015	2014
Simple, non-convertible debentures	<u>11,704</u>	<u>16,418</u>	<u>11,818</u>	<u>16,418</u>
Current	3,469	3,439	3,469	3,439
Noncurrent	<u>8,235</u>	<u>12,979</u>	<u>8,349</u>	<u>12,979</u>
Total	<u>11,704</u>	<u>16,418</u>	<u>11,818</u>	<u>16,418</u>

Simple, non-convertible debentures

Issued 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\$11,671,885 (R\$11,671,885 in 2014), represented by 2,694,485 common shares (2,694,485 in 2014). 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% 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 Belgo-Minera Participação (Parent Company) by its subsidiary ArcelorMittal Brasil S.A..

19. SALES

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

	Company		Consolidated	
	2015	2014	2015	2014
Gross sales of products and services				
Domestic market	13,351,590	16,207,656	20,385,768	19,454,955
Foreign market	<u>6,404,169</u>	<u>3,772,494</u>	<u>6,693,707</u>	<u>3,856,156</u>
	<u>19,755,759</u>	<u>19,980,150</u>	<u>27,079,475</u>	<u>23,311,111</u>
Taxes on sales	(3,052,588)	(3,733,497)	(3,492,482)	(4,211,419)
Other deductions	<u>(1,021,085)</u>	<u>(913,905)</u>	<u>(1,345,420)</u>	<u>(1,110,621)</u>
Net operating revenue	<u>15,682,086</u>	<u>15,332,748</u>	<u>22,241,573</u>	<u>17,989,071</u>

- 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

The currency translation adjustments refer to:

- changes in foreign exchange rates and functional currency translation adjustments from the US dollar into the reporting currency, the Brazilian real, of the Parent Company's balances through December 31, 2012 (see note 3d);
- changes in foreign exchange rates and functional currency translation adjustments from the US dollar and the bolivar forte into the reporting currency of foreign investments.

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:

	2015	2014
Net income (loss) of the year	<u>(1,882,502)</u>	<u>1,420,736</u>
Recognition of legal reserve		<u>(71,037)</u>
Dividend calculation base		<u>1,349,699</u>
Minimum mandatory dividends - 25%	<u>-</u>	<u>337,425</u>

g. Profit per share

Loss per share in 2015 was R\$698.65 and earnings per share in 2014 were R\$527.28 and are calculated based on the number of the Company's common shares in each of the aforementioned years.



20. EXPENSES BY NATURE

	Company		Consolidated	
	2015	2014	2015	2014
Raw and consumption materials	9,946,880	8,957,477	14,464,231	9,854,802
Outside services	1,859,947	1,877,927	2,035,629	2,080,422
Depreciation, amortization and depletion	473,615	501,478	829,295	705,887
Salaries and related charges	1,414,098	1,299,137	2,504,501	2,027,915
Management compensation (note 25a)	23,668	29,353	36,489	40,664
Profit sharing	92,770	211,868	129,801	263,670
Retirement and pension plan	36,169	58,634	51,236	66,663
Leases and rentals	328,737	370,241	336,616	377,401
Cost of disposal of investments	68	30,281	100	29,839
Cost of disposal of property, plant and equipment	2,308	97,500	10,205	130,195
Cost of others sales	200,969	204,777	240,868	228,201
Amnesty Law	82,213	137,213	82,213	140,318
Taxes on others sales	84,621	88,623	83,739	83,944
Other	38,122	36,977	109,357	115,457
	14,584,185	13,901,486	20,914,280	16,145,378
Allocation of the expenses in the income statement				
Cost of sales	13,361,512	12,435,689	18,660,828	14,184,298
Selling	411,605	506,680	874,783	610,328
General and administrative	302,109	323,615	682,791	442,103
Other operating expenses	<u>508,959</u>	<u>635,502</u>	<u>695,878</u>	<u>908,649</u>
	14,584,185	13,901,486	20,914,280	16,145,378

21. OTHER OPERATING INCOME (EXPENSES)

	Company		Consolidated	
	2015	2014	2015	2014
Other operating income				
Sundry sales <i>(i)</i>	296,683	370,877	325,218	447,990
Income from the sale of assets <i>(ii)</i>	1,220	172,376	3,850	281,829
Income from rentals	11,972	8,584	12,263	9,087
Adjustments – biological assets	-	-	(44,048)	52,672
Amnesty Law	-	120,220	-	120,220
Provision for pension plan	3,472	28,404	1,016	27,080
Insurance compensation – fixed asset	75,925	-	75,925	-
Onerous assignment of electric power	66,080	110,633	-	-
Other operating income	<u>40,801</u>	<u>29,682</u>	<u>63,141</u>	<u>54,573</u>
	496,153	840,776	437,365	993,451
Other operating expenses				
Cost on sundry sales	(200,969)	(204,777)	(240,868)	(310,580)
Taxes on other income	(84,621)	(88,623)	(83,739)	(86,594)
Voluntary termination program	(16,031)	(8,101)	(29,270)	(23,116)
Cost on the sale of assets <i>(ii)</i>	(2,376)	(127,781)	(10,305)	(160,034)
Provision for tax risks and contingencies	(59,462)	(19,181)	(74,531)	(37,039)
Share-based payment	(4,609)	(2,922)	(4,609)	(2,922)
Impairment (note 12)	-	(9,927)	(10,119)	(2,278)
Depreciation on leased assets	-	-	(30,311)	(30,311)
Amnesty Law	(37,288)	(137,213)	(37,288)	(140,318)
Contractual fines	(65,481)	-	(65,481)	-
Other operating expenses	<u>(38,122)</u>	<u>(36,977)</u>	<u>(109,357)</u>	<u>(115,457)</u>
	(508,959)	(635,502)	(695,878)	(908,649)
	(12,806)	205,274	(258,513)	84,802

(i) Mainly sale of slag and scrap.
(ii) Mainly refers to the sale of Huatian wire rod mill in 2014

22. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	2015	2014	2015	2014
Financial income				
Interest received	32,769	45,567	63,810	57,445
Other financial income	37,736	58,162	44,166	62,378
Yield on short-term financial investments	13,046	16,317	120,426	47,866
Exchange gains (losses)	315,140	48,889	336,695	65,997
Amnesty Law	<u>16,291</u>	<u>129,955</u>	<u>18,018</u>	<u>130,514</u>
	414,982	298,890	583,115	364,200
Financial expenses				
Interest on financing	(873,306)	(815,126)	(881,596)	(820,321)
Operation interest of payment extension	(124,627)	(93,624)	(124,627)	(93,624)
Other financial expenses <i>(i)</i>	(173,662)	(244,011)	(214,920)	(278,198)
Amnesty Law	(10,500)	(503,202)	(11,733)	(504,631)
Late payment interest and inflation adjustments <i>(ii)</i>	(34,713)	(19,376)	(41,815)	(32,903)
Warranty expense	(20,300)	(10,357)	(20,605)	(10,795)
Financial loss on pension fund	(24,052)	(22,718)	(41,959)	(29,276)
Derivatives	(441,082)	(51,146)	(441,082)	(51,146)
Interest on debentures	(1,364)	(622)	(1,364)	(643)
Exchange gains (losses)	<u>(628,726)</u>	<u>(151,520)</u>	<u>(1,509,923)</u>	<u>(294,202)</u>
	(2,332,332)	(1,911,702)	(3,289,624)	(2,115,739)
Total	(1,917,350)	(1,612,812)	(2,706,509)	(1,751,539)

(i) Includes Pis and Cofins on interest on own capital.
(ii) Mainly on provisions for risks

23. FINANCIAL INSTRUMENTS

The ArcelorMittal Brasil Group operates several financial instruments, e.g., short-term investments, trade payables, trade receivables, borrowings and financing and derivatives. These financial instruments are managed using strategies that seek liquidity, profitability, and security. The amount of the main financial instruments is broken down as follows:

	Consolidated			
	Loans and receivables	Held to maturity	Assets at fair value with gains and losses recognized in shareholder's equity	TOTAL
Cash and cash equivalents	907,218	-	-	907,218
Held-to-maturity investments	-	4,367	-	4,367
Trade accounts receivable	2,221,826	-	-	2,221,826
Receivables from related parties	691,608	-	-	691,608
Other financial assets	<u>398,641</u>	-	<u>4,519</u>	<u>403,160</u>
TOTAL	4,219,293	4,367	4,519	4,228,179

Liabilities	Consolidated			
	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	-	-	2,628,346	2,628,346
Financing	-	-	8,005,902	8,005,902
Debentures	-	-	11,818	11,818
Payables to related parties	-	-	1,800,850	1,800,850
Other financial liabilities	-	-	616,152	616,152
TOTAL	-	-	13,063,068	13,063,068

2014 Assets	Consolidated			
	Loans and receivables	Held to maturity	Assets at fair value with gains and losses recognized in shareholder's equity	TOTAL
Cash and cash equivalents	881,073	-	-	881,073
Held-to-maturity investments	-	27,066	-	27,066
Trade accounts receivable	1,930,023	-	-	1,930,023
Receivables from related parties	577,424	-	-	577,424
Other financial assets	<u>332,756</u>	-	<u>4,256</u>	<u>337,012</u>
TOTAL	3,721,276	27,066	4,256	3,752,598

Liabilities	Consolidated			
	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	-	-	2,671,649	2,671,649
Financing	-	-	8,060,618	8,060,618
Debentures	-	-	16,418	16,418
Payables to related parties	-	-	1,129,785	1,129,785
Other financial liabilities	-	-	629,289	629,289
TOTAL	-	-	12,507,759	12,507,759

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.

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, 2015 and 2014 by category of financial instrument is shown below:

Derivative financial assets	Consolidated	
	2015	2014
Financial derivative instruments	75,574	5,803
Non-derivative financial assets		
Cash and cash equivalents	907,218	881,073
Held-to-maturity investments	4,367	27,066
Trade accounts receivable	2,221,826	1,930,023
Receivables from related parties	691,608	577,424
Other financial assets	403,160	337,012

(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 ArcelorMittal Group Treasury Policy, which consists of managing exposures globally, thus reducing the probability of problems resulting from the lack of market liquidity that could affect the payment ability of the financial institutions. 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 the ArcelorMittal Group. This policy is approved by the Global Treasury Committee.

(ii) Trade receivables

In 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 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 pre-payment, cash or through credit and debit cards. In order to mitigate the risk of losses, ArcelorMittal Brasil guarantees collection through credit insurance, commercial surety, mortgage, guarantee letter (for export transactions) and bank guarantee that account for a major portion of the balance of trade receivables. Given the current diversification of portfolio customers, there is no individual customer that accounts for an exposure above 15% in relation to the balance of trade receivables. In terms of revenue, such percentage rate is no more than 2% of the total volume billed. The breakdown by maturity and changes in the allowance for impairment losses with respect to trade receivables in 2015 and 2014 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 Group 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:

Derivative financial liabilities	Consolidated	
	2015	2014
Financial derivative instruments	348,414	253,155
Non-derivative financial liabilities		
Trade accounts payable	2,628,346	2,671,649
Financing	8,005,902	8,060,618
Debentures	11,818	16,418
Payables to related parties	1,800,850	1,129,785
Other financial liabilities	616,152	629,289

Most of the non derivative financial liabilities were assumed with group companies. The table below shows the remaining contractual maturities of derivative and non derivative financial liabilities, including the payment of estimated interest.



As of December 31, 2015	Carrying amount	Consolidated				
		Contractual cash flow	1-12 months	1-2 years	2-5 years	More than 5 years
Derivative financial liabilities						
Financial derivative instruments	348,414	266,655	125,616	141,039		
Non-derivative financial liabilities						
Trade accounts payable	2,628,346	2,628,346	2,628,346	-	-	-
Financing	8,005,902	10,621,789	2,989,010	3,569,842	3,612,342	450,595
Debentures	11,818	14,839	5,678	6,084	1,923	1,154
Payables to related parties	1,800,850	1,800,850	878,575	922,275	-	-
Other financial liabilities	616,152	616,152	150,895	465,257	-	-
	13,063,068	15,681,976	6,652,504	4,963,458	3,614,265	451,749

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.

The ArcelorMittal Brasil Group seeks financial instruments that allow mitigating the market risks to which the Group is exposed. The conducted transactions are part of the ArcelorMittal Group's global risk management policy.

(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 Company's functional currency.

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 of December 31, 2015.

Assets	Functional currency R\$								Consolidated	
	Functional currency US\$								Functional currency US\$	
	R\$	US\$	Euro	Pounds Sterling	Japonesse Yen	Venezuelan Strong Bolivar	Canadian Dollar	Swedish Krona	Colon	US\$
Cash and cash equivalents	252,308	45,641	-	-	-	604,121	-	-	1,404	3,744
Held-to-maturity investments	1,131	-	-	-	-	-	-	-	-	3,236
Trade accounts receivable	1,315,481	869,147	11,837	184	-	5,915	-	-	8,042	11,220
Receivables from related parties	513,338	-	-	-	-	-	-	-	-	-
Other receivables	385,299	145,881	34	-	-	49,393	-	-	-	823
Total assets exposure	2,467,557	1,060,669	11,871	184	-	659,429	-	-	9,446	19,023
Liabilities										
Trade accounts payable	2,153,940	104,979	118,152	184	644	235,673	90	21	8,140	6,523
Financing	7,668,162	337,740	-	-	-	-	-	-	-	-
Debentures	11,704	-	-	-	-	114	-	-	-	-
Payables to related parties	185,824	1,346,382	32,029	-	-	126,487	-	-	-	110,128
Other payables	223,408	252,443	53,491	-	-	85,976	-	-	530	304
Total liabilities exposure	10,243,038	2,041,544	203,672	184	644	448,250	90	21	8,670	116,955

Sensitivity analysis for currency risk

The sensitivity analysis to foreign exchange rate as at December 31 takes into consideration the fluctuations of the functional currency of ArcelorMittal Brasil (Brazilian real) against the exchange rates of the foreign currency-denominated transactions (US\$, \$, Bs.F\$, and CRC \$). For purposes of this analysis, it is considered that all other variables, especially the interest rate, remained constant, and that the analysis parameters are similar to those used in 2014.

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 2015. The Company considered the baseline scenario as at December 31, 2015 as the probable scenario.

The foreign exchange rates prevailing at December 31, 2015 were considered the probable scenario.

tween an asset's return and the SELIC (Brazil's policy rate). Most of the liabilities subject to fixed or floating rates of the ArcelorMittal Brasil Group have been raised with ArcelorMittal Group. As at December 31, 2015 and 2014, the profile of interest-earning financial instruments of ArcelorMittal Brasil Group was:

	Consolidated					
	Asset			Liability		
	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)	Probable scenario	Scenario 1 (+25%)	Scenario 2 (+50%)
R\$	2,467,557	2,467,557	2,467,557	10,243,038	10,243,038	10,243,038
Income statement		-	-		-	-
Shareholders' equity		-	-		-	-
US\$	1,060,669	1,325,836	1,591,004	2,041,544	2,551,930	3,062,316
Income statement		265,167	530,335		510,386	1,020,772
Shareholders' equity		-	-		-	-
Euro	11,871	14,839	17,807	203,672	254,590	305,508
Income statement		2,968	5,936		50,918	101,836
Shareholders' equity		-	-		-	-
Pounds sterling	184	230	276	184	230	276
Income statement		46	92		46	92
Shareholders' equity		-	-		-	-
Japonesse yen	-	-	-	644	805	966
Income statement		-	-		161	322
Shareholders' equity		-	-		-	-
Venezuelan Strong bolivar	659,429	824,286	989,144	448,250	560,313	672,375
Income statement		-	-		-	-
Shareholders' equity		164,857	329,715		112,063	224,125
Canadian Dollar	-	-	-	90	113	135
Income statement		-	-		23	45
Shareholders' equity		-	-		-	-
Swedish Krona	-	-	-	21	26	32
Income statement		-	-		5	11
Shareholders' equity		-	-		-	-
Colon (functional currency US\$)	9,446	11,808	14,169	8,670	10,838	13,005
Income statement		-	-		-	-
Shareholders' equity		2,362	4,723		2,168	4,335
US\$ (functional currency US\$)	19,023	19,023	19,023	116,955	116,955	116,955
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 has the policy of investing its cash and cash equivalents in the financial market at floating rates in order to reflect the interest curve adjustments, thus mitigating any mismatches be-

(ii) Interest rate risk

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

ArcelorMittal Brasil has the policy of investing its cash and cash equivalents in the financial market at floating rates in order to reflect the interest curve adjustments, thus mitigating any mismatches be-

	Consolidated	
	2015	2014
Fixed interest rate instruments		
Financial assets	741,858	358,851
Financial liabilities	7,280,646	7,017,552
Variable interest rate instruments		
Financial assets	376,175	346,710
Financial liabilities	2,049,048	1,042,978

Sensitivity analysis of cash flow 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 flows for the interest rate risk were determined by a 25% and 50% appreciation compared to the probable scenario ("Probable scenario"), considered as "Scenario 1" and "Scenario 2", respectively, in 2015. The ArcelorMittal Brasil Group considered the levels at December 31, 2015 as the probable scenario.

	Income statement		
	Probable scenario	Scenario 1	Scenario 2
As of December 31, 2015			
Variable interest rate instruments	(119.689)	(149.612)	(180.119)

(iii) Stock price risk

The stock price risk derives from fluctuations that stock prices may cause to the companies' financial assets and financial liabilities. ArcelorMittal Brasil Group's operational investment strategy does not provide for the acquisition of shares issued by publicly-held companies. Others assets recorded under "Other investments" refer basically to gains (losses) on nationalization programs implemented by the Bra-

Counterparty	Maturities	Asset	Liability	Consolidated		
				Recorded	Appreciation (10%)	Depreciation (10%)
				Fair value (market)	Fair value (market)	Fair value (market)
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.	(310,218)	(367,053)	(253,384)
Bradesco/Itaú BBA/HSBC	01/2016 to 05/2016	BRL	USD	(36,104)	(138,334)	66,124

(i) Currency and interest rate swaps

The Company's derivative transactions are described below:

Counterparty	Maturity	Asset	Liability	Consolidated							
				Notional amount				Fair value (market)			
				2015		2014		2015		2014	
				Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position
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.	275,683	573,745	408,534	579,551	258,129	568,347	389,454	570,470
Itaú BBA	01/2013 to 10/2014	Selic rate	US Dollar exchange + 3.25% p.a.	-	-	-	-	-	-	-	-
Bradesco/Itaú BBA/HSBC	01/2016 to 05/2016	Average rate of 15.63% p.a.	US Dollar exchange + average rate of 4.62% p.a.	950,236	993,834	862,868	957,233	986,186	1,022,290	891,400	963,539
Total				1,225,919	1,567,579	1,271,402	1,536,784	1,244,315	1,590,637	1,280,854	1,534,009



(ii) Currency Hedge

ArcelorMittal Brasil conducted in 2015 a derivative transaction to convert into reais an euro-denominated transaction, using an NDF (non-deliverable forward), as shown in the table below:

												Consolidated	
				National amount				Fair value (market)				Gain/(loss) in net income for the period	
				2015		2014		2015		2014		2015	2014
Counterparty	Maturity	Asset	Liability	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position	Asset position	Liability position		
Santander/HSBC	01/2014 to 06/2014	BRL	USD	-	-	-	-	-	-	-	-	-	9,144
Standard Chartered	04/2015	BRL	USD									(68)	-
Total				-	-	-	-	-	-	-	-	(68)	9,144

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.

As for the criteria used to measure the fair value of financial instruments (Financing and Debentures), it is based on the calculation of the amount by the maturity date under contracted terms

and conditions, and discounted to present value at market conditions, at the calculation date.

The amounts are determined based on market models and quotations that take into account present 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 financial statements of ArcelorMittal Brasil Group are:

As of December 31, 2015	Held to maturity	Loans and receivables	Other financial liabilities at the amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	907,218	-	907,218	907,218
Held-to-maturity investments	4,367	-	-	4,367	4,367
Trade accounts receivable	-	2,221,826	-	2,221,826	2,221,826
Receivables from related parties	-	691,608	-	691,608	691,608
Other financial assets	-	403,160	-	403,160	403,160
	<u>4,367</u>	<u>4,223,812</u>	<u>-</u>	<u>4,228,179</u>	<u>4,228,179</u>

Trade accounts payable	-	-	2,628,346	2,628,346	2,628,346
Financing	-	-	8,005,902	8,005,902	7,849,175
Debentures	-	-	11,818	11,818	12,020
Payables to related parties	-	-	1,800,850	1,800,850	1,800,850
Other financial liabilities	-	-	616,152	616,152	616,152
	<u>-</u>	<u>-</u>	<u>13,063,068</u>	<u>13,063,068</u>	<u>12,906,543</u>

As of December 31, 2014	Held to maturity	Loans and receivables	Other financial liabilities at the amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	881,073	-	881,073	881,073
Held-to-maturity investments	27,066	-	-	27,066	27,066
Trade accounts receivable	-	1,930,023	-	1,930,023	1,930,023
Receivables from related parties	-	577,424	-	577,424	577,424
Other financial assets	-	337,012	-	337,012	337,012
	<u>27,066</u>	<u>3,725,532</u>	<u>-</u>	<u>3,752,598</u>	<u>3,752,598</u>

Trade accounts payable	-	-	2,671,649	2,671,649	2,671,649
Financing	-	-	8,060,618	8,060,618	9,181,477
Debentures	-	-	16,418	16,418	14,806
Payables to related parties	-	-	1,129,785	1,129,785	1,129,785
Other financial liabilities	-	-	629,289	629,289	629,289
	<u>-</u>	<u>-</u>	<u>12,507,759</u>	<u>12,507,759</u>	<u>13,627,006</u>

g. Fair value hierarchy

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

				Fair Value Hierarchy	
				Level 3	
Level 1		Level 2		2015	2014
2015	2014	2015	2014	2015	2014
Asset					
Other financial assets	4,519	4,256	398,641	332,756	-
Swap contracts and other	-	-	75,574	5,803	-
	<u>4,519</u>	<u>4,256</u>	<u>474,215</u>	<u>338,559</u>	<u>-</u>
Liability					
Swap contracts and other	-	-	348,414	253,155	-
	<u>-</u>	<u>-</u>	<u>348,414</u>	<u>253,155</u>	<u>-</u>

There was no transfer between levels 1, 2 and 3 in 2015 and 2014.

24. INCOME TAX AND SOCIAL CONTRIBUTION

a. Income tax and social contribution

		Company		Consolidated	
		2015	2014	2015	2014
Income (loss) before income tax, social contribution, legal reserves and noncontrolling interest					
Combined tax rate	(1,647,453)	34%	911,007	(1,431,245)	1,085,375
Income tax and social contribution at tax rate					
	(560,134)	309,742	(486,623)	369,028	
Adjustments to net income (loss)					
Effects on net income (loss) of additions (deductions) that do not generate tax credits					
Effects of Law 11638 (mainly functional currency)	89	1,860	89	1,173	
Recognition of tax loss carryforwards	(5,146)	(702,843)	381,297	(702,985)	
Swap	246,676	-	246,676	-	
Equity in subsidiaries/affiliates	283,819	(85,605)	-	(78)	
Taxation of profits abroad	5,820	(13,634)	5,820	(13,634)	
Interest on own capital received	11,813	8,762	-	-	
Tax Amnesty	23,109	(71,483)	24,003	(71,825)	
Goodwill	166,394	-	166,394	-	
Transfer Pricing	58,427	22,829	60,777	25,709	
Grants and donations	12,128	11,141	12,411	16,994	
Others	(10,415)	2,534	(58,764)	(42,649)	
Income tax and social contribution computed		<u>232,580</u>	<u>(516,697)</u>	<u>352,080</u>	<u>(418,267)</u>
Effective rate	-14%	-57%	-25%	-39%	
Current income tax and social contribution		1,834	13,577	139,361	100,084
Deferred income tax and social contribution		230,746	(530,274)	212,719	(518,351)

b. Deferred income tax and social contribution

				Company		Consolidated				
		Balances as of 12/31/2014	Income statement	Additions / write-offs	Balances as of 12/31/2015	Balances as of 12/31/2014	Income statement	Additions / write-offs	Recognition of comprehensive income statement	Balances as of 12/31/2015
Noncurrent assets										
Tax loss carryforwards	1,558,704	4,676	(14,359)	1,549,021	1,637,719	753	(10,646)	-	-	1,627,826
Recoverable from temporary differences	520,132	11,126	-	531,258	580,909	20,590	9,663	-	-	611,162
Effects of Law 11638 - functional currency	-	-	-	-	10,707	(226)	-	-	-	10,481
Profits abroad	213,907	(5,820)	-	208,087	214,724	(5,820)	-	-	-	208,904
Plano Verão ("Summer Plan") and others	25,404	(751)	-	24,653	25,401	(751)	-	-	-	24,650
Others Effects of Law 11638	93,867	-	(20,502)	73,365	95,780	44	(20,505)	149	-	75,468
Total noncurrent assets	<u>2,412,014</u>	<u>9,231</u>	<u>(34,861)</u>	<u>2,386,384</u>	<u>2,565,240</u>	<u>14,590</u>	<u>(21,488)</u>	<u>149</u>	<u>-</u>	<u>2,558,491</u>
Noncurrent liabilities										
Temporary differences	39,071	616	(616)	39,071	227,974	(11,941)	762,335	-	-	978,368
Unrealized profits on inventories	-	-	-	-	-	(1,138)	-	-	-	(1,138)
Effects of Law 11638 - functional currency	590,432	(19,790)	-	570,642	590,435	(19,790)	-	-	-	570,645
Effects of Law 11638 - goodwill amortization	1,499,850	156,733	-	1,656,583	1,499,106	156,733	-	-	-	1,655,839
Effects of Law 11638 - others (*)	1,249,600	102,418	-	1,352,018	1,381,528	103,445	-	-	-	1,484,973
Total noncurrent liabilities	<u>3,378,953</u>	<u>239,977</u>	<u>(616)</u>	<u>3,618,314</u>	<u>3,699,043</u>	<u>227,309</u>	<u>762,335</u>	<u>-</u>	<u>-</u>	<u>4,688,687</u>
Income statement effect			<u>(230,746)</u>				<u>(212,719)</u>			
Total noncurrent asset		<u>-</u>		<u>-</u>	<u>18,336</u>					<u>25,504</u>
Total noncurrent liability		<u>966,939</u>		<u>1,231,930</u>	<u>1,152,138</u>					<u>2,155,700</u>

(*) It refers mainly to the difference between the fiscal depreciation rates and the depreciation based on the IFRS rules.

ArcelorMittal Brasil S.A.

CNPJ/MF nº 17.469.701/0001-77

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The Company, based on the expected generation of future taxable income, determined in a technical study approved by Management, recognized as at December 31, 2015, as reversal of tax credits on tax loss carryforwards of R\$1,549,021 (Company) and R\$1,627,826 (Consolidated). This tax credit can be carried forward indefinitely and its offset is limited to 30% of annual taxable income.

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.

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, 2015 and 2014, are summarized as follows:

Company	Balances								Transactions					
	Current assets		Noncurrent assets		Current liabilities		Noncurrent liabilities		Sales		Purchases		Other income (expenses)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Acindar Industria Argentina	11,095	2,248	-	-	4,555	4,114	-	-	30,829	36,778	56,315	74,734	-	133,678
Arcelor International Singapore Private	-	-	-	-	-	5	-	-	33,188	63,856	-	-	-	(91)
ArcelorMittal Atlantique et Lorraine	56	-	-	-	-	-	-	-	121,420	-	-	-	51	-
ArcelorMittal Basque Holding S.L.	-	-	-	-	526,176	362,155	797,617	542,570	(i)	-	-	-	(35,946)	(24,433)
ArcelorMittal Belgium	-	210	-	-	19	114	-	-	316,296	-	-	-	-	-
ArcelorMittal BioFlorestas	1,303	3,077	-	-	2,559	1,580	-	-	735	711	167,193	166,696	11	(190)
ArcelorMittal Bremen GmbH	-	-	-	-	64	-	-	-	138,230	-	-	-	34	-
ArcelorMittal Calvert LLC	66,167	-	-	-	-	-	-	-	507,468	-	-	-	-	-
ArcelorMittal Comercializadora de Energia Ltda.	32,011	21,978	-	-	28,274	2,592	-	-	-	-	270,997	247,759	59,830	100,296
ArcelorMittal Commercial RPS Sàrl	34	-	-	-	(9)	-	-	-	-	-	23,863	21,370	-	-
ArcelorMittal Commercial Sections SA	-	2	-	-	-	4,061	-	-	-	-	4,408	18,268	-	-
ArcelorMittal Contagem S.A	293,238	270,049	-	-	1,112	5,966	-	-	632,270	281,900	93,110	120,170	(3,782)	(179)
ArcelorMittal Distribution Services France	19,498	-	-	-	-	-	-	-	152,738	-	-	-	-	-
ArcelorMittal Dofasco	-	-	-	-	-	-	-	-	233,943	-	-	-	-	-
ArcelorMittal Europe SA.	-	-	-	-	14,307	-	-	-	-	-	-	-	(14,334)	-
ArcelorMittal Flat Carbon Europe	25,711	15	-	-	2,691	6,640	-	-	-	-	63,194	27,132	-	-
ArcelorMittal France	172	117	-	-	3,489	22,142	-	-	-	-	-	-	-	-
ArcelorMittal Gonvarri Brasil Prod. Siderúrgicos S.A.	23,103	57,987	-	-	1,378	2,164	-	-	225,507	334,411	18,487	12,543	-	-
ArcelorMittal International Luxembourg S.A.	83,976	148,262	-	-	2,649	2,059	-	-	733,815	2,129,325	-	13,930	(5,713)	(1,348)
ArcelorMittal Investigación y Desarrollo, SL	-	283	-	-	-	10,813	-	-	-	-	-	-	-	(38,330)
ArcelorMittal Logistics Belgium	68	-	-	-	9,155	4,461	-	-	-	-	28,719	3,014	1,007	(577)
ArcelorMittal Luxembourg S.A.	-	-	-	-	49	553	-	-	-	-	-	-	-	(7,858)
ArcelorMittal Mediterranee	-	-	-	-	-	-	-	-	38,082	-	-	-	-	-
ArcelorMittal Mineração Serra Azul S.A.	618	738	206,447	-	1,359	2,493	-	-	1	70,571	18,391	17,510	744	182
ArcelorMittal Poland	-	-	-	-	-	-	-	-	74,007	39,978	-	-	-	-
ArcelorMittal Projects América do Sul Comércio	-	-	-	-	-	-	-	-	-	14,943	-	3,582	-	-
ArcelorMittal Purchasing	-	-	-	-	295	697	-	-	-	-	-	-	(531)	(1,404)
ArcelorMittal RZK Celik Servis	43,475	-	-	-	-	-	-	-	67,755	-	-	-	-	-
ArcelorMittal S.A.	7,922	1,625	-	-	1,783,739	1,476,755	(ii)	4,668,937	4,721,845	(ii)	-	-	(804,841)	(711,342)
ArcelorMittal Sagunto SI	-	-	-	-	-	-	-	-	88,007	-	-	-	-	-
ArcelorMittal Sistemas S.A.	611	466	1,262	-	3,775	6,186	-	-	-	-	47,502	59,294	(69)	36
ArcelorMittal Sourcing	48,692	269,447	-	-	13,834	113,436	-	-	-	-	2,115,021	1,657,213	1,167	-
ArcelorMittal Spain Holding SA	2,483	1,657	292,299	292,299	(iii)	74,665	-	-	-	-	-	-	-	156,669
ArcelorMittal Treasury Financial Services S.à r.l. -	-	-	-	-	2,419	2,177	(ii)	728,800	728,800	(ii)	-	-	(88,301)	(88,301)
ArcelorMittal Tubarão Comercial S.A.	-	-	-	-	-	-	-	-	-	-	-	-	-	5,008
Bekaert Costa Rica S.A.	3,302	-	-	-	47	-	-	-	-	645,917	-	39,200	-	-
Belgo Bekaert Arames Ltda.	71,732	118,825	-	-	11,500	16,072	-	-	5,828	-	-	-	-	-
BMB Belgo- Mineira Bekaert	16,201	7,371	-	-	90	1,930	-	-	1,008,454	1,064,864	133,427	155,791	(1)	(17)
Grupo Aperam	6,726	1,293	-	-	10,724	17,218	-	-	97,099	81,075	660	747	281	531
Industrias Unicon CA	88,374	89,334	-	-	2,204	1,500	-	-	11,789	447	69,802	103,969	(45)	(25)
Kiswire ArcelorMittal Ltd	-	-	-	-	-	-	-	-	-	144,289	-	-	-	-
Macsteel International FAR EAS	40,052	-	-	-	1	-	-	-	-	13,560	-	-	-	-
Paul Wurth SA	-	-	-	-	61,701	-	-	-	572,485	-	-	-	-	-
Perfilor S.A. Construções Indústria e Comércio	15,757	12,535	-	-	917	219	-	-	-	-	-	-	-	-
Sol Coqueria Tubarão	53	107	-	-	-	-	-	-	30,527	32,694	2,086	-	-	186
Others	22,514	18,065	-	-	16,269	11,749	-	-	-	-	87,610	106,909	(449)	(476)
									-	6,485	8,034	13,742	10,029	7,723
Total	924,944	1,025,691	500,008	292,299	2,505,342	2,154,516	6,195,354	5,993,215	5,120,473	4,961,804	3,208,819	2,863,573	(880,858)	(470,262)

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

Consolidated	Balances								Transactions					
	Current assets		Noncurrent assets		Current liabilities		Noncurrent liabilities		Sales		Purchases		Other income (expenses)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Acindar Industria Argentina	19,280	7,767	-	-	4,599	4,173	-	-	49,499	47,245	56,315	74,734	(412)	133,997
Arcelor International Singapore Private	-	-	-	-	-	5	-	-	33,188	63,856	-	-	-	(91)
ArcelorMittal Atlantique et Lorraine	56	-	-	-	-	-	-	-	121,420	-	-	-	51	-
ArcelorMittal Basque Holding S.L.	-	-	-	-	526,176	362,155	(i)	797,617	542,570	(i)	-	-	(35,946)	(24,433)
ArcelorMittal Belgium	-	210	-	-	19	114	-	-	316,296	-	-	-	-	-
ArcelorMittal Bremen GmbH	-	-	-	-	64	-	-	-	138,230	-	-	-	34	-
ArcelorMittal Calvert LLC	66,167	-	-	-	-	-	-	-	507,468	-	-	-	-	-
ArcelorMittal Commercial RPS Sàrl	34	-	-	-	(9)	-	-	-	-	-	23,863	21,370	-	-
ArcelorMittal Commercial Sections SA	-	2	-	-	-	4,061	-	-	-	-	9,155	20,613	-	-
ArcelorMittal Contagem S.A.	293,344	270,148	14,592	14,643	1,449	6,374	-	-	633,354	310,867	97,016	127,505	(3,628)	(179)
ArcelorMittal Dofasco	234	1,519	-	-	-	-	-	-	237,184	2,189	-	-	-	-
ArcelorMittal Europe SA	-	-	-	-	18,069	-	-	-	-	-	-	-	(17,290)	-
ArcelorMittal Flat Carbon Europe	25,711	15	-	-	2,691	6,640	-	-	-	-	63,194	57,410	-	-
ArcelorMittal France	172	117	-	-	3,489	22,142	-	-	-	-	-	-	-	-
ArcelorMittal Gonvarri Brasil Prod. Siderúrgicos S.A.	23,103	57,987	-	-	1,378	2,166	-	-	225,507	429,436	18,487	21,780	-	-
ArcelorMittal International Luxembourg S.A.	85,007	148,360	-	-	33,203	18,018	-	-	735,327	2,135,682	48,740	29,889	(5,713)	(2,306)
ArcelorMittal Investigación y Desarrollo, SL	-	283	-	-	-	10,813	-	-	-	-	-	-	-	(38,330)
ArcelorMittal Mediterranee	-	-	-	-	-	-	-	-	38,082	-	-	-	-	-
ArcelorMittal Mineração Serra Azul S.A.	680	946	206,447	161,734	1,359	2,493	-	-	639	71,278	18,391	17,510	24,827	6,179
ArcelorMittal Point Lisas Limited	819	592	-	-	6,286	-	-	-	2,084	2,223	114,752	97,567	-	(131)
ArcelorMittal Projects America do Sul Comércio	-	-	-	-	-	-	-	-	-	15,451	-	3,582	-	1
ArcelorMittal RZK Celik Servis	43,475	-	-	-	-	-	-	-	67,755	-	-	-	-	-
ArcelorMittal S.A.	7,922	1,643	-	-	1,785,826	1,476,780	(ii)	4,668,937	4,721,845	(ii)	-	-	(806,928)	(712,704)
ArcelorMittal Sagunto SI	-	-	-	-	-	-	-	-	88,007	-	-	-	-	-
ArcelorMittal Sourcing	48,692	270,166	-	-	13,834	114,010	-	-	-	-	2,115,021	1,657,518	1,167	-
ArcelorMittal Spain Holding SA	2,483	1,657	292,299	292,299	(iii)	74,665	-	-	-	-	-	-	-	156,669
ArcelorMittal Treasury	5	4	-	-	-	-	-	74,958	-	-	-	-	245	1,017
ArcelorMittal Treasury Americas	-	-	-	-	-	-	110,128	-	-	-	-	-	(2,932)	-
ArcelorMittal Treasury Financial Services S.à r.l. -	-	-	-	-	2,419	2,177	(ii)	728,800	728,800	(ii)	-	-	(88,301)	(88,301)
ArcelorMittal Tubular Products Iasi SA	-	-	-	-	19,034	9,942	-	-	-	-	19,034	9,942	-	-
ArcelorMittal Tubular Products Roman SA	-	-	-	-	24,660	12,881	-	-	-	-	24,660	12,881	-	-
Grupo Aperam	7,907	3,353	-	-	17,840	25,409	14,530	20,342	16,716	12,256	70,611	103,973	(45)	10,414
Kiswire ArcelorMittal Ltd	-	-	-	-	-	-	-	-	-	13,560	-	-	-	-
Macsteel International FAR EAS	40,052	-	-	-	1	-	-	-	572,485	-	-	-	-	-
Perfilor S.A. Construções Indústria e Comércio	15,757	12,535	-	-	917	219	-	-	30,527	32,694	2,086	-	-	186
Others	49,503	19,787	-	-	155,207	44,235	-	-	250,502	55,123	96,458	39,906	(41,745)	(24,903)
Total	730,403	797,091	513,338	468,676	2,618,511	2,199,472	6,320,012	6,088,515	4,064,270	3,191,860	2,777,783	2,296,180	(976,616)	(582,915)

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



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, 2015 and 2014, 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 of products from related parties are made according to terms and conditions agreed between the parties. Other amounts classified as other due to/from related parties refer

	Company		Consolidated	
	2015	2014	2015	2014
Short-term benefits to management	16,955	24,221	27,329	32,150
Post-employment benefits	2,104	1,729	2,452	2,810
Other long term benefits	-	-	1,518	938
Benefits of termination of employment contract	-	481	581	1,844
Share-based compensation	4,609	2,922	4,609	2,922
	23,668	29,353	36,489	40,664

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 the income statement in 2015 was R\$4,609 (R\$2,922 in 2014). The fair value of options granted calculated on the grant date is recognized on a straight-line basis as expense in income statement 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 obser-

mainly to interest expenses incurred upon default in purchase and sale transactions and interest arising from intercompany loan agreements (Note 16).

ArcelorMittal Brasil Group did not offered guarantees to its subsidiaries in the year ended December 31, 2015 and 2014. ArcelorMittal Brasil group companies did not offer guarantees to third parties as at December 31, 2015 and 2014.

a. Key management personnel compensation

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

	Company		Consolidated	
	2015	2014	2015	2014
Short-term benefits to management	16,955	24,221	27,329	32,150
Post-employment benefits	2,104	1,729	2,452	2,810
Other long term benefits	-	-	1,518	938
Benefits of termination of employment contract	-	481	581	1,844
Share-based compensation	4,609	2,922	4,609	2,922
	23,668	29,353	36,489	40,664

vation 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		Civil	Labor	Environ-mental	TOTAL
	Income tax and social contribution	Other taxes				
Balance as of 12/31/2014	72,940	259,350	83,188	131,308	266	547,052
Addition	971	34,050	3,209	46,355	-	84,585
Write-off/payments	(591)	(44,861)	(5,128)	(34,651)	-	(85,231)
Monetary update	3,447	29,980	13,438	21,716	-	68,581
Balance as of 12/31/2015	76,767	278,519	94,707	164,728	266	614,987
Current	-	-	-	84,884	266	85,150
Noncurrent	76,767	278,519	94,707	79,844	-	529,837
Balance as of 12/31/2015	76,767	278,519	94,707	164,728	266	614,987
Consolidated						
	Tax		Civil	Labor	Environ-mental	TOTAL
	Income tax and social contribution	Other taxes				
Balance as of 12/31/2014	92,556	333,017	93,069	179,675	266	698,583
Addition	971	53,794	16,793	99,247	-	170,805
Write-off/payments	(18,662)	(48,107)	(10,817)	(81,508)	-	(159,094)
Monetary update	4,689	38,554	17,070	130,158	-	190,471
Balance as of 12/31/2015	79,554	377,258	116,115	327,572	266	900,765
Current	-	-	14,842	154,407	266	169,515
Noncurrent	79,554	377,258	101,273	173,165	-	731,250
Balance as of 12/31/2015	79,554	377,258	116,115	327,572	266	900,765

a. Probable risks

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

- PIS/COFINS (Taxes on Revenue): R\$167,203 as of December 31, 2015 (R\$167,653 as of December 31, 2014). The challenges involve mainly the inclusion of state VAT (ICMS) in these taxes' taxable base. The group's consolidated amount totals R\$226,562 as of December 31, 2015 (R\$205,246 as of December 31, 2014).
- IRPJ/CSLL: Amount of R\$76,767 as of December 31, 2015 (R\$72,940 as of December 31, 2014). The challenges involve mainly the offset of tax losses carryforward and late payment fine in cases of voluntary payments. The group's consolidated amount totals R\$79,554 as of December 31, 2015 (R\$92,556 as of December 31, 2014).
- ICMS: As of December 31, 2015, this amount totals R\$13,664 (R\$12,308 as of December 31, 2014). The challenges discuss ICMS on inputs used in the Company's production process. The group's consolidated amount totals R\$16,600 as of December 31, 2015 (R\$15,075 as of December 31, 2014).
- SOCIAL SECURITY LAWSUITS: Amount of R\$7,417 as of December 31, 2015 (R\$6,523 as of December 31, 2014). The challenges involve mainly the levy of social security contributions on payments made to self-employed workers. The group's consolidated amount totals R\$9,140 as of December 31, 2015 (R\$8,613 as of December 31, 2014).
- ELETROBRÁS - R\$53,373 as of December 31, 2015 (R\$49,436 as of December 31, 2014). Challenges involve mainly the collection of compulsory loan on power consumption.

• 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\$498,490 as of December 31, 2015 and R\$498,716 as of December 31, 2014 (R\$607,407 and R\$597,821 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, 2015, these lawsuits amounted to approximately R\$6,477,252 (R\$5,635,642 as of December 31, 2014). The main lawsuits with possible likelihood of loss are:

- CADE: In September 2000, two building organizations, also engaged in the purchase, sale and management of real estate, filed a complaint with the Administrative Council for Economic Defense (CADE) against three long steel producers, including ArcelorMittal Brasil. The complaint alleged that these producers formed a cartel to charge rebar prices higher than the price that would be charged in a competitive market, thus breaching the relevant antitrust laws. In September 2005, the CADE issued a final decision against ArcelorMittal Brasil and the other defendants and imposed a penalty equivalent to 7% of the gross rev-

enue of each defendant for the year ended 1999. ArcelorMittal Brasil filed a lawsuit to annul this decision with federal courts. In September 2006 ArcelorMittal Brasil filed a guarantee letter amounting to R\$76,544 and was granted an injunction that suspends the enforcement of the administrative decision until a court decision is reached. Lawsuit amount as at December 31, 2015: R\$150,232 (R\$138,871 in 2014). In March 2005, the Federal Public Prosecution Office filed a lawsuit against ArcelorMittal Brasil and other two steel mills due to the damages caused by the violations investigated by the CADE, which requested, but not limited to, that the defendants be sentenced to paying a penalty equivalent to 10% of their gross revenues, less taxes, taking into account the revenues for the year ended 2001. Lawsuit amount as at December 31, 2015: R\$186,837 (R\$158,889 in 2014). In October 2008, four chapters of the Union of the Building Industry Workers ("SINDUSCON") and building industry organizations filed a lawsuit against ArcelorMittal Brasil and two other steel mills with Federal courts of Brasília, alleging losses based on an alleged rebar market cartel, as investigated by the CADE, and requesting the courts to assert the duty of the defendants to compensate the building companies harmed by the cartel's economic offences and overpricing, in amounts to be determined in a future decision enforcement.

• 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\$307,430 as of December 31, 2015 (R\$254,328 as of December 31, 2014).

• 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\$258,923 as of December 31, 2015 (R\$400,125 as of December 31, 2014).

The Company was notified to discuss the utilization of PIS and COFINS credits claimed on the purchase of several products and services classified by the Company as key for the production process (inputs). The assessed period is calendar year 2011 and the involved amount is R\$92,455 on January 28, 2016.

• II/IPI/PIS/COFINS - R\$175,527 as at December 31, 2015 (R\$161,706 as at December 31, 2014). 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\$3,226,782 as at December 31, 2015 (R\$2,760,103 at December 31, 2014). The lawsuits filed to claim these taxes arise mainly from the tax assessment notices issued 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 2006 to 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\$2,637,596.

• ISS - R\$95,933 as at December 31, 2015 (R\$77,798 as at December 31, 2014). 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.

• ICMS - Amount of R\$1,622,202 in December 2015 (R\$1,266,084 in December 2014). Discussions are related to disputes about the utilization of ICMS credits on assets considered by the Company as intermediate products and by the tax authorities as supplies and consumables and to the payment of

ICMS on transactions involving the purchase and sale of electric power.

• CIVIL LAWSUITS - Not accrued, whose likelihood of loss is assessed as possible, in the amount of R\$194,650 as at December 31, 2015 (R\$158,646 as at December 31, 2014). 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\$108,256 as at December 31, 2015 (R\$145,661 as at December 31, 2014), concerning various labor claims, i.e., property damages and pain and suffering, overtime, commuting hours, hazardous duty premium and severance pay.

c. Federal Amnesty

As at December 31, 2014 there were no balance payable on the federal amnesties joined by the Company in calendar years 2015 and 2014 since the Company opted for the early payment of the amnesty balance, using the benefits provided for by Article 33 of Law 13043/2014, i.e., by settling the outstanding balance through the payment of 30% in cash and 70% utilizing a tax credit arising on tax loss carryforwards. On October 28, 2015, the Company joined the Litigation Reduction Program (PRORELIT), as provided for by Articles 1-7 of Law 13202/2015, thus discontinuing the discussion at administrative and judicial levels of 11 tax proceedings. The tax debt discussed in these proceeding totaled R\$20.1 million, which was settle 30% in cash (R\$6.1 million) and 70% utilizing a tax credit arising on tax loss carryforwards (R\$14 million). Accordingly, there is no outstanding balance as at December 31, 2015.

d. State Amnesty

On August 11, 2015, the Minas Gerais State Government issued Decree 46817/2015 to create the Regularize Program, which establishes procedures for the payment of tax debts under favorable terms and conditions. The Company joined the Regularize Program in 2015 for 26 proceedings, as follows: 14 lawsuits filed against the State of Minas Gerais and 12 self-assessments. The total debt without the Regularize benefits of the 14 ongoing proceedings was R\$72,444 and total debt without the Regularize benefits of the 11 self assessments benefits was R\$25,137. By joining the Regularize Program, the Company's total debt decreased to R\$58,599 from R\$97,582. Of this amount, the Company paid R\$20,099 in cash and remaining amount (R\$38,500) through the acquisition of ICMS credits, as a 35% discount, totaling R\$13,475.

27. NON-CASH TRANSACTIONS

During 2015 and 2014, 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\$3,724 in 2015 pursuant to the appraisal report issued by the technical area (R\$1,646 in 2014).
- The balance of property, plant and equipment payable as at December 31, 2015 was R\$200,501 (R\$323,500 in 2014).
- Capital increase in subsidiary BEMEX - Belgo-Mineira Comercial Exportadora S.A., by R\$734, to offset outstanding sundry payables totaling R\$635 and dividends receivable totaling R\$98.
- Finance lease of subsidiary ArcelorMittal BioFlorestas in 2015 amounting to R\$128.
- The borrowing costs capitalized in the period amount to o R\$49,513 in 2015 (R\$39,653 in 2014).

28. COMMITMENTS

ArcelorMittal Brasil assumed several commitments with suppliers deriving from the normal course of the Company's activities in the amount of R\$5,474,747. These commitments, directly impacting ArcelorMittal Brasil Group's liquidity and funds available, are expected to be met beginning 2016, as shown below:

	Company				
	TOTAL	< 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	> 5 YEARS
Commitments to suppliers	3,038,484	795,441	1,019,493	575,899	647,651
Bank guarantees, promissory notes and others	2,034,377	57,747	197,191	890,428	889,011
Commitments to acquire property, plant and equipment items	288,890	282,189	6,701	-	-
Operating leases	112,996	42,200	52,639	15,478	2,679
Total	5,474,747	1,177,577	1,276,024	1,481,805	1,539,341

(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 111 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.

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, 2015, the Group had commitments to acquire property, plant and equipment in the amount of R\$288,890, 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

a. Plan description

(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 operates four supplementary defined benefit pension plans (Plans I, II and III), which will be liquidated and do not accept new beneficiaries since 1998. Plan IV (defined contri-

bution) is eligible to employees hired beginning 1998 and was closed on September 02, 2015. The creation of the new plan is being approved by the regulatory body.

(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 Group's plans:

	Company		Consolidated	
	2015	2014	2015	2014
Present value of actuarial obligations	(1,933,431)	(1,948,088)	(1,934,565)	(1,948,680)
Fair value of plan assets	1,945,354	1,829,215	1,945,354	1,829,215
Net present value of assets (liabilities)	11,923	(118,873)	10,789	(119,465)
Asset ceiling	(208,682)	(200,569)	(208,682)	(200,569)
Total net actuarial asset (liability)	(196,759)	(319,442)	(197,893)	(320,034)

The changes in the net actuarial liability is impacted by the review of actuarial assumptions such as discount rate and demographics assumptions in the amount of R\$46,533 net of deferred taxes in the amount of R\$6,980.

Change in plan liabilities	Company		Consolidated	
	2015	2014	2015	2014
Obligation at beginning of year	(1,948,088)	(1,610,991)	(1,948,680)	(1,623,073)
Service cost	(5,215)	(4,020)	(5,264)	(4,047)
Actuarial interest	(218,989)	(201,266)	(219,106)	(201,328)
Participant contributions	(3,417)	(2,298)	(3,417)	(2,298)
Actuarial (gains)/losses	115,971	(296,041)	115,595	(296,051)
Benefits paid	126,307	112,457	126,307	112,457
Transfer of obligations	-	54,071	-	65,660
Obligation at end of year	(1,933,431)	(1,948,088)	(1,934,565)	(1,948,680)

Change in plan assets	Company		Consolidated	
	2015	2014	2015	2014
Fair value opening	1,829,215	1,714,411	1,829,215	1,725,189
Actual return on plan assets	153,447	236,783	153,447	236,783
Actuarial gains/(losses)	(6,059)	9,827	(6,059)	9,827
Employer contributions	91,641	32,424	91,641	32,424
Participant contributions	3,417	2,298	3,417	2,298
Benefits paid	(126,307)	(112,457)	(126,307)	(112,457)
Transfer of benefits	-	(54,071)	-	(64,849)
Fair value of plan assets (closing)	1,945,354	1,829,215	1,945,354	1,829,215

c. Amounts recognized in profit or loss

Below is a summary of pension plan costs:

	Company		Consolidated	
	2015	2014	2015	2014
Service cost	(5,215)	(4,020)	(5,264)	(4,047)
Obligation interest	(24,052)	(22,718)	(24,169)	(21,967)
Expected return on plan assets	-	-	-	(11)
	(29,267)	(26,738)	(29,433)	(26,025)

Expected contributions for 2016 relating to the defined contribution plans amount to R\$25,313 and relating to defined benefit plans amount to R\$89,897.

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.

ACTUARIAL ASSUMPTIONS:

- . Actuarial method
- . Nominal discount rate of actuarial liability
- . Inflation rate
- . Estimated salary increase rate
- . Nominal increase rate of estimated benefits

For the years ended December 31, 2015 and 2014, the AT 2000 Basic actuarial mortality table was used, segregated by gender, for all the plans sponsored by the Company.

(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) 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, 2015 and 2014 are as follows:

2015	2014
Projected Unit Credit	Projected Unit Credit
12.60% p.a.	12.10% p.a.
5% p.a.	5.5% p.a.
6.56 % p.a.	6.34 % p.a. to 7.59% p.a.
5% p.a.	5.5% p.a.

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\$176,417 (increased by R\$209,985).
- If beneficiaries' life expectancy was increased by one year, the defined benefit obligation would be increased by R\$27,494.

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 sales revenue due to accidents, for periods of up to 30 months of production downtime. The current policy is effective until January 1, 2017.

31. APPROVAL OF FINANCIAL STATEMENTS

The release of the consolidated financial statements has been approved and authorized by Company's Management on March 1, 2016.

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, 2015, 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 and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB, 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 state-

Belo Horizonte, March 1, 2016

Deloitte Touche Tohmatsu Auditores Independentes
CRC-2SP 011.609/O-8 F/MG
Marcelo Salvador
Engagement Partner
CRC-1MG 089.422/O-0

BOARD OF DIRECTORS

JOSÉ ARMANDO DE FIGUEIREDO CAMPOS Chairman	BHIKAM CHAND AGARWAL Board Member
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CARLO PANUNZI
Vice Chairman

OFFICERS

BENJAMIN MÁRIO BAPTISTA FILHO CEO and Executive Officer of Flat Steel	MÁRCIO CARDOZO VAN DER PUT JUNIOR Chief Operating Office for the Long Steel Area
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JEFFERSON DE PAULA Senior Executive Officer of Long Steel	GUSTAVO HUMBERTO FONTANA PINTO Chief Commercial Officer of Flat Steel
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ADILSON MARTINELLI Executive Officer of Corporate Finance	HENRIQUE MORAIS DE ALMEIDA Chief Commercial Officer of Long Steel
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RICARDO GARCIA DA SILVA CARVALHO Executive Officer of Human Resources and IT	JORGE LUIZ RIBEIRO DE OLIVEIRA Chief Operating Officer of Flat Steel
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CHIEF ACCOUNTANT

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

